 EXECUTIVE 9 October 2013		Agenda Item No. 4
Title	Fees and Charges 2014-15	
For further information about this report please contact	Andy Crump (01926 456810)	
Service Area	Finance	
Wards of the District directly affected	All	
Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006	No	
Date and meeting when issue was last considered and relevant minute number		
Background Papers	Executive 10 October 2012 - Fees and Charges 2013/14	
Contrary to the policy framework:	No	
Contrary to the budgetary framework:	No	
Key Decision?	Yes	
Included within the Forward Plan? (If yes include reference number)	Yes ref 491	
Equality & Sustainability Impact Assessment Undertaken		
Officer/Councillor Approval		
With regard to officer approval all reports <i>must</i> be approved by the report authors relevant director, Finance, Legal Services and the relevant Portfolio Holder(s).		
Officer Approval	Date	Name
Relevant Director	16/9/13	Andrew Jones
Chief Executive	16/9/13	Chris Elliott
CMT	16/9/13	
Section 151 Officer	12/9/13	Mike Snow
Legal		
Finance		Finance Report
Portfolio Holder(s)	16/9/13	Cllr Mobbs
Consultation Undertaken		
Car Parking charges have been discussed with the local Chambers of Trade		
Final Decision?	Yes	
Suggested next steps (if not final decision please set out below)		

1. SUMMARY

- 1.1 The report details the proposals for Fees and Charges in respect of the 2014 calendar year. It also shows the latest Fees and Charges income budgets for 2013-14 and the actual out-turn for 2012-13.

2. RECOMMENDATIONS

- 2.1 To recommend to Council the Fees and Charges identified in Appendix 'A' to operate from 2nd January 2014 unless stated.
- 2.2 The Executive note the detailed exercises undertaken by Service Areas when determining the Council's income levels and fees for next year.
- 2.3 It is recommended that in future any minor changes for certain Cemetery and Cremation related fees, as well as the setting of the licence fee for Scrap Metal Dealers and Collectors, are agreed by the Head of Health and Community Protection in consultation with the Health and Community Protection Services and Finance Portfolio Holders and the Head of Finance.
- 2.4 Members retrospectively approve the 2013-14 increase in Warwick Response Fees and Charges and freeze the 2014-15 rates at the same level.
- 2.5 It is recommended that the small change in the non-resident burial policy is approved.

3. REASONS FOR THE RECOMMENDATION

- 3.1 The Council is required to update its Fees and Charges in order that the impact of any changes can be fed into the setting of the budget for 2014-15. Discretionary Fees and Charges for the forthcoming calendar year have to be approved by Members.
- 3.2 In the current financial climate, it is important that the Council maximises income and therefore minimises the forecast future deficit.
- 3.3 The work undertaken by Service Areas showed that the uncertain economic climate is in certain cases still acting as a brake on increasing its fees and charges levels much further. However, car parking income, for example, appears to be holding its own and the Head of Neighbourhood Services anticipates that this will continue next year. Culture are starting to see their efforts rewarded with income levels beginning to rise. Therefore, the situation appears not be as bad as last year. Service areas are now examining ways they can bring in increased volumes of through put, applications, etc. which would bring in more income.
- 3.4 The Bereavement Services Manager wishes to respond to market conditions and requests authority to make minor changes for the price of sales of commemorative items, without them being approved by Members.
- 3.5 There is a section in the non-resident burial policy that needed further clarification to remove any confusion or misunderstanding. This has now been done but Member approval of the change is needed.
- 3.6 The increases to Warwick Response charges were inadvertently introduced from

1st April 2013 instead of 2nd January 2014 so retrospective approval is now required.

4. **POLICY FRAMEWORK**

4.1 **Policy Framework**

This report is in accordance with the Council's Financial Strategy as last approved by the Executive in February and the proposed increases outlined in the Budget Review Report in August 2013.

4.2 **Fit for the Future**

One of the key elements of Fit For the Future is ensuring that the Council achieves the required savings to enable it to set a balanced budget whilst maintaining service provision. This report updates some of the key issues needed to be considered in preparing the 2014-15 budget and beyond.

5. **BUDGETARY FRAMEWORK**

5.1 The latest financial projections presented to the Executive as part of the Budget Review Report showed a deficit of £1.975 million by 2018-19. This is in addition to the savings across the authority that are currently being sought as part of Fit for the Future as reported in June 2013. If these savings do not materialise, or the targeted increase from Fees and Charges is not met, it will impact adversely upon the Council's finances, the level of additional savings needing to be secured will be in excess of £2 million.

5.2 Income Budgets are informed by increases (and occasionally reductions) in price, revising the pricing structure or changes in the level of customer activity. The Executive needs to approve the next calendar year's Fees and Charges in October of the previous year. The levels of expected income from these charges alongside latest usage projections will inform the 2014-15 Budgets to be presented to the Executive in December. The Council should strive to maximise its income to reduce its net expenditure budget and reduce the burden on its Council Tax Payers and recover its costs where possible.

5.3 The Medium Term Financial Strategy assumes income from Fees and Charges will increase by 2% in 2014-15. The income figures for 2014-15 from Fees and Charges shown in this report exceed those projected in the Council's latest Medium Term Financial Strategy by approximately £23,000. This reduces the amount of savings that need to be found over the next five years but still leaves substantial savings to be made.

5.4 Latest Estimate Income for 2013-14 and new fees for 2014-15

5.4.1 The latest estimate for discretionary Fees and Charges for 2013-14 is £7,144,400 compared to an original figure of £6,899,700.

5.4.2 The planned Crematorium improvements were initially to have been carried out during this Financial Year, with a non-recurrent reduction in Fee income (£135,000) built into the Budgets and Financial Strategy. However, due to various issues as reported to the Overview and Scrutiny Committee in September of this year, the works will not commence until 2014-15; hence 2013-14 income will be higher than forecast but 2014-15 will now be adversely affected.

- 5.4 3 Some fees for 2014-15 are the same as the previous year (the inflationary increase from 2013-14 to 2014-15 is shown as a percentage in the next column). New charges are shown in bold type in Appendix A and some charges that are no longer relevant/appropriate have been removed, but are shown for information only. There are also some charges, which although not new, have not been previously included in the Fees and Charges and these are shown in bold type too.

6 ALTERNATIVE OPTION CONSIDERED

- 6.1 The various options affecting individual charges are outlined in the main body of the report, sections 8 to 16.
- 6.2 Fees and Charges for 2014-15 remain static on those for 2013-14, which would substantially increase the savings to be found over the next five years unless additional activity could be generated to offset this.

7. BACKGROUND

7.1 Benchmarking Income

- 7.1.1 With support from Finance, Managers were asked to gather benchmarking data to compare the charges in their Service Areas with similar local authorities. They compared this authority's performance to other "near neighbours" (similar councils) in terms of both the amount of income generated and the percentage of income recovered in proportion to the costs of running the service. WDC rates and charging structure were also compared to private sector competitors where appropriate.
- 7.1.2 Managers were tasked to look to the high performing authorities and establish the reasons for this. Managers were then asked to explore the potential to increase our performance to at least the same level. Where our services are charged at rates lower than our comparators Managers were asked to justify reasons if it was not possible to increase these fees to a similar level.

7.2 Fees and Charges Preparation

- 7.2.1 Alongside these pieces of work, Managers also undertook fee comparisons as part of the usual annual Fees and Charges review (Appendices B1 and B2 show work done by Culture and Land Charges).

7.3 Concessions Register

- 7.3.1 This will be available shortly on the Council's website.

7.4 Delegated Authority

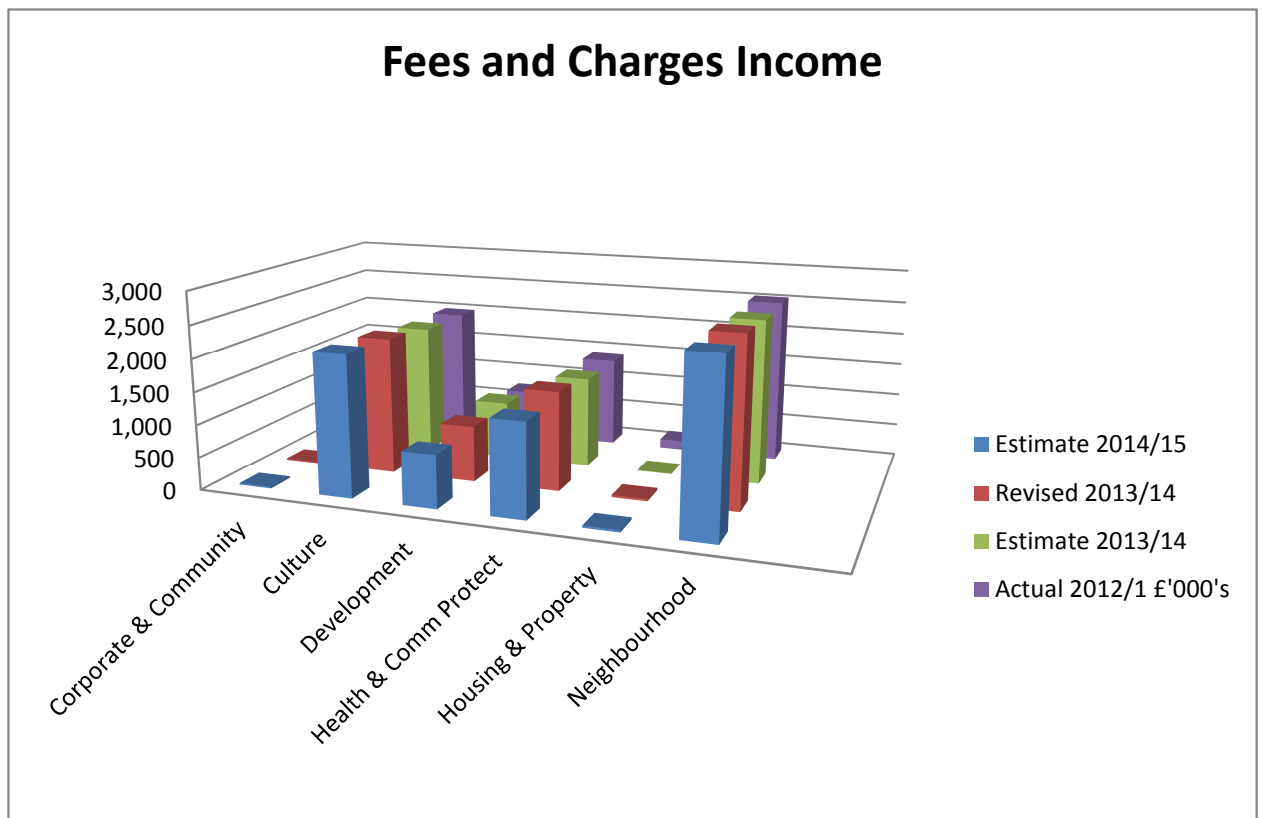
- 7.4.1 The Head of Culture has clear delegated authority to negotiate fees for areas such as the Town Hall, Royal Spa Centre and for recreational facilities and this is highlighted in Appendix A. As part of this delegation, the Head of Culture also has authority to run promotions that generate additional income for the Council.
- 7.4.2 The Business Enterprise Manager has similar authority for the Althorpe Enterprise Hub and Court Street Creative Arches.

- 7.4.3 Bereavement Service Manager wishes to respond to market conditions and requests delegated authority to make minor changes for certain Cemetery and Cremation related to sales of commemorative items such as urns and caskets (highlighted in Appendix A57), without them being approved by Members. This would enable her to respond to market conditions, customer behaviour with a view to maximising income. This approach is consistent with sales of goods from other establishment e.g. leisure centres, Royal Spa Centre, where sales of goods are delegated to the relevant Head of Service.
- 7.4.4 In order to progress the dealing with the Scrap Metal Dealers Act, the Head of Health and Community Protection feels that it would be appropriate to delegate the setting of this fee to him in consultation with the Health and Community Protection Services and Finance Portfolio Holders and Head of Finance. This would enable the fee to be levied without the need for a further report to Executive.

8. FEES AND CHARGES GUIDELINES

- 8.1 In accordance with the Financial Strategy and Financial Code of Practice it is appropriate to consider certain other factors when deciding what the Council's Fees and Charges should be:
- (a) The impact of the Fees and Charges levels on the implementation of Fit for the Future.
 - (b) The level of prices the market can bear including comparisons with neighbouring and other local authorities.
 - (c) The level of prices to be sufficient to recover the cost of the service.
 - (d) The impact of prices on level of usage.
 - (e) The Council's Aspirations and Sustainable Community Strategy.
- 8.2 The revenue effects of the proposed Fees and Charges are summarised in the following table and also shown graphically:

	Actual	Original Estimate	Revised Estimate	Original Estimate	Change 2013-14 to 2014-15
	2012/13	2013-14	2013-14	2014-15	%
	£	£	£	£	
Corporate & Community	31,500	20,000	24,000	24,000	20.0%
Culture	1,992,845	2,085,500	2,112,000	2,165,200	3.8%
Development	881,700	887,800	861,500	811,700	-8.6%
Health & Community Protection	1,574,074	1,375,700	1,521,200	1,431,600	+4.1%
Housing & Property (GF)	142,000	8,000	33,000	33,000	+312.5%
Neighbourhood	2,541,195	2,522,700	2,592,700	2,595,200	2.9%
TOTAL ALL SERVICES	7,163,314	6,899,700	7,144,400	7,060,700	2.33%



- 8.3 The above table shows that the total anticipated income for all services for which the Council can set charges is £7,060,700 in 2014-15, which is **2.33%** more than the original estimate for 2013-14. The increase in income is largely made up by consistent increases of around 3% for most services. However Development income has fallen by nearly 9% due to the over-recovery of land charges costs, which has necessitated a significant reduction in the main fee (£145 to £95). It is forecast that this will reduce income significantly should this take effect from January 2014. Building Control income is also anticipated to fall by £40,000 but this is a ring-fenced account the same as land charges and even with this reduction in income it is anticipated that it will still make a small surplus as costs have been reduced. Fees and charges income for recreational activities have also increased by an average of 3.12%
- 8.5 The Council's Medium Term Financial Projections that were reported to Executive in August included net income inflation from Fees and Charges for 2014-15 at 2%. This plus other known changes assume income increases by just over £138,000 (2% on £6.9million) in 2014-15 above the Original Estimates for 2013-14. The actual net increase of 2.33% (£161,000) creates a surplus of £23,000 on the projections. The position would have been much better if there were not the issues with Land Charges and Building Control and that the Crematorium works have now slipped into 2014-15, reducing income for that year (as a one-off) by approximately £140,000.
- 8.6 The latest estimate for 2013-14 is now £7,144,400 which is £244,700 more than the original estimate of £6,899,700. Car Parking is showing increased income of £70,000, Crematorium a £160,900 increase, £18,500 reduction for Cemeteries whilst Building Control shows a £40,000 reduction and Land Charges a £15,000 increase. Culture and Improvement Grants Administration are also showing increased income of £26,500 and £25,000. The balance of the

increase is made up by the street naming and numbering Service provided by ICT and some minor increases.

- 8.7 Each service has carried out a review of their fee-earning activities. The following sections provide details on the major items within this review.

GENERAL FUND

9. HEALTH AND COMMUNITY PROTECTION

9.1 Licensing and Registration

- 9.1.1 Licensing Services has researched the fees charged by 11 councils, including those within Warwickshire, to arrive at an average fee.
- 9.1.2 For licences, the general principle that should be applied is that the fees charged should seek to recover the costs of issuing the licences and enforcement thereof. Whilst this is not a formal ring fenced account, the Council would be open to challenge should it be seen to profiting from licence fees.
- 9.1.3 Actual income for 2012/13 was encouraging, with it being approximately £20,000 over target. However, Licensing Services feels that this was an exception and that income will fall back to normal levels and this is reflected in the estimates for 2013-14 revised and 2014-15 original.

9.2 Cemeteries and Crematorium

- 9.2.1 Details of the changes in charges are shown in Appendix A and Appendix C - these have been done to remove anomalies and to respond to market conditions. These include several new fees and also a request for some limited delegated powers to determine some fees. (Section 7.5.3)
- 9.2.2 Income details for both the Cemeteries and Crematorium for 2013/14 & 2014/15 are shown in Appendix A51 of the report.

	Original 2013-14	Revised 2013-14	Original 2014-15
Cemeteries	£274,400	£255,900	£272,100
Crematorium	£909,500	£1,070,400	£955,800

The original budget for burials of £274,400 has been revised down to £255,900. The original budget for 2014-15 for Cemeteries is £272,900, which is a 0.5% reduction.

The 2014-15 original budget for Crematorium income shows a reduction of some £140,000 reflecting the reduced level of service during Improvement works, which have slipped from 2013-14. The 2013-14 budget has increased by £135,000 as these works are no longer taking place in this year, and also to reflect increased throughput, to £1,070,400.

The 2014-15 income level has now been reduced by £140,000 (fees now higher in 2014-15 than when business case for capital works was first drawn up, therefore the closure will affect fees that are higher than in the original business case). Ignoring the effect of the closure, income increases by 5% from 2013-14 to 2014-15.

9.2.3 Last year, Members discussed the differential in the fee for burials for residents and non-residents of the district. The Bereavement Services Manager produced a non-resident fee policy, attached as Appendix C. However, there was a small loop-hole in the policy so a section (highlighted in the Appendix) has been added in order to remove any misunderstandings and confusion. Members are asked to approve this small change.

9.3 Scrap Metal Dealers

9.3.1 The Scrap Metal Dealers Act 2013 introduces a new licensing system for scrap yards and scrap collectors. It is due for implementation from the 15th October 2013.

However, full Government guidance has not yet been issued and therefore there are still some uncertainties about implementation of the scheme. Local Authorities can set fees for issuing licenses for scrap yards and to collectors. The recommended fees to be charged by this authority have not yet been finalised. It is recommended to delegate the setting of this fee to Head of Health and Community Protection in consultation with the Health and Community Protection Services, and Finance Portfolio Holders and Head of Finance.

9.3.2 Income is only likely to be a few thousand pounds as there are only a small number of dealers in the area.

10 CORPORATE AND COMMUNITY SERVICES

10.1 The GIS section of ICT has taken over responsibility for street name and numbering and has been successful in generating income. In 2013-14 income is likely to be £4,000 over budget, with the trend likely to continue in 2014-15.

11. CULTURE

11.1 Recreation and Sport

11.1.1 Culture price increases have varied depending on the service provided and where our charges are below appropriate comparators. Culture have undertaken an extensive benchmarking exercise, with other 'family group' authorities for fees such as swimming, pool hire, galas, badminton, sports hall and all weather pitch hire as well as gym membership and casual use. This confirmed that the suggested price increases were suitable and acceptable to the market – see Appendix B2.

11.2 Swimming

11.2.1 Benchmarking with similar local authorities showed that WDC stills offer good value for money with its casual swimming charges.

11.3 Membership / Casual Classes

11.3.1 WDC classes have continued to perform well. Staff believe the charge for classes is good value when compared to other classes in the area, so it is proposed to increase the charge to reflect market conditions.

12. DEVELOPMENT

12.1 Building Control

12.1.1 Building Control activity continues to be affected by fluctuations in the Building industry. Any shortfall in income is usually countered by a corresponding reduction in expenditure. A surplus was made on the fee-earning work in 2012/13, which was transferred to the Building Control Reserve as Building Control over-achieved its income target for that year.

12.1.2 The fees are governed by the Building Control Fee Regulations that stipulate that fees should be set to breakeven over a 3 year rolling period. Accordingly, fees will be increased to reflect inflationary changes. Building Control is, predicting that it will now not meet its target income figure for 2013-14 (£475,000) by £40,000. Income for 2014-15 is forecast to be the same as the latest estimate for 2013-14. Any surplus/deficit will be met from (or transferred to) the Building Control Reserve which was established from surpluses in the early years of the fee setting regime.

12.1.3 The Building Control Manager states that they are setting fees slightly differently this year. They will use current charges as a guideline for customers, but will risk assess prior to starting work and give customers a price based on estimated number of inspections and time for plan checking

12.2 Local Land Charges

12.2.1 This account is also a ring-fenced account, similar to Building Control, and should break even over a rolling three year period. All costs in these areas are being reviewed and it is felt that the main fee being charged is too high and should be reduced. The income levels shown for Land Charges for 2014-15 would then be closer to the estimate level of expenditure incurred in running this service for those years and therefore not be operating with an excessive surplus, if the reduction is agreed.

12.2.2 It is recommended that the fees set out in Appendix 'A' be decreased from 2nd January 2014, due to the service currently running at a significant surplus, whereas the service should be cost neutral. The Land Charges section states that, in comparison to other authorities in the sub-region, WDC's fee is disproportionately high (as shown in Appendix B1).

12.2.3 Income levels have been very good over the past 12 months and the 2012-13 income target was exceeded by £7,500. For 2013-14, even with the reduction of fees for the last quarter of the year, income is now forecast to be higher than the original estimate as there has been a significant increase in the number (250, which equates to 20%) of searches in the first six months of the year. This will negate the price reduction mentioned above. Estimates for 2014-15 income are based on this higher level of throughput, although like Building Control these levels can fluctuate significantly.

12.2.4 The table below shows the actual and forecast position for the service from 2012/13 to 2014/15.

	<u>2012/13 Actual</u>	<u>2013/14 Latest</u>	<u>2014/15 Estimate</u>
Income	£197,300	£199,000	£150,000
Expenditure	£141,900	£123,200	£140,000
Surplus/(Deficit)	£55,400	£75,800	£10,000
Searches in year	1,250	1,500	1,500

12.2.5 The service is also undergoing a different way of working, by moving to a more electronic system, with the intention of enabling the customer to access the data required through our website. Members will be regularly informed of how this account is performing and any implications for fee-structure changes.

12.3 Althorpe Enterprise Hub and Court Street Creative Arches

12.3.1 A more commercial approach is taken to the hiring of the spaces available within each building, with each quote being taken on its individual requirements to maximise the level of fee that could be achieved from each potential customer. This practice is intended to continue.

12.3.2 The Business Enterprise Manager reports that lettings are very encouraging and income levels are increasing to pre-recession levels

12.3.3 2014-15 Income for the Althorpe Enterprise Hub and Court Street Creative Arches is likely to meet the original targets for these properties.

12.4 Planning Fees

12.4.1 Last year's fees and charges report indicated that the Government was likely to give local authorities some discretion as what to charge for planning fees. However, this now seems unlikely but should the situation change again, Members will be informed immediately.

13. **HOUSING and PROPERTY**

13.1 HMO Licensing

13.1.1 HMO licensing fees are required to be set to recover costs. Research carried out by the HIMO Manager indicates that currently our fees are average for England and Wales.

13.1.2 Housing and Property Services are commencing a service redesign. As part of that exercise there will be a review to decide if the Council is charging a realistic fee for the services it offers as part of the administration of grant works. WDC needs to have a robust model that stands up to challenge because the National Landlord Association has a campaign and legally challenges what they see to be high fees charged by some Councils. When the review is complete, the effect on fees and charges will be reported to Members immediately.

13.1.3 Stratford District Council are joining with this Council to deliver the Housing Assessment Team for adaptation works, Stratford charge 12.5 % on each job, whereas WDC has a very different fee structure which does not currently always cover costs. This is an appropriate time to look at the Licence fee structure to see if it covers our costs of implementation. Most Councils charge 10 to 15% and either top slice the annual cost of salaries from the Capital allocation or

charge on each individual case. Capitalisation of staff costs will help on the General Fund savings as part of the redesign of the service.

14. NEIGHBOURHOOD

14.1 Car Parking

14.1.1 The table below shows the following situation with car park income:

Income Summary: (Net of V.A.T.)	Actual 2012/13 £	Estimate 2013-14 £	Revised 2013-14 £	Estimate 2014-15 £	%
Car Parking	2,099,200	2,130,000	2,180,000	2,180,000	2.34
Season Tickets	193,237	185,000	205,000	205,000	10.68
Excess Charges	77,818	105,000	95,000	95,000	-9.52
Other Income	134,340	60,000	70,000	70,000	16.67
Total Income	2,504,595	2,480,000	2,550,000	2,550,000	2.82

14.1.2 For 2014-15 car park income levels are forecast to increase by 2.34%. Other income, which does not form part of the Fees and Charges process, has increased by £10,000 (16%) and makes a significant contribution to the cost of the service.

14.1.3 Meetings took place as normal with Town Centre Partnerships and Town Councils in September and they support the Head of Neighbourhood's decision to recommend that charges stay the same for 2014-15. The linear charges that were brought in for 2013-14 are working well (£50,000 up on budget) and it is felt that this trend is likely to continue so it would not be appropriate to alter them for 2014-15.

14.1.4 Season ticket income has performed well and this trend is expected to continue.

14.1.5 Penalty Charge Notices (PCN) income is down on its original estimate, which may have been slightly optimistic. PCN income is currently on the increase as Neighbourhood Services adopt new ways of working, which is increasing enforcement earlier and later in the day. The target is to increase parking compliance by targeted enforcement and not to seek to increase PCN income.

14.2 Waste Management

14.2.1 Bulky Refuse

income for 2014-15 has increased in overall terms by nearly 6%.

HOUSING REVENUE ACCOUNT

15 Warwick Response

15.1 Lifelines and other charges

15.1.1 The income generated from the Warwick Response Fees and Charges is currently credited to the Housing Revenue Account so this does not benefit to the General Fund.

15.1.2 It was initially proposed that charges increased for 2014-15 by 1%. However, the former Supporting People Services Manager, introduced these changes from 1st April 2013 instead of 2014-15 and Members are requested to retrospectively approve this increase, with there being no further increase at this stage.

15.1.3. Other minor charges include an overnight payment charge for use of the guest room and a fee to replace lost lifelines and keys.