

Fees & Charges 2021-22

Final Decision-Maker	Strategic Planning & Infrastructure Committee
Lead Head of Service	Mark Green, Director of Finance & Business Improvement
Lead Officer and Report Author	Ellie Dunnet, Head of Finance Austin Mackie, Major Projects Manager
Classification	Public
Wards affected	All

Executive Summary

This report sets out the proposed fees and charges for 2021/22 for the services within the remit of this committee. Fees and charges determined by the council are reviewed annually, and this forms part of the budget setting process. Changes to fees and charges agreed by this committee will come into effect on 1 April 2021 unless otherwise stated in the report.

Purpose of Report

The committee is requested to agree the proposed charges for 2021-22, for the areas in which these can be set at the council's discretion (discretionary fees and charges).

The committee is also invited to note the expected charges which are determined externally (e.g. by statute), which have been included in Appendix 1 for information (statutory fees and charges).

This report makes the following recommendations to this Committee:

1. That the proposed discretionary fees and charges set out in Appendix 1 to this report are agreed.
2. That the expected statutory fees and charges set out in Appendix 1 to this report are noted.

Timetable

Meeting	Date
Communities, Housing and Environment Committee	8 December 2020
Policy & Resources Committee	20 January 2021

Fees & Charges 2021-22

1. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
Impact on Corporate Priorities	<ul style="list-style-type: none"> We do not expect the recommendations will by themselves materially affect achievement of corporate priorities. However, the Council's policy on charging has been developed to support corporate priorities as set out in the strategic plan and the proposals within the report have been made with reference to this. 	Ellie Dunnet, Head of Finance
Cross Cutting Objectives	<ul style="list-style-type: none"> The report recommendations support the achievement of the cross cutting objectives by ensuring that costs of service delivery are recovered where possible, which enables services which support these objectives to be sustained. 	Ellie Dunnet, Head of Finance
Risk Management	<ul style="list-style-type: none"> This is covered within section 5 of the report. 	Ellie Dunnet, Head of Finance
Financial	<ul style="list-style-type: none"> Financial implications are set out in the body of the report. If agreed, this income will be incorporated into the Council's medium term financial strategy for 2020-21 onwards. 	Ellie Dunnet, Head of Finance
Staffing	<ul style="list-style-type: none"> The recommendations do not have any staffing implications. 	Ellie Dunnet, Head of Finance
Legal	<p>Acting on the recommendations is within the Council's powers as set out within the Local Government Act 2003 and the Localism Act 2011. Section 93 of the Local Government Act 2003 permits best value authorities to charge for discretionary services provided the authority has the power to provide that service and the recipient agrees to take it up on those terms. The authority has a duty to ensure that taking</p>	Russell Fitzpatrick (MKLS (Planning))

	<p>one financial year with another, income does not exceed the costs of providing the service. A number of fees and charges for Council services are set on a cost recovery basis only, with trading accounts used 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 charge the statutory fee. In both cases the proposals in this report meet the Council's legal obligations. Where a customer defaults on the fee or charge for a service, the fee or charge must be defensible, in order to recover it through legal action. Adherence to the MBC Charging Policy on setting fees and charges provides some assurance that appropriate factors have been considered in setting such fees and charges.</p>	
Privacy and Data Protection	The recommendations do not have any privacy or data protection implications.	Policy and Information Team
Equalities	The recommendations do not propose a change in service therefore will not require an equalities impact assessment.	Equalities and Corporate Policy Officer
Public Health	<ul style="list-style-type: none"> The recommendations do not have any public health implications. 	[Public Health Officer]
Crime and Disorder	<ul style="list-style-type: none"> The recommendations do not have any public health implications. 	[Head of Service or Manager]
Procurement	<ul style="list-style-type: none"> The recommendations do not have any procurement implications. 	[Head of Service & Section 151 Officer]

2. INTRODUCTION AND BACKGROUND

- 2.1 The council is able to recover the costs of providing certain services through making a charge to service users. For some services, this is a requirement and charges are set out in statute, and in other areas the council has discretion to determine whether charging is appropriate, and the level at which charges are set.
- 2.2 In recent years, the use of charging has become an increasingly important feature of the council's medium term financial strategy, as pressures on the revenue budget limit the extent to which subsidisation of discretionary

services is feasible. Recovering the costs of these services from users where possible helps to ensure sustainability of the council's offer to residents and businesses, beyond the statutory minimum.

2.3 A charging policy (attached at Appendix 2 for reference) is in place for charges which are set at the council's discretion and this seeks to ensure that:

- a) Fees and charges are reviewed regularly, and that this review covers existing charges as well services for which there is potential to charge in the future.
- b) Budget managers are equipped with guidance on the factors which should be considered when reviewing charges.
- c) Charges are fair, transparent and understandable, and a consistent and sensible approach is taken to setting the criteria for applying concessions or discounted charges.
- d) Decisions regarding fees and charges are based on relevant and accurate information regarding the service and the impact of any proposed changes to the charge is fully understood.

2.4 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. planning application 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 for information.

2.5 Managers are asked to consider the following factors when reviewing fees and charges:

- a) The council's strategic plan and values, and how charge supports these;
- b) The use of subsidies and concessions targeted at certain user groups or to facilitate access to a service;
- c) The actual or potential impact of 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 on delivering the council's objectives;
- g) Financial constraints including inflationary pressure and service budgets;
- h) The implications of developments such as 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.

Proposed Fees & Charges for 2021-22

- 2.6 It is important that charges are reviewed on a regular basis to ensure that they remain appropriate and keep pace with the costs associated with service delivery as they increase over time.
- 2.7 Charges for services which fall within the remit of this committee have been reviewed by budget managers in line with the policy, as part of the development of the medium term financial strategy for 2021/22 onwards. The detailed results of the review carried out this year are set out in Appendix 1 and the approval of the committee is sought to the amended discretionary fees and charges for 2021/22 as set out in that appendix. Statutory fees and charges, which are set externally, have also been included within this appendix for information.
- 2.8 Table 1 below summarises the 2019/20 outturn and 2020/21 estimate for income from the fees and charges which fall within the remit of this committee.
- 2.9 The overall change in income if these changes are agreed and implemented as planned is expected to be -£893,818 which amounts to a 13.83% decrease on the overall budgeted fees and charges income figure for this committee for the current financial year. This includes both the effect of changes in fees and charges and revised projections for transaction volumes in light of the expected ongoing impact of Covid-19. The budgeted income levels have been provided for context to assist with consideration of fees and charges. They should be treated as indicative at this stage, and may be subject to change as the medium term financial strategy develops.

Fees and Charges

Service Area	2019-20 Outturn	2020- 2021 Estimate	Proposed change in income	2021- 2022 Estimate
	£	£	£	£
Parking Services	3,716,592	3,908,240	-724,228	3,184,012
Sandling Road Car Park	202,311	151,000	0	151,000
Land Charges	305,642	319,550	-31,955	287,595
Street Naming & Numbering	82,711	81,500	-8,150	73,350
Building Control	358,832	391,850	-35,267	356,584
Development and Conservation Control	1,499,974	1,610,440	-94,218	1,516,222
Grand Total	6,166,061	6,462,580	-893,818	5,568,763

Table 1: Fees & Charges Summary (SPI)

2.10 Detailed proposals are set out within Appendix 1 to this report, and considerations relating to these proposals have been summarised below.

2.11 Parking Services – The price increases detailed within Appendix 1 represent the increases previously agreed by the committee which were due to take effect from 1 April 2020. As previously reported to the committee, this increase was deferred to 1 April 2021 owing to the economic impacts of the Covid 19 pandemic. The off-street parking charges for town centre car parks proposed for adoption from 1 April 2021 have been compared to charges at non-MBC car parks (see table below) and are considered to represent value for money.

Tariff	Fremlin	Fremlin (Sat)	Mall	Station	Station (Sat)	Lock- meadow (MBC)	Medway St (MBC)	King St (MBC)
1hr	£2.30	£3.50	£2.00	£6.20	£5.50	£1.00	£1.30	£1.35
2hr	£2.80	£3.50	£2.00	£6.20	£5.50	£2.00	£2.60	£2.70
3hr	£3.30	£5.80	£2.50	£6.20	£5.50	£2.50	£3.90	£4.05
4hr	£4.30	£5.80	£3.50	£6.20	£5.50	£3.50	£5.20	£5.40
5hr	£5.60	£9.90	£4.50	£6.20	£5.50	£5.00	n/a	n/a
Over 5hr	£10.50	£9.90	£9.00	£6.20	£5.50	£7.00	n/a	n/a
Overnight	£2.00	£2.00	£1.00	£6.20	£5.50	No charge	£2.00	£2.00

Table 2: Town centre parking charges comparison

2.12 Applying the increases from 1 April 2021 reflects the strategy endorsed by Policy and Resources committee at its meeting on 21 July 2020, to consider income generation opportunities in seeking to close the budget gap. It is preferable to close the budget gap in this way, rather than to cut services. It is estimated that the proposed increases will generate income of approximately £50,000. However, a series of other factors are expected to

give rise to an overall reduction in the level of income that the Council will be able to generate from parking in 2021/22.

- 2.13 Firstly, the income budget for on street parking has been reduced by £26,000 per annum following the installation of the new cycle lane on King Street, resulting in the loss of on-street parking bays.
- 2.14 Secondly, the impact of Covid-19 and lockdown measures has had a significant impact on occupancy levels. This has led to income forecasts for car parking being revised downwards in line with assumptions on the speed of financial recovery set out within the medium term financial strategy. This is an area of significant uncertainty and forecasts will remain under regular review. The fall in occupancy levels is not related to the level of parking charges and there is no evidence that future occupancy levels will be affected by the relatively modest increases proposed to be implemented on 1st April 2021.
- 2.15 Thirdly, proposals to discount parking charges for battery electric vehicles (BEVs) will be brought to the committee for consideration in January 2021. The aim of introducing such discounts is to support the Council's wider objectives around improving air quality. If agreed, it is anticipated that this will result in modest income reductions of between £1,500 and £3,100 per annum. This reflects the relatively low proportion of this type of vehicle on the roads currently. This will need to be monitored on an ongoing basis as the proportion of BEVs on the road will increase over the coming years, resulting in further income reductions.
- 2.16 Penalty charges are set externally. No change is anticipated for the next financial year at this stage.
- 2.17 The net impact of these factors combined with the increase in charges is a reduction of £724,228 for parking related income.
- 2.18 Sandling Road Car Park – No changes are proposed to the existing charges at this car park. Income generated from charges at this car park is payable to the Maidstone East partnership joint bank account with KCC and used to fund the redevelopment of this site following the joint purchase of the former Royal Mail sorting office in 2016.
- 2.19 Land Charges and Street Naming & Numbering – Search fees are set by central government and no changes are currently anticipated for the next financial year. It is proposed that the discretionary charges in these areas remain at their current level for 2021/22. An allowance has been built into the income budget for next year to reflect the reduced demand for this service observed in the current year.
- 2.20 Building control – Moderate inflationary increases are proposed for building control charges. It is anticipated that this may generate additional income of £3,000-£4,000, however a reduction is expected in the overall income budget for this service during 2021/22 based on performance in the current year.
- 2.21 Development Control & Conservation

Pre-Application Charges

- 2.21.1 Planning officers have undertaken an extensive review and benchmarking exercise for pre-application charges. It should be noted that this review does not cover charges relating to Planning Performance Agreements (PPAs).
- 2.21.2 The proposed increases to existing fees are based on this benchmarking exercise and therefore reflect comparative costs per meeting and per hour of staff time. However, the proposed new rates remain considerably below Kent averages and continue to represent excellent value for residents, businesses and investors. This is illustrated in the benchmarking exercise, the results of which have been attached as Appendix 2 to this report.
- 2.21.3 Whilst the benchmarking exercise demonstrates that the potential exists for significantly greater increases, which coinciding with the draft local plan release, could result in a significant increase in income, it is considered that in the climate of Covid and an uncertain Brexit, increases should not be introduced at the preferred levels in one year, but phased in over the next few years in order to avoid overburdening residents and business or discouraging developers to engage with the Council at an early stage. The future rates will be based on analysis of actual time and costs.
- 2.21.4 The figures set out in Appendix 1 therefore represent the first year's increases, as part of a strategy to bring MBC closer to Kent averages.

2.22 Statutory Fees

- 2.23 Other planning fees are set externally by central government. No changes are anticipated for 2021/22 at this stage.

3. AVAILABLE OPTIONS

3.1 Option 1

The committee could approve the recommendations as set out in the report, adopting the fees and charges as proposed in Appendix 1. 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 propose alternative charges to those set out within Appendix 1. Any alternative increases 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

2021-22. The impact on demand for a service should also be taken into account when considering increases to charges beyond the proposed level.

3.3 Option 3

The committee could choose to do nothing and retain charges at their current levels. However, this might limit the Council's ability to recover the cost of delivering discretionary services and could result in the Council being unable to set a balanced budget for 2021-22.

4. **PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS**

4.1 Option 1 as set out above is recommended as the proposed fees and charges shown within Appendix 1 have been developed by budget managers in line with the Council's Charging Policy. The proposed charges are considered appropriate and are expected to create a manageable impact on service delivery whilst maximising cost recovery. Changes to fees and charges agreed by this committee will come into effect on 1 April 2021 unless otherwise stated.

5. **RISK**

5.1 The risks associated with this proposal, including the risks if the Council does not act as recommended, have been considered in line with the Council's Risk Management Framework. We are satisfied that the risks associated are within the Council's risk appetite and will be managed as per the Policy.

6. **REPORT APPENDICES**

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

- Appendix 1: Current and Proposed Fees & Charges – SPI Committee
- Appendix 2: Benchmarking of pre-application charges November 2020
- Appendix 3: Charging Policy

7. **BACKGROUND PAPERS**

None