

<b>Cabinet</b>  <b>8<sup>th</sup> January 2020</b>	 <b>TOWER HAMLETS</b>
<b>Report of:</b> Neville Murton, Corporate Director of Resources	<b>Classification:</b> Unrestricted
<b>Fees and Charges 2020-21</b>	

<b>Lead Member</b>	<b>Councillor Candida Ronald, Cabinet Member for Resources and the Voluntary Sector</b>
<b>Originating Officer(s)</b>	Kevin Bartle – Interim Divisional Director, Finance, Audit and Procurement
<b>Wards affected</b>	All wards
<b>Key Decision?</b>	Yes
<b>Forward Plan Notice Published</b>	12 December 2019
<b>Reason for Key Decision</b>	Forms part of the Council's 2020-21 Budget
<b>Strategic Plan Priority / Outcome</b>	<ol style="list-style-type: none"> <li>1. People are aspirational, independent and have equal access to opportunities;</li> <li>2. A borough that our residents are proud of and love to live in;</li> <li>3. A dynamic outcomes-based Council using digital innovation and partnership working to respond to the changing needs of our borough.</li> </ol>

## **Executive Summary**

This report details the proposed changes to fees and charges across the Council for the financial year 2020-21.

Fees and charges detailed in this report generally fall into two broad categories:

Statutory – those prescribed by government statute, for example notice of marriage, and household planning applications for alterations / extensions.

Discretionary – those set at the discretion of local authorities, for example library charges, and commercial waste collection.

Whilst the recommendations in this report relate to discretionary charges only, details of the key statutory charges have also been included in Appendix 6 to provide the overall picture on fees and charges across the Council.

The level of inflation (CPI 1.7% & RPI 2.6% in August 2019), along with rounding up of the charge to the nearest 5p, 10p or other whole number for practical purposes have been key factors in determining the recommended changes. Other factors such as service demand, the projected cost of providing the different services, benchmarking with other local authorities, and the impact of the general economic situation on the Council's residents have also been taken into account.

## **Recommendations:**

The Mayor in Cabinet is recommended to:

1. Approve the proposed increase to discretionary fees and charges by a minimum of CPI (1.7%) or RPI (2.6%) rounded up to the nearest 5p, 10p etc., with effect from 1<sup>st</sup> April 2020
2. Approve proposed increases above CPI 1.7% for the following areas;
  - Arts and Music
  - Parental Engagement and Support
  - Sports & Physical Activity
  - Parking
  - Street Trading
  - Environmental Commercial Services
  - Strategic Planning - CADAP
  - Development Management - Pre-application advice
  - Registration of Births, Deaths & Marriages - Marriage & Civil Partnership
  - Idea Stores Learning - Skills Funding Agency contract: non-accredited ESOL courses funded through Adult Community Learning grant

3. Approve New Charges proposed in the following areas;
  - Sports & Physical Activity
  - Environmental Commercial Services - HMO Licensing and Animal Welfare
  - Strategic Planning - New Tower Hamlets Local Plan
  - Development Management - Planning Performance Agreement (PPA)
  - Academies - charges for conversions
4. Consider the detailed list of proposed changes within
  - Health, Adults & Community** as set out in Section 3.2 and **Appendix 1**
  - Children & Culture** as set out in Section 3.3 and **Appendix 2**
  - Place** as set out in Section 3.4 and **Appendix 3**
  - Governance** as set out in Section 3.5 and **Appendix 4**
  - Resources** as set out in Section 3.6 and **Appendix 5**
5. Note the revised Statutory fees and charges as set out in Appendix 6 with effect from 1<sup>st</sup> April 2020.
6. To note the Equalities Impact Assessment/specific equalities considerations as set out in Section 4.

## **1. REASONS FOR THE DECISIONS**

- 1.1 Fees and charges are reviewed annually as part of the Council's budget setting process. This ensures that they are set at the appropriate level for the prevailing economic conditions and represents good practice in terms of the Council's aim to provide value for money.

## **2. ALTERNATIVE OPTIONS**

- 2.1 Whilst the changes to existing, and the introduction of new fees and charges recommended in this report follow a review of the current charging regime, other alternatives can be adopted by Members if they so wish. The financial impact of any alternatives will need to be reflected in the Council's Medium Term Financial Strategy (MTFS).

## **3. DETAILS OF THE REPORT**

### **3.1 BACKGROUND**

- 3.1.1 The application of fees and charges plays an important role in supporting the Council to achieve its strategic priorities, for example, by:

- Providing a source of funding for re-investment in services;
- Influencing service demand whilst, through appropriate discounts / concessions, ensuring that only those who can afford to pay are required to pay;
- Working as a driver to reduce unit costs.

3.1.2 The authority currently generates in the region of £43m through fees and charges covered in this report. Approximately £10.4m is generated through Contract Services and £13.1m from parking charges; £2.5m from community based social care services and residential care services and £3.4m from planning and building control fees, with the balance coming from all other areas covered in the report.

3.1.3 Fees and charges generally fall into two broad categories; Statutory or Discretionary. Charges that do not fall into either category include Penalty charge notices set by London Councils' Transport and Environment Committee; and on-street parking charges driven by traffic management considerations.

3.1.4 Additional income generated from increases to fees and charges will be used to support the Council to meet its budget saving and inflationary pressures for 2020-21.

3.1.5 Proposed increases have been rounded up to the nearest 5p, 10p or other whole number for practical purposes and in some instances this has resulted in a large % change. This is necessary to ensure the practical application and collection of charges.

## **3.2 HEALTH, ADULTS & COMMUNITY**

### **Meals Service for Social Service Clients (Contract Services) (Appendix 1, section 1.1)**

3.2.1 This service provides both hot meals to elderly and vulnerable adults at day centres. This is a subsidised service and generates a low amount of income to partially recover costs incurred. It is proposed for 2020-21 the charge per meal is increased to £5.30 from £3.50. The majority of meals provided by Contract Services are charged at £5.28 to Adult Social Care, so the proposal to raise the charge to £5.30 will ensure full cost recovery and remove the Adult Social Care subsidisation.

### **Refreshments and Day Centres (Appendix 1, section 1.2)**

3.2.2 Charges are levied on clients attending council run day care centres towards refreshments from all those who attend.

### **Community Based Social Care Services and Residential Care Services (Appendix 1, 1.3)**

3.2.3 A policy is in place that sets out a framework for charging for adult social care services, covering both residential care, and community based social care services. Previously some elements had been separately listed within fees and charges, but they are now all included within the charging policy. There is no set pricing, as the actual cost of services is used to inform the amount charged to each service user, following financial assessment which determines the contribution a service user can make towards their actual cost of care.

### **3.3 CHILDREN & CULTURE**

#### **School Meals (Contract Services) (Appendix 2, section 2.1)**

3.3.1 The School Meals Service operated by Contract Services continues to provide healthy and nutritious meals to pupils on a daily basis. The menus change each April and November and are designed to meet or exceed the Government's tough nutritional and food based guidelines. However, it should be noted that Contract Services is operating at a significant loss. The contract price charged to primary schools is £2.30 per child's meal; and to secondary schools it is £2.60. All meals in primary schools are free to pupils. Key Stage 2 pupils are funded via the Mayors Free School Meal programme.

3.3.2 From April 2020 the price charged to Primary schools will remain at £2.30. The Government has not increased the value of the UIFSM funding above £2.30 and therefore increasing the meal price beyond this will mean either the schools or parents will have to incur any additional increase in the meal price. Schools are unlikely to agree to the subsidy and it would be an administrative burden to collect cash from parents. The same situation applies to the price for Key Stage 2 pupils, which is funded by the Mayors Free School Meal Programme. However, not increasing the meal price will put a significant financial pressure on the Primary School meals service when all other costs are rising, particularly salaries.

3.3.3 From July 2020 Contract Services will no longer be operating in Secondary schools therefore the pupil charge will remain the same £2.60.

3.3.4 Contract Services operate a Tuck Shop in Secondary schools and 2019-20 the price of each Tuck Shop item varied from 60p to 80p. It is proposed to retain these prices from 60p to 80p from 1 April 2020 as Contract Services will no longer be operating in Secondary Schools. This gives customers a choice of Tuck items at low to medium price levels.

#### **Cafeteria Services (Contract Services)**

3.3.5 Contract Services currently provide cafeteria services to both Mulberry Café in the town hall and the café at the Professional Development Centre (PDC). Both cafes currently run at a deficit and are heavily subsidised by the Council,

therefore it is proposed to increase the selling prices of Mulberry Café and PDC individual menu items at the rate of 5% from 1 April 2020.

### **Arts and Music (Appendix 2, section 2.2)**

- 3.3.6 The cost of the service is fully funded through Department of Education Grants and Fee Income and therefore no subsidies are received from the Council. Fee levels remain the lowest of all music services within London and the proposed changes are necessary to cover inflationary pressures. The service will continue to be free of charge for those parents classified as being on low incomes and contributions will only be required from those whose parents can afford to pay. Fee increases will be implemented at the beginning of the Academic year 2020-21.

### **Parental Engagement & Support (Appendix 2, section 2.3)**

- 3.3.7 The Council runs childcare schemes during school holidays for both working and non-working parents. The holiday childcare scheme provides affordable high quality, inclusive childcare for children aged 3-13 years. Provision is aimed at supporting parents to continue to work by providing childcare options during the school holidays. Affordable high quality childcare is paramount for the parent/carers who access the scheme.
- 3.3.8 Following the increase in 2019-20 partially aligning the Tower Hamlets fees to local and national sector fees, the current charges will be increased for 2020-21 as follows: £6.50 per day for non-working parents, £14.00 or £16.00 per day (depending on level of income) for working parents between 9am and 5pm. £18.00 or £20.00 (depending on level of income) for an extended day 8am – 6pm.
- 3.3.9 The LA Holiday Childcare provision for 2020-21 for non LBTH residents will also be increased to £50.00 per child, per day.
- 3.3.10 There will be a late collection fee for all holiday childcare sessions. The charges will be £5.10 (up to 30 minutes late) and £10.20 (over 30 minutes).

### **Integrated Early Years' Service (Appendix 2, section 2.4)**

- 3.3.11 The Council implemented the legal requirements for the Early Years Single Funding Formula for nursery education funding for 3 and 4 year olds on 1 April 2019. This was possible because the council had secured a temporary exemption from implementing this legislation. The EYSFF national changes must now implemented locally from 1 April 2019. The result is that a much larger proportion of the childcare funding is paid directly to providers. This increase for providers is funded nationally by reducing the amount retained by Local Authorities. In Tower Hamlets, the amount retained for early years has been reduced by at least £1.8m annually. This change prevents the continued provision of subsidised training.

- 3.3.12 At present early years training for all early years' education and care settings is heavily subsidised by the IEYS. Current rates are between £25 and £225. Given the difficult financial situation locally for early education settings 2018-19 (e.g. removal of LA top-up funding for nurseries from 1 April 2019), the IEYS is continuing to charge at this previous rate. The alternative to increasing fees 2020-21 is to stop the provision of centralised training and sign post settings to private providers, consultants, on line offers, etc.
- 3.3.13 The service was granted flexibility in pricing to enable it to offer discounts (e.g. for multiple bookings, early bird offers). This has helped maximise take up of training places. Before increasing fees to the agreed rate, a consultation must be organised in with all early education settings. The service will consult with all settings on the changes in early 2020. Even with the 2020-21 increase (£87.00 – £255.00), training will continue to require central subsidy.

### **Support Services to Academies and Free Schools (Appendix 2, section 2.5)**

- 3.3.14 The Council provides a range of support services for its schools on a traded basis, which are set out in detail in our online catalogue at [www.lbthservicesforschools.co.uk](http://www.lbthservicesforschools.co.uk). These services are charged on a full cost recovery basis.
- 3.3.15 Where appropriate, these services are offered to academies and free schools. In order to cover the additional administrative costs of providing these services to organisations outside local authority control, a pricing policy that adds a 10% administrative charge to the full cost recovery rate was adopted last year. It is proposed to continue with this policy. Academies and Free Schools will also be charged VAT.

### **Arts Parks and Events (Appendix 2, section 2.6)**

- 3.3.16 Hire of space at a number of venues within the borough is managed by the Arts Parks and Events Service. Inflationary increases are proposed to charges for hire of venues within the Borough.

### **Sports & Physical Activities (Appendix 2, section 2.7)**

- 3.3.17 Outdoor sports pitches are managed by the Arts Parks and Event Service. It is proposed to increase all pitch fees in line with inflation. The resultant charge for Astroturf pitch hire is rounded up to the nearest £1. All other charges are rounded up to the nearest 5p. Pitch fees remain well below those in other London Boroughs. New charges are being introduced for specialist activities provided by the outdoor education service such as the Duke of Edinburgh award schemes. The rates for local residents and groups are low in comparison to other providers. There will be a concessionary fee for those Tower Hamlets residents who come from low income families. People and groups from outside Tower Hamlets will be charged at a higher rate.

3.3.18 The borough's Leisure Centres are managed by Greenwich Leisure Limited also known as Better. The majority of fees and charges for activities provided at the leisure centres in 2020/21 will be raised in line with the agreed inflationary RPI increase, with the exception of 3 areas:

- Better Pay and Play annual memberships;
- Better Leisure Centre Holiday Play Scheme;
- GLL Swimming School.

Benchmarking has identified that Tower Hamlets charges for these activities / memberships are significantly below comparable market rates offered at neighbouring boroughs. The proposed price increases will still place Tower Hamlets in the bottom range of activity / membership fees when compared to other boroughs, and continue to offer participants a range of benefits with the activity. The proposed price increases will make these activities more sustainable in an increasingly competitive local market and provide the Sport & Physical Activity service with a potential income share to contribute to covering the services direct delivery costs, particularly on-going weekly activities and the Summer programme.

3.3.19 The Sports Development and Outdoor Education Teams are part of the Sport & Physical Activity Service and deliver a high quality, universal and varied programme of weekly activities, events, accredited and certified courses as well as a Summer Programme of sporting activities targeting young people and their families. Traditionally, the Summer programme has been offered free of charge to participants, to encourage participation from children and young people from disadvantaged backgrounds. Unfortunately, due to reductions in the service's general fund budget, these activities, including the Summer programme, will no longer be able to be delivered at no cost to the participants. The proposals introduce hourly, daily or weekly charges depending on the activity.

3.3.20 The Adventure Sports Days are managed and delivered by the Outdoor Education Team during the summer school holidays. These days provide young people with the opportunity to participate in adventurous activities ranging from climbing, canoeing, cycling and caving. It is proposed that costs per participant are comparable to those charged through the Tower Hamlets Holiday Child Care Scheme.

3.3.21 The Outdoor Education Team has recently received status as an accredited centre for National Indoor Climbing Award Scheme (NICAS) at Limehouse Climbing wall. It is proposed that the team offers 10 week climbing courses (1.5 hour sessions) to local young people working towards national accreditation and completing regular physical activity. These courses will attract a per person charge as outlined in the Appendix 2, section 2.8

3.3.22 The Duke of Edinburgh's Award is managed by Outdoor Education Team. Open Bronze, Silver and Gold Expeditions will continue to be offered but on a cost recovery basis, which has necessitated an increase in the fees chargeable to young people.

3.3.23 The Sports Development Team has traditionally provided a programme of sporting activities for under-represented groups such as older people, women and girls and the disabled. Activities delivered as part of the team's Summer Programme will also charge a per participant fee to cover activity costs for coaches, venues, equipment and infrastructure. These weekly activities, sessions and events would now attract a per person charge ranging from £1 to £40 per hour, depending on the activity.

3.3.24 In addition, it is proposed that coaching and training courses, which offer attendance, certified and accredited outcomes attract a charge £30-£200 per course, depending on the course level and duration.

## **3.4 PLACE**

### **Parking (Appendix 3, section 3.1)**

3.4.1 Excluding new items, the average increase across all items in the 'Parking' section is 2.9%.

3.4.2 The Road Traffic Regulation Act 1984, section 45 outlines the reasons charges can be levied on designated parking places, these are: -

- (a) the need for maintaining the free movement of traffic;
- (b) the need for maintaining reasonable access to premises; and
- (c) the extent to which off-street parking accommodation, whether in the open or under cover, is available in the neighbourhood or the provision of such parking accommodation is likely to be encouraged there by the designation of parking places under this section.

3.4.3 The tariffs for designated parking places proposed in this report are designed to ensure a turnover of spaces to support local business and accessibility for residents and visitors to reduce congestion and emissions, therefore contributing to improvement to road safety.

3.4.4 Additional fees are proposed to cover the costs of administering and enforcing the parking regulations.

3.4.5 Section 55 of the 1984 Act outlines the statutory requirement for disposal of income in respect of parking charges.

3.4.6 A full schedule of proposed Fees & Charges is included in the Appendix.

#### **3.4.7 Permits / Car Clubs**

In 2018/19, income generated was c£4.7m; the forecast for 2019/20 is c£4.9m.

A surcharge on parking permits for diesel vehicles was introduced in October 2019, following the implementation of a new back office system. From

2020/21, the levy will increase from £25 to £50; this was agreed as part of the 2019/20 review. This levy will support the Council aspirations to improve air quality.

For all permits, including Resident, Business and Market Trader, the proposed increase is average 3%.

The current forecast suggests income in this area would increase to c£5.05m. This does not account for mode shift as permit holders get ready for the extension of ULEZ, work is ongoing to understand the likely effect for Tower Hamlets.

For this section, the estimated income variance is c£105k.

#### 3.4.8 Paid for Parking (previously Pay & Display)

The average increase proposed across all tariff bands is 3.4%.

Higher emission vehicles represent c60% of parking transactions, a 50% levy could increase income by c£1.2m in the first year.

To deliver the emission based pricing plan, the Council would incur additional costs from RingGo, the pay by phone provider for the link to DVLA when checking the vehicle fuel type, initial estimates are this could cost c£100k per year.

The net effect on income of proposals as described would be c£1.1m.

#### 3.4.9 Administration Charges

The cost associated with processing traffic management orders increase year-on-year as the charges to the Council also increase for example the newspaper advertisement costs. This is proposed to increase by 2.4%. There is no net benefit to the Council for this item.

To help cover increased costs for administration and enforcement activities, an average increase in fees of 2.2% is proposed for bay suspensions, dispensations, skip licences.

It is not anticipated the income from increasing these fees would generate a surplus.

### **Clean and Green (Appendix 3, section 3.2)**

3.4.10 All highways charges are agreed with CPI uplift.

3.4.11 For charges within the Clean and Green service such as Commercial Waste collection services, an increase in line with CPI (1.7%) rounded up to eliminate any odd charges for practical purposes is proposed. However, these charges are subject to review following the decision to bring the Waste Service back in-house.

### **Transportation and Highways (Appendix 3, section 3.3)**

3.4.12 It is proposed to increase the majority of fees for Traffic Management Orders and various highways licenses in line with CPI (1.7%) rounded up to the nearest pound.

### **Street Trading (Appendix 3, section 3.4)**

3.4.13 The Council charges fees to traders at markets in the Borough.

3.4.14 Revenue is used to support the service, providing Officers to manage the markets, cleansing and improvement works.

3.4.15 A benchmarking exercise with neighbouring boroughs has shown that Tower Hamlets has the lowest fees for traders.

3.4.16 To keep the markets viable in the long term, it is essential the fees are set at the right level, providing a quality service to customers, and helping the traders ensure their business remains financially viable.

3.4.17 The biggest increase in cost for the service has been provision of council Officers to manage the markets, and waste disposal and cleansing services.

3.4.18 It is clear that certain traders contribute more to the waste and cleansing costs than others, to ensure a fair balance it is proposed that charges should be set at different levels, depending of the products being sold. To enable this we have separated out Fruit & Veg traders for the first time and increased the number of Hot Food Licences.

### **Environmental Health and Trading Standards (Appendix 3, section 3.5)**

3.4.19 It is proposed to remove the current concession of free pest treatments to those individuals that are in receipt of a state pension or live with a person in receipt of a state pension. The expected additional income will be in the region of £12,000 - £15,000.

3.4.20 There have been additional fees added into the Housing licensing fee structure so that the Service charges are the same for activity across the three licensing schemes.

3.4.21 The proposal is to increase the food safety re-inspection fee by £50 to £187 to reflect the real cost of the work and to encourage food safety compliance at the outset. The additional income will be approximately £3,000.

### **Planning & Building Control (Appendix 3, section 3.6)**

#### Development Management

3.4.22 Development Management pre-application fees were overhauled for 2019-20 after a benchmarking exercise with neighbouring authorities. This saw a range

of brand new fees added to align us with practice and to capture developers' appetite to continue to engage at pre-application stage, especially on the major and strategic schemes. These new fees are just bedding in and it is not considered timely to review them again substantively for this next year. The development market is also showing some signs of levelling off and pre-application activity while healthy has certainly dipped.

3.4.23 However, the service is still in demand and feedback from customers (developers and local residents) identifies that they continue to value the pre-application process. Developers, in the past, have indicated how useful this service is, in that it provides greater certainty and clarity to them by identifying planning issues and requirements before the application is submitted. It also ensures that more applications are valid and complete when they are received by the Local Planning Authority. This is particularly so for the more complex applications where the submission of more technical documents is required. All pre-application fees are inclusive of VAT.

3.4.24 In recent discussions with developers they have indicated they are prepared to fund through Planning Performance Agreements (PPA) a higher rate but bespoke product. This would place demands on the service to secure sufficient resources to recruit and retain some additional staff to provide the service and fees to recognise that PPA are increasingly detailed agreements which need managing and monitoring. This latter detail has been established through some research looking at other councils in London who have started to charge for the administration and management of PPA.

3.4.25 After reviewing the current position, the evidence of PPA charges made by other boroughs and the discussions around a bespoke product we are proposing increases in existing fees in line with the CPI and three new PPA charges, exclusive of VAT:

- Planning Performance Agreement (PPA) Administration & Management Fee: PPA Major – Strategic. New Charge £25,000.00 Each PPA
- Planning Performance Agreement (PPA) Administration & Management Fee: PPA Major – Other. New Charge £15,000.00 Each PPA
- Planning Performance Agreement (PPA) Administration & Management Fee: PPA - Bespoke (including negotiation with officers across multiple sections). New Charge £65,000.00 minimum charge Each PPA

3.4.26 We have consulted with the developers' forum about the principal of a new suit of charges for management and administration of PPA and the idea of a bespoke product. No comments in objection were made only a request to ensure that the service provided meets the expectations. It was agreed that there is likely to be a demand for these services and customers are willing to pay for such services at these levels. The bespoke service will need careful management and is anticipated to be most effective if we can secure additional resources to underpin its offer.

### Strategic Planning

3.4.27 The council has a new suite of Conservation Area Design Advisory Panel (CADAP) fees for applicants with significant initiatives impacting on conservation areas to take proposals to for their views and advice. Detailed benchmarking has been undertaken to ascertain the current level of charges and services in comparison with Tower Hamlets. Consequently, it is considered that the council can no longer sustain this as a free service so the following new charges are also introduced (exclusive of VAT). This service is still be finalised for introduction later this financial year but it is considered that fees should reflect current costs so these are proposed for inflationary increases only.

### **Building Control (Appendix 3, section 3.7)**

3.4.28 Building Control trading account activity must break even year on year, hence, fees and charges relating to the Building Control Trading Account have been increased by inflation (2.4%) rounded up to the nearest £5. Year on year basis the trading account must reflect cost of the service.

### **Technical Support – Local Land Charges (Appendix 3, section 3.8)**

3.4.29 The Local Authority searches are formed in two parts as set out in section 3.8 of Appendix 3; it is proposed to increase the search fees by inflation rounded up to the next £1.

### **Street Naming & Numbering (Appendix 3, section 3.9)**

#### Street Naming & Numbering

3.4.30 Street Naming and Numbering fees and charges were introduced during the 2012-13 financial year. This service has grown considerably to resolve a wide range of outstanding queries and in the longer term to deal with an increased workload arising from the Boroughs consistent growth.

3.4.31 As a result of a benchmarking exercise comparing our existing 'range methodology' (grouped charges with volume reductions) with our Nearest Neighbour authorities (who generally charge using a specific per unit charge) we changed the whole fee basis for 2019-20. For this year we have reviewed how this is working and while it is still bedding in it is considered through some benchmarking our top end fees we have room to increase the maximum chargeable fee cap from £10,000 to £15,000 and increase the unit fee by inflation only.

- New Developments Address creation or Regularisation of Addresses for pre-existing but unaddressed development: for 2 or more units £72 each (single unit will be free) up to a maximum charge cap on the largest developments of £15,000;

### **Housing (Appendix 3, section 3.10)**

3.4.32 Cabinet of 2 May 2017 approved the introduction a new rental level called Tower Hamlets Living Rents (THLR) and monetary values for these have

been calculated in line with the Affordability's Commission's guidance, based on median incomes in the Borough currently £30,760, taking the premise that it is reasonable to pay a third of income on rent.

3.4.33 There is another form of affordable rents in the Borough namely London Affordable Rents (LAR).

3.4.34 LAR are set each year by the Greater London Authority and increase year on year by CPI+1%, (CPI results are announced in October each year) and are published in January for the following Financial Year.

3.4.35 THLR are based on median incomes based on information from CACI, which notes recorded incomes, The CACI information is usually ready until May/June. These new homes at these rents will be advertised through the Council's Homeseekers website and residents on the Council's Common Housing Register will be able to bid on them.

3.4.36 The monetary values for 2019-20 are as follows:

<b>London Affordable Rent (LAR) (Social Rent)</b> <i>(Excludes service charges)</i>	
<b>No. Bedrooms</b>	<b>LAR</b>
1	155.13
2	164.24
3	173.37
4	182.49

<b>LBTH Living Rents – (LBTH) (Affordable Rent)</b> <i>(Includes service charges)</i>	
<b>No. Bedrooms</b>	<b>LBTH</b>
1	197.18
2	216.90
3	236.62
4	256.33

## **3.5 GOVERNANCE**

### **Electoral Services**

3.5.1 The Council had discretionary charges in place for providing letters confirming residency. Following implementation of GDPR, charges can no longer be levied for this and therefore these charges are being removed.

### **Registration of Births, Deaths & Marriages (Appendix 4, section 4.1)**

3.5.2 The Registration & Citizenship Service currently generates approximately £740k per annum from a combination of fees from statutory services such as the registration of births, deaths, marriages and civil partnerships and other services such as citizenship ceremonies, approved premises' licences etc. Having reviewed the current Services' charges and those of a sample of other London Boroughs, some increases are proposed that exceed the CPI whilst others remain unchanged; this is to ensure the service remains competitive in the non- statutory services it offers and can meet its budget income targets.

### **Academy Conversions (Appendix 4, section 4.2)**

3.5.3 Once a school has government approval to convert to academy status, the council must support the conversion process. An academy conversion requires input from a range of council services with no additional funding from

central government. The council introduced charging for academy conversions in May 2017 however the charges to date have not covered the full costs associated with a conversion. The proposal is to increase fees for a standard conversion from £6K to £15K and for PFI schools from £11.5K to £19.5K. Costs associated with future conversions will be kept under review.

## **3.6 RESOURCES**

### **Council Tax and Business Rates (Appendix 5, section 5.1)**

- 3.6.1 Court Costs are charged to both Council Tax payers and Ratepayers when they default on their payment schemes and it becomes necessary to take enforcement action to secure the Council's position, and obtain a liability order to recover any outstanding sums.
- 3.6.2 There have been a number of high profile legal challenges to court costs charged by local authorities. The current charges already place the authority at the higher end when compared with other London Boroughs. For these reasons it is proposed they remain at the current levels.

### **Idea Store and Idea Store Learning (Appendix 5, section 5.2)**

- 3.6.3 Overdue charges are traditionally levied to encourage the return of library stock on time for use by others in the community. Developments in technology mean that this is no longer the most effective tool. It is recommended that fines for late return of items are removed for Idea Store customers.

## **4 EQUALITIES IMPLICATIONS**

- 4.1 The Equality Act 2010 requires the council, in the exercise of its functions to have due regard to eliminate unlawful discrimination, harassment and victimisation, advance equality of opportunity and foster good relations between people who share a protected characteristic and those who do not.
- 4.2 Tower Hamlets is a dynamic place where a thriving economy co-exists with high levels of poverty. The council is working to make the borough a safer, cleaner and fairer place to live and improve outcomes for local people however inequalities still exist. The borough is the second most densely populated local authority in the country with almost 19,000 people on the housing waiting list – the second highest in London – and 35,110 additional homes are needed over the next decade. There are significant health problems and the borough has the lowest life expectancy rates in London (disability-free) and 43 per cent of Year 6 children are overweight or obese. Tower Hamlets has the highest rates of child poverty in England at 32.5% and half of all residents aged 60+ live below the poverty line (three times the national rate). Coupled with this is the fact that Tower Hamlets has one of the fastest growing populations in the UK which is projected to rise from 323,700 in 2019 to 341,000 by 2023 and 376,300 in 2029.

- 4.3 These inequalities and rapid growth mean that ensuring equality is embedded throughout council plans, services and activities is the number one priority and at the heart of all decision making. To help meet its duty under the Equality Act the council undertakes equality impact assessments to analyse a proposed change in order to assess whether it has a disproportionate impact on persons who share a protected characteristic.
- 4.4 Fees and charges are reviewed annually as part of the council's budget setting process. This ensures that they are set at the appropriate level for the prevailing economic conditions and represents good practice in terms of the council's aim to provide value for money.
- 4.5 This year's process has identified a number of new fees and charges as well as increases to fees and charges above Consumer Price Index (CPI). Any potential equality implications will be reviewed in order to determine if there are any disproportionate impacts on persons who share a protected characteristic, and where possible appropriate action will be taken in order to mitigate the potential impact.
- 4.6 Increasing pressures on the councils limited finances mean that the council need to save an extra £39 million by 2023. This is a major challenge for the council which needs to give careful consideration to every penny spent while ensuring that equality remains at the heart of all decision making. The proposals for increases to fees and charges detailed in this report support the Council's Medium Term Financial Strategy and are necessary to deliver approved savings and achieve a balanced budget.

## **5 COMMENTS OF THE CHIEF FINANCE OFFICER**

- 5.1 All directorates have undertaken a review of their fees and charges as part of the annual budget setting process. In general, fees and charges recover some or all of the costs of providing services from users. This generates income which reduces the cost of service borne by Council tax payers, and can also be used to achieve other strategic objectives, such as encouraging the use of particular services. A decision to charge for, or to subsidise services needs to be based on rational considerations.
- 5.2 In general it is proposed that discretionary fees and charges are increased by a minimum of CPI (1.7% in August 2019) rounded up to the nearest 5p, 10p etc. (to simplify cash collection), unless there is a compelling reason for not increasing at all or increasing by a greater amount.
- 5.3 The total amount of income generated through fees and charges will depend on price as well as volume/service take up. The Medium Term Financial Strategy assumes that any additional general fund income will contribute towards meeting the overall budget gap.

- 5.4 If it is decided not to increase charges in line with inflation, this will generally have the impact of increasing the level of subsidy provided by the Council to service users and alternative savings will need to be found to cover the General Fund budget gap. Once a decision is made to freeze charges, it is difficult to recover the lost income without increasing costs by more than inflation in a future period. The financial implications of freezing charges can therefore be regarded as permanent.

## **6 COMMENTS OF LEGAL SERVICES**

- 6.1 The Council has in place a range of fees and charges relating to services it provides. In respect of certain fees and charges, the level of fees and charges is prescribed in statute and in those cases there is no discretion as to the level of charge.
- 6.2 In respect of other fees and charges that are specifically allowed by statute but the actual amount of fee is not prescribed, the Council may set its own charges (e.g. parking). Others fall to be set by the Council pursuant to a variety of statutory powers. These fees and charges are reviewed annually and the Council and the Council has the power to recharge for these services. The legal power is included under the relevant law.
- 6.3 Some of the services referred to in this report are provided by the Council at the Council's discretion i.e. there is no law obliging the Council to provide these services. However, where the Council has decided to provide these services the Council has the power to charge for these services provided that the level of fees and or charges does not exceed the cost of provision of these services. This report also conforms with the law in this regard.
- 6.4 In carrying out its functions, the Council must comply with the public sector equality duty set out in section 149 Equality Act 2010, namely it must have due regard to the need to eliminate unlawful conduct under the Equality Act 2010, the need to advance equality of opportunity and to foster good relations between persons who share a protected characteristic and those who do not. This includes where the Council sets fees and charges. As referred to in paragraph 4, the Council has considered the impact of the alteration of fees and charges in the equality context at the time the decisions are at a formative stage and such considerations have been reflected in the recommendations. Therefore, the Council has discharged this legal duty.
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## **Linked Reports, Appendices and Background Documents**

### **Linked Report**

- None

### **Appendices**

- Appendix 1 – Discretionary Fees and Charges within Health, Adults & Community
- Appendix 2 – Discretionary Fees and Charges within Children & Culture
- Appendix 3 – Discretionary Fees and Charges within Place
- Appendix 4 – Discretionary Fees and Charges within Governance
- Appendix 5 – Discretionary Fees and Charges within Resources
- Appendix 6 – Statutory Fees and Charges (All Directorates)

### **Background Documents – Local Authorities (Executive Arrangements)(Access to Information)(England) Regulations 2012**

- None

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