

## PORTFOLIO HOLDER – SAFER AND STRONGER COMMUNITIES

<b>DATE</b>	20 <sup>th</sup> December 2022
<b>REPORT OF</b>	Councillor Shepherd – Safer and Stronger Communities
<b>RESPONSIBLE OFFICER</b>	Sharon Wroot, Executive Director of Environment, Economy and Resources
<b>SUBJECT</b>	Review of Fees and Charges for Port Health, Regulation and Enforcement Services
<b>STATUS</b>	Open
<b>FORWARD PLAN REF NO.</b>	PFHSSC 12/22/01

### CONTRIBUTION TO OUR AIMS

The income that would be achieved if the options detailed within Appendix 1 were implemented would ensure more comprehensive cost recovery for chargeable services, thereby helping the Council in the delivery of its budget and medium-term financial plan, therefore contribute to the delivery of:

- Economic recovery and growth, by providing a quality place, we encourage investment bringing with it prosperity and jobs
- Investing in our future, by ensuring all people in North East Lincolnshire benefit from a high quality environment.
- By providing effective funding to front line services, the Council will continue to deliver its ambition of maintaining a high-quality environment, which local people and visitors can enjoy promoting health & well-being, economic recovery and growth.

### EXECUTIVE SUMMARY

This report aims to provide an update to the locally set charges within Port Health to ensure that the Council can maintain the provision of services within the agreed budget envelope with the aim of achieving full cost recovery for any discretionary services we provide.

### RECOMMENDATIONS

1. That the Fees and Charges, as set out in Appendix 1 of this report be approved and be implemented from 1<sup>st</sup> February 2023.

### REASONS FOR DECISION

All Fees and Charges within the Regulation and Enforcement Service are reviewed at least annually to ensure that they reflect the costs of providing the service.

However, during the first half of 2022-2023, following a high degree of uncertainty in respect of demand levels given the impact of EU Exit on trade flows and a further

government delay in implementation of EU import controls, anticipated service demand from chargeable activities has not materialised. Following a staffing and operational review there is an increase in service delivery costs of both import and export work, a gap between service delivery costs and associated charges has been identified, meaning full cost recovery is not being achieved. In order to effectively deliver both statutory import controls (for which full cost recovery is mandatory) and discretionary export controls on goods being dispatched from North East Lincolnshire, thereby supporting the local food cluster, in year reviews of charges are necessary.

In addition, Governments decisions to delay the implementation of border checks on EU goods, with an expected date by the end of 2023 has made giving clarity over a 'break even' position for imported food control is unlikely to be fully established until 2023-24 at the earliest and further incremental reviews of fees and charges may be likely.

## **1. BACKGROUND AND ISSUES**

- 1.1 Grimsby/Immingham port is the largest UK port by tonnage and a key foundation for the South Humber Bank economy. The port is also a key entry point for the UK's frozen fish imports.
- 1.2 Most of Immingham's food imports (around 90%) transit to Grimsby for cold storage or direct delivery to manufacturer. The port and the seafood sector has shaped the local economy for decades and the Grimsby food manufacturing cluster today produces 70 to 80% of the UK's processed fish.
- 1.3 To safeguard local economic growth, employment and reduce the risk of Council financial pressures, there is a need to review fees and charges to ensure services can continue to be delivered through full costs recovery measures within the budget envelope.
- 1.4 This review has been completed using the following principles:
  - i. Fees and Charges set at a fixed amount by statute will continue at the same level implemented in April 2022.
  - ii. Fees and Charges that are set as an minimum amount by statute and allow local variations have been reviewed.
  - iii. Fees and Charges previously set to achieve full cost recovery have been reviewed in line with current staffing and service operating costs.
  - iv. For discretionary traded services, charges have been set to be consistent with the market rate for such services.

### **1.2 Charges for Port Health - Commercial Regulatory Team**

- 1.2.1 A list of proposed charges is provided in Appendix 1.

## **2. RISKS AND OPPORTUNITIES**

- 2.1 The fees and charges in this report relate to operational service delivery within Regulation and Enforcement Services. They have a range of risks, issues and opportunities, which are captured within the service operational risk register. The risk register is monitored regularly in line with the Council's risk management framework.

- 2.2 There are a range of reputational and financial risks which relate to these operational services. These services are high profile, customer facing, and often subject to a high level of public and elected member scrutiny.
- 2.3 Port Health work underpins a significant proportion of the local economy to which employment is paramount. Maintaining these discretionary functions to serve Grimsby and Immingham Port will ensure world food products can continue to arrive through the port for the benefit of Grimsby Food Cluster and support the Council outcome of a stronger economy. It will further protect local employment, improve national resilience in relation to import of food and provide ancillary local economic opportunities relating to supply chain opportunities, storage and logistics
- 2.4 By providing effective funding to front line services, the Council will continue to deliver its ambition of maintaining a high-quality environment, which local people and visitors can enjoy promoting health & well-being, economic recovery and growth.
- 2.5 If government continue their stated implementation timetables for a replacement import control regime for all relevant consignments (both EU and non-EU), then details should emerge during 2023 about the associated financing of official controls that Port Health Authorities have to deliver. It is therefore possible that wholesale revision of the charging regime will be needed from 2024 onwards.

### **3. OTHER OPTIONS CONSIDERED**

- 3.1 For these locally set fees and charges, the following options were considered:
- 3.2 **Option 1** - No increase at all (Not Recommended)
- 3.3 The impact of this would be that we would not recovery the full costs associated with delivering both statutory & discretionary services aimed at protecting public health and facilitating trade. In terms of official control charges at Border Control Posts, NELC would remain the port health authority charging the least amount for standard import checks.
- 3.3 **Option 2** – Increase import and export controls fees and charges to the average based costs identified through benchmarking exercise with other port health authorities. (Recommended)
- 3.4 The impact of this would be that NELC would be around the mid-point for official control charges compared with other port health authorities operating BCPs.
- 3.5 **Option 3** - Increase import and export controls fees and charges to the highest based costs identified through benchmarking exercise with other port health and local authorities. (Not recommended)
- 3.4 The impact of this would be that NELC would the most expensive port health authority in the UK in terms of standard official control charges on relevant

imports. This may affect the competitiveness of Grimsby-Immingham port compared to other GB points of entry.

#### **4. REPUTATION AND COMMUNICATIONS CONSIDERATIONS**

- 4.1 There are potential reputational implications for the Council resulting from the decision to increase locally set charges. However, as recommended proposal would place NELC amongst the average delivery costs in the marketplace, any reputational risks are considered acceptable.
- 4.2 The council's communications team will support the team to engage with relevant customers on this increase.

#### **5. FINANCIAL CONSIDERATIONS**

- 5.1 Fees and charges are reviewed at least annually to ensure where appropriate that the costs of providing services are recovered and that they are fair, legal, and competitive in comparison to the local and regional market.
- 5.2 As part of this review the following benchmarking information was obtained nationally to ensure the services are competitive with other port health authorities.
- 5.3 Any increases in income from the proposed changes in fees and charges will help offset cost increases and help the Council achieve a balanced budget.

#### **6. CHILDREN AND YOUNG PEOPLE IMPLICATIONS**

There are no perceived implications for Children and Young people in relation to this report.

#### **7. CLIMATE CHANGE AND ENVIRONMENTAL IMPLICATIONS**

There are no impacts on climate change and the environment as a direct result of this report.

#### **8. CONSULTATION WITH SCRUTINY**

The principle of increasing fees and charges to maintain cost recovery for services were discussed at the Scrutiny in Budget Workshops December 2021 and January 2022.

#### **9. FINANCIAL IMPLICATIONS**

The changes proposed aims to ensure that based on current staffing and service costs, these current discretionary port health functions can continue to be delivered through a cost-recovery approach.

#### **10. LEGAL IMPLICATIONS**

- 10.1 Statutory fees are determined by statute or guidance and the local authority have no discretion to alter or vary these.

- 10.2 However, in the case of functions that are discretionary and operate within some element of competition with other authorities, the council must take into account the market rate for such services.
- 10.3 Care must be taken to ensure the level of fee is such that the fees can demonstrate to be reasonable in comparison to providing the cost of the service. It should be noted that the level of fees proposed are comparable with other port health authorities.

**11. HUMAN RESOURCES IMPLICATIONS**

There are no direct HR implications arising from the contents of this report.

**12. WARD IMPLICATIONS**

Affects all wards

**13. BACKGROUND PAPERS**

None

**14. CONTACT OFFICER**

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**Councillor Ron Shepherd**

**Portfolio Holder – Safer & Stronger Communities**

## APPENDIX 1: PROPOSED CHARGES FOR REGULATION AND ENFORCEMENT SERVICES

Port Health - Commercial Regulatory Team

PORT HEALTH SERVICES	CURRENT As from 1 <sup>st</sup> April 2022	PROPOSED from 1 <sup>st</sup> February 2023
Imported Products of Animal Origin Checks (Border Control Post)	<ul style="list-style-type: none"> <li>• Consignments up to 6 tonnes are subject to a minimum charge of <b>£49.36</b> per consignment.</li> <li>• Additional tonnage between 7 – 46 tonnes is charged at <b>£8.08</b> per tonne.</li> <li>• For consignments over 46 tonnes, a maximum charge of <b>£376.91</b> is applicable</li> </ul>	<ul style="list-style-type: none"> <li>• Consignments up to 6 tonnes are subject to a minimum charge of <b>£53.61</b> per consignment.</li> <li>• Additional tonnage between 7 – 46 tonnes is charged at <b>£8.82</b> per tonne.</li> <li>• For consignments over 46 tonnes, a maximum charge of <b>£407.93</b> is applicable</li> </ul>
Frozen Products of Animal Origin from New Zealand:	<ul style="list-style-type: none"> <li>• Consignments up to 6 tonnes are subject to a minimum charge of <b>£38.26</b> per consignment</li> <li>• Additional tonnage between 7 &amp; 46 tonnes <b>£6.26</b> per tonne</li> <li>• Consignments over 46 tonnes are subject to a maximum charge of <b>£292.55</b> per consignment</li> </ul>	<ul style="list-style-type: none"> <li>• Consignments up to 6 tonnes are subject to a minimum charge of <b>£41.45</b> per consignment</li> <li>• Additional tonnage between 7 &amp; 46 tonnes <b>£6.81</b> per tonne</li> <li>• Consignments over 46 tonnes are subject to a maximum charge of <b>£313.85</b> per consignment</li> </ul>
Export Health Certificates (EHCs)	£117 + VAT per certificate	£137 + VAT per certificate
EHC administrative fee (to amend previously issued documents)	£58 + VAT per amended certificate	£68 + VAT per amended certificate

Out of Hours Fee for EHC Mon – Fri 1900-0700 Fri 1900 – Mon 0700	£234 + VAT	£274 + VAT
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