 EXECUTIVE 10 October 2012		Agenda Item No. <div style="font-size: 2em; text-align: center;">4</div>
Title	Fees and Charges 2013-14	
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Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006	No	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 12 October 2011 - Fees and Charges 2012/12	
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
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	17/9/12	Andrew Jones
Chief Executive	17/9/12	Chris Elliott
CMT	17/9/12	
Section 151 Officer	17/9/12	Mike Snow
Legal		
Finance		Finance Report
Portfolio Holder(s)	24/9/12	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 2013 calendar year. It also shows the Fees and Charges income budgets for 2012-13 and original 2013-14.
- 1.2 Two service areas (Markets and Building Control) have made some amendments to their Fees and Charges for 2012-13 that have not previously been reported to Executive and approval for these changes (which took place in April 2012) is sought.

2. RECOMMENDATIONS

- 2.1 The Council is recommended to approve the Fees and Charges identified in Appendix 'A' to operate from 2nd January 2013 unless stated.
- 2.2 The Executive note the work undertaken by the Income Maximisation working party and the detailed exercise undertaken when determining the Council's income levels and fees for next year.
- 2.3 It is recommended that in future any minor changes for Building Control fees and Market fees are agreed by the Head of Development in consultation with the Development Portfolio Holder and Head of Finance.

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 2013-14. Changes to the 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 savings target needed to achieve by taking money out of service provision.
- 3.3 The work undertaken to review the Fees and Charges has confirmed that in most cases the income received is at maximum, and in many cases the market will not currently bear further increases in charges.
- 3.4 The work undertaken by the Income Maximisation working party showed that the uncertain economic climate is acting as a brake on increasing its fees and charges levels much further. Given the difficult financial situation the Council is expecting over the next few years, it would be worthwhile to examine ways in which the Council could stimulate economic activity and so increase income levels; not by increasing Fees and Charges levels but by securing increased volumes of applications, etc which would bring in more income. This would be entirely consistent with the Council's support for the local economy as expressed in the Sustainable Community Strategy
- 3.5 Building Control and Market fees were amended earlier in the year (see paragraphs 12.1.3 and 12.3.1) to respond to market conditions, without them being reported to Executive. To avoid this happening again, delegation for minor changes to the Head of Development in consultation with the Development Portfolio Holder and Head of Finance, is sought.

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 increased outlined in the Budget Review Report in August 2012.

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 Members on the financial projections for future years, savings required to be found and some of the key issues needed to be considered in preparing the 2013-14 budget and beyond.

5. **BUDGETARY FRAMEWORK**

5.1 The latest financial projections present a deficit of £350,000 by 2016-17. 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 April 2012. If these savings do not materialise, or other factors impact adversely upon the Council's finances, the level of additional savings needing to be secured will be in excess of £350,000.

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 2013-14 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.

5.3 The Medium Term Financial Strategy assumes income from Fees and Charges will increase by 2% in 2013-14. The income figures for 2013-14 from Fees and Charges shown in this report exceed those projected in the Council's latest Medium Term Financial Strategy by approximately £65,000. 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 and new fees for 2012-13

5.4.1 The latest estimate for Fees and Charges for 2012-13 is £6,719,700 compared to an original figure of £6,773,400.

5.4.2 Income levels for most areas are estimated to be on target, with the exception of Newbold Comyn Leisure Centre which is likely to be £65,000 short, mainly due to the closure for the Flume replacement. Income levels are expected to recover by 2013-14.

5.4 3 Most fees for 2012-13 have stayed the same with the exception of new charges for gym off peak membership as well as a Match Fee for the Meadow All-Weather pitch and a Swim/Sauna concession that had not been previously offered at Castle Farm Leisure Centre. Environment has brought in a charge for

bed bugs for pensioners not in receipt of income support or additions to the state pension as well as a stray dogs administration processing fee.

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 2013-14 remain static which would substantially increase the savings to be found over the next five years.

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 neighbour" (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.

7.4 Income Maximisation Working Party

- 7.4.1 The Income Maximisation working party's views were incorporated as part of this Fees and Charges exercise.
- 7.4.2 The Income Maximisation working party also looked at the concessions and this was reported to an earlier Executive. The report highlighted the need for consistency in labelling of concessions, as well as the need for a concessions policy (which was attached to that report) as well as the need to create a register of concessions.
- 7.4.3 The labelling issue is currently being addressed and the register of concessions is in the process of being created.

7.5. Delegated Charges and Authority

- 7.5.1 For Building Control and Local Land Charges (both major fee income strands) setting of charges is delegated to local authorities but the charge setting policies are still governed by regulations. Both of these services should have charges set so that the service breaks even. Building Control have slightly

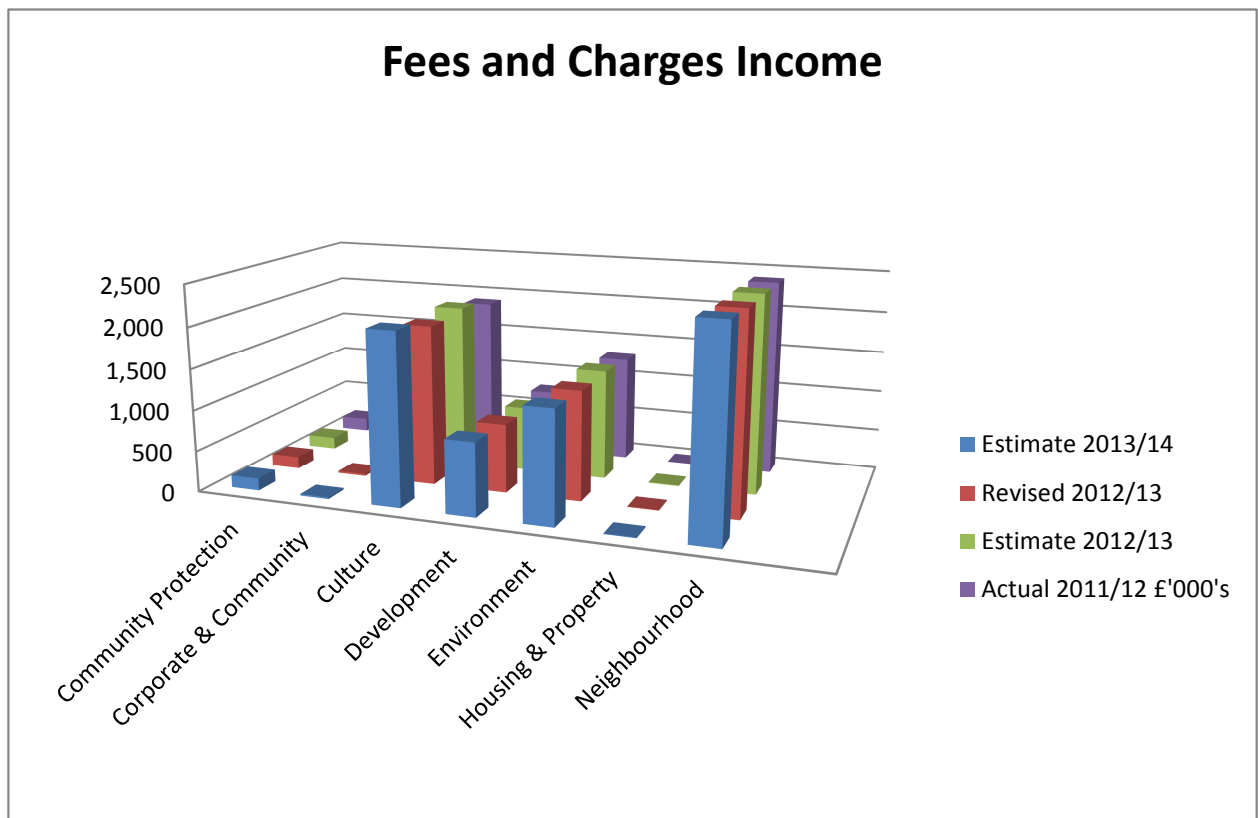
amended their charges for 2012-13, commenced April 2012, when compared to charges reported in October 2011 to make charges simpler and to react to market conditions. It is recommended that in future any such minor changes are agreed by the Head of Development in consultation with the Development Portfolio Holder and Head of Finance to ensure that they can be implemented quickly so as to respond to market changes.

- 7.5.2 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.
- 7.5.3 The Business Enterprise Manager has similar authority for the Althorpe Enterprise Hub and Court Street Creative Arches.

8. FEES AND CHARGES GUIDELINES

- 8.1 This report is concerned with determining the levels of Fees and Charges under the responsibility of service areas in light of the Financial Strategy and the income review outlined above.
- 8.2 In implementing the Financial Strategy guidelines 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.
- 8.3 The revenue effects of the proposed Fees and Charges are summarised in the following table and also shown graphically:

	Actual	Original Estimate	Original Estimate	Change
	2011/12	2012-13	2013-14	%
	£	£	£	
Community Protection	164,300	145,400	147,400	1.5%
Corporate & Community	6,600	16,700	20,000	19.8%
Culture	1,894,200	2,003,700	2,085,500	4.1%
Development	788,400	834,500	887,800	6.4%
Environment	1,296,100	1,352,500	1,361,500	+0.7%
Housing & Property (GF)	2,400	8,700	8,000	-8.1%
Neighbourhood	2,389,500	2,411,900	2,462,700	2.1%
TOTAL ALL SERVICES	6,541,500	6,773,400	6,972,900	2.95%



- 8.4 The above table shows that the total anticipated income for all services for which the Council can set charges is £6,972,900 in 2013-14, which is **2.95%** more than the original estimate for 2012-13. The increase in income is largely made up by increased income from the Court Street Arches and Althorpe Innovation and Enterprise Centre, Town Hall lettings income is forecast to increase significantly due to two major lettings to large organisations. Fees and charges for recreational activities have also increased by an average of 2.52%
- 8.5 The Council's Medium Term Financial Projections, that were reported to Executive in August, include net income inflation for most services for 2013-14 at 2%. This plus other known changes assume income increases by just over £135,000 in 2013-14 above the Original Estimates for 2012-13. The actual net increase of 2.95% (£200,000) creates a surplus of £65,000 on the projections. The major reasons for this have been explained in paragraph 8.4 above.
- 8.6 Each service has carried out a review of their fee-earning activities. The following sections provide details on the major items within this review.

9. COMMUNITY PROTECTION

9.1 Licensing and Registration

- 9.1.1 The Licensing Services Manager 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 2011/12 was encouraging, with it being approximately £19,000 over target. However, the Licensing Services Manager feels that this was a blip and that income will fall back to normal levels and this is reflected in his estimates for 2012-13 revised and 2013-14 original.

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 2012-13 income is likely to be £5,000 over budget, with the trend likely to continue in 2013-14.
- 10.2 The section is also looking at other street name and numbering initiatives already adopted by other local authorities, that may generate additional income. At an appropriate time, Executive will receive a report detailing these options and seeking approval to introduce them.

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 six 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.

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.

11.4 Royal Spa Centre

- 11.4.1 For 2013-14 the Theatre and Town Hall Manager is predicting that the income figure will standstill in the Business Plan, and this is reflected in the budget. He feels that trading conditions will remain as they are (if not worsen) over the next 12/18 months so showing any increase is not realistic.
- 11.4.2 Town Hall lettings income is forecast to increase significantly (65%) due to two Medium-term lettings to large organisations.

11.5 Royal Pump Rooms

- 11.5.1 Pump Room income is no longer reflected in the Fees and Charges report. This is because all income is received as part of the new Lease arrangement.

12. DEVELOPMENT

12.1 Building Control

- 12.1.1 Building Control activity has been hit by the downward turn in the economy. Any shortfall in income is usually countered by a corresponding reduction in expenditure. A surplus was made in 2011/12, which was transferred to the Building Control Reserve, despite Building Control not hitting 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. Over the past couple of years the Building Control function has been affected by the economic downturn in the economy. Building Control is, however, predicting that it will now meet its target income figure for 2012-13 (£475,000). Income for 2013-14 is forecast to be the same. Any surplus/deficit is usually 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 As a trading account it was deemed good practice to review Building Control charges every 6 months. This has been done, recently, and there have been some small amendments to existing charges as well as the introduction of some new ones. These charges now reflect what other competitors are charging in the private sector. Details of the changes are shown in Appendix B. They show the difference between the original and current charge or indicate the change in the banding values being used.

12.3 Markets

- 12.3.1 The charges were recently revised upwards (April 2012) after a request from the markets operator. Details are shown in Appendix B. No further changes are proposed for 2013.
- 12.3.2. It is recommended that in future any such minor changes are agreed by the Head of Development in consultation with the Development Portfolio Holder and the Head of Finance.

12.4 Local Land Charges

- 12.4.1 The fees set out in Appendix 'A' have not been increased. Information from other sources suggests that fees are already in the top quartile and in competition with personal search companies. It is, therefore proposed that fees remain the same for the coming year in order to retain / win business, rather than putting up fees further and driving more business towards personal search companies.
- 12.4.2 Income levels have, until recently, been very good and the 2011/12 income target was exceeded by £7,500. However, since April 2012, searches have fallen and income is now likely to be almost £30,000 short of its target. It is felt prudent to use a similar figure for 2013-14.
- 12.4.3 This account is 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. By not increasing charges for 2013-14, as well a down turn in the number of searches, the account will break even after taking into account surpluses over the past few years.

12.5 Althorpe Enterprise Hub and Court Street Creative Arches

12.5.1 In October 2011, Executive agreed to install a more commercial approach 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.

12.5.2 The Business Enterprise Manager reports that lettings are very encouraging and income levels are increasing to pre-recession levels, with a waiting list for potential customers being created.

12.5.3 2013-14 Income for the Althorpe Enterprise Hub and Court Street Creative Arches is likely to exceed the original targets for these properties.

12.6 Planning Fees

12.6.1 The Government has not yet made clear proposals for local authorities to set their own planning fees, and is subject to further consultation. The Government has already announced that existing fees will increase by 15%, but the implementation date is not clear (Autumn 2012) but certainly by April 2013. This has been allowed for in the 2013-14 element of the Medium Term Financial Strategy but may benefit 2012-13.

12.6.2 Although these fees are not a discretionary charge and Members do not, currently, have authority to set these charges, they generate significant income for the council.

12.6.3 It is not yet clear when the Government will make a final decision regarding any delegation to local authorities.

13. ENVIRONMENT

13.1 Cemeteries and Crematorium

13.1.1 Crematorium income is projected not meet its target by £20,000 in 2012-13 as there has been a fall in numbers being cremated.

13.1.2 The Bereavement Services Manager has reviewed and benchmarked the Crematorium Fees and Charges and discovered that most local authorities charge the same fee for residents and non-residents and that our fees were below the national average. Therefore it is recommended to Executive that the cremation fee is made the same for residents and non-residents and that the fee should increase to the national average (£576). This would then offset the reduced numbers mentioned in the paragraph above and bring back income levels to that of the original estimate for 2012-13.

14. HOUSING and PROPERTY

14.1 HMO Licensing

14.1.1 HMO licensing fees are required to be set to recover costs. It is not proposed to increase these for 2013-14 as they are already at a premium level and further increases at this time could lead to challenges and reduced numbers of applications being made. These charges have not been increased since 2010-11.

14.1.2 Estimates for fee income have not been included in Appendix 'A' as it does not go directly into the revenue accounts. The licences are issued on a five yearly basis with the majority of them due for renewal in 2012-13. Income raised from the issue of licences is transferred to a holding account (a creditor on the balance sheet) and an amount is subsequently released to balance the expenditure on the HMO Fee Funded revenue account.

14.1.3 With the current economic downturn it is not anticipated that there will be many new applications during 2012 and 2013. Estimates are £8,700 for 2012-13 and 2013-14.

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 2011/12 £	Estimate 2012-13 £	Revised 2012-13 £	Estimate 2013-14 £	%
Car Parking Charges	2,077,300	2,076,000	2,100,000	2,130,000	2.60
Season Tickets	186,800	188,000	185,000	185,000	-1.60
Excess Charges	93,400	106,000	85,000	105,000	-0.94
Total Income	2,357,500	2,370,000	2,370,000	2,420,000	2.1

15.1.2 For 2013-14 car park income levels are forecast to increase by 2.1%. Other income, which does not form part of the Fees and Charges process, has received a major one-off boost in 2012-13 from use of spaces at Abbey End. This income, for Parking Services at a major location in Leamington Spa, makes a significant contribution to the cost of the service.

15.1.3 The current poor economic situation, continued expansion of the internet for shopping and the high price of fuel have been having a negative impact on the number of visits by car to most town centres.

Earlier in 2012 in consultation with Leamington Chamber of Trade, Leamington BID and the Town Council the District Council in partnership with the County Council agreed to harmonise on and off-street charges and introduce a linear tariff in all Pay and Display car parks and on-street in Leamington.

That scheme has been operating since July 2012 and appears to have been not only well received by customers but has resulted in a bottoming out of car park usage.

In Warwick a number of infrastructure projects have been undertaken which have impacted on accessibility to the town centre and together with the poor weather in the first 3 months of the financial year this has seen usage below last year's performance.

In Kenilworth performance continues to remain encouraging with usage generally up on last year.

Parking Services are seeking to implement the key recommendations of the Portas Review to support your local high streets by making local parking policies more reflective of the needs of shoppers, to ensure our three towns remain vibrant business communities. In consultation with local businesses and resident group's officers identified the five key principles for off-street car parks across the District.

- Main car parks should be signposted by Variable Message Signs (VMS).
- Accessible to all with disabled provision located in the right area of the car park to offer access to the town centre.
- Safe and secure making use of CCTV coverage where ever possible.
- Charges set at levels which take account of the various demands for parking.
- Payment methods which are customer friendly. This includes move to linear charging and credit card payment provision.

Against this background officers believe that any increase in off-street car park charges would be counterproductive and are therefore not proposing to increase any off-street charges for 2013-14.

Meetings took place as normal with Town Centre Partnerships and Town Councils in September. Rather than those meetings being consultation meetings on proposals to increase charges the meetings were about ways of improving the parking offer in order to increase income by increasing usage not charges. Issues like "linear charging" and "harmonisation of hours of enforcement" were covered. Feedback from those meetings is detailed in Appendix C.

Overall despite poor performance in Warwick, off-street P&D income is showing a small increase in income against budget based on increased numbers parking in Leamington and Kenilworth.

Season ticket income is in line with last year despite cheaper all day ticket prices in multi-storey car parks in Leamington. Parking Services see this trend continuing in 2013-14.

Penalty Charge Notices income is down on estimate. This is as a consequence of the parking enforcement intervention which has resulted in a detailed review of the work undertaken by enforcement staff and the development of new rotas and beats which won't be fully operational until the final quarter of the financial year. As a consequence of changes to the working patterns a number of posts remain vacant which will not be filled until the new working arrangements are in place.

However, as the new arrangements will focus enforcement in the areas where abuse of the regulations occur and the service will be operating with a full complement of staff, it is expected that the Penalty Charge Notices income will increase in 2013-14 to previous levels.

Officers believe this can be achieved as a result of increases in usage in car parks particularly in Warwick which has been affected by infrastructure works and weather and changes to the working patterns of the enforcement team which is expected to result in Penalty Charge Notices income being in line with the performance in previous years.

15.2 Waste Management

15.2.1 Bulky Refuse

Charges and income for 2013-14 have increased in overall terms by 2%.

16 Warwick Response

16.1 Housing Revenue Account

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 to the General Fund.

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

16.1.3 It is proposed that charges for 2013-14 remain unaltered. However, the Supporting People Services Manager has advised that she is looking at wider charging structures for 2014-15. This will include looking at market competitiveness, additional charges levied by other authorities (and how successful they are) and whether a menu of charges would be appropriate.