

# REPORT FOR: CABINET

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<b>Date of Meeting:</b>	15 January 2015
<b>Subject:</b>	External Fees & Charges 2015/16
<b>Key Decision:</b>	Yes
<b>Responsible Officer:</b>	Simon George, Director of Finance and Assurance
<b>Portfolio Holder:</b>	Councillor Sachin Shah, Portfolio Holder for Finance and Major Contracts
<b>Exempt:</b>	No
<b>Decision subject to Call-in:</b>	Yes
<b>Wards affected:</b>	All
<b>Enclosures:</b>	Appendix 1: Harrow Charging Policy Fees & Charges schedules for Directorates: 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 2015/16.

### Recommendations:

Cabinet is requested to:

1. Agree the Fees & Charges to be implemented from April 2015 (Appendices 2 to 5), except those fees and charges included for noting only.
2. Delegate authority to the Director of Finance and Assurance and relevant Corporate Directors, following consultation with the relevant portfolio holders to amend fees and charges in year.

**Reason: (For recommendation)**

To ensure the Council sets a schedule of fees and charges for 2015/16.

## **Section 2 – Report**

### **Introduction**

- 1 This report sets out the Fees & Charges that are proposed to be applied to services for the year 2015/16. This report asks Cabinet to delegate authority to the Director of Finance and Assurance and relevant Corporate Directors, in conjunction with the relevant portfolio holders, to amend fees and charges in year.
- 2 External income is significant to Harrow Council, generating in the region of £29m per annum and provides significant funding support to the provision of those services that are charged for. Charges are set broadly within the framework of the Medium Term Financial Strategy (MTFS), the Charging Policy and in accordance with legislative requirements..
- 3 This report provides the charging details of Council services. The policy background to charging, the Council's Charging Policy, is included at Appendix 1.

### **Background to Fees & Charges**

- 4 Harrow Council receives income through a wide variety of sources that are summarised as one of the following:
  - Grants from Central Government & other sources
  - Council Tax and National Non Domestic Rates
  - Fees & Charges
- 5 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 to support the cost of providing the service.

- 6 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.
- 7 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 2015/16 for these types of services.
- 8 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.

### **Charging Policy**

- 9 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:
  - 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
  - Providing guidance on the factors that need to be taken into consideration when charges are being reviewed
  - Requiring more active use of market intelligence when setting charges
  - Establishing parameters for calculating different levels of charges
  - Recommending the criteria for applying concessions or discounted charges consistently across the council

### **Medium Term Financial Strategy 2015/16**

- 10 The Charging Policy provides guidance on the factors to consider when reviewing charges.
- 11 In general the charges levied by the Council do not reflect full cost recovery of the costs involved in providing services. Where possible, and consistent with the Council's service priorities, it is proposed to increase charges to move towards full cost recovery. Many of the charges are being increased by 4% (rounded up or down as appropriate). This takes account of the current level of inflation as measured by the Retail Price Index, which as at October 2014 was 2.3% and provides an element of movement towards full cost recovery.
- 12 The estimated effect of the changes proposed has been accounted for in the Medium Term Financial Strategy.

### **Summary of Proposed Changes**

#### **Community Health and Wellbeing (Appendix 2)**

13 The proposed fees and charges for 2015/16 for Community Health and Wellbeing are detailed in Appendix 2.

### **Community Health & Wellbeing (Adults)(Appendix 2a)**

- 14 The Care Act will introduce a single legal framework for charging for care and support (section 14-17), including discretion as to whether or not to charge. Where a local authority arranges care and support to meet a service user's needs, it may charge the adult, except where the local authority is required to arrange care and support free of charge. The legal provision to enable these specific charging provisions to be made have yet to be implemented, however these are expected to be fully implemented in time for the new regime to apply from April 2015. The principle is that service users should only be required to pay what they can afford. Regulations determine the maximum amount a local authority can charge and all service users who are eligible to receive chargeable services are required to go through a financial assessment process to determine their ability to pay.
- 15 Whilst it is expected that the legislative provisions will come in to force in April 2015, if they do not and until they do, the existing charges will continue to apply.
- 16 Charges for adult social care (Appendix 2a charges 1 to 3) will be uplifted by 4% to cover inflation and a move towards full cost recovery including the meals services which last year were not increased pending a review.
- 17 The Care Act 2014 requires the Council to offer a Deferred Payments Policy under the Universal Scheme and this is currently being developed. Under this policy administration fees can be charged but only to the fully recover costs rather than to make a profit. The charges proposed (Appendix 2a charges 5.1 and 5.2) reflect the Office of Public Guardian Fees levied for the management of client finances appointed by the court and will be kept under review and revised (as appropriate) where these are identified as over recovering costs under the newly introduced policy post April 2015.
- 18 Further reforms to the Adult Social Care system are expected to cap the amount some service users will pay towards their cost of care. This cap is expected to be set at £72,000 and come into place from April 2016, however Government consultation is ongoing and further guidance is awaited.

### **Community Health & Wellbeing (Housing) (Appendix 2b)**

- 19 An increase in Bed & Breakfast charges (charge 1) of £60 per week has been approved under delegated authority, and commenced from 1<sup>st</sup> January 2015. This will not result in an additional net cost to users as the entire increase will be met by Housing Benefits (HB). This is the maximum permissible increase without penalty to the Council, as set out by the Local Housing Allowance 2011. An increase in excess of this would result in the Council having to repay Housing Benefit Subsidy back to the Government. The charge is included in the schedule for completeness and is for noting only.
- 20 The cost of Furniture Storage (charge 2) has not been raised and removal is not charged, in order to minimise costs when household's are facing homelessness.
- 21 Increases in Private Sector Leasing charges (charge 3) were approved by delegated authority and commenced in October 2014. No further changes are proposed for April 2015. Costs are based on Local Housing Allowance (LHA) for size of accommodation in January 2011, and the maximum rent we can charge is 10% below LHA plus £40 per month for tenants on full HB. Working households can be charged more as they make a contribution from their earnings which is not

eligible for HB. The approved increases do not result in an additional net cost to users as the entire increase is being met by Housing Benefits (HB). The charge is included in the schedule for completeness and is for noting only.

### **Community Health & Wellbeing (Community & Cultural Services) (Appendix 2c)**

22 The Libraries service is being delivered through a management contract (from September 2013). The contractor will review fees and charges, with any proposals being 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

23 Cabinet decided in December to invest £0.956m in the Great Barn at Headstone Manor. This programme of repair and refurbishment will enable the venue to be operated as a commercial facility and generate additional income to the Council.

24 In addition to the investment in the Great Barn, the Council is currently awaiting the outcome of a bid to the Heritage Lottery Fund, which would enable the Headstone Manor (a Grade I listed 14<sup>th</sup> century building of national heritage significance) to be developed and maintained, with the potential to explore alternative governance structures to eliminate the Council subsidy in this respect.

25 Across the service, increases above 4% largely reflect the business plan associated with the Headstone Manor site, and the opportunity to charge commercial rates and in turn in the longer term to remove the Council subsidy. A similar approach is being pursued at the Arts Centre.

### **Resources**

26 The proposed fees and charges for 2015/16 for Resources are detailed in Appendix 3 and specific fees and charges references are detailed in brackets). Note that charges 4 and 6, Land charges and Registration, have been agreed under delegated authority for implementation from 1 January 2015 and are for noting only.

### **Resources (Helpline, Telecare, Freedom Passes & Blue-badges)(charges 2 to 3)**

27 The Helpline and Telecare charges are being reviewed as part of a review of the whole service. This has not yet been completed and the proposed charges will be agreed under delegated authority by the portfolio holder and Director of Finance and Assurance. In the interim charges will remain unchanged.

28 Blue-badge processing fees are set in line with central government guidance. No change is proposed in the fee for replacement Freedom Passes & Taxi Cards (retained by London councils who administer the scheme).

### **Environment & Enterprise(Appendix 4)**

29 The proposed fees and charges for 2015/16 for Environment & Enterprise are detailed in Appendix 4.

30 In general charges have been increased by 4%, with suitable rounding, which allows for inflation and a move towards full cost recovery (paragraph 11). However there are a number of exceptions as outlined below:

- Cemetery Fees (charges 15 to 16)  
It is proposed to bring charges in line with Brent for residents' charges as both Boroughs share the use of a cemetery site at Carpenders Park, which has resulted in variable increases. Non-residents' charges are higher in Harrow, but it is not proposed to reduce non-resident charges on the basis that burial spaces are limited and therefore service priorities should be given to our residents. No uplift is proposed for non-residents' charges in 15/16. The increases in residents' charges will help recover a higher proportion of the costs of the service.
- Licences for Projections over the Highway Section 177 Highways Act 1980 (exempt VAT) (charge 18)  
It is proposed that the figures be reduced by 77% from £884 to £200, which is the average level of charge levied by other Councils. It is noted that we have not received any application for such licence.
- Vehicle Crossings (charge 19)  
It is proposed that charges be increased by 15% to bring Harrow in line with neighbouring boroughs and to move towards full cost recovery.
- Street Works Licence (charge 20)  
Following a benchmarking exercise, the average fee across 11 authorities is £645.18. It is proposed that fees be increased by 7% from £603 to £645 to move towards full cost recovery.
- Temporary traffic restrictions for highway works (planned): Standard charge for one order (charge 23)  
Following a benchmarking exercise, the average fee across 18 authorities is £2,004. It is proposed that fees be increased by 23% from £1,622 to £2,000 to move to full cost recovery.
- Temporary traffic restrictions for highway works (emergency) : Standard charge for one order (charge 24)  
Following a benchmarking exercise, the average fee across 18 authorities is £1,423.60. It is proposed that the fees be increased by 163% from £540 to £1,420 to move to full cost recovery.
- Supply of Wheeled Bins – Sales (charge 31)  
  
As these charges were increased two years ago from £30 to £50, to reflect the cost of the bins including delivery, it is proposed that no increase is made to this charge.

#### **Civic Amenity Site – Minimum charges (charge 35)**

- Disposal of residual trade waste by trade customers (per tonne)  
It is proposed that the minimum charge increases by 23% from £65 to £80 to move towards full cost and to bring in line with other Boroughs charges.
- Disposal of Green waste or cardboard by trade customers (per tonne)  
It is proposed that the minimum charge increases by 33% from £15 to £20, to move towards full cost and to bring in line with other Boroughs charges.
- Disposal of mattresses by Trade customers (price per mattress)

A 25% increase is proposed from £12 to £15 to bring in line with other Boroughs, and to reflect the higher rate in the new contract.

- Parking discretionary Lettings: Film compounds (charge 39)  
An increase of 14% from £11.44 to £13 per day is proposed. This will bring the charges in line with other parking suspensions.
- Training Courses (charge 43)  
Full day training courses have increased by 2% and half days by 6% to standardise the charges for health and safety course and food safety course.
- Environmental Information (charge 47)  
Charges have been reduced following a review of the costs of providing the service.
- Duty Planner Service - charge for drop in service (charge 60)  
This service has not been provided in 2014-15. It is proposed that the charges remain at the 2014-15 level in 2015-16.
- Trade Refuse & Collections for Trade Recycling (charge 33)

A trade waste review was conducted in 2014 and the recommendations have been agreed by the Portfolio Holder. An action plan is now being implemented. It is envisaged that the service will move from a volume based to a weight based charging mechanism. The implementation requires new technology and revised contracts. No increase in the charges is proposed until the new charging policy is agreed.

- Car Parking Charges (charge 37)

A review of car parking charges is being undertaken and any revisions to current charges will form a separate report to Cabinet.

- Building Control (charge 55)

No change to Building Control fees is recommended in 2015-16. New fees have only recently been adopted. It is proposed to revisit Building Control fees towards the end of 2015-2016, review the hourly rates and revise the fees and charges to comply with CIPFA regulations.

- Occasional Licences (charge 78)  
These have been reviewed and increases proposed of 4% generally, although some are up to 17% as part of moving to full cost recovery.
- Special Treatments (charge 79)  
These charges are being rebalanced with increases varying between 0% and 20%, as part of a move to full cost recovery.
- Hypnotism Events (charge 90)  
The charges have been reviewed and reduced to a flat rate of £270 to reflect the actual costs incurred by the Council..

## **New Charges**

- Planning Enforcement Certificate of Compliance (charge 54c)

It is becoming a standard requirement of many mortgage lenders, banks and prospective purchasers that formal notification is provided to show that an Enforcement Notice has been complied with. Following a successful compliance site inspection from an officer, the owner can apply for a Certificate of Compliance at a charge of £240. The Certificate of Compliance is then the only way in which to attain a formal notification of compliance of an Enforcement Notice.

- Crane (Lifting Equipment) Licence (charge 97)

Harrow has been carrying out the processing of crane applications for a number of years without the fee absorbing the cost itself. As per the requirements of the legislation, such licence applications are chargeable to ensure there is a cost neutral approach to the local authority. Due to recent issues with cranes, Harrow can no longer afford to cover the cost and therefore a charge is being introduced in line with other London Boroughs.

### **Children & Families (Appendix 5)**

31 The proposed fees and charges for 2015/16 for the Children & Families Service are detailed in Appendix 5. Charges are proposed to increase by approximately 4% to move towards full cost recovery.

### **Children's Centres (charge 1)**

32 The Children's Centres are due to implement a new model of delivery following cabinet agreement. The proposals include the need to review services currently provided for over five year olds so that Children's Centre core purpose and target reach can be sustained at the required levels.

33 Income generation will continue to be an important factor in sustaining services and to that end Social enterprise opportunities and increased partnership working to share costs will be considered during the 15/16 financial year.

### **Play Schemes (charge 2)**

34 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.

35 All Children's Centre charges are set to ensure the service generates adequate income to recover costs. The aim though is to maximise income generation (in order to move towards full cost recovery), so pricing has to remain competitive to ensure the schemes are running at full capacity.

### **Performance Issues**

36 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.

37 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 2013/14 was 85%. As at November 2014 the corporate collection rate achieved was 83% against a target of 75%.

## **Environmental Impact**

- 38 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.
- 39 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.

## **Risk Management Implications**

- 40 In proposing the 2015/16 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.

## **Legal Implications: Powers to Charge**

- 41 Local authorities have a variety of powers to charge for specific statutory services set out in statute.
- 42 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. The power to charge for discretionary services is not available to local authorities if there is a statutory duty to provide the service or if there is a specific power to charge for it or if there is a prohibition on charging.
- 43 Additionally, the Localism Act 2011 provides local authorities with a general power of competence that confers on them the power to charge for services but again subject to conditions/limitations similar to those noted above.
- 44 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.
- 45 All items/services listed in the appendices are pursuant to a power to provide the relevant service whether it is provided because of a statutory obligation to do so, or on a discretionary basis where the authority is not obliged to provide the service but can choose to do so. In relation to the latter, an authority charging for such services would do so on a cost recovery basis, pursuant to the Local Government Act 2003/Localism Act 2011. In the appendices to this report, the column titled 'Basis for charging' indicates whether the fee stated is prescribed by statute (as a set amount or up to an amount) (in which case it is noted as 'statutory') or if it is charged on a discretionary basis – i.e. cost recovery. The use of the term discretionary here is not therefore limited to meaning a service is being provided pursuant to the Local Government Act 2003/Localism Act 2011 because some legislation requires that an authority providing a service should charge for it, within the remit of the legislation, on a cost recovery basis (noted as

'discretionary' in the appendices). The use of the term discretionary is therefore used in the appendices to indicate a cost recovery basis for charging.

## **Financial Implications**

46 Financial implications are considered throughout this report.

## **Equalities implications/Public Sector Equality Duty**

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

48 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.

49 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.

50 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. . Each proposal has been prepared in accordance with the Council's charging policy regarding fees and charges.

51 In some cases, the intention is either not to increase charges in 2015/16 or to reduce them. In others, the level of charge is set by Government and not within the Council's control.

52 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. A number of the charges are being increased by about 4%, reflecting that most services do not currently recover their full costs. This is in the context of inflation as measured by the Retail Price Index being 2.3% as at October 2014. The difference represents a small movement towards full cost recovery.

53 The equality implications have been assessed for all those charges that are proposed to increase above 4%. The assessment does not identify any adverse impacts or mitigating actions required.

## Council Priorities

54 The Council's vision is:

### Working Together to Make a Difference for Harrow

55 The Council's priorities are:

- Making a difference for the vulnerable
- Making a difference for communities
- Making a difference for local businesses
- Making a difference for families

56 This report deals with setting the Council's fees and charges. The income raised helps provide the financial resources to (cover costs and develop services, while the way the charges are set impacts on the users of services, particularly vulnerable people and families. The concessions available are an important element of the overall charging regime.

## Section 3 - Statutory Officer Clearance

Name: Dawn Calvert	<input checked="" type="checkbox"/>	on behalf of the Chief Financial Officer
Date: 5 January 2015		
Name: Paresh Mehta	<input checked="" type="checkbox"/>	on behalf of the Monitoring Officer
Date: 5 January 2015		

<b>Ward Councillors notified:</b>	<b>NO, as it impacts on all Wards</b>
<b>EqIA carried out:</b>	<b>YES</b>
<b>EqIA cleared by:</b>	Alex Dewsnap, Chair of the Directorate Equality Task Groups for Resources

## **Section 4 - Contact Details and Background Papers**

**Contact:** Dawn Calvert, Head of Strategic Finance and Business,

Tel: 020 8424 1393 / internal ext. 2393

Email: [dawn.calvert@harrow.gov.uk](mailto:dawn.calvert@harrow.gov.uk)

### **Background Papers:**

Equality Impact Assessment – Annual Review of Fees & Charges (2015/16)

<b>Call-In Waived by the Chairman of Overview and Scrutiny Committee</b>	<b>NOT APPLICABLE</b>  <i>[Call-in applies]</i>
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