



<u>Committee and date</u>
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<u>Item No</u>
9

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FEES & CHARGES 2011/12

Summary

1. The report sets out the early work conducted by Directorates to review fees and charges for 2011/12. Directorates have highlighted fees and charges where an inflationary increase is proposed and also fees and charges where a more thorough review is being conducted. This work has been conducted at an early stage in the budget process so as to inform the budget strategy for 2011/12.
2. In order to give a complete picture the report also highlights the statutory fees over which the Council has no discretion. The Council will be notified of the level of statutory fees and charges for 2011/12 during the next year. Fees and charges in certain areas are ring-fenced for use within the trading account or service. The budget inflation assumption for these fees and charges is 1%.
3. The report outlines the Council's policy to increase discretionary fees and charges in line with the retail price index excluding mortgage interest payments (RPIX), as at the September preceding the start of the budget process, plus 2% in 2011/12 and future years thereafter. The level of RPIX in September 2009 was 1.3% so this policy generates an increase of 3.3% to fees and charges in 2011/12.
4. This Inflation policy for discretionary fees and charges is expected to generate £1,017,000 per annum. Whilst the actual additional income to be generated from the more thorough reviews of fees and charges will not be known until the reviews have been completed it is currently estimated that these reviews will generate an additional £120,000 per annum. The 1% inflation assumption for non-discretionary fees and charges generates additional income of £538,000. In total, additional income of £1,675,000 can be incorporated into the 2011/12 budget.

	Fees & Charges 2010/11	<i>Statutory/ Ring-Fenced Charges (excluded)</i>	Inflation (1%)	Fees & Charges Subject to Inflation Policy of RPI +2%	Inflation (3.3%)	Service Review Target	Total additional income to be included in budget build-up	Fees & Charges 2011/12
	£000	<i>£000</i>	£000	£000	£000	£000	£000	£000
CYPS	7,550	4,000	40	3,550	117	25	182	7,732
Community Services	42,176	22,404	224	19,772	652	(46)	830	43,006
Development Services	15,945	9,474	95	6,471	213	140	448	16,393
Resources								
- Financing Charges	1,436	1,436	14	0	0	0	14	1,450
- Other Services	16,533	16,143	161	390	13	1	176	16,709
Corporate & Democratic	372	262	3	110	4	0	6	378
Legal & Democratic	639	90	1	549	18	0	19	658
	84,651	53,809	538	30,842	1,017	120	1,675	86,326

Recommendations

Cabinet are asked to:-

- A. Note the statutory fees and charges over which the Council has no discretion (Appendix A).
- B. Note the fees and charges which generate ring fenced income and trading accounts where the Council is required to set charges at a break-even level (Appendix B).
- C. Agree that the Council adopts a policy to inflate discretionary fees and charges by the retail price index excluding mortgage interest payments (RPIX), as at the September preceding the start of the budget process, plus 2% in 2011/12 and future years thereafter.
- D. Note that an inflationary increase to the Council's discretionary fees and charges in line with the above policy will generate additional income of £1,017,000 per annum (Appendix C).
- E. Note the discretionary fees and charges where a more thorough review of charging is being conducted (Appendix D) and that these reviews are currently expected to generate an additional £120,000 per annum.
- F. Note the service reviews are being conducted in the following areas (Appendix D):-
 - Countryside access charges (June 2010)
 - Environmental Health e.g. pest and dog control, abandoned vehicles (June 2010)
 - Planning maps and local plan related fees (June 2010)
 - Railcards (June 2010)
 - Meals on wheels (August 2010)
 - Wedding / naming ceremonies at Shrewsbury Castle (August 2010)
 - Room Hire (August 2010)

- Community Alarms (September 2010)
- Secret Hills Discovery Centre (September 2010)
- Highways charges e.g. road closures, inspections and permits (September 2010)
- Post 16 Home to College Transport (September 2010)
- Garage Service (October 2010)
- Parking Strategy (November 2010)

REPORT

Background

5. Fees and charges represent a significant source of finance for Shropshire Council. In 2010/11 the Council is expected to receive over £85 million in fees and charges. It is important that fees and charges are set at an appropriate level so as to maximise income to the Council.
6. Shropshire Council provides a wide range of services for which fees and charges can be made. Some of these fees and charges are set at a statutory level such as planning application fees and environmental protection fees. Others are discretionary and the Council has the ability to decide upon an appropriate charge for the services. Examples include leisure centre charges and crematorium fees.
7. In addition, the Council provides a range of services to other public sector bodies and other external bodies for which charges are made. For example, the Council recovers costs for services provided to the PCT and for special educational child placements into Shropshire schools from other local authorities.
8. The budget assumption for non-discretionary fees and charges is 1%. This generates additional income of £538,000 in 2011/12.
9. Fees and charges were equalised across the county for a wide range of services on 1st April 2009. The Council remains committed to equalising service delivery standards and fees and charges across the county of Shropshire.
10. As part of the budget process for 2011/12 Directorates have considered fees and charges at an early stage. Directorates have provided details of fees and charges that they are proposing to increase in line with the Council's inflation policy and in addition identified areas where a more thorough review is on-going which may lead to higher than inflation increases.

Statutory Fees & Charges

11. Statutory fees and charges for the Council are outlined in Appendix A. Services such as planning have a statutory fixed fee imposed whereas other services such as the provision of certain licenses will have a statutory maximum fee level. Statutory fees for 2011/12 have yet to be published. For example license fees for petroleum, firework and explosive licences will not be published until March 2011. These fees will be changed in line with the statutory guidance following publication.
12. Services such as Building Control have a statutory responsibility to set fees and charges at a break-even level. The Council is unable to make a surplus on these activities.

Ring-fenced Fees and Charges

13. There are a number of business units that operate as trading accounts. Any additional income generated from increases in fees and charges in these areas is ring-fenced to be used within the service. Similarly any deficit on trading activities has to be managed within the service. Examples include, Landlord Services and Shire Services.
14. Landlord Services are conducting reviews in a number of areas as part of their Service Improvement Plan. A review of the garage service will be conducted between August and October 2010 and the community alarm service will be reviewed between June and September 2010. These reviews may result in changes to service provision and the fees and charges payable to the Housing Revenue Account.
15. In addition, schools generate income through fees and charges. For example, room lettings to external organisations and community groups provide a useful source of income for schools. This income is ring-fenced to be used within schools.
16. Details of proposed fees and charges on trading accounts are outlined in Appendix B.

Discretionary Fees and Charges

17. As part of the budget process for 2011/12 Directorates have considered discretionary fees and charges at an early stage in the process. Directorates have considered new areas of charging as well as reviewing existing fees and charges. In arriving at the proposals for discretionary fees and charges for 2011/12 Directorates have considered a range of overarching principles including:-
 - the impact of any change in charges on the level of total income available to the Council and the requirement to achieve budget savings.
 - the timescale for introduction of any new fees and charges and whether it is appropriate to phase in increases.

- the concessionary rates that should apply to particular groups of service users.
- the cost of collection and whether these may outweigh the income generated,
- any consultation requirements that have to be met prior to revision of charges,
- whether the Council has the legal power to charge for a service
- the local impact of an increase / decrease in fees and charges.

Inflation Policy for Discretionary Fees and Charges

18. In recent years, the Council has inflated income budgets in line with the price inflation assumption incorporated into the budget strategy. It is important that the income generated from discretionary fees and charges continues to keep pace with inflation and provide an important source of funding for the Council.
19. The Government utilises the Retail Price Index excluding Mortgage Interest Payments (RPIX) as at the previous September for its Revenue Support Calculations. It is proposed the Council adopts a policy of inflating discretionary fees and charges by RPIX (as at the September preceding the start of the budget process) plus 2%. This will be implemented in 2011/12 and future years thereafter.
20. In September 2009 the RPIX was 1.3% and it is therefore proposed to increase discretionary fees and charges in by 3.3% in 2011/12 (i.e. 1.3% + 2%). This inflation policy for discretionary fees and charges will be adopted by the Council for future years and will be incorporated into the Council's Medium Term Financial Plan.
21. The report summaries discretionary fees and charges for 2011/12 where an increase in line with the Council's inflation policy for discretionary fees and charges is proposed. These fees and charges are shown in Appendix C.
22. The Council collects £30.8 million in discretionary fees and charges. Applying the Council's inflation policy to these fees and charges is expected to generate additional income of £1,017,000 in 2011/12.
23. The report also highlights in Appendix D areas where a more thorough review of discretionary fees and charges is being conducted.

Community Services

24. In 2009 consideration of Leisure Services fees and charges identified increases to meet budget saving proposals. In April 2010 a new Shropshire wide Membership Scheme was introduced and fees increased. For the financial year 2011/12 it is proposed to increase Leisure fees in line with the inflation policy.
25. A task and finish group are considering opportunities to standardise fees and charges for swimming lesson programmes and gym/fitness suite services. It

is planned to harmonise these fees over the next 2 to 3 years so reducing the impact of further price increases.

26. The proposed increase in meals on wheels charges was removed during the budget process for 2010/11. A review is now being conducted of meals on wheels. The meals on wheels service generates income of £419,000 per annum. The original proposals were expected to generate additional income of £10,000 per annum.
27. A review is also being conducted of the charges for the Shropshire Hills Discovery Centre. Whilst the budgeted income for Shropshire Hills Discovery Centre is set at £60,000 per annum, the actual income is nearer to half this amount. The review needs to take account of promoting the Centre and increasing its visitor numbers.
28. There are also a number of reviews on-going which will have a minimal impact on the income the Council generates. Countryside access charges are being reviewed which have the potential to raise up to an additional £2,000 per annum. Fees for wedding and naming ceremonies at Shrewsbury Castle are also being considered which may raise a maximum additional income of £2,000 per annum.
29. These reviews will be completed by September 2010.

Children & Young Peoples Services

30. Children & Young Peoples Services have indicated that they are proposing to increase fees and charges in line with the Council's inflation policy for discretionary fees and charges.
31. Children & Young Peoples Services are considering a higher than inflationary increase in home to school transport where the policy on post-16 transport is being considered. It is expected that policy changes will deliver a maximum of £25,000 per annum additional income in 2011/12.

Development Services

32. In 2010/11 a low percentage increase in taxi license fees was implemented. In 2011/12 it is planned to increase taxi license fees in line with Council's inflation policy for discretionary fees and charges. The proposed taxi license fees are subject to public consultation.
33. In 2010/11 a review of crematorium fees was conducted and an increase implemented based principally on gas price inflation with the introduction of an environmental surcharge. In 2011/12 these fees and charges will also be increased in line with the Council's inflation policy for discretionary fees and charges.
34. More thorough reviews have been considered for a number of areas including car parking. For many of these areas charges have been increased in line with the Council's inflation policy, however, a number of new charges

are also being considered. These reviews of new charges are targeted to generate an additional £140,000 per annum.

35. The level of Highways charges are under review (currently generating £320,000 per annum). Benchmarking against other authorities is being undertaken with a view to finalising these by the end of September.

Resources, Chief Executives, Legal & Democratic Services

36. It is proposed that the fees and charges in these areas are increased fees in line with the Council's inflation policy for discretionary fees and charges.
37. A review of room hire charges at the Council Headquarter offices is to be completed by the end of June 2010. Room hire generates income of £8,000 per annum. The review may lead to changes in room hire rates and may generate an additional £500 in income collected.

Concessions

38. The Council applies concessionary fees and charges for particular groups of service users who wish to access Council services. Concessionary rates are typically applied to children and older people. Details of concessions on discretionary fees and charges are shown within Appendix C.
39. Leisure Services provide concessions as part of "BeActive". These concessions entitle eligible people up to 50% discount on activity sessions, including some provided by the Outdoor Recreation Team and programmed swimming lessons.
40. The Council also provides concessions for services in accordance with national guidance where appropriate. For example, free school meals are provided in accordance with the nationally set eligibility criteria.

Value Added Tax (VAT)

41. In June it was announced in the Emergency Budget that the rate of value added tax would rise from 17.5% to 20% on 4th January 2011. The fees and charges shown in this report which are inclusive of VAT incorporate this increase.

Financial Implications

42. It is planned to progress with further work on the 2011/12 fees and charges over the coming months. Applying the Council's inflation policy to discretionary fees and charges is expected to generate £1,017,000 per annum. Service reviews of fees and charges are currently on-going and the additional income generated will not be known until these reviews have been completed. However, these reviews are targeted to generate an additional £120,000 per annum. The 1% inflation assumption for non-discretionary fees and charges generates additional income of £538,000.

43. In total, additional income of £1,675,000 can be incorporated into the 2011/12 budget.
44. A detailed breakdown of the budgetary increase in fees and charges by Directorate are shown in Appendix E.

<p>List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information) Cabinet, Fees and Charges 2010/11, 6th January 2010</p>
<p>Human Rights Act Appraisal There are none arising directly from this report</p>
<p>Environmental Appraisal The activities identified within this report should not result in a negative environmental impact.</p>
<p>Risk Management Appraisal Any risks associated with fees & charges are considered as part of the decision making process.</p>
<p>Community / Consultations Appraisal Any consultations required will be conducted prior to the implementation of the fees and charges for 2011/12</p>
<p>Member Champion Cllr Keith Barrow</p>
<p>Local Member All Local Members</p>
<p>Appendices A – Statutory Fees & Charges B – Trading Account Fees & Charges C – Discretionary Fees & Charges – Inflationary Increase D - Discretionary Fees & Charges – Service Review E - Fees & Charges Budget Build-up 2011/12</p>