

# COMMUNITIES, HOUSING & ENVIRONMENT COMMITTEE

17 January 2017

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

**Yes**

## MEDIUM TERM FINANCIAL STRATEGY 2017/18 – FEES & CHARGES

<b>Final Decision-Maker</b>	Communities, Housing and Environment Committee
<b>Lead Director or Head of Service</b>	Mark Green, Director of Finance & Business Improvement
<b>Lead Officer and Report Author</b>	Ellie Dunnet, Chief Accountant
<b>Classification</b>	Non-exempt
<b>Wards affected</b>	All

### **This report makes the following recommendations to the final decision-maker:**

1. That the Committee approves the proposed fees and charges for 2017/18 as set out in detail in **Appendix A**.
2. That the Committee notes the fees and charges set by the government for 2017/18, as detailed 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 ability to meet its objectives.

### **Timetable**

<b>Meeting</b>	<b>Date</b>
Communities, Housing and Environment Committee	17 January 2017

# **MEDIUM TERM FINANCIAL STRATEGY 2017/18 – FEES & CHARGES**

## **1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY**

- 1.1 This report sets out the proposed fees and charges for 2017/18 for the services which fall under the responsibility of this Committee and generate income through a charge to the service user. For the fees and charges which are set at the Council's discretion, the Committee is asked to consider the appropriateness of the proposals set out in Appendix A to this report.
  - 1.2 Fees and charges for some services are set in accordance with statutory requirements. The Committee is therefore asked to note the level of fees and charges relating to these areas, which are also detailed at Appendix A.
  - 1.3 This decision forms part of the Council's medium term financial strategy (MTFS) and budget for 2017/18. Committee members are therefore encouraged to keep in mind the impact of the proposed changes on the MTFS and budget when considering the proposals.
  - 1.4 The proposed changes will be effective from 1 April 2017 unless otherwise stated within the report or appendix.
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## **2. INTRODUCTION AND BACKGROUND**

- 2.1 The Council has a corporate fees and charges policy which sets out the approach that the Council takes in setting its fees and charges for the forthcoming financial year. The policy promotes consistency and a focus on the strategic objectives of the Council when setting fees and charges.
- 2.2 The policy covers fees and charges that are set at the discretion of the Council and does not apply to services where the Council is prohibited from charging, e.g. the collection of household waste. Charges currently determined by central government, e.g. certain licence fees, are also outside the scope of the policy. 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 In addition to raising income to fund the Council's services, the policy seeks to ensure that conscious decisions are made on the subsidy level for individual services, concessions, and the impact on service users and on the Council's Strategic Plan. It is assumed that a charge will be levied for a service unless there is a justification not to do so arising either from strategic considerations 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 an estimate of the effect of price changes on customers;
- e) Customer survey results;
- f) Impact on users 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 2017/18 as set out in that appendix.

2.6 As required by the policy, the fees and charges budgets for 2017/18 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. Each area has been considered separately and in all cases the policy has been followed.

2.7 The table below summarises the 2015/16 outturn and 2016/17 estimate for income from the fees and charges which fall under the responsibility of this Committee. It also shows the proposed budget increase that can be achieved from increased fees and charges for each service. Note that the table only shows proposals relating to increased fees and charges and so does not include other budget proposals that may impact these service areas. The table also shows known increases in charges set by the government or in accordance with regulation. The approval of the Committee is sought to the proposed levels of budgeted income for 2017/18 as shown in the table. The total increase in income expected to arise from

these proposals is £44,540, which amounts to a 3.3% increase in the overall budgeted income figure for this Committee for 2016/17.

Service Area	2015-16 Outturn	2016-17 Estimate	Proposed increase in income	2017/18 Estimate
Environmental Health (discretionary & statutory)	£11,415	£12,480	£0	£12,480
Environmental Enforcement	£96,023	£99,420	£0	£99,420
Licences (discretionary)	£120,127	£123,240	£0	£123,240
Hackney Carriage and Private Hire Drivers Licences (discretionary)	£40,440	£40,250	£0	£40,250
HMO Licensing (discretionary)	£6,645	£10,380	£2,000	£12,380
Licensing (statutory)	£162,845	£131,320	£0	£131,320
Recycling & Refuse Collection (discretionary)	£961,875	£945,790	£42,540	£984,630
<b>TOTAL</b>	<b>£1,399,369</b>	<b>£1,362,880</b>	<b>£44,540</b>	<b>£1,403,720</b>

*Table 1: Fees & Charges Summary (CHE)*

\*For some of the charges in this area, the maximum amount chargeable is set by the government, although local authorities do have discretion to reduce the charge below this level. Charges are currently set at the maximum level.

- 2.8 There is currently a small shortfall against the 2016/17 income budget for food safety. Therefore the increase in fees for Environmental Health as shown in appendix A is not anticipated to give rise to any increase in income for 2017/18, although it is hoped that the change will address the shortfall against the existing budget.
- 2.9 It should be noted that discretionary fees for licencing are required to be broadly cost neutral in budgetary terms meaning that the general fund should not subsidise the service, and the council should not seek to generate a surplus from this income stream. Given this, and the efficiencies which have been achieved in this service in recent years, it is not considered appropriate to increase these fees for 2017/18.

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### 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 whilst 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 2017/18.
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#### **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.
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#### **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.
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#### **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 in making a final recommendation on a balanced budget to Council.
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#### **7. CROSS-CUTTING ISSUES AND IMPLICATIONS**

<b>Issue</b>	<b>Implications</b>	<b>Sign-off</b>
<b>Impact on Corporate Priorities</b>	<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>	Director of Finance & Business Improvement
<b>Risk Management</b>	The budget agreed will form part of the medium term financial strategy for 2016/17.	Director of Finance & Business

	<p>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 are reported to the Policy &amp; Resources Committee along with proposed actions to resolve the budget pressure created.</p>	Improvement
<b>Financial</b>	<p>The medium term financial strategy impacts upon all activities of the Council. The future availability of resources to address specific issues is planned through this process.</p> <p>Appendix A details the anticipated financial impact of the proposed changes.</p>	Director of Finance & Business Improvement
<b>Staffing</b>	No specific issues have been identified.	Director of Finance & Business Improvement
<b>Legal</b>	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 and the Council must	Legal Team

	<p>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>	
<b>Equality Impact Needs Assessment</b>	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.	Director of Finance & Business Improvement
<b>Environmental/Sustainable Development</b>	No specific issues identified	Director of Finance & Business Improvement
<b>Community Safety</b>	No specific issues identified	Director of Finance & Business Improvement
<b>Human Rights Act</b>	No specific issues identified	Director of Finance & Business Improvement
<b>Procurement</b>	No specific issues identified	Director of Finance & Business Improvement
<b>Asset Management</b>	No specific issues identified	Director of Finance & Business Improvement

**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 (Communities, Housing and Environment Committee).

## **9. BACKGROUND PAPERS**

None