

**IMPLEMENTATION EXECUTIVE  
28 JANUARY 2009****FEES & CHARGES 2009-10****Executive Summary**

Officers have been developing budget proposals for Members to consider in setting the 2009-10 budget and as part of this there are recommendations around the level of fees and charges to be set for 2009-10.

This report explains the range of fees and charges and the current proposals for increases in rates. In summary the proposed level of Fees and Charges income for 2009-10 is £55.341 million compared to a budgeted figure of £54.931 million across the five authorities in 2008-09.

The increase of £0.410 million represents an uplift of 0.75% compared to the 2008-09 total although the range in increases varies across the different type of fees and charges. Various services have applied increases in the region of 5% on average, others have applied an inflation figure of 3-3.5%, but several areas have had to take into account the economic climate which will directly affect their activity and demand on their services, therefore reducing income received.

**Proposal**

The Implementation Executive are asked to recommend to County Council that they adopt the fees and charges increases presented within this report in setting the 2009-10 revenue budget.

**Reason for Proposal**

To agree budgets and increase levels for fees and charges income as part of the 2009-10 revenue budget.

The recommended increases in fees and charges have been made by service directors with due consideration to a range of issues including:

- i. Market conditions, demands and trends (including the current economic climate)
- ii. Inflationary cost pressures
- iii. Policy priorities across the Council such as social inclusion, anti-poverty and equality impacts
- iv. User needs
- v. Strategic powers of charging
- vi. Legal requirements, notification requirements and other statutory obligations.

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Chief Financial Officer

## **FEES & CHARGES 2009-10**

### **Purpose of Report/Background**

1. Fees and Charges provide a contribution towards the cost of services. The resulting income is an essential income source to the Council. In some cases the fees cover the cost of the service provided and in other areas they contribute to the cost. Without the fees and charges income the increased cost of services would need to be met by increases in Council Tax.
2. It is important that fees and charges are set an optimal level which balances a range of issues including:
  - i. Market conditions, demands and trends (including the current economic climate)
  - ii. Inflationary cost pressures
  - iii. Policy priorities across the Council such as social inclusion, anti-poverty and equality impacts
  - iv. User needs
  - v. Strategic powers of charging
  - vi. Legal requirements, notification requirements and other statutory obligations.
3. This report presents officer recommendations for the proposed increases in fees and charges in 2009-10 after consideration of the above issues for incorporation into the 2009-10 revenue budget.

### **Main Considerations for the Implementation Executive**

#### **Fees and Charges Transition**

4. The Council is experiencing significant cost pressures across its services and minimal income increases from Government grants and other sources. This increases the importance of a clear income strategy for fees and charges within each service so that service delivery is carefully balanced against available resources at a gross level.
5. The transition to one authority in 2009-10 also has an impact on fees and charges policies as there are currently differentials on the nature and level of fees and charges across the five councils. In some circumstances it would be preferential to ensure that fees and charges are harmonised so that no matter where you are in the county you receive the same service for the same cost. However, for certain services this may not be desirable when balancing local user needs and demands, market conditions and other differentials.

#### **Acceptability of Fees and Charges**

6. The Institute for Public Policy Research (Robinson 2004) argues that the future of fees and charges lies in the extent to which they promote the attainment of key social, environmental and economic objectives set by

central, regional and local governments and are recognised as legitimate by their electorates. This means that we must consider the needs of the service users and the impact of the fees and charges policy on those users and the wider electorate.

7. Set out below is an explanation of the income included in the budget proposals for both statutory and non statutory fees and charges.

### **Statutory Fees and Charges**

8. There are a range of fees and charges which are governed by statute to other external charging mechanism. This report does not focus on these as the Council does not have any discretion to change the rates and alter income levels. The rest of the report instead focuses on the main areas of fees and charges by service, explaining the fees and charges increase proposed and any other significant issues.

### **Adult Social Care: £15.148m**

9. The vast majority of charges levied within Adult Social Care are non-discretionary. Charges for residential care are determined in accordance with statutory regulations and each person has a financial assessment which determines the fee level. Generally a client's income increases in line with occupational pension and welfare benefits. The latter is usually less than RPI.
10. Domiciliary care fees are also subject to a financial assessment which covers allowable expenses and disposable income.
11. These charges are proposed to increase on average by 3% in the next financial year 2009-10.

### **Planning & Development Control: £3.106m**

12. The main source of income for the development control service is planning fees charged for planning applications which are set nationally. The Government implemented a fee increase of around 22% in April 2008 in an attempt to reflect more accurately the true cost of providing the service but there has been a significant decrease in volume in this area due to the current economic climate impacting on planning applications and property developments generally.

### **Discretionary Fees and Charges**

13. When calculating the levels of fees and charges, service managers have taken into account market conditions and trends, as well as any impact that inflation might have had on the cost of providing the service to which the charge relates.

### **Children and Education: £2.616m**

14. The main elements of income within the Children and Education directorate under the Schools service relate to the training and conference income charged by Urchfont Manor (£0.778m) and Braeside (£0.435m) which are set at a level to ensure that running costs are covered.
15. Special Schools (£0.308m) also receive payment for placements from other authorities based on an agreed retrospective formula to cover costs. This is a consistent regional policy.
16. Within Young People, there are significant joint partner contributions (£0.523m) towards services. In addition, there are lettings and rentals for room and accommodation hire.
17. The other main area of income is charges made by the Council to individual schools that have their own delegated budgets. This is agreed under the Right Choice regime and income increases are proposed in line with the minimum funding guarantee to schools for their budgets of 2.1%. This covers fees within DCE but also recharges of costs within Human resources, payroll and other support functions.

### **Libraries: £0.033m**

18. The majority of these fees are represented by funds accruing through the Archaeology Development.
19. Other fees and charges relating to Libraries, Heritage and Arts have been increased by 3%
20. An additional £100k is also anticipated from introducing charges for internet use in the libraries. This is consistent with a number of other local authorities.

### **Highways: £0.271m**

21. Fees and charges for Highways are principally made up of Land Charges (£0.111m). The income received in 2008-09 will be substantially below the budgeted amount due to the deteriorating economic climate. This reduction in income is forecast to continue into 2009/10. Increases have been applied in line with the Retail Price Index but all areas are subject to potential reductions due to the economic climate.
22. Depot rental income (£0.106m) is due from a works contractor for use of WCC depots.
23. Skips and scaffold income (£0.048m) is charged for granting licences to place skips and scaffold on the highway. These charges are compared to other South West authorities.

### **Waste Disposal: £1.087m**

24. The Trade Waste income is collected by the Waste Collection service. It is increased to reflect the contract disposal charge which is based on the Retail Price Index (RPI) each December, and has increased by 4.5% inflation. In addition, allowance has to be made for Landfill Tax, which is expected to rise by 25% from £32 to £40 per tonne.
25. The collection tonnage will continue to be different within districts based on demand, but the rate the Council charges has always been standard. The overall tonnage will reduce due to changes in legislation with regard to collections from charities.

### **Car Parking: £8.748m**

26. No change to Car Parking charges are proposed. If there are any subsequent change proposals, then a separate paper will be provided.

### **Property: £1.240m**

27. Within the Property budget, the income is derived from rents received including those from Council farm tenants (£0.507m), which are subject to periodic review in accordance with their tenancy agreements. The Council is professionally advised by estate and valuation consultants as to the commercial rate in setting rentals.
28. External rents are also charged through the letting of space in County and District offices (£0.391m).

### **Waste & Amenities: £7.985m**

29. There are a wide variety of services which are chargeable within this directorate, ranging from commercial waste collection, recycling, crematoria, market stalls, and certain public conveniences. There are wide discrepancies between the amounts charged across the county, and even, whether or not, a service is chargeable at all.
30. At this stage, the decision has been taken not to harmonise fees and charges due to the variability, but to apply an inflationary rise of 5% on average. In setting this increase, officers have considered the impact of such changes in conjunction with market rates.
31. Adopting a uniform charge would encounter considerable resistance with the Council's customers unless undertaken in a way tied in with other service provision. There will be some degree of harmonisation in fees in certain areas though as harmonisation is proposed in the area of green waste.
32. In the next financial year, it is proposed that a project will be undertaken on achieving the harmonisation of discount rates across the county.

### **Leisure Services: £5.092m**

33. Leisure services charge for all activities and courses which are undertaken at each leisure centre, including all fees for swimming, sports hall hire, squash courts, fitness facilities, pitch hire and tennis courts.
34. The fees and charges are set locally, and differ between districts and individual centres. The overall increase for fees and charges for 2009/10 has been set at 5% on average. It has been decided not to harmonise fees and charges due to the complexity and number of differing fees and charges.
35. Each leisure centre competes in a local market against private facilities, and must therefore be mindful of this competition when setting its fee structure. The quality of centres varies considerably and is reflected in the charges. In addition, facilities in two districts are outsourced and therefore fees are set externally. A review of Leisure Services including fees and charges will take place in 2009-10.

### **Economy & Enterprise: £0.320m**

36. Income derived in this area relates to fees and charges received mainly through tourism and the activities of Tourist Information Centres (TIC), through general sales and advertising. The anticipated fees and charges reflect an increase of 2.2%.
37. Fees and charges for tourism-related services, namely membership and signage, are being reviewed and set by the *Visit Wiltshire Destination Management Partnership*. Work has already commenced on harmonisation.

### **Development & Building Control: £3.049m**

#### *Building Control: £1.690m*

38. The setting of charges for Building Control works has been devolved to local authorities by the Secretary of State, and therefore the new authority will have discretion over its charging structure. The Building Control service sets fees as part of a wider Wessex Group, under the LABC brand. The Group regularly reviews charges and ensures consistency over the charging structure within the geographic area of Wessex.
39. The Building Control service operates within a highly competitive market with "Approved Inspectors" eager to gain business from local authorities. Given the prevailing economic climate, the price elasticity of demand dictates that the market would not tolerate an increase in fees, therefore the anticipated income remains the same for the financial year.

#### *Local Land Charges: £1.325m*

40. Fees for the LLC1 (Register of Local Land Charges) and the CON29 (Enquiries of Local Authorities) are all set locally. There is significant

competition in this area from private sector search agents, who have already made significant in-roads to the income local authorities. As with Building Control, any increase in fees would be off-set by a more than proportional decrease in income.

#### **Housing: £0.226m**

41. The main elements of income within housing are the rents and recovery charges from short-term private sector lets, which are set to cover costs. Fees and charges are anticipated to increase by 4%.

#### **Public Protection: £1.310m**

42. Public Protection encompasses a large number of activities for which licensing is required, such as "Hackney Carriage", Liquor, Petrol, Animal Passports, Gambling, and Temporary Event Notices. In addition, the Pest Control Service comes within this remit.
43. A 5% increase in fees and charges has been assumed, provided the prevailing market will stand such increases.
44. The increase in fees and charges is determined in a number of ways. Where there is an element of discretion, then the increase will depend upon the nature of the service. In a competitive market, such as Pest Control, the prevailing market conditions will determine any price sensitivities and therefore any increases.
45. For other services, such as some of the licensing functions, the fees can be set accordingly after consultation. Benchmarking exercises with other neighbouring authorities are carried out to enable reasonable comparisons with similar services.

#### **Finance: £1.117m**

46. The provision of external payroll services has an anticipated increase of 2.5% in income.

#### **Registrars: £0.621m**

47. There are a variety of charges for services involved with births, deaths and marriages, and income is expected to rise by 2.5%.

#### **Legal: £0.192m**

48. Anticipated professional fees for external work have been maintained at the current charge-out rate of between £90 to £150 per hour on S106 work.

#### **Environmental Impact of the Proposal**

49. There is the potential for environmental impact arising as a result of the fees and charges setting policies in certain areas.

50. The most obvious case would be involved in the areas of waste disposal and green waste recycling, where charges are likely to affect customer behaviour.
51. The same sensitivity also applies to areas of transport, including public transport and car parking policies, where charges and subsidies are likely to influence behaviour, and thereby will affect the environment.

### **Equalities Impact of the Proposal**

52. The proposals for increases to fees and charges have been generally been made by service directors in the context of assessing market conditions, the needs of clients and also corporate priorities, including the equalities and diversity policy. There are no specific impacts which have been identified.

### **Risk Assessment**

53. In setting the 2009-10 revenue budget assumptions will be made about the demand for services at the levels of fee increases proposed. There is a risk that demand will differ from assumptions made and income levels fall below that which is anticipated. This would lead to cost pressure which would need to be mitigated by the services concerned through reductions in costs in year to balance the budget or alternative fee proposals to make up the shortfall. This would be part of the normal budget monitoring process which will be in place through 2009-10.

### **Financial Implications**

54. The financial implications of the proposals are explicit within this report.

### **Legal Implications**

55. There are no proposals to charge for new services or for services where there have not been fees and charges previously and as such there are no legal implications of the proposals. There will be legal implications in some areas regarding the notification and consultation on fee increases but these will be covered by the relevant service directors in the normal course of business for the service.

### **Options Considered**

56. Officer recommendations on setting fees and charges are presented for consideration. Alternative increases could be modelled if required,

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005/2009/IE/MB

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## **Background Papers**

The following unpublished documents have been relied on in the preparation of this report: Audit Commission: Positively Charged – Maximising the benefits of local public service charges (January 2008)

## **Appendices**

Appendix 1: Budget Summary 2009-10 Fees & Charges

## Fees and Charges Budget Summary 2009-10

SUMMARY VALUES	Income	Income	Detail		Detail		Detail		Detail		Total
	2008-09 Fees/Chgs £m	2009-10 Fees/Chgs £m		£m		£m		£m		£m	£m
<b>Department and Service</b>											
<b>Children and Education</b>											
Schools	1.624	1.660	Urchfont Manor : Adult Education and Conferences	0.778	Braeside : Residential	0.435	Learning Resources : Loan Service Subscriptions	0.143	Other	0.304	1.660
Children & Families	0.310	0.367	Special Schools	0.308					Other	0.059	0.367
Resources, Improvement & Young People	0.509	0.589	Lettings & Rentals : Youth Development	0.133	Oxenwood : Residential	0.078			Other	0.378	0.589
	2.443	2.616									
<b>Department for Community Services</b>											
Older People	6.505	6.750	Client Contributions : Placements	5.947	Client Contributions : Domiciliary Care	0.796			Other	0.007	6.750
Physical Impairment	0.945	0.974	Client Contributions : Placements	0.592	Client Contributions : Domiciliary Care	0.381			Other	0.001	0.974
Learning Disability	3.444	3.674	Client Contributions : Placements	2.117	Client Contributions : Domiciliary Care	1.344			Other	0.213	3.674
Mental Health	3.630	3.738	Client Contributions : Placements	3.474	Client Contributions : Domiciliary Care	0.264					3.738
Development Services	0.011	0.012	Various	0.012							0.012
Libraries Arts & Heritage	0.032	0.033	Various	0.033							0.033
	14.567	15.181									
<b>Transport, Environment &amp; Leisure</b>											
Ops - Highway Maint & Emergency Planning	0.501	0.271	Land Charges : Searches and Plans	0.111	Depot Rental : 3rd Party Contractor	0.106	Skips and Scaffold	0.048	Other	0.006	0.271
Ops - Waste Disposal	1.020	1.087	Trade Waste:Disposal Charge(RPI)	0.567	Land Fill Tax	0.520					1.087
Sustainable Transport	11.447	10.928	Car Parking incl. Decriminalised and Park & Ride	8.748	Student Transport	0.526	Gypsy Site rents	0.252	Other	1.402	10.928
Property Management	1.023	1.240	Farm Rentals	0.507	Rents of WCC and District offices	0.391			Other	0.342	1.240
Waste, Amenities, Fleet & Countryside	7.635	7.985	Various incl. Crematorium, Markets	7.985							7.985
Leisure Services	5.222	5.092	Various incl. Sports Hall, Swimming	5.092							5.092
	26.848	26.603									
<b>Economic Development, Planning &amp; Housing</b>											
Economy & Enterprise	0.313	0.320	Tourism (TICs), Membership, Sales and Advertising	0.320							0.320
Development & Building Control	6.155	6.155	Planning Development Control (St) : Planning Fees	3.106	Building Control :	1.690	Local Land Charges :	1.325	Other	0.034	6.155
Housing	0.217	0.226	Care Connect Alarm Service	0.226							0.226
Public Protection	1.310	1.310	Various incl. Pest Control, Taxi, various Licensing	1.310							1.310
	7.995	8.011									
<b>Resources &amp; Chief Executive</b>											
Chief Executive	0.015	0.013	Lord Lieutenant	0.013							0.013
Policy & Communications	0.133	0.109							Other	0.109	0.109
Finance	1.117	1.117	Payroll Service	0.622	Pension Fund & Insurance Fund	0.343			Other	0.152	1.117
Shared Services and Customer Care	1.223	1.223	Registrar	0.621	Coroner	0.602					1.223
HR	0.114	0.117	School HR Service	0.117							0.117
Democratic Serv's & Governance	0.012	0.012	Minuting School Panels	0.012							0.012
Legal	0.192	0.192	External Services	0.192							0.192
Procurement	0.073	0.073	Sodexo schools contract	0.073							0.073
ICT	0.199	0.074	WWDC Contribution	0.074							0.074
	3.078	2.930									
<b>TOTAL</b>	<b>54.931</b>	<b>55.341</b>									<b>55.341</b>