

## CABINET

14 FEBRUARY 2012

<b>Title:</b> Fees and Charges 2012/13	
<b>Report of the Cabinet Member for Finance and Education</b>	
<b>Open Report</b>	<b>For Decision</b>
<b>Wards Affected:</b> All	<b>Key Decision:</b> Yes
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<b>Accountable Divisional Director:</b> Jonathan Bunt, Divisional Director of Finance	
<b>Accountable Director:</b> Tracie Evans, Director of Finance and Resources	
<b>Summary:</b> <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 1 April 2012 to the end of the 2012/13 financial year for those services where the Council has decided to set fees.</p> <p>In preparing the proposed fees and charges, Directorates 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. Each service has been reviewed and the charges reflect those of competitive market rates for the service.</p> <p>A number of the savings proposals for 2012/13 require increases in fees and charges. As a result, the recommended increases in fees and charges for 2012/13 contained within this report will be reflected in the 2012/13 budget strategy and the 2012/13 departmental budgets.</p> <p>The proposed charges for 2012/13 are detailed in Appendix A to this report.</p>	
<b>Recommendation(s)</b> <p>The Cabinet is recommended to agree:</p> <ul style="list-style-type: none"><li>(i) The proposed fees and charges for 2012/13 as set out in Appendix A of the report to be effective from 1 April 2012;</li><li>(ii) The fees &amp; charges no longer applicable moving forward into 2012/13 as outlined in Appendix B;</li></ul>	

- (iii) To 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 Finance & Education, regarding the setting of fees and charges which are applied from September for schools and academic year based activities.
- (iv) To delegate authority to the Corporate Director of Adult and Community Services, in consultation with the Cabinet Member for Culture, Leisure and Sport, to amend the Splash Park fees and charges mid-year as required to enable the continued provision of this service.

#### **Reason(s)**

The setting of appropriate fees and charges will enable the Council to generate income for the supplementary services we provide that are over and above those that are statutory.

The approval of reviewed fees and charges to ensure that the Council is competitive with other service providers and neighbouring councils.

### **1. Introduction and Background**

- 1.1 Councils 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 generating services.
- 1.2 The traditional income generating 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, i.e. Government grant and Council Tax revenue. Examples of services funded in this way are Highway Maintenance, Children's Services, Cleansing and Domestic 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 and Parking and the Registrar service. This report concerns itself with recommending the appropriate level of fees and charges for 2012/13 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, arboriculture 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 continue to review the potential to do so.

## **2 Medium Term Financial Strategy 2012/13**

- 2.1 The Council's Medium Term Financial Strategy for 2012/13 assumes an overall nil percentage increase for income generated from fees and charges via inflation.
- 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 2012/13 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 2012/13 Directorates have worked within the framework of the MTFs and the Charging Policy.

## **4 Proposed Fees and Charges for 2012/13**

- 4.1 Attached to this report at Appendix A are the proposed fees and charges for 2012/13 which will be effective from 1 April 2012.
- 4.2 The Appendix details the following information:
- Description of service provided;
  - Current 2011/12 charge;
  - Proposed 2012/13 charge;
  - Proposed increase in pounds;
  - Proposed increase in percentage terms;
  - Description/reason for change.
- 4.3 A number of the proposed fees and charges relate to budget proposals presented to Cabinet in December 2011. These include:
- Charging for internet use at libraries;
  - Review of Parking charges;
  - Making parks more commercially sustainable;
  - Expanding commercial opportunities at Heritage venues;
  - Leisure centre charges.
- 4.4 A summary of the services that Appendix A relates to is presented 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 April 2012, including current RPI inflation of 5.2% (December 2011), market conditions and current income levels. Further detail and explanations from specific service areas within the Department are provided below.

##### Adult Social Care

In regard to non residential care – i.e. homecare, transport and day care, the authority's new Fairer Contributions Policy was implemented in October 2011 after approval by Cabinet. Further details can be obtained from the report presented to Cabinet on 12 June 2011.

The charge for Kaller Lodge has increased by 6.87% in line with the actual economic cost of care being provided. While this is a relatively large increase there are only a small number of residents (4) who may be affected and arrangements have been put in to protect them in this transitional period.

80 Gascoigne Road costs have risen by significantly higher than inflation. This is a result of a new model of care as the facility will cater for much more complex clients from outside of the borough.

##### Heritage (Museums etc)

Heritage services have been asked to take a more commercial view and maximise the potential income generation from their properties. Following significant research, it was decided to extend weddings at Eastbury Manor House and to offer whole packages rather than just the ceremony. The prices for these packages were benchmarked against other local venues to ensure competitiveness.

There have been a number of changes in standard charges for the Heritage service this year including implementing a fee for schools visits per child rather than one group fee. Changing the charging rationale is more transparent for parents, and enables schools to bring larger groups. This reflects the increase of pupil numbers that the borough is experiencing.

There has also been a slight increase in the charges for room hire at Eastbury Manor House and Valance Museum. This has been changed to harmonise the charging rates across Adult and Community Services for room hire and to reflect benchmarking.

##### Libraries

Fines for the late return of books are proposed to be increased from 25p to 30p, a 20% increase. The increase has been benchmarked against neighbouring authorities and is considered reasonable. There have been a number of new fees related to the savings proposal for internet access as put forward for consideration by assembly in February 2012.

##### Barking Learning Centre (BLC)

After benchmarking comparable facilities and considering current income levels, it is proposed to increase the rate for room hire at the BLC. In light of the current

economic climate it is considered prudent to price the BLC to seek to maximise income from all available sources and this has been reflected in fees to hirers.

#### Community Halls

There has been a 6.64% increase for the larger venue category A halls and a 5.43% increase for the category B halls. These charge increases reflect the increased costs of running these facilities.

#### Events

There have been three new charges added for the hire of the town square due to the interest of many commercial organisations wanting to use the space for events. All the park use charges have been overhauled due to benchmarking with neighbouring boroughs and to make our charges reflect the market.

#### Leisure Activities

The Fees & Charges for leisure activities have been overhauled to make the charges more transparent for users. There has been an increase for corporate memberships as per the savings proposals to be considered by Assembly in February 2012. There has also been an increase in charges for non London Borough of Barking and Dagenham residents therefore benefiting local residents.

There has been a slight increase for the charges for the Jolly Jungle based at Becontree Heath Leisure Centre. This has been benchmarked to reflect the charges of other local providers. There also are proposed new charges for weekend parties and due to the popularity a premium is being charged.

There is a new wet play facility being opened in Barking Park called the Splash Park. The prices have been agreed with the portfolio holder. However, the responsible officers are requesting permission for delegated authority to vary prices in light of the experience and demand of running the facility for the first time.

There are a number of activities being held by Leisure services for the over 60's residents which are free of charge. These are being funded by the Adult Social Care budget as they encourage Health and Wellbeing among the local population.

### **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 2012 to coincide with the new academic year.

#### Nursery Fees

The three nurseries maintained by the authority are projected to over spend by £94k in 2011/12. One of the nurseries was contracted out in June 2011. In an attempt to reduce this deficit, yet also retain the client base, it is proposed to raise the weekly fees from 1 April 2012 as follows:

- By 2% per week for a full time place (from £210 to £215)
- By 9% per day for a morning session (from £23 to £25)

- By 10% per day for an afternoon session (£21 to £23)

#### **4.4.3 Housing and Environment**

##### Park Sports

Prices for parks sports, such as football, rugby, cricket and bowls have been put up in line with RPI inflation of 5.2% (December 2011) and so they are at least average when compared with our nearest neighbours.

Other charges have been negotiated directly with sports societies.

##### Allotments

Earlier this year the Council granted statutory status to the boroughs allotments. As part of that agreement new twenty one year leases are being negotiated with each society. The increase in the report illustrates the fee structure that will form part of those agreements.

##### Ranger Services

Charges for angling lakes have been increased in line with inflation (5.2%) or negotiated direct with the societies. One lake has been permanently taken out of angling use and another is currently not under licence agreement. Two other lakes have been brought back into chargeable use after a period without angling agreements. The rate here for Eastbrook Pond and Chase Waters are a significant increase but that have been agreed with the club operating at these sites, as a settlement for fees previously not paid. New charges have been created to reflect full-day and half-day education costs and to cover outreach work in schools.

##### Special Treatment

This is a revised charging structure reflecting the different risks associated with treatments and the levels of inspection required. For lower risk treatments this reflects a cost reduction, but will be a higher cost for treatments such as tattooing, body piercing. The fees included are consistent with those charged in other local authorities and represent full cost recovery.

##### Animal Micro chipping

The Council offers this service as part of its arrangements for promoting responsible pet ownership and to assist with the future return of lost animals. Costs of chipping have reduced and the existing costs have reflected in a very low take up. The fee set will continue to recover full cost whilst making the service more affordable to our target groups.

##### Trade Waste

The Council operates in a competitive environment and as part of a drive to improve our ability to compete effectively we are seeking to reduce the costs charged. It is anticipated that any reduction in income per customer will be exceeded by an overall increase in income from servicing a larger customer base more cost effectively. This is an area where we intend to undertake a more detailed review and the impact of charges here will form part of this review.

##### On and Off Street Parking

A new pricing structure is proposed for Parking services where the price of permits varies depending on how polluting the vehicle is. This is part of the Council's

strategy to tackle climate change. This will see the cost of permits within controlled parking zones decrease for low CO<sub>2</sub> emission vehicles and increase for higher CO<sub>2</sub> emission vehicles.

### Controlled Parking Permit Charges

The proposal for a new carbon emissions-based fee structure classifies vehicles according to their vehicle tax bands and therefore their predicted carbon dioxide emissions per kilometre. It is proposed to use the standard Driver and Vehicle Licensing Authority (DVLA) vehicle CO<sub>2</sub> bands to categorise the charge which is applicable to a particular vehicle. Band A vehicles are very low emission and electric cars and band H are vehicles over 3,001 cc capacity. The existing cost of an annual CPZ permit is £25.30 with second and subsequent vehicles increasing from £33.70 to £67.30. The new structure will continue to provide a disincentive for second and subsequent vehicles and will increase the cost of permits for less carbon efficient vehicles, particularly where there is multiple car ownership in one property.

Where multiple permits are purchased the lowest combined amount will always be charged.

Example 1 - based on household with two cars (band B and band D)

	Current cost	Proposed new cost
First car – Emission band D	£25.30	£40.00
Second car – Emission band B	£33.70	£30.00
Total cost	£59.00	£70.00

Example 2 – based on household with three cars (banded B, C and D)

	Current cost	Proposed new cost
First car – Emission band D	£25.30	£40.00
Second car – Emission band C	£33.70	£40.00
Third car – Emission band B	£44.90	£80.00
Total cost	£103.90	£160.00

Example 4 – based on two cars (banded A and B)

	Current cost	Proposed new cost
First car – Emission band B	£25.30	£20.00
Second car – Emission band A	£33.70	£10.00
Total cost	£59.00	<u>£30.00</u>

### Trader Permits

New charges have been introduced to reflect a growing concern that larger trade vehicles parking in residential areas take up a disproportionate amount of space, thereby reducing parking spaces.

The proposal introduces new charges that reflect a rate for commercial vehicles not registered to an owner in a residential address within the Borough and a higher

charge for vehicles registered to an address outside of a CPZ or a commercial address within it. The differential here is intended to mitigate the costs where a local resident is operating a small business whilst making companies that own vehicles and using cheap residential parking spaces pay significantly more. The expectation is that where a resident is working for a larger company they will be able to pass on costs to the company.

Under these proposals a permit for a trading company where no registered vehicle owner lives in the CPZ area will rise from £25.30 to £235.00. Where a trader is operating from their home in a CPZ this will be at £117.50.

#### Pest Control

There are no significant changes to our treatment charges for benefit and standard rate customers. The proposed charges introduce a new commercial charge which is set at a commercial rate and which will support our ability to continue with affordable pest control for those on means tested benefits.

#### Barking Market

The trader fees have been restructured to combine the pitch and licence fee which in previous years have been displayed separately which is why the percentage increases appear high. These fees are subject to consultation with traders and the market operator in order to comply with our legal obligations.

### **4.4.4 Resources**

#### Registrars

Citizenship payments have been more clearly defined to reflect Child and Adult tariffs. Two tiered marriage fees have now been replaced by a single tier to ensure easier collection and administration.

The renewal of vows fees has been reviewed to be in line with our benchmarked neighbouring boroughs e.g. Saturday is higher in demand than midweek and in comparison to Havering which charges £475 and Newham which charges £456, we were only charging £137.87, hence we have increased our fee for this day to £252, and will review again next year.

Certificate charges have increased from £10.21 (inc VAT) to £10.80 to be in line with statutory charges following benchmarking with our neighbouring boroughs. The priority service for copy certificates has also increased from £10.21 to £15.60 e.g. for a 2 hour service, Havering charge an additional £25.00 on top of the £10.80 statutory fee and Newham charge an additional £6.00 for the same day service. Non priority full and short certificates have also been benchmarked and increased accordingly.

Blue Badges have previously been charged at the £2 statutory fee. The government has just changed this to a maximum of £10; hence we have increased the charges accordingly.

#### Street Naming & Numbering

Discounts for numbering larger plots have been removed. The reasons for this are that it still costs the Council the same irrespective of the number of plots. Although



this represents a large increase, it is not expected to have any effect on demand for the service or ability to pay. It will also go some way to achieving the extra £20k income target next year. The new charge of £50 for street naming and numbering new properties and change of approved address is more in line with charges from other Authorities, e.g. Redbridge: £50 per unit, Barnet £60 per unit, Newham £75 per unit and Croydon £164 per unit.

A new charge is also proposed here for the renaming of a road and is the same cost as naming a new road as it is essentially a duplication of the same service. It has been separated in order to clarify that it is a separate and potentially more expensive process to rename a road as there are additional ad-hoc costs for administration and consultation costs with current residents.

Pre-application charges for meetings including a follow up report have been increased by 5-6% to be in line with inflation. A new charge for meetings without a follow up report has been introduced at half the price (of the normal/current charges), to encourage more people to use this service.

#### Right to Buy

It is proposed to increase some of the associated charges in order to more accurately reflect the amount of work involved. Originally these fees covered numerous related services, but these have now been separated as new charges in order to distinguish between the complexities of each case.

## **5. Options Appraisal**

- 5.1 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. Consultation**

- 6.1 The revised fees and charges have been set using benchmarking information and through discussions with other councils. Where the fees and charges form part of the budget savings process, the Council has conducted a public consultation exercise following the publication of its savings proposals on 25 October 2011. The public and stakeholders were given opportunities to respond to the consultation through Select Committee meetings, Leader Question Time events, a comments facility on the website, Facebook and Twitter.

## **7. Financial Implications**

Implications completed by: Jonathan Bunt, Divisional Director of Finance

- 7.1 The proposed list of Fees and Charges constitute a vital proportion of the Councils source of funding and enables the Council to set a robust and balanced budget. Without reviewing our Fees and Charges to be in line with neighbouring Councils and other service providers, we will be a risk of losing potential income, which can be generated from supplementary services we provide.
- 7.2 The appendices detail projected income for 2011/12 and the target income for 2012/13. The income targets are calculated on current demand levels and do not

take into account the elasticity of the market and how price sensitive the charges are. In some instances, an increase in price may decrease the total income generated due to a decrease in the overall demand for the service. Where income targets are not achievable, Directorates will manage this by reducing the cost of providing the service.

- 7.3 Where there are new charges being applied, there may be a marginal cost increase for the new service that is being charged.

## **8. Legal Implications**

Implications completed by: Fiona Taylor, Legal Group Manager

- 8.1 Local authorities are under an explicit duty to ensure that their financial management is adequate and effective and that they have a sound system of internal control and management of financial risk. The fees and charges set out in this report will enable the council to set a balanced budget.

## **9. Other Implications**

- 9.1 **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.
- 9.2 **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.

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

- 2012/13 Medium Term Financial Strategy
- Local Government Act 2003
- Benchmarking Information

### **List of appendices:**

Appendix A: Schedule of Proposed Fees and Charges

Appendix B: Schedule of Previous Fees & Charges that are no longer applicable.