

Fees and Charges 2020/21

Final Decision-Maker	Strategic Planning and Infrastructure Committee
Lead Head of Service	Mark Green, Director of Finance & Business Improvement
Lead Officer and Report Author	Chris Hartgrove, Interim Head of Finance
Classification	Public
Wards affected	All

Executive Summary

The report sets out the proposed fees and charges for 2020/21 for the services within the remit of the Strategic Planning and Infrastructure (SPI) Committee.

The estimated overall value of fees and charges within the remit of the SPI Committee are £6,554,160 in 2019/20 and break down into three categories:

- Discretionary Fees and Charges (Table 1, Section 3) (£3,479,040) – the budget proposal for 2020/21 entails an average price increase of 2.37%, which will yield estimated additional income of £82,500 compared to 2019/20. Further income of £62,310 is also anticipated from Pre-Applications Advice (within Planning Services) following a sustained increase in activity levels in 2019/20
- Breakeven Fees and Charges (Table 2, Section 3) (£651,400) – the budget proposal for 2020/21 is for amended fees and charges that will yield estimated additional income of £60,000 to meet the costs of providing the services (Building Control and Land Charges); and
- Statutory Fees and Charges (Table 3, Section 4) (£2,423,720) – the Council has no discretion to amend statutory fees and charges. No changes are anticipated, but the income budget for Planning Applications has been reduced by £250,380.

Full details on proposed/set fees and charges for 2020/21 are set out in Appendix 1.

Purpose of Report

This report requires a decision from the Committee.

This report makes the following recommendations to this Committee:

1. That the proposed discretionary fees and charges (including breakeven charges) set out in Appendix 1 to this report are agreed.

Timetable

<i>Meeting</i>	<i>Date</i>
Strategic Planning & Infrastructure Committee	7 January 2020
Policy & Resources Committee	22 January 2020

Fees and Charges 2020/21

1. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
Impact on Corporate Priorities	An updated Charging Policy was adopted in November 2017. It is a key document that underpins the Council's Strategic Plan 2019 – 2045, recognising that fees and charges are an important source of income to support the delivery of corporate priorities.	Interim Head of Finance
Cross Cutting Objectives	As noted above, the recommendations will help underpin the achievement of corporate priorities; this includes the cross-cutting objectives contained therein.	Interim Head of Finance
Risk Management	Refer to Section 7 below.	Interim Head of Finance
Financial	The financial implications are set out in the report at Sections 3 - 4. If the fees and charges proposals are agreed, the forecast income yield will be incorporated into the budget for 2020/21 and beyond as part of the Medium-Term Financial Strategy.	Interim Head of Finance
Staffing	There are no staffing issues to note.	Interim Head of Finance

Issue	Implications	Sign-off
Legal	<p>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 one financial year with another, income does not exceed the costs of providing the service.</p> <p>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.</p> <p>In both cases the proposals in this report meet the Council’s legal obligations.</p> <p>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>	Team Leader (Corporate Governance), MKLS
Privacy and Data Protection	No Privacy and Data Protection issues have been identified from the matters covered in the report.	Equalities and Corporate Policy Officer
Equalities	The fees and charges proposals in the report do not represent a change in service. Consequently an Equalities Impact Assessment (EIA) is not required.	Interim Head of Finance
Public Health	There are no Public Health issues to note.	Interim Head of Finance

Issue	Implications	Sign-off
Crime and Disorder	There are no Crime and Disorder issues to note.	Interim Head of Finance
Procurement	There are no Procurement issues to note.	Interim Head of Finance

2. INTRODUCTION AND BACKGROUND

2.1 The purpose of the MBC Charging Policy is to establish a framework within which fees and charges levied by the Council are agreed and reviewed and unless there is a conflict with strategic priorities, other policies, contracts or the law then the Council should aim to maximise net income from fees and charges.

2.2 The Policy aims to ensure that:

- Fees and charges are reviewed regularly, and that reviews cover both existing charges and services for which there is potential to charge in future
- Budget managers are equipped with guidance on the factors which should be considered when reviewing charges
- Charges are fair, transparent and understandable, and a consistent and sensible approach is taken to setting the criteria for applying concessions or discounted charges; and
- 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.

2.3 The Charging Policy covers fees and charges set at the discretion of the Council and does not apply to services where charging is prohibited (e.g. household waste collection). Charges set by Government (e.g. planning application fees) are also excluded. However, consideration of any known changes to such fees and charges and any consequence to the Medium-Term Financial Strategy (MTFS) are included in this report for information.

2.4 Managers are asked to consider a range of factors when reviewing fees and charges, including:

- 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 Council objectives
- g) Financial constraints, including inflationary pressure and service budgets
- h) The implications of developments such as service investment
- i) The corporate impact on other service areas of Council-wide pressure to increase fees and charges
- j) Alternative charging structures that could be more effective; and

- k) Proposals for targeting promotions during the year, and the evaluation of any that took place in previous periods.

3. DISCRETIONARY FEES AND CHARGES 2020/21

3.1 Discretionary fees and charges falling within the remit of the Strategic Planning and Infrastructure (SPI) Committee have been reviewed by budget managers in line with the Charging Policy, as part of the developing the 2020/21 Budget and MTFS (2020/21 to 2024/25). The results of the review are presented in Appendix 1 and Committee approval is sought for the proposed 2020/21 fees and charges contained therein.

3.2 Table 1 below summarises the 2018/19 outturn and 2019/20 estimate for income from the discretionary fees and charges (excluding 'breakeven fees and charges') which fall within the remit of the SPI Committee.

Table 1: Discretionary Fees and Charges (SPI Committee)				
Service Area	2018-19 Outturn £'s	2019-20 Estimate £'s	Proposed Income Change £'s	2020-21 Estimate £'s
Parking Services	2,873,279	3,017,720	55,000*	3,072,720
Sandling Road Car Park	217,029	151,000	0	151,000
Street Naming and Numbering	131,224	69,000	12,500	81,500
Development and Conservation Control (Discretionary)	222,806	241,320	77,310**	318,630
Total Discretionary Fees and Charges	3,444,338	3,479,040	144,810	3,623,850

*Note – additional yield will meet savings target in MTFS adopted in February 2019

**Note – £15,000 of additional yield will meet savings target in MTFS adopted in February 2019

3.3 The overall increase in income from discretionary fees and charges for 2020/21 compared to 2019/20 – if the proposals are adopted – is expected to be £144,810 (4.16%). This includes £82,500 (2.37%) attributable to price increases.

3.4 The detailed fees and charges position for each the service area is presented in Appendix 1. In summary:

- Parking Services – a limited number of parking-related fee increases are proposed, with revised season ticket prices (including the introduction of an off-peak season ticket) along with small increases (5p per hour) on (off-street) Pay and Display charges. These increases will help to achieve MTFs savings targets and avoid the necessity for a more substantial increase at some point in the future.
- Sandling Road Car Park – the operations of this car park are jointly managed by MBC and Kent County Council, with associated income and expenditure ring-fenced as part of the ongoing Maidstone East project. There are no proposals to increase fees and charges for 2020/21 due to competition from the adjacent Maidstone East Station Car Park.
- Street Naming and Numbering – a limited number of fee increases are proposed, which are expected to yield £7,500 in additional income in 2020/21 compared to the 2019/20 estimate
- Development and Conservation Control – a comparison with other planning authorities has identified that MBC Pre-Application fees are relatively low. A range of increases are therefore proposed, which is expected to yield £15,000 (meeting the 2020/21 savings target within the MTFs adopted in February 2019). In addition, income from Pre-Applications Advice has been exceeding expectations in 2019/20, which allows the budget to be increased by a further £62,310 in 2020/21.

Breakeven Fees and Charges

3.5 There is a further category of discretionary fees and charges, for which the Council is required by statute to set fees and charges on a breakeven basis with associated income and expenditure controlled on the basis of a trading account.

3.6 Table 2 below summarises the 2018/19 outturn and 2019/20 estimate for income from the discretionary fees and charges (excluding 'breakeven fees and charges') which fall within the remit of the SPI Committee.

Table 2: Breakeven Fees and Charges (SPI Committee)				
Service Area	2018-19 Outturn £'s	2019-20 Estimate £'s	Proposed Income Change £'s	2020-21 Estimate £'s
Building Control Fees	364,211	331,850	60,000*	391,850
Land Charges	254,261	319,550	0	319,550
Total Breakeven Fees and Charges	618,472	651,400	60,000	711,400

*Note – £15,000 of the additional yield will meet savings target in MTFs adopted in February 2019

3.7 The following should be noted regarding breakeven fees and charges:

- Building Control Fees – a detailed review of fees in this service has concluded with a range of proposed amendments, which are expected to yield £60,000. This will allow continued investment in the service; and
- Land Charges – the income budget for Land Charges is currently off target (with latest projections suggesting a potential shortfall in the region of £65,000 for 2019/20). Therefore the anticipated yield from the fee increases proposed will be applied to the budget shortfall in the first instance; there is currently no immediately foreseeable opportunity to increase the base budget assumption above current levels.

4. STATUTORY FEES AND CHARGES 2020/21

4.1 Table 3 below summarises the income due from statutory fees and charges set by Government.

Table 3: Statutory Fees and Charges (SPI Committee)				
Service Area	2018-19 Outturn £'s	2019-20 Estimate £'s	Proposed Income Change £'s	2020-21 Estimate £'s
Development Control – Planning & Conservation	1,318,395	1,559,060	(250,380)	1,308,680
Parking Services - PCNs	831,537	864,660	0	864,660
Total Statutory Fees and Charges	2,149,932	2,423,720	(250,380)	2,173,340

4.2 Although no changes to statutory fees and charges are anticipated, the income budget for Planning Applications has been reduced by £250,380 in the light of recent income shortfalls in 2019/20 and future forecasts for 2020/21. As set out in the MTFs and Budget Proposals report on this evening's agenda, the income budget reduction will need to be offset by decreases in expenditure budgets or increases in income budgets elsewhere.

5. AVAILABLE OPTIONS

5.1 Option 1 (recommended) – the Committee could choose to approve the report recommendation, thus adopting the fees and charges presented in Appendix 1. The proposals have been developed in line with the Council's adopted Charging Policy and are balanced in terms of maximising revenue and their impact on service delivery.

- 5.2 *Option 2 (not recommended)* – the Committee could choose to increase the fees and charges presented in Appendix 1. However, there is a risk that such an approach could contravene the Charging Policy. Additional increases would also place an additional burden on service users and could fail to deliver the income levels assumed within the 2020/21 balanced budget proposals through creating a negative impact on service demand.
- 5.3 *Option 3 (not recommended)* – the Committee could choose to decrease the fees and charges presented in Appendix 1. However, this would fail to deliver the income levels assumed within the 2020/21 balanced budget proposals and could have a negative impact on the Council’s ability to achieve its corporate priorities.
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6. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS

- 6.1 The preferred option is Option 1. The proposed fees and charges:
- Are consistent with the Council’s Charging Policy
 - Can be managed at a service level
 - Maximise revenue and are therefore expected to deliver the income levels assumed within the 2020/21 balanced budget proposals; and in so doing
 - Maximise the Council’s ability to deliver its corporate priorities.
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7. RISK

- 7.1 A range of risks have been considered by service managers in developing the fees and charges proposals in this report including the impacts on service users and delivery and, importantly, the potential risk of increased fees and charges having a detrimental impact on demand (e.g. leading to a net reduction in income).
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8. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK

- 8.1 The Council is committed to consulting with residents and other stakeholders to help inform the budget setting process, including the fees and charges proposals contained therein. It is an iterative process, with a variety of techniques and approaches used.

8.2 The consultation process for 2019/20 asked consultees to rank their preferred approach to achieving a balanced budget; raising fees and charges was the second most popular choice amongst respondents (providing fewer discretionary services was the most popular choice). The 2020/21 consultation further confirmed a general reluctance to Council Tax increases; with 59.9% of respondents opposed to a Council Tax increase in 2020/21. Increasing fees and charges helps to reduce the pressure on Council Tax, thus enabling increases to be minimised.

9. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION

9.1 Fees and charges proposals for 2020/21 are being considered by the three service committees during January 2020, with an overarching report to the Policy & Resources Committee on 22 January 2020.

10. REPORT APPENDICES

10.1 The following document is to be published with this report and forms part of the report:

- Appendix 1: Proposed Fees and Charges 2020/21 (Strategic Planning and Infrastructure Committee)
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11. BACKGROUND PAPERS

11.1 The Council's adopted Charging Policy can be viewed via the following link <http://aluminum:9080/documents/g2805/Public%20reports%20pack%2022ndnov2017%2019.00%20Policy%20and%20Resources%20Committee.pdf?T=10>