

ITEM 8

RURAL, ECONOMIC & ENVIRONMENTAL AFFAIRS COMMITTEE

4th SEPTEMBER 2012

REPORT OF HEAD OF CENTRAL SERVICES

A CORPORATE REVIEW OF CHARGES 2013-14

1.0 PURPOSE OF REPORT

- 1.1 To provide information on the various fees and charges that are made by this committee. Management Team have requested a full review of fees and charges following receipt of a report from Deloitte's in 2011-12, who carried out a review of all East Midlands' Councils fees and charges.

2.0 RECOMMENDATIONS

- 2.1 **That the committee determines the level of charges for 2013-14 for each of the services set out in the attached table to operate from 1st April 2013, with the exception of Building Control fees, these are to be implemented from 1st October 2012.**
- 2.2 **That the committee considers whether the arrangements for pre-application advice are extended to domestic applications (para 3.6 refers)**

3.0 BACKGROUND

All charges

- 3.1 It was agreed at the meeting of the Budget & Strategic Planning Working Group on 20th 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 In 2011-12 Deloitte's carried out a review of all East Midlands Councils fees and charges. There were two separate reviews; one on Building Control fees and charges and the other covering a number of other fees and charges. A report on this review was considered by the Budget and Strategic Planning Working Group on the 19th June 2012. The review benchmarked the Council's fees and charges against other East Midlands Councils, and also where the Council was either not providing a service, or there was no charge for a service. The results of the Deloitte's review were presented to Management Team and have formed a basis for a full review of some existing charges including the proposal of new charges for where currently no charges are made and ultimately for the setting of fees and charges in 2013-14.
- 3.3 Appendix A shows the proposed charges for services that fall outside delegated authority. The table also summarises the financial objective of the current charging policy, the existing charges, the current level of any subsidy and the reason for the recommended charge.
- 3.4 There is a charging policy included in the MTFs; this should be used as a guideline when setting fees and charges. Although a revised policy including concessions has been drafted and will be considered by the Policy, Finance & Admin Committee (PFA) in September, there has been no fundamental changes that will impact on the fees recommended above.

3.5 As part of the review process managers are asked to complete a “review of charges form for 2013-14” 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.

3.6 Appendix B shows the list of services that are currently provided free of charge, this is due to a number of reasons such as information being provided as a result of Freedom of Information requests, information being accessible via the website or there being limited demand.

Building Control

3.7 The Building (Local Authority Charges) Regulations 2010 came into force on 1st October 2010 and the Building Control schedule of fees should be set in accordance with an hourly rate based on full cost recovery of ‘chargeable costs’ (a significant proportion of the work of the Building Control service is not ‘chargeable’ within these regulations). 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 should be increased by approximately 11%; the impact on the fees can be seen in Appendix C. It should also be noted that the hourly rate review in future years may result in a reduction of fees.

3.8 The service had expressed serious concern that the fees are to be increased; however the recommendation is that the fees are increased by 11%. The competitive nature of the Building Control industry and the fall in construction works due to the economic climate has led to a significant impact on income since 2009-10. This is shown in the table below:

	Original budget	Year-end actual	Variance	fee increase
2009-10	£236,770	£164,129	£72,641	0%
2010-11	£206,370	£181,415	£24,955	2%
2011-12	£206,370	£119,000	£87,370	3%
2012-13	£185,370	<i>(estimate)</i> £135,370	£50,000	8%

3.9 To assist developers to comply with building regulations, additional building control service provisions have been added. These services are provided on a competitive basis and are:

- Energy assessments of dwellings formed by “material change of use” such as barn conversions or dwellings with highly glazed extensions.
- U Value calculations – Thermal elements need to be built to a certain minimum standard or U value which contributes to the overall efficiency of the dwelling. The U value calculation tool enables Building Control to calculate these values.
- Water usage calculations for new dwellings – Water usage in new dwellings should not exceed 125 litres per person per day. Building Control have access to a calculation tool which calculates the water usage, taking into consideration number of baths, showers, sinks, dishwashers etc.

Development Control

3.10 Development Control fees are prescribed by central Government therefore no change is proposed to these fees. However, it should be noted that the new draft planning application fee regulations have been laid before Parliament. The draft planning application fee regulations are to introduce an increase in application fees of 15% to allow for inflation since the last increase in 2008. It is expected that this process will begin later in the financial year.

3.11 In April 2012, the Council introduced charges for pre-application advice for major, minor and other developments. Members took a decision that pre-application advice for domestic applicants should be exempt from charging. The Deloitte’s review has identified that a number of Councils are making a charge for pre-application advice for domestic applicants and it should be considered whether a charge should be made for this service

based on cost recovery. It is anticipated that income for domestic pre-application advice could be £1,150, this is allowing for an anticipated fall in demand from current levels of 25%. If charging was extended to customers enquiring if they require planning permission this could generate an additional £4,320.

Environmental Health

- 3.12 The Deloitte's review identified a number of Environmental Health charges that were in the lower quartile. Benchmarking of comparable authorities charges was undertaken and have been taken into account when setting the recommended charges contained within Appendix A.

Licensing – Hackney Carriage / Private Hire

- 3.13 The licensing of taxis and drivers is considered to be a service which, under the Charging Policy, should achieve cost recovery. Historically, the fees and charges have not reflected cost recovery and therefore this objective is not being met, with full cost recovery estimated to require an increase of over 400%.
- 3.14 However the scope of the service requires consideration and it needs to be considered whether licence fee payers should cover the cost of their enforcement. It is considered that the enforcement of licences is principally for the benefit of the wider public and as such a case exists that licence applicants should not support this activity, i.e. that the fee charged should equate solely to the costs associated with acquiring a licence.
- 3.15 On the basis that enforcement costs are excluded, the shortfall in fees to achieve cost recovery falls to an increase of 100%. It is however recognised that this is a scale of increase which would be unpalatable to the service users. Therefore, an increase of 25% is proposed as an approach that balances the requirements of the charging policy with a sum reasonable to service users. It is anticipated that similar increases will be required in future years to redress the shortfall.

Other Licences

Other licences have been reviewed and increased to become more in line with charges made by other local authorities.

Cattle Market

- 3.17 The current car parking charges for the cattle market car parks were set in 2005. The recommended increase has been made to bring the charges in line with the other car parks in the town centre. The cattle market partners have been consulted on the recommended increase and are in agreement with the proposals.

Car Parks and Bus Station

The daily tariffs have not been changed; this reflects the impact of the economic downturn. The development of the car park strategy due to be completed in 2013-14 will inform a more strategic pricing structure. The season tickets have been increased to become more in line with other authorities, and still offer a good discount compared to buying daily tickets.

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 2013-14 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 Local Government funding continues to be reviewed and there is great uncertainty surrounding funding in later years although almost certainly will be reduced. This is reflected in the Council's MTFS and places a greater onus on the Council to seek to maximise its income from other sources.

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 (EIA) has been completed for the charging policy previously agreed by PFA. A revised EIA has been completed for the revised policy to be considered by PFA in September.

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.

10.0 **CLIMATE CHANGE**

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

11.0 **CONSULTATION**

11.1 Budget Holders carried out the review with the assistance of the Service Accountant as required with reference to current budget monitoring protocols and the Deloitte's review. The cattle market partners were consulted on the car parking charges at the cattle market.

12.0 **WARDS AFFECTED**

12.1 All wards are affected.

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Date: 1st August 2012

Appendices: Appendix A – Review of Fees and Charges
Appendix B – Services provided free of charge
Appendix C – Building Control Fees

Background Papers: Forms for the Review of Charges
Charging Policy

Reference: X:/Cttee, Council & Sub Cttees/REEA/2012-13/04-09-12/
Review of Charges 2013-14