

12 February 2020		ITEM: 13
Cabinet		
Fees and Charges Pricing Strategy 2020/21		
Wards and communities affected: All		Key Decision: Key
Report of: Councillor Shane Hebb, Portfolio Holder for Finance and Transformation		
Accountable Assistant Director: Jonathan Wilson, AD Finance, Corporate Finance		
Accountable Directors: Sean Clark – Corporate Director of Finance, Governance and Property		
This report is public		

Executive Summary

This report summarises the fees and charges papers as reviewed by the respective Overview and Scrutiny Committees. Any new charges will take effect from the 1 April 2020, subject to Cabinet approval, 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. In particular, that fees and charges are aligned to the commercial strategy and aims to ensure that all discretionary services cost recover.

Service director delegated authority is sought to permit Fees and Charges to be varied within financial year in response to commercial requirements, in consultation with the Corporate Director of Finance, Governance & Property and the relevant portfolio holder.

The appendices to this report cover:

- Appendix 1 - Schedule of individual proposed Fees and Charges for 2020/21;
- Appendix 2 - Schedule of individual Fees and Charges that are no longer applicable;
- Appendix 3 - Feedback from Overview and Scrutiny Committees;
- Appendix 4 – Fees and Charges proposed 2020/21 targets.

1 Recommendations:

1.1 That Cabinet agree the proposed fees and charges, including those no longer applicable as per Appendices 1 and 2;

1.2 That Cabinet approve delegated authority to allow Fees & Charges to be varied within a financial year in response to commercial requirements, in consultation with the Corporate Director of Finance, Governance and Property and the relevant portfolio holder; and

1.3 That Cabinet note the feedback from all Overview and Scrutiny Committee meetings.

2 Background

2.1 The paper describes the fees and charges council wide approach 2020/21 building upon the previously agreed Commercial principles with regard to charging.

2.2 The revised target for income generation through fees and charges for 2019/20 is £7.305m which the Authority is set to achieve £7.753m. It should be noted that there has been related increases in expenditure to achieve this level.

	2018/19 Outturn	Fees & Charges 19/20 target	2019/20 Month 7 forecast	Variance to target
	£000	£000	£000	£000
Fees and charges income	(7,963)	(7,305)	(7,753)	(448)

2.3 A review of all income generation through fees and charges has taken place with each directorate. The approach has been to quantify the targets and set achievable levels which take into account any increases to individual charges, current and previous year performance, demand fluctuations and future plans for individual services. A number of one-off income streams have been identified as a result and these have been removed from the proposed targets for 2020/21.

2.4 The 2020/21 targets have been considered by Commercial Board and received further challenge from Corporate Finance to ensure they are fully aligned with the overall budget setting process.

2.5 The rebased 2020/21 target has been set at £7.411m, this is an increase of £0.106m on the 2019/20 target. This is lower than the expected level of income to be achieved in 2019/20 and corresponding reductions in expenditure will mitigate this. It should be noted that these adjustments are set in the context of an overall balanced budget for the Authority.

2.6 Individual service level income targets for 2020/21 for each Directorate are detailed in Appendix 5.

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 aims to ensure 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 When considering the pricing strategy for 2020/21 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 neighbouring boroughs?
 - How do our charges compare to neighbouring 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?
 - Statutory services may have discretionary elements that we can influence
 - Do we take deposits, charge cancellation fees, charge an admin fee for duplicate services?

4 Cleaner, Greener, Safer – Summary of Changes

The key following changes have occurred for 2020/21 fees and charges:

- 4.1 **Outdoor Sports and open spaces** - have increased fees and charges by a range of between 1.94% - 9.76% to reflect moving towards a cost neutral approach.
- 4.2 **Allotments** - fees and charges have increased in line with forecast inflation 2020/21 (subject to rounding).
- 4.3 **Burials and Memorials** - Following a thorough benchmarking exercise last year it has been decided that this year all burial fees will be increased in line with forecast inflation (subject to rounding) and the cost of living.
- 4.4 **Environmental Enforcement** – fees and charges are set by legislation, with Council charging the maximum permitted, in line with policy.
- 4.5 **Registrars** – on the 16th February 2019 the new regulations come into force for the Local Registration Service (LRS) the regulations make the following changes to certificate fees, which have been agreed with the National Panel for Registration, the revised fees mirror those that will be provided by the General Registration Office (GRO) and remove the disparity between the two services as they have been set at a National Average Level:

1) The three-tier Certificate fees will be removed and replaced by one single (standard) fee of £11 regardless of when the application is made. The £11 fee will also apply to a Short Birth Certificate.

2) The introduction of a statutory priority certificate for of £35 for a 24hour service

4.6 **Theatre** – each year the theatre reviews charges based on monitoring in year changes to demand, customer feedback and changes made by neighboring theatres. For 2020/21 most fees and charges will increase in line with forecast inflation however there are a number of exceptions including:

- Performance surcharges, costs for extra staff, some hire charges, the gallery deposit scheme and costs of ticket printing remain unchanged;
- Hire charges for using the museum as an additional dressing room will increase to offset additional cleaning costs we now incur, with the addition of the cleaning costs now included in the price this is a 28.3% increase which is needed to cover our costs of the cleaning;
- Technical hire packages have been introduced to simplify hire of technical equipment and improve take up;
- New services (and charges) will be introduced including a cost to hire the theatre spaces for dance festivals; the foyer for private functions and for offering staff services and technical support to events arranged by third parties.

4.7 **Public Protection** - licensing fees and charges are set through the licensing committee and TBC for 2020/21. Other Public Protection fees and charges remain unchanged for 2020/21 with the exception of those relating to the Control of Dogs, which have been restructured in line with the charges levied by a new contractor, and are above inflation.

4.8 **Heritage Service** – the service charges for educational visits to Coalhouse Fort and to the Museum, talks, informal education, topic loan boxes and research tickets. It is proposed that charges are not changed for 2020/21.

4.9 All other charges remain unchanged or increase in line with forecast inflation (subject to rounding).

5 **Planning, Transportation and Regeneration – Summary of Changes**

The key following changes have occurred for 2020/21 fees and charges:

5.1 **Permits** – fees and charges are unchanged for the 1st and 2nd permits and increased in line with forecast inflation for the 3rd permit for 2020/21, with amendments being made in relation to charity permits and a new temporary resident's permit to aid new residents/car owners.

5.2 **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.

- 5.3 **Transport Development** – the main transport and development fees and charges are unchanged for 2020/21, with the exception of:
- **Travel plans** – monitoring charges initially set were set in line with other Local Authorities. These have now been reduced in line with costs incurred.
 - **Bikeability** - training is currently funded by a grant, however this is expected to be partially removed in 2021/22, with award announced summer 2020. Charges will enable continuation of Bikeability training across the borough.
 - **Scooter Training** - Fee of £30 per session will remain for 2019/20 academic year. This planned to increase to £40 per session in 2020/21 academic year to ensure cost recovery.
- 5.4 **Transport** – Vehicular MOT Testing – charges are now shown in the report and remain unchanged for 2020/21.
- 5.5 **Land Charges** – charges are unchanged except for the introduction of an assisted personal search fee to ensure cost recovery.
- 5.6 **Corporate Property & Assets** – have changed the majority of their charges for 20/21 from Price-On-Application (POA); to more accurately reflect to the client the actual costs incurred for the services delivered.
- 5.7 **Town Centre Management** – new promotional activity fees have been introduced to help support projects and event run by the Town Centre Management team to help revitalise our high streets, with differing charges for commercial and charitable operators.
- 5.8 All other charges remain unchanged or increase in line with forecast inflation for 2020/21.

6 **Health & Wellbeing Summary of Changes**

The key following changes have occurred for 2020/21 fees and charges:

- 6.1 With regard to Placement charges, the declared rates have been adjusted to reflect inflationary increases, this in line with the agreed nationally set process.
- 6.2 All other charges are subject to public consultation and remain unchanged at this time.

7 **Housing – Summary of Changes**

The key following changes have occurred for 2020/21 fees and charges:

- 7.1 **Enforcement Notices** – These will increase in line with forecast inflation.

- 7.2 **Penalty Charges – Housing Planning Act 2016.** These charges were introduced in 2018/19 and are scaled up to the maximum sum allowed .
- 7.3 **Travellers Sites** - These will increase in line with forecast inflation.
- 7.4 **Selective Licensing** - (proposal for 2021- no fee yet allocated).
- 7.5 **Non-Statutory Housing Reports** – These have been removed as these will be captured as a Traded Service for 2020/21.

8 Childrens – Summary of Charges

- 8.1 The key following changes have occurred for 2020/21 fees and charges:
- 8.2 **Certain nursery place charges** have in some cases increased above inflation to take account of the actual costs of service delivery, which are dependent on the ages involved and corresponding staffing ratios. These will be in line with central government grant funding.
- 8.3 **New nursery place charges for 0-2 years and babies** have been introduced.
- 8.4 **Nursery after school charges** have been removed as this is no longer economically viable to provide, due to market competition.
- 8.5 **Grangewaters** charges have increased in line with forecast inflation.
- 8.6 **Thurrock Adult Community College** have been integrated into the Council's fees and charges process. Small increases in community hire which is still significantly below market rates.
- 8.7 **Music Services** has had a slight increase, Instrument load hire has increased slightly to enable the instrument maintenance programme to be enhanced.
- 8.8 All other charges remain unchanged or increase in line with forecast inflation.

9 Reasons for Recommendation

- 9.1 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 neighbouring councils. The ability to vary charges within financial year will enable services to more flexible adapt to changing economic conditions.
- 9.2 The granting of delegated authority to vary these charges within financial year will allow the Council to better respond to the needs of the communities, legal requirements and regulatory changes. And ensure that charges applied to residents, visitors and businesses correctly reflect current regulatory and legislative requirements.

10 Consultation (including Overview and Scrutiny, if applicable)

- 10.1 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.
- 10.2 Due to the General Election, presentation of the fees and charges schedule to the appropriate Overview and Scrutiny meetings had not taken place at the time of writing this report. They are timetabled to do so and feedback from those forums will be sought.

11 Impact on corporate policies, priorities, performance and community impact

- 11.1 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.

12 Implications

12.1 Financial

Implications verified by: **Joanne Freeman**
Finance Manager

The impact on income budgets has been set out earlier in the report and has informed the MTFs and annual budget setting process. Additional income is expected to be generated, however, this is dependent on demand for the services. Where an income source has decreased the corresponding expenditure budgets have also been adjusted to minimise the net impact on the overall budget. The income position will continue to be monitored throughout the year.

12.2 Legal

Implications verified by: **Tim Hallam**
Acting Assistant Director of Law & Governance, Head of Legal & Monitoring Officer

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 Council's general power of competence under section 1 of the Localism Act 2011. 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.

12.3 **Diversity and Equality**

Implications verified by: **Becky Lee**
Team Manager – Community Development & Equalities

The Council has a statutory responsibility under the Equality Act 2010 to promote and have due regard to the need to eliminate discrimination and advance equality of opportunity between individuals who share a relevant protected characteristic and those who do not share it. Decision on setting fees and charges are subject to the Council's decision making structures. Proposals developed by services have given due consideration to equality considerations as these have been developed.

12.4 **Other implications (where significant)** – i.e. Staff, Health, Sustainability, Crime and Disorder, and Impact on Looked After Children

None applicable

13 **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):

- Cleaner, Greener and Safer Overview & Scrutiny Committee – 6 February 2020 – ITEM 6 – Fees and Charges Pricing Strategy 2020/21
- Children's Overview and Scrutiny Committee – 4 February 2020 – ITEM 10 – Fees and Charges Pricing Strategy 2020/21
- Housing Overview and Scrutiny Committee – 14 January 2020 – ITEM 4 – Fees and Charges Pricing Strategy 2020/21

- Health and Wellbeing Overview and Scrutiny Committee – 23 January 2020 – ITEM 6 – Fees and Charges Pricing Strategy 2020/21
- Planning, Transport and Regeneration Overview and Scrutiny Committee – 21 January 2020 – ITEM 10 – Fees and Charges Pricing Strategy 2020/21

14 Appendices to the report

- Appendix 1 – Schedule of Proposed Fees and Charges for 2020/21
- Appendix 2 – Schedule of Fees and Charges no longer applicable
- Appendix 3 – Feedback from Overview and Scrutiny Committees
- Appendix 4 – Fees and Charges 2020/21 proposed targets

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