



Subject:	Commercial and Procurement Service - Pricing Policy
Date:	23 rd October 2020
Reporting Officer:	Ronan Cregan, Deputy Chief Executive and Director of Finance & Resources
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Restricted Reports	
Is this report restricted?	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
If Yes, when will the report become unrestricted?	
After Committee Decision	<input type="checkbox"/>
After Council Decision	<input type="checkbox"/>
Sometime in the future	<input type="checkbox"/>
Never	<input type="checkbox"/>

Call-in	
Is the decision eligible for Call-in?	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>

1.0	Purpose of report/summary of main issues
1.1	The Commercial & Procurement Service (CPS) has developed a 3-year Transformational Strategy which will be presented to the Committee in November. This Strategy includes details of our first Commercial Plan , which formalises our future ambitions relating to commercialisation and income generation.
1.2	The purpose of this report is to present to Members a corporate pricing policy which will support the Commercial Plan. The reason that the policy is being presented in advance of the overall strategy is to enable officers to commence work on applying the policy on specific areas of Council activity as part of the rate setting process.

2.0	Recommendations
2.1	<p>The Committee is asked to:</p> <ol style="list-style-type: none"> 1. Approve the corporate Pricing Policy as set out at Appendix 1 and the associated framework document, 'Setting Prices - Getting it Right', as set out at Appendix 2. 2. Approve that the City and Neighbourhood Services (CNS) department, with support from the Commercial Manager and other departments/teams (as required), examine, in line with the above policy and framework, if some of the delivery costs associated with the following priority projects can be recovered through pricing: <ol style="list-style-type: none"> a) Malone House - explore possible alternative commercial uses for the building to maximise asset and reduce annual operating costs; b) Events - develop a Council-wide events policy & procedures to include establishing transparent, fair and consistent pricing options; c) Bulky waste - explore potential pricing options for the bulky waste service to reduce annual operating costs; and d) Pest control - explore potential pricing options for the pest control service to reduce annual operating costs.
3.0	Main Report
3.1	<p>The Commercial & Procurement Service (CPS) has developed a 3-year Transformational Strategy which will be presented to the Committee in November. This Strategy includes details of our first Commercial Plan, which formalises our future ambitions relating to commercialisation and income generation.</p>
3.2	<p>Fundamentally, this is about integrating commercial activities and a commercial mindset into the core of how we operate as an organisation.</p>
3.3	<p>The overarching aim of the Commercial Plan is to generate a greater financial return that contributes to the Council's investment plans and its efficiency programme, and assists to safeguard services that are delivered in our local communities.</p>
3.4	<p>To deliver the Commercial Plan, we have identified the following priorities:</p> <ol style="list-style-type: none"> 1. Create a commercial culture – that is, understanding the full cost of delivering the non-statutory services that we provide and behaving and acting in a more business-like way, when considering how we manage, operate, deliver and resource our services and products in order to deliver best value for communities and customers.

2. Ensure that staff are equipped with the right skills to enable us to adopt some of the positive culture and behaviours that are associated with commercial organisations.
3. Develop and embed a corporate and coordinated approach to commercial activity, with an emphasis on effectiveness and adding value, improvement and efficiency and creating a working environment which encourages commerciality, creative thinking, innovative practice and the sensible management of risk.
4. Set the right prices and maximise assets and investment opportunities to generate income and reduce costs.
5. Identify, develop and deliver existing and new (and innovative) income generating opportunities across the Council's commercial operations.

3.5 The charges and fees levied for our services represent an important source of income each year, which is used to support the delivery of our corporate objectives. Whilst charging for services is, therefore, a recognised feature within the Council, some demand-led services are provided at little or no direct charge to the user. The provision of services at low, or no, charge (or fee) means that all ratepayers are subsidising the cost of delivery.

3.6 The recent financial uncertainty created by the COVID-19 pandemic and 'Brexit' have now made it essential that the Council makes best use of pricing and charging opportunities and to recognise the importance of using pricing as a means of recovering the costs of delivering our services.

3.7 To support this, the Commercial team within the CPS has developed:

1. A corporate **Pricing Policy**; and
2. A **framework document, 'Setting Prices - Getting it Right'**, to guide Council officers when introducing pricing or increasing/decreasing prices.

3.8 The key aims of the policy include:

- To promote consistency and fairness in the treatment of service users.
- To strike a balance addressing the financial needs of the Council through optimisation of income and the social needs of customers.

3.9 Any decision to vary or introduce charges must be aligned to strategic priorities and financial objectives. Council officers must adhere to the following principles:

3.10	<ul style="list-style-type: none"> • Efficiency – charges are simple and not cumbersome to administer. • Transparency – the nature and use of the service are understood by users. • Effectiveness – the charges provide value for money. • Clarity – users are clear about when and how charges apply. • Equity – the charges are fairly applied across a range of users. • Ethics – users with special needs are charged appropriate fees. <p>If approved, it will not be possible, in the current circumstances, to review all charges in the context of the policy. It is therefore recommended that the following services are reviewed in the first instance:</p> <ul style="list-style-type: none"> • Malone House - explore possible alternative commercial uses for the building to maximise asset and reduce annual operating costs; • Events - develop a Council-wide events policy & procedures to include establishing transparent, fair and consistent pricing options; • Bulky waste - explore potential pricing options for the bulky waste service to reduce annual operating costs; and • Pest control - explore potential pricing options for the pest control service to reduce annual operating costs.
	Financial & Resource implications
3.11	This programme of work will be managed as part of the CPS's annual revenue budget.
	Equality or Good Relations implications/Rural Needs Assessment
3.12	No implications at this stage.
4.0	Documents Attached
	Appendix 1: Corporate Pricing Policy Appendix 2: 'Setting Prices - Getting it Right' guidance document