

Extract from minutes of:-

MEETING OF STRATEGIC POLICY AND
RESOURCES COMMITTEE

20th November, 2020

Commercial and Procurement Service - Pricing Policy

The Committee considered the following report:

“1.0 Purpose of Report or summary of Main Issues

The 3-year Transformational Strategy prepared by the Commercial and Procurement Service (CPS) is due to be presented to the Strategic Policy and Resources (SP&R) Committee in November.

- 1.2 This Strategy includes details of our first Commercial Plan, 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:
- A corporate Pricing Policy; and
 - A framework document, 'Setting Prices - Getting it Right', to guide Council officers when introducing pricing or increasing/decreasing prices.
- 1.4 The above policy and framework was presented to the SP&R Committee on 23rd October.
- 1.5 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.
- 1.6 The purpose of this report is to:
- provide members with an update on the pricing policy and framework;
 - provide further details on the rationale for selecting the four priority projects in order to support the decision-making process; and
 - obtain approval on related actions (detailed below).

2.0 Recommendations

2.1 The Committee is asked to:

- 1. approve the Commercial Plan and Pricing Policy, as detailed in Appendices I – III; and**
- 2. agree that the following priority areas be researched in line with the above policy and framework (all findings and proposals to come back to the SP&R Committee).**
 - 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

Introduction

- 3.1 The Commercial Plan detailed at Appendix I formalises our future ambitions relating to commercialisation and income generation.**
- 3.2 Fundamentally, this is about integrating commercial activities and a commercial mind set into the core of how we operate as an organisation.**
- 3.3 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.**
- 3.4 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):**
 - Preparing a Corporate Pricing Policy and associated procedures;**
 - Developing a Council-wide Advertising and Sponsorship Strategy;**
 - Supporting the development of an agreed Asset Management Strategy;**

- Identifying commercial best practice across other local authorities and organisations; and
 - Creating a framework to identify, develop and deliver existing and new (and innovative) income generating opportunities across the Council's commercial operations.
- 3.5 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.

Corporate Pricing Policy

- 3.6 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.
- 3.7 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.

3.8 To support this, the Commercial team has developed:

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

3.9 The key aims of the policy include:

- Promoting consistency and fairness in the treatment of service users; and
- Striking a balance addressing the financial needs of the Council through optimisation of income and the social needs of customers.

3.10 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:

- **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.

Priority Projects

3.11 We currently provide many discretionary services (i.e. those that are not required to be provided by law but are provided at our discretion) that all ratepayers are subsidising the cost of delivery. The table below provides some examples¹:

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

Service	Expenditure	Income	Net Expenditure i.e. cost to the Council
Events ²	£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 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.

3.13 That being the case, it is recommended that the following four projects be examined in the first instance:

- **Malone House** - explore possible alternative commercial uses for the building to maximise asset and reduce annual operating costs;
- **Bulky waste** - explore potential pricing options for bulky waste service to reduce annual operating costs;
- **Pest control** - explore potential pricing options for pest control service to reduce annual operating costs; and
- **Events** - develop a Council-wide events policy and procedures to include establishing transparent, fair and consistent pricing options.

3.14 Further details on each are included in Appendix IV.

Financial and Resource Implications

3.15 This programme of work will be managed as part of the CPS's annual revenue budget.

Equality or Good Relations implications/

² Includes Events unit, Major Events, Sports Events and Grants.

Rural Needs Assessment

3.16 No implications at this stage.”

After discussion, it was

Moved by Councillor Long,
Seconded by Alderman Dorrian and

Resolved – That the Committee agrees to adopt the recommendations set out within the report and agrees also that Party briefings be held, once more detailed proposals are worked up, to allow for them to be considered in advance of a future meeting.