

 <b>EXECUTIVE 26 September 2018</b>		<b>Agenda Item No. 3</b>
<b>Title</b>	Fees and Charges 2019/20	
<b>For further information about this report please contact</b>	Andy Crump (01926 456810) Jenny Clayton (01926 456013)	
<b>Wards of the District directly affected</b>	N/A	
<b>Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?</b>	No	
<b>Date and meeting when issue was last considered and relevant minute number</b>		
<b>Background Papers</b>	Executive 27 September 2017 - Fees and Charges 2018/19	

<b>Contrary to the policy framework:</b>	No
<b>Contrary to the budgetary framework:</b>	No
<b>Key Decision?</b>	No
<b>Included within the Forward Plan? (If yes include reference number)</b>	
<b>Equality Impact Assessment Undertaken</b>	Yes/No (If No state why below)

Officer/Councillor Approval		
Officer Approval	Date	Name
Chief Executive/Deputy Chief Executive	12/9/18	
Head of Service	31/8/18	Mike Snow
CMT	4/9/18	
Section 151 Officer	31/8/18	Mike Snow
Monitoring Officer	12/9/18	Andrew Jones
Finance	31/8/18	Finance Report
Portfolio Holder(s)	12/9/18	Councillor Whiting
Consultation & Community Engagement		
Local Business Groups and Town Councils have been updated on the proposed parking charges.		
Final Decision?		Yes/No
Suggested next steps (if not final decision please set out below)		

## **SUMMARY**

- 1.1 The report details the proposals for Fees and Charges in respect of the 2019 calendar year. It also shows the latest Fees and Charges income 2018/19 budgets, initial 2019/20 and the actual out-turn for 2017/18.

## **2. RECOMMENDATIONS**

- 2.1 Executive recommends to Council the Fees and Charges proposals set out in Appendix A, to operate from 2nd January 2019 unless stated otherwise.
- 2.2 That Executive recommends to Council to approve Everyone Active's request to increase 'Core' fees and charges by September 2018's RPI in the 2019 calendar year.

## **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 2019/20. Discretionary Fees and Charges for the forthcoming calendar year have to be approved by Council.
- 3.2 In the current financial climate, it is important that the Council carefully monitors its income, eliminates deficits on service specific provisions where possible and therefore minimises the forecast future General Fund revenue deficit.
- 3.3 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. A 2% increase in Fees and Charges income has been allowed for in the Medium Term Financial Strategy (MTFS).
- 3.4 The Regulatory Manager has to ensure that licensing fees reflect the current legislation. The fees charged should only reflect the amount of officer time and associated costs needed to administer them.
- 3.5 Bereavement – new cremation fees are proposed to meet potential new or differing customer requirements.
- 3.6 Land Charges and Building Control fees are ring fenced accounts: Income levels for Land Charges are still relatively high and it is recommended that fees should not increase to avoid creating a large surplus on the Land Charges Control Account, which should break even. Building Control is subject to competition from the private sector and has to set charges that are competitive with this market.
- 3.7 Management of the Council's Leisure Centres is now by Everyone Active. The contract definition states that 'The Contractor shall review the (following) core products and prices in September of each year and submit any proposed changes to the Authority for approval (the "Fees and Charges Report")'. Everyone Active are seeking an increase in line with the Retail Prices Index. The current prices are shown at Appendix B. The

contract stipulates that they will be increased by up to September 2018's RPI figure in 2019, which is likely to be around 3%.

- 3.8 New parking locations are being opened for the proposed closure of Covent Garden car park. Fees for those new locations are shown in Appendix A. Parking have also introduced a new fee for Bath Place to reduce the number of spaces being taken by commuters, who park there all day.

#### 4. **POLICY FRAMEWORK**

##### 4.1 **Financial Strategy**

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 2017.

##### 4.2 **Fit for the Future**

"The FFF Strategy has 3 strands – People, Services and Money and each has an external and internal element to it. The table below illustrates the impact of this proposal if any in relation to the Council's FFF Strategy."

<b>FFF Strands</b>		
<b>People</b>	<b>Services</b>	<b>Money</b>
<b>External</b>		
<b>Health, Homes, Communities</b>	<b>Green, Clean, Safe</b>	<b>Infrastructure, Enterprise, Employment</b>
<u>Intended outcomes:</u> Improved health for all Housing needs for all met Impressive cultural and sports activities Cohesive and active communities	<u>Intended outcomes:</u> Area has well looked after public spaces All communities have access to decent open space Improved air quality Low levels of crime and ASB	<u>Intended outcomes:</u> Dynamic and diverse local economy Vibrant town centres Improved performance/productivity of local economy Increased employment and income levels
<b>Impacts of Proposal</b>		
Fees and Charges provide income towards the cost of providing excellent services which support, for example, health, sporting and cultural activities for which this District is renown.	The introduction of Environmental Enforcement charges will ensure that litter, fly tipping etc. is reduced, making open spaces more attractive to residents and visitors.	Markets help to contribute to our vibrant town centres and this is taken into account when stall charges are set. The Enterprise team is active in encouraging local employment.
<b>Internal</b>		
<b>Effective Staff</b>	<b>Maintain or Improve Services</b>	<b>Firm Financial Footing over the</b>

		<b>Longer Term</b>
<u>Intended outcomes:</u> All staff are properly trained All staff have the appropriate tools All staff are engaged, empowered and supported The right people are in the right job with the right skills and right behaviours	<u>Intended outcomes:</u> Focusing on our customers' needs Continuously improve our processes Increase the digital provision of services	<u>Intended outcomes:</u> Better return/use of our assets Full Cost accounting Continued cost management Maximise income earning opportunities Seek best value for money
<b>Impacts of Proposal</b>		
<i>None</i>	Generating income ensures services can invest in modern processes and equipment to meet customer needs and provide the service in an efficient and effective way.	This has always been one of the key drivers of the fees and charges process and this continues to be the case.

### 4.3 Community Engagement

- 4.3.1 Local councils and Chamber of Trades have been consulted as part of the Fees and Charges process. Some fees are only meant to cover the cost of providing the service and these are reviewed on a regular basis and the cost recovery analysis is available to the user if required.

### 4.4 Changes to Existing Policies

- 4.4.1 There are no changes proposed to existing policies, however the introduction of the waste receptacle waiver and the introduction of environmental enforcement charges are additions to existing policies.

### 4.5 Impact Assessments

- 4.5.1 The impact of Fees and charges (and possible increases) are assessed by Service Area managers, with concessions offered to ensure all residents are able to access these services, if required.

## 5. BUDGETARY FRAMEWORK

- 5.1 The Council's Medium Term Financial Strategy assumes an increase of 2% in income from discretionary fees and charges for 2018/19, £135,500. The actual estimated increase from the charges proposed within this report is some £281,000, meaning, potentially, additional income of £145,500 to be incorporated into the MTFS.

- 5.2 The above projected income levels assume income from Covent Garden Car Park is at the currently budgeted level for 2018/19 and increases by 2% in 2019/20. When a decision is made about the redevelopment of the Covent Garden site and the closure of the car park during this period, there will be a period when there is no income for this car park. The reduced income is likely to affect 2018/19 to 2020/21. As reported to members in the Car Park Displacement Report to Executive in July 2018, there is £649,000 set aside in reserves to fund the consequential car park shortfall. When members are asked to confirm the Covent Garden redevelopment, the funding from the parking reserves to make good the income shortfall will also be sought from members.
- 5.3 The revenue effects of the proposed Fees and Charges are summarised in the following table.

	<b>Actual 2017/18</b>	<b>Original Estimate 2018/19</b>	<b>Latest Estimate 2018/19</b>	<b>Estimate 2019/20</b>	<b>Change 2018/19 Original to 2019/20</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	
<b>GENERAL FUND SERVICES</b>					
Chief Executive's Office	48,200	45,000	45,000	45,000	0.0%
Culture	191,551	219,000	197,000	203,000	-7.31%
Development	1,249,933	1,220,500	1,240,500	1,316,200	7.8%
Health & Community Protection	267,926	220,100	217,900	212,600	-3.4%
Housing	74,000	84,000	84,400	84,800	1.0%
Neighbourhood	4,901,448	4,988,900	5,064,700	5,196,600	4.16%
<b>TOTAL GENERAL FUND SERVICES</b>	<b>6,742,058</b>	<b>6,777,500</b>	<b>6,849,500</b>	<b>7,058,200</b>	<b>4.00%</b>
<b>HOUSING REVENUE ACCOUNT</b>					
Housing	355,200	401,000	350,000	350,000	-12.7%

- 5.4 Increased income from Fees and Charges will reduce the net cost of General Fund Services to the Council Tax Payer and seek to generate income to cover the costs of the provision of respective services. Any increases above the 2% per annum assumed within the Strategy will reduce the ongoing savings target. Anything below the 2% will increase the savings target.
- 5.5 The current forecasts for 2018/19 and 2019/20 will be reviewed within both the Base Budget Report (November) and Budget setting Report (February 2019). Managers will also continue to review their projections on a monthly basis.

## **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 2019, with the Council's costs of providing the service increasing more than inflation.
- 6.3 Future economic changes cannot be foreseen and the implications of Brexit add to any uncertainty. Any potential future recession would probably see a decline in the Council's income, which if not replaced, would have implications for the MTFS. However, there may be opportunities to be grasped that could also generate extra income.
- 6.4 Mitigation - Managers will review activity levels over the next few months, with any revised forecasts being built into the Final 2019/20 Budgets presented to Members in February 2019. Budgets are monitored and reviewed by Managers on at least a monthly basis during 2018/19.

## **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 2019/20 remain static i.e. remain at the same level as for 2018/19, which would increase the savings to be found over the next five years unless additional activity could be generated to offset this.

## **8. BACKGROUND**

### **8.1 Fees and Charges Preparation**

- 8.1.1 Alongside these pieces of work, Managers also undertook fee comparisons as part of the usual annual Fees and Charges review.
- 8.1.2 Managers also spoke to users of their services to ascertain their views on price increases.

## **9. FEES AND CHARGES GUIDELINES**

- 9.1 In accordance with the Financial Strategy and Code of Financial 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 and the impact on Council Finances, where this is not the case.
  - (d) The impact of prices on level of usage.
  - (e) The impact on the Council's future financial projections.

## **10 CHIEF EXECUTIVE'S DEPARTMENT**

- 10.1 The GIS section of ICT has proposed amendments to the Street Name Numbering charges so as to ensure consistency. Details are shown in Appendix A.

## **11. CULTURAL SERVICES**

- 11.1 Appendix A now reflects that the fees and charges for the Pump Room Annexe fees are under the control of the contractor and are not set by the Council.
- 11.2 Fees and charges at the Leisure Centres that WDC can influence are now limited to a list of Core Charges. These can be seen in Appendix B. The contract stipulates that they will be increased by up to the September RPI figure in the following year.
- 11.3 Victoria Park Tennis
- This is now operating as a concession with the operator setting the charge, after consultation with this Council. The concession fee is greater than the income being previously received from the operator and the administration of this service is now less cumbersome.
- 11.4 Events in the Parks and Open Spaces, Circuses and Fairs and the Pump Room Gardens Corner site have transferred to the events team in Development Services.

## **12. DEVELOPMENT**

### **12.1 Building Control**

12.1.1 Building Control is subject to competition from the private sector and has to set charges that are competitive otherwise they will lose customers to the private sector. The proposed charges for domestic properties are considered to be fair in the current competitive market. Fees for commercial projects are done on a bespoke basis, taking into account how many inspections will be needed, how long the project is likely to take and whether any additional professional services need to be brought in.

### **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. The income levels shown for Land Charges for 2019/20 will be close to the estimated level of expenditure incurred in running this service for that year. It is not proposed to increase these fees because tight control over costs has been maintained. The LLC 1 charges has now transferred to the Land Registry, therefore, the Council can no longer charge for this.

### **12.3 Events in Parks and Open Spaces**

12.3.1 The responsibility for this has transferred to the Events team from Cultural Services. A recent Executive report on charging for such events, detailed that event organisers are no longer charged for using WDC parks for events and Members noted that the resulting loss of income of around £3,000 will be reflected in an adjustment to income forecasts for 2018/19 and reflected in the Medium Term Financial Strategy.

## **13. HEALTH AND COMMUNITY PROTECTION**

### **13.1 Licensing and Registration**

13.1.1 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 and support costs, to produce that licence. Each licence should not contain a profit element and should breakeven over 3 years. This is a similar methodology to that for Building Control and Land Charges.

13.1.2 Animal Welfare Licensing Fees – this is a new area to the licensing team. First year entire service has been time monitored, hence significant changes in some fees. These fees will operate from 1<sup>st</sup> October.

## 14. HOUSING

### 14.1 Houses in Multiple Occupation Licensing

- 14.1.1 HMO licensing fees are required to be set to recover costs. It is proposed to increase these charges by inflation to ensure that income generated meets the cost of providing the service, whilst not making a profit.

## 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 2017/18 £	Estimate 2018/19 £	Latest 2018/19 £	Estimate 2019/20 £	%
Car Parking	2,638,500	2,735,000	2,735,000	2,789,700	2
Season Tickets	291,600	270,000	270,000	275,400	2
Excess Charges	124,900	105,000	105,000	107,000	2
Other Income	50,100	48,000	48,000	48,000	0
<b>Total Income</b>	<b>3,105,200</b>	<b>3,158,000</b>	<b>3,158,000</b>	<b>3,220,100</b>	<b>2</b>

- 15.1.2 For 2019/20 car park income levels are forecast to Increase by 2%. As discussed in section 5 this assumes Covent Garden car park remains open.

- 15.1.3 In accordance with the resolution of Council in February 2016, any surplus income over the amounts budgeted will be allocated to the Car Parks Repairs and Maintenance Reserve.

- 15.1.4 The car park stock requires substantial funds on an ongoing basis to maintain and improve it. All the costs of operating, maintaining and supporting the car park service have been brought together in a Car Parking Memorandum Account. This demonstrated that the car parks are operating at a substantial deficit. With continued financial restraint by Central Government upon Local Authorities there is a requirement for Warwick District Council to seek to recover the full costs of the service. Charges for this year have been devised to take into account the need to reduce the net cost of the service whilst understanding the parking needs associated with each town.

- 15.1.5 Also included in Appendix A is the list of charges for the new car parks that will come into operation when Covent Garden closes. A new fee for Bath Place to reduce the number of spaces being taken by commuters, who park there all day, is also being introduced.

## Season Tickets and Penalty Charge Notices

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

15.2.2 Penalty Charge Notice (PCN) income exceeded its target for 2017/18 and is forecast to generate over £100k in 2018/19 and 2019/20. However, increased income cannot be guaranteed to continue at that level.

## 15.3 Bereavement

### 15.3.1 Interment and Cremation fees

The Bereavement Manager has reviewed the figures based on the last 5 years work, particularly as she had to make an informed judgement for the impact of the "direct" and "Saturday" funerals introduced in April 2017. The direct services have been much more popular than anticipated and looking at the locations of those particular services the non-resident take up compared to the residents take up is significantly higher, which leads to the conclusion that they are services that would otherwise have gone elsewhere. The Saturday services have been less popular than anticipated, although there are slight increases (even taking into consideration the overall increases for last year) going forward. This is likely to be due to some funeral directors not promoting the service. The Crematorium has certainly seen a disproportionate increase from particular sections of the community, who would previously have gone to Canley or Redditch on Saturday.

The Crematorium memorial income is £3,000 lower than originally anticipated, as improvement work is needed for those areas and it is not as attractive as it could be. Therefore the leases are not selling very well. More cremated remains are being buried in the cemeteries, which is boosting the Exclusive Rights of Burial, interment and cemeteries memorial income, despite there being a reduction in actual full burials.

Also there are a couple of new fees proposed, in relation to late information. There have been problems with paperwork being delivered extremely late and with bereavement staff having to take papers to the medical referee which incurs additional costs. Also where a service is booked but not cancelled this denies another family of having that time and income is lost. There have also been issues with late/incorrect burial information (mostly to do with sizes), which causes major logistical problems.

In relation to children (young people up to 17yrs) the cremation fee remains the same but the burial fee has increased. The wording on the Communal Cremations fee now reflects that the charge is specific to each coffin. This is because the NHS have been bringing 4 or 5 coffins, which have to be cremated separately despite being part of one service. However, the client has been expecting to pay only one fee. The Regulations require each coffin to be cremated separately to ensure the recovery of individual cremated remains, and this is now reflected in the proposed charges.

15.3.2 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.

15.3.3 Income details (exclusive of surcharge premium) for, both the Cemeteries and Crematorium for, 2018/19 & 2019/20 are shown below.

	<b>Original 2018/19</b>	<b>Latest 2018/19</b>	<b>Original 2019/120</b>
	£	£	£
Cemeteries	385,700	428,000	445,300
Crematorium	1,326,200	1,334,700	1,385,200
Total	1,711,900	1,762,700	1,830,500

## **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 credited to the Housing Revenue Account, from where the costs of this service are met. Details of the charges are shown in Appendix A.