

Item No.	Classification Open	Date: 29 January 2016	Decision Maker: Cabinet Member for Environment and the Public Realm
Report title:		Environment Fees and Charges 2016/17	
Ward(s) or groups affected:		All	
From:		Strategic Director of Environment and Leisure	

RECOMMENDATION

1. That the Cabinet Member agrees the proposed non-statutory fees for Environment services as shown in the report below and notes the statutory fees and charges as shown in appendices attached with this report for 2016/17, with an implementation date of 1 April 2016.

BACKGROUND INFORMATION

2. This report sets out proposals for the fees and charges for Environment services 2016/17.
3. The Medium Term Resources Strategy (MTRS) 2015/16 – 2017/18 and the corporate income policy require that:
 - Fees and Charges 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 where fees have to be set at a level only relating to the costs incurred by the Council in delivering the relevant service, 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 is to be reviewed annually and 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. Most fees and charges are to be increased 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 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 - 5. They also detail statutory fees and charges, which are provided for information.

Parking Services (Appendix 1)

Pay and Display and PayByPhone parking charges

12. The controlled parking zones of Bermondsey, Newington and Grange (G, D and GR) have been surveyed and have high levels of occupancy at peak times. As these controlled zones border the existing central activity zones, it is proposed that the charges for Pay and Display and Pay-By-Phone in these three on-street zones is increased by 20p per hour.
13. The Central Activity Area zones were increased in 2015 and occupancy levels remain high but it is proposed not to increase these zones again this year.

14. All other on and off street parking charges outside of these areas will be frozen for the fifth year running at 2011/12 levels and that the Council will continue not to charge at weekends and after 6.30pm on week days in all its car parks. While this means that the Council's off street parking charges are below the comparable London average it supports the Council's objectives of supporting the local economy and encourage thriving town centres and high streets.

Small Business Saturday and Christmas Parking

15. For the last two years on street parking charges have been waived for the first Saturday in December and other Saturdays in December in order to promote shopping locally and supporting local independent traders. It is proposed that the council offer a limited number of free parking Saturdays during December 2016 with charges in the Pay and Display bays waived.

Parking Permits

Residential permits

16. It is proposed that the cost of all residential parking permits be retained at the current level. This means that most residential permits prices have been pegged since 2011.
17. We recommend that from April 2016 paper resident's permits will no longer be issued. We have trialled a virtual permit system from June 2015, the new system has proved effective. The back office connections to the on-street equipment that our parking enforcement officers carry have worked well. This does not represent a change to how a permit can be applied for, just that it will no longer need to be displayed on the vehicle (in the same way road tax no longer does). Parking services will continue to offer permit services over the phone for those who cannot access online services.

New short stay visitor permits

18. New five hour and one hour resident's visitors' permits were introduced in 2014/15. Physical paper versions of these permits have not been issued. It is proposed that there will be no changes to the pricing of these permits. 80% of transactions are using the virtual visitors permit system.
19. It is proposed that the remaining paper visitors vouchers, books of 10, all day be increased in price by 10% to reflect the more expensive transaction type that these type of permits represent when compared with virtual all day permits. Virtual all day permits will remain at their current cost. Disabled discounted books of visitors permits will remain unchanged in price.

Permits for Commercial Organisations

20. The council currently offers a range of permits to business & occupational related services, namely:
- Local businesses
 - Doctors and medical staff
 - Markets and Street Traders
 - Professional Child Carers
 - Car clubs
21. It is proposed that these permit prices remain frozen at 2012/13 prices , which are at the central London average.

Suspension of parking bays

22. Fees for the suspension of the parking bays are to be frozen at 2014/15 prices as they are already at the inner London average for this service.

Mandatory fees

23. There have been no changes proposed to mandatory fees e.g. Penalty Charge notices, this year. These are normally reviewed on a four year cycle after a consultation to all boroughs by London Councils, the last consultation was in Summer 2010. Any proposed changes are agreed by London Councils Transport and Environment Committee and then require subsequent approval of the Mayor and Secretary of State .

Road Network Management Fees (Appendix 2)

Street Works Permit Fees (London Wide Permit Scheme)

24. The Council became a permitting authority for the purposes of road works and the Common London Permit Scheme (LoPS) on 5th September 2011. As an inner London Borough the costs are at the top of the range for a permitting authority. The fees are currently set to the maximum level permitted within the Code of Practice and hence no changes are proposed for 2016/17.

Street Works Fines and Charges

25. Fees for a range of inspections and fines for street works are set out in appendix 2. These fees are all set by the Department for transport (DfT) and fees under section 74 for overrunning works were amended in October 2012.

Filming Permits

26. There is a willingness and appetite from production companies for Permits to be issued for 'on street' filming. This secures the 'street in the same way Street Works Permits secure the street for utility works. Filming Permits should be in line with Street Works Permits due to the comparable officer time involved in the co ordination process. Filming that requires the need to close a road will be deemed as Major Works. The fees for permits to film on the highway were increased last financial year and reflect the costs to the Council and so no further increase is proposed.

Fixed Penalty Charges

27. 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 current fee is £120, with a reduced fee of £80 if paid within 29 days.

Material Licences

28. It is proposed to increase the fees for Materials to bring them in line with the average fees charged by London Boroughs. Minor licences are designed for small projects as a 'one off' charge. Therefore it is proposed to increase the fees from £66 to £97. Major licences are specifically for large developments the require occupation of a highway for the duration of the project. Therefore it is proposed to increase the fee from £18 to £21.60.

Temporary Traffic Regulation Orders (TTRO)

29. Where major events or works require a borough road to be closed, a Temporary Traffic Regulation Orders is required to facilitate the closure. Orders are 'made' for 18 months but are only 'operational' for the period specified by the applicant. It is the legal responsibility of the Council to advertise all Orders in a local newspaper. The advertising costs are included in the fees. It is proposed to increase the fee for a TTRO from £1,881 to £2001 to bring it in to line with similar London boroughs.

Temporary Traffic Notice.

30. Where a road closure is required for less than 24 hours, a Temporary Traffic Notice may be required to close the road. This process will predominantly be used for filming on the highway and for Play Streets, although the fee for Play Streets will be waived. Currently we are not charging for these services. However, it is proposed to introduce a new fee of £500 per notice.

Network Development

31. We are not proposing any alterations to the fees and charges for Section 278 Agreements and Section 38 Agreements. Last year we introduced a one off payment for oversailing licenses in place of an annual charge. We are not intending to change the cost for this in 16/17 as there are not changes to the cost components for this licence. Similarly the S184 licence charge for temporary crossovers will remain the same.
32. Commuted sums and damage to the highways by 3rd parties is a charge which is calculated for each instance, and is based on rates within the Conway-Aecom highways contract..

Street Trading and Markets (Appendix 3)

33. Street Markets fees and charges were last set in April 2015. The only increases were to North Cross Road temporary trading fees and East Street fruit and veg traders due to the rising costs of waste collection. Benchmarking has shown that fees and charges are generally being frozen or curtailed to inflation in the majority of London Boroughs for 2016/17 to support traders during this continuing difficult economic climate. Furthermore, we are soon to be carrying

out trials in East Street market. During this time there will be an amount of upheaval and therefore we are proposing not to increase fees in this area.

Small Markets Permanent

34. Small markets have not had a price increase for the past six years. These fees are currently below the inner London average.
35. It is proposed to increase the fees for small markets by 6.5% to move them in line with the London average.

Temporary Traders Small Markets

36. Small markets across the borough have not been increased for six years and when benchmarked against the London average and found to be considerably lower. Therefore we are proposing to raise these fees by 25% to work towards a London average. This in reality is an increase of £4.00 if trading per day and an increase of £2.50 per day if trading per week.
37. Keeping the majority of fees frozen for a further year will also assist in improving on occupancy levels and prevent traders from leaving the market. .

North Cross Road

38. North Cross Road temporary trading licences. We are proposing to increase these fees in the region of 11% to 25% which will result in a maximum fee of £35 per day which is still below the inner London average. These price increases are based on demand.

London Bridge

39. London Bridge traders (permanent). We are proposing to increase fees by 14.2% which is still below the inner London average for these trading pitches.
40. The fees and charges tariff layout reflects the changes to the legislative framework for Markets operated under the Food Act 1984, and those smaller sites that will continue to be governed by the 1990 London Local Authorities Act as amended.

Waste Services (Appendix4)

Commercial Waste Service

41. The council does not currently provide a commercial waste service as part of its day to day refuse collection operations. The council ceded control of its commercial waste to Veolia as part of the consideration for the Waste PFI contract for a period of 5 years (Clause 9.1 of the business sale agreement).
42. With 40% real term cuts to funding for the public sector since 2010, the onus is on councils to generate their own income and safeguard the future of their services. The continuation of austerity cuts means that the council has to undertake a rigorous SWOT analysis, become more entrepreneurial and develop a more commercial approach to its service delivery.

43. The 2015 Localis report, Commercial Councils: The Rise of Entrepreneurialism in Local Government, highlighted the need for more councils to develop a sustainable, needs led approach to new business ventures and services delivery. This is in line with the MTRS and the division is currently exploring how best to reinvent and re-enter the commercial waste market particularly as the 5 year limitation period has now expired.
44. 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. The division will in due course establish a charging schedule for the council's own service. In the interim, the proposed fees are those of Veolia Environmental Southwark (the council's Household refuse contractor) for 2015/16 plus inflation increase of 1%. 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 £17.78 per month in compliance with Section 33 of the EPA (Duty of Care).

Household Waste Collection

45. 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 1). The regulations set out the types of premises 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
 - A charity shop selling donated goods originating from domestic property
 - Prisons or other penal institutions
 - Camp sites, other than from any domestic property on that site
 - Premises used wholly or mainly for public meetings
46. Refuse collections from any of the above types of premises are carried out by the council's waste contractor (Veolia Environmental Southwark) and a charge is made for the service. It is proposed that refuse collection fees be indexed by 1% for 2016/17.
47. The council does not currently charge for household recycling collections from non-domestic properties. In line with the Medium Term Resource Strategy and the corporate income policy, charges will apply from 1st April 2016. The proposed charges for the service are set out in Appendix 4.
48. The level of recycling collection charges have been set at approximately one third of the level of refuse collection charges, this will ensure that there continues to be an incentive to recycle household waste at non-domestic properties. No charge is made for the provision of bulk recycling containers for non-domestic household waste, this provides further incentive to recycle. The proposed level of charges for non-domestic household recycling collection is estimated to generate income of approximately £40k per annum.

Refuse Container Hire

49. 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 containers 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.
50. Household refuse container charges are levied for the hire of any container with a capacity greater than 360 litres. The council does not charge for the supply of containers to residential properties up to 360 litres. 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 3 years.
51. The proposal is to increase refuse container hire charges by 1% to keep in line with the level that is equal to the most appropriate London average as per Medium Term Resources Strategy (MTRS). As mentioned above there is no charge for the provision of recycling containers of any kind for household waste.

Waste Disposal

52. 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.
53. 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.
54. A 1% inflation increase is proposed for input tonnages of mixed general waste to the facility (i.e. where the waste is brought to the facility by the department or organisation producing the waste) other than for tyres and hazardous wastes where separate charges apply. 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.
55. Two waste streams (tyres and hazardous wastes) are charged at a higher rate than general mixed commercial wastes, and these pass-through costs are subject to the same indexation level of 1%.
56. There is a charge for green waste handling on behalf of the Parks unit via Quadron services Ltd. This charge has no landfill implications set to increase at 2% per annum as per the current parks contract.

Bulky Waste Collections

57. The council provides a bulky household waste collection service for items that cannot fit into a normal household container. A charge for this service of £16 for up to 10 items was implemented with effect from 1st December 2015. It is proposed that the fee remain at £16 in 2016/17 as it has only just been implemented. The charge is equal to the most appropriate London average and

therefore in line with the MTRS.

Additional Garden Waste bags

58. In addition to the regular brown bin garden waste collection service, the council currently provides and collects garden waste in special brown paper bags. These brown paper garden waste bags are currently available free of charge at pick up points such as libraries, and some are delivered directly to organisations in the borough. In line with the Medium Term Resource Strategy and the corporate income policy, charges will apply for these bags from 1st April 2016.
59. It is estimated that approximately 54,000 of brown bags are issued per annum. The introduction of charges will lead to a reduction in overall demand and there will continue to be a number of different ways to dispose of this waste for no cost - for example by composting it, taking it to the Reuse and Recycling Centre, or feeding it into brown bins over a longer period. The proposed charge for the service is set out in Appendix 4 and is expected to provide an income of £20k per annum. For practical reasons brown garden waste sacks will be sold in multiples of ten. Arrangements for the charging of these bags are likely to follow a similar process to the recently implemented on-line booking and payment for bulky household waste collections.

Pest Control Services (Appendix 5)

60. 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.
61. 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.
62. 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.
63. In line with the MTRS, the unit will seek additional income streams in line with council policies and priorities. The pest control market is growing and although it has a few dominant players with entrenched positions (as well as a proliferation of small operators given that barriers to entry are quite low), the unit is well placed to attempt to make inroads into the local commercial market. The proposals in Appendix 5 include charges proposed for commercial entities.
64. 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 daily 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.

65. Figures from the Office for National Statistics (ONS) show that the UK economy has been growing for 11 consecutive quarters, however, it is believed that risks to the UK economy remain despite it being "the fastest growing economy in the G7 last year". The growth figures in the third quarter of the year was lower than previously estimated and was the fourth of seven quarters where the ONS growth estimate overestimated the strength of the economy. The deputy governor of the Bank of England has said policymakers are still grappling with how Britain's economy has behaved after the financial crisis and would wait until wage growth is sustained at a level consistent with inflation returning to target before voting for an increase in Bank Rate.
66. The CPI 12-month rate between November 2014 and November 2015 stood at 0.1%. Since early 2015, the CPI 12-month rate has been very close to 0.0%. Given the weakness of consumer demand and 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, it is proposed that the charges for the Pest Control Unit be held at 2015/16 levels.

Resource implications

67. Table 1 shows the budgets for 2015/16 and the anticipated income levels for 2016/17 arising from the proposed fees. Budget assumptions are covered in the comments accompanying the financial table and the above paragraphs.

Table 1 – Environment Directorate Discretionary Fees and Charges

Division/ Income Stream	2015/16 Income Budget	Expected Increase in income arising from increased fees	2016/17 Estimated Income Budget
	£'000	£'000	£'000
Parking			
- On Street – Meters	2,900	0	2,900
- Permits -	1,975	200	2,175
- Off Street - Car Parks	267	0	267
-Suspensions	83	0	83
Network Management			
-Road Networks	1,500	100	1,600
-Skip Licences	80	0	80
Markets Services			
- Licence increases	1,065	0	1,065
Waste Management			
Refuse container hire / collections	2,120	60	2,180
Waste Disposal	179		179
Pest Control	71	0	71

Division/ Income Stream	2015/16 Income Budget	Expected Increase in income arising from increased fees	2016/17 Estimated Income Budget
	£'000	£'000	£'000
Total	10,240	360	10,600

Budget assumptions and implications

68. The expected increase in income of £360k is from a number of options put forward for consideration in the 2016/17 budget planning process. Any benefits or repercussions for demand for services arising from the proposed increases in fees and charges will be reflected in revenue monitoring reports and future budget proposals. Any variances will be contained within existing budget for 2016/17 financial year.

Staffing implications

69. There are no staffing issues associated with this report.

Community impact statement

70. Given the current economic climate and general cost of living increases experienced by Southwark residents and businesses, where possible, fees have been frozen. Changes are proposed only where the Council are not covering its actual costs or where anomalies exist within its current pricing structure. Where possible discounts have been applied for the vulnerable users e.g. Parking permit charges for people with disabilities.

Consultation / Notification of fee increases

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

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Law and Democracy

72. The Cabinet Member for Environment and the Public Realm is requested to approve the 2016/17 non-statutory fees and charges as outlined in this report. The recommendations will take effect on 1 April 2016 if approved.
73. 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.
74. 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.
75. 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 Director of Law and Democracy is not aware of any specific legislative provision which would prevent the Council from relying on these powers to charge.

76. 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.
77. 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.
78. 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.

Strategic Director of Finance and Governance (EL15/023)

79. This report recommends that the Cabinet Member for Environment and the Public Realm agrees the proposed non-statutory fees and notes the statutory fees and charges for 2016/17, with an implementation date of 1 April 2016.
80. The strategic director of finance and governance notes the resource implications contained within the report and the comparison of proposed council fees with the appropriate inner London average fees.
81. 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.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Environment Fees & Charges 2016-17 working papers and relevant emails	E & L offices, 3 rd Floor, 160 Tooley Street, SE1P 5LX	Jamshed Manzoor, Divisional Accountant 0207 525 2111 Daniel Brew- Riverson, Divisional Accountant 0207 525 2389

APPENDICES

No.	Title
Appendix 1	Parking Services– Statutory and non statutory fees and charges
Appendix 2	Network Management– Statutory and non statutory fees and charges
Appendix 3	Market fees and charges relating to the Food Act and LLA
Appendix 4	Waste Services fees and charges
Appendix 5	Pest Control Services fees and charges

AUDIT TRAIL

Lead Officer	Deborah Collins, Strategic Director, Environment & Leisure	
Report Author	Ian Smith, Director of Environment, E&L	
Version	Final	
Dated	22 January 2016	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments Included
Director of Law and Democracy	Yes	Yes
Strategic Director of Finance and Governance	Yes	Yes
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team	22 January 2016	