

 EXECUTIVE 30 September 2015		Agenda Item No. 3
Title		Fees and Charges 2016/17
For further information about this report please contact		Andy Crump (01926 456810) Mike Snow (01926 456800)
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Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006		No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 01 October 2014 - Fees and Charges 2015/16
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
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	11/9/15	Andrew Jones
Chief Executive	11/9/15	Chris Elliott
CMT	11/9/15	
Section 151 Officer	11/9/15	Mike Snow
Legal	11/9/15	
Finance	11/9/15	Finance Report
Portfolio Holder(s)	11/9/15	Cllr Whiting
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 2016 calendar year. It also shows the latest Fees and Charges income budgets for 2015/16 and the actual out-turn for 2014/15.

2. RECOMMENDATIONS

- 2.1 To recommend to Council the Fees and Charges identified in Appendix 'A' to operate from 2nd January 2016 unless stated.
- 2.2 Executive notes the detailed exercises undertaken by Service Areas when determining the Council's income levels and fees for next year.
- 2.3 Members note that some Parking Fees are proposed to change for 2016/17, the first change for a while, due to the need to fund car park repairs as well as a result of customer feedback.
- 2.4 Executive notes the significant changes to some licensing fees due to changes in legislation as well as the new charges created for Pre-Application planning advice and for CCTV services.
- 2.5 Executive notes that the income generated by the proposed fees and charges operating from 2nd January 2016 will generate income of **£67,000** above the target set in the MTFS.

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 2016/17. 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 Contract Services Manager is in the process of formally consulting local Chambers' of Trade, reviewing the current parking charges. The proposed changes for 2016/17 reflect early customer feedback.
- 3.4 The fees charged under the new Building Control Shared Service arrangement that commenced on 1st April 2015 have been amended to ensure consistency of charging amongst the partners, these current charges are proposed to remain unchanged. To ensure consistency with previous years, only the Warwick District Building control fees have been shown in this report. Next year's report, which will have the benefit of more than one year's operating of the service, will give the full picture of income and expenditure for all the areas involved.
- 3.5 There has been further work carried out by the Regulatory Manager on licensing fees due to reflect the current legislation. The fees charged should only reflect the amount of officer time and associated costs needed to generate them. There will now be a two stage process of getting certain licences from this Council. The first stage is paying for an application fee (non refundable), the second is paying

for the actual licence itself, which if refused, is refunded. Details of these changes are shown in Appendix A.

- 3.7 Some additional fees have been created to generate additional income for the service areas concerned and others in response to new legislation. These are highlighted in Appendix A. Other charges have been deleted due to legislation changes or changes in the way the service is provided.
- 3.8 Members agreed in July 2015 to the introduction of Pre-Application Advice charging for Development Control. The report detailed the proposed charges. It is likely that this will happen later this year as it is dependent on the fees being approved by Full Council, which should happen as part of Council approving this report. Initially it is projected that the income generated will cover the additional post agreed to assist with the operation of the scheme. No additional income for this has been included in the report.
- 3.9 CCTV and the Police are working together to prevent crime and increase community safety throughout the district. The police have agreed to pay for certain services.

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 July 2015.

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 2016/17 budget and beyond.

5. **BUDGETARY FRAMEWORK**

- 5.1 The latest financial projections presented to the Executive as part of the Budget Review Report to July Executive showed a deficit of over £1million by 2020-21.
- 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 Council needs to approve the next calendar year's Fees and Charges in the Autumn of the previous year. The levels of expected income from these charges alongside latest usage projections will inform the 2016/17 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 Overall, increased income from discretionary fees and charges, based on the proposed charges, will increase by £688,000 above the 2015/16 Estimate. The Medium Term Financial Strategy assumes income from Fees and Charges will increase by £223,000 (approximately 3%) in 2016/17. The income figures for 2016/17 from Fees and Charges shown in this report exceed those projected in the Council's latest Medium Term Financial Strategy by approximately £465,000. £254,000 of this is accounted for due to the 1-off reduction to the 2015/16 income budget due to the capital works at the Crematorium.

- 5.4 Car park income is projected to increase by £120,000 more than the 3% increase included in the Financial Strategy. Of this increase £50,000 had been allowed for within the SCS/FFF report to Executive earlier this month. This additional £70,000 income will be needed towards funding the works needed to car parks, which is currently being considered and will be subject to a future report.
- 5.5 Leisure centres and Town Hall are expected to generate an extra £46,000, with the remainder coming from Cremation Fee income. The reduction in cremation income, due to the effect of the opening of Rugby Crematorium, has not been as high as anticipated and this along with the increased fees, above 2%, accounts for the extra income. Building Control income, a ring-fenced account, is estimated to be £50,000 down.
- 5.6 Within the 2015/16 and 2016/17 Budgets, there remains £74,000 "Income Contingency". Part of the increased income now anticipated on specific services should be allocated to the remaining Income Contingency.
- 5.7 The table below sets out the changes highlighted above and the additional income available to the Medium Term Financial Strategy.

	£000
Increased income between 2015/16 and 2016/17 Original	688
Expected increase in income in MTFS	223
Surplus	465
1 off reductions in cremation income budget 2015/16	(254)
Remove ring fenced account income changes	50
Parking – expected reduction in cost of service	(50)
Parking – additional income towards improvement works.	(70)
Income Contingency Budget met	(74)
Additional income available to MTFS	67

The implications from the fees and charges review, and the associated income levels estimated for 2015/16 and 2016/17 will be factored into the Council's Medium Term Financial Strategy which will be presented to members later in the Autumn.

- 5.8 Latest Budgeted Income for 2015/16 and new fees for 2016/17
- 5.8.1 The latest Budget for discretionary Fees and Charges for 2015/16 is £7,079,300 compared to an original figure of £7,086,800, a decrease of £7,500.
- 5.8.2 Some fees for 2016/17 are the same as the previous year (the inflationary increase from 2015/16 to 2016/17 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 reported to Members and these are shown in bold type too.

6 RISKS

- 6.1 Increasing prices could deter usage where the take up is discretionary. Customers may choose to use the Service less frequently or use an alternative supplier where one is available.

- 6.2 An inflationary increase has been assumed within the Council's Medium Term Financial Strategy for increases to discretionary fees and charges. However, inflation may prove to be higher than this in 2016, with the Council's costs of providing the service increasing more than inflation.
- 6.3 Whilst Britain is out of the recession, future economic changes cannot be foreseen. The recent recession saw a decline in the Council's income.
- 6.4 Mitigation - Managers will review activity levels over the next few months, with any revised forecasts being built into the Final 2016/17 Budgets presented to Members in February 2016. Budgets are monitored and reviewed by Managers on at least a monthly basis during 2016/17.

7 ALTERNATIVE OPTION CONSIDERED

- 7.1 The various options affecting individual charges are outlined in the main body of the report, sections 8 to 16.
- 7.2 Fees and Charges for 2016/17 remain static i.e. remain at the same level as for 2015/16, which would substantially increase the savings to be found over the next five years unless additional activity could be generated to offset this.

8. BACKGROUND

8.1 Benchmarking Income

- 8.1.1 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. Cultural Services, in particular, were at the forefront of this work. Development Services have looked at Pre-Application, Building Control and Land Charges. Licensing have also carried out several in-depth exercises.
- 8.1.2 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.
- 8.1.3 Finance has worked with Service Areas and, not long ago, participated in an income benchmarking exercise managed by Deloitte, along with many other Midlands district councils. This exercise considered where our charges were out of line with other authorities, or where there may be new charges or services which may generate additional income.
- 8.1.4 The most significant proposal coming out of the analysis, is the introduction of Pre-Application Advice charging for Development Control. Members have subsequently considered reports on charging for Pre-Application Advice. Other than this, the analysis confirmed most of our charges are in line with other authorities, with any exceptions being able to be justified.

8.2 Fees and Charges Preparation

- 8.2.1 Alongside these pieces of work, Managers also undertook fee comparisons as part of the usual annual Fees and Charges review
- 8.2.2 Licensing income fees and charges have been subject to some significant amendments due to recent legislation changes. Exercises continue to be undertaken, to cost each fee individually and this means that some increase, some stay the same and some reduce. Each fee should now be based on what it costs, in officer time, to produce that licence. Each licence should not contain a profit element and breakeven over 3 years, this is a similar methodology to that for Building Control and Land Charges.

8.3 Delegated Authority

- 8.3.1 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. The Business Enterprise Manager has similar authority for the Althorpe Enterprise Hub and Court Street Creative Arches. The Bereavement Manager, too, has some minor delegated authority for income setting at the Cemeteries and Crematorium.

9. FEES AND CHARGES GUIDELINES

- 9.1 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.
 - (f) The impact on the Council's future financial projections.

- 9.2 The revenue effects of the proposed Fees and Charges are summarised in the following table.

	Actual	Original Budget	Revised Budget	Original Budget	Change 2015/16 to 2016/17
	2014/15	2015/16	2015/16	2016/17	%
	£	£	£	£	
Chief Executive's Office	36,600	35,000	35,000	35,000	0%
Culture	2,241,651	2,311,700	2,319,600	2,403,600	4%
Development	688,900	749,000	698,000	702,800	-6%
Health & Community Protection	195,758	210,100	211,400	216,700	3%
Housing & Property (GF)	49,800	33,000	33,000	33,000	0%
Neighbourhood	4,238,134	3,748,000	3,782,300	4,383,500	17%
TOTAL ALL SERVICES	7,450,843	7,086,800	7,079,300	7,774,600	10%

- 9.3 The above table shows that the total anticipated income for all services for which the Council can set charges is £7,863,600 in 2016/17, which is **10.0%** more than the original Budget for 2015/16. The increase in income is largely made up by increases in Culture, Neighbourhood and Health and Community Protection. Development income has reduced mainly due to Building Control income falling (this is a ring fenced account and despite the fall in income, costs have fallen too and this account is still likely to be in surplus, prior to it becoming a shared service).
- 9.4 The latest Budget for 2015/16 is now £7,079,300 which is £7,500 less than the original Budget of £7,086,800. Parking income is up by £50,000, although this is offset by a similar fall in Building Control income. The balance is made up of several minor changes.
- 9.5 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

10. HEALTH AND COMMUNITY PROTECTION

10.1 Licensing and Registration

The recent Supreme Court Judgement in the case of Hemming V Westminster, has ruled that licensing authorities are entitled under the LGMPA82 to impose fees for the grant or renewal of licences covering the running and enforcement costs of the licensing scheme. The services directives does not prevent licensing authorities from charging those who receive licences fees that are proportionate to the cost of administering and enforcing the licensing framework for that activity. The court has ruled that it possible to recover the cost of enforcement activity against licenced and unlicensed operators through the licensing fees. This is a definitive ruling in this point.

The court found that a single fee (application and licence) may not be illegal and foresaw problems. They believed that an application fee and a second for licence is permissible under the directive. The Supreme Court have referred the two different fee methods to the European Court of Justice.

The Application fee is not refundable as this is the cost of officer time in dealing with the application. The licence fee is refundable if the licence is not granted.

Sexual Entertainment Establishments:

In addition to the change in the guidance for what may be included in the cost of the fee; the change towards an application fee and a licence fee; officers have been working on the recommendations from Executive following the Task and Finish group. The cost of the officer time for the policy review has been divided over a three year period and included into the fee.

De-regulation of private hire licences

The latest ruling on de-regulation requires Private Hire drivers to have a 5 year licence. When Licensing approached the licensed trade, they asked for a 3 year licence as a 5 year one was not economically viable. Licensing agreed that it was a reasonable request and have agreed to the 3 year licence.

10.1.2 For licences, the general principle applied is now that the fees charged should seek to recover the costs of issuing the licences and enforcement thereof. This is now a formal ring fenced account, the Council would be open to challenge should it be seen to be profiting from licence fees.

10.1.3 Actual income for 2014/15 was encouraging, with it being approximately on target. However, Licensing Services feels that this income will continue at these levels and this is reflected in the Budgets for 2015/16 revised and 2016/17 original.

10.2 CCTV

10.2.1 CCTV work with the Police in providing images that can be used for evidential purposes. The Police value the service provided by the CCTV section.

10.2.2 CCTV want to introduce charges for the CCTV service together with new initiatives to secure income in response to pressures on local government budgets.

10.2.3 From April 2016 the Automated number plate recognition (ANPR) system will not be routed through the WDC Control room but the Police propose to use 3 camera locations being High St, Kenilworth, High St Leamington and Adelaide Road. This work is government funded and this authority still has costs associated with maintaining each camera position, control room and staffing. It is proposed to charge the Police for use of some WDC cameras and associated services.

10.2.4 Income is likely to be around £8,000 in the first year but has not been included in the report as negotiations have not yet been concluded with the police. Details of the proposed charges are included within Appendix B.

11 CHIEF EXECUTIVE'S DEPARTMENT

- 11.1 The GIS section of ICT has amended the Street Name Numbering charges, to ensure consistency, and details are shown in Appendix A. Overall income levels remains good.

12. CULTURE

12.1 Recreation and Sport

- 12.1.1 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.

12.2 Swimming

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

12.3 Membership / Casual Classes

- 12.3.1 WDC classes have continued to perform well. 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.

12.4 Income increases

- 12.4.1 The significant increases in income at Newbold Comyn, St Nicholas' Park and Abbey Fields Leisure Centres reflect the extra classes, lessons and programmes that are due to be introduced as part of the Leisure Options work.

13. DEVELOPMENT

13.1 Building Control

The fees charged under the new Building Control Shared Service arrangement that commenced on 1st April 2015 charges have been reviewed to ensure consistency of charging amongst the partners and they took effect from that date.

13.2 Local Land Charges

- 13.2.1 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 intended that the main fee should remain the same as last year, after the significant reduction in fee reported to October 2013 Executive. The income levels shown for Land Charges for 2016/17 would still be closer to the estimate level of expenditure incurred in running this service for that year, if the reduction is maintained.

- 13.2.3 Income levels have been very good over the past 12 months and the 2014/15 income target was exceeded by £72,100. For 2015/16, income is now forecast to be £160,000. Estimates for 2016/17 are based on 2015/16 levels of income although like Building Control these levels can fluctuate significantly.

13.2.4 The table below shows the actual and forecast position for the service from 2014/15 to 2016/17.

	2014/15 Actual	2015/16 Latest	2016/17 Estimate
Income	£168,500	£160,000	£160,000
Expenditure	£96,400	£109,100	£135,000
Surplus/(Deficit)	£72,100	£50,900	£25,000

13.2.5 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.

13.3 Pre-Application Fees

13.3.1 Development has looked at the income from Pre-Application advice. Details of the charges, that are intended to operate from later in 2015, are shown in Appendix C. The income will be used to fund a post to help provide this information, freeing Planning Officer time for other work. No income has been included in this report.

13.4 Markets

13.4.1 The contract for the operation of the Markets went to CJ Events earlier this year. Early indications show that the new working arrangement has bedded in well. However, it is felt that the fees should remain unchanged for 2016-17 in order to help the new contractor build up the market further and attract and keep new business. In the last couple of months consistent numbers of market stalls and loyalty to the market has started to occur. It is felt the council should capitalise on this by keeping fees as they are and then revisit next year, when the contractor will be in a stronger position to deal with any fallout that may occur as a result of increases.

14. **HOUSING and PROPERTY**

14.1 HMO Licensing

14.1.1 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.

14.1.2 Housing and Property Services have been through a service redesign. As part of that exercise there was a review of if the Council was charging a realistic fee for the services it offered 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.

15. **NEIGHBOURHOOD**

15.1 Car Parking

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

Income Summary: (Net of V.A.T.)	Actual 2014/15 £	Estimate 2015/16 £	Revised 2015/16 £	Estimate 2016/17 £	%
Car Parking	2,418,400	2,290,000	2,360,000	2,490,000	8.7
Season Tickets	229,300	215,000	215,000	215,000	0
Excess Charges	72,900	95,000	75,000	95,000	0
Other Income	45,300	63,900	63,900	63,900	0
Total Income	2,765,900	2,663,900	2,713,900	2,863,900	7.5

15.1.2 For 2016/17 car park income levels are forecast to increase by 7.5%.

15.1.3 Meetings are taking place as usual with Town Centre Partnerships and Town Councils in September. It is intended that any relevant feedback should be available to the Scrutiny and Executive meetings at the end of the month.

15.1.4 First Proposed Change - An increase to the pay and display budget of £35,000 will be derived from natural growth in car park usage. The trend over the past two years has seen ticket sales steadily increase which now gives us the ability to increase the base level of use and reflect this in the budget.

15.1.5 Second Proposed Change - Remove the lower band charges from the Long Stay car parks in the three towns. This would mean that minimum stay in these car parks would be 1 or 2 hours. It is anticipated that this will support dwell time in each of the town centres. The estimated increase to the pay and display budget from the proposal is circa £80,000.

15.1.6 Third Proposed Change – Increase the all-day parking charge in all of the Long Stay car parks across the District by £0.50. The estimated increase to the pay and display budget from the proposal is circa £85,000.

15.1.7 Pay and Display Income Estimates

	Estimated Income from Lower band removal	Estimated Income from All Day Increase
Leamington Spa	£27,390	£54,413
Warwick	£25,161	£23,948
Kenilworth	£29,327	£7,391
Total Income =	£81,878	£85,752

15.2 Proposed Changes to Charges in Kenilworth

15.2.1 The removal of the 30 minute tariff and reduction of the 1 hour tariff from £0.60 to £0.50 in Abbey End and Square West, the minimum payment in these car parks would become £0.50. Linear charges would then be introduced from the minimum vend of £0.50 for 1 hour, at a rate of 12 minutes for £0.10 up to the all-day rate. The principal is based on bringing Kenilworth in line with the

linear charges in operation on-street and across the District, this will also support longer dwell time.

15.2.2 Increase the all-day parking rates at Abbey End from £3.50 to £4, Square West from £3.50 to £4, Abbey Fields from £3.50 to £4. No other charges are affected in the Kenilworth car parks. To put this in to comparison our all day rates remain low compared other surrounding authorities, rates of all day parking charges at: Stratford upon Avon £8 to £10 Per day, Solihull Metropolitan Borough £8.20 per day, Cheltenham Borough Council £12 per day, Rugby Borough Council £5 per day.

15.3 Season Tickets and Penalty Charge Notices

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

15.3.2 Penalty Charge Notices (PCN) income has fallen for 2015/16, as a result of vacancies and a change in working practices following WCC taking back on street parking enforcement. However, the income is expected to be back to earlier levels by 2016/17.

15.4 **Bereavement**

15.4.1. The Cremation Income Target for 2015/16 has been reduced by £150,000 as part of 2014/15 Final Accounts due to slippage of the capital works that are taking place at Oakley Wood Crematorium

15.4.2 Details of some minor changes in charges are shown in Appendix A -these have been done to remove anomalies and to respond to market conditions.

15.4.3 Income details for both the Cemeteries and Crematorium for 2015/16 & 2016/17 are shown in Appendix A of the report.

	Original 2015/16	Latest 2015/16	Original 2016/17
Cemeteries	£288,800	£272,900	£287,900
Crematorium	£865,700	£752,800	£1,184,700

HOUSING REVENUE ACCOUNT

16 **Warwick Response**

16.1 Lifelines and other charges

16.1.1 The income generated from the Warwick Response Fees and Charges is currently credited to the Housing Revenue Account so this does not benefit the General Fund. Increases are proposed as detailed in Appendix A.