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|  EXECUTIVE 01 October 2014 | | Agenda Item No. 4 |
| Title | Fees and Charges 2015-16 | |
| For further information about this report please contact | Andy Crump (01926 456810) Jenny Clayton (01926 456013) | |
| 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| Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006 | No |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 09 October 2013 - Fees and Charges 2014-15 | |
| 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 <u>must</u> be approved by the report authors relevant director, Finance, Legal Services and the relevant Portfolio Holder(s). | | |
| Officer Approval | Date | Name |
| Relevant Director | 12/9/14 | Andrew Jones |
| Chief Executive | 12/9/14 | Chris Elliott |
| CMT | 12/9/14 | |
| Section 151 Officer | 10/9/14 | Mike Snow |
| Legal | | |
| Finance | | Finance Report |
| Portfolio Holder(s) | 12/9/14 | Cllr Cross |
| 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 2015 calendar year. It also shows the latest Fees and Charges income budgets for 2014-15 and the actual out-turn for 2013-14.

2. RECOMMENDATIONS

- 2.1 To recommend to Council the Fees and Charges identified in Appendix 'A' to operate from 2nd January 2015 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 Parking Fees, apart from some minor changes to ensure charging consistency amongst car parks, are proposed not to increase in 2015.
- 2.4 Executive notes that fees for Building Control and Markets will be frozen until the position regarding the future running of these areas becomes clearer, when further reports will be presented to Executive.
- 2.5 Executive notes the significant changes to some licensing fees due to changes in legislation.
- 2.6 Executive notes the change of portfolios for bereavement services and street numbering following the Employment Committee decision to disband the Service Area of Corporate and Community Services.

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 2015-16. 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 has consulted local Chambers' of Trade and reviewed the current parking charges. Some minor changes have been introduced to ensure consistency amongst district council car parks. The linear charging system introduced in 2013 has been accepted by the public and is generating increased income. Therefore it is proposed not to increase them in 2015 but to continue to regularly review their effectiveness.
- 3.4 It is proposed not to alter fees for Building Control at this time. However a future report will be presented to consider the fees to be charged under the new Building Control Shared Service arrangement that is due to formally commence on 1st April 2015.
- 3.5 The contract for the operation of the Markets is up for renewal, accordingly it is prudent not to alter fees at the moment. Once the successful tenderer is known, a future report will be presented to Executive.

- 3.6 There has been significant work carried out by the Regulatory Manager on licensing fees due to a change in legislation, which means that the fees being charged should only reflect the amount of officer time needed to generate them. This has meant that some charges have changed quite substantially. The Regulatory Manager now has to ensure that transparent evidence is available to justify that charge to prevent any legal challenge.
- 3.7 The removal of the Corporate & Community Service area, agreed by Employment Committee of 17th September 2014, has meant some services have been moved to other service areas. Bereavement services now reports to Neighbourhood whilst Street Name and Numbering reports to the Deputy Chief Executive. Other services have moved too but these areas do not have any Fees & Charges and therefore are not mentioned in this report.
- 3.8 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.

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 2014.

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 2015-16 budget and beyond.

5. **BUDGETARY FRAMEWORK**

- 5.1 The latest financial projections presented to the Executive as part of the Budget Review Report to 30th July Executive showed a deficit of over £1million by 2019-20.
- 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 2015-16 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 2015-16. The income figures for 2015-16 from Fees and Charges shown in this report exceed those projected in the Council's latest Medium Term Financial Strategy by approximately £251,000. £125,000 of this is accounted due to the reversal of the 1-off reduction to the 2014-15 budget due to the capital works at the Crematorium in the current year. The remaining additional £126,000 has been generated from increased activity or changes to the fee being charged. However, within the Budget Forecasts presented in July,

a £200,000 Income Contingency was introduced. This additional income now forecast will effectively contribute towards this Contingency

5.4 Latest Budgeted Income for 2014-15 and new fees for 2015-16

5.4.1 The latest Budget for discretionary Fees and Charges for 2014-15 is £6,943,000 compared to an original figure of £6,938,600, an increase of £4,400. This will again go towards the Income Contingency for the current year.

5.4 2 Some fees for 2015-16 are the same as the previous year (the inflationary increase from 2014-15 to 2015-16 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 of 2% is assumed. However, inflation may prove to be higher than this in 2015, with the Council's costs of providing the service increasing more than 2%.

6.3 Whilst Britain is now pulling out of the recession, future economic changes cannot be foreseen. The recession saw a decline in the Council's income.

6.4 The operation of the Council's Building Control Shared Service is in the process of being drawn up for 2015. Arrangements are still being made. The Council may fail to recover the costs within the Fees which will be standardised for all the Authorities in the scheme.

6.5 Mitigation - Managers will review activity levels over the next few months, with any revised forecasts being built into the Final 2015-16 Budgets presented to Members in February 2015. Budgets are monitored and reviewed by Managers on at least a monthly basis during 2015-16.

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 2015-16 remain static i.e. remain at the same level as for 2014-15, 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.

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 participated in an income benchmarking exercise managed by Deloitte, along with many other Midlands district councils. The results of this analysis have been scrutinised in some detail, and discussed with all Heads of Service. 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 that the Council should introduce Pre-Application Advice charging for Development Control. The Head of Development Services is proposing to bring a further report to the Executive on this. 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 (Appendix B1 shows some of the work done by Culture).

8.2.2 Licensing income fees and charges have been subject to some significant amendments due to recent legislation changes. A major exercise has been undertaken, to cost each fee individually and this has meant that some have increased, some stayed the same and some reduced. 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.

8.2.3 From 2015, this Council will operate a Building Control shared service for several authorities with consistent fees for them all. Therefore, it is not appropriate to change the fee at this point but a further report will be presented to the Executive ahead of the shared service formally commencing from April 2015.

8.2.4 Markets - Development Services will report to Members separately after the tender has been awarded as there is potential for income and fees to alter. The current contract comes to an end at the end of January. Proposing an increase in fees at this time is not practicable, and revised Fees and next year's predicted level of income will be assessed at that point. It is possible income levels may remain the same for 2015-16 the same as 2014-15. Any changes will be incorporated into the February 2016 Budget and Council Tax Setting Report.

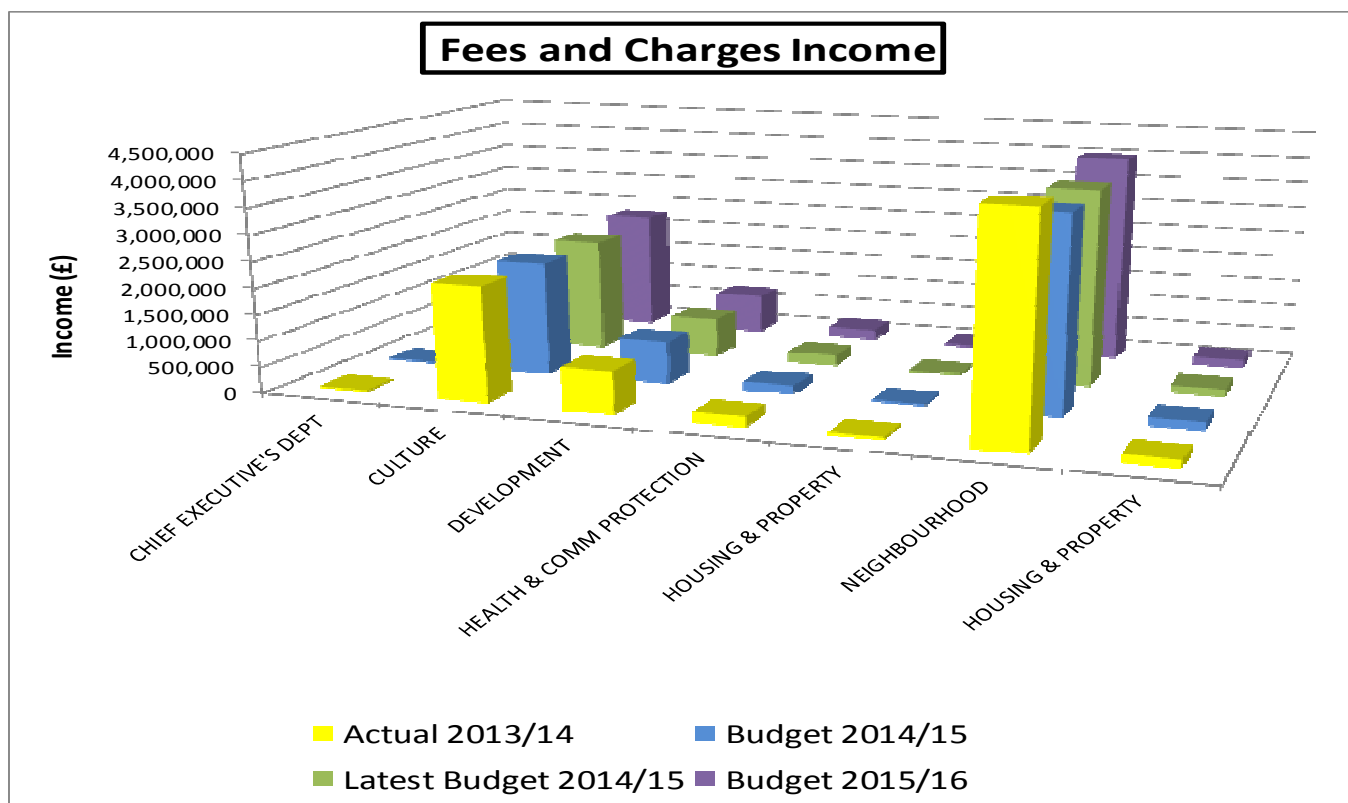
8.3 Delegated Authority

- 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 and also shown graphically

| | Actual | Original Budget | Revised Budget | Original Budget | Change 2014-15 to 2015-16 |
|-------------------------------|------------------|------------------|------------------|------------------|---------------------------|
| | 2013-14 | 2014-15 | 2014-15 | 2015-16 | % |
| | £ | £ | £ | £ | |
| Chief Executive's Office | 27,200 | 24,000 | 27,000 | 35,000 | 46% |
| Culture | 2,198,929 | 2,174,200 | 2,174,200 | 2,301,700 | 6% |
| Development | 818,422 | 816,700 | 748,000 | 748,800 | -8% |
| Health & Community Protection | 189,805 | 171,700 | 204,000 | 202,700 | 18% |
| Housing & Property (GF) | 49,800 | 33,000 | 33,000 | 33,000 | 0% |
| Neighbourhood | 4,184,866 | 3,719,000 | 3,756,800 | 4,006,100 | 8% |
| | | | | | |
| TOTAL ALL SERVICES | 7,469,022 | 6,938,600 | 6,943,000 | 7,327,300 | 6% |



- 9.3 The above table shows that the total anticipated income for all services for which the Council can set charges is £7,327,300 in 2015-16, which is **5.6%** more than the original Budget for 2014-15. 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 Council's Medium Term Financial Projections that were reported to Executive in August included net income inflation from Fees and Charges for 2015-16 at 2%. This plus other known changes assume income increases by just over £138,000 (2% on £6.98million) in 2015-16 above the Original Budgets for 2014-15. The actual net increase of 5.6% (£389,000), less the one off reduction to Crematorium income in 2014-15 of £125,000, means £126,000 will be available towards the 2015-16 Income Contingency Budget.
- 9.5 The latest Budget for 2014-15 is now £6,943,000 which is £4,400 more than the original Budget of £6,938,600. Again, this will be offset against the Income Contingency Budget.
- 9.6 Each service has carried out a review of their fee-earning activities. The following sections provide details on the major items within this review.

GENERAL FUND

10. HEALTH AND COMMUNITY PROTECTION

10.1 Licensing and Registration

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 2013/14 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 Budgets for 2014-15 revised and 2015-16 original. The changes mentioned earlier in the report also account for the changes in income levels too.

10.2 Cemeteries and Crematorium

- 10.2.1. Under the new Portfolio Holder Structure this has transferred to the Neighbourhood Services Portfolio.

10.3 Scrap Metal Dealers

- 10.3.1 The Scrap Metal Dealers Act 2013 introduced a new licensing system for scrap yards and scrap collectors. It was implemented on the 15th October 2013. A report to this Executive will give further detail of the processes this Council had to go through to ensure it complied with guidance and legislation, as well as formalising the fees.

11 **CHIEF EXECUTIVE'S DEPARTMENT**

- 11.1 The GIS section of ICT has taken over responsibility for street name and numbering and has been successful in generating income. In 2014-15 income is likely to be £3,000 over budget, with the trend likely to improve in 2015-16.

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.

13. **DEVELOPMENT**

13.1 Building Control

This area is intended to operate as a formal shared service from April 2015. Accordingly, it is not proposed to amend the charges at this stage, but a report will come forward to Executive before April to enable the charges of the authorities to be aligned.

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 2015-16 would still be closer to the estimate level of expenditure incurred in running this service for that year and therefore not be operating with an excessive surplus, if the reduction is maintained.

13.2.3 Income levels have been very good over the past 12 months and the 2013-14 income target was exceeded by £54,000. For 2014-15, even with the reduction income is now forecast to be £160,000. Estimates for 2015-16 are based on 2014-15 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 2015-16.

| | <u>2013/14 Actual</u> | <u>2014/15 Latest</u> | <u>2015/16 Estimate</u> |
|-------------------|-----------------------|-----------------------|-------------------------|
| Income | £254,617 | £160,000 | £160,000 |
| Expenditure | £131,530 | £133,300 | £135,000 |
| Surplus/(Deficit) | £123,087 | £26,700 | £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 are looking at the potential for income from Pre-Application advice. A report from the Head of Development Services is due to be presented to Executive to consider proposals for charging for Pre-Application advice.

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 2013-14 £ | Estimate 2014-15 £ | Revised 2014-15 £ | Estimate 2015-16 £ | % |
|------------------------------------|------------------------|--------------------------|-------------------------|--------------------------|----------|
| Car Parking | 2,382,800 | 2,180,000 | 2,240,000 | 2,290,000 | 5 |
| Season Tickets | 224,700 | 205,000 | 215,000 | 215,000 | 5 |
| Excess Charges | 98,000 | 95,000 | 90,000 | 95,000 | 0 |
| Other Income | 41,100 | 63,900 | 63,900 | 63,900 | 0 |
| Total Income | 2,746,600 | 2,543,900 | 2,608,900 | 2,663,900 | 5 |

15.1.2 For 2015-16 car park income levels are forecast to increase by 5%.

15.1.3 Meetings took place as usual with Town Centre Partnerships and Town Councils in September and they support the Head of Neighbourhood's recommendation to mainly keep the charges for 2015-16 the same, apart from some minor modifications to reduce some anomalies. The linear charges that were brought in for 2013-14 are working well and it is believed that this trend is likely to continue so it would not be appropriate to alter them for 2015-16.

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

15.1.5 Penalty Charge Notices (PCN) income remains constant and is unlikely to change much at the moment

15.2 Waste Management

15.2.1 Bulky Refuse

Income for 2015-16 will increase by nearly 3% should the changes proposed in the report be approved. The changes relate to the reduction of the concessions currently offered by this Council. They can be seen in Appendix A.

15.2.2 It is proposed that the concession offered to Senior Citizens/Persons in receipt of Income Support or additions to state pension and registered Disabled Persons should be reduced slightly. If this reduction is not agreed, the 3% increase in income mentioned in the paragraph above will not be met.

15.3 Bereavement

15.3.1 Cemeteries and Crematorium have now moved to the Neighbourhood Service Area.

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 for both the Cemeteries and Crematorium for 2014/15 & 2015/16 are shown in Appendix A of the report.

| | Original 2014-15 | Latest 2014-15 | Original 2015-16 |
|-------------|------------------|----------------|------------------|
| Cemeteries | £272,900 | £272,900 | £288,800 |
| Crematorium | £857,000 | £829,800 | £1,006,700 |

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.