

Report to Finance and Performance Management Scrutiny Panel

Report reference:

Date of meeting: 11 November 2014



Portfolio: Finance

Subject: Fees and Charges 2015/16

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Recommendations/Decisions Required:

That the Panel consider the proposals for the level of fees and charges for 2015/16 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 possible.

Report:

1. The Medium Term Financial Strategy was considered by this panel at its last meeting and this identified the need to find savings of around £1.5m over the four year period with £500,000 falling in 2015/16. Since then growth on the Economic Development budget and expected further losses on the North Weald Market now suggest this figure may be nearer £1m. There are a number of potential areas being investigated where these savings might come from of which one is Fees and charges.
2. Increasing existing 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. 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 September Retail Prices Index (RPI) has recently been published at 2.3%. Previously this has been used as a guide when setting the level of increase however other factors such as cost of provision also need to be considered.

Communities

5. 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 and it is proposed to add 2.3% to all charges.

6. The Schedule of proposed Housing-Related Fees and Charges for 2015/16 is shown at Appendix 1, 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.

7. Generally, it is recommended that the majority of fees and charges be increased by the Retail Prices Index (RPI) for September 2014 (2.3%) - rounded up or down as appropriate. The only exceptions to this approach are the following:

Telecare packages (alarms and up to 4 sensors) and monitoring of alarms for other organisations

8. The Council receives funding of around £125,000 per annum from the County Council's Housing Related Support (HRS) budget towards the cost of providing telecare services in the District. Due to the County Council's need to reduce its overall Housing Related Support (HRS) budget for Essex, currently £20.5million per annum, by around £2 million per annum from April 2015, the County Council is currently considering options for making these savings. Although no decisions have been made yet, and the County Council is still consulting on options, early indications suggest that the Council's HRS funding for telecare funding could be reduced by around £47,000 per annum (a reduction of 38%).

9. For the Council's own Careline Service to fund this likely shortfall and continue to be financially sustainable, it would be necessary to increase the charge for the Careline Service, for both private users and Council tenants, by around 40p per week (£20.80 per annum). However, rather than increasing the cost of telecare packages for private users by this full amount in 2015/16, which would represent an increase of 22% on the current charge of £95.30 per annum, it is suggested that an increase of £10.50 (11%) be made for 2015/16. It is also suggested that the same increased monitoring charge be made to organisations who use the Careline Service. It is further proposed that the charge for monitoring additional sensors be increased by 10%, from £10 per annum to £11 per annum.

10. Proposed charges to Council tenants in sheltered housing scheme, many of whom are in receipt of housing benefit currently make no contribution towards the Careline Service, will be considered as part of the HRA budget for 2015/16.

11. It should be noted that the Housing Portfolio Holder intends to ask the Housing Scrutiny Panel to consider the future costs, income and viability of the Council's Careline Service, and to make resultant recommendations to the Cabinet, once the funding position is clearer.

Landlord accreditation for student accommodation

12. This scheme was introduced a couple of years ago in order to encourage landlords of student accommodation in the District to provide reasonable and safe accommodation for students. Since it is a discretionary scheme, which the Council wants landlords to use, it is proposed that the accreditation charges remain the same as the current year in order to help encourage landlords to use the Scheme.

Licence fees for Houses in Multiple Occupation

13. The Housing Act 2004 allows councils to charge for the licensing of high risk houses in multiple occupation (HMOs) that meet certain criteria. Typically, licences are given for a period of 5 years, which then require renewal for a further 5 years. Although the Council has

determined a fee for initial licence applications, it has not yet set a fee for licence renewals – which is now necessary as some licences are nearing the expiry of the initial 5 year licence period.

14. Since the procedure is the same for a licence renewal as it is for an initial licence application, it is recommended that the licence fee for both initial HMO applications and renewals is the same, and that any annual fee increase is also applied equally to both.

15. The Essex Landlord Accreditation Scheme (ELAS), of which the Council is a member authority, was launched in September 2014. The objective of the scheme is to recognise and promote landlords that meet their legal obligations in respect of property management and to raise standards generally in the private rented sector. Landlords that become part of this Scheme must meet certain minimum criteria and must pay an annual fee of £95. Although it is a statutory requirement for landlords of licenceable HMOs to have an HMO licence, membership of the ELAS is voluntary. Therefore, since the checks required to meet the HMO licence criteria include the same checks as to join the ELAS, and as an incentive to landlords to join the ELAS, it is proposed that ELAS-accredited landlords applying for an HMO licence receive a discount of £80 on the normal HMO licence fee.

Bed and breakfast accommodation

16. Officers have managed to negotiate the same contracted room rates for the use of bed and breakfast accommodation for homeless applicants from April 2015 as for the previous year. Therefore, no increase in the charges passed on to homeless applicants is proposed.

Approvals for consents to leaseholders for works

17. The Council already makes charges to owners of former Council properties to consider and process requests to undertake improvements and other works, in accordance with covenants included as part of the sale at the time the property was originally sold by the Council.

18. Occasionally, leaseholders of Council flats (where the Council owns the freehold) also seek approval to undertake certain works in accordance with their lease. No charge is currently made for this approval process. Therefore, in order to bring them in line, it is proposed that the same charge be made to leaseholders as for owners of former Council properties.

Redress schemes for lettings agencies and property managers

19. The Redress Schemes for Lettings Agency Work and Property Management Work (Requirement to Belong to a Scheme etc) (England) Order 2014 requires all lettings agents and property managers (with some exemptions specified in the Order), to join a Government-approved redress scheme by 1 October 2014.

20. The scheme is set up to ensure that tenants and leaseholders have a straightforward option to hold their lettings agents and property managers to account if they do not provide an acceptable service. The local authority is the enforcing authority and can make a penalty charge to lettings agents and property managers of up to £5,000 for failure to belong to one of the three current redress schemes.

21. Officers are currently in the process of identifying lettings agents and property managers who appear not to have joined a scheme, to ensure that they are aware of the legal requirements and to give them notice that if they do not sign up to one of the schemes within 28 days, a notice of intention to charge will be issued. The Council then has six months to make the actual charge. There is an appeals process for lettings agents and property managers to follow against a local authority's decision to charge.

22. Government guidance states that “the expectation is that the maximum fee should be ‘the norm’ and that a lower fine should only be charged if the Council considers that there are extenuating circumstances”. 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 will be sought from the Housing Portfolio Holder to charge an appropriate reduced fee.

Enforcement of private sector housing conditions

23. There is provision within both the Housing Act 2004 and Mobile Homes Act 2013 for local authorities to make a reasonable charge for the costs incurred for the service of enforcement notices. In the case of Housing Act enforcement, this relates to the service of a variety of statutory notices and subsequent enforcement action to ensure minimum property standards in the private sector are met. The Mobile Homes Act 2013 introduces the ability to serve a Compliance Notice on a site owner and carry out subsequent legal proceedings where a contravention of site licence conditions exists. No legal maximum is set but any charge must be reasonable.

24. Historically, the Council has not charged for any enforcement functions but it is now considered appropriate to do so, which is in line with the practice of many other Essex local authorities. It is proposed that the Council charges for the service of both improvement and compliance notices, including officer time for the inspection of properties and preparing the notices, plus an administrative cost of 10% of the officer cost.

25. It is considered that charging for officer time, as opposed to simply charging a flat rate fee (which is an option), creates a fairer charging system, reflecting the differences in time spent dealing, for example, with a one bedroom flat compared to a five bedroom house.

Governance

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

27. 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.

28. 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 cost charged by the County Council for highway search work will be reducing in 2015/16 and if the principal of cost recovery is applied we should reduce the fee for a full search from £90 to £85. 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.

29. 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.

30. 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. It is proposed rather that the scope of charging be widened to include householder advice. The exact approach and scale of charge are yet to be determined.

31. 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 indeed income levels have improved meaning the account is expected to

remain in surplus. An increase in fees is a possible option but the service operates in a competitive environment and this may put potential customers off.

32. There is also scope to increase charges for the provision of documents relating to Building and Development Control to the general public. Currently charges are very low and do not represent the cost of providing the documents. A schedule providing the proposed charges is at Appendix 3 and should provide an additional £5,000.

Neighbourhoods

33. 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.

34. With regard to Car Parking charges this does not form part of this report and North Weald rents and charges are assessed on a case by case basis.

35. 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

36. 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.

37. 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 2.

38. 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 2.

39. 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 2

40. There are a number of other miscellaneous fees and charges which are made. The proposed fees are also shown on appendix 2

41. 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.

42. 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 £14.00 per collection it is proposed that this be increase to £14.30. Similarly the fee charged to schools etc. be increased from £9.00 to £9.20.

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 2015/16.

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.