

Committee/Meeting: Cabinet	Date: 4 th April 2012	Classification: Unrestricted	Report No: CAB 105/112
Report of: Corporate Director, Communities, Localities and Culture Originating officer(s) Corinne Hargreaves, Efficiency Programme Manager		Title: Proposed amendments to Communities Localities & Culture Directorate budgets Wards Affected: All	

Lead Member	Shahid Ali & Ohid Ahmed
Community Plan Theme	A Great Place to Live
Strategic Priority	Improving the Public realm

1. **SUMMARY**

- 1.1 The revised budget proposals of the Mayor and the Executive were discussed at Council on 22nd February 2012. An amendment was proposed by Councillors Anwar Khan and Carlo Gibbs, elements of which the Mayor was not able to include within the revised budget proposal. The minutes of the Council meeting state that the Mayor intends to:

“Ask officers to look further into the concerns raised by the Labour Group around parking permits and the CLC budget for bulk waste collection, rat control and charges to business for external furniture and signage, and bring a report to the next Cabinet meeting on these matters.”

This report addresses the minute above.

2. **DECISIONS REQUIRED**

The Mayor in Cabinet is recommended to:-

- 2.1 Make no change to the decision made on 11 January 2012 to introduce a £15 charge per bulk waste collection with two free annual collections for those in receipt of Housing Benefit, as detailed in the Mayor’s budget.
- 2.2 Make no change to the pest control charges that were agreed on 11 January 2012 to be imposed from 1 April 2012 and agree that pest control charges should be reviewed as part of the fees and charges proposals for 2013/14.

- 2.3 Make no change to the fees and charges for external furniture and signage for 2012/13.
- 2.4 Make no change to the decision made on 11 January 2012 to remove the surcharge for second, third and subsequent resident parking permits in 2012/13 as detailed in the Mayor's budget.

3. REASONS FOR THE DECISIONS

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

4. ALTERNATIVE OPTIONS

- 4.1 Whilst the recommendations in the report follow a review of budget proposals as agreed by Council, other alternatives can be adopted by Members. The financial impact of any alternatives will need to be reflected in the Council's Medium Term Financial Plan.

5. BACKGROUND

- 5.1 The Budget and Council Tax 2012/13 report of the Cabinet meeting of 8th February 2012 was debated at Council on 22nd February 2012. The report included the following budget proposals:

- To introduce a charge of £15 per bulk waste collection, with 2 free annual collections offered to those in receipt of Housing Benefit.
- To review and increase some charges for Pest Control services, to be implemented from 2013/14
- To remove the surcharge for 2nd and 3rd resident parking permits

- 5.2 The amendment to the budget proposal detailed changes to the proposals mentioned above and a change to the current charge to businesses for external furniture and signage.

6. BODY OF REPORT

6.1 Bulk Waste Collection

The original budget proposal was to introduce a modest charge of £15 per bulk waste collection with 2 free annual collections offered to those on Housing Benefit.

The amendment to the budget states that:

“cuts to frontline cleanliness services – including reductions in street sweeping last year and charging for bulk waste and pest control – will result in a dirtier borough and an increase in vermin”

The alternative proposal put forward was for the first bulk waste collection to be kept free to all.

- 6.2 There is no evidence to suggest that fly tipping will increase as a direct result of introducing a charge for bulk waste collection. A report, commissioned by DEFRA that modelled the impact of charging for household waste collections, states that “although there is much in the literature concerning the propensity for illegal dumping to increase in the wake of the application of charging systems, evidence of a desirable quality is not readily available. Experience suggests that fly-tipping is monitored far more closely after charging systems are implemented than before, so that the extent of any change is also frequently uncertain and anecdotal.”
- 6.3 Within DEFRA’s guidance for bulky waste collections it states that, during a consultation project in Lancaster and Lancashire, “only one council out of six reported an increase in fly-tipping following the introduction of charges. However, this council felt that this may have been associated with the introduction of alternate weekly domestic waste collections at the same time. All other councils stated that there had been no increase in fly-tipping following the introduction of charges.”
- 6.4 Enforcement and monitoring staff work closely with the Neighbourhood Policing Teams and other agencies within the local area, ensuring that any instances of fly tipping are identified and removed as soon as possible. This joint working protocol has proved extremely effective and will be used to closely monitor the level of fly tipping throughout the first 12 months of the proposal in order to identify and mitigate any adverse impacts following its introduction.
- 6.5 As an alternative to paying for bulk waste collection, residents are able to take their items directly to the Northumberland Wharf re-use and recycling centre to be disposed of free of charge. Residents are also able to use alternative, free to access services such as charity shops, homestore, freecycle and other re-use outlets, which will continue to be promoted by the service.
- 6.6 Guidance for Local Authorities on the introduction of bulk waste charges was produced by ALCO (Association of London Cleansing officers) in September 2011. The guidance recommends that boroughs impose a fee of £20 - £25 when first implementing a charging mechanism. It is also recommended that this charge is increased by above the rate of inflation in subsequent years. This proposal applies a £15 charge, which is the lowest fee across London with the exception of London Borough of Croydon (£10). In addition, the proposal will continue to offer 2 free annual collections to Housing Benefit claimants. It is felt that this competitive charging structure will encourage residents to continue to use the service as a cost effective way to dispose of

large waste items, providing some mitigation from an increase in instances of fly tipping.

- 6.7 An alternative option would be to extend the concession of two free annual collections to those in receipt of any benefit, rather than restrict this concession to Housing Benefit claimants. The paragraphs below discuss this option.
- 6.8 Not all benefits are means tested, so there is no direct relationship between benefit claimants and economic vulnerability. Housing Benefit, however, is means tested and awarded to a claimant following a thorough needs assessment of the claimant and the household. Bulk waste collections are linked to the property rather than the individual, therefore an assessment of household economic need is required rather than the needs of separate individuals within the same family.
- 6.9 The Council is responsible for administering Housing Benefit within the borough. ICT systems could be updated to verify addresses in receipt of Housing Benefit at the point of arranging a collection. This would not be the case for all benefits and physical evidence would be required in order to validate the concession. The current bulk waste service requires residents to leave their items in front of their property on the day of collection. Removal staff have no face to face contact with residents and to introduce an evidence check at this point would reduce the efficiency of the service, increasing the time between report and collection and increasing the overall cost of the service.
- 6.10 The service could request that residents produce evidence of their concession at a one stop shop. This would also increase the length of time between report and collection and could disadvantage residents with limited access to transport. If this option were to be progressed a full equalities impact assessment would need to be undertaken.
- 6.11 The original proposal contained within the budget report to Cabinet would generate a total saving of £150,000. The Labour amendment would generate a total saving of £35,000. The alternative option would incur a net loss to the service due to the increased administration costs.
- 6.12 Officers feel that introducing a charge of £15 per bulk waste collection will not have a significant impact on the level of fly tipping within the borough and it is therefore recommended that the charge be introduced with an evaluation of the impact on levels of fly tipping undertaken following the first 6 months.
- 6.13 Pest Control

Some concerns were expressed in general debate around the possible charging for aspects of pest control in the future. The Mayor has asked that these concerns be addressed in this report.

In August 2011 the Pest Control service introduced a charge to residents for undertaking work within their properties. The treatment of rats is currently offered free of charge.

- 6.14 The service has not proposed any changes to the existing charging structure for 2012/13. This will allow the impact of the introduction of current charges to be fully evaluated.
- 6.15 Benchmarking data shows that 15 out of the 24 London Boroughs that submitted data charge owner occupiers for the treatment of rats. Tower Hamlets, along with 9 other boroughs from the benchmarking group, currently offer this service for free. Ealing charge the lowest fee at £62 standard rate and no charge for concessions. Barnet charge the highest fee at £125 standard rate and £43.75 for concessions.
- 6.16 Benchmarking data has also identified four other areas where current charges applied in Tower Hamlets are within the lowest offered and could potentially be increased.
- 6.17 The savings proposal for 2013/14 is to review the current fees and charges for the Pest Control service following the full year evaluation of the charging system. The introduction of a charge for rats has been identified as a potential area to generate additional income alongside other fee increases. It is recommended, therefore, that the full year evaluation continues as planned and is used to inform the Cabinet report on Fees and Charges for 2013/14.
- 6.18 External Furniture and Signage

A proposed budget amendment was presented to Full Council that proposed reduced rates for Business for external furniture and signage on the highway. Businesses require a license in order to place tables, chairs and other temporary furniture or shop front projections/A boards on a public footway/pavement. A license is temporary and is issued for a period of up to six months.

- 6.19 The administration fee for tables and chairs is £120 for up to six months. For shop front projections/A boards the fee is £12.50 for up to six months. The use of the footway is charged at £1 per square meter per day.
- 6.20 Income generated through these licenses forms part of the Street Trading Account; a ring-fenced, self financing budget to maintain and develop street trading within the borough. The reduction of income to this budget would place the account into deficit and would therefore require an annual budget transfer from the general fund in order to maintain current operational standards.
- 6.21 Charges for external furniture and signage were reviewed in May 2008 and the current fee structure introduced from September that year. The fee per square meter has not been increased since 2008 and is considered to maintain an acceptable balance between supporting the economic growth of

local businesses and the control and regulation of the public footway, allowing adequate and safe pedestrian movement.

6.22 There are certain areas of the borough where licenses cannot be granted, irrespective of the charge. Areas with limited footway space, for example Brick Lane, cannot accommodate street furniture and TFL owned footways, for example Burdett Road and Whitechapel, must have the owning agent. All recent applications to TFL have been denied.

6.23 The total annual income generated from external furniture and signage is £96k. A 25% reduction in charge (75p per square meter per day) would reduce the income by £24k.

6.24 Parking Permits

A proposed budget amendment was presented at Full Council suggesting an increase in the cost of the second parking permit to £30. The Mayors budget proposal was to do away with additional charges for the 2nd and 3rd Permits all together. 2nd and 3rd (or subsequent) annual resident's permits currently attract a surcharge of £10 and £150 respectively. In 2011/12 3,549 2nd permits and 272 3rd permits were purchased generating additional income of £76,290 above the cost of the 1st permit. This would be lost at the point where the Mayors budget proposal is implemented. However this income reduction has been covered by the minor fees and charges adjustments approved by Cabinet earlier in the year which would generate circa £290k. This is sufficient to deliver the £215k service efficiency target in the MTFP and cover fully for the loss of income resulting from the removal of the surcharges for 2nd and 3rd permits. The additional revenue generated by the proposed budget amendment (adding £30 to the cost of a second parking permit) would generate an additional £58k of income. This would be the maximum extent of the opportunity cost of not running with the proposed amendment.

6.25 The surcharge was introduced as part of the review of resident parking permits in 2008 with the aim of reducing multi vehicle ownership within the borough, in line with the Carbon Reduction policy. In practice the additional charge of £10 for a second permit has not proven to be a significant determinant in resident's decisions to run two cars and there is no evidence that this has had any impact on behavioural change or resulted in a reduction of 2nd vehicles. Therefore, the removal of this additional charge will not have an adverse impact on carbon emission levels as the total number of cars owned by Borough residents is not expected to increase. Similarly, increasing the surcharge to £30 is not expected to have a significant impact on a family's decision whether or not to run two vehicles. Larger increases would be needed to achieve such behaviour change.

6.26 Second and third permits are identified by property and not by household, potentially penalising residents living within homes of multiple occupation (HMO) or extended families. The equalities impact assessment, completed as part of the savings proposal, identified that where larger families own two or

more cars out of necessity a stepped increase in the cost of additional permits could have an economic impact on poorer groups.

- 6.27 The 2009 Housing Survey identified 6,109 units within the borough which had not been fully self-contained and where residents shared facilities. Where two or more residents occupying these units own cars the surcharge would be applied to the second and subsequent applicant, irrespective that there may be no connection between each tenant. Increasing the surcharge for the second permit would increase the financial imbalance between these tenants and may lead to an increase in complaints against the service. Again the impact would have a disproportionate affect on poorer groups as they tend to be occupying the poorer standards of housing.
- 6.28 The phased closure of the cash office facility and rationalisation of one stop shops (agreed as part of the budget setting process) will rely upon the continued increase in the number of permit renewal applications completed on the internet. Simplifying the permit system by the removal of the surcharge for second and third permits will encourage more online renewals, reducing administration time and resource and providing a more efficient service to residents.
- 6.29 Both the original proposal and budget amendment address key Council policies. The original proposal seeks to mitigate against inequality within the current charging system and the amendment seeks to strengthen carbon reduction policies. Due to the disproportionate impact of the stepped charging system on poorer car owning families and the projected adverse impact of benefit changes on these families it is recommended that the surcharge for the 2nd, 3rd and subsequent resident parking permits are removed and the additional £58K of income that could be raised by the proposed Labour amendment is forgone.

7. COMMENTS OF THE CHIEF FINANCIAL OFFICER

- 7.1 The report sets out the three amendments proposed at Council on the 22nd February 2012 relating to fees and charges and makes recommendations regarding how to proceed with each. Any reduction in the savings proposals built into the Medium Term Financial Plan (MTFP) will need to be covered by alternative savings proposals or, in the short term, by the use of general fund reserves.
- 7.2 The recommendations in the report would not impact on the MTFP at this stage. However, should the proposed reviews of the impact of the bulk waste collection charge and the pest control charges lead to changes in future charging policy then these will need to be factored into the budget planning process.

8. CONCURRENT REPORT OF THE ASSISTANT CHIEF EXECUTIVE (LEGAL SERVICES)

- 8.1. On 11 January 2012, the Mayor in Cabinet agreed the imposition of a number of fees and charges to take effect from 1 April 2012. These included the following –
- Imposition of a £15 charge for bulk waste charges, with the understanding that two free collections per year would be offered to persons in receipt of housing benefit.
 - Deletion of charges for second and third parking permits.
 - Freezing pest control charges at 2011/2012 levels.
- 8.2. On 22 February 2012, Full Council agreed the Council's budget for 2012/2013. The budget papers included a detailed proposal as to the income to be generated from bulk waste charges and from parking permits. The Mayor indicated at the Full Council meeting that officers would be asked to look further into the charges which are reviewed in this report.
- 8.3. The report proposes that there be no change to the decision made by the Mayor in January 2012 for imposition of a bulk waste charge. As indicated in the report to Cabinet in January, the Council is empowered by section 12(3) of the Control of Pollution Act 1974 to recover a reasonable charge from a person who requests removal of a category of waste prescribed in Schedule 2 to the Collection and Disposal of Waste Regulations 1988. Those prescribed categories include bulky waste.
- 8.4. The report proposes that there be no change to the decision made by the Mayor in January 2012 and suggests that pest control charges be reviewed for the financial year 2013/2014. The Council has duties in relation to controlling rats and mice under the Prevention of Damage by Pests Act 1949. It is understood that the charges in question are for discretionary pest control service, for which charges may be imposed under section 93 of the Local Government Act 2003.
- 8.5. The council has power under section 93 of the Local Government Act 2003 to charge a person for discretionary services, that is, the provision of a service where the Council is authorised, but not required, to provide the service and the person has agreed to its provision. The power applies where there is no other specific statutory power that covers the proposed charge. The income from charges for a service should not exceed the cost of providing the service. Charges may be set differentially.
- 8.6. The report proposes that the Mayor's decision in January 2012 to remove charges for second and third parking permits should remain unchanged. Under sections 45 and 46 of the Road Traffic Regulation Act 1984, the Council may by order: (1) designate parking places on highways in Tower Hamlets for vehicles or vehicles of any class specified in the order; (2) make charges for vehicles left in a parking place so designated; (3) limit the use of designated parking places for specified persons or vehicles or classes or persons or vehicles authorised by permit; and (4) make charges in connection with the issue of such permits. The change instituted in January 2012 is considered to fall within these powers.

- 8.7. When making decisions in relation to fees and charges, the Council must have due regard to the need to eliminate unlawful conduct under the Equality Act 2010, the need to advance equality of opportunity and the need to foster good relations between persons who share a protected characteristic and those who don't. Some form of equality analysis will be required and information is provided in the report relevant to these considerations.

9. ONE TOWER HAMLETS CONSIDERATIONS

- 9.1 Equalities impact assessments have been undertaken for all budget proposals. The assessments relating to bulk waste and resident parking permits have been published on the Council website and have been the subject of formal consultation.

10. SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT

- 10.1 There are implications arising from the recommendations in this report

11. RISK MANAGEMENT IMPLICATIONS

- 11.1 The original proposals for bulk waste, pest control and parking permits were presented to Council as part of the Medium Term Financial Plan. If Cabinet were to agree the amendment to these proposals then the balance of funds would need to be identified from an alternative source.

12. CRIME AND DISORDER REDUCTION IMPLICATIONS

- 12.1 There are no implications arising from the recommendations in this report

13. EFFICIENCY STATEMENT

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

**Local Government Act, 1972 Section 100D (As amended)
List of "Background Papers" used in the preparation of this report**

No background papers