

REPORT FOR: CABINET

Date of Meeting:	13 February 2014
Subject:	External Fees & Charges 2014/15
Key Decision:	Yes
Responsible Officer:	Simon George, Director of Finance and Assurance
Portfolio Holder:	Councillor Tony Ferrari, Portfolio Holder for Finance
Exempt:	No
Decision subject to Call-in:	Yes
Enclosures:	Appendix 1: Harrow Charging Policy (2010) <u>Fees & Charges schedules for Directorates:</u> Appendix 2: Community Health & Wellbeing Appendix 3: Resources Appendix 4: Environment & Enterprise Appendix 5: Children & Families Service

Section 1 – Summary and Recommendations

This report sets out the Council's proposed External Fees & Charges for the financial year 2014/15.

Recommendations:

Cabinet is requested to:

1. Agree the Fees & Charges to be implemented from April 2014 (Appendices 2 to 5)

2. Delegate authority to the Director of Finance and Assurance and relevant Corporate Director, in conjunction with the relevant portfolio holder, to amend fees and charges in year.

Reason: (For recommendation)

To ensure the Council set a schedule of fees and charges for 2014/15.

Section 2 – Report

1. Introductory paragraph

- 1.1 This report sets out the Fees & Charges that are proposed to be applied to services for the year 2014/15. This report asks Cabinet to delegate authority to the Director of Finance and Assurance and relevant Corporate Director, in conjunction with the relevant portfolio holder, to amend fees and charges in year.
- 1.2 External income is significant to Harrow Council, generating in the region of £25m per annum. Charges are set, in most cases, within the framework of the Medium Term Financial Strategy (MTFS) and the Charging Policy, with some being subsidised too.
- 1.3 This report provides the charging details of council services. The policy background to charging, the Councils Charging Policy (implemented in 2010), is included at Appendix 1.

2. Background to Fees & Charges

- 2.1 Harrow Council receives income through a wide variety of sources that are summarised as one of the following:
 - 2.1.1 Grants from Central Government & other sources
 - 2.1.2 Council Tax and National Non Domestic Rates
 - 2.1.3 Fees & Charges
- 2.2 Councils are involved in a wide range of services and the ability to charge for some of these services has always been a key funding source. The types of services provided by the Council where fees and charges are currently levied often fall into a broad category of traditional income generating services.

- 2.3 The income generating services contain both statutory and discretionary services. Where fees and charges apply to statutory services these are often set nationally, for example some planning fees and some licensing fees. The majority of statutory services, Building Control being a notable exception, are not funded directly from fees and charges but instead from the Council's other main sources of revenue, i.e. government grants and local taxation. Examples of services funded in this way include Highways, Children's Services, Street Cleansing and Domestic Refuse services.
- 2.4 The remaining income services where the Council levies fees and charges are of a discretionary nature. These cover a wide range of services such as Libraries, Pest Control, Commercial Waste, Leisure & Recreation facilities, and Parking. Discretionary Services are those that an authority has the power to provide but is not obliged to. This report includes recommendations for the appropriate level of fees and charges for 2014/15 for these types of services.
- 2.5 In 2010 the council agreed a Charging Policy (Appendix 1) that provided guidance for budget holders in how to set fees, and guidance for members in how to ensure that effective charging strategies were in place.

3. Legal Implications: Powers to Charge

- 3.1 Local authorities have a variety of powers to charge for specific statutory services set out in statute.
- 3.2 The Local Government Act 2003 also provides a power to trade and a power to charge for discretionary services, the latter on a costs recovery basis.
- 3.3 Where authorities have a duty to provide a statutory service free of charge to a certain standard, no charge can be made for delivery to that standard, however delivery beyond that point may constitute a discretionary service for which a charge could be made.

4. Charging Policy (2010)

- 4.1 The policy framework (Appendix 1) aims to encourage a consistent and cost effective approach to the setting of charges for services provided by Harrow Council by:
 - 4.1.1 Specifying the process and frequency for reviewing existing charges for all areas of the council's work for which charges could in principle be set
 - 4.1.2 Providing guidance on the factors that need to be taken into consideration when charges are being reviewed
 - 4.1.3 Requiring more active use of market intelligence when setting charges
 - 4.1.4 Establishing parameters for calculating different levels of charges

- 4.1.5 Recommending the criteria for applying concessions or discounted charges consistently across the council

5.0 Medium Term Financial Strategy 2014/15

- 5.1 The Charging Policy provides guidance on the factors to consider when reviewing charges.
- 5.2 For 2014/15 any increases in fees and charges have been capped at 4%. This rate takes into account the current rate of inflation of 2.7% (Retail Price Index as at January 2014) plus a factor of up to 1.3% to allow for, or make a move towards, full cost recovery.
- 5.3 The estimated effect of the changes proposed has been accounted for in the Medium Term Financial Strategy.

6. Summary of Proposed Changes

Community Health and Wellbeing

The proposed fees and charges for 2014/15 for Community Health and Wellbeing are detailed in Appendix 2.

Community Health & Wellbeing (Adults)

- 6.1 Day care charges have been reviewed to ensure that the costs being charged reflect the changes implemented following the consultation of the service in June 2013. This results in a reduction in the cost of sessions for Harrow residents choosing to attend services provided by the Council using their personal budget.
- 6.2 A large number of service users attending Council day sessions are transported by Council vehicles, and whilst a smaller reduction has been calculated, it is proposed that the level of the reduction should be consistent with that proposed for day care.
- 6.3 It is proposed that the charge to external residents attending Harrow day services be held at current prices, rather than uplifting for inflation.
- 6.4 A review of the meals service is underway and it is therefore proposed to hold the charges at the current rate until the review has been completed.
- 6.5 The Office of the Public Guardian prescribes fees that may be charged by solicitors or local authorities in proceedings associated with court of protection cases. Currently there is no charge to service users if client finances are managed by the Council, whereas private legal organisations will charge for this service. Whilst the charges prescribed for local authorities are lower than those prescribed for private legal organisations, it is considered appropriate to introduce these charges to ensure a degree of fairness to all users of such services.

Community Health & Wellbeing (Housing)

- 6.6 Bed & Breakfast charges have been kept to 2013/14 levels. The amount of such charges that Housing Benefit (HB) will cover has not changed since 2011. If the authority charges more than the HB maximum amount, HB may pay it but the council will lose HB subsidy and Housing Needs will have to bear the cost of this, and if HB does not cover the full rent, it is likely that arrears will mount up.
- 6.7 The cost of Furniture Storage has not been raised, as this likely to be beyond most household's abilities to pay at a time when they are facing homelessness.
- 6.8 No change is proposed in the Hostel charges or for Private Sector Leased Temporary Accommodation or Affordable Housing Validation. Charges are tied to January 2011 HB rates, which have not been updated, and in a similar manner to B&B charges, if the authority charges more than the HB maximum amount, HB may pay it but the council will lose HB subsidy and Housing Needs will have to bear the cost of this, and if HB does not cover the full rent, it is likely that arrears will mount up. Fees for the 'Help2Let' service were introduced in 2013/14 to cover the costs of providing the service.

Community Health & Wellbeing (Community & Cultural Services)

- 6.9 The Libraries service is being delivered through a management contract (from September 2013). The new contractor is currently reviewing fees and charges and any proposals must be agreed by the Council before implementation. The setting of these charges must comply with the following contractual obligations:
- Affordable to people on low incomes
 - Encourage increasing use of library services
- 6.10 Community Lettings is a service the Council provides to community organisations in the booking of school facilities, including school playing fields. Charges have been reviewed and aim to reflect maintenance costs for the grounds and increase cost recovery. There are only 6 schools involved in this service and therefore it is possible that in future these services may be managed directly by the schools, at which point these charges would then be excluded from this report.
- 6.11 Harrow Museum is proposing new charges at the Tithe Barn following the work being carried out to refurbish the facility, which will enable its use to be extended.

Resources

The proposed fees and charges for 2014/15 for Resources are detailed in Appendix 3.

Resources (Helpline, Telecare & Blue-badges)

- 6.12 As an important strand of the Council's Reablement Programme, the Helpline & Telecare packages offer residents a greater level of safety, support and peace of mind required to live independent lives in their own homes.
- 6.13 The charges for Helpline and Telecare are proposed to increase by 3.14% but will continue to be heavily subsidised by the Council. This is the standard price to standard customers in Harrow, prices may vary to customers outside of Harrow and as the service package is tailored to customer needs.
- 6.14. Blue-badge processing fees are set in line with central government guidance. The fee for replacement Freedom Passes & Taxi Cards (retained by London councils who administer the scheme) are set at the same level.

Corporate Resources: (Legal & Governance)

- 6.15 A number of charges within Legal & Governance Services operate in competitive markets whilst others are set statutory levels. Charges set by the Council have been set in line with benchmarked rates and/or within the cap of 4%.

Environment & Enterprise

The proposed fees and charges for 2014/15 for Environment & Enterprise are detailed in Appendix 4

- 6.16 In general charges have been increased by 4% which allows for inflation as a move towards full cost recovery (paragraph 5.2). However there are some key exceptions as outlined below:
- Some fees have been increased at less than the 4% to meet wider social aims and objectives. This includes the sports fees [Items 6-12] which are increased at half of the corporate inflation rate to encourage sports activities in support of the promotion of fitness and health within the borough in line with the council's responsibilities as a public health authority. Therefore it is proposed that the price increase is kept to a minimum.
 - There are some fees which are being held at current levels with no increase as the review of charges has shown that the current charges cover the full cost service delivery. These include fly tipping and graffiti removal [Items 4 & 5], special refuse collection [Item 30] and the supply of wheeled bins [Item 31].
 - There are some fees that have not been increased as a review of local competitive rates means that holding the charges to current level is a better commercial strategy for improving output. This specifically relates to room letting at the Civic Centre [Item 28] where there is spare capacity. Keeping the charges at 13/14 levels, combined with a marketing strategy to maximise bookings, will increase the competitiveness against local venues.

- Trade waste charges [Item 32] are kept to the 13/14 level pending the outcome of the service review which is being undertaken. Any proposed revisions in fees at the conclusion of the review will be subject to the approval of a separate report.
- The parking review which commenced in 2011 has resulted in changes to the fees structure for both on and off street parking [item37]. The simplified tiered charging structure was originally approved by Cabinet in October 2011 following public consultation. The actual charges proposed were the subject of a Cabinet report in June 2013 which were approved subject to statutory consultation (advertising of traffic regulation orders) and a subsequent decision made by the portfolio holder in September 2013 to implement the charges with some minor amendments. The new charges were subsequently implemented and became operational from 06/01/14 and are included in the schedules for completeness.
- Building Control charges [Item 56] have already been reviewed and revised in January 2014 in line with delegation powers provided by Cabinet in September 2010 following a time recording exercise to establish the hourly rate which has been used to calculate the charge for each category of work based on officers' time required to ensure full cost recovery. New discretionary charges [Item 60] to cover expanded capability in the service designed to meet customer needs during building projects, are being introduced where appropriate as part of a broadening of the "enabling" role within the Planning Division.
- A new fees structure for pre application advice [Item 58] is also being introduced to provide a set of charges that is more accurately tailored to customers' needs as a result of a review of officer work requirements associated with processing the requests.

Children & Families

The proposed fees and charges for 2014/15 for the Children & Families Service are detailed in Appendix 5.

Children's Centres

- 6.17 The new operating model for Children's Centres, agreed by Cabinet in December 2011, has now been implemented. The proposals included the generation of an additional £150k of net income in respect of the following:
- Income generation from users of any universal provision
 - Income generation from room lettings
- 6.18 The main users of rooms are private organisations and further education institutes. The increases proposed move the charges closer to the market whilst still offering value for money.

Play Schemes

- 6.19 The Childcare Act 2006 requires authorities to secure sufficient childcare for working parents however there is no requirement that the authority provides these services. The in house delivery does have the advantage that it can take social care referrals in respect of vulnerable children.
- 6.20 The charges are set to ensure the service generates adequate income to recover costs. The aim though is to maximise income generation (in order to cover costs), so pricing has to remain competitive to ensure the schemes are running at full capacity.

Teachers' Centre

- 6.21 The future of the Teacher's Centre is uncertain and it would not be prudent at this point to change the charges from their previous rates.

7. Financial Implications

- 7.1 Financial implications are considered throughout this report.

8. Performance Issues

- 8.1 In order to successfully manage income streams, key sources are included in the monthly Finance Monitor which is sent to both the Corporate Strategy Board and Cabinet Members monthly. Any specific changes to fees and charges as part of the MTFS will be monitored through the monthly savings tracker which is also widely distributed.
- 8.2 Improving payment processes & policies will reduce the amount of invoices issued and reduce the overall levels of debt. The Council's debt position is reported through the Debt Management report. The year end collection rate position in 2012/13 was 72%. As the end of December 2013 the corporate collection rate achieved was 83% against a target of 75%.

9. Environmental Impact

- 9.1 There are no material environmental impacts from the development and implementation of the Fees & Charges Policy and the changes detailed in the schedules to this report.
- 9.2 Any significant changes to the method of delivering services will be subject to an options appraisal, a part of which will be to assess any environmental consequences of the proposed changes.

10. Risk Management Implications

- 10.1 In proposing the 2014/15 fees and charges officers have considered the impact of increases adversely affecting demand for the service as well as the need to recoup the costs of providing the service and in turn on the achievement of the administration's priorities. Any risk associated with fees and charges will be monitored through the Council's various

relevant performance indicators, Improvement Boards and the monthly budget monitoring process.

11. Equalities implications

11.1 Section 149 of the Equalities Act 2010 created the public sector equality duty. Section 149 states that:-

A public authority must, in the exercise of its functions, have due regard to the need to:

- Eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act;
- Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
- Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

The relevant protected characteristics are age, race, disability, gender reassignment, pregnancy and maternity, religion or belief, sex and sexual orientation. The duty also covers marriage and civil partnership, but to a limited extent.

11.2 When making decisions in relation to service provision, the Council must take account of the equality duty and in particular any potential impact on protected groups. The list of services for which charges are currently or are intended to be levied extends to 100 pages. Each proposal has been prepared in accordance with the Council's policy regarding fees and charges.

11.3 In many cases, the intention is not to increase charges in 2014/15 notably in relation to key services for adult social care. In others, the level of charge is set by Government and not within the Council's control. In a number of other cases, the Council is proposing to reduce the charges. In the remaining cases, charges will rise by up to 4%.

11.4 Many of the charges where increases are proposed relate to discretionary services such as hiring playing fields, rooms at the arts centre or renewal of marriage vows and would not be considered as part of a shopping basket of essential goods that would contribute to a calculation of increases in the cost of living. It is not possible to calculate the percentage increase across the Board as this would depend on the number of times each service was accessed but it is clear, taking into account the reductions and the cases where no increase is proposed, that the average increase is below 4% and probably close to the level of inflation (2.7% Retail Price Index as at January 2014).

11.5 No disproportionate impact has been identified in relation to any proposed change to a fee or charge for any protected characteristic group. The charging methodology has been adjusted for particular

services where there would otherwise be a potential for impact eg. adult social care.

12. Priorities

12.1 The administration's priorities are detailed below:

- **Cleaner:** A borough where our streets are cleaned regularly and our parks and green spaces are places to enjoy.
- **Safer:** Work with police to make Harrow even safer
- **Fairer:** Harrow is a place where our hard working residents can bring up their families knowing they will have fair access to opportunity.

12.2 Through the income generated from fees and charges, the Council has an increased economy of scale and an increased ability to deliver good value for money services to Harrow residents

12.3 Delivering services to an increasingly market-aware customer base in an environment of reducing regulation, the services provided by the Council must improve and become more responsive to customer demands. Improving communication and feedback channels will be part of the review methodology.

Section 3 - Statutory Officer Clearance

Name: Dawn Calvert	<input checked="" type="checkbox"/>	on behalf of Chief Finance Officer
Date: 27 January 2014		
Name: Paresh Mehta	<input checked="" type="checkbox"/>	on behalf of the Monitoring Officer
Date: 3 February 2014		

Section 4 – Performance Officer Clearance

Name: Martin Randall



on behalf of the
Divisional Director
Strategic
Commissioning

Date: 31 January 2014

Section 5 – Environmental Impact Officer Clearance

Name: Andrew Baker



on behalf of the
Corporate Director
Environment and
Enterprise

Date: 28 January 2014

Section 6 - Contact Details and Background Papers

Contact: Dawn Calvert, Head of Strategic Finance and Business
Tel: 0208 424 1393 / internal ext. 2393, Email:
dawn.calvert@harrow.gov.uk

Background Papers:

Equality Impact Assessment – Annual Review of Fees & Charges (2014/15)

**Call-In Waived by the
Chairman of Overview
and Scrutiny
Committee**

NOT APPLICABLE

[Call-in applies]