

6 November 2018		ITEM: 6
Planning, Transport, Regeneration Overview and Scrutiny Committee		
Fees and Charges Pricing Strategy 2019/20		
Wards and communities affected: All		Key Decision: Key
Report of: Andrew Austin, Commercial Manager		
Accountable Assistant Director: Andrew Millard, Assistant Director – Planning Transport and Public Protection, Julie Nelder, Assistant Director – Highways, Fleet and Logistics and Detlev Munster, Assistant Director – Property and Assets.		
Accountable Director: Steve Cox, Corporate Director of Place and Julie Rogers, Director of Environment and Highways.		
This report is Public		

Executive Summary

This report specifically sets out the charges in relation to services within the remit of this Overview and Scrutiny Committee. Charges will take effect from the 1 April 2019 unless otherwise stated. In preparing the proposed fees and charges, Directorates have worked within the charging framework and commercial principles set out in Section Three of the report.

Further director delegated authority will be sought via Cabinet to allow Fees and Charges to be varied within financial year in response to legal, regulatory or commercial requirements.

The full list of proposed charges is detailed in Appendix 1, and the proposed deletion of current fees and charges are detailed in Appendix 2 to this report.

1. Recommendation(s)

- 1.1 That Planning, Transport and Regeneration Overview and Scrutiny Committee note the revised fees, including those no longer applicable, and comment on the proposals currently being considered within the remit of this committee.**

- 1.2 That Planning, Transport and Regeneration Overview and Scrutiny Committee note that director delegated authority will be sought via Cabinet to allow Fees & Charges to be varied within a financial year in response to commercial requirements.

2. Background

- 2.1 The paper describes the fees and charges approach for the services within the Planning, Transport and Regeneration Overview and Scrutiny Committee remit for 2019/20 and will set a platform for certain pricing principles moving forward into future financial years.

- 2.2 The paper provides narrative for the Planning, Transport and Regeneration areas:

- Highways and Fleet
- Parking
- Passenger Transport
- Highways Infrastructure
- Network Management
- Transport Development
- Planning and Growth
- Development Control
- Building Control
- Land Charges
- Corporate Property and Assets
- Property related lease, letting and licensing

- 2.3 The fees & charges that are proposed are underpinned in some instances by a detailed sales and marketing plans for each area. This will ensure delivery of the income targets for 2019/20, for ease these are summarised below.

- 2.4 Planning, Transport and Regeneration Figures

Service	Last Year Outturn 17/18	Revised Budget 18/19	Forecast Outturn 18/19	Proposed Budget 19/20
Planning, Transport and Regeneration Services	(3,055,860)	(3,267,237)	(3,439,654)	(3,455,251)

- 2.5 Individual Service Streams

Service	Last Year Outturn 17/18	Revised Budget 18/19	Forecast Outturn 18/19*	Proposed Budget 19/20
Building Control	(331,367)	(273,355)	(273,355)	(273,355)
Development Control	(903,029)	(977,502)	(1,045,859)	(1,045,859)
Land Charges	(394,434)	(216,216)	(245,000)	(245,000)
Strategic Planning	0	(4,578)	(4,578)	(4,578)

Public Transport Bus	(6,647)	(2,000)	(5,715)	(5,715)
Highways Infrastructure	(277,353)	(593,072)	(704,153)	(704,153)
Parking	(1,005,703)	(1,044,810)	(1,042,696)	(1,042,696)
Land and Buildings	(67,423)	(88,809)	(21,000)	(67,000)
Village Halls	(27,478)	(22,566)	(21,869)	(22,566)
Facilities (Civic & Thameside)	(42,426)	(44,329)	(75,429)	(44,329)
Planning, Transport and Regeneration Services Total	(3,055,860)	(3,267,237)	(3,439,654)	(3,455,251)

Note – Forecasted Outturn Position Is of August 2018

3. Thurrock Charging Policy

- 3.1 The strategic ambition for Thurrock is to adopt a policy on fees and charges that is aligned to the wider commercial strategy and ensures that all discretionary services cost recover.
- 3.2 Furthermore, for future years, while reviewing charges, services will also consider the level of demand for the service, the market dynamics and how the charging policy helps to meet other service objectives.
- 3.3 Rather than a set increase across all service lines, when considering the pricing strategy for 2019/20 some key questions were considered.
 - Where can we apply a tiered/premium pricing structure
 - How sensitive are customers to price (are there areas where a price freeze is relevant)
 - What new charges might we want to introduce for this financial year
 - How do our charges compare with neighboring boroughs
 - How do our charges compare to neighboring boroughs and private sector competitors (particularly in those instances where customers have choice)
 - How can we influence channel shift
 - Can we set charges to recover costs
 - What do our competitors charges
 - How sensitive is demand to price
 - Statutory services may have discretionary elements that we can influence
 - Do we take deposits, charge cancellation fees, and charge an admin fee for duplicate services (e.g. lost certificates.)
- 3.4 For Planning, Transport and Regeneration a number of different methods to tier their charges depending on the service area are used:
 - **Highways Licensing** – uses a combination of fixed minimum charges, and variable percentage charge based on specific financial thresholds being exceeded.
 - **Street Naming** – use tiered charges based on number of properties
 - **Transport Development** – use a number of different charging methods,

including minimum charges, deposit retention, financial bonds, and percentage based charges based on specific financial threshold levels.

- **Planning Performance** – uses the number of properties being developed by the developer per annum to set the charge levels.

3.5 The key following changes have occurred for 2019/20 fees and charges:

- **Permits** – fees and charges are unchanged for 2019/20
- **Parking Bays** – suspension fees remain unchanged for 2019/20
- **Parking Charges** – remain unchanged for 2019/20, in support of this new payment meters which accept card payments have been rolled out across the borough.
- **Penalty Charge Notices** – are set statutorily and unchanged for 2019/20
- **Passenger Transport** – DBS checks will remain unchanged for 2019/20
- **Bus Passes** – fees and charges are unchanged for 2019/20
- **Bus Stops** - bus stop suspension charge is unchanged for 2019/20
- **Highways infrastructure** – specific fees and charges have been revised to better scale with larger application requirements, using value thresholds to switch to a percentage value of actual costs; as well as having the minimum charge fee increased in line with actual costs where applicable.
- **Network Management** – Permit fees have been increased for 2019/20, subject to the outcome of the 2018/19 annual review findings.
- **Transport Development** – the main transport and development fees and charges are unchanged for 2019/20, with the exception of:
 - **Travel plans** - charges are increased in line with inflation & costs
 - **Road Safety** - charges for scooter training has been introduced.
- **Transport – Vehicular MOT Testing** – charges are now shown in the report and remain unchanged for 2018/19.
- **Pre-Planning Application** – charges are unchanged for 2019/20
- **Planning Performance Agreement** – charges are introduced for 2019/20 to support development in the borough.
- **Building Control** – charges are unchanged for 2019/20
- **Land Charges** – have been increased notably for 2019/20 as a result of market comparison research and to ensure full cost recovery.
- **Corporate Property & Assets** – have changed the majority of their charges for 2019/20 to Price-On-Application (POA); to more accurately reflect to the client the actual costs incurred for the services delivered.

4. Proposals and Issues

4.1 The fees and charges for each service area have been considered and the main considerations are set out below.

- 4.2 A council wide target of £8.912m has been proposed within the MTFS for additional income generation in respect of fees and charges income for 2019/20. This represents a 7.5% increase on the 2018/19 income generation target and takes into consideration actual performance during 2018/19.
- 4.3 For Planning, Transport and Regeneration Services the increase equates to a target of £3.455m to be secured through a blend of demand increase from residents and businesses, and an increase in fees and charges for 2019/20.
- 4.4 To allow the Council services to better respond to changes in the commercial environment for fees and charges; delegated authority will be sought through Cabinet to permit the Director of the Service Area jointly with the Director of Commercial Services to vary service charges within financial year due to commercial considerations.
- This will allow service areas, providing services on a traded basis to vary their fees and charges to reflect commercial and operational considerations that impact the cost recoverability calculations.
 - Any changes to Fees and Charges due to commercial considerations will require the consultation with, and agreement of, the relevant Portfolio Holder.

5. Transport & Highways

5.1 Visitors Permits

Resident Permit schemes were introduced in order to preserve the limited parking spaces available on-street for residents around towns and train stations and to protect residents from the incursion of commuter parking.

All residents entitled to a Residents' Permit are entitled to purchase Visitor Permits. Charges have remained unchanged for a number of years, the cost of which does not offer a reasonable return.

With the first book of Visitor Permits free annually to each household within a Permit area, they are provided in blocks of 20 which equates to 30 pence per day per visitor. The cost of Visitor Permits thereafter is currently £6.00.

It is proposed that Thurrock's charges remain unchanged for 2019/20 to support the Council's place-making agenda.

5.2 Residents Permits

In line with the previous recommendations, Residents' first two permits will remain unchanged for FY19/20 and will continue to be issued free of charge. It should be noted that neighbouring authorities charge fees for these. If Thurrock were to charge it would give an additional annual income of approximately £75k. This is based on the third permit remaining at £66.

5.3 Other Permits

Operational Permits will also remain unchanged at £120 per annum as this is for those that have cause to visit residents as part of their working duties.

Business Permits were changed in FY18/19, and focused on incentivising users towards purchasing annual permits; thereby reducing administration with permit management accordingly. It is not planned to increase them further in FY19/20.

Commuter Permits were introduced in FY18/19 at levels which compared with neighboring councils, using two levels of permit charge based on the locations that could be parked at. It is not planned to increase these in FY19/20 until the impact and take-up can be assessed. Further, to support part-time or flexible commuters the remaining cash only payment meters have been upgraded to accept electronic payment during FY18/19 using existing capital funding.

Contractor Permits were introduced in FY18/19, to support businesses operating in the borough. It is not planned to increase these in FY19/20 until the impact can be assessed. This will allow businesses regularly operating in Thurrock to reduce their operating costs; and reduce the likelihood of them receiving a penalty charge notice. Further, for businesses with only infrequent requirement the remaining cash only payment meters have been upgraded to accept electronic payment during FY18/19 using existing capital funding.

NHS permits have a fee of £120 per annum in 2018/19, the same as operational permits therefore it is suggested that there is no change for 2019/20, to minimize NHS budgetary pressure.

All replacement permits will be liable to a £10 replacement fee for administration purposes except for charities and visitors permits

5.4 Parking Bays

The suspension of parking bays is a discretionary charge. The charge for this remains unchanged. The current fee is considered to cover the cost of any loss of income as a result of a suspension, and would not be increased in FY19/20 as parking charges remain unchanged.

5.5 Parking Charges

Parking charges remain unchanged for 2019/20 in order to continue to support local businesses and the Council's place-making agenda.

5.6 Penalty Charge Notices

The charges for penalty charge notices are statutory charges and cannot be changed by the local authority.

5.7 Passenger Transport

DBS Checks for education transport operators for PSV drivers and passenger assistants will remain unchanged for 2019/20. This is in line with Essex County Council (ECC) but will be reviewed annually as some of the operators are procured by both Thurrock Council and ECC.

Any increases will also be reflected in the operator's contract costs with the Council at contract renewal/review stage.

5.8 Bus Passes

Any resident that applies for their first bus pass under the government's entitlement criteria is to receive their pass free. This is a statutory requirement and no changes to this arrangement have been proposed.

Any replacements for the loss of a pass will see a £10 admin fee remain. This is in line with other authorities' charges especially as the clientele are elderly.

The same administration fee is liable for any pupil who is entitled to education transport and has an annual ticket.

5.9 Suspension of Bus Stops

Current fees and charges were increased in FY18/19 to a flat rate of £75 per day, to encourage road works to be completed expediently. This provides less inconvenience to not only the bus companies, but also to bus users.

It is not proposed to increase the costs for FY19/20 due to the significant increase in the previous year, and to allow the service to assess the operational impact it makes to road works being completed expediently.

5.10 Highways Infrastructure

Highway Licenses - The charge for a license to erect scaffolding on the highway has been increased to cover the cost of monitoring sites for compliance etc. In addition the refundable deposit has been increased to ensure sufficient funds would be available, should damage to the highway be caused upon removal of the scaffolding / completion of works.

Clearances of debris – When clearance or works are required on the highway as a result of a road traffic crash, costs incurred are recovered. An administration fee is charged, with an additional percentage charge to cover the additional time involved in arranging remedial works that exceeds £4000. This usually includes works such as carriageway resurfacing following a spillage, or extensive safety barrier repairs. Costs will be recoverable from either the individual responsible or their Insurer.

Traffic management – charges for managing traffic during an event/incident

and wide load arrangements have had a set minimum charge introduced to ensure cost recovery.

Traffic management – fees and charges for traffic signs under Section 65(1) of the 1984 Act have been increased to ensure full cost recovery.

Skips on the highway – A fee has been introduced that requires all skip companies to register with the Council before they can apply for a license to deposit a skip on the highway. This gives the Council more control and will assist with the management of skips on the highway. Similar fees are charged by other Councils. The license fee for skips remains unchanged for 2019/20 with the current price being in line with neighboring Councils.

Street Naming and Numbering - Fees and charges for new property developments and renaming of existing properties have been increased for 2019/20 by inflation.

Public Rights of Way - Fees and charges in relation to public rights of way remain unchanged for 2019/20.

5.11 Network Management

Permit Fees for Street Works were introduced into the 2017/18 Fees and Charges to enable the Permit Scheme to commence in October 2017.

Legislation allows Permit Authorities to review their Permit Fees following 12 months of operation of the Scheme. The maximum fee has been shown for 2019/20, but this is subject to the annual audit and review. Should the review not allow an increase, then 2018/19 fee levels will apply for 2019/20.

5.12 Transport Development

Current fees for agreements pursuant to Sections 38 and 278 of the Highways act (adoption of road and highway licenses for developer works) have been bench-marked against neighboring Authorities.

Neighboring Authorities have increased fees over the last few years and Thurrock is comparable, with the Commuted Sums of Maintenance (CSM) calculation having been changed in 2017/18 so that the new calculation accounts for road surface costs. These fees and charges are unchanged for 2019/20.

Accident data provision is unchanged for 2019/20.

Travel Plan fees have been increased for 2019/20 by 5%, for both small and large developments.

Traffic Regulation Orders – Should it be necessary to create or amend a permanent Traffic Regulation Order, a fairly lengthy process is involved,

including a statutory 21 day consultation period and advertisements in a local newspaper. The charges for amending, varying or creating an Order requires the same process.

Road Safety fees for 'Scooter Training' sessions for school children have been added to the schedule in support of the existing Bikeability programme.

5.13 Transport – Vehicular MOT Testing

Currently the council operates a MOT Testing Station at St Clements Depot, to support testing of Licensed Taxi's via the licensing fee paid.

In addition, this also provides testing for Class 4, 5 and 7 vehicles categories along with retests. This site does not carry out any actual repairs works necessary for the vehicles to pass the MOT.

Current turnover is circa £15k per annum and the charges are regulated; charges are not at the maximum permissible as market competition would mean that we would lose the business income, and will remain unchanged for 2019/20.

6. Planning

6.1 Development Control – Standard Planning Fees

In February 2018 nationally set planning fees were increased by 20%, these increases are included in the appendices and where introduced in the 2018/19 period.

Income derived from the 20% increase is ring fenced by statute to be used for the development and improvement to planning services. Further information on these fees can be found at the [ECAB Planning Portal](#).

6.2 Development Control - Additional Planning Fees

Thurrock Development Management offers other planning services that are over and above the nationally set fees. These are Pre Application fees and Planning Performance Agreement fees, both of these fees have been introduced to offer an enhanced service to service users and to promote effective development in Thurrock.

As with the increase in fee income from standard planning fees, the income received from these services has been ring fenced through the Planning Services Business Plan (2017-2020) which was agreed by the Commercial Board in May 2017. This income has to be spent within the Planning Service.

6.3 Building Control

Fee income is dependent entirely on market forces. The Building Control

Account is governed by legislation that requires that the Council does not produce a profit or loss over a three year rolling period and that any increase in income has to be ring-fenced with the Building Control account.

6.4 Land Charges

Local Land Charges (LLC) income is derived from charges associated with the sale and purchase of property in Thurrock. This account functions on a cost recovery basis, therefore any increase in income cannot be used outside of the LLC budget.

In setting the LLC and Con29 fees for 2019/20, we researched nine other unitary authorities to determine the fees they are charging for the same services. Based upon this, our revised fee structure represents not only a reasonable comparator with other authorities, but also represents a correction to our cost recovery model that had not been revisited for over two years.

7. Corporate Property and Assets

7.1 Corporate property – the majority of the charges for financial year 2019/20 have changed to Price-On-Application (POA), to more accurately reflect to the client the actual costs incurred for the services delivered. The remaining charges within this area are also increased to reflect actual costs for the service delivered.

7.2 Further, fees and charges related to commercial matters are negotiated on a case by case basis when agreeing a new lease or variation and therefore the income potential from this area is limited.

7.3 These charges will continue to be reviewed as part of the ongoing business activities to ensure that they remain market competitive and to ensure a full cost recovery model.

8. Reasons for Recommendation

8.1 The setting of appropriate fees and charges will enable the Council to generate essential income for the funding of Council services. The approval of reviewed fees and charges will also ensure that the Council is competitive with other service providers and neighboring councils. The ability to vary charges within financial year will enable services to more flexibly adapt to changing economic conditions.

8.2 The granting of delegated authority to vary these charges within financial year will allow the Council to better respond to commercial challenges.

9. Consultation (including Overview and Scrutiny, if applicable)

Consultations will be progressed where there is specific need. However, with regard all other items, the proposals in this report do not affect any specific

parts of the borough. Fees and charges are known to customers before they make use of the services they are buying.

10. Impact on corporate policies, priorities, performance and community impact

The changes in these fees and charges may impact the community; however it must be taken into consideration that these price rises include inflation and no profit will be made on the running of these discretionary services.

11. Implications

11.1 Financial

Implications verified by: **Carl Tomlinson**
Finance Manager

Additional income will be generated from increases but this is variable as it is also dependent on demand for the services. Increases to income budgets have been built into the MTFS.

11.2 Legal

Implications verified by: **Benita Edwards**
Interim Deputy Head of Law

Fees and charges generally fall into three categories – Statutory, Regulatory and Discretionary. Statutory charges are set in statute and cannot be altered by law since the charges have been determined by Central government and all authorities will be applying the same charge.

Regulatory charges relate to services where, if the Council provides the service, it is obliged to set a fee which the Council can determine itself in accordance with a regulatory framework. Charges have to be reasonable and must be applied across the borough.

Discretionary charges relate to services which the Council can provide if they choose to do so. This is a local policy decision. The Local Government Act 2003 gives the Council power to charge for discretionary services, with some limited exceptions. This may include charges for new and innovative services utilising the power to promote environmental, social and economic well-being under section 2 of the Local Government Act 2000. The income from charges, taking one financial year with another, must not exceed the cost of provision. A clear and justifiable framework of principles should be followed in terms of deciding when to charge and how much, and the process for reviewing charges.

A service may wish to consider whether they may utilise this power to provide a service that may benefit residents, businesses and other service users, meet the Council priorities and generate income.

Decisions on setting charges and fees are subject to the Council's decision making structures. Most charging decisions are the responsibility of Cabinet, where there are key decisions. Some fees are set by full Council.

11.3 Diversity and Equality

Implications verified by: **Becky Price**

Community Development Officer

The Council is responsible for promoting equality of opportunity in the provision of services and employment as set out in the Equality Act 2010 and Public Sector Equality Duty. Decisions on setting charges and fees are subject to Community Equality Impact Assessment process and the Council's wider decision making structures to determine impact on protected groups and related concessions that may be available.

11.4 Other implications (where significant) – i.e. Staff, Health, Sustainability, Crime and Disorder)

None.

12. Background papers used in preparing the report (including their location on the Council's website or identification whether any are exempt or protected by copyright):

None.

13. Appendices to the report

Appendix 1 – Schedule of Proposed Fees and Charges for 2019/20.

Appendix 2 – Schedule of Fees and Charges no longer applicable.

Report Author:

Andrew Austin

Commercial Manager

Finance