

MAIDSTONE BOROUGH COUNCIL

CABINET

21 DECEMBER 2011

REPORT OF CORPORATE LEADERSHIP TEAM

**Report prepared by Paul Riley,
Head of Finance & Customer Services**

- 1. Budget Strategy 2012/13 Onwards – Corporate Fees & Charges Review**
- 1.1 Issue for Decision
 - 1.1.1 To set the appropriate level of fees and charges for 2012/13 for services where the council raises income by charging the user of a service and where the setting of the fee to be charged is discretionary.
 - 1.1.2 The council has adopted a policy on the setting of fees and charges to ensure that a rational approach is used that takes account of all factors and creates a result that supports the priorities set out in the strategic plan.
- 1.2 Recommendation of Corporate Leadership Team
 - 1.2.1 That Cabinet approves the increases in fees and charges proposed by this report and set out in detail in **APPENDIX A**.
 - 1.2.2 That Cabinet approves the proposed changes to the budgets for fees and charges that occur as a consequence of the revision in fees and charges. The approved sum to then be a budget strategy saving for 2012/13.
- 1.3 Reasons for Recommendation
 - 1.3.1 The Council adopted a corporate fees and charges policy in May 2009. This policy sets out the approach that the Council requires in setting fees and charges, promotes consistency across the authority and is focused on the strategic aims of the authority.
 - 1.3.2 The policy covers fees and charges that are set at the discretion of the Council. It does not relate to services where Councils are 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.

1.3.3 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 charges will be levied for a service unless justified by strategic consideration or legal constraints.

1.3.4 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 vision, objectives and values, and how they relate to the specific services involved.
- b) The level of subsidy currently involved and, hypothetically, the impact of eliminating that subsidy on the level of fees and charges, users and 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 prices 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 the service.
- i) The corporate impact of Council wide pressures to increase fees and charges in other service areas.
- 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.

1.3.5 At its September 2011 meeting Cabinet considered the level of increase in income as part of the strategic revenue projection. The

decision made by Cabinet at that time was to set no overall level of increase in income. Cabinet tasked officers with a formal review of all fees and charges in line with the corporate fees and charges policy.

1.3.6 Such a review has recently been completed by officers. The detailed results of which are set out in **APPENDIX A** and the approval of Cabinet is sought to the amended fees and charges and the proposed income budgets for 2012/13.

1.3.7 The table given below lists the areas where fees and charges have been reviewed. It shows the 2011/12 budget for income from the different fees and charges, the proposed budget increase that can be achieved from each proposal and the percentage increase in budget achieved. The table is sub-divided by the effect the service and its increase can have on the budget strategy.

SERVICE CHARGE TYPE	2011/12 BUDGET	2012/13 INCREASE	PROPOSED INCREASE
Cemetery	106,450.00	10,000.00	9.39%
Crematorium	955,880.00	40,230.00	4.21%
Parking Services	2,529,600.00	61,000.00	2.41%
Recycling & Refuse Collection	560,910.00	15,920.00	2.84%
Community Development	19,990.00	1,000.00	5.00%
Planning (Development Control)	756,070.00	12,000.00	1.59%
Licences	117,510.00	10,000.00	8.51%
EFFECT ON BUDGET STRATEGY	5,046,410.00	150,150.00	2.98%
Land Charges (Development Control)	252,660.00	0.00	0.00%
Building Control	393,920.00	0.00	8.00%
BREAK EVEN	646,580.00	0.00	
Parks & Open Spaces	71,350.00	0.00	6.00%
Hazlitt Arts Centre	113,560.00	0.00	3.00%
Museum	16,990.00	0.00	-
Street Naming And Numbering	10,000.00	0.00	190.00%
TARGET PRESET	211,900.00	0.00	
Market	455,150.00	0.00	2.00%
Park And Ride	772,709.00	0.00	-
Environmental Health	17,610.00	0.00	5.00%
Private Sector Housing	2,380.00	0.00	0.00%
CURRENT BUDGET SHORTFALL	1,247,849.00	0.00	
Environmental Enforcement	187,500.00	0.00	0.00%
STATUTORY FEE	187,500.00	0.00	
TOTAL	7,340,239.00	150,150.00	2.05

- 1.3.8 The level of increase in budget proposed in the table above reflects consideration of the effects of increased charges, such as elasticity of demand and potential movement of users to competitors.
- 1.3.9 A number of 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 are all in line with the Council's policy on setting fees and charges that has been outlined earlier in this report.
- 1.3.10 Each service has been considered separately and in all cases the policy has been followed. A brief explanation of the consideration officers have given to changes in price is given in the following paragraphs.
- 1.4 Fees & Charges supporting budget strategy (increase available to count as a saving)
- 1.4.1 Cemetery – The fees proposed for this service have considered demand, value for money and comparison with other local service providers and an evaluation of the current administrative cost of the service. The resulting proposals are expected to generate a net increase in income of £10,000 after consideration of any cost increases required.
- 1.4.2 Crematorium – careful consideration has been given to the charges that can be increased in line with the review carried out for the cemetery above. Some charges have been held at their currently level, this is because the charges have only recently been introduced and a full evaluation of their relevance and accuracy at recovering the cost to the Council cannot yet be carried out. In relation to search fees it is proposed that future charges relate directly to the cost of the request, where a charge is required.
- 1.4.3 Parking – The proposed increases relate to rationalising the charges in various car parks. The proposal removes from some car parks the charge for a 2 hour stay. The increases proposed are in line with the developing infrastructure delivery plan.
- 1.4.4 Recycling & Refuse – the service review carried out for this service proposes an increase in bulky collection charges that is in line with other service providers and an increase in green waste sacks. There is no increase proposed in the annual charge for a green wheeled bin.
- 1.4.5 Community Development – An inflation based increase in fees is proposed.
- 1.4.6 Planning – The major income received by the development management service is statutory fees for planning applications. The service does however provide pre application advice at a charge. This

is a successful service and is generating significant levels of income. A review of demand and the cost of officer time at meetings with prospective applicants have lead to the proposed increase in the budget outlined in the table above. If necessary the actual fee will be considered for increase in future years.

1.4.7 Licensing – Increases agreed at Licensing Committee will enable a small increase in expected income from this service. The service is provided in partnership with Sevenoaks DC and Tunbridge Wells BC. Discussions with the service manager are ongoing to identify additional areas where income generation can be maximised. Cabinet will not make a decision on the level of fees and APPENDIX A does not contain this detail.

1.5 Break-even service (that cannot generate a surplus)

1.5.1 Land Charges – This service is provided at a break-even level and current government proposals are to cease charging for some services. There are no proposals at this stage to amend these fees and charges.

1.5.2 Building Control – This service is set up as a trading account and surpluses require re-investment in the service. The service is expected to break even over a rolling three year period. Increased fees and charges have already been agreed for commencement on 1 January 2012 in order to ensure the service breaks even. No further consideration is given to this service at this time.

1.6 Pre-set target (already included in the budget strategy)

1.6.1 Parks & Open Spaces – This service was set increased income targets for 2011/12 and 2012/13 at Council in March 2011. Increased fees and charges are detailed in the APPENDIX A but these are designed to assist the service in achieving that target. An assessment of service demand has been undertaken and proposed increases vary according to that assessment with the proposal suggesting that the fee for junior pitch hire should reduce.

1.6.2 Hazlitt – the service has a previously agreed target to reduce the subsidy provided by the Council. While the proposed increases are modest at this stage a report on options will be brought separately to the Cabinet Member.

1.6.3 Museum – the service has a previously agreed target to reduce the subsidy provided by the Council through the generation of income following the opening of the new wing. A separate business proposal will be brought to the Cabinet Member on options for its achievement.

- 1.6.4 Street naming & numbering – a review charges for this service formed part of the budget strategy proposals of the Head of Information and Communications Technology. The charges have already been approved and the increase in budgeted income will go towards achieving the currently approved budget strategy.
- 1.7 Current budget shortfall (Income required to aid delivery of current budget)
 - 1.7.1 Market – The Maidstone Market did not achieved it budgeted income target during 2010/11. the situation has continued into 2011/12. The proposed increase in fees and charges that is detailed in APPENDIX A does not consider increases in the charges currently made for the standard market due to the currently low levels of demand. The proposal does recommend increases for some ancillary services and other market activity.
 - 1.7.2 Park & Ride – this service has not been considered for an increase at this time. The service continues to place an increasing burden upon the Council subsidy and this has been reported in the budget monitoring reports. The revised service management arrangements that occurred as part of the restructure earlier this year are now in place and officers are currently undertaking a full review to be brought to the Cabinet Member on ways to reverse the trend in overall subsidy. This will include the fee structure.
 - 1.7.3 Environmental Health – income from fees and charges in this area represents a minor element of the total fees and charges budget for the Council. The budget is not being achieved currently and a proposed increase in line with inflation is outlined in the appendix to assist with achieving the current target.
 - 1.7.4 Private Sector Housing – A number of minor fees are charged by the Private sector Housing Team. These are not all annual fees and have recently been increased, prior to this consideration. At this time the charges proposed will allow achievement of the current budget.
- 1.8 Fees & Charges set without discretion (Generally statutory charges)
 - 1.8.1 Environmental Enforcement – The statutory fee is used for this service.
 - 1.8.2 Planning – There is some discretion with pre application advice and other potential services. At this time the actual planning fees are statutorily set and no announcement has been made by government regarding an increase. Government is considering allowing a locally set fee to cover the cost of the service. Officers have commenced work on developing those fee levels so that, should the Government

allow this freedom, the Council will be well placed to agree and charge at this level.

1.8.3 Licensing – A number of the license fees, especially those relating to liquor licensing are set statutorily and over recent years there has been no increase for these licenses. Other licenses are locally determined but responsibility lies with the Licensing Committee to set these fees. The result of the Committee’s recent consideration of fees for 2012/13 is detailed in the table above but do not require Cabinet approval.

1.9 Alternative Action and why not Recommended

1.9.1 The Cabinet could consider these proposals as individual Cabinet Members as has happened in the past. This is not recommended as the consideration of the full range of fees and charges in this way enables the impact of all charges to be considered together. This gives Cabinet the ability to assess the impact of changes on individual customers. The consideration of fees and charges in this way removes the need to set a generic target for increases as part of the budget strategy. This is in line with the approved policy on fees and charges.

1.9.2 Cabinet could agree different increases to those proposed. Officers have considered all aspects of the policy in developing these proposals and they are in line with the factors set out earlier in this report.

1.10 Impact on Corporate Objectives

1.10.1 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 an appropriate level of increase means that the most appropriate levels are proposed in this report.

1.10.2 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 obtained from the service user where this approach is appropriate.

1.11 Risk Management

1.11.1 The major risk is that the proposed increases do not deliver the increased income expected. This expectation will form part of the budget strategy for 2012/13. If the income does not reach the levels expected within the budget the Council will have to take corrective action to balance the budget.

1.11.2 This risk is faced by service managers every year and where the income generated is not sufficient to reach the budget corrective action is taken. In such cases the quarterly budget monitoring reports

received by cabinet will highlight any variances to Cabinet. In addition the constitution requires significant variances from income targets to be reported to the relevant Cabinet Member along with proposals to rectify any problems created.

1.12 Other Implications

1.12.1

1.	Financial	X
2.	Staffing	
3.	Legal	X
4.	Equality Impact Needs Assessment	X
5.	Environmental/Sustainable Development	
6.	Community Safety	
7.	Human Rights Act	
8.	Procurement	
9.	Asset Management	

1.12.2 Financial – The proposals in this report will provide £150,150 towards the requirements of the budget strategy 2012/13 onwards that is reported elsewhere on this agenda.

1.12.3 Legal – a number of the fees and charges made for services by the council are set so as to provide a 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 case the fee is set by statute and the Council must charge the set fee. In both cases the proposals in this report meet the Council’s obligations.

1.12.4 The fee or charge for a service, to be collectable through legal action in circumstances where a customer defaults must be clearly defensible. Adherence to the policy on setting fees and charges provides cabinet with some assurance that appropriate factors have been considered in setting these charges.

1.13 Equality Impact Assessment

1.13.1 An equality impact assessment is attached as **APPENDIX B** to this report.

1.13.2 The objective of the review of fees and charges in this corporate way, including a focus on the factors required by the corporate policy minimises the opportunity for unintended disadvantage to be created. The overview granted to Cabinet by this single report also reduces the possibility of an unintentional focus on a single group by multiple separate decisions.

1.14 Relevant Documents

1.14.1 Appendices

- a) APPENDIX A – Schedule of all fees and charges by service.
- b) APPENDIX B – Equality Impact Assessment.

1.14.2 Background Documents

1.14.3 The Corporate Fees & Charges Policy is available from the Head of Finance & Customer Services.

IS THIS A KEY DECISION REPORT?

Yes

No

If yes, when did it first appear in the Forward Plan? 21/10/2011

This is a Key Decision because: A Budget Strategy report

Wards/Parishes affected: All