


<p>Cabinet</p> <p>9 January 2018</p>	
<p>Report of: Zena Cooke, Corporate Director of Resources</p>	<p>Classification: Unrestricted</p>
<p>Fees and Charges 2018-19</p>	

Lead Member	Councillor David Edgar, Cabinet Member for Resources
Originating Officer(s)	Neville Murton - Divisional Director, Finance and Procurement
Wards affected	All wards
Key Decision?	Yes
Community Plan Theme	One Tower Hamlets

Executive Summary

This report details the proposed changes to fees and charges across the Council for the financial year 2018-19.

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 the latter, details of the key statutory charges have also been included in Appendix 6 to provide the overall picture for the Council.

The level of inflation (CPI 2.9% & RPI 3.9% in August 2017), along with rounding up to the nearest 5p, 10p etc have been key factors in determining the recommended changes. However, as the report points out, 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 (2.9%) or RPI (3.9%) rounded up to the nearest 5p, 10p etc, with effect from 1st April 2018
2. Approve proposed increases above CPI 2.9% for the following areas;
Integrated Early Years Services
Sports & Physical Activities
Street Trading
Pre application
Registration of Births, Deaths & Marriages
Idea Store and Idea Store Learning
3. Approve New Charges proposed in the following areas;

Parking – Residents and Car Club permits, ranging from £25 to £1,300
Street Trading - Use of Markets Equipment by traders / non traders, £5 / £30 per day
Development Management – Pre-application advice, ranging from £885 to £4,000
4. Approve proposed new parking concessions for the area around Roman Road market only as specified in Section 3.4.4 and 3.4.5. The new charges will be implemented immediately once approved.
5. Consider the detailed list of proposed changes within

Health, Adults & Community as set out in Section 3.2 and **Appendix 1**

Children’s Services 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**
6. Note the revised **Statutory** fees and charges as set out in **Appendix 6** with effect from 1st April 2018. The statutory planning fees for 2017-18 now incorporates the proposed 20% fee increase that will come into effect on 1st January 2018.

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 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 £36m through fees and charges. Approximately £13.6m is generated through school meals, £12m from parking charges, £3.5m from planning and building control fees and £3.6m from commercial waste charges, with the balance of around £3.0m coming from all other areas covered in the report.

- 3.1.3 Fees and charges generally fall into two broad categories; Statutory or Discretionary. A few charges do not fall into either such 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 2018-19.

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 and frozen meals to elderly and vulnerable adults at lunch clubs and day centres. This is a highly subsidised service and generates a low amount of income to recover costs incurred. A review is underway and the outcome will be considered in terms of the level of subsidy in future.

Refreshments and Day Centres (Appendix 1, section 1.2)

- 3.2.2 Charges are levied on clients attending council run day care centres where the placement is made by another local authority; as well as a contribution towards refreshments from all those who attend.

Community Based Services (Appendix 1, 1.3)

- 3.2.3 Clients in receipt of community based services such as home care, day care, transport; care and support delivered in Extra Care sheltered housing on a temporary or permanent basis are required to make a contribution to the cost of care they receive in line with the Adult Social Care Charging Policy.

3.3 CHILDREN'S SERVICES

School Meals (Contract Services) (Appendix 2, section 2.1) [Trading Account]

- 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 and a review has been undertaken which has set out a strategy for the achievement of a break even budget position in the future.
- 3.3.2 The contract price charged to primary schools is £2.30 per child's meal; and to secondary schools it is £2.75. The price charged to pupils by the schools is currently £1.95 and £2.35 per meal (primary and secondary respectively).
- 3.3.3 The revised price charged to schools will be £2.45 (Primary) and £2.85 (Secondary). The prices charged to pupils would be £2.00 and £2.45 per meal (primary and secondary respectively). As part of the Mayors free school meal programme, whilst we review the future position with schools, a Mayoral priority growth bid has been put forward to cover the primary school increase.
- 3.3.4 Within some schools, Contract Services operate a Tuck Shop the 2017-18 price per item of food is 50p. For 2018-19 the price of each Tuck Shop item will increase to 60p.

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 substantial deficit. A review at both café sites has been undertaken and it is proposed from 1 April 2018 to increase the selling prices of Mulberry Café and PDC individual menu items, above the rate of the Consumer Price Index (CPI) to an average of 10%.

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.

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 service is means tested and to qualify for the subsidised rate, those on benefits must provide recent proof of benefits such as income support, Employment & Support Allowance (ESA) or Disability Living Allowance (DLA).

Local Authority Day Nurseries (Appendix 2, section 2.4)

- 3.3.8 In September 2017, in addition to the universal offer for three and four year olds, the government introduced a new funding stream for families where if both parents are earning at least the equivalent of 16 hours' worth of the minimum wage per week and less than £100,000 per annum each, they receive another 570 hours of paid-for childcare.
- 3.3.9 It is standard practice in the nursery sector to charge for late collection due to Ofsted requirements around staffing ratios. Therefore, a late collection fee of £10 for every 15 minutes is proposed for all three LA day care nurseries. Some parents have also suggested that introducing a late collection fee may be a way of assisting improvement of the financial sustainability of nurseries.

Integrated Early Years Service (Appendix 2, section 2.5)

- 3.3.10 The DfE introduced the Early Years National Funding Formula for nursery education funding for 3 and 4 year olds on 1 April 2017. Whilst this council secured a temporary exemption, it is required to prepare for the new funding requirements. It is therefore proposed that a much larger proportion of the childcare funding is paid directly to providers, thus reducing the amount

retained by the Local Authority by at least £1.8m annually. Part of this reduction prevents the continued provision of subsidised training.

3.3.11 At present training is provided at a significant loss. The alternative to increasing fees is to continue to run at a loss or to cease the provision of training and sign post settings to private providers, consultants, on line offers and so on. Our benchmarking exercise shows commercial rates are much higher than the proposed increase at up to £200 for Private, Voluntary and Independent settings (PVI's), £110 for child minders and £500 for schools and children's centres.

3.3.12 The proposal is to increase fees up to the following daily rates: £120 for PVI's, £85 for child minders, and £250 for schools and children's centres. In addition, the service would also like flexibility in pricing to enable it to offer discounts, e.g. for multiple bookings, to maximise take up of training places.

Support Services to Academies and Free Schools (Appendix 2, section 2.6)

3.3.13 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.

3.3.14 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 2.7)

3.3.15 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 2.8)

3.3.16 Outdoor sports pitches are managed by the Arts Parks and Event Service. It is proposed to increase all pitch fees by around 5% across the board. 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

3.4 PLACE

Parking (Appendix 3, section 3.1) [Ring fenced Account]

3.4.1 In setting Parking fees and charges, consideration has been taken to ensure:

- Value for money is provided
- Demand can be controlled and managed effectively
- Where appropriate, the cost of providing the services are recovered
- The Council's transport and environment strategies are supported

3.4.2 The purposes behind setting parking charges are:

- a) To control and manage parking demand.
- b) To ensure road safety in the borough.
- c) To regulate traffic flow and reduce congestion.
- d) To cover the cost of providing the service, as the Government strongly recommends that any shortfall in operations should not be funded through the General Fund.

3.4.3 The following new charges are proposed to be introduced from 1st April 2018:

- Second / Third permit surcharges (6 months), £25 / £75
- Second / Third permit surcharges (12 months), £50 / £150
- Car club permit (point-to-point model, 12 months), £1,300

3.4.4 In order to attract custom to Roman Road market which suffers from particular issues as a result of poor public transport access, this report proposes to introduce the following parking concessions for this area (parking is usually £3.60 per hour):

- A charge of 50p per half hour (or part thereof) up to a maximum of two hours. Over two hours, £2.00 plus £1.80 per half hour (or part thereof) up to a maximum of four hours, which is the maximum permitted stay.
- Limited to Saturdays only
- Applicable to all bays in the area described in paragraph 3.4.5 below in which paid parking can be used
- Only available through the Council's cashless payment system

The current maximum stay of four hours is to be retained. Therefore the maximum payable on a Saturday, if using the Council's cashless payment system, would be £9.20, compared to £14.40 on any other day of the week.

3.4.5 This concession applies to all roads in the area bounded by:

- Grove Road, between Old Ford Road and the railway line that runs from Liverpool Street to Stratford;
- Old Ford Road, between Grove Road and Parnell Road;
- Parnell Road, between Old Ford Road and Tredegar Road;
- Tredegar Road, between Old Ford Road and Fairfield Road;
- Fairfield Road, between Tredegar Road and the railway line that runs from Liverpool Street to Stratford; and

- the railway line that runs from Liverpool Street to Stratford.

It should be noted that all the boundary roads mentioned above are included in the concession area except for Grove Road, as this is a major route through the borough.

Clean and Green (Appendix 3, section 3.2)

- 3.4.6 For charges within the Clean and Green service such as Commercial Waste collection services, an increase in line with CPI (2.9%) rounded up to eliminate any odd charges for practical purposes is proposed.

Transportation and Highways (Appendix 3, section 3.3)

- 3.4.7 It is proposed to increase the range of fees for Traffic Management Orders in line with CPI (2.9%) rounded up to the nearest pound.

Street Trading (Appendix 3, section 3.4) [Markets Trading Account]

- 3.4.8 There are proposals to bring specific fees and charges in line with that agreed in 2017-18 to recover costs and introduce new charges to the Trading Account for the financial year 2018-19.

- 3.4.9 Proposed increases include:

- Isolated pitch charge
 - £22.00 to £30.00 per day Monday to Friday;
 - £42.00 to £50.00 Saturday

- 3.4.10 New charge of £5 per day is proposed for the Use of Market Equipment (gazebo's etc.) by traders, and £30 by non traders.

Environmental Commercial Services (Appendix 3, section 3.5)

- 3.4.11 There are no increases proposed for Selective Licensing and HMO Licence fees as these are considered to be competitive. All other charges in this area are proposed to increase in line with CPI (2.9%) rounded up to eliminate any odd charges.

Strategic Planning and Development Management (Appendix 3, section 3.6)

- 3.4.12 Development Management Service has carried out benchmarking with other comparable authorities and proposed the following:

- It is proposed to increase Scale B And C in line with CPI (2.9%) rounded up to the nearest 50p.
- Introduced a package based approach and consolidated scale D and E into one single category (Scale D) but increased to a level that is more in line with comparable authorities.

- Replaced Scale F type fees, which was not actually being used because discretionary, with a new Scale E, now clearly defined as strategic applications and site allocations

Building Control (Appendix 3, section 3.7)

3.4.13 Building Control trading account 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. Therefore it is proposed to increase fees in this area in line with CPI (2.9%) rounded up to the nearest 50p

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

3.4.14 Although the Council has the power to set its own fees for Local Land Charges searches, fees charged must reflect the cost of the service.

3.4.15 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 in accordance with RPI (3.9%) rounded up to the next £1.

3.4.16 It is also proposed to increase the private registration fees (Rights of Light Notices) as there has been an increase in demand for this and as a result the cost of providing this service has increased.

3.5 GOVERNANCE

Electoral Services (Appendix 4, section 4.1)

3.5.1 Electoral Services generate approximately £6,500 per annum through the following fees and charges and only inflationary increases are proposed:

- Sale of revised registers
- Sale of Monthly alterations lists
- Sale of Marked polling station registers; and
- Confirmation of residency letters

Registration of Births, Deaths & Marriages (Appendix 4, section 4.2)

3.5.2 The Registration & Citizenship Service currently generates approximately £750k 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. Broadly inflationary increases are proposed however in a few cases, the proposal is to increase above CPI (2.9%) inflation to ensure we remain competitive and can meet budget and cost pressures within the service.

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 A new fees and charges model is proposed in order to maximise the fee income from those learners who can afford to pay a realistic fee level whilst adhering to SFA funding requirements. This will have no impact on learners who cannot afford to pay and who meet the SFA's definition of being eligible for fee waivers. All courses will be free or subsidised for learners who meet the eligibility criteria.

4. COMMENTS OF THE CHIEF FINANCE OFFICER

- 4.1 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.
- 4.2 In general it is proposed that discretionary fees and charges are increased by a minimum of CPI (2.9% in August 2017) 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.
- 4.3 It is estimated that additional general fund income of around £419k may be generated in 2018-19 through the changes proposed in this report. The Medium Term Financial Strategy assumes the additional general fund income will contribute towards meeting the overall budget gap.
- 4.4 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.

5. LEGAL COMMENTS

- 5.1 The Council has in place a range of fees and charges relating to services it provides. In respect of certain fees and charges, the amount of the fee etc. is prescribed in statute and in those cases there is no discretion as to the level of charge.
- 5.2 In respect of other fees and charges that are specifically allowed by statute but do not prescribe the actual amount of fee, then the Council can set its own charges (e.g. parking). Others fall to be set by the Council pursuant to a variety of statutory powers. These discretionary fees and charges are reviewed annually. As a general rule, those charges service should not exceed the cost of providing the service; i.e. the income from these charges should not be used to generate a profit.
- 5.3 The Council also has a general power under section 93 of the Local Government Act 2003 ('the 2003 Act') to charge a person for discretionary services; i.e. the provision of a service where there is no specific statutory power for the Council to provide the service, but the Council can chose to do so and the person has agreed to its provision (e.g. pest control). Again, the income from charges for such services should not exceed the cost of providing the service.
- 5.4 Further the Council has power under section 1 of the Localism Act 2011 ('the 2011 Act') 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 2011 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 2003 Act. Taking one financial year with another, the income from charges must not exceed the costs of providing the service
- 5.5 Generally with regard to fees and charges, where the Council can set its own charges it may also be able to set such charges so that different charges can be applied subject to location, class of user etc. (e.g. parking charges can be charged at a higher level for business use as opposed to residential.
- 5.6 Certain fees may not be set by the Cabinet. Regulation 2(6) of the Local Authorities (Functions and Responsibilities) (England) Regulations 2000 provides that decision on certain approvals, consents permits and licences (for example premises licenses; licenses for street trading) cannot be made by the Executive. Likewise, charges for such approvals, consents permits and licences may not be made by the Cabinet. These fees will therefore need to be set by the Council.

5.7 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's sets fees and charges. How this duty is met is addressed in the paragraph below headed 'One Tower Hamlets Considerations'.

6. ONE TOWER HAMLETS CONSIDERATIONS

6.1 The Council has a statutory duty under the Equality Act 2010, the effect of which is summarised in paragraph 5.7.

6.2 Equality analyses have been undertaken and reviewed for all services where fees and charge increases are proposed.

6.3 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.

7. BEST VALUE (BV) IMPLICATIONS

7.1 Fees and charges are reviewed annually as part of the Council's annual 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.

8. SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT

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

9. RISK MANAGEMENT IMPLICATIONS

9.1 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.

10. CRIME AND DISORDER REDUCTION IMPLICATIONS

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

11. SAFEGUARDING IMPLICATIONS

11.1 The recommendations do not give rise to any relevant implications.

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's Services
- 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

- Individual Equality Impact screening pro-forma.

Officer contact details for documents:

N/A