

Agenda item:

**[No.]**

**CABINET**

**21 December 2010**

Report Title: **Review of Fees and Charges**

Report of **Julie Parker, Director of Corporate Resources**

Signed :

Contact Officer : Peter Hayday, Interim Head of Corporate Finance

Wards(s) affected: **ALL**

Report for: **Key decision**

**1. Purpose of the Report**

- 1.1. To recommend adoption of the Council's external income policy.
- 1.2. To recommend increases to the Council's fees and charges for all services, as per the attached appendices, with effect from 4<sup>th</sup> January 2011.
- 1.3. To note the recommended increases to licence fees that will be taken to the General Purposes Committee for approval on the 21<sup>st</sup> December 2010.
- 1.4. To appraise Cabinet of the work currently being undertaken within each service area for a more in-depth review of charging strategy linked to the Strategic Commissioning Projects.

**2. Introduction by Cabinet Member**

- 2.1. The revenue from fees and charges across all service areas, including parking, currently represents less than 7% of our gross annual expenditure. Many existing charges do not cover the cost of providing the associated service, often due to legislative restrictions.

2.2. Whilst we hope the government will provide us with greater freedoms and flexibilities in the future, given the significant financial challenge the Council faces, it is incumbent on us to not just examine opportunities for reducing service costs but also for increasing our revenue streams. In this regard we are being asked to consider a wide range of increases to our existing fees and charges.

2.3. These increases reflect the cost of providing the service, current market conditions and peoples' ability to pay. It is anticipated that the increases recommended in this report will generate an additional £1million in a full year whilst also reflecting the 2.5% increase in VAT which comes into effect from 4<sup>th</sup> January 2011.

### **3. Link(s) with Council Plan Priorities and actions and /or other Strategies:**

3.1. This report is part of the Council's Medium Term Financial Strategy (MTFS) and the Haringey Efficiency and Savings Programme (HESP)

### **4. Recommendations**

That the Cabinet is asked to:

4.1. Approve the external income policy, as attached at Appendix 1.

4.2. Approve the new fees and charges as set out in Appendices 3-14.

4.3. To note the recommended increases to licence fees that will be taken to the General Purposes Committee for approval on the 21<sup>st</sup> December 2010.

4.4. Note the work currently being undertaken within each service area for a more in-depth review of charging strategy linked to the Strategic Commissioning Projects.

### **5. Reason for recommendations**

5.1. As outlined in the financial planning report to Cabinet in July 2010, the Council is facing unprecedented financial pressures and the need to find significant budget savings. As a result a comprehensive review of all fees and charges for Council services has been undertaken. The aim has been to ensure that wherever possible charges reflect the cost of providing the service whilst at the same time taking account of peoples' ability to pay.

5.2. The reviews undertaken in each service area have examined a range of different options and the fees and charges being recommended, as detailed in Appendices 3 to 14, represent the most appropriate where the Council has the local discretion to determine the level of charge.

### **6. Appendices**

Appendix 1 – current external income policy

Appendix 2 – schedule of projected additional income by business unit

Appendix 3 – Adult Social Care charging proposals

Appendix 4 – Sports and Leisure Services charging proposals  
Appendix 5 – Culture, Libraries and Learning charging proposals  
Appendix 6 – Allotments charging proposals  
Appendix 7 – Bereavements charging proposals  
Appendix 8 – Children’s Services charging proposals  
Appendix 9 – Sustainable Transport charging proposals  
Appendix 10 – Planning and Regeneration charging proposals  
Appendix 11 – Enforcement charging proposals  
Appendix 12 – Housing Services charging proposals  
Appendix 13 – Corporate Property charging proposals  
Appendix 14 – Registration and Citizenship Services charging proposals

## **7. Background**

- 7.1. The Council faces a significant shortfall in its funding requirements over the next three years as is reported separately on this agenda in the draft Medium Term Financial Plan.
- 7.2. In response to the projected funding shortfall the Council has established the Haringey Efficiency and Savings Programme (HESP) which is exploring opportunities for maximising revenue streams, reducing unit costs and prioritising service provision over the medium term (three year) business planning period. The various work programmes are overseen by an Efficiency Board chaired by the Leader. A wide range of options is being examined through seven workstreams:
- Intelligent Budgeting
  - Smart Working
  - Strategic Commissioning and Procurement
  - Smarter People Management
  - Total Haringey/Self Sufficient Communities
  - Support Functions/Customer Contact
  - Revenue Generation
- 7.3. This report is the first which falls under the remit of the Revenue Generation workstream. However, as is explained below, consideration will need to be given to how the different revenue streams support and augment the service proposals that emerge from the Strategic Commissioning projects. Indeed, this report excludes any discussion on parking charges as they have been considered separately as part of the Parking Services Strategic Commissioning Project or charges for Children’s Centres which will be part of a report due to Cabinet early in the new year.
- 7.4. Current fees and charges are either set by statute (statutory charges) or are at the discretion of the local authority (discretionary charges). This difference is obviously significant, not just in the flexibility available to the Council in linking the charge to the aims of the service, but also in the way it links to the Council’s priorities and objectives.

7.5. For this reason there has been extensive lobbying of the Government from local authorities to give more freedoms and flexibilities at a local level over charging policy. There is clear evidence in various announcements from the Spending Review that the Government is planning on giving greater autonomy to local authorities in this respect; although it may take some time before the level of local discretion over charges totally meets the aspirations of the Council.

7.6. Appendix 1 shows the current draft 'External Income Policy' which officers are using as a set of working principles in reviewing fees and charges. The principles in this document point to a number of other key factors that need to be taken into consideration when reviewing charges. These include:

- Service demand and the extent to which charges are designed to control demand as opposed to maximising income. Some services currently provided by the Council are also provided through the private sector, such as Building Control, and therefore the level of charge needs to reflect the aim to cover the cost of providing the service whilst also being cognisant of market pricing policies and the desire to maintain a level of in-house expertise necessary to deal with dangerous structures etc.
- Ability to pay and the extent to which some form of means testing is appropriate. The Council already provides various forms of discounts to residents, the elderly, the unemployed etc. However, this tends to be along very traditional lines and differential charging in a much wider sense needs to be examined; however this also is linked to the level of local discretion that is currently available and the over-arching requirement to demonstrate fairness.
- Opportunities to introduce new fees and charges: again this is linked to the level of legal discretion available to the Council. There has been much discussion in local government about tailoring services and the associated charges to customer demands – the introduction of two-tier services with a basic service with a lower charge than a service available with a higher specification. For example in Commercial Waste where some premises may only require a fortnightly collection and others a daily collection. Although any charges associated with waste collection need to be considered in the context of the risks associated with fly-tipping, anti-social behaviour, environmental health risks etc.

7.7. Whilst there are specific recommendations detailed below, to increase charges from January 2011, all charges will need to be reviewed on an on-going basis to ensure that:

- The key principle of full cost recovery is being achieved;
- Any changes in the statutory framework giving greater power to local authorities to determine their own fee levels is reflected in the charging structure;
- The charging structure reflects any significant future changes in the organisational structure.

## **8. Review of Existing Fees and Charges**

- 8.1. There are a number of service areas where existing fees and charges have either not been increased for over twelve months despite the inflationary increases in the cost of providing the services or where there are shortfalls against existing income budget targets. Furthermore, with a 2.5% increase in VAT being introduced from the beginning of January 2011, the Council will need to increase its charges which are subject to VAT to avoid further shortfalls in the fees and charges budgets.
- 8.2. Each service area has, therefore, reviewed the current level of charges with the specific aim of maximising income within the existing charging regime. At the same time service managers have had regard for what is considered affordable in the current economic climate (and therefore the level of appropriate concessions), the level of charge relative to existing charges in neighbouring authorities, opportunities for introducing differential charges (although none are currently proposed) and the pending increase in VAT (where applicable).
- 8.3. The Council currently receives some £33m pa through fees and charges, excluding income from parking services and children's centres. This represents just 4% of a gross revenue spend of some £800m.
- 8.4. The income generated from fees and charges within each business unit is shown in the table in Appendix 2. The table shows:
- 2010-11 base budget;
  - 2010-11 current projected income;
  - The additional income in 2011-12 compared to the 2010-11 base budget.
- 8.5. The total projected additional income from the charging proposals is some £1.0million. This represents an increase of 3% on the 2010-11 base budget and nearly 5% where the level of charges is discretionary.
- 8.6. All of the proposed changes to fees and charges have been discussed at the Leader's Conference and the outcomes of these discussions are reflected in the individual service proposals.

## **9. Service Recommendations**

- 9.1. Attached as Appendices 3 to 14 are schedules detailing the specific fees and charges proposals for each business unit. At the front of each schedule is a short note providing relevant background information on the charging structure, the details of any concessions, further changes that are anticipated in the future and the methods of payment (both current and planned) available to customers.

- 9.2. All of the proposals are based on existing organisational structures unless there are already changes formally agreed by Members. This point is particularly relevant in service areas such as leisure and bereavement which are both currently the subject of major reviews.
- 9.3. Similarly in Urban Environment where a review is currently underway to develop a more integrated street and premises enforcement service.
- 9.4. In other service areas such as Planning and Regeneration, where charges are currently tied into a statutory pricing structure, the scope for increasing income will continue to be limited until such time as the statutory restrictions are removed.
- 9.5. In Children and Young People's Services current discussions between schools and other council providers across a wide range of services will determine not only the level of future charges but whether certain services continue to be provided directly by the Council.
- 9.6. There are a small number of licence fees (e.g. street trading and special treatment premises) which must be formally decided by General Purposes Committee but which are also included in this report for information.

## **10. Head of Legal Services Comments**

- 10.1. Some fees for services provided by local authorities are set out in the parent legislation or regulations made under the parent legislation. In such instances the Council has no option what to charge. Section 93 Local Government Act 2003 allows local authorities to charge for discretionary services, provided there is no alternative power allowing local authorities to charge and provided there is nothing in the parent legislation preventing local authorities from charging for these discretionary services. Where the local authority provide such discretionary services the local authority has a duty to secure, that taking one financial year with another, the income from charges under the subsection does not exceed the costs of the provision. Section 93 allows local authorities to charge only some persons for providing these discretionary services and also allows local authorities to charge different persons different amounts for providing a service.
- 10.2. In reviewing charges and fees services should be able to demonstrate that they have taken into account the overarching Public Sector Equality Duty due to take effect in April 2011 and the existing statutory public sector duties concerning race, sex and disability. Services should also be able to demonstrate that they have considered whether an equalities impact assessment should be carried out regarding the changes to fees and charges and have carried out such an assessment if found to be necessary.
- 10.3. Some fees and charges may not be set by the Cabinet. Regulation 2(6) of The Local Authorities (Functions and Responsibilities) (England) Regulations 2000 provides that decisions on certain approvals, consents, permits and licences (e.g.

licensing/planning/consent under the Highways Act 1980) may not be made by the Executive (Cabinet). Likewise charges for such approvals, consents, permits and licences may not be made by the Cabinet. These fees will be set by Committees of the Council.

## **11. Equalities & Community Cohesion Comments**

- 11.1. Initial equalities comments were provided to the Leader's Conference on 2<sup>nd</sup> December 2010, which considered the proposals set out in this report and in the related appendixes.
- 11.2. In addition, we have carried out an equalities impact screening exercise the purpose of which is to assess if potentially, these proposals could have disproportionate effects on different sections of the community, in which case services would need to carry out a full equalities impact assessment to comply with their equality public sector duty.
- 11.3. The result of the screening shows that there is a risk of disproportionate adverse impact on some sections of the community. Consequently, we recommend that a full equality impact assessment be carried out by services in respect of the fees and charges changes they are putting forward in this report.

## **12. Local Government (Access to Information) Act 1985**

- 12.1. Existing schedules of fees and charges
- 12.2. Budget Monitoring Reports to Period 7