

Report to Finance and Performance Management Cabinet Committee



**Epping Forest
District Council**

**Report reference: FPM-016-2013/14
Date of meeting: 14 November 2013**

Portfolio: Finance and Technology

Subject: Fees and Charges 2014/15

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Recommendations/Decisions Required:

(1) That the Committee consider how much of the £700,000 General Fund savings target for the 2014/15 budget should come from additional income through an increase to fees and charges;

(2) Which fees and charges should be increased and by what extent, to achieve this; and

(3) Consider the proposed schedule of Housing Revenue Account fees and charges for 2014/15.

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 possible.

Report:

1. The Medium Term Financial Strategy elsewhere on this agenda highlights the need to identify £2.3m savings as a result of the significant reductions expected in funding from central government. Of this amount £700,000 is required in 2014/15. This can be found by either reductions in expenditure, increases in income or a mixture of both.
2. Increasing fees and charges will help reach the savings target set however there are issues to consider such as whether fee increases will drive customers away and have the opposite of the desired effect and actually reduce income. Also in recent years the scope to increase fees has become somewhat more limited as government has introduced cost recovery only for some fees or set a maximum level for others. There are also some fees that the government sets that the Council has no control over.
3. The September Consumer Prices Index (CPI) and Retail Prices Index (RPI) have

recently been published at 2.7% and 3.2% respectively. Previously this has been used as a guide when setting the level of increase.

Deputy Chief Executive

4. There are a number of fees and charges made for activities such as New Horizons, Sports Development, Museums and Arts and Lifewalks. The Council is free to set the level of charges on these activities. The expected income for 2013/14 is a little over £146,000 but £35,000 relates to the All Weather Pitch which has been delayed and income will be less than expected. A 3.2% fee increase will raise around £4,000 if applied to all charges.

Finance and ICT

5. There are no fees and charges relevant to this review.

Corporate Support Services

6. There are several sources of income to this Portfolio, Industrial Estate Rents, Local Land Charges, income from MOT's and Licensing Fees.
7. 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.
8. The situation regarding Land Charge income is still very uncertain following the introduction of the Local Land Charges (Amendment) Rules 2010. The charge for a full search should be set based on the costs incurred providing the information. The current costs are broadly in line with the fee charged. The account itself is in deficit due to non chargeable activities and the fact that personal searches are free but there is a cost attached to dealing with enquiries.
9. MOT income is subject to a maximum charge set by the Vehicle Operating Service Agency (VOSA) currently £54. The Council's fee is set below this level however income has been dwindling for some time now and there may well be a deficit recorded for this year. An increase in the fee though is likely to see custom move elsewhere.
10. With regard to licensing, the Local Government (miscellaneous provisions) Act 1976 allows Authorities to set fees on the basis of reasonable cost recovery in relation to Hackney Carriage Operators and Vehicle Licences. The current fee is at that level and an increase would not be justifiable.
11. 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 1.
12. There are also a number of Licence fees that the Council needs to set in case an application were to come forward. In most cases these are set at or near to the maximum allowable under the Gambling (Premises Licence Fees) Regulations 2007 and are found in Appendix 3.

Planning and Economic Development

13. The main income areas within this portfolio are Development Control, pre-application charges and Building Control fees.

14. 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.
15. With regard to pre-application charges that apply to major applications, income is buoyant at the moment and the budget has been exceeded substantially. The fee could be increased but there is a fear that if the fee is set too high pre-application advice might be forgone leading to more difficulties later in the planning process.
16. Building Control Fees are income to the ring-fenced Building Control Charging Account and therefore do not affect the General Fund directly. Current fee levels are felt to be reasonable but income is well short of expectations and the account is likely to fall into deficit this year. An increase in fees is a possible option but the service operates in a competitive environment and this may put potential customers off. A review of Building Control is to be undertaken and the level of fees and charges will need to form part of this.

Environment and Street Scene

17. One key area that should be revisited is pay and display charges in the Council's off-street car parks. These charges have not been increased for five years and the study by Price Waterhouse Coopers in 2011/12 predicted that modest changes in the fee structure could boost income by more than £300,000. Pay and display car parking fees form the largest discretionary income stream to the General Fund. The current income estimate is set at £747,000. Work is being done on some proposals for a revised tariff structure.
18. A charge is made for the collection of bulk waste and the fee varies depending on the number of items being collected. Given that the contract price increases annually it seems reasonable that the fee itself should also increase.
19. There are a number of other miscellaneous fees and charges which are made. The proposed fees are shown on appendix 1.
20. 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.
21. Although the Council does not provide a trade waste service itself it does need to ensure that a service is available should traders require it. Currently all traders go directly to service providers and deal with them. If a trader was to come to the Council for such a service the Council would arrange for SITA to carry out the trade waste collection at a charge currently of £13.50 per collection it is proposed that this be increase to £14.00. Similarly the fee charged to schools etc. be increased from £8.50 to £9.00.

Housing

22. The Schedule of proposed Housing-Related Fees and Charges for 2014/15 is shown at Appendix 2, which also lists the fees and charges for the current year for comparison. Most of the charges relate to Housing Revenue Account income, although some charges relate to General Fund income.
23. Generally, it is recommended that the majority of fees and charges be increased by RPI at 3.2% - rounded up or down as appropriate. However, in view of the current economic conditions and the hardship continuing to be faced by many residents at present, the Housing Portfolio Holder wishes to recommend to the Cabinet Committee that a number of Housing-Related Fees and Charges be frozen for a further year in 2014/15.

24. Those charges which the Housing Portfolio Holder recommends should continue to be frozen for next year are shaded grey on the attached schedule.
25. The only proposed exception to a general increase of 3.2% is in respect of the charges for hardstandings on housing estates. The Council has 69 such hardstandings, mainly in Waltham Abbey, on which, historically, lessees have been allowed to construct their own garages. Unfortunately, many of these garages have been in existence for many years, and are now in a very dilapidated state. This has led to lots of complaints from residents and other hardstanding lessees, which has involved housing management staff spending a disproportionate amount of time seeking to resolve the complaints. Moreover, it is generally felt that the current fee of £29.10 per annum (56p per week) is too low for the benefit that lessees receive, compared to the annual rent for a Council garage of £410.80. For these reasons, it is recommended that the hardstanding fee for next year be increased from £29.10 per annum to £82.00 per annum, representing around 20% of the Council garage rent.

Conclusion

26. 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 how much of the savings target should be recovered through increased fees and which fees should be increased.

Consultations Undertaken

Consultations have been undertaken with various spending officers from directorates.

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.