



<b>Subject:</b>	<b>Commercial and Procurement Service - Pricing Policy</b>
<b>Date:</b>	20th November, 2020
<b>Reporting Officer:</b>	Ronan Cregan, Deputy Chief Executive and Director of Finance and Resources
<b>Contact Officer:</b>	Noleen Bohill, Head of Commercial & Procurement Service (CPS) Michael Denny, Commercial Manager

<b>Restricted Reports</b>	
<b>Is this report restricted?</b>	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
<b>If Yes, when will the report become unrestricted?</b>	
<b>After Committee Decision</b>	<input type="checkbox"/>
<b>After Council Decision</b>	<input type="checkbox"/>
<b>Sometime in the future</b>	<input type="checkbox"/>
<b>Never</b>	<input type="checkbox"/>

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

<b>1.0</b>	<b>Purpose of Report or summary of Main Issues</b>
1.1	The 3-year Transformational Strategy prepared by the Commercial and Procurement Service (CPS) is due to be presented to the Strategic Policy & Resources (SP&R) Committee in November.
1.2	This Strategy includes details of our first <b>Commercial Plan (see Appendix I)</b> , which formalises our future ambitions relating to commercialisation and income generation.
1.3	To support our specific ambition to generate additional income, the Commercial team within the CPS has developed: <ul style="list-style-type: none"> <li>• A corporate <b>Pricing Policy</b> – see Appendix II; and</li> <li>• A <b>framework document, 'Setting Prices - Getting it Right'</b>, to guide Council officers when introducing pricing or increasing/decreasing prices – see Appendix III.</li> </ul>

<p>1.4</p> <p>1.5</p> <p>1.6</p>	<p>The above policy and framework was presented to the SP&amp;R Committee on 23<sup>rd</sup> October.</p> <p>At that meeting, the Committee agreed to defer any decisions relating to the above in order to allow the policy and framework to be considered alongside the Commercial Plan.</p> <p>The purpose of this report is to:</p> <ul style="list-style-type: none"> <li>• Provide members with an update on the pricing policy and framework;</li> <li>• Provide further details on the rationale for selecting the four priority projects in order to support the decision-making process; and</li> <li>• Obtain approval on related actions (detailed below).</li> </ul>
<p><b>2.0</b></p>	<p><b>Recommendations</b></p>
<p>2.1</p>	<p>The Committee is asked to:</p> <ol style="list-style-type: none"> <li>1. approve the Commercial Plan and Pricing Policy, as detailed in Appendices I – III; and</li> <li>2. agree that the the following priority areas be researched in line with the above policy and framework (all findings and proposals to come back to the SP&amp;R Committee). <ol style="list-style-type: none"> <li>a. <b>Malone House</b> - explore possible alternative commercial uses for the building to maximise asset and reduce annual operating costs;</li> <li>b. <b>Events</b> - develop a Council-wide events policy &amp; procedures to include establishing transparent, fair and consistent pricing options;</li> <li>c. <b>Bulky waste</b> - explore potential pricing options for the bulky waste service to reduce annual operating costs; and</li> <li>d. <b>Pest control</b> - explore potential pricing options for the pest control service to reduce annual operating costs.</li> </ol> </li> </ol>
<p><b>3.0</b></p>	<p><b>Main Report</b></p>
<p>3.1</p> <p>3.2</p>	<p><b><u>Introduction</u></b></p> <p><b>The Commercial Plan detailed at Appendix I</b> formalises our future ambitions relating to commercialisation and income generation.</p> <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 our 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 support our specific ambition to generate additional income, the Commercial team, in partnership with relevant individuals/departments, has commenced a strategic programme of work that includes (amongst other things):</p> <ul style="list-style-type: none"> <li>• Preparing a Corporate <b>Pricing Policy</b> and associated procedures;</li> <li>• Developing a Council-wide <b>Advertising and Sponsorship Strategy</b>;</li> <li>• Supporting the development of an agreed <b>Asset Management Strategy</b>;</li> <li>• Identifying commercial best practice across other local authorities and organisations; and</li> <li>• Creating a framework to identify, develop and deliver existing and new (and innovative) income generating opportunities across the Council's commercial operations.</li> </ul>
3.5	<p>Alongside this, work has also commenced to enhance our commercial culture and competency, including the roll-out of a competency training programme and commercial awareness raising sessions.</p> <p><b><u>Corporate Pricing Policy</u></b></p>
3.6	<p>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.</p>
3.7	<p>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.</p>
3.8	<p>To support this, the Commercial team has developed:</p> <ul style="list-style-type: none"> <li>• A corporate <b>Pricing Policy</b>; and</li> <li>• A <b>framework document, 'Setting Prices - Getting it Right'</b>, to guide Council officers when introducing pricing or increasing/decreasing prices.</li> </ul>

3.9	<p>The key aims of the policy include:</p> <ul style="list-style-type: none"> <li>Promoting consistency and fairness in the treatment of service users; and</li> <li>Striking a balance addressing the financial needs of the Council through optimisation of income and the social needs of customers.</li> </ul>																																																				
3.10	<p>Any decision to vary or introduce charges must be aligned to strategic priorities and financial objectives. Council officers must adhere to the following principles set out in the policy:</p> <ul style="list-style-type: none"> <li>Efficiency – charges are simple and not cumbersome to administer.</li> <li>Transparency – the nature and use of the service are understood by users.</li> <li>Effectiveness – the charges provide value for money.</li> <li>Clarity – users are clear about when and how charges apply.</li> <li>Equity – the charges are fairly applied across a range of users.</li> <li>Ethics – users with special needs are charged appropriate fees.</li> </ul>																																																				
3.11	<p><b><u>Priority Projects</u></b></p> <p>We currently provide many <b>discretionary services (i.e. those that are not required to be provided by law but are provided at our discretion)</b> that all ratepayers are subsidising the cost of delivery. The table below provides some examples<sup>1</sup>:</p> <table border="1" data-bbox="272 1279 1485 1727"> <thead> <tr> <th>Service</th> <th>Expenditure</th> <th>Income</th> <th>Net Expenditure i.e. cost to the Council</th> </tr> </thead> <tbody> <tr> <td>Events<sup>2</sup></td> <td>£1,464,026</td> <td>£89,700</td> <td>£1,374,326</td> </tr> <tr> <td>Bulky Waste</td> <td>£993,851</td> <td>£19,534</td> <td>£974,317</td> </tr> <tr> <td>Zoo (including Shop)</td> <td>£2,842,409</td> <td>£1,902,035</td> <td>£940,374</td> </tr> <tr> <td>Pest Control</td> <td>£289,702</td> <td>£5,137</td> <td>£284,565</td> </tr> <tr> <td>Bike Scheme</td> <td>£478,594</td> <td>£245,254</td> <td>£233,340</td> </tr> <tr> <td>Belfast Castle</td> <td>£450,397</td> <td>£256,000</td> <td>£194,397</td> </tr> <tr> <td>Malone House</td> <td>£332,626</td> <td>£186,000</td> <td>£146,626</td> </tr> <tr> <td>Mary Peters Track</td> <td>£137,040</td> <td>£0</td> <td>£137,040</td> </tr> <tr> <td>Consumer Advice</td> <td>£106,725</td> <td>£0</td> <td>£106,725</td> </tr> <tr> <td>Home Safety</td> <td>£178,976</td> <td>£82,610</td> <td>£96,366</td> </tr> <tr> <td>Catering Services</td> <td>£463,917</td> <td>£399,280</td> <td>£64,637</td> </tr> <tr> <td>City Hall Tours</td> <td>£53,400</td> <td>£18,850</td> <td>£34,550</td> </tr> </tbody> </table>	Service	Expenditure	Income	Net Expenditure i.e. cost to the Council	Events <sup>2</sup>	£1,464,026	£89,700	£1,374,326	Bulky Waste	£993,851	£19,534	£974,317	Zoo (including Shop)	£2,842,409	£1,902,035	£940,374	Pest Control	£289,702	£5,137	£284,565	Bike Scheme	£478,594	£245,254	£233,340	Belfast Castle	£450,397	£256,000	£194,397	Malone House	£332,626	£186,000	£146,626	Mary Peters Track	£137,040	£0	£137,040	Consumer Advice	£106,725	£0	£106,725	Home Safety	£178,976	£82,610	£96,366	Catering Services	£463,917	£399,280	£64,637	City Hall Tours	£53,400	£18,850	£34,550
Service	Expenditure	Income	Net Expenditure i.e. cost to the Council																																																		
Events <sup>2</sup>	£1,464,026	£89,700	£1,374,326																																																		
Bulky Waste	£993,851	£19,534	£974,317																																																		
Zoo (including Shop)	£2,842,409	£1,902,035	£940,374																																																		
Pest Control	£289,702	£5,137	£284,565																																																		
Bike Scheme	£478,594	£245,254	£233,340																																																		
Belfast Castle	£450,397	£256,000	£194,397																																																		
Malone House	£332,626	£186,000	£146,626																																																		
Mary Peters Track	£137,040	£0	£137,040																																																		
Consumer Advice	£106,725	£0	£106,725																																																		
Home Safety	£178,976	£82,610	£96,366																																																		
Catering Services	£463,917	£399,280	£64,637																																																		
City Hall Tours	£53,400	£18,850	£34,550																																																		
3.12	<p>If approved, it will not be possible, in the current circumstances, to review all of the Council's services and activities (such as those set out above) at this point in the context of the policy.</p>																																																				
3.13	<p>That being the case, it is recommended that the following four projects be examined in the first instance:</p>																																																				

<sup>1</sup> Based on budget figures for the 2019/20 financial year.

<sup>2</sup> Includes Events unit, Major Events, Sports Events and Grants.

3.14	<ul style="list-style-type: none"> <li>• <b>Malone House</b> - explore possible alternative commercial uses for the building to maximise asset and reduce annual operating costs;</li> <li>• <b>Bulky waste</b> - explore potential pricing options for bulky waste service to reduce annual operating costs;</li> <li>• <b>Pest control</b> - explore potential pricing options for pest control service to reduce annual operating costs; and</li> <li>• <b>Events</b> - develop a Council-wide events policy and procedures to include establishing transparent, fair and consistent pricing options.</li> </ul> <p>Further details on each are included in Appendix IV.</p>
	<b>Financial and Resource Implications</b>
3.15	This programme of work will be managed as part of the CPS's annual revenue budget.
	<b>Equality or Good Relations implications/Rural Needs Assessment</b>
3.16	No implications at this stage.
<b>4.0</b>	<b>Documents Attached</b>
	<p>Appendix I: Commercial Plan</p> <p>Appendix II: Corporate Pricing Policy</p> <p>Appendix III: 'Setting Prices - Getting it Right' guidance document</p> <p>Appendix IV: Four Priority Projects</p>