

**MAIDSTONE BOROUGH COUNCIL**  
**RECORD OF DECISION OF THE CABINET**

Decision Made: 18 December 2013

**BUDGET STRATEGY 2014/15 - FEES & CHARGES**

**Issue for Decision**

To consider the appropriate level of fees and charges for 2014/15 for services where the Council raises income by charging the user of a service and where the setting of the fee or charge is discretionary;

To note the level of fees and charges that are set in accordance with statutory requirements; and

To consider the impact on budget strategy of the changes in the level of fees and charges as set out in the report of Corporate Leadership Team.

**Decision Made**

- a) That the proposed fees and charges for 2014/15, as set out in detail in Appendix A to the report of the Corporate Leadership Team, be approved; and
- b) That the proposed changes to income budgets that occur as a consequence of the proposed fees and charges, as set out in paragraph 1.3.7. of the report of the Corporate Leadership Team, be approved.

**Reasons for Decision**

The Council adopted a corporate fees and charges policy in May 2009. The Policy promotes consistency across the authority, is focused on the strategic aims of the authority and sets out the approach that the Council takes in setting fees and charges.

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. Consideration of any known changes to such fees and charges and any consequence to the budget strategy are detailed below.

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.

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 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 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.

For the last three Budget Strategy reviews the results of the annual review of fees and charges as required by the Policy have been reported to the Cabinet in a single report. This process has been repeated for 2014/15.

The work completed last December created an average increase of 2.28% in the budgeted income from fees and charges for the current year. Cabinet are aware from the second quarter's budget monitoring report that income levels achieved in the first half of 2013/14 are above the midyear target in total with some services exceeding their target while others have not. At September 2013 the Development Management and Refuse and Recycling services were significantly above target. The detailed results of the review carried out this year are set out in Appendix A to the report of the Corporate Leadership Team and the approval of the Cabinet was sought to the amended fees and charges for 2014/15.

The table below shows the current budget and predicted outturn 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. The table is sub-divided by the effect any increase can have on the budget strategy and the approval of the Cabinet was sought to the proposed levels of budgeted income for 2014/15 shown in the table.

Service Charge Type	2013/14 Original Estimate	2013/14 Projected Outturn	2014/15 Proposed Increase	Proposed Increase %	2014/15 Estimate
Cemetery	118,950	118,950	0		118,950
Crematorium	1,080,290	1,109,670	29,470	2.73%	1,109,760
Licences	122,240	122,240	0		122,240
Hackney and Private Hire Drivers Licences	40,250	40,250	0		40,250
Licensing Statutory	131,320	131,320	0		131,320
Recycling & Refuse Collection Total	625,650	725,650	20,970	6.55%	646,620
Conservation	21,470	21,470	0		21,470
HMO Licensing	2,380	2,380	0		2,380
Town Hall	2,150	2,150	0		2,150
Parking Services	2,758,080	2,758,080	0		2,758,080
<b>SUPPORT TO BUDGET STRATEGY</b>	<b>4,902,780</b>	<b>5,032,160</b>	<b>50,440</b>	<b>1.03%</b>	<b>4,953,220</b>
Environmental Enforcement	242,420	242,420	0		242,420
Development Control-Planning	868,940	918,000	0		868,940
<b>STATUTORY CHARGES</b>	<b>1,111,360</b>	<b>1,160,420</b>	<b>0</b>	<b>0.00%</b>	<b>1,111,360</b>
Building Control	285,270	285,270	0		285,270
Development Control-Land Charges	253,750	253,750	0		253,750
<b>OBLIGATION TO BREAK EVEN</b>	<b>539,020</b>	<b>539,020</b>	<b>0</b>	<b>0.00%</b>	<b>539,020</b>
Parks and Open Spaces	69,540	29,540	0		69,540
Street Naming & Numbering	29,000	29,000	0		29,000
<b>PRE-SET TARGETS EXIST</b>	<b>98,540</b>	<b>58,540</b>	<b>0</b>	<b>0.00%</b>	<b>98,540</b>
Environmental Health	17,180	17,180	0		17,180
Market	209,840	179,840	0		209,840
Museum	75,500	50,500	0		75,500
Park and Ride	466,350	460,000	0		466,350
<b>CURRENT BUDGET IN SHORTFALL</b>	<b>768,870</b>	<b>707,520</b>	<b>0</b>	<b>0.00%</b>	<b>768,870</b>
<b>Total</b>	<b>7,420,570</b>	<b>7,497,660</b>	<b>50,440</b>	<b>0.68%</b>	<b>7,471,010</b>

As required by the Policy, the level of increase in fees and charges budgets for 2014/15 set out in the table above reflects consideration of the effect of increasing the charges, such as elasticity of demand and the possibility of users moving to competitors or ceasing to use a service. 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 is all in line with the Policy's guidance.

Each service has been considered separately and in all cases the Policy has been followed. Brief explanations of the consideration Officers have given to significant issues are given in the following paragraphs.

#### Fees & Charges Supporting Budget Strategy (increase available to count as a saving)

On average there was an increase of 1.29% in these fees in 2013/14. As mentioned above the current income expectations are being achieved at the mid-point of the year and the year-end prediction is a minor surplus.

The fees and charges policy identifies current performance as a factor for consideration when setting future fees and charges. Officers have considered this factor in setting the proposed fees and the result is an average increase of 1.03%.

Specific issues that the Cabinet noted are:

- a) Recycling & Refuse Collection is showing an increase in income generated in the current year. Longer term the consequences of this additional income will form part of the service changes following the commencement of the new service contract. At this time a separate income target of £20,000 has been set as part of the budget strategy without an increase in fee and it would be a duplication of the increase to include it here. The figures given in the table above have therefore been adjusted when compared to the figures in Appendix A to the report of Corporate Leadership Team.
- b) The Licensing Service is influenced by a number of fees and charges that are either statutorily controlled or set to break even. The service has considered increases where appropriate and will report to the Licensing Committee to seek approval to these fees. The service has generated income slightly above target in the last two years and an increase is expected. As with the income from the refuse and recycling services this has been accounted for in the budget strategy outside of this decision.

### Statutory Charges

These charges are set in accordance with regulation. The environmental enforcement penalty charge is already set at the maximum. Development Management charges were increased by an average of 15% in November 2012 by Central Government. No further increase can be reflected here however there is growth in income this year as a result of increases in the level of applications. The budget strategy already reflects the assumptions relating to this increase and they are not reflected here to avoid the risk of double counting.

### Obligation to Break Even

Both Building Control and Land Charges have a statutory obligation to break even. Both services will consider any necessary increase following budget setting and, if necessary, report this to the respective Cabinet Member.

Any increase set will not benefit the budget strategy as it will be set to maintain a break even cost of service.

### Pre-Set Targets

These services have pre-set obligations and at this time no increases are proposed that will have an additional effect on income budgets.

### Current Budget Shortfall

These services are currently reporting difficulty in generating income and any increase in fees proposed is designed to support current targets. In all cases managers are developing or implementing action plans following the identification of the concerns through the normal budget and performance monitoring processes in 2013/14.

## **Alternatives Considered and Why Rejected**

The Cabinet Members could consider their respective service proposals individually. This was not felt appropriate 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 the 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.

The Cabinet could have agreed different increases to those proposed. However, Officers have considered all aspects of the policy in developing these proposals and they are in line with the factors set out above.

## **Background Papers**

None

Should you be concerned about this decision and wish to call it in, please submit a call in form signed by any two Non-Executive Members to the Head of Policy and Communications by: <b>2 January 2014.</b>
--