

Report to Finance and Performance Management Scrutiny Panel

Date of meeting: 15 November 2011

Portfolio: Finance and Economic Development

Subject: Fees and Charges 2012/13

Officer contact for further information: Peter Maddock (Ext 4602)

Committee Secretary: Adrian Hendry (Ext 4246)



Recommendations/Decisions Required:

That the Panel consider the policy for increasing fees and charges for 2012/13, 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 adopted initial version of the Medium Term Financial Strategy has identified that savings of around £300,000 General Fund are still required in 2012/13. In order to assist in meeting this target 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 2012/13.

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 Directorate is primarily 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 1.

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. Changes are to be made to the charging regime which is likely to result in fees being set locally but with a view to cost recovery only. Planning Services have been carrying out work in readiness for this but there have been a number of delays to implementation. It is unlikely that any new fee regime will be in place until October 2012.

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. There has been no income so far this year which may well indicate the point made.

13. 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 and the account is expected to return a small surplus it is therefore proposed to leave fees at their current levels

Environment and Street Scene

14. The level of Car Parking fees is a key element of the Income Optimisation report from the Council's Consultant. Their report will contain a number of proposed options with regard to fee levels and structures which will be put before members at a later date.

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 1. There is some uncertainty around the future provision of the pest control service beyond April 2012. Current arrangements are for residents to be put in touch with the contractor who will charge them direct with there being

no cost to the Council. From April 2012 arrangements may well change but fee levels will have to be reviewed at that time in any event.

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. If there is any variance from this the contractor has to agree this with the Council in advance of the increase.

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 £13.00 per collection it is proposed that this be increase to £14.00. Similarly the fee charged to schools etc. be increased from £8.00 to £8.50.

Housing

18. The Housing Portfolio has a number of fees and charges, most of which relate to income to the Housing Revenue Account. The schedule at Appendix 2 shows the levels proposed for 2012/13. These generally represent an increase of around 5.2% from the 2011/12 levels. The main exception relates to garage rents which have been increased from £7.90 to £8.10. This represents a 2.5% increase. Garages are becoming increasing difficult to let, it is felt that to increase rents by any more than 2.5% would actually see total income reduce.

19. There are a few charges it is proposed are left at current levels including Telecare charges where it is felt that an increase may affect overall income adversely.

20. For the current year (2011/12), heating charges in sheltered housing were reduced significantly to recompense residents for a credit on the heating account that accrued in 2010/11. Therefore, the recommendation of the Director of Housing, is that heating charges need to increase back to a level in 2012/13 that recovers the heating costs expected in 2012/13. this requires an increase of 50% on the current charge.

21. The heating charges at Norway House in 2011/12 are expected to over-recover, which will result in an anticipated credit for the year. To correct this for next year, a reduction in the charges of 32% will be required.

Conclusion

The proposed policy for increasing fees and charges for 2012/13 is based on an increase of 5%. However there are increasingly regulations in certain areas preventing this course of action. The expected additional income to the General Fund and Housing Revenue Account as a result of this will be reported at the meeting.

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 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.

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.