

HERITAGE CULTURE & LEISURE COMMITTEE

4 JANUARY 2016

Is the final decision on the recommendations in this report to be made at this meeting?

No

MEDIUM TERM FINANCIAL STRATEGY 2016/17 – FEES & CHARGES

Final Decision-Maker	Heritage Culture & Leisure Committee
Lead Head of Service	Head of Finance & Resources
Lead Officer and Report Author	Head of Finance & Resources
Classification	Public Report
Wards affected	All

This report makes the following recommendations to this Committee:

1. That the Committee approves the proposed fees and charges for 2016/17 as set out in detail in Appendix A.

This report relates to the following corporate priorities:

Increases in fees and charges can have a significant impact on the Council's objectives. The use of the policy as a guide to assessing a correct level of increase means that the most appropriate levels are proposed in this report.

Timetable

Meeting	Date
Heritage Culture & Leisure Committee	4 th January 2016

MEDIUM TERM FINANCIAL STRATEGY 2016/17 – FEES & CHARGES

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 To consider proposals for setting the level of fees and charges for 2016/17 for services where the Committee raises income by charging the user of the service and where the setting of the fee or charge is discretionary. To also note the level of any fees and charges that may be set in accordance with statutory requirements where these apply to the Committee's range of services.
 - 1.2 To consider the impact of the proposed changes in the level of fees and charges on the Council's medium term financial strategy and the budget for 2016/17.
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2. INTRODUCTION AND BACKGROUND

- 2.1 The Council adopted a corporate fees and charges policy in May 2009. The Policy promotes consistency across the Council, is focused on the strategic aims of the Council and sets out the approach that the Council takes in setting fees and charges.
- 2.2 The Policy covers fees and charges that are set at the discretion of the Council. It does not apply to services where the Council is prohibited from charging, e.g. collection of household waste or services where the charge is currently determined by Central Government, e.g. planning application fees. However consideration of any known changes to such fees and charges and any consequence to the medium term financial strategy are included in this report.
- 2.3 The headline objective of the Policy is that fees and charges are set at the maximum level after taking into account conscious decisions on the subsidy level for individual services, concessions, impact of changes on users and any impact on the delivery of the Strategic Plan. Therefore there is a presumption that a charge will be levied for a service unless justified by strategic consideration or legal constraints.
- 2.4 The Policy also proposes that a review of all fees and charges will occur annually in line with the development of the Medium Term Financial Strategy. The review of fees and charges should consider the following factors:
 - a) The Council's strategic plan and values, and how they relate to the specific services involved;
 - b) The level of subsidy currently involved and the impact of eliminating that subsidy on the level of fees and charges, the effect on users and the social impact;

- c) The actual or potential impact of any competition in terms of price or quality;
- d) Trends in user demand including the forecasted effect of price changes on customers;
- e) Customer survey results;
- f) Impact on users of proposals both directly and in terms of delivery of the Council's objectives;
- g) Financial constraints including inflationary pressure and service budget targets;
- h) The implications arising from developments such as an investment made in a service;
- i) The corporate impact on other service areas of Council wide pressures to increase fees and charges;
- j) Alternative charging structures that could be more effective;
- k) Proposals for targeting promotions during the year and the evaluation of any that took place in previous periods.

2.5 The detailed results of the review carried out this year are set out in **Appendix A** and the approval of the Committee is sought to the amended fees and charges for 2016/17 as set out in that appendix.

2.6 As required by the policy, the fees and charges budgets for 2016/17 set out in Appendix A reflect consideration of the effect of increasing the charges, such as elasticity of demand and creating movement of users to competitors or ceasing to use a service. All services have either not proposed an increase or, where they have, the increase has not resulted in an increased budget. The reasoning behind these actions is all in line with the Policy's guidance.

2.7 Each service has been considered separately and in all cases the Policy has been followed.

3. AVAILABLE OPTIONS

3.1 Option 1: The Committee could approve the recommendations as set out in the report, adopting the revised fees and charges as proposed in Appendix A. As these proposals have been developed in line with the Council's policy on fees and charges they will create a manageable impact on service delivery and demand while maximising income levels.

3.2 Option 2: The Committee could agree different increases to those proposed. Any alternative increase may not be fully compliant with the policy, would require further consideration before implementation and may

not deliver the necessary levels of income to ensure a balanced budget for 2016/17.

4. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS

4.1 Option 1 is the recommended option. Officers have considered all aspects of the policy in developing the proposed fees and charges set out in Appendix A and they are in line with the policy's factors set out earlier in this report.

5. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK

5.1 No specific consultation has been completed on these fees and charges but the resident's survey included questions relating to direct payment for services and this option is seen by residents as the second most popular way of managing pressures on Council budgets, with over one third of responders voting in favour of this option. The most popular option relates to being more efficient in the delivery of services.

6. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION

6.1 The decision of the Committee will be reported to Policy & Resources Committee. This will assist Policy & Resources Committee to make a final recommendation on a balanced budget to Council.

7. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
Impact on Corporate Priorities	<p>Increases in fees and charges can have a significant impact on the Council's objectives. The use of the policy as a guide to assessing a correct level of increase means that the most appropriate levels are proposed in this report.</p> <p>The direct charging of a fee for a service reduces the level of subsidy required by all council tax payers and ensures a greater element of the cost is recovered directly from the service users where this approach is appropriate.</p>	Head of Finance & Resources
Risk Management	The budget agreed will form part of the	Head of

	<p>medium term financial strategy for 2016/17. The major risk is that the proposed increases do not deliver the income that is reflected in the budget once it is approved. If the income does not reach the levels expected within the budget the Committee will have to take corrective action to manage the shortfall.</p> <p>This risk is faced every year and, where the income generated is not sufficient to reach the budget, corrective action is taken by service managers. In such cases the quarterly budget monitoring report will highlight any significant issues to the Committee. In addition the constitution requires that any significant variances from income targets (greater than £40,000) are reported to the Policy & Resources Committee along with proposed actions to resolve the budget pressure created.</p>	Finance & Resources
Financial	<p>The MTFS impacts upon all activities of the Council. The future availability of resources to address specific issues is planned through this process.</p> <p>The proposals set out in this report do not provide an increase in budgeted income from charged for services within this Committee's remit. Where increased individual fees and charges are proposed these are expected to resolve the reported shortfall in income during 2015/16 so the budget have been held at the level of the current year.</p>	Head of Finance & Resources
Staffing	No specific issues identified.	Head of Finance & Resources
Legal	A number of the fees and charges made for services by the Council are set so as to provide the service at cost. These services are set up as trading accounts to ensure that the cost of service is clearly related to the charge made. In other cases the fee is set by statute	Head of Finance & Resources

	<p>and the Council must charge the set fee. In both cases the proposals in this report meet the Council's obligations.</p> <p>Where a customer defaults the fee or charge for a service must be defensible, in order to recover it through legal action. Adherence to the policy on setting fees and charges provides some assurance that appropriate factors have been considered in setting these charges.</p>	
Equality Impact Needs Assessment	The objective of the review of fees and charges including a focus on the factors required by the corporate policy minimises the opportunity for unintended disadvantage to be created.	Head of Finance & Resources
Environmental/Sustainable Development	No specific issues identified	Head of Finance & Resources
Community Safety	No specific issues identified	Head of Finance & Resources
Human Rights Act	No specific issues identified	Head of Finance & Resources
Procurement	No specific issues identified	Head of Finance & Resources
Asset Management	No specific issues identified.	Head of Finance & Resources

8. REPORT APPENDICES

The following documents are to be published with this report and form part of the report:

- Appendix A: Proposed level of fees and charges for 2016/17 – Heritage Culture & Leisure Committee

9. BACKGROUND PAPERS

None