

Summary Sheet

Council Report

Overview and Scrutiny Management Board – 27th September 2017

Title

Regeneration and Environment Directorate – Fees and Charges - Progress in respect of full cost recovery

Is this a Key Decision and has it been included on the Forward Plan?

No

Strategic Director Approving Submission of the Report

Damien Wilson – Strategic Director – Regeneration and Environment

Report Author(s)

Jon Baggaley – Finance Manager – Regeneration and Environment and Capital, Financial Services, Resources.

Jonathan.baggaley@rotherham.gov.uk

01709 254516

Ward(s) Affected

All

Summary

At the Cabinet and Commissioners' Decision Making Meeting of the 13th March 2017, fees and charges in respect of services provided by the Regeneration and Environment Directorate for 2017/18 were approved. In addition, the meeting recommended that an update on progress in respect of full-cost recovery, in respect of the Regeneration and Environment Directorate fees and charges, be taken to the Overview and Scrutiny Management Board in September 2017. This report constitutes that update and also identifies the impact of changes to pest control charges, which was one of the areas that attracted discussion at the aforementioned meeting.

Recommendations

Overview and Scrutiny Management Board is asked to:

Note the contents of this report and the progress made towards full cost recovery in respect of Regeneration and Environment fees and charges.

Background Papers

Report to Cabinet and Commissioners' Decision Making Meeting – 13th March 2017
– Regeneration and Environment Directorate – Fees and Charges 2017-18

Consideration by any other Council Committee, Scrutiny or Advisory Panel

None

Council Approval Required

No

Exempt from the Press and Public

No

Title : Regeneration and Environment Directorate – Fees and Charges - Progress in respect of full cost recovery

1. Recommendations

Overview and Scrutiny Management Board is asked to:

Note the contents of this report and the progress made towards full cost recovery in respect of Regeneration and Environment fees and charges.

2. Background

- 2.1 Section 93 of the Local Government Act 2003 provides powers for Local Authorities in England to make charges for discretionary services. In addition, some services have a prescribed fee structure, where Government set the fee level annually.
 - 2.2 As part of the development of the Council's 2017/18 Revenue Budget, all services within the Regeneration and Environment Directorate undertook a review of their existing fees and charges. This review took account of the Council's Fees and Charges policy, the aim of which is to provide a framework for a consistent approach in setting, monitoring and reviewing fees and charges across the Council. The policy ensures that fees and charges support Council priorities and objectives and are set at a level that maximises income generation where it is appropriate to do so.
 - 2.3 In setting the appropriate fees and charges, consideration is given to:-
 - Current levels of business and associated income
 - Customer feedback
 - The cost of implementing any changes
 - Changes in costs of managing and delivering each service
 - The likely impact of any price increase in the demand for each service
 - Proposed changes in core revenue support to the service
 - Service reviews and associated consultation
 - 2.4 Development of income generating activity is becoming an increasingly vital part of the Council's response to budget savings. As Central Government phases out its revenue grant support to local authorities, all councils will need to maximise income generation opportunities in the future, in order to ensure that they can continue to deliver key services to the public.
- ## **3. Key Issues**
- 3.1 The annual review of fees and charges is an important part of the budget process, as it has a direct impact on the amount of income received by services. Income from fees and charges is key to ensuring that the level of resources are available to maintain service delivery, at a time of pressure on core revenue budgets.

- 3.2 The fees and charges for the Regeneration and Environment Directorate were approved at the Cabinet and Commissioners' Decision Making Meeting of the 13th March 2017 and are reflected in the budget savings proposals included in the Council's Budget and Council Tax setting report, which was approved by Council at its meeting of the 8th March 2017. In addition, the Cabinet and Commissioners' Decision Making Meeting of the 13th March 2017 requested that an update on progress in respect of full-cost recovery be taken to the September meeting of Overview and Scrutiny Management Board. This report constitutes this update and highlights where fees and charges are set to recover costs and identifies progress made towards setting charges to ensure full-cost recovery. In addition, this report provides information on the impact of changes to pest control fees and charges, which was one of the areas of concern when the fees and charges for 2017/18 were considered at the Cabinet and Commissioners Decision Making Meeting.
- 3.3 Fees and Charges in respect of 2018/19 are now being developed as part of 2018/19 budget savings proposals and will be brought to the February 2018 Cabinet and Commissioners' Decision Making Meeting for consideration, as part of the 2018/19 budget setting process. Work being undertaken that forms this update report will help to inform this process.
- 3.4 **Planning and Building Control Service** – A new charge has been introduced from July 2017 in respect of property addressing, in order to meet an approved savings proposal (R&E 13a). The fees were set on the basis of covering the cost of officer working hours, correspondence with relevant authorities and officiated bodies, production of plans and integration of naming and numbering into the Council's GIS systems. The approved charges reflect estimated officer time taken to complete the tasks and can be directly compared to neighbouring Local Authorities. As this is a new charge, take-up is being assessed. There is currently a £12k shortfall on the budget being reported as part of the Financial Monitoring report.
- 3.5 In addition, new Property Search Fees were introduced from April 2017, following the Law Society updating the current standard and optional Enquiries of Local Authority (Con29 and Con29O) to include 34 new questions. The new fees reflected the additional questions and an assessment of the extra officer time required and are based on the actual cost of providing and maintaining the information, as directed by the Local Authorities (England) (Charges for Property Searches) Regulations 2008. Additional income from the proposed fees is reflected in the approved Regeneration and Environment Savings proposal 13(b). The increase in charges has impacted on the number of customers using the service and work is ongoing to increase the customer base. Currently a £25k shortfall against the budget is being reported.
- 3.6 **Building Regulation Charges** – A number of core Building Control Application Fees were reviewed as part of the 2017/18 budget setting process, with fees increased for the first time since April 2014. The additional income that this will generate is reflected in the 2017/18 savings proposal; EDS 4. The Council is in competition with the private sector in

the delivery of this service, so is mindful of its positioning in the market place when setting these fees. Changes were also made to Regularisation Applications and Inspections fees, to reflect the officer time and resources spent on these. Financial Services are currently working with officers in the Building Control service to ensure that charges are calculated in accordance with CIPFA's 2010 guidance on Local Authority Building Control Accounting. Any implications for future years will be factored into the 2018/19 fees and charges.

- 3.7 **Community Protection Charges** – Changes to the Housing Licensing fee structure were made in 2016/17, following guidance issued by the Local Government Association in 2015, which required local authorities to re-structure how it charged for some services. This included licences issued under the Housing Act 2004. With the exception of charges for Houses in Multiple Occupation (HMO), where charges were increased by 1% to reflect salary cost increases, no other increases were applied in this area for 2017/18. In respect of Selective Licensing, at the introduction of the scheme in May 2015 the licence fee was calculated to account for the costs of the scheme over the full five year life of the designations. As a result income received from landlords is placed in a reserve to fund the future costs of service provision. Financial Services are currently working with officers in the Community Protection service, to confirm that assumptions that determined prescribed fee levels are still correct.

With regard to Consultation Fees, following Local Government Association guidance, the charge levied in 2017/18 is the appropriate hourly rate for the officer carrying out the work. Consequently, the costs charged are variable on the type, extent and time taken.

3.8 **Customer Services – Registration Services**

Registration Services are able to set fees on a cost recovery only basis, for any non-statutory services they deliver and for certain statutory services they deliver in accordance with the Local Government Act 2000 (powers to local authorities to promote economic, social and environmental well-being within their boundaries). Fees were increased on a cost recovery basis from 1st April 2017. In addition, a ceremony and booking fee was introduced, in line with other neighbouring authorities. Currently a £14k pressure is being reported in the Financial Monitoring Report in respect of this Service, due to a reduced number of bookings in the calendar currently.

- 3.9 **Business Regulation Charges** - Where fees are not prescribed by legislation, the Council has the power to make charges for specific services. The Council sets fees for licences / permits / services on a cost recovery basis only. As officer / staff costs make up the majority of the fee that is charged, fees for 2017/18 were increased in line with the 1% increase in staffing costs across the service.

- 3.10 **Pest Control Fees** – Pest control fees in 2017/18 were set to meet R&E savings proposal 26. The fee increases were across a range of pest control services including rats, mice, moles, fleas, cockroaches and

wasps nests. The table below shows the changes to fees from 2016/17 to 2017/18.

| Activity | 2016/17 charge | 2017/18 charge |
|---------------------------------------|-----------------------|------------------------------------|
| Rats Inside Properties | £20.00 | £30.00 |
| Rats Outside Properties | £20.00 | £30.00 |
| Mice | £76.80 | £84.00 |
| Moles | £64 per hour | £84 fixed price max 3 treatments |
| Squirrels | £64 per hour | £84 fixed price max 3 treatments |
| Feral Pigeons | £64 per hour | quote |
| Fleas | £76.80 | £84.00 |
| Bed Bugs | £64 per hour | £192 fixed charge max 4 treatments |
| Cockroaches | £64 per hour | £192 fixed charge max 4 treatments |
| Wasps' Nests | £76.80 | £84.00 |
| Flies | £76.80 | £84.00 |
| Wild Bees/Bumble Bees | £76.80 | £84.00 |
| Stored Product Insects (beetles etc.) | £76.80 | £84.00 |
| Garden Ants | £76.80 | £84.00 |

The table below shows activity from the period 01/04/2017 to 08/09/2017, compared to the same period over the 3 previous years, with an additional column showing the average over that period.

| Activity | 1/4/2014-8/9/2014 | 1/4/2015-8/9/2015 | 1/4/2016-8/9/2016 | 3 Year Average | 1/4/2017-8/9/2017 |
|---------------------------------------|--------------------------|--------------------------|--------------------------|-----------------------|--------------------------|
| Rats Inside Properties | 112 | 123 | 175 | 144 | 164 |
| Rats Outside Properties | 665 | 802 | 491 | 653 | 407 |
| Mice | 99 | 97 | 118 | 105 | 101 |
| Moles | 3 | 0 | 6 | 3 | 5 |
| Squirrels | 3 | 4 | 1 | 3 | 3 |
| Feral Pigeons | 1 | 0 | 1 | 1 | 1 |
| Fleas | 30 | 21 | 33 | 28 | 21 |
| Bed Bugs | 17 | 20 | 40 | 26 | 17 |
| Cockroaches | 16 | 7 | 7 | 10 | 6 |
| Wasps' Nests | 255 | 98 | 228 | 194 | 122 |
| Flies | 0 | 4 | 1 | 2 | 0 |
| Wild Bees/Bumble Bees | 343 | 238 | 216 | 266 | 170 |
| Stored Product Insects (beetles etc.) | 12 | 5 | 1 | 6 | 21 |
| Garden Ants | 50 | 33 | 67 | 50 | 35 |

Pest control numbers vary year on year as they are affected by weather conditions. However, there is a shortfall in activity to date in some of the areas, notably rats outside properties. However, this in part can be explained by the fact that during the first part of the year there was a team of 2 fully qualified operatives, rather than the full complement of 4. This has now been addressed. However, these staff savings in the first part of the year are helping to offset any potential income shortfall from the reduced level of activity. The Service are currently reporting a £9k budget pressure on this Service. The Service are of the view that the price increases aren't putting customers off using the Service, rather it has been staff capacity that has led to the income shortfall.

4. Options considered and recommended proposal

4.1 Not applicable as this represents an update report.

5. Consultation

5.1 The 2017/18 approved fees and charges were developed as part of the 2017/18 Revenue Budget proposals, in conjunction with Members and Commissioners.

5.2 Customer Surveys are undertaken with service users. These provide insight into numerous aspects of services, and any comments about value for money can be taken into account in setting next year's fees and charges.

6. Timetable and Accountability for Implementing this Decision

6.1 Most proposed fees and charges took effect on 1st April 2017.

6.2 Managers of the relevant facilities and services within the appropriate Services are responsible for the implementation of the recommended fees and charges.

6.3 Fees and charges for 2018/19 are being developed as part of the 2018/19 budget setting process and will be considered at the February 2018 Cabinet and Commissioners' Decision Making Meeting, prior to consideration by full Council in March 2018.

7. Financial and Procurement Implications

7.1 The approved increases are designed to generate the levels of income required to operate services within available budgets. Where changes were expected to increase the overall level of income, then this has been taken into account in the profiling of 2017-18 budgets.

7.2 The Council will ensure that income from fees and charges is collected and recovered, in accordance with the Council's collection and debt recovery policies.

8. Legal Implications

8.1 Legal Services have approved the revised Registration Services terms and conditions, which set out the cancellation fees and refund policy for ceremonies.

8.2 Legal advice was sought in relation to the introduction of charging for the property addressing service. By virtue of S.93 Local Government Act 2003, a Best Value Authority (an authority subject to the duties in sections 3 to 6 Local Government Act 1999) can charge for elements of naming and numbering functions which are discretionary.

9. Human Resources Implications

1.1 This report has no human resources implications.

10. Implications for Children and Young People and Vulnerable Adults

10.1 Discounted rates are available to children, young people and Rothercard holders for a range of services.

11 Equalities and Human Rights Implications

11.1 This report has no equalities or human rights implications.

12. Implications for Partners and Other Directorates

12.1 Where appropriate, any implications have been discussed with partners.

13. Risks and Mitigation

13.1 Any cost increase can have an adverse impact on levels of business, and this can make it difficult to meet income targets.

13.2 Service Managers will continue to monitor usage and customer feedback as appropriate, and take this into consideration in future reviews of fees and charges and will develop mitigation plans to account for any proposed shortfalls against identified income targets.

14. Accountable Officer(s)

14.1 Damien Wilson – Strategic Director – Regeneration and Environment

This report is published on the Council's website or can be found at:-

<http://modern.gov.rotherham.gov.uk/ieDocHome.aspx?Categories=>