

SCALE OF FEES AND CHARGES

Submitted by: Executive Director – Resources and Support Services

Portfolio: Resources and Efficiency

Ward(s) affected: All

Purpose of the Report

To obtain approval for the proposed scale of fees and charges to apply from 1 April 2012.

Recommendation

That the fees and charges proposed to apply from 1 April 2012, as set out in Appendix A be approved and submitted to the Transformation and Resources Overview and Scrutiny Committee for comment.

Reasons

It is necessary to review the fees and charges which the Council makes in order to keep them in line with the cost of service provision and to establish the amounts to be included in the 2012/13 budget.

1. Background

- 1.1 The Cabinet is asked annually to consider proposals for the fees and charges to be applied during the following financial year. It is proposed that the new fees and charges set out at Appendix A should take effect from 1 April 2012 and remain in force until 31 March 2013.
- 1.2 The Council has an approved Charging Policy, which is followed when fees and charges are proposed and agreed. This sets out the criteria that should be taken into consideration when determining the amounts to be charged.

2. Issues

- 2.1 The preparation of the 2012/13 budget assumes an overall 3.5% increase in the level of fees and charges for 2012/13 in line with assumptions about the rate of inflation over the period that these charges will be in force, reflecting the real increases in costs being incurred by services. The proposals have been drawn up taking account of this requirement.
- 2.2 For VAT inclusive fees and charges, the VAT increase has been taken into account in the revised charges, so that the overall income retained by the Council is not reduced by the additional amount payable to H.M. Revenue and Customs. The VAT status of individual fees and charges is shown on the attached schedule, Appendix A.
- 2.3 A detailed exercise has been carried out in relation to those fees and charges which are set by the Council itself (i.e. they are not statutory charges) which result in income in excess of £5,000 per annum, in order to establish the position in relation to the charging criteria as set out in the Charging Policy. This examined the issues set down in the Policy which are to be considered when setting charges, in particular:
 - The income which is being collected at current charging levels and whether this is in line with budget forecasts.

- The cost of service provision compared to the charges being made.
- The use being made of the service, including by classes of user, and whether this shows they are using the service to the extent intended or if any are being deterred from using it.
- Whether concessions are being taken up by the people at whom they are targeted.
- The impact of charges on local people.
- Where the charges are set to either encourage or deter activity, whether this is happening.
- Comparisons with charges being made by neighbouring or similar councils or by other organisations providing similar services.

- 2.4 In the majority of cases it was found that the principles of the Charging Policy were being followed and that the level of the charges requires no further consideration. However, there is one area where the charges currently made and proposed for 2012/13 can usefully be considered by members to determine whether it is acceptable that the service is provided at a charge which clearly does not cover the cost of carrying out the activity.
- 2.5 It is perfectly acceptable for charges to be set at a level where costs are not fully recovered. There may be particular reasons for doing so, such as a desire to encourage take up of a service by specified groups, for example young people or the unemployed, or to encourage particular forms of behaviour by charging less than cost. However, the decision to charge less than cost ought to be a conscious one, taken by members and justified by reference to the reasons for setting charges at less than cost as set out in the charging principles contained in section 5 of the Charging Policy. These are shown in full, for reference, at Appendix B.
- 2.6 The budgeted income for the Newcastle open market more or less covers the cost of providing the markets service (a £2,180 deficit is budgeted for in 2011/12). However, it is not proposed to increase the fees for 2012/13, which will mean that the deficit will increase in 2012/13 owing to costs increasing in line with inflationary pressures. This is one of the services which has been affected by the economic recession, with a decline in the number of traders appearing on the Newcastle market. As a result, income shows an adverse variance to the budgeted amount of some £40,000 as at the end of September 2011. The fees have not been increased because it is felt that to do so could further deter traders from the Newcastle market. There is also likely to be disruption to the market from the public realm works which are due to be carried out in the town centre in 2012/13. The fees currently charged are generally in line with those charged elsewhere in the region. A new category of charge for catering pitches is proposed, which it is believed can be sustained by the caterers who currently trade on the market.
- 2.7 A new environmental levy on adult cremations (£55 per cremation) has been included. Over the last 3 years the Council has invested very significantly in the buildings and equipment at the Crematorium. The main chapel complex, visitor and office facilities, gardens and car parking have been improved, and, in order to comply with environmental legislation, both cremators completely replaced including specialist mercury emission abatement and control equipment at an overall cost of £1.25m. The purpose of introducing the new levy is to provide funding to support the cost of maintaining and replacing this equipment when necessary. This type of levy has been charged by many local authorities for some years now and is in place in the neighbouring authorities of Stoke (£50.00 11/12), Stafford (£33.50 11/12), Crewe (£55.00 11/12) and Macclesfield (£55.00 11/12). This should result in estimated additional income of around £79,000 per annum, which has been included in the proposed budget for 2012/13. There are also new charges for woodland burials which are now available at the new Keele Cemetery.

- 2.8 Legislation requires that Land Charges fees be set at a level intended to achieve a break even position. Accordingly, the position has been reviewed and revised fees have been calculated to achieve this. At current levels of activity it is estimated that around £70,000 in additional income should arise in a full year. This will not, however, be included in the budget because the budget for land charges income is being affected by the economic downturn and is unlikely to outturn on target.
- 2.9 Fees and charges for the new Jubilee 2 centre were approved by Cabinet on 7 September 2011. These will apply from the opening of the facility and throughout 2012/13. Where the same facilities are provided at the Kidsgrove Sports Centre, the fees and charges have been made the same as those applicable to Jubilee 2 in order to standardise charges throughout the Borough.
- 2.10 Cabinet considered a report in relation to the usage of the Newcastle town centre car parks on 30 November 2011, following a survey being carried out. It was agreed that a further survey would be carried out, following which both the number of car parks retained and the charging regime will be reviewed. This data will inform the 2013/14 charges setting exercise. In the meantime, parking charges have been proposed for 2012/13 which are intended to retain custom and, therefore, income to the Council based on the currently available sites.
- 2.11 Due to the commercial sensitivity of the proposed charges for the trade waste service, these are not included on part 1 of the agenda and are exempt from publication by reasons of paragraph 3 of part 1 of schedule 12a of the Local Government Act 1972. The proposed charges can be found in the part 2 of the agenda.

3. **Options Considered**

- 3.1 No price increase, increase in line with inflation or increase above inflation. Also whether charges should be set at cost recovery in relation to the item set out at paragraph 2.6.

4. **Proposal**

- 4.1 To increase income from fees and charges for 2012/13 in line with the assumptions in the Medium Term Financial Strategy. This is subject in relation to some charges to the statutory requirements to advertise and consider objections. Any results arising from the application of the Charging Policy principles to the review of charges should be accommodated within these parameters.

5. **Reason for Preferred Solution**

- 5.1 Increasing fees and charges by at least 3.5% should help to keep them in line with the cost of service provision.

6. **Legal and Statutory Implications**

- 6.1 Statutory charges are included in the scale of fees and charges, and are noted as such. These are set by the government by one means or another, rather than by this Council. Land Charges fees are set in accordance with a statutory requirement to balance income with expenditure. All the other charges may be set by the Council in accordance with its Charging Policy.

7. **Equality Impact Assessment**

- 7.1 Because of the wide variety of activities which are subject to fees and charges and the tailoring of some of them to suit particular types of customer there will be a differential impact, for example between adults/young persons, employed/unemployed, pensioners/others, etc.

8. **Financial and Resource Implications**

- 8.1 The approved levels of fees and charges will be incorporated in the General Fund Budget for 2012/13.
- 8.2 The Medium Term Financial Strategy (MTFS) assumes increased income of £260,000 in total from fees and charges, based on an average increase of 3.5 per cent across the existing range of fees and charges. In addition it includes income arising as a result of the cremations environmental charge, estimated at £79,000, referred to in paragraph 2.7, to bridge the gap between resources and projected net costs in 2012/13.
- 8.3 An assessment has been made of whether the application of the proposed fees and charges will achieve the amount of income assumed in the MTFS for 2012/13. Overall, it appears that this should happen but this depends upon the level of activity not reducing significantly in 2012/13 in relation to the major sources of income. As the last two years have shown, the current economic recession makes it difficult to predict with any degree of confidence what the likely trends in income will be.
- 8.4 It should be noted that the income from fees and charges is included in the revenue budget on the basis of the levels of activity which prevailed prior to the current economic recession, i.e. at the level included in the 2008/09 budget. To recognise that income would be reduced as a result of the recession, a provision of £200,000 for loss of income was included in the 2011/12 budget. An increased provision will be included in the 2012/13 budget. As has been reported in outturn and budget monitoring reports, the actual income received in a number of major income earning areas affected by the slowdown in economic activity, such as planning fees, land charges fees and parking fees (also affected by the Midway repair works), has fallen short in total by more than the amount provided for in 2011/12. Until the recession recedes this situation is likely to continue.

9. **Major Risks**

- 9.1 A major risk is that the current economic recession leads to less demand from users of Council services, resulting in significant loss of income. This is already happening, as outlined in paragraph 8.4 above. The level of charges will in some cases influence this demand.

10. **Key Decision Information**

- 10.1 This is a key decision; it has been included in the Forward Plan.

11. **Earlier Cabinet/Committee Resolutions**

- 11.1 Last reviewed at Cabinet meeting on 26 January 2011.

12. **List of Appendices**

Appendix A - Listing Proposed Charges From 1 April 2012 (Fees and Charges)
Appendix B - Charging Principles Included in Charging Policy.