

Report to Resources Select committee

Report reference:

Date of meeting: 17 October 2017

Portfolio: Finance

Subject: Fees and Charges 2018/19

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Recommendations/Decisions Required:

That the Committee consider the proposals for the level of fees and charges for 2018/19 and make comments and recommendations as appropriate.

Executive Summary

The report provides information on the fees and charges that the Council levies and what scope if any there is to increase particular charges.

Reasons for Proposed Decision

As part of the annual budget process changes to fees and charges need to be agreed.

Other options for action

Where the Council has discretion on the level of fees and charges that it sets there are many possible options open to the Council ranging between no increase up to applying quite large increases where justifiable.

Report:

1. The Medium Term Financial Strategy has identified the need to find savings of £700,000 over the four year period with £300,000 falling in 2018/19. The Revenue Support funding has already been set for 2018/19 at £193,000, thereafter it is to be phased out with the Council having to fund all its General Fund services from the Council Tax, Retained Business Rates and Fees and Charges. If these resources are not sufficient the General Fund balance will need to make up the difference.
2. In reality, apart from parking charges, the scope for increased income as a result of increasing fees and charges is relatively limited as regards the General Fund, though less so with the Housing Revenue Account (HRA). For example some are set by Government, some have to be based on cost recovery or subject to a maximum, also the possibility of increases putting people off and actually having the opposite effect to that intended have to be considered.
3. Another option is to introduce fees and charges where they are currently not levied though again there are probably fairly limited opportunities in this area.
4. Inflation has been on the increase recently and Consumer Prices Index (CPI) is now close to 3% and it is proposed to use this as a guide in setting increases.

Communities

5. There are a number of fees and charges made for community and wellbeing activities and those proposed for 2018/19 are listed at Appendix 1.
6. This Committee proposed a review of charges at the Limes Centre particularly the policy of granting a 50% discount to tenants as there was some circumstantial evidence that this policy might be being abused. That review has now been carried out and the proposed approach is for regular users (12 occasions or more) to be able to take advantage of the scale 1 charge and for charities or residents of the district to be eligible for a 20% discount on the scale 2 charge. It is not thought that the level of income will be significantly affected by this change.
7. The Council's Museum, Heritage and Culture (MHC) service levy a number of charges for their services these are shown at Appendix 2 with the proposed charge for 2018/19 also shown. The increases proposed have been considered taking into account the cost of provision and the possibility that organisations will be deterred from using the services.
8. The Schedule of proposed Housing-Related Fees and Charges for 2018/19 is shown at Appendix 3, which also lists the fees and charges for the current year for comparison. Charges relate to both the Housing Revenue Account and the General Fund.
9. Generally, it is recommended that the majority of fees and charges be increased by 3% - rounded up or down as appropriate. The only exceptions to this approach are the following:

Charges for Telecare packages to private users

10. Due to the withdrawing of housing-related Support funding last year, the charges at that time were increased by 37% to £153 per annum. When the charges were increased a number of service users returned their alarms due to the higher cost. Three other authorities in Essex are charging £156, £112 and £82 per annum for the same service. Although some charge more, this is due to them providing a responder service whereby a member of staff goes out to the property at any time of day or night which is very costly and therefore would result in such a higher charge. It is therefore suggested that in order that the service remains competitive the charge remains the same for 2018/19.

Bed and breakfast accommodation

11. A competitive tender exercise was undertaken in 2016/17 amongst bed and breakfast hotels, which resulted in payments to hotels, and therefore the charges passed on to residents, being fixed for a three-year period. Therefore, it is not possible to amend these charges for 2018/19.

Civil Penalties under the Housing and Planning Act 2016

12. The Housing and Planning Act 2016 has introduced a range of measures to supplement existing powers available to councils designed to crack down on the criminal element in the private rented sector, the so called 'rogue landlords'. Councils are now able to impose a Civil Penalty of up to £30,000 as an alternative to prosecution for the following offences under the Housing Act 2004:
 - Failure to comply with an Improvement Notice where a significant hazard exists at a property;
 - Failure to licence a licensable house in multiple occupation;
 - Offences in relation to licensing of houses under Part 3 of the Act
 - Offences of contravening an overcrowding notice; and

- Failure to comply with management regulations in respect of a house in multiple occupation.

The appropriate penalty is decided depending upon the severity of the offence, the track record of the offender and the harm caused to the tenant.

13. This is a new addition to the housing-related fees and charges list.

Governance

14. There are several sources of income to this Directorate, for example, Local Land Charges, Development Control Fees, Pre-application charges and Building Control Fees.
15. There are a number of fees set for work carried out by Legal Services which are listed at appendix 4. It is felt that fees should be increased in order to ensure that costs are covered and therefore it is proposed to increase these by 3%.
16. Industrial Estate Rents are not subject to annual increases as they are negotiated for a period of time before each lease is entered into. The level at which rents can be agreed is influenced by the general state of the economy and the availability of other properties.
17. The charge for a full search should be set based on the costs incurred providing the information. There is still some work to do ascertaining the costs of the provision of additional information required as part of the new CON29 process introduced last year. There have also been difficulties in service delivery and turn-around times are between 25-30 days and it is felt that increasing fees at the moment would be difficult to justify.
18. Development Control fee levels are controlled by Central Government and the levels of income are somewhat dependant on the economic climate and the number and size of planning applications. The Government have proposed that a 20% increase to fees should be made but there is no clear timetable for this to be introduced. At the moment the proposals refer to this being in place in the Autumn, however this now seems unlikely.
19. With regard to pre-application charges that apply to major applications, income is in line with expectations. There is a balance to be struck between charging a reasonable fee to cover costs and charging an excessive amount which may put developers off. It is felt fees should be held at the same level as 2017/18 for 2018/19.
20. Building Control Fees are income to the ring-fenced Building Control Charging Account and therefore do not affect the General Fund directly. Fee income is significantly above expectations at the moment. The team operate in a competitive environment and if fees are set too high work may be lost to the private sector, however equally the fees need to be set at a level that recovers cost. The account was expected to be show a deficit during 2017/18 though some of this was due to the spending of accumulated surpluses from past years to assist with scanning work. The additional income should see the deficit significantly reduced and once the additional scanning costs are removed a position close to break-even is possible. It is therefore proposed to leave charges at current levels

Neighbourhoods

21. The fees and charges relating to neighbourhoods include Car Parking Charges, North Weald Airfield rents and charges, MOT's, various environmental health related charges and Licencing.
22. MOT income is subject to a maximum charge set by the Vehicle Operating Service Agency (VOSA) currently £54.85 The Council's fee is set below this level (£49.00). It is felt that an increase in the fee is likely to see custom move elsewhere so it is proposed that the fee remain at the same level.
23. With regard to Public Hire licences, the fee for the three and five year licences are shown

at Appendix 5. These licences have to be set in line with the Local Government (miscellaneous provisions) Act 1976 these have to be set based on cost recovery. Currently these fees recover their costs in full so an increase could not be justified.

24. With regard to other forms of licensing, some fall under the 2003 Licensing Act and this prescribes the level of fee that can be levied. Others though can be varied subject to a maximum level or can be levied on a cost recovery basis. Licence Fees are generally below the prescribed level and do not recover the cost of provision, in some cases quite significantly. It is therefore felt that these should be increased where appropriate. Details of these fees are shown in Appendix 5.
25. Fees relating to the Gambling Act 2005 can now be set locally. Appendix 6 lists the proposed fees for 2018/19 these are unchanged from 2017/18 apart from small society lotteries which have been increased by £1 to achieve cost recovery.
26. A charge is currently made for the collection of bulk waste and the fee varies depending on the number of items being collected. The amount chargeable to the Council for the collection of bulky waste items is specified under the new waste management contract and this plus an admin fee is levied to users of the service the proposed fees are in Appendix 5 and represent an increase of 3%.
27. There are a number of other miscellaneous fees and charges which are made. The proposed fees are also shown on appendix 5.
28. The general uplift for fees and charges related to the Leisure Centres is specified as being in line with the retail prices index within the leisure contract. If there is any variance from this the contractor has to agree this with the Council in advance of the increase.

Credit Card Charges

29. With effect from 1st April 2018 the Council will no longer be able to pass on the surcharge when a payment is made by credit card. Currently income of between £15,000 and £20,000 is received from such charges and therefore growth on the budget of that amount will be needed in 2018/19.

Conclusion

There are a number of fees and charges made by the Council which in some cases can be increased and in others cannot or an increase cannot be justifiable. The report seeks members views on the level of fees and charges for 2018/19.

Consultations Undertaken

Consultations have been undertaken with various spending officers from directorates. The report will also be considered by the Finance and Performance Management Committee at its meeting in November.

Resource Implications

Additional Income to the General Fund and HRA.

Legal and Governance Implications

Agreeing the level of fees and charges well in advance of the financial year concerned enables the budget to be prepared on a sound basis and also gives ample time to communicate any increases to the users of the services concerned.

Safer, Cleaner, Greener Implications

The Council's budgets contain spending in relation to this initiative.

Background Papers

Working papers held in Accountancy.

Impact Assessments

Risk Management

With all fees and charges there is a risk that increasing fees could actually reduce total income. It is difficult though to predict the exact effect of a price increase on any particular fee levied.

Equality and Diversity:

Did the initial assessment of the proposals contained in this report for relevance to the Council's general equality duties, reveal any potentially adverse equality implications? No

Where equality implications were identified through the initial assessment process, has a formal Equality Impact Assessment been undertaken? No

What equality implications were identified through the Equality Impact Assessment process?
None

How have the equality implications identified through the Equality Impact Assessment been addressed in this report in order to avoid discrimination against any particular group?
N/A

Individual Directors will have performed equalities impact assessments on their own services and fees and charges. The main risk in changing fees and charges is the uncertainty over how service users will respond. This makes it difficult to predict the exact budgetary effect of any given change.