

**STRATEGIC PLANNING,
SUSTAINABILITY &
TRANSPORT COMMITTEE**

10 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**

Final Decision-Maker	Strategic Planning, Sustainability and Transport Committee
Lead Director or Head of Service	Mark Green, Director of Finance & Business Improvement
Lead Officer and Report Author	Ellie Dunnet, Chief Accountant
Classification	Non-exempt
Wards affected	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**.
3. That the Committee approves the introduction of all fees relating to planning and conservation with effect from 1 February 2017.

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

Meeting	Date
Strategic Planning, Sustainability and Transport Committee	10 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. 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.
- 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 discretionary 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 statutory 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 £248,150, which amounts to a 4.6% 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
Street Naming & Numbering	£59,133	£49,000	£0	£49,000
Parking Services – off street	£1,817,643	£1,820,140	£208,000	£2,028,140
Park & Ride	£347,497	£236,830	£0	£236,830
Development Control – Pre-application fees	£97,078	£136,470	£0	£136,470
Discretionary fees & charges	£2,321,351	£2,242,440	£208,000	£2,450,440
Parking Services	£443,538	£411,200	£22,000	£433,200
Local Land Charges	£240,806	£253,750	£0	£253,750
Building Control	£305,262	£301,850	£18,150	£320,000
Obligation to break-even	£989,606	£966,800	£40,150	£1,006,950
TOTAL	£3,310,957	£3,209,240	£248,150	£3,457,390

Table 1: Discretionary Fees & Charges Summary (SPST)

- 2.8 It should be noted that the proposed effective date fee increases in planning is 1 February 2017. There is currently a shortfall of £50,000 (as at November 2016) against the income targets for applications and pre-application advice collectively for 2016/17. It is hoped that the proposal to introduce fee increases early will help to partially remedy this issue and address the income shortfall. The planning section are also considering alternative options for address the income shortfall. It is not anticipated that the increased fees will give rise to additional income for 2017/18 due to changes in the expected take up of this service therefore no increase to the budget is proposed in this area. This is partly because the Local Plan is moving close to adoption and therefore it is likely that the volume of speculative proposals will decline.
- 2.9 The table below summarises the income due from fees which are set by the government. There is no change in the level of charge or income expected for the forthcoming financial year and it is therefore proposed that the budget for these income streams remains at the level set for 2016/17:

Service Area	2015-16 Outturn	2016-17 Estimate	Proposed increase in income £	2017/18 Estimate
Development Control – Planning & Conservation	£1,374,543	£1,326,720	£0	£1,326,720
Parking services - PCNs	£846,350	£864,660	£0	£864,660
Statutory fees & charges	£2,220,893	£2,191,380	£0	£2,191,380

Table 2: Statutory Fees & Charges Summary (SPST)

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

Issue	Implications	Sign-off
Impact on 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	Director of Finance & Business Improvement

	<p>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>	
Risk Management	<p>The budget agreed will form part of the 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 are reported to the Policy & Resources Committee along with proposed actions to resolve the budget pressure created.</p>	Director of Finance & Business Improvement
Financial	<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

Staffing	No specific issues have been identified.	Director of Finance & Business Improvement
Legal	<p>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 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>	Legal Team
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.	Director of Finance & Business Improvement
Environmental/Sustainable Development	No specific issues identified	Director of Finance & Business Improvement
Community Safety	No specific issues identified	Director of Finance & Business Improvement
Human Rights Act	No specific issues identified	Director of Finance & Business Improvement
Procurement	No specific issues identified	Director of Finance &

		Business Improvement
Asset Management	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 (Strategic Planning Sustainability and Transport Committee).

9. BACKGROUND PAPERS

None