

Item No.	Classification Open	Date: 18 March 2016	Decision Maker: Cabinet Member for Environment and the Public Realm
Report title:		Marina Fees and Charges 2016/17 (Approval of fees and charges for South Dock Marina)	
Ward(s) or groups affected:		All	
From:		Strategic Director of Environment & Leisure	

RECOMMENDATIONS

1. That the cabinet member for environment and the public realm agrees to implement year two of the reducing discount for existing berth holders as per the pricing structure agreed in 2015.
2. That the Cabinet Member agrees that there will be no increase in base marina fees as per the proposed non-statutory fees as shown in appendix 1, with an implementation date of 1 April 2016.

BACKGROUND INFORMATION

3. This report sets out proposals for the South Dock Marina Fees and Charges 2016/17.
4. 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.
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 MTRS.
6. 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

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 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
8. Where the Authority has a choice about charging, any decision not to charge must be agreed by the relevant Cabinet Member. This is reviewed annually and 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 Appendix 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 is shown in Appendix 1.

South Dock Marina

12. Following a period of no price increases, by April 2015 the differential between SDM prices and the bench marked marinas was in excess of 30%. In 2014-15 financial year a major pricing review took place and benchmarking was undertaken to validate the market position against the closest marinas. This pricing review raised the base annual residential price for new boats by 24% and was implemented on 1 Dec 2015. This rise was accompanied by a new discount structure to protect existing residential berth holders. All other marina fees and charges were raised by between 2% and 36% at the same time.
13. Consultation with the berth holders committee took place throughout 2015 involving the lead member and supporting officers to discuss the pricing structure. In addition a series of three, minuted, meetings were convened in December 15 and January 16 specifically to offer the berth holders a chance to air all concerns with officers and the lead member and to present alternative

pricing and benchmarking models. No detailed alternatives were presented during the meetings.

14. The objective of marina pricing is to be both competitive in the market and meet the council's MTRS targets. Market conditions remain strong, with high demand for residential berths throughout London. Rent for a mooring for a reasonably sized boat of 15-20 metres is very competitive when compared with the cost of renting a 1 or small 2 bedroom flat. Currently there are 527 (456 in Nov 2014) boats on the marina waiting list of which 408 are for residential berths and 119 for leisure berths.
15. The council has allocated up to £1.1m to carry out some of the following works over the next 18 month; the repair and refurbishment of the lock gates; the refurbishment of the Impoundment Dam; the repair of the dock walls; replacement of boatyard equipment, the repair of Rope Street bridge and associated bridges and other safety and environmental improvement works.

Existing berth holders

16. As the price structure implemented on 1 Dec 2015 would have incurred significant increases for existing berth holders a 15% discount on the new mooring fees was given to all berth holders in the marina prior to 1 Dec 2015. The result of this is an actual 6% increase to annual paying berth holders with decreased percentages for those paying 6 monthly and quarterly. The new structure gives a reduction in fees to those paying monthly that mainly includes the most vulnerable members of the community. The new pricing structure aims to gradually bring existing berth holders to the new bench marked rate over a period of five years. This will be done by reducing the discount to existing berth holders from 15% to 10% effective from the 1 Apr 2016. This will continue with a further discount from 1 Apr 2017 of 6% and 1 Apr 2018 of 4%. Existing berth holders will therefore be on the full list price from 1 Apr 2019.

New berth holders

17. New Residential and Leisure berth holders will be charged at the full list price.

Resource implications

18. 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 – Public Realm Services Discretionary Fees and Charges

Division/ Income Stream	2015/16 Income Budget	Expected Increase in income arising from increased fees	2016/17 Estimated Income Budget
	£	£	£
South Dock Marina	1,306,630	50,000	1,356,630

Budget assumptions and implications

19. There is an estimated increase of £50,000 during the budget year 2016-017 derived from increased fees due to berth holder churn.

Staffing implications

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

Community impact statement

21. 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

22. Consultation is not required on the above fees and charges. However consultation with the berth holder committee took place throughout 2015 involving the lead member and supporting officers to discuss the pricing structure and a series of three meetings were held in December 2015 and January 2016 to discuss whether there were any alternative benchmarking or fee setting models that should be considered. No suitable alternatives were presented by the berth holders

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Law and Democracy

23. 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.
24. 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.
25. 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.
26. 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.
27. 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.

28. 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.
29. The report confirms that, whilst there are no prescribed legal requirements for consultation on the proposed fees and charges a number of meetings with affected berthholders have been held for the purpose of consulting on the council's future pricing proposals. Officers should ensure that all forms of notification in relation to the new fees and charges structure explain how and to whom any complaints or queries should be made.

Strategic Director of Finance and Governance (EL15/027)

30. This report recommends that the cabinet member for environment and the public realm agrees the proposed non-statutory fees and charges for South Dock Marina for 2016/17, with an implementation date of 1 April 2016.
31. The strategic director of finance and governance notes that fees and charges for South Dock Marina were increased on 1 December 2015, following a major pricing review and therefore no price increases are being recommended at this stage for 2016/17. It is also noted that the income budgets for 2016/17 has been updated as part of the council budget setting process and this will need to be monitored during the year against actual income received..
32. Staffing and any other costs connected with this recommendation to be contained within existing departmental revenue budgets.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Marina Fees and Charges 2016/17 working papers and relevant emails	E & L Department offices, 160 Tooley Street, SE1	Jamshed Manzoor, Divisional Accountant 0207 525 2111
Fees and Charges report 2015	On council website	
Link: http://moderngov.southwark.gov.uk/ieDecisionDetails.aspx?ID=5471		

APPENDICES

No.	Title
Appendix 1	South Dock Marina – non-statutory fees and charges

AUDIT TRAIL

Lead Officer	Deborah Collins, Strategic Director, Environment & Leisure	
Report Author	Rebecca Towers, Head of Parks and Leisure	
Version	Final	
Dated	16 March 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	No	No
Date final report sent to Constitutional Team		18 March 2016