



Title	Fees and Charges 2017/18	
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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Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006	No	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 30 September 2015 - Fees and Charges 2016/17	
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	6/9/16	Andrew Jones
Chief Executive	6/9/16	Chris Elliott
CMT	6/9/16	
Section 151 Officer	6/9/16	Mike Snow
Legal		
Finance		Finance Report
Portfolio Holder(s)	10/9/16	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 2017 calendar year. It also shows the latest Fees and Charges income 2016/17 budgets, initial 2017/18 and the actual out-turn for 2015/16.

2. RECOMMENDATIONS

- 2.1 Executive recommends to Council the Fees and Charges proposals set out in Appendix A, to operate from 2nd January 2017 unless stated otherwise.
- 2.2 Executive notes that the Fees and Charges for Leisure Centres have not been increased for 2017 due to the reasons mentioned in paragraph 12.1.
- 2.3 Executive agrees that Parking Fees are not increased for 2017/18 and notes that, due to growth, the Parking service still expects to meet its income target for 2017/18, as discussed in section 15.
- 2.4 Executive agrees the proposal not to increase fees for Land Charges and Building Control, both services with ring-fenced budgets, as discussed in section 13.
- 2.5 Executive agrees to changes to some licensing fees, as discussed in Section 10, due to the need to recover the costs of those services that have made a shortfall over the past year.
- 2.6 Executive agrees the new charges for Bereavement Services as well as the premium for non-WDC resident burials, and notes a future business case will be developed and brought to a future meeting to consider the future funding of new cemetery land as discussed in paragraph 15.4.2.
- 2.7. Executive notes that some fees and charges previously managed by Cultural Services are now the responsibility of the Business Support and Events team in Development Services. This team is undertaking a review of these charges and is, consequently, not currently proposing any increases for 2017/18 but will report back to a future meeting on any recommendations for future charging revisions.
- 2.8 Executive notes that the operation of the proposed fees and charges set out in this report from 2nd January 2017, will result in the 2017/18 income target set out in the MTFS being exceeded by **£89,500**, after exclusions for ring-fenced accounts and income that will be transferred to specific reserves e.g. Parking, as discussed in Section 5.

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 2017/18. 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 deficit.
- 3.3 It is anticipated that the new Leisure contract will commence in May 2017, at which point the charges introduced at the 6 Leisure Centres will be determined

by the new operator under the terms of the contract (section 10). Certain key charges will still be agreed by the Council, details of which can be found in Appendix B. In view of this, and the significant disruption that will be experienced by customers of St Nicholas Park and Newbold Comyn leisure centres during the build phase (Nov 2016 to summer 2017), subject to Full Council approval of the proposed investment projects later in the year, it is proposed not to implement any price changes in January 2017. The key charges proposed by the new contractor will need to be agreed by members, alongside the appointment of the contractor in Spring 2017. These controlled charges for the new contractor have been included within the tender documents based on the charges currently in force. By not increasing prices now for 2017, it would cost the Council by approximately £20,000 for a full year. However, with a new contractor planned to run the leisure centres from May 2017, with new charges in place from then, any income variance will be more than offset by the concession fee payable by the contractor.

- 3.4 Parking Services' income and costs (including potential refurbishment, rebuild or renewal of car parks) are being reviewed by a Task and Finish Group. Until the outcome of this review is known, the Head of Neighbourhood Services believes it is sensible to keep charges at 2016 levels. Increased usage of the car parks means that parking income targets for 2017/18 should be met, as well as making a contribution to the Car Park Reserve towards future car park maintenance.
- 3.5. Building Control and Land Charges are ring fenced accounts. Income levels for land charges are still high and it is felt that fees should not increase to avoid creating a large surplus on the Building Control Account, which should break even. Subject to Government confirmation, the LLC1 fee is due to transfer to the Land Registry service in late 2017/early 2018. That will then present the ideal time to scrutinise the costs and income of the service. 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.
- 3.6 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. A recent exercise has indicated that some fees are not recovering the full cost of providing that service and therefore need to be increased substantially, as discussed in Section 10 below.
- 3.7 Bereavement – new cremation fees are proposed to meet potential new or differing customer requirements. A combination of the desirability of our districts cemeteries (and some cemeteries in neighbouring districts/boroughs and Cities not being so desirable) has seen a disproportionate increase in the numbers of non-residents wishing to use our facilities, leading to cemeteries filling up at a faster rate than previously anticipated. A future business case will consider the need for future cemetery land and how an extra surcharge may assist to fund this.
- 3.8 The Business Support and Events Team, in Development Services, has taken responsibility for several fees and charges that were previously managed by Cultural Services. The team wants to maximise usage and income from these areas and are currently reviewing how best to do so. It is considered appropriate not to change these fees for 2017 until the outcome of this review (including customer feedback) is known in early 2017.

- 3.9 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 2016.

4.2 **Fit for the Future**

One of the three strands of Fit For the Future is ensuring that the Council achieves a sustained balanced budget by realising identified savings/increased income 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 2017/18 budget and beyond.

5. **BUDGETARY FRAMEWORK**

- 5.1 The latest financial projections presented to the Executive as part of the Fit For the Future Report to June Executive showed a deficit of approaching £700k by 2021/22, with a programme of projects which should secure savings of this magnitude.

- 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 2017/18 Budgets to be presented to the Executive in December. The Council should strive to maximise its income to recover its costs where possible and so reduce its net expenditure budget and the burden on its Council Tax Payers.

- 5.3 Overall, increased income from discretionary fees and charges, based on the proposed charges, will increase by £268,000 above the 2016/17 Estimate (£6,292,600-£6,024,600). The Medium Term Financial Strategy assumed income from Fees and Charges will increase by £120,500 (approximately 2%) in 2017/18. The income figures for 2017/18 from Fees and Charges shown in this report therefore exceed those projected in the Council's latest Medium Term Financial Strategy by approximately £147,500.

- 5.4 Car park income is projected to increase by £38,000 more than the 2% increase included in the Financial Strategy. This amount will be set aside in a parking reserve as previously agreed, whilst ring-fenced income increases, e.g. licensing, £20,000 (being used to recover deficit on service – see section 10) is not available to be used by the General Fund. The Street name and numbering service is approximately £10k above target, and Bereavement Services is £80,000 above target. This equates to the £89.5k mentioned in the table below.

- 5.5 The table below sets out the changes highlighted above and the additional income available to the Medium Term Financial Strategy.

	£000
2016/17 Original Estimate	6,024.6
2017/18 Estimates Income	6,292.6
Increased income between 2016/17 and 2017/18 Original	268.0
Expected increase in income in MTFS(excluding leisure options)	120.5
Surplus	147.5
Parking surplus to reserve	(38)
Income for ring fenced accounts not available to GF	(20)
Additional income available to MTFS	89.5

The implications from the fees and charges review, and the associated income levels estimated for 2016/17 and 2017/18 will be factored into the Council's Medium Term Financial Strategy which will be presented to members later in the Autumn.

- 5.6 The latest Budget for discretionary Fees and Charges for 2016/17 is £6,269,300 compared to an original figure of £6,024,600, an increase of £244,700. Extra income from Parking (£176k), Bereavement Services (£76k) and £10k from street name and numbering, along with some small reductions in Culture and Licensing, account for this overall increase. Fees and charges income is being closely monitored as part of the Budget Review process. Further details will be included in the quarter 2 Executive report in November, with details of any forecast year-end transfers to reserves e.g. Parking.
- 5.7 Some fees for 2017/18 are the same as the previous year (the inflationary increase from 2016/17 to 2017/18 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.

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 2017, with the Council's costs of providing the service increasing more than inflation.
- 6.3 Future economic changes, particularly in light of Brexit, cannot be foreseen. Although Economists appear to be giving mixed messages about the effect of United Kingdom leaving the European Union, there is some uncertainty as to how our economy will perform outside this market. Markets do not like uncertainty. Any 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, too, 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 2017/18 Budgets presented to Members in February 2017. Budgets are monitored and reviewed by Managers on at least a monthly basis during 2017/18.

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 2017/18 remain static i.e. remain at the same level as for 2016/17, 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 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 breakeven over 3 years, this is a similar methodology to that for Building Control and Land Charges.

8.2 Delegated Authority

- 8.2.1 The Head of Cultural Services 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 Cultural Services 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 Original 2016/17 to 2017/18
	2015/16	2016/17	2016/17	2017/18	%
	£	£	£	£	
Chief Executive's Office	48,271	35,000	45,000	45,000	29
Cultural Services	229,831	245,900	235,700	237,600	-3
Development	1,085,120	1,073,000	1,079,800	1,083,000	1
Health & Community Protection	180,185	216,700	199,100	254,900	18
Housing & Property (GF)	32,500	33,000	33,000	33,000	0
Neighbourhood	4,410,147	4,421,000	4,676,700	4,639,100	5
TOTAL ALL SERVICES	5,986,054	6,024,600	6,269,300	6,292,600	4.5

9.3 The above table shows that the total anticipated income for all services for which the Council can set charges is £6,292,600 in 2017/18, which is **4.5%** more than the original Budget for 2016/17. The reasons for this increase are shown section 5 above.

9.4 The latest Budget for 2016/17 is now £6,269,300 which compares to the original Budget of £6,024,600. These budgets have been amended to take out any Leisure Centre income budgets that were included for 2016/17 original budget in the September 2015 Executive report.

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

10.1.1 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 ring fenced account, the Council would be open to challenge should it be seen to be profiting from licence fees.

10.1.2 For the last two years, licensing legislation has changed significantly. The Regulatory Manager has had to complete complex exercises to ensure that the licensing charging model is robust and is able to stand any legal challenge.

10.1.3 A recent exercise has indicated that some fees are not recovering the cost of providing that service and therefore need to be increased substantially. For example, a sex establishment licence (including application fee and deficit

recovery charge) will cost £16,580. Hackney Carriage and Private Hire charges also face an additional deficit recovery charge.

10.1.4 The charge for some licences will now be made up of an application fee, licence, and recovery of deficit charge. For example the Vehicle Licence (PH) will have a £40.50 application fee, a licence fee of £130 and a recovery fee of £44.50, totalling £215. In the Licensing section of Appendix A, where appropriate, extra columns have been added to give details of this breakdown, highlighting in particular the deficit recovery charge.

10.1.5 The cost of administering Street Trading licences is less than the income received for 2015/16 and this means that the licence for 2017 will fall from its current charge of £559 to £270.

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 remain good (increasing from an original budget of £35,000 for 2016/17 to £45,000 for 2016/17 and 2017/18). This reflects the large amounts of new houses being built in the area. It is interesting to note that forecast income for 2017/18 is almost 15 times higher than actual income received in 2008/09.

12. CULTURAL SERVICES

12.1 It is anticipated that the new leisure contract will commence in May 2017, at which point the new operator will be responsible for the scale of charges at the 6 leisure centres. Certain key charges will still be influenced by the Council, details of which can be found in Appendix B. In view of this, and the significant disruption that will be experienced by customers of St Nicholas Park and Newbold Comyn leisure centres during the build phase (Nov 2016 to summer 2017), subject to Full Council approval of the proposed investment projects later this year, it is proposed not to implement any price changes in January 2017. It is anticipated that this approach has the potential to reduce income to the Council by approximately £20,000. However, with a new contractor planned to run the leisure centres from May 2017, with new charges in place from then, any income variance should be reflected in the concession fee payable by the contractor.

12.2 The number of fees at Leisure centres that the council will have control over will reduce dramatically from May 2017 once the running of these centres is outsourced. Appendix A shows the fees currently charged for these centres, the unchanged shaded charges will operate from 2nd January to early May 2017.

13. DEVELOPMENT

13.1 Building Control
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. This is why they are proposing not to change them for 2017 for domestic properties as they 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.

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. The income levels shown for Land Charges for 2017/18 will be close to the estimated level of expenditure incurred in running this service for that year.

13.2.2 Income levels have been ahead of budget over the past 12 months and The 2015/16 income target was exceeded by £28,000. For 2016/17, income is now forecast to be £160,000. Estimates for 2017/18 are based on 2016/17 levels of income although, like Building Control, these levels can fluctuate significantly.

13.2.3 Subject to Government confirmation, the LLC1 fee is due to transfer to the Land Registry service in late 2017/early 2018.

13.3 Markets

13.3.1 The contract for the operation of the Markets went to CJ Events quite recently. Early indications show that the new working arrangement has bedded in well.

13.3.2 It is proposed to increase charges by approximately 3%.

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 Private Sector Housing Manager indicates that currently our fees are average for England and Wales. This council has to regularly review if it is still charging a realistic fee for the services it offers, as part of the administration of grant works. WDC needs to have a robust model that stands up to challenge because the National Landlord Association has a campaign and legally challenges what they see to be high fees charged by some Councils.

14.1.2 It is proposed to increase these fees by approximately 2%.

14.2 Improvement Grants

14.2.1 Members will be aware of the decision to join the HEART consortia to administer improvement grants. This group has now set an administration fee of 12.5% of the cost of works (ours is currently 15%) and this will take effect from 1st April 2017.

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 2015/16 £	Estimate 2016/17 £	Revised 2016/17 £	Estimate 2017/18 £	%
Car Parking	2,585,000	2,460,000	2,632,000	2,550,000	3.7
Season Tickets	235,200	215,000	225,000	225,000	4.6
Excess Charges	56,500	95,000	105,000	105,000	10.5
Other Income	54,700	63,900	48,000	48,000	(25.2)
Total Income	2,931,400	2,833,900	3,010,000	2,928,000	3.4

15.1.2 For 2017/18 car park income levels are forecast to increase by 3.4% on the 2016/17 original estimate. This is despite the forecast interruption to the car park at Linen St – that has a knock-on effect on Warwick car parks - (£100k) as well as the proposed decision not to increase charges for 2017. Covent Garden Car park will also suffer disruption as part of the HQ relocation project, however a reserve has been created to mitigate the effects of any potential lost income.

15.1.3 The forecast income for 2017/18 is £38,000 above the 2% estimated in the MTFS. This income will be transferred to a Parking reserve, for future building and refurbishment costs, as previously agreed.

15.2 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 Notices (PCN) income fell 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 now back to earlier levels and this is shown in the latest estimates 2016/17 and the original for 2017/18.

15.3 Bins

15.3.1 New charges were proposed by Neighbourhood Services in the latter part of 2015 (post Fees and Charges report September 2015). These fees, and associated income, which came into effect in June 2016, are now shown in Appendix A.

15.3.2 These additional charges have helped to improve Neighbourhood Services income levels. The effects for 2016/17 and 2017/18 are shown in paragraphs 5.4 and 5.6.

15.4 Bereavement

15.4.1 Cremation

A new fee of £500 is being introduced for a cremation where there is no service (direct cremation). This will be available in 10 min increments from 9am to

10am, Mon, Tue & Wed which are times generally not utilised for services. It is anticipated that although there is a reduced fee, there will be no negative impact on income because it will encourage funerals from further afield that may have otherwise gone elsewhere. The fee has been set at £500 following benchmarking of similar services offered by neighbouring crematoria.

A new Saturday surcharge of £150 (on top of the normal cremation fee) will be introduced. It is not proposed to offer a full 6 day week provision at this moment, but will be offered to assist people who may not be able to make a weekday for whatever reason and to prevent people having to wait too long for a funeral in busy periods. The additional charge is intended to cover extra overheads that would be incurred by providing this service, i.e. staff and fuel costs.

There are a few relatively low value, infrequent items being introduced. Previously these services would have been provided at no additional charge, but improvements in online payments being developed by ICT will enable payments in advance to be implemented. i.e. DVD recording of services (north chapel only), duplicate certificates etc.

15.4.2 Exclusive right of burial and interment fees:

It is proposed that the current surcharge for non-residents of Warwick District Council be increased from 100% to 200%. At this stage the additional revenue has not been included in the proposed General Fund income estimates. A combination of the desirability of our districts cemeteries and some cemeteries in neighbouring districts/boroughs and Cities, not being so desirable, has seen a disproportionate increase in the numbers of non-residents wishing to use our facilities, there has also been an increase in the number of people planning their own funerals and purchasing burial rights for future use. It is intended that a future business case will come forward to the Executive that will consider the need for future cemetery land and how this may be funded. More detail, and the rationale behind this proposal, can be seen in Appendix C

The exception, to the surcharge premium, is woodland burial, where it is proposed the current 50% non-resident surcharge remains. The main alternatives are being provided by the private sector, it is a specific service that is only required by fewer people and the area currently available is predicted to last in excess of 50 years. In addition, due to the ethos of this type of burial there are comparatively low costs to maintain the area, e.g. there is no grass to be cut. A very modest 0.41% increase is being proposed to the woodland burial fees, this is following benchmarking with the private sector to maintain a competitive pricing structure.

Members should be reassured that there is already a comprehensive non-resident policy in place which protects former residents who may have moved out of the district through no choice of their own, for example, if they require specialist nursing or residential care that is not available within our boundaries or they move nearer to other family for their care needs.

15.4.3 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.

15.4.4 Income details (exclusive of surcharge premium) for, both the Cemeteries and Crematorium for, 2016/17 & 2017/18 are shown below.

	Original 2016/17	Latest 2016/17	Original 2017/18
	£	£	£
Cemeteries	287,900	343,500	358,600
Crematorium	1,184,700	1,205,200	1,234,500
Total	1,472,600	1,548,700	1,593,100

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. Details of the charges are shown in Appendix A. The numbers and type of services offered were significantly increased last year and have generated additional income to reduce the cost of service. The charges were increased significantly last year and the Manager believes they should stay the same this year as there is strong competition from other providers (which they confirmed by a benchmarking exercise).