

Report to Finance and Performance Management Standing Panel

**Report reference: FPM-019-2010/11.
Date of meeting: 09 December 2010.**



Portfolio: Finance and Economic Development.

Subject: Fees and Charges 2011/12.

Responsible Officer: Peter Maddock (01992 564602).

Democratic Services: Adrian Hendry (01992 564246).

Recommendations/Decisions Required:

That the Standing Panel consider the policy for increasing fees and charges for 2011/12, and recommends a general increase of 5% to the Cabinet.

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:

In areas where the Council has discretion on the level of fees and charges it can set, there are a number of other possible percentage increases that could be applied. However, clearly increases that can be applied could help reduce the level of any savings required in order to set an acceptable budget.

Report:

1. As part of the budget setting process the level of fees and charges are considered for the forthcoming financial year. The recently announced Comprehensive Spending Review made it clear that Council's face significant cuts in Government support and therefore budgets generally will come under increasing pressure. There is also less freedom for Authorities wishing to raise additional revenue from fees and charges as more are subject to cost recovery only or Government direction. Against this backdrop it is felt that fees and charges should be increased by 5% where possible. This report is intended to give members an opportunity to comment on those fees and charges proposed for 2011/12.

Deputy Chief Executive

2. There are a number of fees and charges within this area such as New Horizons, Sports Development and Lifewalks. It is proposed that these be increased by 5%.

Finance and ICT

3. Income within this portfolio is in the form of Government Subsidies related to Housing Benefit Expenditure.

Corporate Support Services

4. There are several sources of income to this Portfolio, Industrial Estate Rents, Local Land Charges, income from MOT's and Licensing Fees.
5. 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.
6. The situation regarding Land Charge income is still very uncertain following the introduction of the Local Land Charges (Amendment) Rules 2010. Until things become clearer it is felt fees should be left unchanged. Members will be kept up to date as things unfold.
7. MOT income is subject to a maximum charge set by the Vehicle Operating Service Agency (VOSA). The Council's fee is set below this level and it is felt that this is one of the reasons the facility is popular. The fee is usually increased by a similar amount when the VOSA increase the maximum. It seems reasonable to continue with this approach given that the provision of the service makes a surplus for the General Fund.
8. 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. It is proposed that these charges be frozen at current levels.
9. 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. Where fees are below this level it is proposed that a 5% increase be applied. Details of these fees are shown in Appendix 2.

Planning and Economic Development

10. The main income areas within this portfolio are Development Control, pre-application charges and Building Control fees.
11. Development Control fee levels are controlled by Central Government. There has been no indication given regarding fee increases for 2010/11 so far. It has therefore been assumed that, given the current economic climate, an increase will not be allowed.
12. With regard to pre-application charges that apply to major applications, it is proposed that these be left at current levels as take up has been minimal and an increase may well make this worse. A number of Authorities do make a charge for certain types of minor applications, officers are currently investigating this and whether a proposal to introduce such a fee should be put before members.
13. Building Control Fees are income to the ring-fenced Building Control Charging Account and therefore do not affect the General Fund directly. Fees and Charges are currently under budget by around £66,000 (Month 6). Given the competitive nature of Building Control services and the current economic climate an increase in prices does not seem the right course of action having said that there also seems little scope for reducing costs further the only other course of action is to attempt to attract additional business in an effort to keep the account in balance however this may or may not be successful.

Environment and Street Scene

14. Members have previously indicated that they wish to see Pay and Display Parking charges frozen at current levels therefore the schedule shows the fees as unchanged. However from 1 January 2011 a greater proportion of the fee will be VAT rather than income

to the Council resulting in an element of Continuing Services Budget (CSB) growth from that date of around £15,000 per annum. The figures within the schedule at Appendix 1 include VAT.

15. Other fee income is in the form of various Environmental Health and Waste Management related charges. It is proposed to apply an increase of around 5%. The proposed fee structure is set out in Appendix 2.

16. 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, however with the change in VAT rate from 1 January 2011 to 20% it is proposed that the annual increase be applied from that date rather than 1 April 2011. This would therefore avoid two increases occurring in quick succession which could be more difficult to justify in the current climate.

17. 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 £12.50 per collection it is proposed that this be increased to £13.00. Similarly the fee charged to schools etc. be increased from £7.50 to £8.00.

Housing

18. The Housing Portfolio has a number of fees and charges, most of which relate to income to the Housing Revenue Account (HRA). The schedule at Appendix 3 shows the levels proposed for 2010/11. These generally represent an increase of around 5% from the 2009/10 levels.

Conclusion

19. The proposed policy for increasing fees and charges for 2011/12 is based on an increase of 5%. However there are increasingly regulations in certain areas preventing this course of action. Additional income to the General Fund is only likely to be in the order of £15,000 to £20,000 however for the HRA is more significant at £85,000.

Resource Implications:

Additional Income to the General Fund and HRA.

Legal and Governance Implications:

Agreeing inflationary increases 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 fee increases to the users of the services concerned.

Safer, Cleaner, Greener Implications:

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

Consultations Undertaken:

Consultations have been undertaken with various spending officers from directorates.

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.