

THE CABINET

23 November 2010

REPORT OF THE CABINET MEMBER FOR FINANCE, REVENUES AND BENEFITS

Title: Fees and Charges 2011/12	For Decision
<p>Summary:</p> <p>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 the period from 4 January 2011 to the end of the 2011/12 financial year for those services where the Council has decided to set fees.</p> <p>In preparing the proposed fees and charges, Departments have worked within the framework of the agreed Charging Policy. In order to protect residents and users the council has decided not to impose an across the board increase in fees and charges considering the proposed increases to VAT from 4 January 2011.</p> <p>A number of the savings proposals for 2011/12 require increases in fees and charges. As a result, the recommended increases in fees and charges for 2011/12 contained within this report will be reflected in the 2011/12 budget strategy and the 2011/12 departmental budgets.</p> <p>The proposed charges for 2011/12 are detailed in Appendix A to this report.</p> <p>Wards Affected: All wards.</p>	
<p>Recommendation(s)</p> <p>The Cabinet is recommended to:</p> <ul style="list-style-type: none">(i) Approve the proposed fees and charges for 2011/12 as set out in Appendix A of the report, to be effective from 4 January 2011; and(ii) Delegate authority to the Corporate Director of Children's Services, in consultation with the Corporate Director of Finance and Resources 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.	
<p>Reason(s)</p> <p>To assist the Council in setting a robust budget for 2011/12.</p>	
<p>Comments of the Chief Financial Officer</p> <p>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 £177k in a full year. The proposed fees and charges within this report will be reflected in the 2011/12 budget strategy, the 2011/12 base budget position and the 2011/12 savings proposals,</p>	

and are necessary in order for the Council to set a robust 2011/12 budget.

Comments of the Legal Partner

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 and taking one year with another, the income from the charges cannot exceed the cost of that provision. The report sets out the proposed charging regime for services in 2011/12.

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1. 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 2011/12 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 powers but will be reviewing their potential in due course.

2 Medium Term Financial Strategy 2011/12

- 2.1 The Council's Medium Term Financial Strategy for 2011/12 assumes an overall nil percentage increase for income generated from fees and charges. However, as a result of the emergency budget announced by Central Government in June 2010 which included an increase in VAT from the current 17.5% to 20% to be effective from Tuesday 4 January 2011, a number of fees and charges will be increased to reflect this.
- 2.2 Every year Corporate Directors need to assess those services which warrant higher or lower increases in fees and charges to reflect the achievement of their overall budgets, the economic climate and market conditions. In addition, a number of the savings proposals planned for 2011/12 require increases in fees and charges.

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 2011/12 departments have worked within the framework of the MTFs and the Charging Policy.

4 Proposed Fees and Charges for 2011/12

- 4.1 Attached to this report at Appendix A are the proposed fees and charges for 2011/12 which will be effective from 4 January 2011. Rather than make a change to just VATable fees and charges in January and then make further changes to all fees and charges from April 2011 onwards the Council has decided to undertake its annual review of fees and charges in parallel with the VAT change.
- 4.2 The majority of charges which are subject to VAT will show an increase of at least 2.5% in line with the VAT increase in addition to any changes proposed following the review process. VATable charges are clearly indicated in the appendix by a double asterisk.
- 4.3 The Appendix details the following information:
- Description of Service provided;
 - Current 2010/11 Charge;

- Proposed 2011/12 Charge;
- Proposed Increase in £;
- Proposed Increase in percentage terms.

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

4.4.1 **Adult & Community Services**

The Department has taken account of a number of factors in establishing the level of increase in fees from January 2011, including current inflation of circa 4% (RPI), market conditions, current income levels and the VAT increase from January. Further detail and explanations from specific service areas within the Department are provided below.

Adult Social Care

The Department has broadly increased client charges by approximately 4% in line with the current RPI and charges to self funders (ie those with income in excess of £23k) and other Local Authorities who use our facilities by 9%.

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 either not pay at all or pay a lesser amount towards their care. Approximately 70% of service users in Adult Care fall into a nil assessed category.

The Charging Policy for care has not been reviewed for some considerable time and an extensive review of charging is underway, led by the Head of Adult Commissioning and recommendations for revisions to the current policy will be made during Spring 2011 with a proposed implementation through the normal channels by 1st October 2011. Members will be advised in due course of any proposals.

Some charges contained within Appendix A will be subject to further consideration as part of the budget setting process such as additional income through increased charges for Meals on Wheels.

Included in Appendix A is a confirmation of the Council's Residential Care benchmark prices which indicates the level at which the Council will normally pay for Residential and Nursing Care from independent providers. No increase is proposed next year to the prices the Council pays and this is deemed reasonable within the current marketplace for Residential Care and the current economic climate.

Heritage (Museums etc)

Valence House Museum

A thorough review of charges was carried out last year prior to the reopening of the Museum after the completion of major capital works at the site. In light of this, and

given the current market conditions, only a small number of fee changes are proposed this year.

Eastbury House

As with Valence House, last year a thorough review of charges took place at Eastbury Manor after major capital works were completed. In many cases fees had not been increased since 2004-05 and so a number were increased above inflation. In light of this, and in line with Valence House, only a small number of fee changes are proposed this year.

Libraries

Fines for the late return of books are proposed to be increased by 2p to 20p, an 11% increase. The increase has been benchmarked against neighbouring authorities and is considered reasonable. The majority of other fees remain unchanged taking into consideration market conditions.

Barking Learning Centre (BLC)

The majority of fees remain unchanged, although, after benchmarking comparable facilities and considering current income levels, it is proposed to reduce the rate for commercial room hire. In light of the current economic climate it is considered prudent not to price the BLC out of the hire market but to seek to maximise income from all available sources and this has been reflected in lower prices to commercial hirers.

Community Halls

No changes to community hall charges are planned as they are subject to a separate savings submission.

Events

The proposed charge for commercial hire of Parks has been broadly uplifted in line with RPI (4%). The charges have been benchmarked and the increase is felt achievable. Parks use by Fairs has also been proposed to be increased by approx 3%. All other charges have remained frozen.

Leisure Activities

The Fees & Charges for leisure activities were overhauled in 2010 to make the pricing structure more user friendly and easier to follow.

The majority of fees from 4 January 2011 are proposed to increase by 2-3% although some higher increases and reductions are also proposed, where market conditions dictate.

Parks Sports & Ranger Services

In light of market conditions, benchmarking and previous increases, the majority of charges have been frozen to help maintain bookings from recreational clubs,

voluntary organisations and the education sector, who are all facing financial pressures within the current economic climate.

Allotments

These have not been amended this year due to the current leasing arrangements.

4.4.2 **Children's Services**

Butler Court

An increase of 5% in fees for teachers' accommodation at Butler Court is proposed. This will bring the fees in line with that of similar provision whilst continuing to keep the costs comparing favourably with the rental market. It is proposed that the new fees for Butler Court will apply from September 2011 to coincide with the new academic year.

Catering

In order to help offset the increased cost of provisions and labour it is proposed to increase the price of school meals from 4 January 2011 by 10p to £2.00 for Primary and £2.20 for Secondary.

Nursery Fees

The three nurseries currently being maintained by the authority are projected to accrue a loss of £220k for 2010/11. In an attempt to reduce this deficit, yet also retain the client base, it is proposed to raise the weekly fees from 4 January 2010 by 10% from £190 to £210 for a full time place. It is anticipated that the demand for services will remain at the current levels and this will generate an additional £40k in revenue.

4.4.3 **Customer Services**

Refuse Collection

It is proposed to increase the net charge by 4.6% in line with RPI to cover the additional cost of refuse disposal.

Licences

A benchmarking exercise identified that the net charges for some of the licences are some of the highest in comparison to neighbouring authorities. For this reason many of the charges have been maintained at the 2010/11 level. Some of the relatively expensive licence fees have been reduced to ensure that prices are competitive and comparable to neighbouring boroughs and that the council continues to offer value for money services to its customers.

Building Control

This is a new charge introduced to enable the council to charge a fair and reasonable fee for the services being provided for building control activities. The

charges have been calculated in line with the statutory rules and guidelines of the Building Control regulations introduced in April 2010 and implemented on 1 October 2010. The charges are based on chargeable and productive number of hours directly relating to building control activities. This is to ensure that the cost of non-productive activities are borne by the council and not passed on to the end user. The charge is subject to review in January 2011 and this will be published in line with the requirements of the Building Control Regulatory Body.

Graffiti Deep Cleaning

An overall increase of 4.5% is proposed, of which 2.5% is due to the VAT increase and 2% is an increase on the charges to reflect the potential increase in operating costs.

Barking Market

There is a proposed increase of 13% on market licence charges due to the increasing cost of maintenance of the market arising from volume of commercial waste collection, increasing cost of trade waste disposal and increased cost of maintaining the new carriage way.

Other charges relating to street trading within Barking Market has been revised down as a previous review indicated that these charges are well above average when compared to the neighbouring boroughs. This reduction will make the Council's services competitive and able to deliver value for money to service users.

Street Trading

Net charges for street trading are proposed to be reduced by an average of 2.3% to ensure that charges are competitive and comparable to neighbouring boroughs.

Pest Control

It is proposed to increase the net charges for pest control by 10%. This proposed increase is a result of a review to realign the charges to those of neighbouring boroughs and to recoup the cost of the service provided. Benchmarking information shows that despite this increase, the Council will still be offering a value for money service.

On and Off Street Parking

An overall increase of 4.5% is proposed. 2.5% is to cover the VAT increase where applicable and 2% on fee charges for 11-12 to cover the operating costs of providing the service.

Cemeteries

In order to cover the additional cost of providing the service in 2011/12 an increase of 4.6% is proposed.

Depot MOT Services

The income generated from the Depot will be part of the outsourcing contract

between Vehicle Fleet and Translinc (a specialist fleet management and Passenger Service company). The pricing schedule has therefore been removed for 2011/12.

4.4.4 **Resources**

Street Naming and Numbering and Pre-Application Charges

A modest inflationary increase is proposed for these planning related services. Small fee increases in this area are not expected to have any increase in demand as the fees generally represent a very small proportion of the costs of the projects they relate to.

Local Land Charges

It is proposed that there be no increase in search fees for 2011/12. This is because fees are calculated on a cost recovery basis and as expenditure budgets are not increasing an increase in fees cannot be justified. In addition, if fees were to be increased there could be a decrease in demand particularly as members of the public now have the option of using the Personal Search which the Council is not allowed to charge for following new Government legislation.

Right to Buy

The proposal is to not increase charges for Right to Buy services due to the decline in demand the service has experienced in recent financial years. It is felt that any increase in charges in 2011/12 could have a further adverse effect on demand.

5 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.

6 Legal Issues

6.1 There are no legal implications regarding this report.

7 Other Implications

• 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 both the 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.

• Contractual Issues

There are no direct contractual implications arising from this report.

• Staffing Issues

There are no direct staffing implications arising from this report.

- **Customer Impact**

Officers have amended fees and charges such to have a 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, in parks the majority of charges have been frozen to help maintain bookings from recreational clubs, voluntary organisations and the education sector, who are all facing financial pressures within the current economic climate.

- **Safeguarding Children**

There are no direct safeguarding implications arising from this report.

- **Crime and Disorder Issues**

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

- **Property / Asset Issues**

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

9. Background Papers Used in the Preparation of the Report:

- 2010/11 Medium Term Financial Strategy
- Local Government Act 2003
- Benchmarking Information

10. List of appendices:

Appendix A - Schedule of Proposed Fees and Charges