

## RURAL, ECONOMIC & ENVIRONMENTAL AFFAIRS COMMITTEE

7<sup>th</sup> SEPTEMBER 2011

### REPORT OF HEAD OF FINANCIAL SERVICES

#### REVIEW OF CHARGES 2012-13

##### 1.0 PURPOSE OF REPORT

- 1.1 To provide information on the various fees and charges that are made by this committee.
- 1.2 To recommend changes to these charges to operate from 1<sup>st</sup> April 2012, with the exception of Building Control fees, these are to be implemented on 1<sup>st</sup> October 2011.

##### 2.0 RECOMMENDATIONS

- 2.1 That the committee determines the level of charges for 2012-13 for each of the services set out in the attached table.
- 2.2 That the committee decides whether the new income stream for pre-application discussions is to be continued in its current form (para 3.7 refers)
- 2.3 That the committee decides whether to further investigate the introduction of charging for new and additional refuse and recycling bins and boxes (paras 3.9 to 3.14 refer)

##### 3.0 BACKGROUND

###### All charges

- 3.1 It was agreed at the meeting of the Budget & Strategic Planning Working Group on 20<sup>th</sup> June 2011 that in future charges would only be considered by members on an exception basis i.e. only new proposed charges or charges that were proposed to be increased above or below inflation would be considered by members in line with delegated authority set out in the constitution. Similarly statutory charges have not been included for consideration by members.
- 3.2 The attached table shows the proposed charges for services that fall under the criteria shown in 3.1. The table also summarises the financial objective of the charging policy, the existing charges, the current level of any subsidy and the reason for the recommended charge.
- 3.3 There is a charging policy included in the MTF5; this should be used as a guideline when setting fees and charges.
- 3.4 As part of the review process managers are asked to complete a “review of charges form for 2012-13” for each distinct charging area. The aim of this process is to gather background information to the charges being reviewed. A set of completed forms will be available at the meeting.

###### Car Parking

- 3.5 There is a separate report on this agenda that suggests the way forward with car parking charges.

### **Building Control and Development Control**

- 3.6 The Building (Local Authority Charges) Regulations 2010 came into force on 1<sup>st</sup> October 2010 and the Building Control schedule of fees should be set in accordance with an hourly rate based on full cost recovery. The legislation requires this hourly rate to be reviewed periodically to take into consideration the changing financial circumstances. After reviewing the current hourly rate, the fees are to be increased by approximately 8%. It should also be noted that the hourly rate review in future years may result in a reduction of fees.
- 3.7 In 2011-12 the Council introduced a scheme for the charging of fees for 'pre application advice' for planning applications (limited to major schemes). It was estimated this may attract £8,000 additional income and by period 5 (end of August 2011) £1,500 had been attracted (below the anticipated level). There is no clear evidence why receipts have not met the anticipated level (which was based on the levels of advice given in previous years) and anecdotally it is considered to be simply because of the low level of major development proposals being pursued. Officers are aware of only one incidence of a developer declining to take advice because of the fee. Members are invited to consider whether this scheme is regarded as a success and the options relating to it, i.e.:
- To continue with the scheme in its current form (option 1 of appendix B)
  - To abandon the scheme given the limited receipts and other reservations that were expressed when first set up
  - To extend the scheme for all applications as discussed as an option in 2010-11 (option 2 of appendix B)

Appendix B shows the report presented to REEA on 10<sup>th</sup> November 2010 which sets out the options and the advantages and disadvantages of these approaches.

- 3.8 Development Control fees that have previously been statutory can be set at a local level with effect from 1<sup>st</sup> April 2012. Details on the fees to be implemented will be included in a report to REEA on 16<sup>th</sup> November 2011 to fit in with the budget setting process, if this is not possible alternative arrangements will need to be made. This is to allow the overhead charges process to be completed to ensure that full cost recovery is achieved.

### **Waste Management**

- 3.9 In 2003-2004 as part of its new waste management services, the council agreed to change the waste collection services from sacks to wheeled bins and recycling boxes. The contractor was responsible for funding the provision of a full set of containers (commonly 2x 240 litre wheeled bins for the alternate weekly collections and 1x green and 1x grey recycling boxes for kerbside recycling) for every domestic property in the Borough that year. After this initial requirement had been met, the ongoing responsibility to provide further quantities of wheeled bins and boxes for additional properties and to cover losses and breakages fell to the council.
- 3.10 Members should note that we only pay our contractor per property for servicing the original supply of a single set of containers, no matter what the number of containers is that they actually empty, the council does benefit from not paying for each container that is emptied. As a considerable income is generated from our kerbside recycling service and garden waste collections we welcome supplying additional boxes and garden waste wheeled bins to customers who will then present us with additional materials. This also increases our recycling and composting performance. Unless there are extenuating circumstances each property will only be allowed a maximum of 2 garden waste bins.
- 3.11 The table on the following page details the cost and income generated for each type of bin and recycling box. This analysis includes 106 complete sets of bins/boxes issued to new properties; the remainder are replacements or additional receptacles.

Type of receptacle	Number purchased in 2010-11	Cost in 2010-11	Cost per bin	Income generated per bin per year
Brown bins	1,200	£20,700	£17.25	£13
Black bins- 240 litres	1,200	£20,700	£17.25	£0
Black bins- 140 litres	200	£3,300	£16.50	£0
Green boxes with lids	1,470	£5,700	£3.87	£36
Grey boxes with lids	1,680	£6,520	£3.88	Included in the figure above
<b>TOTAL</b>	<b>5,750</b>	<b>£56,920</b>		

- 3.12 Appendix C shows the charging policies of other local authorities for new, additional or replacement bins and boxes.
- 3.13 The advantages and disadvantages of introducing a new charging scheme for bins and boxes are shown in the table below.

ADVANTAGES	DISADVANTAGES
New income stream to offset the cost of the waste contract	Potential fall in income from recyclables and recycling credits as customers recycle less as they do not have the capacity in their containers
Customer may take better care of their containers if they have paid for it or know they will have to pay for a replacement	Customers will argue against having to pay for additional or replacement containers, if they are stolen or damage occurs by no fault of the customer
	We have a legal obligation to remove waste from domestic properties, if someone refuses to purchase a new bin due to loss or damage this will not be possible.
	The issue of ownership will be significantly confused if customers start to claim at least part or full ownership of containers they have been charged for.

- 3.14 When the 2011-12 budget was set, mindful of the ongoing financial pressures members identified the waste management service as an area for potential reductions. The need to make savings needs to be balanced against the potential service implications of supplying containers that fits well with the service configuration we have determined, is fit and appropriate for service, and that with its free provision has kept this council as a consistent top recycling performer.

#### 4.0 POLICY & CORPORATE IMPLICATIONS

- 4.1 The fees and charges set out in this report are the ones that do not meet the charging policy set in line with corporate and service objectives; these vary according to the service provided. More detailed explanations on each service's corporate implications can be found on the forms available at the meeting.

#### 5.0 FINANCIAL & OTHER RESOURCE IMPLICATIONS

- 5.1 Financial and resource implications have been addressed within paragraph 3. Once approved, these charges will be built into the 2012-13 revenue budget process.

5.2 Some services include chargeable and non chargeable elements. In line with the charging policy, the best estimate of under/over recovery of costs is included in Appendix A. Members may wish to review whether it is appropriate for those services receiving a subsidy to continue to do so.

5.3 The Medium Term Financial Strategy shows the council is set to lose a further £400k from its Formula Grant in 2012-13. Local Government funding is also being reviewed and there is great uncertainty surrounding funding in later years although almost certainly this will be reduced. In response to these pressures waste management was an area identified for review as part of the budget setting process for 2011-12 and the budget consultation exercise undertaken in 2010.

5.4 The council is taking part in an income generation review that is currently being undertaken across East Midlands councils, if the conclusion of this review identifies areas for increases or new areas for charging this will be brought back to the next meeting.

## 6.0 **LEGAL IMPLICATIONS/POWERS**

6.1 Local Authorities have certain limited freedoms to charge for discretionary services under the Local Government Act 2003. Where appropriate any other relevant legislation is noted within the Appendix A to this report.

## 7.0 **COMMUNITY SAFETY**

7.1 There are no direct links to community safety arising from this report.

## 8.0 **EQUALITIES**

8.1 An equalities impact assessment has been completed for the charging policy previously agreed by Policy, Finance and Admin Committee.

8.2 An equality impact assessment has not yet been completed for charging for bins and boxes, if members agree to further investigate this new income stream it will need to be completed for the investigations to proceed.

## 9.0 **RISKS**

9.1 A possible risk to the Council is that budgeted revenue income may not be achieved if services are not taken up due to any charges increase. Income budgets are regularly monitored and where a downturn in demand is identified appropriate action is taken.

9.2 The introduction of charging for bins and boxes may result in a fall in overall recycling performance and associated recycling income.

## 10.0 **CLIMATE CHANGE**

10.1 There are no climate change issues directly arising from this report.

## 11.0 **CONSULTATION**

11.1 The budget consultation undertaken in 2010 included a question relating to the waste management service.

The Council provides a weekly service for the collection of a number of recyclable materials (cans, glass, paper, plastic bottles) and a fortnightly service for garden waste and household waste (in wheeled bins) at a cost of £1.8 million (this net cost is after the deduction of income annually of £800,000 for the sale and diversion away from landfill of recyclable materials and green waste). The net cost of the service to each household is approximately £65.00.

Which of the following options would you support in order to either reduce the cost of the service or improve the quality (which may mean extra costs)

The answers to this question were

- |                                                                                 |       |
|---------------------------------------------------------------------------------|-------|
| • Keep the service as it is                                                     | 60.8% |
| • Stop collecting green waste (will save £237,000)                              | 31.9% |
| • Collect all types of plastics from the roadside (will cost an extra £105,000) | 7.3%  |
| • Collect food waste separately (will cost an extra £250,000)                   | 1.0%  |
| • Collect household waste weekly (will cost and extra £400,000)                 | 8.4%  |

11.2 Budget Holders carried out the review with the assistance of the Service Accountant as required with reference to current budget monitoring protocols. Where appropriate, budget holders have also considered the charging policies of our neighbouring authorities and those within our audit group.

## 12.0 **WARDS AFFECTED**

12.1 All wards are affected.

Contact Officer: Claire Burgess

Date: 16<sup>th</sup> August 2011

Appendices: Appendix A – Review of Fees and Charges with SMT comments  
Appendix B- Review of Fees and Charges Fees for pre application discussions  
Appendix C- Comparison of other local authorities bin and box charging policies

Background Papers: Forms for the Review of Charges  
Charging Policy

Reference: X:\Cttee, Council & Sub Cttees\REEA\2011-12\070911