

Item No.	Classification Open	Date: 18 February 2011	Meeting Name: Cabinet Member for Transport, Environment & Recycling
Report title:		Setting fees and charges for Public Realm Division for 2011-12	
Ward(s) or groups affected:		All	
From:		Strategic Director of Environment	

RECOMMENDATIONS

1. That the Cabinet Member agrees the proposed non-statutory fees and notes the statutory fees and charges for 2011-12, with an implementation date of 1 April 2011.
2. That the Cabinet Member notes the indicative non-statutory fees and charges for 2012/13 and 2013/14.

BACKGROUND INFORMATION

3. This report sets out proposals for the fees and charges to be set for 2011/12 and indicative charges for 2012/13 and 2013/14.
4. The Medium Term Financial Strategy (MTFS) 2010/11 – 2013/14 and the corporate income policy require that:
 - Fees and Charge are increased to a level, at a minimum, that is equal to the most appropriate London average (e.g. inner London, family, groupings etc) except where this conflicts with council policy, would lead to adverse revenue implications or would impact adversely on vulnerable clients
 - Income generation is maximised by seeking income streams in line with council policies and priorities.
 - All fees and charges capped by statute are increased to the maximum level the cap allows.
5. Only where it can be demonstrated that adverse financial implications might arise or where increases are not considered realistic due to demand and local circumstances, can fees or charges increases be set at a lower level than that set by the MTFS.
6. The Council's constitution requires that all fees and charges increases are agreed by the relevant Cabinet Member through an IDM report. An IDM report is also required where no increase or a reduction in fees and charges is proposed.

KEY ISSUES FOR CONSIDERATION

7. Fees and charges are those charges where there is a schedule of rates for services provided. There are various types, namely mandatory and discretionary i.e. where the Authority must charge or where there is a choice of charging or not. Whether mandatory or discretionary, the charges will be either:
 - Fixed – where the level of charges is set by statute and the Authority has no discretion.
 - Capped - where a maximum level is set, generally by statute and so charges

- cannot be set above this level, or
 - Flexible – where there is full discretion on the level of charges to be set
8. Where the Authority has a choice about charging, any decision not to charge must be agreed by the relevant Cabinet Member. This will be reviewed annually and will be considered within the context of the overall budget position.
 9. This report only seeks approval for fees and charges for which there is discretion or where fees are capped, although, all fees and charges are included in the Appendices for information.
 10. In arriving at the proposed fees and charge levels, consideration has been given to a number of factors, including; volume assumptions, benchmarking data, market forces and sensitivity i.e. the impact that increases will have on its customers' ability to pay and the take-up of services. Another factor taken into account is that, whilst Southwark may have discretion over the level of fees set, in many cases, this is on a cost recovery basis or must have due regard to the cost of service and be reasonable. The cost of service provision has therefore, also been a consideration in arriving at the proposed fees.
 11. Table 1 below details the total income expected to be generated from non-statutory fees and charges. A full list of non-statutory fees and charges to be approved are shown in Appendices. 1 to 4. Appendix 1 also shows statutory fees and charges, which is provided for information.
 12. It is proposed that:
 - a. that most fees and charges be increased in accordance with the MTFS
 - b. Fees and charges increases in excess of MTFS are being proposed in the areas where benchmarking shows we are behind the Inner London Average.

Road Network and Parking Services (see Appendix 1)

Parking Services

On street parking

13. To incentivise use of the pay by mobile service and reduce the costs of cash collection it is proposed that the current "convenience " charge of 20p for using the pay by mobile service be absorbed by the council and that the current pay by mobile hourly charges remain unchanged.
14. The cost of pay and display when paying by cash is approximately 6% and it is proposed to increase charges to reflect this, in addition to 4.2% for inflation, giving a total of 10.2% increase in parking charges when paid for in cash. The difference in percentages shown above and below is due to charges rounded to the nearest five pence.
 - The cost of pay by cash be increased by 12.5% in the outer controlled parking zones, from £2.40 to £2.70 per hour
 - The cost of pay by cash be increased by 9% in the inner controlled parking zones from £4.40 to £4.80.

Off street parking

15. To incentivise use of the pay by mobile service and reduce the costs of cash collection it is proposed that the current “convenience “ charge of 20p for using the pay by mobile service be absorbed by the council and that the current pay by mobile hourly charges remain unchanged.
16. The cost of pay and display when paying by cash is approximately 6% and it is proposed to increase charges to reflect this, in addition to 4.2% for inflation, giving a total of 10.2% increase in parking charges when paid for in cash. The difference in percentages shown above and below is due to charges rounded to the nearest five pence.

Peckham

- The cost of pay by cash tariff be increased from £0.80 to £0.90 per hour.

Stead Street

- Up to two hours pay by cash tariff rises by 8% from £1.30 to £1.40
- For two to three hours the pay by cash tariff rises from £2.30 to £2.50
- For all day the pay by cash tariff rises by 10% from £6.00 to £6.60

17. We intend to harmonise season ticket prices across the borough with business permits over the next two years, as a result of this the season ticket prices in the Peckham and Stead Street car parks will rise by an average of 39.6% and 4% respectively. Due to the disruption in Peckham caused by the rebuilding of Rye Lane we intend to defer the season ticket price rises for Peckham by six months until 01 October 2011.
18. In order to support the local businesses during the current difficult trading environment, during the Christmas period 2011, the Council will review the position to suspend car parking fees at weekends and from 6.30pm onwards during weekdays for all car parks.

Parking Permits

19. The Council is proposing to consult with community councils on the introduction of carbon based parking charges for Resident parking permits and a further report will be brought to the cabinet member for transport environment and recycling in due course. Therefore, no increase in resident permits is proposed in this report.
20. Doctor's permits will rise by 14.5% from £86.75 to £99.30 this is to bring in line the cost with a residential permit.
21. Fees for Carers permits are to remain the same as they are. This is due to that these people serve the vulnerable members of the community.
22. The inner London average of a business permit is £700 but Southwark currently charges £401.28 (i.e. 57%). To bring charges to the inner London average would require a 74% increase. It is considered to be too excessive an increase in one year. It is therefore proposed to close the gap over two years with a year one increase of 31% to £525 followed by a further 33% increase in 2012/13. The increase in quarterly and six monthly business permits in 2011/12 will be 48.30% and 54.70% respectively
23. Staff and contractors permits (i.e. A & AS permits) will increase by 10%, an above inflation increase to discourage unnecessary car usage.
24. For Resident visitors permits the first book will rise by 6.7% (i.e. from £15 to £16) and 2.9% (i.e. from £35 to £36) for subsequent books.
25. Traders daily permits are increased by 33% (i.e. from £3 to £4). This is the first increase for several years.

Suspensions

26. Fees for the suspension of the parking bays are to remain the same as they are already at the inner London average for this service.

Mandatory fees

27. It has been recommended by the Transport and Environment committee at London Council's that the upper rate of Penalty Charge Notices increase by £10, so that the fee's payable maintain their value when compared to inflation. This rise in penalty charge has to be ratified by the London Mayor and by the secretary of state. Assuming this rise is ratified which should be completed during February 2011; the new levels of penalty charge will come into force from 04 April 2011. As a result of the increase in the PCN value to £130, the charge certificate will be issued at £130 + 50% or £195 (from the current £180) and the debt registered and warrant amount will increase this sum by a further £5 to £200 (from the current £185).
28. There have been no changes proposed to other mandatory fees.

Road Network Management

Control of Road works

29. The Highways Act 1980, and subsequent regulations, allows authorities to manage third parties occupying or working in the Highway and to set fees which reflect the cost of issuing and administering any license.
30. In addition the Council has applied to become a permitting authority for the purposes of road works and plan to implement the common London permit scheme (LoPS) from April this year. As an inner London Borough the costs are understandably at the top of the range for a permitting authority and it is proposed to set Southwark's fees to the maximum level permitted within the Code of Practice. The scheme and fees are awaiting DfT approval, but are currently proposed as per the table below:

	Road Category 0 -2 & Traffic Sensitive (£)	Road Category 3-4 non-Traffic Sensitive (£)
Provisional Advance Authorisation	105	75
Major Activity	240	150
Standard Activity	130	75
Minor Activity	65	45
Immediate Activity	60	40

Highway licences

31. Other Highway Licensing fees have been reviewed to ensure that full costs of the service are recovered. Fees for scaffoldings, hoardings, crane operations, site huts, Section 50, containers, material storage, table & chairs and skips have all been reviewed using the methodology for calculating permitting fees based on estimated

staffing costs and service overheads.

32. The range of increase for Highways license fees is between 0% and 42%. For most licenses types and durations the revised fee put Southwark slightly below Westminster, but higher than some other Central London Boroughs.
33. Skip fees are split into two duration groups. To ensure that skips are cleared from the highway as promptly as possible a lower level fee is in place to provide a cheaper option to residents for short occupation and this has been slightly increased to £39. Four weeks licenses have only been increased by 10%.
34. Fees for tables and chairs are proposed to remain at 2010/11 level. This is because during this hard economic climate the Council think it is not appropriate to add more additional costs on local business.

Damage to the highway

35. Southwark regularly makes safe damaged manhole covers, dangerous worksites and other obstructions. The Highways Act 1980 make provision for the highway authority to reclaim their reasonable costs incurred in making safe the highway, when the dangers are caused by third parties and a new fee is proposed to reflect the average cost of carrying out such work based on both contractor and overhead costs.

Fixed Penalty Notices

36. The Highways Act 1980 and the London Local Authorities Act 2003 make provision for the issue of the fixed penalty notice fees for a number of offences. The fee of £120 is mandatory and is set by London Councils.

Fees for enquiries and legal agreements

37. A new charge for Lands and Highways Status enquiries was introduced in 2010/11 and a 4% increase is proposed. Charges for Traffic Orders and stopping up orders have similarly been recently reviewed and so have been increased to cover increased advertising costs
38. The current arrangement for charging of Section 38 and Section 278 Agreements under the Highways Act 1980 is that the costs are assessed and recovered on a case by case basis. It is proposed to introduce a revised fee for charging of Section 38 and Section 278 Agreements under the Highways Act 1980 by establishing a percentage fee per development. It will enable the council to fund the legal activities, site supervision and technical checking to ensure that the works are completed to an acceptable standard and carried out in a safe and responsible way. This will ensure that Southwark is protected against legal, financial and reputational risk.

Commuted Sums

39. It is proposed to introduce a payment of a capital sum by a developer as a contribution towards future maintenance of “non-standard” and “extra over” features in developments to be adopted, or transferred as part of a Section 278 and/or Section 38 Agreement, known as Highways Commuted Sums. The payment of a commuted sum by a developer will discharge them of any future maintenance responsibility for the adopted assets after issue of the Certificate of Maintenance. It is not possible to give an accurate estimation of commuted sums per scheme as the value is dependent upon the complexities of the design elements of each scheme.

Street Markets (see Appendix 2)

40. Street Markets fees and charges were last reviewed in October 2010 and it is not intended to raise any fees and charges in 2011/12 other than the fees for a 12 foot pitch that will come into effect in East Street in April 2011. Our benchmarking exercise showed that fees and charges were being frozen in the majority of London Boroughs for next financial year.

Parks and Open Spaces (see Appendix 3)

Sports Pitches

41. An increase in charges is proposed for the majority of sports pitches to be in line with the London Average plus an allowance for 4% inflation. Charges that are already at London average or above are increased slightly to allow for 4% inflation and are rounded up to simplify the charge. New charges have been included for Tennis at Burgess Park to simplify the range of charges available and new charges are shown for fishing at Burgess Park Lake. The following are examples of new charges compared to existing prices:
- Grade 1 Cricket Full Day increase from £81.36 to £100 (22.92%)
 - As per other London boroughs, the charge grass football, rugby and Gaelic football is the same. Senior match fees for these sports will be £70 and a charge of £36 is applied to junior matches. This is an increase of around 43% for football and 94% for rugby. Discount rates apply to pitches booked without changing rooms.
 - An adult tennis fee is introduced to £5. A floodlit fee of £2 has also been introduced.

Cemeteries and Crematoria

42. Fees and charges for the Cemeteries and Crematorium service will be dealt with in a separate report to the Cabinet on the future options for the service.

South Dock Marina (SDM) (see Appendix 4)

Mooring Fees

43. South Dock Marina (SDM) is a commercial marina business. The main income stream is generated through mooring fees which are charged at a rate per metre based on the agreed chargeable length overall. Fees at the Marina have been subject to a comprehensive review and benchmarking exercise undertaken by an independent industry expert. As a result it is proposed that all of the existing leisure mooring fees increase by 6% in order to bring them to the most appropriate London average.

Residential Fee

44. Following review it is proposed that the residential fee introduced in 2010/11 be removed. The current method of adding a fixed residential fee to the leisure mooring fee is not general practice among other operators where a simple per metre rate is charged for residential moorings. It is proposed that a new per metre annual residential mooring fee of £305.53 be levied in order to make it equal to the most appropriate London average.
45. The per-metre residential mooring fee would replace the two fees that are currently charged annually for residential moorings which are £227.17 per metre and £576.43 per boat. This will result in a change of between -5.48% and +19.35% depending on the chargeable length of the boat.

46. Given the scale of the change in fees it is proposed that the per metre fee be introduced over two years beginning at £283.97 in 2011/12 and then increased 7.5% to achieve the £305.53 rate in 2012/13 along with any other adjustments from annual fee reviews.
47. It is proposed that fees paid for periods shorter than 12 months will attract a 3% supplement in addition to the pro-rata rate.

Transfer fee

48. It is proposed that transfers of residential licences be allowed for 2011/12 and that the transfer fee should remain the same.

Crane, Storage, Labour and Miscellaneous charges

49. These fees are proposed to increase by 6% in line with the increase of the other charges at SDM. These fees have been benchmarked with other Marinas and remain competitive

Supply of Electricity

50. Under OFGEM guidelines, the authority is only able to pass on the charge that the council pays per unit and therefore the unit price will remain the same unless there is a change in the charge from the provider. Additionally, it is proposed that the service charge for the supply of electricity as well as for the hire of meters and for a daily un-metered supply be increased by 6% in line with the increase of the other charges at SDM

Olympics 2012

51. It is expected that there will be a very high demand for mooring space from visiting yachtsmen during the London Olympics in 2012. In order to capitalize on this opportunity by being able to accommodate as many of these boats as possible, marina management will be looking into the possibility of placing temporary trot moorings in the several acres of unused water space in Greenland Dock during the Olympic period. Facilities to accommodate any additional customers would be arranged separately so as to not have any effect on the existing berth holders in SDM. There are no plans to alter any existing fees and charges during the Olympic period.

Resource implications

52. Table 1 shows the budgets for 2010/11 and the anticipated income levels for 2011/2012 arising from the proposed fees. Budget assumptions are covered in the comments accompanying the financial table and the above paragraphs.

Table 1 – Environmental Services Discretionary Fees and Charges

Division/ Income Stream	2010/2011 Income Budget £	2010/2011 projected income outturn £	2011/2012 Estimated Income Budget £	Increase In Income %	Comments
<u>Parking</u>					
- On Street – Meters cashless	1,064,664	1,064,664	1,000,784	-6%	See point 13 (11/12 amount includes 20p surcharge to the council)
- On Street – Meters – cash payment	1,064,663	1,064,663	1,173,259	10.20%	See point 14
- Off Street - Car Parks cashless	34,748	34,748	32,633	-6%	See point 15 (11/12 amount includes 20p surcharge to the council)
- Off Street - Car Parks cash payments	312,733	312,733	344,632	10.20%	See point 16
- Suspensions	101,404	101,404	101,404	0%	See point 26
- Road Networks	228,932	228,932	263,272	15%	Average rate based on last year's outturn
- Skip Licences	119,994	75,408	119,994	0%	See point 33
- South Dock Marina	704,182	770,896	770,000	9.35%	Average rate based on current year's projected outturn
Markets and Street Trading	1,229,477	1,229,477	1,229,477	0%	See point 40
<u>Parks Services</u>					
- Parks and Open Spaces (excludes Cems & Crems income)	172,301	141,006	179,193	4%	See point 41.
Total	5,033,098	5,023,931	5,214,648	3.61%	

53. It is assumed that there will be no corporate inflation increase in the income budgets as compared with 2010-11 figures.
54. The total net increase in income (as shown in the table 1 above) is £181,550. This will be used to offset the cost of implementing the changes required to deliver the services as a result of proposed budget 2011-12 as well as contain the shortfall in income due to increased Parking compliance and reductions in other statutory fee income.
55. The majority of fees and charges have been increased in line with MTFS but where there are good reasons why this has not been adopted, this has been detailed within the body of the report. Where the charge for a particular line item is not in line with the MTFS the overall revenue for that service will not be adversely affected.
56. Budget assumptions and implications
- Parking – The income from mandatory income (Penalty Charge Notices) is not shown in the above table.
 - Parking – The reduction in Penalty Charge Notices income budget reflects the £150k commitment proposed as part of 2011-12 budget. However, as mandatory income is not shown in the above table, this point is for information.
 - Road Networks - Due to the recent review of the service, change in fee structure is proposed for various fees. Any increase in income will be utilised to cover the current budget targets given to the service
57. Staffing implications

There are no staffing issues to be considered.

Community Impact Statement

58. The One of the key considerations in arriving at the proposed fees and charge levels for 2011-12 was the price sensitivity i.e. the impact that increases will have on its customers' ability to pay and the take-up of services. This was supported by comparing prices with neighbouring authorities, where possible. However, this flexibility is limited to only where Southwark have discretion over the level of fees set. The adoption of the proposed fees and charges does not discriminate against any group in the community, either directly or indirectly.

Consultation / Notification of fee increases

59. The Consultation is not required on the above fees and charges. However, once approved, notification of fee increases will be published through the appropriate channels.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Strategic Director of Communities, Law & Governance (SB110211)

60. The Cabinet Member for Transport, Environment & Recycling is requested to approve the 2011/12 non-statutory fees and charges as outlined in this report. The recommendations will take effect on 1 April 2011 if approved.

61. The approval of the fees and charges sought in this report is a matter reserved to the Cabinet Member for individual decision making in accordance with Part 3D paragraph 3 of the Council's constitution.
62. The proposed increases are intended to be consistent with corporate policy, in particular the Medium Term Resources Strategy and will apply to the existing non-statutory fees and charges.
63. Section 93(1) of The Local Government Act 2003 enables the Council to charge for providing discretionary services. The power in the Act is subject to the requirement that the Council is not prevented from charging for the services by virtue of any other legislation. The Strategic Director of Communities, Law & Governance is not aware of any specific legislative provision which would prevent the Council from relying on these powers to charge.
56. The power to charge for a service under the Act is also subject to the duty to make sure that, taking one financial year with another, the income from charges made from a service does not exceed the cost of the provision of the service.
57. The Council is, therefore allowed to set the level of the charge for each discretionary service that it thinks fit and considers reasonable, subject to those charges not exceeding the costs of the provision.
58. The report confirms that there are no prescribed legal requirements for consultation on the proposed fees and charges although any proposed increases will need to be publicised and notified. Officers should ensure that all forms of notification explain how and to whom any complaints or queries should be made.

Finance Director (Env\ET\040211)

59. This report seeks authority for approving the fees to be charged by Public Realm Division for parking services, road networks management, street markets, south dock marina and parks and open spaces in 2011/2012. It is only concerned with fees and charges where the Council has discretion about the level to be charged.
60. Currently the Medium Term Financial Strategy (MTFS) is to generally increase discretionary fees and charges to a level that is equal to the most appropriate London average except where this conflicts with Council policy or would lead to adverse revenue implications. As outlined in the report, Public Realm are proposing a range of fee and charge increases to bring them in line with the Inner London average. Based on the neighbouring borough benchmarking information provided and given that the proposals seek to maximise income generation, they can therefore be considered in line with the MTFS.
61. The proposed budget for 2011/12 includes additional permit income of £130k for high CO2 emission vehicles and further charges on permits for 2nd and 3rd vehicles per household. As set out in Para 19, these new charges will be subject to a further report.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Public Realm Division Fees & Charges 11-12 working papers and relevant emails	Public Realm, E & H offices, 160 Tooley Street, SE1 2TY	Jamshed Manzoor, Public Realm Divisional Accountant 0207 525 2111

APPENDICES

No.	Title
1	Parking Services and Road Networking– Statutory and non statutory fees and charges
2	Street Markets – non statutory fees and charges
3	Parks and Open Spaces – non-statutory fees and charges
4	South Dock Marina –non statutory fees and charges
5	Parking – Benchmarking
6	Road Networks – Benchmarking
7	Street Markets - Benchmarking
8	Parks and Open Spaces – Benchmarking
9	South Dock Marina – Benchmarking

AUDIT TRAIL

Lead Officer	Gill Davies, Strategic Director, Environment	
Report Author	Des Waters, Head of Public Realm	
Version	Final	
Dated	18 February 2011	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments included
Strategic Director of Communities, Law & Governance	Yes	Yes
Finance Director	Yes	Yes
Cabinet Member	Yes	Yes
Date final report sent to Constitutional/ Officer	18 February 2011	