

Item No.	Classification Open	Date: 22 January 2014	Decision Taker: Cabinet Member for Transport, Environment & Recycling
Report title:		Fees and charges proposals for Sustainable Services for 2014/15	
Ward(s) or groups affected:		All	
From:		Strategic Director of Environment & Leisure	

RECOMMENDATIONS

1. That the Cabinet Member agrees the proposed non-statutory fees and charges for 2014/15, with an implementation date of 1 April 2014.

BACKGROUND INFORMATION

2. This report sets out proposals for the fees and charges to be set for Environmental Services Division for 2014/15.
3. The Medium Term Resources Strategy (MTRS) 2011/12 – 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.
4. 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 MTRS.
5. The Council's constitution requires that all fees and charges increases are agreed by the relevant Cabinet Member through an Individual Decision Maker (IDM) report. An IDM report is also required where no increase or a reduction in fees and charges is proposed

KEY ISSUES FOR CONSIDERATION

6. 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
7. 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.
 8. 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.
 9. 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.
 10. The fees and charges were reviewed in accordance with the MTRS to the inner London Average and where this does not apply a specific business reason is set out in the attached schedules.
 11. Table 1 (see paragraph 32) 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 is shown in Appendix 1.

Division / Business Unit

Commercial Waste

12. The Council no longer provides a commercial waste service as part of its day to day refuse collection operations. However, under the provisions of Section 45(1b) of the Environmental Protection Act (EPA 1990), a business entity can request the council to provide it with a refuse collection service. The council has an obligation to comply under such circumstances. However, no such request has been received for this service since the onset of the Waste PFI contract in 2008.
13. The proposed fees are those of Veolia Environmental Southwark (the Council's Household refuse contractor) for 2013/14 plus inflation increase of 2.7%. In addition, similar to previous years, a 10% on-cost will be charged to cover the council's administrative costs. There will also be a further charge of £17.38 per month in compliance with Section 33 of the EPA (Duty of Care).

Household Refuse Collection

14. Under the stipulations of the Environmental Protection Act S45(3), no charge shall be made for the collection of household waste except in cases prescribed in regulations made by the Secretary of State (Statutory Instrument 2012 No. 811, The Controlled Waste Regulations 2012, Schedule 2). The regulations set out

the types of Household Waste for which a charge for collection may be made (there are no charges for disposal). They include waste from the following:

- Residential hostels / homes
 - Universities, schools or other educational establishments
 - Premises occupied by a charity and wholly or mainly used for charitable purposes
 - Prisons or other penal institutions
 - Camp sites, other than from any domestic property on that site
 - Halls or other premises used wholly or mainly for public meetings.
15. Refuse Collections from any of the above sites would be carried out by the Council's waste Contractor (Veolia Environmental Southwark). It is proposed that fees be frozen at 2013/14 rates to reinforce the Council's objective of supporting the local economy.

Waste Container Hire

16. A charge for the hire of waste containers may be levied in accordance with The Environmental Protection Act 1990 Section 46(3b) for Household Waste and Section 47(1) for Commercial Waste. The bins may also be provided (i.e. owned without charge) by the occupiers of the relevant property subject to numbers on site, placement, size, construction and maintenance requirements stipulated by the council.
17. Household waste container charges are levied for the hire of any container with a capacity greater than 240 litres. The council does not charge for the supply of 240 litre bins to residential properties. The proposed hire rates are based on the estimated cost of container supply, delivery, maintenance, refurbishment, and replacement where necessary. The average useful economic life of a bin is estimated at 2-3 years.
18. The proposal is to increase waste container hire charges by 10% to bring them to a level that is equal to the most appropriate London average as per Medium Term Resources Strategy (MTRS).
19. The service does not charge for recycling bins as income generation is not the key driver. It is recommended that the council maintains this position as it emphasises its commitment to recycling and enhances its reputation in relation to its Corporate Social Responsibility practices.

Waste Disposal

20. As a statutory waste disposal authority under the Environmental Protection Act 1990, the Council has a statutory duty to dispose of all household and commercial waste collected within the borough. In addition, the Council is required to provide a Civic Amenity facility where residents can dispose of bulky household.
21. Under section 51(3), household waste disposal arrangements are free of charge, however, the deposit of other controlled waste by other persons may be subject to such terms as to payment (if any) as the authority determines.
22. The council does not control the gate fees of third parties under the Waste PFI

contract. There is a certain amount of third party revenues which has been assigned to the council in the PFI financial model and used in the calculation of the unitary charge of the contract.

23. The proposed 6.63% increase in the waste disposal charge is to allow full recovery of contract price indexation (estimated at 2%), plus an additional £8 for the increase in landfill tax. Landfill tax will be £80 per tonne in 2014/15. This fee is mainly used for recharging Southwark Building services and the Street Markets Association for the controlled disposal of their waste. The fee would also apply to other internal business units which would want to dispose non-household waste.
24. There is also a charge for green waste handling on behalf of the Parks unit via Quadron services Ltd. This charge has no landfill implications and set to increase at 2% per annum as per the current parks contract.

Pest Control Services

25. The in-house Pest control service primarily operates as a service to Southwark council tenants and funded via a service level agreement with the Housing Revenue Account. The Council has a statutory duty to control pests under the Prevention of Damage by Pests Act 1949 and the Public Health Act 1936. There is no statutory duty to provide a free pest control service.
26. Section 1 of the Localism Act 2011, gives a local authority power to do anything that individuals generally may do. The general power confers an ability to charge for discretionary services provided that the person agrees to the provision and, taking one financial year with another, the income from charges does not exceed the costs of provision. This is similar to the Local Government Act 2003 which includes a general power for local authorities to charge for discretionary services.
27. The unit is also mindful of the risk that, if a leaseholder can not afford to carry out a treatment or decides to live with the problem on financial grounds, this could lead to infestation in the whole block making the Council implement block treatment which would eventually cost more than any benefit derived from an increase in fees.
28. The Southwark Pest Control unit also has responsibility for the council's obligation under section 149 and 150 of the Environmental Protection Act 1990 to deal with Stray dogs found within the borough. The charges are designed to cover the costs involved with collection and welfare of the dog while in the council's possession.
29. Under section 149(5) (EPA 1990), the authority may charge the owner all expenses incurred during the dog's detention plus a further prescribed amount. The expenses should be calculated as the per day kennel cost plus any costs involved in detaining the dog. Authorities should also include any charges incurred in respect of injured dogs that receive treatment. And it may also retain the dog until full payment has been made to the Council by the owner.
30. It is proposed that the charges for the Pest Control Unit be frozen at 2013/14 levels to reinforce the Council's objective of supporting the local economy.

Resource implications

31. Table 1 shows the budgets and projected out turn for 2013/14 and the anticipated income levels for 2014/15 arising from the proposed fees and charges increases.

Table 1:– 2013/14 - Budgets/ Projected Outturn & Proposed 2014/15 budgets

Division/ Income Stream	2013/14 Budget	Expected Increase in income	2014/15 Estimated Income Budget
	£'000	£'000	£'000
Container Hire /waste collection	1,810	100	1,910
Pest Control	51	0	51
Waste Disposal	199	0	199
Total - Division	2,060	100	2,160

32. It is assumed that there will be no corporate inflation increase in the income budgets as compared with 2013/14 figures with the exception of waste container hire budget which is estimated to increase by £100k.
33. Any increases arising from the increases in waste disposal will be used to offset the increase in disposal charges from Veolia as well as contain any shortfall in income due to economic conditions. Due to a general decline in waste tonnages over the last few years, it is not anticipated that the increase in disposal fees will yield any increases above the current budgeted income level.
34. Any benefits or repercussions on demand for services arising from the proposed fees and charges will be reflected in revenue monitoring reports and future budget proposals. Any variances will be contained within existing budget for 2014/15 financial year.
35. There are no staffing implications

Community Impact Statement

36. The current arrangements ensure that all areas of the borough have equal access to services at reasonable rates to pay and the take-up of services. However, this flexibility is limited to only where Southwark has discretion over the level of fees set. In addition, in certain services such as Pest Control, concessions and discounts are made available for community groups, the young, the elderly and for those on means tested benefits. There is a discount of 50% for residents on low income to allow them to still access the service.

Consultation / Notification of fee increases

37. No consultation required on the above fees and charges. However, once approved, formal notification of price increases will be made via the appropriate channels.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Strategic Director of Finance and Corporate Services (E&L/13/044)

38. This report recommends that the Cabinet Member for Transport, Environment & Recycling agrees the proposed non-statutory fees and charges for 2014/15, with an implementation date of 1 April 2014.
39. The strategic director of finance and corporate services notes the resource implications contained within the report and the comparison of proposed council fees with the appropriate inner London average fees.
40. Savings that have been factored into future budgets and alternative savings would need to be identified should the recommendations not be accepted. Officer time to effect the recommendation will be contained within existing budgeted revenue resources.

Director of Legal Services

41. The Cabinet Member for Transport, Environment & Recycling is requested to approve the 2014/15 non-statutory fees and charges as outlined in this report. The recommendations will take effect on 1 April 2014 if approved.
42. 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.
43. 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.
44. Section 93(1) of The Local Government Act 2003 enables the Council to charge for providing discretionary services. In addition, section 1 of the Localism Act 2011 allows a local authority to do anything that individuals generally may do, including for a commercial purpose or otherwise for a charge, or without charge. The power conferred by those Acts is subject to the requirement that the Council is not prevented from charging for the services by virtue of any other legislation. The Director of Legal Services is not aware of any specific legislative provision which would prevent the Council from relying on these powers to charge.
45. The power to charge for a service under the Acts 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.
46. 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.
47. 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.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
None		

APPENDICES

No.	Title
Appendix 1	Details of proposed Environmental Services fees 2014/15

AUDIT TRAIL

Lead Officer	Deborah Collins, Strategic Director Environment & Leisure	
Report Author	Ian Smith, Head of Environmental Services, E&L	
Version	Final	
Dated	22 January 2014	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments Included
Director of Legal Services	Yes	Yes
Strategic Director of Finance & Corporate Services	Yes	Yes
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team	22 January 2014	