

Finance and Governance Cabinet Advisory Board

14 November 2017

Is the final decision on the recommendations in this report to be made at this meeting?

No

Fees and Charges Setting for 2018/19

Final Decision-Maker	Cabinet
Portfolio Holder(s)	Councillor David Reilly – Portfolio Holder for Finance and Governance
Lead Director	Lee Colyer – Director of Finance, Policy and Development
Head of Service	Jane Fineman – Head of Finance and Procurement
Lead Officer/Author	Jane Fineman – Head of Finance and Procurement
Classification	Non-exempt
Wards affected	All

This report makes the following recommendations to the final decision-maker:

1. That the fees and charges set out within this report and the attached appendices be agreed; and
2. That the timings for the price increases to be implemented as indicated in the report be agreed.

This report relates to the following Five Year Plan Key Objectives:

This report supports all of the Key Objectives. Securing revenue for the Council is vital to balancing the budget annually in order to support all of the services provided by the Council.

Timetable

Meeting	Date
Management Board	8 November 2017
Discussion with Portfolio Holder	
Finance & Governance Cabinet Advisory Board	14 November 2017
Cabinet	16 November 2017

Fees and Charges Setting for 2018/19

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1. This report details the proposed fees and charges for 2018/19 and seeks Cabinet approval for their implementation on 1 April 2018, except where otherwise indicated.
 - 1.2. This report excludes fees and charges for property rents, parking and central government set licencing fees, for example alcohol and gambling licences and taxi fees, which will all be presented in separate reports.
 - 1.3. Heads of Service are responsible for the proposed fees and charges for their service areas and Finance have consolidated this report. Each service has considered both their fees and charges and expected sales volumes for 2018/19 in order to establish a total budget for their service. These budgets will be carried forward into the 2018/19 budgeting process.
 - 1.4. The Medium Term Financial Strategy (MTFS) assumes a 3% increase in income from the sale of the services and products detailed in this report. Through a combination of price and volume changes, this report is proposing to increase revenue by £251,426, £109,574 in excess of the £141,852 required by the MTFS. This can be used to offset part of the projected deficit.
 - 1.5. This should be seen in the context of the Retail Price Index of 3.9% and the Consumer Price Index of 3.0% for September 2017. It should also be noted that all concessions currently offered are retained.
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2. INTRODUCTION AND BACKGROUND

- 2.1. This report has been created by Management Team and each service has reviewed its own pricing structure and assessed its sales volumes in the light of the present economic conditions. The fees and charges they propose and their forecast sales volumes for 2018/19 are attached in the Appendices for Cabinet approval.
 - 2.2. The proposed fees and charges and volumes, if approved, will form the income budgets for fees and charges revenue.
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3. AVAILABLE OPTIONS

- 3.1. Leave prices the same as 2017/18. This does not meet the requirements of the Medium Term Financial Strategy and would cause a budget deficit for the Council.
- 3.2. Amend the prices up or down subjectively. Considerable efforts have been made to benchmark prices and to ensure that they support the objectives and priorities of the Council.

4. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS

- 4.1. Appendices B to R detail the fees and charges and the forecast sales volumes for each of the services.

Appendix	Fees and Charges	2017/18 Budget plus MTFS £	2018/19 Proposed Budget £	(Increase) / Decrease £	(Increase) / Decrease %
B	Financial Transactions	14,400	0	14,400	100%
C	NNDR & Council Tax	319,360	320,650	(1,290)	0%
D	Assembly Hall	249,260	261,723	(12,463)	(5%)
E	Camden Centre	106,000	94,500	11,500	11%
F	Museum	1,200	0	1,200	100%
G	Crematorium & Cemetery	1,734,127	1,896,874	(162,746)	(9%)
H	Parks	180,070	182,390	(2,320)	(1%)
I	Environmental Licencing	18,810	22,200	(3,390)	(18%)
J	Refuse Collection	86,680	80,460	6,400	7%
K	Farmers Market	22,430	17,460	4,970	22%
L	Street Naming	7,050	12,450	(5,400)	(77%)
M	Administration Charges	1,968	1,868	100	5%
N	Planning	1,557,952	1,651,310	(93,358)	(6%)
O	Offence Penalties	118,000	118,960	(960)	(1%)
P	TN2	14,867	11,000	3,867	26%
Q	Wesley Centre	22,000	22,000	0	0%
R	Ice Rink	274,055	285,991	(11,936)	(4%)
	Medium Term Financial Strategy (MTFS 3% increase)	141,852		141,852	
	TOTAL	4,870,262	4,979,836	(109,574)	(2.25%)

- 4.2. The Medium Term Financial Strategy (MTFS) assumed income for 2018/19 to be the 2017/18 budget plus 3%, totalling £4,870,262. The forecast income budget for 2018/19 proposed in this report is £4,979,836, a surplus to the target of £109,574.

- 4.3. Appendix A lays out the Legal fees charged for various legal services. Legal services are delivered via the Mid Kent Services Partnership and Cabinet is not required to approve the charges applied. However, the income does come to this Council and partially offsets its Legal Services costs. It can be seen that they intend to increase their hourly rate by 2% in 2018/19.

Finance and Governance (Appendices B and C)

- 4.4. Credit card charges of 1.5% of the transaction value were introduced in 2011/12. EU legislation, to be introduced on 1 January 2018, removes the ability to recharge any card transaction costs. Hence the income has been removed.

- 4.5. The charges for Council Tax and NNDR summonses and liability orders are periodically compared with those charged around Kent. The NNDR summons fees have now been aligned with Maidstone, but all other fees remain the same. It can be seen that the volumes have reduced a little. It is felt that the work that has been done to convert council tax payers to direct debit has resulted in fewer needing to be summonsed. These charges should take effect immediately.

Communities and Wellbeing (Appendices E, F, P and Q)

- 4.6. Community hire fees for the Camden Centre were last increased in 2016/17 and it is proposed that most are increased by £1 for 2018/19. The lounge and gallery will no longer be available to the public in 2018/19 as these rooms will be used by Museum staff, who will be displaced whilst the Cultural Hub is being developed. The income budget has been reduced accordingly, but this will be offset by some savings in the Museum facilities costs. These charges will be applied with immediate effect for events booked to take place after 1 April 2018.
- 4.7. The Museum will be closed for the building of the Cultural Hub in 2018/19 so the evening lectures will no longer be run.
- 4.8. The opening hours for TN2 have been reduced significantly. The reduction in income reflects the reduced availability. The hire prices have been increased marginally to support the MTFS target. These charges will be applied with immediate effect for events booked to take place after 1 April 2018.
- 4.9. The prices at the Wesley Centre were last increased in 2016/17. It is proposed that the prices be increased by £1 for commercial hires and 50p for community hires.

Environmental and Street Scene (Appendices G, H, I, J and O)

- 4.10. In 2014/15 the pricing structure for cremations was changed to extend a standard funeral to 45 minutes whilst retaining a limited number of 30 minute slots at less popular times of day to offer a low cost funeral option. All children's funerals (under 18 years) also became free of charge. The number of funerals conducted has continued to increase, reflecting the increasing death rates nationally, but clearly there is a risk to volumes should the death rate start to fall. It is proposed that the 2018/19 prices are increased by around RPI, but they are still mid-market with our competitors for the standard funeral and the low cost funerals are the cheapest available.
- 4.11. The charges for the parks facilities have been increased but as the prices are relatively low the rounded amounts create percentage increases that vary a little. Generally they have increased between 3% and 5%. The usage of the cricket facilities has reduced a little as the Borderers used to have a larger club with more teams. The football facilities usage has remained much the same. The allotment prices must be set at least one year in advance and allotment holders given notice, so the prices for 2019/20 are included in this report for approval.

- 4.12. Environmental licensing fees have been increased marginally in most cases. The Environmental team are part of the Mid Kent Services Partnership and there is an ambition to standardise prices where possible to the highest common denominator. There is a new 'Food Hygiene Rating Scheme Revisit Charge' proposed, where there is a desire from the food business to improve their rating to reflect improvements in hygiene since the initial inspection. This fee will not relate to revisits carried out for enforcement purposes or where there is a risk to the public. It is proposed that this new charge is implemented immediately.
- 4.13. Wheelie bin and recycling box sales are entirely for new homes and are generally purchased by the property developer. The charges have been increased to support the MTFS target and to reflect increased costs.
- 4.14. Offence penalty charges are set in law mainly through the Environmental Protection Act of 1990, but also through various other Acts of Parliament. Each offence has a charge range and authorities may select their charge providing it falls within the range set. Our charges are set at the top of the range. There have been no changes to legislation this year so charges remain unchanged. The costs of collecting and returning stray dogs continues to rise (mainly fuel and chasing debts) and the prices have been increased to meet some of these additional costs.

Economic Development (Appendix K)

- 4.15. It is proposed that the Farmers' Market pitch prices remain unchanged as they are very price sensitive, but that the volumes reduce further to reflect the actual usage from 2016/17. This level of income just about brings the Farmers' Market to break even.

Digital Services & Transformation (Appendix L)

- 4.16. Government guidance indicates that councils should be able to recover the costs incurred in carrying out their street naming and numbering service and the prices charged still reasonably reflect this. It is therefore proposed to leave the charges unchanged for 2018/19. The total budget has increased however, as more developments are thought to be reaching the street naming stage.

Policy and Performance (Appendix M)

- 4.17. The fees for the sale of print and data remain unchanged from last year.

Partnerships and Engagement (Appendices D and R)

- 4.18. It is proposed to leave the standard rate of hiring the Assembly Hall the same at £3,750 per day. All other set charges have been removed as they are commercially sensitive and need to be varied according to the show. It is recommended that the booking fees are amended to simplify them and incentivise online booking and e-ticketing. It is proposed that if customers book online and show their e-ticket on their phone (or print it themselves) they will be charged just 85p (inc. VAT). This is a reduction of 90p from last year. If customers book by any other method, or want to have their tickets printed then the fee proposed is £1.75 (inc. VAT). If they would like their tickets printed and posted then it will cost £2.50.

- 4.19. The simplified pricing model for ice skating, introduced for 2017/18, will be continued into 2018/19, with just an increase for inflation. In order to enable the children of those on low incomes to participate, the Go Card rate has been retained at £5.00 per ticket. Also the school rate of £5.00 has been retained. The event continues to grow in popularity and the sales volumes have been increased to reflect this. Last year, the ice rink again covered its costs and is considered to be a Christmas treat that offers good value for money.

Planning Services (Appendix N)

- 4.20. Planning application fees are still set nationally and were last increased at the end of 2012 by 15%. The Government has consulted on a number of possible fee changes and legislation has now been drafted providing for a 20% increase in planning application fees. It is hoped that this will be in place for April 2018 and the budget has been increased accordingly. It is possible that the number of planning applications will increase due to the Local Plan requirements and the continuing lack of local supply of property, but there is also risk that the price increases could be delayed. There are two new charges proposed. The first is a £25 charge for copies of tree protection orders and the second a £30 charge for pre-application advice for high hedges. It is requested that these be implemented immediately.
- 4.21. Building Control fees are set by the Council and are a combination of fixed and negotiated fees, making the pricing structure quite complex. There is also a legal requirement to just cover costs but not make 'excessive profits' over time, which further complicates any change in prices. The market is also quite competitive, so it is important that flexibility to negotiate is retained. The budgeted income for 2018/19 fee related applications remains the same as for 2017/18, but the volumes for some of the other services have been reduced to reflect the present actual position.
- 4.22. Land Charges fees are set by the Council and have remained unchanged since 2006. It is proposed to increase the CON 29 search in 2018/19 in order to bring it into line with Maidstone and Swale Borough Council charges. This will prove very helpful to the Mid Kent Services Partnership which operates the Land Charges service on our behalf. This year the fees and charges have been laid out in greater detail to provide more transparency in this report, and the volumes have been amended to reflect current demand. As with Building Control fees, there is a statutory requirement to just recover costs and these fees are still in line with many other authorities in Kent. Government has indicated that they intend to provide the LLC1 searches themselves in the future, although the Council will still be responsible for providing the information contained within them. This means that the Government will take the income, but that there will be no cost saving accruing to the Council. This is now anticipated to take place after 1 April 2019 however, so all income is included for 2018/19. Just to note that the Government also added VAT to CON 29 searches from the beginning of 2017.
- 4.23. The budget for S106 monitoring fees of 5% has been removed for 2018/19. The Council is legally able to recover the cost of monitoring S106 agreements, but 5% would have recovered more income than the cost of providing the service. The fee was therefore removed. However, Planning will create a new

scheme where they can set a variable rate of administration fee according to the actual monitoring work that will need to be carried out for each agreement. They will begin including these fees in new S106 agreements from 1 April 2018, but due to the often lengthy time periods between signing the S106 agreements and payment being due, there is unlikely to be any income until 2019/20.

New Revenue Streams being Considered but not Proposed

- 4.24. Management Team is considering a number of new income generation ideas, but they are not sufficiently developed to be included in this report. As soon as the business cases are agreed they will be brought to Cabinet for approval. This is an ongoing objective of the team.

Value Added Tax

- 4.25. The VAT status of each of the fees and charges is stated in the Appendices. All fees and charges that are subject to VAT are quoted net of VAT.

Net Cost of Service

- 4.26. This report has considered the level of fees and charges and the income projections for 2018/19. The direct costs associated with obtaining this income will be considered as part of the 2018/19 budget setting process. Informed decisions can then be taken as to whether income streams should cover their total costs or whether they should be subsidised to meet Council priorities.

Benchmarking

- 4.27. Services have endeavoured to obtain benchmarking data from neighbouring authorities and private sector operators where relevant to inform the proposed fees and charges.

Payment Collection Methods

- 4.28. The Council has been working hard to ensure that payment collection is carried out in the most efficient, cost effective manner.
- The number of cheques processed has fallen from 12,344 in the year to September 2016, by 4,325 (35%), to 8,019 in the year to September 2017, saving the Council £1.07 per cheque. Business rates customers ceased paying by cheque on 1 October 2017. They have been transferred to other electronic methods of payment. The process by which planning applications can be made has been re-engineered to remove the ability to pay by cheque, which will reduce the numbers of cheques processed by a further 50.
 - Paperless billing is now in place for council tax and business rates with 13,212 households (10,849 last year) registered, representing 27.08% (22.06% last year) of customer accounts. A project to identify email addresses for all business customers and to sign them up for ebilling has been hugely successful. A significant 81% of businesses are now signed up for ebilling (25% in 2016/17).
 - Direct debits are still being promoted with some success. The Financial Management System now has direct debits set up for 168 (145 last year) of the 320 allotment accounts (53%). It also has 366 direct debit accounts for parking season ticket holders compared with 311 last year

and 254 the previous year. Customers have been very positive about the ability to enjoy the annual season ticket price but to spread the cost over the year.

- The Co-Op, who provide the Paypoint service, served notice on our contract as they are withdrawing from the market. The contract will end on 31 March 2018. Cabinet agreed to remove this as a method of payment and work continues to ensure that customer are transferred to an alternative method of payment within the six months left before the contract expires. There are still 897 customers using this method of payment at present, although this is down from 1964 a year ago.

5. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK

- 5.1. All prices and volumes have been proposed by the service areas which have benchmarked prices and researched new pricing options. Management Board have also reviewed these proposals and consider them appropriate.

6. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION

- 6.1. Finance will communicate decisions to the appropriate services and notification to the public will be made via the internet.

7. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
Legal including Human Rights Act	The specific legal authority to raise fees and charges is detailed within the appendices and notes for each service if applicable.	Legal fee earner
Finance and other resources	This report will inform the budget setting process for 2018/19. It is vitally important for the Council that income targets in the Medium Term Financial Strategy are achieved in order to preserve Council services.	Head of Finance and Procurement
Staffing establishment	Where income activity undergoes significant change, staffing resources associated with the activity will need to be reviewed. Any additional costs of changing staffing levels would have to be weighed against the changes in income.	Head of HR
Risk management and health & safety	There is always the risk that charges set by other bodies and authorities can be changed, sometime to the Council's advantage and sometimes to its detriment.	Head of Audit Partnership
Environment and sustainability	No implications	Sustainability Manager
Community safety	No implications	Community Safety Manager

Health and wellbeing	It could be argued that increasing the prices of using sports facilities could reduce accessibility, however unless funding continues the Council cannot provide those services at all. This would be more detrimental and the increases proposed are not considered excessive.	Healthy Lifestyles Co-ordinator
Equalities	No implications as there are no significant increases.	Corporate Governance Officer

8. REPORT APPENDICES

The following documents are to be published with and form part of the report:

- Appendix A - Legal Fees
- Appendix B - Financial Transactions
- Appendix C - Business Rates and Council Tax Summons and Liability Orders
- Appendix D - Assembly Hall Theatre
- Appendix E - Camden Centre
- Appendix F - Museum
- Appendix G - Crematorium and Cemetery
- Appendix H - Parks and Outdoor Sports
- Appendix I - Environmental Licensing (excl. Taxis and Private Hire)
- Appendix J - Refuse Collection
- Appendix K - Farmers' Market
- Appendix L - Street Naming and Numbering
- Appendix M - Administration Charges
- Appendix N - Land Charges, Planning Applications and Building Control
- Appendix O - Offence Penalty Charges
- Appendix P - TN2 Community Centre
- Appendix Q - Wesley Centre Paddock Wood
- Appendix R - Ice Rink

9. BACKGROUND PAPERS

- The Local Authorities (England) (Charges for Property Searches) Regulations 2008
- Local Authority Property Search Services – Costing and Charging Guidance – Communities and Local Government
- Town and Country Planning (Fees for Applications and Deemed Applications) (Amendment) (England) Regulations 2008.
- Environmental Information Regulations 2004 (EIR)
- Environmental Protection Act of 1990