

<b>Item No.</b>	<b>Classification</b> Open	<b>Date:</b> 18 August 2015	<b>Decision Maker:</b> Cabinet Member for Environment and the Public Realm
<b>Report title:</b>		Fees and Charges report (Supplementary) for Environment and Leisure Department for 2015/16	
<b>Ward(s) or groups affected:</b>		All	
<b>From:</b>		Strategic Director of Environment & Leisure	

## RECOMMENDATIONS

1. That the cabinet member for environment and the public realm agrees the additional proposed non-statutory fees and charges for 2015/16 detailed in this report, with an implementation date of 1 October 2015.

## BACKGROUND INFORMATION

2. This is a supplementary fees and charges report for services provided by the Environment and Leisure Department and is an addition to those fees and charges approved in March 2015.
3. This report deals with charges in relation to the Council's bulky waste collection service and charges for South Dock Marina.
4. The proposed fees and charges set out in this report could not be included in the earlier report mentioned in section two above for the following reasons:
  - The need for detailed consultation with current berth holders at South Dock Marina
  - The need for up to date benchmarking data for both bulky waste charges and berthing fees to ensure the most recent charges were considered when recommending new fees
  - The need to ensure on-line ordering and payment of bulky waste collections was in place to make it as easy as possible for residents to access this service
5. 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.

6. 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.
7. 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**

8. 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
9. 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.
10. This report only seeks approval for fees and charges for which there is discretion, namely bulky waste collection and fees and charges at South Dock Marina.
11. 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.
12. Table 3 (see section 40) details the total income expected to be generated from non-statutory fees and charges recommended in this report. All fees shown are exclusive of VAT. The applicable VAT will be added at the time of invoicing.

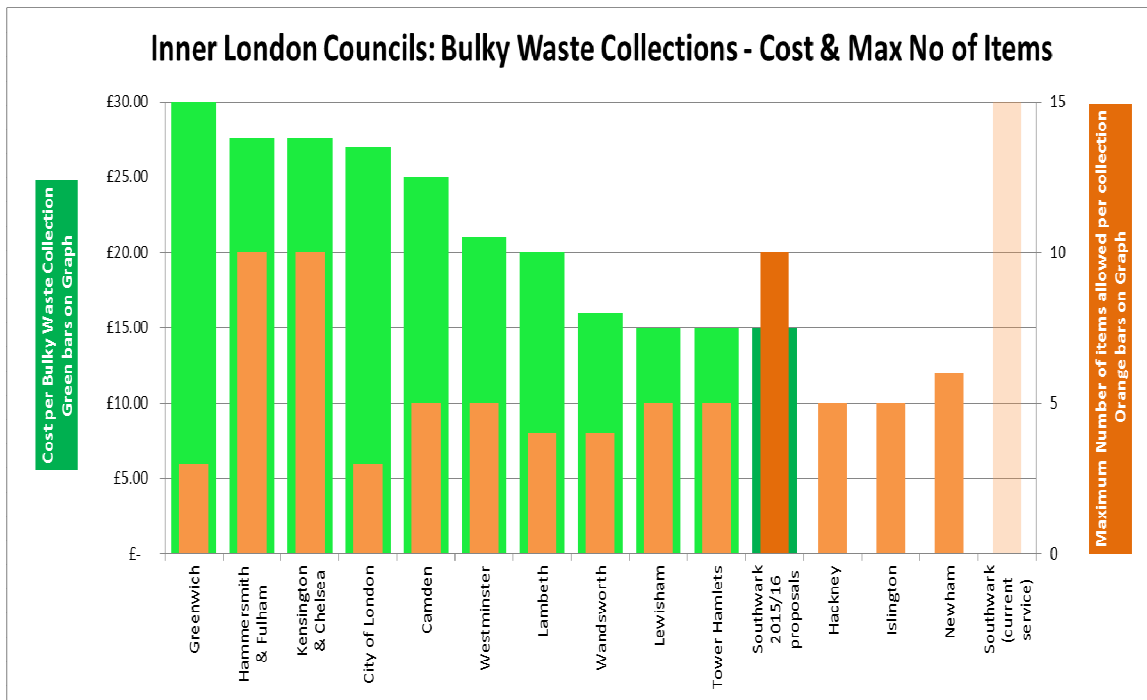
## **Bulky Waste Collections**

13. The council is able to charge for the collection of bulky household waste items from households. Bulky waste items are typically old furniture or white goods that are too big to be placed in refuse bins. These items can still be brought, at no cost, to the Household Waste Recycling & Reuse Centre on Old Kent Road.

14. The majority of items collected in the past consisted of furniture and household appliances, some of which could be suitable for donation to charity for resale and reuse. This service has been provided free of charge in the past, but a charge is now proposed of £16 for up to 10 items to encourage residents to consider donating usable items of furniture and household goods to charities, and to reduce the costs of delivering the service.
15. A detailed assessment of previous patterns of demand has shown that service users generally seek collection of a small number of items – typically 2 or 3, and often following a major purchase. It is very rare to collect more than 8 items (and collection of more than this are usually residents who have booked for a main item, then try to use their full ‘allowance’ by clearing out other items at the same time).
16. As can be seen from Table 1 and chart below, almost all London Authorities already charge residents for this service and have a lower cap on the number of items that are collected. The £16.00 charge proposed is the average charged by Inner London Councils who make a charge for bulky household Waste collections and is therefore in line with the MTRS.

Table 1 Bulky Waste collections benchmarking data

Authority	Service 2009	Service 2014	Cost	Item Limit	Collections per year	Cost per Item
Greenwich	£12 for 3 items	Standard charge of £30 for up to three items. Additional items £10 per item.	£30.00	3		£10.00
Hammersmith & Fulham	Free collections for up to three items	Up to 10 of Furniture/WEEE/Bags of Items £27.60	£27.60	10		£2.76
Kensington & Chelsea	£21 for 10 items	£27.60 for 10 items.	£27.60	10		£2.76
City of London	Free collections	£27 for up to 3 items or 10 bags. NB - there are only 6,550 dwellings in CoL	£27.00	3		£9.00
Camden	£20 for four items	per 5 items). 2 free collections pa for benefits recipients	£25.00	5		£5.00
Westminster	Free collections for up to three items	£21 for up to 5 items - £5 per additional item. HB claimants 1 collection free per 90 days	£21.00	5		£4.20
Lambeth	Four free collections per year	£20 up to 4 items, then £5 per item	£20.00	4		£5.00
Wandsworth	£14 for up to 4 items, £53 for collections of DIY waste	£16 - 4 items (£68 for landlords). £7 per additional item.	£16.00	4		£4.00
Lewisham	£15 for three items	£15 for 3 items - Fridges £30.	£15.00	5		£3.00
Tower Hamlets	Two free collections per year	£15 for up to 5 items. Housing Benefit Recipients have 2 free collections per year	£15.00	5		£3.00
<b>Southwark 2015/16 proposals</b>						
Hackney	Four free collections per year	No change - but 5 items only - not excess general waste	£0.00	5	4	£0.00
Islington	Three free collections per year (for up to five items)	No change - but items only - not excess general waste	£0.00	5	3	£0.00
Newham	Free collections for up to six items	No change - but items only - not excess general waste	£0.00	6		£0.00
Southwark (current service)	Free collections for up to 15 items 12 times a year		£0.00	15	12	£0.00
<b>Average</b>			<b>£16.01</b>	<b>6</b>		<b>£3.48</b>
<b>Southwark 2015/16 proposals</b>			<b>£16.00</b>	<b>10</b>	<b>12</b>	<b>£1.60</b>



### Charges for services at South Dock Marina

17. Over the past 18 months the council has carried out major improvements to the marina which have included the complete renewal of all decking and associated electrical and water systems, the replacement of a floating shower block, and the installation of a laundry at a total cost of £685,000. Over the next 18 months the council has allocated up to £1.1m to carry out some of the following works; the repair and refurbishment of the lock gates at an estimated cost of £297,000; the refurbishment of the Impoundment Dam £162,000; the repair of the dock walls £50,000; the repair of Rope Street bridge and associated bridges £154,000. Following the completion of this capital investment the facilities at the marina will be considered to be good enough to be considered for a 'Golden Anchor' award and the Council will bid for this prestigious recognition demonstrating excellent marina services.

### Market Conditions

18. Market conditions are strong, with high demand for residential berths throughout London. Rent for a mooring for a reasonably sized boat of 15-20 metres is around half the cost of renting a 1 or small 2 bedroom flat.
19. Currently there are 456 boats on the marina waiting list of which 365 (80%) are for residential berths and 93 (20%) for leisure berths
20. There are four primary marinas on the Thames east of London Bridge. London Bridge is selected as a key point because vessels going up-stream from here are constrained by bridge heights. Only marinas downstream from London Bridge have un-restricted height access and therefore have been selected for benchmarking. Appendix 1 details the services offered by each marina which are shown to be similar. The following is a brief description of each marina.

21. St Katherine's Dock. The Marina is privately owned and is located immediately downstream from Tower Bridge on the north side of the Thames. It is perceived as London's premier marina and is surrounded by quality shops and restaurants. It is well located for accessing major attractions and has low crime rates. It is priced as a premium facility and attracts large expensive vessels where location rather than price are a deciding factor. The marina has no residential berths. Over the last 18 months it has had a major marina refit which included the up-grading of most of its infrastructure.
22. Limehouse Marina (including Poplar Dock) is operated by British Waterways Marinas (BWML) and is situated 500 metres upstream from Canary Wharf on the north bank of the river. Limehouse has a restricted number of visitor berths and does not appear to actively encourage them. Their focus is on long term residential and semi residential berths. Poplar does not take visitors and is primarily residential. Both marinas have a banded fee structure based on length of boat groupings and when averaged out give a per metre rate of £447 per metre per year. This fee does come with some benefits such as a 10% discount on BWML chandlery and up to 28 days free at any other BWML marina and up to six weeks storage ashore off site. BWML reduced their fees this year and introduced additional bandings.
23. South Dock Marina is the only marina on the south side of the river Thames. Historically it has always been cheap compared to St Katherine's and Limehouse. In the past it has been seen as run down with little investment taking place, with a failing infrastructure and higher than average crime rates. However, over the past 18 months where St Katherine's and Limehouse have turned away visitors they have decided to come to South Dock which with the recent infrastructure improvements and lower prices have made it more attractive than before.
24. Gallions Point Marina is located 1,000 metres downstream from the Woolwich ferry and under the flight path to City airport (it is 200 metres from the end of the runway). Gallions is privately operated and has poor facilities, public transport links and shopping within walking distance. Being on the flight path and close to a runway it suffers from noise and pollution. This is reflected in the prices as it is significantly cheaper than any other marina on the Thames.
25. Most marinas charge mooring fees per metre on length over all (LOA) and for a time period. However, Limehouse charges a fixed fee regardless of length up to 18 meters LOA. Table 2 below shows the current fee differentials between the marinas. Due to the way Limehouse charges a fixed fee, for the purpose of this table a per metre rate has been derived based on the cost of a 15 metre vessel (the most common size of boat in SDM).

Table 2 Marina fees benchmarking data

Services	Units	South Dock	Limehouse& Poplar. Averaged rates	St Katherine's	Gallions point
Residential Averaged rate for BWML	per m	£323	£447	NA	
Leisure annual	per m	£255	£411	£566	£179
Daily - 10 m boat	day	£23	£29	£45	£12
Sale transfer fee for berth (%age of selling price or a minimum fee of £3,353, whichever is higher)		10%	5%	1%	

26. Annual berthing: South Dock Marina derives the bulk of its income from annual residential and leisure berths. Between 2009 and 2013, prices increased incrementally to bring the costs charged closer to other marinas on the Thames. However, in order to support the local economy, these fees were frozen in 2013/14. The fees are bench marked against the three closest commercial marinas at St Katherine's dock, Limehouse basin and Poplar dock.
27. Residential moorings: SDM fees have been benchmarked against BWML (British Waterways Marinas Ltd, Limehouse and Polar docks) as they are the only marinas providing residential moorings on the same basis. SDM is currently 38% cheaper than BWML. They do not offer shorter terms than one year. It is believed that BWML fees will increase by at least 3% in the coming year.
28. Annual leisure licences: SDM offers annual leisure licences on a similar basis to BWML and St Katherine's dock. Current fees are, on average 21% cheaper than BWML and 45% cheaper than St Katherine's dock for leisure use. Gallions Point marina is cheaper but has reduced facilities, no transport links and is under the city airport flight path.
29. Visitor berthing: SDM has had a busy visitor year and officers are of the view that fees can withstand a more robust increase than annual fees to bring the marina closer to other visitor fees in London. It is proposed that these fees are changed to a per metre per day rate and increased by 20% which would still mean that visitor berths remain competitively priced compared to other central London berths.
30. Boatyard trailer and container storage: This is a unique facility in the area and can withstand an increase above inflation. It is recommended that these fees are increased by 8%.
31. Labour: Currently labour charge per hour is £28.66. This fee was frozen in 2014-15 but is proposed to increase by 20%. This is to ensure full cost recovery.
32. Towing: Towing is a minimum two person job with a work boat. Currently the charge is £43.00 with an average time on task of 1.5 hours of staff time. This means that the council's costs outweigh the fee charged. It is therefore, proposed that the charge should be increased to fully recover the staff costs. It is recommended that these fees are increased by 15%.

33. Equipment hire: Hire of pressure washers and pumps results in a high rate of damage and wear. Therefore, it is recommended that these fees are increased by 25% to cover the costs of potential maintenance and replacement.
34. Sewerage pump out: Although optional there is no viable alternative for the large boats that cannot move freely to a fixed pump out system. Whilst SDM does not currently have a fixed point pump out facility, pump outs are being done below cost at present and this increase is for cost recovery. Therefore, it is recommended that these fees are increased by 8%.
35. Boat yard boat storage and cradle hire: The boatyard is used by both berth holders and external customers. It is the only facility of its type in central London and therefore can withstand a more robust fee increase. It is proposed to increase the fees by 8%.
36. Proposed Pricing Structure is shown in detail at Appendix 2.
37. As discussed above, South Dock is 38% cheaper on residential moorings and 21% cheaper on leisure moorings than its immediate competitors. The objectives of the proposed pricing structure are to effectively close this gap to 10% for residential berths and leisure licences over the next five years.

#### **Existing berth holders**

38. The proposed fee increases of 24.4% for residential and 34% for leisure, will result in a significant cost escalation to the existing berth holders. It is therefore proposed that all fees are increased from the 1 Oct 2015 but a decreasing discount of 15, 10, 6 and 4% is given to the existing berth holder over the next 4 years to mitigate any hardship caused. By year 5 they will be on the full price rate.

#### **New berth holders**

39. For both new Residential and Leisure berth holders, it is proposed to move immediately to a rate closer to the benchmark, and therefore in 2015-16 to increase the fees to within 90% of the BWML rate. This equates to £402.19 for residential and £341.77 for leisure.

#### **Resource implications**

40. Table 3 below shows the income budgets for 2014/15 and the anticipated income levels for 2015/16 arising from the proposed fees set out in this report. Budget assumptions are covered in the comments accompanying the financial table and the above paragraphs.



Table 3 – Discretionary Fees and Charges - supplementary

<b>Income Stream</b>	<b>2014/15 Income Budget  £'000</b>	<b>Expected Annual Increase in income arising from increased fees  £'000</b>	<b>2015/16 Estimated Income Budget  £'000</b>
Charging for bulky waste collections	0	175	175
Berth charges at South Dock Marina	1,007	300	1,307
<b>Total</b>	<b>1,007</b>	<b>475</b>	<b>1,482</b>

41. The total net increase in income to the Council was £475,000 assuming the fees were implemented on 1 April 2015. Clearly, as the new fees are recommended for approval from 1 October 2015, the income identified in the table above will not be achievable in this financial year and a pro-rata approach needs to be adopted. 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. The inevitable shortfall in this financial year will be managed by the relevant service departments for the 2015/16 financial year.

#### **Staffing implications**

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

#### **Community Impact Statement**

43. Officers have been mindful of the need to satisfy the Public Sector Equality Duty imposed by the Equality Act 2010, and to therefore ensure that such persons are able to access services. The proposals set out in this report should not have any direct negative impact on specific groups or protected characteristics. However, there will clearly be a socio-economic impact in any decision to increase fees and charges. The reducing discount proposed for existing marina berth holders should largely mitigate the impact of these changes, and the proposals made are in line with the London average for similar provision. The provision of bulky waste collections is a universal, borough wide service that is not differentiated in terms of its provision and is accessible to all users. Officers do not consider that the report recommendations will have an adverse impact on any individual or group within the local community having a protected characteristic.

#### **Consultation / Notification of fee increases**

44. No formal consultation is required on the above fees and charges. However, detailed consultation with the current berth holders at South Dock Marina has taken place and their views sought.

## **SUPPLEMENTARY ADVICE FROM OTHER OFFICERS**

### **Director of Legal Services**

45. The cabinet member for environment and the public realm is requested to approve non-statutory fees and charges as outlined in this report, implementable in 2015/16. The recommendations will take effect on 1 October 2015 if approved.
46. 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.
47. 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.
48. 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.
49. 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.
50. 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.
51. 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 Corporate Services - (E&L/14/009)**

52. This report recommends that the cabinet member for environment and the public realm agrees the proposed non-statutory fees and charges for 2015/16, with an implementation date of 1 October 2015.
53. 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.
54. 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
Environmental Services Budget Working Papers	Environmental Services 160 Tooley Street 3 <sup>rd</sup> Floor, SE1 2QH	Daniel Brew-Riverson Divisional Accountant 020 7525 2389
Marina benchmarking document	160 Tooley Street 3 <sup>rd</sup> Floor, SE1 2QH	Nick Costin

## APPENDICES

No.	Title
Appendix 1	Benchmarking table – marina berth fees
Appendix 2	Fees and Charges table

## AUDIT TRAIL

<b>Lead Officer</b>	Deborah Collins, Strategic Director Environment & Leisure	
<b>Report Author</b>	Ian Smith, Head of Environmental Services, E&L	
<b>Version</b>	Final	
<b>Dated</b>	17 August 2015	
<b>Key Decision?</b>	Yes	
<b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER</b>		
<b>Officer Title</b>	<b>Comments Sought</b>	<b>Comments Included</b>
Director of Legal Services	Yes	Yes
Strategic Director of Finance & Corporate Services	Yes	Yes
<b>Cabinet Member</b>	Yes	Yes
<b>Date final report sent to Constitutional Team</b>	17 August 2015	