

# **Report to Resources Select committee**

**Date of meeting: 16 October 2018**

**Portfolio: Finance**

**Subject: Fees and Charges 2019/20**

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## **Recommendations/Decisions Required:**

**That the Committee consider the proposals for the level of fees and charges for 2019/20 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 £600,000, £300,000 in both 2020/21 and 2021/22, this is over and above the £2.5m (£1.7m General Fund) savings from the implementation of the people strategy which in itself is very challenging. Revenue Support Grant funding is set to be phased out in 2019/20 and although we have already had the settlement figures as part of the four year agreement this has still to be confirmed by the Government. At this stage there is no real information on funding levels from 2020/21 onwards except that it is expected that 75% of Business Rates income will be retained by the Local Authority sector. The funding split between upper and lower tier authorities has still to be confirmed and it is unclear whether any additional responsibilities will be placed on the sector as a result.
2. In reality going forward the Council will have 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.
3. 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. So whether we increase fees by 2% or 3% will not have a particularly significant impact on overall income levels. Having said that we should ensure that our

charges are set at a level to fully recover costs where we are able to as not doing so means the in effect the General Taxpayer is subsidising those services.

4. A review of Parking Charges has already been carried out and the additional ongoing income generated can be put toward the savings targets set within the Medium Term Financial Strategy (MTFS).
5. Another option is to introduce fees and charges where they are currently not levied. This does need to be explored further as generating our own income is becoming more important as years go by.
6. The Consumer Prices Index (CPI) was at 3% this time last year and during the spring and summer fell to around 2.4% it has now started to increase again and has just increased to 2.7%. Other measures such as CPIH which includes housing costs and employee related inflation are around 2.3%.

### **Community and Partnership Services**

7. There are a number of fees and charges made for community and wellbeing activities and those proposed for 2019/20 are listed at Appendix 1.
8. Charges for use of the Limes Centre have been increased in line with inflation though rounding to the nearest 50p gives an increase of between 2 and 3%. The proposed fees are at Appendix 2
9. The Council's Museum, Heritage and Culture (MHC) service levy a number of charges for their services these are shown at Appendix 3 with the proposed charge for 2019/20 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.

### **Housing and Property Services**

10. The Schedule of proposed Housing-Related Fees and Charges for 2019/20 is shown at Appendix 4, 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.
11. Generally, it is recommended that the majority of fees and charges be increased by around 2.3% - rounded up or down as appropriate.

### **Planning Services**

12. 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 introduced an increase in fees of 20% from January 2018 under the proviso that the additional income would be used for planning related services. An assessment will need to be made to ascertain how much income this amounts to and it will need to be monitored going forward to ensure we comply with the requirements of the new fee regime.
13. 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 2018/19 for 2019/20.
14. The way Local Land Charges are recorded and dealt with is undergoing significant change. Longer term all information is to be held centrally by the Land Registry with local authorities having access to that system. There is a significant amount of work required by the Council before that can happen including data cleansing and migration to the Land Registry system. This council is expected to be part of the first phase due to be

completed by December 2019. A full report on this is to be presented to Cabinet in due course and a review of fees and charges will be carried out for financial year 2020/21.

### **Contract & Technical Services**

15. The fees and charges relating to this area include Car Parking Charges, MOT's, and bulky waste charges.
16. Car Parking charges are not dealt with in this report as it tends to be rather more involved and has therefore been the subject of a separate exercise.
17. 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 proposed that the fee be increased by £1 to £50. There is also a fee set for trade customers of £45 which it is proposed remains the same. A full review of the fleet operations service is to be carried out which will consider fleet management and maintenance, MOT's and other services that could be provided. This is unlikely to be complete in time for the Budget.
18. The cost of collection of bulk waste is subject to an annual index linked increase in line with the Waste Management contract. The proposed fees are based on the increased cost of collection and include an admin fee and are within appendix 5.
19. 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.

### **Commercial & Regulatory Services**

20. 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 so an increase could not be justified at this time.
21. 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. Some fees don't fully recover costs and it is therefore felt that these should be increased where appropriate. Details of these fees are shown in Appendix 5.
22. Fees relating to the Gambling Act 2005 can now be set locally. Appendix 6 lists the proposed fees for 2019/20 these are unchanged from 2018/19.
23. There are a number of other miscellaneous fees and charges which are made. The proposed fees are also shown on appendix 5.
24. Building Control Fees are income to the ring-fenced Building Control Charging Account and therefore do not affect the General Fund directly. Apart from rationalising charges in 2017 fee levels have remained unchanged since 2011. It is therefore proposed to increase fees by an average of 5% but the exact fee structure is yet to be determined. It is intended that fees be increased from 1<sup>st</sup> January 2019.
25. There are also a number of fees and charges related to private sector housing enforcement and licensing and these are on the Housing related fees and charges schedule (Appendix 4).

### **Governance and Member Services**

26. The main area of fees here relates to the recharging of legal work. Charges were previously based on an exercise carried out some years ago and it had become evident that this needed to be revisited. This has now been done and fees updated as a result. In many cases fees were too low and did not properly recover costs. The proposed fees are shown at Appendix 7.

## **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 2019/20.

## **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**

This is additional Income to the General Fund and HRA. Whilst additional income generated from inflationary fee increases is not particularly significant it is important they are considered annually as changes directly affect residents. The increase in legal charges is expected to generate the most significant amount of additional income however it is right and proper that costs are recovered for such services which was the aim of the recent exercise.

## **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.