

Report to Resources Select Committee

Date of meeting: 10 October 2016

Portfolio: Finance

Subject: Fees and Charges 2017/18

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Recommendations/Decisions Required:

(1) That the Committee consider the proposals for the level of fees and charges for 2017/18 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 earlier on this agenda has identified the need to find savings of £500,000 over the four year period with £250,000 falling in 2017/18. The Revenue Support funding included in the strategy are those provided during the last settlement in December 2015 and are subject to the Council signing the Central Government funding agreement. Cabinet has agreed to do this as it has been suggested that if we don't enter into the agreement our funding cannot be guaranteed which probably means it will be less.

.2 In reality 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 The use of labour rate inflation as a guide was adopted last year on the basis that the most significant element of the cost involved in generating fees is staff salaries. The latest figure is 2.1% so adopting a figure of 2.0% is proposed.

Communities

.5 There are a number of fees and charges made for community and wellbeing activities and those proposed for 2017/18 are listed at Appendix 1.

.6 The Limes Centre makes a number of charges those proposed for 2017/18 are listed in Appendix 1 and 5% has been added. Based on recent, sample testing of other similar facilities in the area, it has been identified that the current pricing scale for the Limes Centre is significantly lower than several others and there has also been an issue of people from outside the district, booking the facilities under the name of EFDC tenants and therefore taking advantage of the 50% tenant discount on hall hire fees.

.7 The Council's Museum, Heritage and Culture (MHC) service will implement a 2% increase across all events and activities in 2017/18, including after school and holiday classes, Education Outreach work, Evening and Daytime Talks and general hire of facilities.

.8 In addition, in light of MHC's recent success in securing £270,000 funding from Arts Council England Resilience Fund, the Council now has the resources to implement the 'No Borders' Resilience Project, which includes the appointment of a Commercial Manager for a period of 18 months, to develop new income streams across Epping Forest, Broxbourne and Chelmsford Museums. Members will recall that this funding bid was supported by match funding of £20,000 from the Council's Invest to Save Fund, with a projection that a return on this contribution will be realised within two years of the implementation of the project. Broxbourne and Chelmsford Councils each contributed match funding of £10,000 and the staff and physical resources will therefore be allocated on a pro-rata basis. (Other aspects of the No Borders Project, include appointment of a Fundraising Manager to establish an Development Trust for Epping Forest District and Lowewood Museum, and a separate Trust for Chelmsford Museum. The Trusts will operate as Charities, based on companies limited by guarantee and will work in parallel to the Council's operation of the Museums, in order to raise funds and access funding pots which the Councils are unable to access).

.9 The Schedule of proposed Housing-Related Fees and Charges for 2017/18 is shown at Appendix 2, 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.

.10 Generally, it is recommended that the majority of fees and charges be increased by 2% - rounded up or down as appropriate. The only exceptions to this approach are the following:

Sheltered housing charges and area housing charges Telecare packages (alarms and up to 4 sensors) and monitoring of alarms for other organisations

.11 Last year, the Cabinet agreed a formula to set these charges, which is based on the level of housing related support funding provided by Essex County Council for the following year, the degree to which the services are self-funding and an inflationary increase.

.12 Since the amount of housing related support funding that the Council will receive from Essex County Council next year will not be known for a few more months, it is not yet possible to set these charges, but when known, the charges will be increased in accordance with the agreed formula.

Bed and breakfast accommodation

.13 A competitive tender exercise was undertaken earlier in the year 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 2017/18.

Requirement for smoke and carbon monoxide alarms in private rented properties

.14 The Smoke and Carbon Monoxide Alarm (England) Regulations 2015 came into force on 1 October 2015 and require all private sector landlords to have at least one smoke alarm installed on every storey of their rental property which is used as living accommodation, and a carbon monoxide alarm installed in any room used as living accommodation where solid fuel is used. The local authority is responsible for enforcing the legislation, which involves the service of a remedial notice requiring the provision of the necessary alarms where they do not already exist and the service of a Penalty Charge Notice (PCN) if the landlord fails to comply. The penalty charged can be an amount that the local authority determines, but must not exceed £5,000.

.15 In deciding the penalty amount to charge, consideration has to be given to: the seriousness of the offence; the intention of the offender; providing an effective deterrent; and the maximum allowed to charge.

- (a) Seriousness of the offence – the lack of a working smoke alarm or carbon monoxide detector is a potential life-threatening deficiency. The failure to provide adequate early warning in the event of a fire poses a significant risk to the occupants of a residential property. Carbon monoxide is known as the “silent killer”, as it is a colourless and odourless gas. Therefore, the only effective warning system is a fully functional alarm.
- (b) Intention of the offender - given that the average long-life lithium battery smoke alarm costs under £15, and a CO alarm costs around £20, there is no specialist fitting required. Therefore, the Regulations can be easily and cheaply complied with. A failure to comply within 28 days after a remedial notice is served, would appear to mean that there it is a wilful and deliberate act not to provide alarms, thus risking the safety of the tenants.
- (c) Providing an effective deterrent – the proposed large fine should act as a deterrent to anyone else who is thinking of not complying with the legislation.
- (d) Maximum amount allowed by the legislation – the Regulations state that the civil penalty levied can be up to £5,000.

.16 Taking the above into account it is therefore proposed that, generally, the Council charges the maximum penalty fee of £5,000, unless officers consider that there are legitimate mitigating circumstances to make a lower charge, in which case formal approval would be sought from the Housing Portfolio Holder to charge an appropriate reduced fee.

Inspection of properties for immigration applications

.17 Part of an applicant’s submission for immigration approval by the Asylum and Immigration Tribunal requires an inspection report on the availability and suitability of the accommodation that the applicant and their family propose to move to. An applicant may request such a report from an Environmental Health Officer who is qualified to make the assessment.

.18 The Council does not have many of these cases each year and, historically, it has not charged for such work. However, it is now considered appropriate to do so, in line with the practice of many other Essex local authorities. It is therefore proposed that a charge be made, based on officer time, which is consistent with the approach taken for other chargeable works within the Private Sector Housing Team. As the officer time taken is directly related to the size of the property, it is proposed to standardise the charges as set out in the Schedule.

Charges for Housing Act 2004 - Enforcement Notice Fees

.19 Section 49 of the Housing Act 2004 permits local authorities to make a reasonable charge for notices served under Part 1 of that Act. This includes notices to improve housing conditions, prohibition orders and emergency action. It is felt that the fairest way of charging for this enforcement is to base it on the size of property and the number of identified hazards.

.20 The charges for this enforcement have therefore been reviewed and the proposed new charges are set out in the Schedule. It is proposed that any notices served under Part 1 of the Housing Act 2004 on or after 1 April 2017, are subject to the charges in the Schedule.

Sewerage charges for individual sewerage systems

.21 These charges have not been increased, since the contractor has advised that they will not increase their charges to the Council in October 2016 (which the contract allows) the October 2015 rates will continue until October 2017.

Governance

.22 There are several sources of income to this Directorate, for example, Local Land Charges, Development Control Fees, Pre-application charges and Building Control Fees.

.23 There are a number of fees set for work carried out by Legal Services which are listed at appendix 3(a). These were not increased for the current year so it is felt there is scope to do so from 1 April 2017. It is therefore proposed to increase these by 2% generally except for those listed at 1.8 (a) and (b) on the appendix related to shop and industrial leases. It has become clear that the cost involved in carrying out the necessary work is rather more than the current fee and it is proposed to increase both to £750.00 in recognition of this. The proposed fees are at appendix 3(b).

.24 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.

.25 The charge for a full search should be set based on the costs incurred providing the information. Currently fee income has dwindled slightly and it has been noted that fewer searches are coming through. From July 2016 a new CON 29 search enquiry form was introduced, this includes enquiries that were previously not required and relate to other areas of the Council. It is therefore necessary to ascertain the cost of providing this additional information as the charges made need to reflect the costs incurred. It is not possible at this stage to quantify these costs without a thorough cost analysis exercise. This will need to be undertaken before the charges for 2017/18 can be set. A further report on this will be made in due course.

.26 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. There are no plans at the moment to increase the charges.

.27 With regard to pre-application charges that apply to major applications, income is fairly buoyant at the moment. But recently both the County Council and Environment Agency have introduced pre-application fees where previously the information was provided to the Council and was included within our fee. It is therefore felt an increase would be difficult to justify. Having said that the 'other cases' fee doesn't include this and an increase to £80.00 (£120.00 where a Listed building is involved) is proposed. The existing and proposed fees are shown at Appendix 4.

.28 Building Control Fees are income to the ring-fenced Building Control Charging Account and therefore do not affect the General Fund directly. The fee structure is a little complicated and it is proposed to rationalise this somewhat including rounding fees to the

nearest £1.

Neighbourhoods

.29 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.

.30 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 particularly as the uncertainties around the move to Oakwood Hill has had a negative effect on income levels.

.31 With regard to Public Hire licences, From October 2015 Drivers licences are issued for three years and operators for five years. The fee for the three and five year licences are shown at Appendix 5. These licences have been operating for around a year and the charges set appear to be about right. It is therefore not proposed to increase any of the taxi related licences next financial year as in line with the Local Government (miscellaneous provisions) Act 1976 these have to be set based on cost recovery.

.32 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.

.33 Fees relating to the Gambling Act 2005 can now be set locally. Appendix 6(a) and (b) lists the fees for 2016/17 and the proposed fees for 2017/18 these have been increased by 2%.

.34 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 ought to be levied to users of the service the proposed fees are in Appendix 5.

.35 There are a number of other miscellaneous fees and charges which are made. The proposed fees are also shown on appendix 5.

.36 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.

.37 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 BIFFA to carry out the trade waste collection at a charge currently of £14.30 per collection it is proposed that this be increase to £14.70. Similarly the fee charged to schools etc. be increased from £9.20 to £9.50.

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 2017/18.

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.