Cabinet

8th January 2014



| Report of: | Classification: |
|--|-----------------|
| Chris Holme, Interim Corporate Director of Resources | Unrestricted |

Fees and Charges 2014-15

| Lead Member | Cllr Alibor Choudhury - Cabinet Member for Resources |
|------------------------|---|
| Originating Officer(s) | Paul Thorogood – Interim Service Head, Finance and HR |
| Wards affected | All |
| Community Plan Theme | One Tower Hamlets |
| Key Decision? | Yes |

REASONS FOR URGENCY

The report was not published with the main agenda and arguably there were not five clear days between publication and the meeting. The item was, however, properly forward-planned for this meeting and the report was available for public inspection from the day it was added to the agenda and made available to members. The report was not published earlier due to the large and complicated nature of the report and the need to analyse the fees and charges against the developing budget and medium term financial plan. It is considered necessary for Cabinet to consider this report alongside the medium term financial plan, to ensure that Cabinet is properly informed and that the budget process goes ahead as planned.

1. <u>SUMMARY</u>

- 1.1 This report details the proposed changes to fees and charges across all directorates, to take effect from 1st April 2014 or at the earliest opportunity.
- 1.2 Fees and charges fall into two broad categories:

Statutory – those set by the government Discretionary – those set at the discretion of local authorities.

Whilst the recommendations in this report relate to discretionary charges the statutory chargeshave been included in the appendices(see Appendix 5)to provide the overall picture for the Council.

1.3 The level of inflation (CPI= 2.2%, RPI= 2.6% as at October 2013) is a keyfactor in determining any recommended changes. However, as the report points out there are several other factors that directorates have considered including service demand, the projected cost of providing the different services and the impact of the general economic situation on the Council's residents.

2. **RECOMMENDATIONS**

The Mayor in Cabinet is recommended to:-

Chief Executives

Approve the revised fees and charges as set out in **Appendix 1** with effect from 1st April 2014 or at the earliest opportunity.

Communities, Localities and Culture

Approve the revised fees and charges as set out in **Appendix 2** with effect from 1st April 2014 or at the earliest opportunity.

Development and Renewal

Approve the revised fees and charges as set out in **Appendix 3** with effect from 1st April 2014 or at the earliest opportunity.

Education, Social Care and Welfare

Approve the revised fees and charges as set out in **Appendix 4** with effect from 1st April 2014 or at the earliest opportunity.

Licencing Charges

Agree in principle the Licensing charges in **Appendix 6** and refer to the Licensing Committee for final approval.

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. <u>ALTERNATIVE OPTIONS</u>

4.1. Whilst the changes to fees and charges recommended in the report follow a review of existing charges by each directorate, 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 (MTFP).

5. BACKGROUND

- 5.1. The application of fees and charges has an important role to play in helping the Council to achieve its strategic objectives, for example, by:
 - Providing a source of funding for re-investment in services;
 - Influencing resident behaviour i.e. controlling 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.

- 5.2. The Council is committed to optimising its income in a fair and proportionate way.
- 5.3. The authority currently generates some £30.5m through fees and charges, in the main through parking £15.2m, school meals £3.2m, street trading £2.3m, commercial waste £3.3m and planning and building control fees £3.5m.The income generated through fees and charges is reinvested in the associated services. No service seeks to make a surplus from fees and charges income.
- 5.4. The fees and charges fall into two broad categories: (1) statutory charges which are set by statute (this includes most planning fees) and (2) discretionary charges which can be determined by the Council (this includes commercial waste and leisure services). A few charges do not fall clearly into either of these two categories in that they are not under the direct control of the Council: this includes Penalty Charge Notices which are set by local authorities through London Council, with the approval of the Mayor of London and Secretary of State for Communities and Local Government.
- 5.5. Whilst the on-street parking charges are driven by traffic management considerations, a key factor in determining the level of charge for the other main sources of income is the cost of service provision. However, Council policy has largely dictated that the ability of people to pay is a prime consideration.
- 5.6. The table below sets out the key principles guiding the Council's approach to charging for services.

| Fairness | Rationale & Prioritisation | Stability & Predictability |
|---|---|--|
| Subsidy should be a conscious choice i.e. a presumption to full cost recovery | Fees and charges should reflect key priorities | The impact of pricing changes should be managed over time where the impact is high |
| Concessions for services should be logical | There should be a logic for charges for different levels of the same service | Charges should be affordable to both users and the taxpayer |
| Charges should not provide subsidy to businesses from the taxpayer | Charges should be transparent, clear and simple | Charges should generate income to help delivery capacity, efficiency, and support continuous improvement |
| A tough stance to be taken on payment avoidance | Charges should take account of the wider market for similar or alternative services | Charges should be communicated to users as soon as practical |

5.7. All directorates have undertaken a review of their fees and charges as part of the financial and business planning process having regard to these principles. Any

- additional income generated from increases will be used to offset the savings requirement in the MTFP.
- 5.8. This year the provision for inflation in the MTFP does not include an assumption that fees and charges will increase. This means that in some circumstances increasing fees and charges will provide additional income over and above that assumed in the MTFP. The main exception to this is where services are managed through trading accounts and fees and charges are levied in order to recover the costs of services.
- 5.9. The general rule is that except in very particular circumstances fees and charges may not be set at such a level as to generate a surplus. Again there are exceptions to this.
- 5.10. Set out below is a more detailed narrative on the outcome of the review process within each directorate. The report sets out where special circumstances apply.

6. CHIEF EXECUTIVES

Electoral Services (Appendix 1, section 1.1)

6.1. The Electoral Services generates approximately £4k per annum through fees and charges. Prices were last increased in 2010/11. Following this year's review no further increases are recommended during 2014/15.

Registrars Services (Appendix 1, section 1.2)

- 6.2. Registrar's Services currently generates £600k per annum approximately from a combination of fees from statutory services such as the registration of births, deaths, marriages and civil partnerships but also other services such as citizenship ceremonies, approved premises' licenses etc.
- 6.3. Inflationary increases are proposed for naming and nationality checking services. No other increases are recommended. However, the service will continue to review the prices to ensure they remain competitive.

7. COMMUNITIES, LOCALITIES AND CULTURE

Parking (Appendix 2, section 2.1) [Ring fenced Account]

- 7.1. In setting Parking fees and charges, account has been taken of the current and continuing weak economic situation and its impact on residents and businesses but also the effectiveness of the current level of fees and charges on areas of parking pressure.
- 7.2. Pay and Display fees have been reviewed and it is not proposed that these should increase in 2014/15.

Clean and Green (Appendix 2, section 2.2)

7.3. In accordance with the Commercial Waste Contract, each year the contractor [Veolia Environmental Services (VES)] provides the council with the proposal for increases in fees and charges, including inflationary rises and any other factors which will affect the price for the next year. Confirmation of the proposals for 2014/15 from VES is yet to be submitted and agreed. It is prudent that the Commercial waste fees be increased by the 3% in line with the contract cost inflation increase.

Transport and Highways (Appendix 2, section 2.3)

7.4. The introduction of a new charge of £120 for "Expedited Highways Enquiry Service" i.e. turnaround within 3 working-day is proposed. Currently, Transport &Highways provide the service within 14 days; there have been enquiries from current customers willing to pay for "Expedited Highways Enquiries Service". The department carries out on average 235 highways enquiries a year, a third of these customers are expected to take on the "Expedited service". The introduction of the "Expedited Highways Enquiry" will enable the recovery of the additional cost in providing this new service. This is consistent with the approach taken by Development & Renewal on Land Charges where they offer a standard and expedited service.

Street Trading (Appendix 2, section 2.4) [Markets Trading Account]

7.5. There are no proposals to increase prices during 2014/15.

Environmental Protection (Appendix 2, section 2.5)

- 7.6. Inflationary increases are proposed to all Environmental Protection fees and charges in order to maintain cost recovery performance. Where appropriate the smaller charges have been rounded to the nearest equitable sum.
- 7.7. The Animal Warden Service fee for retrieving a dog from the pound is proposed to be increased from £37 to £50. This is to ensure sufficient cost recovery is maintained for the service in covering Veterinary and food cost.

Pest Control (Appendix 2, section 2.6)

7.8. All Pest Control fees and charges are proposed to be increased by the rate of Inflation, rounded to the nearest pound to maintain cost recovery performance.

Environmental Commercial (Appendix 2, section 2.7

7.9 Inflationary increases are proposed to all Environmental Commercial fees and charges that are not set statutorily, in order to maintain cost recovery performance. Where appropriate the smaller charges have been rounded to the nearest equitable sum.

Idea Store Learning (Appendix 2, section 2.9)

7.10 It is proposed that library fines and charges remain unchanged in 2014/15 except there will be an introduction of charges for a new service of A3 colour printouts, photocopying and internet printouts. It is also proposed that the charges for Premium service book reservations/requests and audio visual requests apply to all aged 16 years and over and remain free for under 16s.

Sports Pitches (Appendix 2, section 2.10)

7.11 It is proposed to continue to freeze pitch charges for Borough junior and senior teams as this will enable us to continue to promote sports development and healthy lifestyles within the borough. However charges for out of borough teams are proposed to be increased by 10% to reflect the shortage of provision in the Borough and increased maintenance cost.

8. DEVELOPMENT & RENEWAL (Appendix 3)

- 8.1. The Council generates £3.8m a year through charges for various planning and building control services. This includes a range of statutory and discretionary charges are set of charges introduced in July 2012 for discretionary work associated with Street Naming and Numbering (SN&N) applications. All Planning Statutory fees were increased by 15% (under the Town and Country Planning Regulation 2012) following a government announcement.
- 8.2. For 2014/15 the fees and charges will be increased by inflation.
- 8.3. Building Control trading activity must break even year on year, hence, fees and charges relating to the Building Control Trading Account must reflect the cost of the service. A structural review is underway and where appropriate any increases will be delivered in the new financial calendar year.
- 8.4. Street Naming and Numbering fees and charges were introduced during the 2012/13 financial year. The charges were set to test the impact on service demand. These charges are also be part of the Building Control review.

9. EDUCATION, SOCIAL CARE AND WELFARE

Meals Service for Social Service Clients (Appendix 4, section 4.1)

- 9.1. The meals service provides the meals on wheels service, meals to lunch clubs and day services. The service provides meals to elderly and vulnerable adults and currently charges £2.40 per meal for both hot and frozen meals which generates in the region of £320k-350k per annum, depending on fluctuating levels of uptake.
- 9.2. The Meals Service for Social Service Clients remains a heavily subsidised service with the actual cost of meals being on average approximately £7. The majority of other London Boroughs charge for this service in excess of £3 per meal for the service with some being as high as £6; there is therefore the potential to increase the charge further and thus reduce the level of subsidy in the future.

9.3. There are no proposals to increase prices during 2014/15.

Day care Services (Appendix 4, section 4.2)

- 9.4. Day services are currently not charged forwhen clients meet the Council's eligibility criteria of substantial and critical need and the client lives in the Borough.
- 9.5. Charges are however levied on clients attending LBTH day care centres where the placement is made by another local authority.
- 9.6. Current charges range from £44.20 to £64.29 per day, depending on which centre clients attend, and this generates approximately £10k per annum.
- 9.7. The current charges are already believed to be competitive and thus no further increases are proposed for 2014/15.

Extra Care for Sheltered Housing and Supported Living Clients (Appendix 4, section 4.3)

- 9.8. Client contributions towards extra care at sheltered housing is means tested and currently capped at £173.83 per week at Coopers Court, Duncan Court, Donnybrook Court and Sonali Gardens and at £188.16 per week at Sue Starkey and Shipton House.
- 9.9. The cost of extra care for supported living clients, although uncapped, is also means tested using our fairer charging policy.
- 9.10. There are no proposals to change these arrangements as they are in line with the commissioned contracts in place and thus fees and charges will be frozen during 2014/15. Thus current income levels of £400k per annum are not expected to change during 2014/15.

School Meals (Appendix 4, section 4.4) [Trading Account]

- 9.11. 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. For instance, primary menus served in schools have recently been awarded the Food For Life Silver Catering Mark. Contract Services continued to carry out a number of efficiency projects in order to generate savings for the Council and secure a viable future for the service. These efficiencies have been realised to date during the course of 2013/14 and the service is currently projecting a surplus at year end. A request will be made to reinvest any surplus into the service.
- 9.12. Budgetary research and planning has indicated that the global cost prices of food are likely to increase by approximately 4% in 2014/15. There will also be additional pressure on the salary budget with the on-going support by the Council for the London Living Wage. It is estimated that these additional costs will require a further 3p per meal being added to the contract price of the meal to

schools. However, through the careful and effective re-letting of procurement contracts utilising the London Supplies Group Contracts (a groups of neighbouring authorities pooling their needs to obtain improved pricing) continued efficiencies on food costs are anticipated. The Mayor's Free School Meal Project has also increased meal uptake and in turn reduce unit costs.

- 9.13. The contract price charged to schools is not the price charged to pupils which has been recommended to remain the same at £1.90 and £2.00 per meal (primary and secondary respectively) for 2014/15.
- 9.14. The price charged to schools, which will be considered by Schools Forum, is proposed to also remain the same for 2014/15 with a further review in twelve months' time.

Arts and Music (Appendix 4, section 4.5)

9.15. There are no proposals to increase fees and charges for activities provided by The Tower Hamlets Arts and Music Education Service (THAMES). However, it may be necessary to review these charges in the next financial year, should the Government reduce the grant that supports the service.

Holiday Childcare schemes (Appendix 4, section 4.6)

- 9.16. The Council runs childcare schemes during schools holiday for both working and non-working parents.
- 9.17. The current charges are £4 per day for non-working parents, £10 per day for working parents between 9am and 5pm, or £14 for an extended 8am-6pm day. These charges generate approximately £50,000 per annum.
- 9.18. Affordable childcare plays an important role in helping parents to work, or engage in education or training that can lead to work, and therefore contributes significantly to Community Plan priorities in relation to child and adult poverty and employment. This is particularly important in school holidays.
- 9.19. It is therefore proposed not to increase the fees for 2014/15. The service would continue to be subsidised by the council to cover the additional running costs which are in the region of £120,000.

Day Nurseries (Appendix 4, section 4.7)

- 9.20. The Day Nurseries provide a front-line service offering high quality childcare. The majority of children accessing this service are vulnerable and have been referred by Social Care or other professionals.
- 9.21. Members have previously set the maximum charge for nursery provision at £180 per week, in practice, for the few cases for which a fee is applicable the prevailing charge has been £148 per week.
- 9.22. There are no proposals to increase prices during 2014/15.

Support Services to Academies and Free Schools (Appendix 4, section 4.8)

- 9.23. 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. These services are charged on a full cost recovery basis.
- 9.24. 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.

10. RESOURCES

10.1. There are no fees and charges for consideration.

11. COMMENTS OF THE CHIEF FINANCIAL OFFICER

- 11.1. All directorates have undertaken a review of their fees and charges as part of the financial and business planning process, having regard to the guiding principles detailed in section 5.6.
- 11.2. In general fees and charges recover some or all of the costs of services from users. This generates income which reduces the costs of services to Council tax payers and can also be used to achieve other strategic objectives, such as encouraging the use of services. A decision to charge for or to subsidise services needs to be based on rational considerations.
- 11.3. The Medium Financial Plan inflation contingency figure assumes no additional income will be generated from fees and charges for 2014/15, although some budget decisions made in previous financial years have assumed increases in charges in 2014/15.
- 11.4. 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. 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.

12. CONCURRENT REPORT OF THE ASSISTANT CHIEF EXECUTIVE (LEGAL)

12.1. The report proposes increases to existing discretionary fees and charges imposed by the Council or the introduction of new charges. As a general approach –

- To the extent that the report proposes leaving existing charges unchanged, the Council's relevant powers are not made the subject of detailed legal comments.
- To the extent that an inflationary increase is proposed to an existing charge, it will be for officers to ensure that such an increase is justifiable by reference to the constraints of the charging power relied upon.
- 12.2. The Council has general power under section 93 of the Local Government Act 2003 ("LGA 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, so that users are charged different amounts, for example for parking at different times of the day or for different levels of service.
- 12.3. The Council has power under section 1 of the Localism Act 2011 to do anything that individuals generally may do, subject to specified restrictions and limitations imposed by other statutes. The general power of competence extends to charging for services, but limits on charging are imposed by section 3 of the Localism Act. The Council may only charge for a service under the general power of competence if: (a) it is a discretionary service; (b) the person agrees to the service being provided; and (c) there is no other power to charge for the service, including in section 93 of the LGA 2003. Taking one financial year with another, the income from charges must not exceed the costs of providing the service.
- 12.4. The Environmental Information Regulations 2004 (EIR) place obligations on the Council to make environmental information available to the public. This includes the following information
 - The state of the elements of the environment, such as air and atmosphere, water, soil, land, landscape and natural sites including wetlands, coastal and marine areas, biological diversity and its components, including genetically modified organisms, and the interaction among these elements;
 - Factorsaffecting or likely to affect the elements of the environment, such as noise or waste.
 - Measures (including administrative measures), such as policies, legislation, plans, programmes, environmental agreements, and activities affecting or likely to affect the elements of the environment and factors affecting them.
 - Cost-benefit and other economic analyses and assumptions used within the framework of these measures and activities.
 - Reports on the implementation of environmental legislation.

- The state of human health and safety, including the contamination of the food chain, where relevant, conditions of human life, cultural sites and built structures inasmuch as they are or may be affected by the state of the elements of the environment or, through those elements, by any of the factors, measures or activities referred to above.
- 12.5. The Council is permitted to charge a reasonable amount to applicants who request environmental information, but may not charge for allowing an applicant: (1) to access any public registers or lists of environmental information held by the Council; or (2) to examine the information at a place made available by the Council for that purpose. In the imposition of any of the discretionary charges proposed in the report for the provision of information, officers must take care that charges are only imposed in the circumstances permitted by the EIR.
- 12.6. In some instances, the report proposes new charges for discretionary services or for something that an individual would be able to charge for. These charges include –
 - Charges for photocopying in Idea Stores.
 - Hiring of sports pitches.
 - Support services to academies and free schools.
 - Register of Electors confirmation letters and street index.
 - Registrar services relating to marriage, civil partnerships and citizenships ceremonies venues, nationality checking, approved premises licences and naming pre application meetings.
- 12.7. Such charges would be covered by either section 93 of the LGA 2003 or section 1 of the Localism Act 2011. Officers must take care that the conditions set out in paragraphs12.2and 12.3are complied with in respect of such charges and that it does not charge for access to information required to be free of charge under the EIR as outlined in paragraph 12.4.
- 12.8. A new charge is proposed for "Expedited Highways Enquiry Service". It must be understood that some or all of the information which would be the subject of this service would be publicly and freely available. If the enquiry relates to the registers maintained under section 31A of the Highways act 1980 and section 53 of the New Roads and Street Works Act 1991 and the list of highways maintained at public expense held under section 36 of the Highways Act 1980 then these are public documents and available for inspection free of charge. The Council is obliged to allow access to environmental information as outlined above. That said, it is understood that the Expedited Highways Enquiry Service is a value-added discretionary service, for which the Council may charge.
- 12.9. In respect of some of the proposed charges and payments in the report, the Council's power to impose them arises from specific statutory powers (other than the general powers in section 93 of the LGA 2003 or section 1 of the Localism Act 2011). These are addressed in detail below, subject to the general approach set out in paragraph 12.1.
- 12.10. A number of increases are proposed to charges by the Council's street trading service. The Council is empowered by section 32 of the London Local Authorities Act 1990 to charge an amount to cover its reasonable administrative

or other costs in connection with its street trading functions under Part 3 of the Act. This includes the grant or renewal of a licence or temporary licence or a variation to a licence. The Council may also charge for –

- Collection, removal and disposal of refuse or other services rendered to licence holders.
- Street cleansing attributable to street trading.
- Reasonable administrative or other costs incurred in connection with administration of Part 3 of the Act.
- The cost of enforcing Part 3 of the Act.
- 12.11. Before determining such charges, the Council is required to give notice to licence holders or to a body representative of them and to publish notice of the proposed charges circulating in the relevant areas in which the charges will apply. The notice must be accompanied by a statement showing how the charges have been calculated and the Council is required to provide further information or explanation if requested to do so. The Council must allow at least 28 days from the date of publication of the notice for people to make representations and must consider any representations made. Should the Council determine to impose the proposed street trading charges, then it is required to give notice of them and the date on which they are to be brought into effect.
- 12.12. An above-inflation increase is proposed to the fee for retrieving a dog from the pound. Pursuant to section 149(5) of the Environmental Protection Act 1990, the Council may charge the person claiming to be the owner all the expenses incurred by reason of the dog's detention plus a further prescribed amount (which has been set at £25 by the Environmental Protection (Stray Dogs) Regulations 1992). So long as the proposed increased fee of £50 does not exceed those two amounts for the dog in question, then the Council may charge the fee.
- 12.13. Before imposing any new or revised fees and charges, the Council should first 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. Information is contained in the report relevant to these considerations.

13. ONE TOWER HAMLETS CONSIDERATIONS

- 13.1. The Council has a statutory duty under the EqualityAct 2010, the effect of which is summarised in paragraph 12.13 of the report.
- 13.2. Equality analyses have been undertaken for all services where fees and charge increases are proposed and linked to the delivery of savings (Appendix 7).
- 13.3. Where appropriate, concessions will be available to groups or individuals in the community where the increase may result in them being excluded from particular activities or subject to any other particular hardship.

14. SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT (SAGE)

14.1. There are no SAGE implications arising from the recommendations of this report.

15. RISK MANAGEMENT IMPLICATIONS

15.1. The proposals for increases to fees and charges detailed in this report support the Councils Medium Term Financial Strategy and are necessary to deliver approved savings and achieve a balanced budget.

16. CRIME AND DISORDER REDUCTION IMPLICATIONS

16.1. There are no implications arising from the recommendations of this report.

17. **EFFICIENCY STATEMENT**

17.1. 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.

18. APPENDICES

Appendix 1 Discretionary Fees and Charges within Chief Executives

Appendix 2 Discretionary Fees and Charges within Communities, Localities and Culture

Appendix 3 Discretionary Fees and Charges within Development & Renewal

Appendix 4 Discretionary Fees and Charges within Education, Social Care and Welfare

Appendix 5 Statutory Fees and Charges (All Directorates)

Appendix6Discretionary Fees and Charges to be approved by Licensing Committee Appendix 7 Equality analyses (to follow)

Local Authorities (Executive Arrangements) (Access to Information) (England) Regulations 2012

LIST OF "BACKGROUND PAPERS" USED IN THE PREPARATION OF THIS REPORT

Brief description of "Background Paper"

None