

## THE EXECUTIVE

16 FEBRUARY 2010

### REPORT OF THE CORPORATE DIRECTOR OF FINANCE AND COMMERCIAL SERVICES

This report is submitted under Agenda Item 13. The Chair will be asked to decide if it can be considered at the meeting under the provisions of Section 100B(4)(b) of the Local Government Act 1972 as a matter of urgency in order to avoid any delay in the setting of fees as part of the Council's overall budgetary framework for 2010/11.

Title: Fees and Charges 2010/2011	For Decision
<p><b>Summary:</b> Local Authorities are involved in a wide range of services and the ability to charge for some of these services has always been a key funding source to Councils.</p> <p>This report concerns itself with recommending the appropriate level of fees and charges for 2010/11 for those services where the Council has decided to set fees.</p> <p>In addition to the proposed fees and charges in this report, the Council also has the power under the Local Government Act 2003 to charge for other discretionary services that it may already or may wish to provide for in the future. In keeping with most other Local Authorities, the Council has not taken any significant advantage of these new powers.</p> <p>In preparing the proposed fees and charges for 2010/11, Departments have worked within the framework of the agreed Charging Policy. Given the organisations current financial position, departments were tasked with increasing the level of fees and charges by an aggregate of 1%.</p> <p>In addition to this general 1% uplift, a number of the savings proposals for 2010/11 require increases in fees and charges to go beyond 1%. As a result, the recommended increases in fees and charges for 2010/11 contained within this report reflect the 2010/11 budget strategy, the 2010/11 base budget position and the 2010/11 savings proposals.</p> <p>The proposed charges for 2010/11 are detailed in Appendix A to this report.</p> <p><b>Wards Affected:</b> All wards.</p>	
<p><b>Recommendation(s)</b> The Executive is recommended to:</p> <ol style="list-style-type: none"><li data-bbox="199 1720 1430 1794">1. approve the proposed fees and charges for 2010/11 as set out in Appendix A to the report, to be effective from the earliest most appropriate date after 1st April 2010;</li><li data-bbox="199 1832 1430 1973">2. delegate authority to the Corporate Director of Children's Services, in consultation with the Corporate Director of Finance and Commercial Services and the Cabinet Member for Education and Children's Wellbeing, to set fees and charges which are applied from September for schools and academic year based activities;</li><li data-bbox="199 2011 1430 2047">3. delegate authority to the Corporate Director of Adult and Community Services, in</li></ol>	

consultation with the Corporate Director of Finance and Commercial Services and Cabinet Member for Culture and Sport, to further reduce the charges applicable to the Leisure Pass Scheme in the event that additional external funding is secured and that any changes are at neutral cost to the Council;

4. delegate authority to the Corporate Director of Finance and Commercial Services, in consultation with the relevant Cabinet Member, to agree any appropriate amendments to fees and/or to set new fees which may arise during 2010/11.

**Reason(s)**

To assist the Council in setting a robust budget for 2010/11.

**Implications:****Financial:**

The ability to charge for some services is a key funding source to the Council. Based on the proposed fees and charges the Council should generate an additional £220,000 in a full year. The proposed fees and charges within this report reflect the 2010/11 budget strategy, the 2010/11 base budget position and the 2010/11 savings proposals, and are necessary in order for the Council to set a robust 2010/11 budget.

**Legal:**

Local authorities have various powers to charge for services. The power may arise from a mandatory duty, an express discretionary power or an implied or incidental power. With some services the governing legislation will specify the entitlement to charge and may prescribe limits. With other services there is now a wide discretionary power under section 93 Local Government Act 2003 in a council to charge for discretionary services. The charges can only be used to recover costs of provision. The report sets out the proposed charging regime for services in 2010-2011.

**Contractual:**

There are no direct contractual implications arising from this report.

**Risk Management:**

In proposing these revised fees and charges officers have considered the impact of increases adversely affecting demand for the service and in turn on the achievement of the both community priorities and the Council's budget. The risk of these proposals will be monitored through the Council's various performance indicators, its service scorecards and the budget monitoring processes.

**Staffing:**

There are no direct staffing implications arising from this report.

**Customer Impact:**

Officers have amended fees and charges such that the 1% aggregate increase has the minimal impact on customers during these difficult times while, at the same time, enabling the Council to achieve a balanced budget.

For specific groups the review of fees and charges has attempted to be sensitive to their position, for example, the leisure pass scheme provides a 50% price reduction for the over 60s, people with disabilities and families on low incomes, and in parks charges have been kept the same to help maintain bookings from recreational clubs, voluntary organisations and the education sector, who are all facing financial pressures within the current economic climate. A number of Customer Services fees and charges have also

had no inflationary increase applied due to the current economic climate such as Graffiti and Deep Cleaning, Pest Control, On Street Parking, Off Street Parking and Cemeteries.

**Safeguarding Children:**

There are no direct safeguarding implications arising from this report.

**Crime and Disorder:**

There are no specific crime and disorder implications insofar as this report is concerned.

**Property/Assets:**

There are no direct property/assets implications arising from this report.

**Options Appraisal:**

Officers have considered a range of options as to changes to existing fees and charges, and where appropriate used market knowledge and benchmarking to inform the proposals.

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**1. Introduction and Background**

- 1.1 Local Authorities are involved in a wide range of services and the ability to charge for some of these services has always been a key funding source. The types of services provided by the Council where fees and charges are currently levied often fall into a broad category of traditional income services.
- 1.2 These traditional income services contain both statutory and discretionary services. Where fees and charges apply to mandatory services, these are often set nationally, for example, planning fees. The majority of mandatory services are not funded directly from fees and charges but instead from the Council's main income sources being its Government grant and its Council Tax revenue. Examples of services funded in this way are Highway Maintenance, Children's Services, Cleansing and Refuse services,
- 1.3 The remaining traditional income services where the Council levy fees and charges are those of a discretionary nature. These cover a whole range of services such as Care services, Libraries, Licensing, Pest Control, Commercial Waste, Drainage, Markets, Leisure and Recreation facilities, Parking and the Registrar service. This report concerns itself with recommending the appropriate level of fees and charges for 2010/11 for these types of services.
- 1.4 In addition to those traditional income services, the Council also has the power under the Local Government Act 2003 to charge for other discretionary services that it may already provide or may wish to provide in the future.

- 1.5 There is no definitive list as to which discretionary services are covered by the powers provided in the Act although the Government have provided limited examples of what could be included such as maintenance of older/disabled peoples' gardens, arboricultural work in private gardens, operating consumer protection approved lists, pre-application planning and development advice, highway services to private industrial estates, home energy advice, home security services and use of excess capacity in local authority services.
- 1.6 To date, in keeping with most other local authorities, the Council has not taken any significant advantage of these new powers but will be reviewing their potential in due course.

## **2. Budget Strategy 2010/11.**

- 2.1 The Council's budget strategy for 2010/11 assessed the implication of inflationary pressures on the Council's budget by having regard to a basket of inflation indices. As a result it recommended that the overall inflation uplift for 2010/11 income budget for fees and charges should be nil. Therefore no increase in income base budgets has been assumed in the various departments' base budget for 2010/11. However, given the financial position of the council, departments were tasked with increasing the average level of fees and charges by 1%. There is an acceptance that the application of a standard increase to all fees may not always be practical and in the interests of services. Therefore, when arriving at the proposed fees and charges for 2010/11, Corporate Directors needed to assess those services which warrant higher or lower increases whilst having regard to the achievement of the overall base budget.
- 2.2 In addition to the general 1% uplift of the fees and charges as mentioned in paragraph 2.1, a number of the savings proposals for 2010/11 require further increases in fees and charges. A full list of all these savings proposals are reported elsewhere on this agenda.
- 2.3 The recommended increases in fees and charges for 2010/11, which are detailed in section 4 of this report, therefore reflect the 2010/11 budget strategy, the 2010/11 base budget position and the 2010/11 savings proposals.

## **3. Charging Policy**

- 3.1 The Council has an agreed Charging Policy which requires that all charges are reviewed annually as part of the budget setting process.
- 3.2 The Charging policy has three fundamental principles:
- Services should raise income wherever there is a power or duty to do so;
  - The income raised should cover the full costs of providing the service including all overheads;
  - Any departures from this policy must be justified in a transparent manner with reference to the Council's priorities and policies.
- 3.3 In preparing the proposed fees and charges for 2010/11 departments have worked within the framework of the Charging Policy.

## **4. Proposed Fees and Charges for 2010/11**

4.1 Attached to this report at Appendix A are the proposed fees and charges for 2010/11 which will be effective on or after the 1<sup>st</sup> April 2010. As the 1<sup>st</sup> April is a Thursday followed by Bank Holidays Good Friday and Easter Monday it is proposed that managers apply the proposed rates at the earliest most appropriate date.

4.2 This Appendix details the following information:

- Description of Service provided;
- Current 2009/10 Charge;
- Proposed 2010/11 Charge;
- Proposed Increase in £
- Proposed Increase in percentage terms.

4.3 A summary of the services that Appendix A relate to are listed below along with relevant supporting information:

### **4.3.1 Adult & Community Services**

The majority of fees within the department and its services have been broadly increased in aggregate by 1%, in accordance with issued guidance. It should be noted that for rounding purposes, de-minimis levels, and market conditions it has sometimes been necessary to increase fees slightly above/below this level. Further explanations as necessary are provided below:

#### Adult Social Care

The vast majority of charges in the Adult Social Care area are means tested, so regardless of the level of charge, if a client is assessed as not having sufficient disposable income they will not pay at all (or will pay a lesser amount) towards their care. Approximately 70% of service users in Adult Care fall into a nil assessed category. Some charges contained within Appendix A reflect decisions made earlier in this agenda as part of the budget setting process such as increased Income through additional fees and charges.

Nationally within Adult Care presently, there is a Green Paper on “Shaping the future of Care”, a Personal Care at Home Bill going through Parliamentary processes, and potentially a promised White Paper on Social Care before the spring election – given all the potential changes and uncertainty this may cause, it is not felt appropriate to review the scope of the current charging policy at this time, although the current charges have been modified to take account of the Personalisation Service Agenda .

Included within Appendix A is confirmation of the councils Residential Care benchmark prices, which confirms the level at which the Council will normally pay for Residential and Nursing Care from independent providers. An increase of 0.86% for Nursing Care and 1.09% for Residential Care is proposed (broadly 1% in aggregate). This increase is felt competitive and reasonable within the current marketplace for Residential Care and the current economic climate.

## Culture and Community Services

The Culture and Community Services within the department cover a wide range of services, ranging from Libraries and Museums, the Barking Learning Centre and Community Halls.

- Heritage (Museums etc)

- Eastbury House

Eastbury House has been subject to major capital works over the past 18 months. With new exhibitions and improved visitor experience, fees, and in particular admission fees, have been increased. In many cases fees had not increased since 2004-05 so the increases proposed are in part bringing them up to date.

- Valence House Museum

There has been no fee activity / increase at Valence House for 2 years due to the major capital works at the site. The House is due to re-open to the public in 2010 and the majority of charges have been revised to reflect the additional investment with new exhibitions and improved visitor experience, as well as to bring some fees in line with Eastbury Manor.

- Libraries

Overall increases in charges are in line with the recommended 1% inflation level. Some fees are proposed to rise by more than 1% to compensate for areas where we are not proposing to increase the fees. All the proposed increases have been bench marked with neighbouring authorities.

- Barking Learning Centre (BLC)

A zero% increase is proposed this year as financial pressures internally and externally are affecting the level of business being undertaken. This, combined with a considerable increase last year it is felt could potentially drive business elsewhere. Income levels this year have been good and more than anticipated but this is probably due to the quality of services provided. The charges have been benchmarked against a local provider (Harmony House).

- Community Halls

In light of there having been increases in the last 2 years, and demand at present being slow in the light of the recession (and the lack of investment in the halls) it is not proposed to make any increase in 2010/11.

## Leisure & Arts

Leisure and Arts Services within the department cover a wide range of services, ranging from Leisure Centres, Events, and Allotments amongst others.

- Events

The service has been benchmarked against neighbouring authorities and in light of this and the current economic climate no inflationary increase is proposed this year.

- Leisure Activities

The Fees & Charges for leisure activities have been overhauled to make the pricing structure more user friendly and easier to follow. The service also no longer offers Images Health & Beauty services previously available due to lack of demand and low income generation.

To try and encourage more leisure centre participation some prices have not increased, whereas some have been brought in line with benchmarking neighbours.

Within Leisure Centre charges, the leisure pass scheme provides a 50% price reduction for the over 60s, people with disabilities and families on low incomes. Funding is being sought to allow further reductions to the level of subsidy provided but this is not confirmed at this time. Members are asked to agree to delegate authority to the Director of Adult and Community Services, and in consultation with the Director of Finance and Commercial Services and the Cabinet Member for Culture and Sport, to make a decision on whether to vary the subsidy provided on the basis that any changes will be implemented at neutral cost to the council.

- Parks Sports & Ranger Services

In light of benchmarking and previous increases, charges have been kept the same to help maintain bookings from recreational clubs, voluntary organisations and the education sector, who are all facing financial pressures within the current economic climate.

Charges for the pitch and putt course is no longer shown as this service is being provided by Golfwise Ltd, who currently set the prices.

New prices for season hire of rugby pitches and hire of Mayesbrook football ground have also been added to the list.

- Allotments

These have not been amended this year due to the current leasing arrangements which do not permit uplifts on an annual basis. These are reviewed periodically determined by the specific lease details.

#### 4.3.2 Children's Services

It is proposed to increase the fees in the Children's Centre nurseries from £185 per week for a full time place to £190 per week. This represents an increase of 0.10p per hour. It is also proposed to increase the fees for part time places; morning sessions (8.00-1.00) to £21 and afternoon sessions (1.00-6.00) to £19. The difference between morning and afternoon sessions is due to the cost of providing a

hot cooked lunch for children attending morning sessions. These proposed price rises are due to increased utility, staff and general resource costs.

#### 4.3.3 Customer Services

##### Licences Fees

The recent LG Futures benchmarking report indicates that the net cost of the licensing service operated is one of the highest among our near neighbour boroughs. Steps are being taken to reduce this cost by examining those matters which are controlled by the council, salaries, supplies and services and the income that is gained from fees. In order to make the service economically comparable but at the same time to keep the same level of service to the customer a greater than normal increase is required. Benchmarking indicates that the fees already charged by the borough are among the higher in outer London.

##### Trade Refuse Collection and Clinical Waste

The East London Waste Authority (ELWA) makes charges to Boroughs for commercial and industrial waste disposed based upon the tonnage disposed of. In 2009/10 ELWA increased its commercial waste charges to Boroughs by 10% from £80 to £88 per tonne. Therefore, to reflect the increased cost of landfill tax by £8 per tonne in 2010/11 and the yearly increase of commercial waste charges by ELWA which is yet to be set, it is prudent that the council increase its trade waste charges by 10% for 2010/11.

##### Barking Market Fees

For the year 2010/11 the trade waste levy is being increased by 10% to account for the increased commercial waste charges and the increased cost of maintaining the new carriage ways to reasonable standard following the completion of East London Transit. These two items together mean that it is necessary to raise the fees for market traders to meet additional costs incurred.

##### Registrars

An increase in current fees and charges is appropriate and in line with existing market prices of other London boroughs. Consideration has been given to ensure Barking and Dagenham remain competitive in the local market, but at the same time value for money. The economic climate has been taken into account, but this needs to be balanced with a need to increase revenue sufficiently to cover the cost of proposed service improvements. Proposed changes to the fees and charges have been kept to a minimum with many remaining the same. Barking and Dagenham remains extremely competitive and in most instances still charge less than most authorities in London. At the weekend in particular other authorities charge considerably more for weddings and civil partnerships therefore we need to measure this when reviewing our charges and also be aware of our overall costs when providing this premium service outside normal hours.

##### Other

In addition to the services above that have been inflated for 2010/2011 there are a number of fees and charges that have not been indexed and will remain at 2009/2010 pricing levels. The services fall under the following categories:



Graffiti and Deep Cleaning  
Pest Control  
On Street Parking  
Off Street Parking  
Cemeteries

These services have a discretionary pricing structure and it was deemed appropriate given current economic conditions not to inflate.

#### 4.3.4 Resources

The proposed increase in planning fees is recommended at 2% which is broadly in line with the current rate of inflation and is also aimed at encouraging residential and commercial development.

In terms of the Local Land Charges (LLC) income there is currently an ongoing challenge relating to the charging of property searches and environmental information regulations. As a result, and in line with LGA advice, it is recommended that we continue with the current LLC regime and charging levels until there is a definitive legal position on charging.

Licences for Garden Land - the current rate of £125 is well below neighbouring Boroughs levels of RTB Fees and Charges. It is officer advice that this can increase to £200.

## **5 Links to Corporate and other Plans and Strategies**

- 5.1 The proposals in this report link to the Council Plan/Medium Term Financial Strategy. The setting of the 2010/11 Budget and Council Tax include the effects of these proposed fees and charges. Significant changes to the proposals in this report may require a review of the councils proposed budget for 2010/11.

## **6 Consultees**

- 6.1 The following were consulted in the preparation of this report:

Councillor Bramley, Cabinet Member for Finance and Human Resources  
Relevant Portfolio Holders  
Corporate Management Team  
Relevant Service Departments  
Group Managers - Finance

## **7 Background Papers Used in the Preparation of the Report:**

- 2010/11 Medium Term Financial Strategy
- Oracle reports
- Working Papers
- Local Government Act 2003
- Benchmarking Information

## **8 Appendices**

**Appendix A** - Schedule of Proposed Fees and Charges