

READING BOROUGH COUNCIL
REPORT BY MANAGING DIRECTOR

TO:	POLICY COMMITTEE		
DATE:	31 OCTOBER 2016	AGENDA ITEM:	12
TITLE:	MID-YEAR REVIEW OF FEES AND CHARGES		
LEAD COUNCILLOR:	CLLR LOVELOCK	PORTFOLIO:	LEADERSHIP
SERVICE:	BUSINESS DEVELOPMENT	WARDS	BOROUGHWIDE
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1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 In view of the need to ensure that the Council is maximising potential income on a continuous basis, a mid-year review of existing fees and charges for implementation from 1st November 2016 has been undertaken.
- 1.2 This report sets out the results of this review and seeks approval of proposals to change or maintain service fees and charges as outlined in Appendix 1.

2. RECOMMENDED ACTION

- 2.1 To note the content of the report;
- 2.2 To approve the increase of fees and charges as outlined in Appendix 1, for implementation from 1st November.

3. POLICY CONTEXT

- 3.1 The review of fees and charges forms part of the Council's annual budget setting process and assists with the delivery of budget saving targets.
- 3.2 Generating and maximising income is essential to the continued delivery of non-statutory services in the face of economic austerity and cuts to central Government grant.
- 3.3 A mid-year review of fees and charges provides Council services opportunity to react to emerging market pressures, consider the recovery of associated costs and maximise income.

4. PROPOSAL BACKGROUND

4.1 The review of fees and charges forms an integral part of the Council's overall budget setting process as it assists with the delivery of budget saving targets. As part of this exercise, the Council's Services have examined the scope to recover some or all of the full cost of service delivery.

4.2 Services have reviewed their fees and charges in compliance with respective guidance and legislation. Many statutory service fees and charges are set by Central Government. Non-statutory fees and charges are informed and set according to market conditions and affordability to customers/residents.

4.3 Where appropriate, fees are set to maximise the contribution from income towards the cost of service delivery, and where necessary, concessionary rates continue to be offered to those who need/benefit from a subsidised service.

4.4 Each service has considered and followed the criteria below in arriving at the proposed fees for November 2016. The three main areas of consideration were:

1) Benchmarking / Market pressures

The fees charged by Council services have been directly compared to those charged by similar providers in the public and private sector. Where the fees charged have been found on average to be of a lesser or greater value, some adjustments have been made to bring them in line with the market.

2) Rate of Inflation

Where charges are felt to be appropriate to the current market and competition there has either been no increase proposed or a nominal increase approximate to the rate of inflation has been proposed (0.5%).

3) Cost Recovery

Service areas were asked to look at the costs associated with service delivery, taking into account the full extent of resources required, including overheads and support service charges. Combined with benchmarking, cost recovery can highlight undercharging for services. If this is the case, services can justify increases greater than the rate of inflation or the implementation of new charges. Calculation of full cost and its recovery is very much work in progress and proposals will be more and more robustly informed over subsequent reviews.

4.5 A number of services have not proposed changes to fees and charges as part of this review. The rationale for this is given within Appendix 1 and is broadly due to either;

a) Benchmarking has identified no scope for the increase of fees without loss of business.

b) The service is completing a broader review of fees and charges through a separate approvals process.

4.6 **Future Reviews:** The review of fees and charges is a rolling programme with full reviews scheduled for implementation 1st April & 1st October in each future financial year. Whilst the formal review of fees and charges provides for specific corporate focus, services are actively encouraged to identify opportunities for maximising income between review periods and to progress these through the appropriate approvals process.

4.7 The table below summarises the predicted additional income generated by the revised fees and charges for the period 1st November 2016 - 31st March 2017.

No.	Service Area	Estimated Value of increase 1st November 2016 - 31st March 2017
4	PLANNING	£ 2,095.83
5	HIGHWAYS	£ 516.09
10	REGISTRY OFFICE	£ 1,810.00
11	CUSTOMER SERVICES	£ 3,738.25
12	REGULATORY SERVICES	£ 1,620.00
13	STREETCARE SERVICES	£ 738.22
14	PUBLIC CONVENIENCES	£ 250.00
19	LAND CHARGES	£ 8,320.83
	Total	£ 19,089.22

5. PROPOSAL

5.1 To implement the revised set of fees & charges outlined in Appendix 1 from 1st November 2016.

6. CONTRIBUTION TO STRATEGIC AIMS:

6.1 The proposal directly contributes to the following objective of the Council's Corporate Plan:

- Remaining financially sustainable to deliver service priorities

7. COMMUNITY ENGAGEMENT:

7.1 Services will each raise awareness of revised fees & charges with their clients as is custom and practice or required by statutory obligation.

8. EQUALITY IMPACT ASSESSMENT:

8.1 Under the Equality Act 2010, Section 149, a public authority must consider whether the decision will or could have a differential impact on: racial groups; gender; people with disabilities; people of a particular sexual orientation; people due to their age; people due to their religious belief. Approval of the decisions to carry out any of the improvement work will not have a differential impact on any of the above.

8.2 It is not considered that that an Equality Impact Assessment (EIA) is relevant to the decision.

9. LEGAL IMPLICATIONS:

9.1 As section 4.2, Services have reviewed their fees and charges in compliance with respective guidance and legislation. Many statutory service fees and charges are set by Central Government. Non-statutory fees and charges are informed and set according to market conditions and affordability to customers/residents.

10. FINANCIAL IMPLICATIONS:

10.1 As shown in the table at section 4.7, the proposals are forecast to deliver additional revenue income of £19k over the remaining 5 months of the current financial year (16/17).

10.2 The proposals would deliver forecast additional income of £46k over the next full financial year (17/18); subject to 1st April 2017 review.

APPENDIX 1: Proposals for revised Fees and Charges by Service Area

The commentaries below set out the broad approach to fees and charges adopted in each service area.

1. Directorate of Environment & Neighbourhood Services

1.1 Sports Centres (Leisure & Recreation)

It is proposed to

- Increase the Your Reading Passport RSL Membership fees by £0.50 for new members only. Existing members with established Direct Debits will be unaffected by change as a reward for continued loyalty;
- Implement a small increase of 5-7% on the current table tennis and squash fees. The revised fees continue to provide good value in the market place;
- Set the Meadway Hall Hire charge for community/non-sporting activity/events through a price on application process (POA), rather than fixed fee. This will enable the service to maximise income through consideration of the specific activity taking place and its commerciality.

The rationale for these proposals is the benchmarking of charges against other service providers and endeavour to move towards the recovery of operational costs. The predicted income generated by increasing these fees is circa £2.5k. The forecast additional income will contribute to balancing declared in-year budget pressures within the service. No increase to existing revenue budget income will be achieved through this exercise.

For all remaining fees no increase is proposed as the price has been benchmarked as at the top of the range of competitors' charges. Any increase in charges would likely result in loss of business and income.

1.2 Parks (Leisure & Recreation)

No fee increase is proposed through this process. Parks charges are currently being considered as part of a broader Service Review.

N.B. The majority of leisure related fees, previously shown within the Parks schedule, now feature within Leisure Services following the restructuring of services.

1.3 Transport

No fee increase is proposed through this process. The service is currently undertaking a full review of their fees and charges with additional estimated income of approximately 80K per annum. Work on the following proposals is currently underway:

- on street parking pay and display fees
- overnight parking flat rate fees

- the expansion of parking spaces in the town centre
- resident permit charges

These proposals will be ratified through a separate process via Admin Briefing and Traffic Management Sub Group this autumn, with intent to implement from 1st January 2017.

1.4 Planning

Extensive benchmarking of charges for Level 2 pre application advice showed that CIPFA nearest neighbour local authorities charge more on average than Reading.

As a result it is proposed to increase the Level 2 Pre Application Advice fees for Business, commercial or other developments.

The charge for developments of 201 - 499 square metres will be increased by £35 and the charge for 500-1000 square metres by £50. Whilst benchmarking suggests that a smaller increase would be reasonable, the new fee proposals also account for cost recovery consideration.

Fees for developments with 1-19 dwellings will be increased by between 10%-14.6% which will more accurately reflect the costs of providing advice for these proposals.

It is further proposed to increase the fees for the initial scoping meeting for Level 3 Developments (>1001 sqm or more than 20 dwellings) by 25% again, to more accurately reflect the costs of preparing for and conducting such meetings.

Officers will be clear with clients regarding the level and standard of service provided for the fee paid. The time/resources used in providing these services will be monitored and used to inform future fee consideration (April 17).

No further opportunities for income generation or cost recovery have been identified at present for Level 1 or Level 3 Pre Application advice. However, the basis for charging for larger Level 3 schemes will be reviewed in more detail for April 2017. A better method for recovering the costs of services provided as part of Level 3 scoping is currently being investigated.

1.5 Highways

No proposed increases to commercially sensitive Drainage Work fees in order to remain competitive. The majority of Section 39 Highway Adoption fees will be reviewed outside of this process through a separate Committee report. The schedule also features a number of fees set by statute, which remain unchanged.

An increase of 10% is proposed for the S50 Streetworks licence fee, excluding the inspection fees, which are set by statute. The rationale for this proposal is the extensive benchmarking of charges against those of other local authorities.

The fees for crane/mobile lifting platforms will be reviewed as part of the process for setting Fees and Charges for April 2017.

It is proposed that all remaining Highways fees will be increased by around 0.5 - 1% as a result of rounding to nearest 50p/£1 and to reflect inflation. Proposals follow the benchmarking of charges against other local authorities and market rates.

1.6 Libraries

Library fees have recently been reviewed and are currently top quartile nationally. Previous increases in fees and fines have reduced use or increased compliance (overdue books fines) leading to an overall reduction in income and therefore further increases are not likely to translate to increased income. Note that other options to increase income from rental, sponsorship and donations are being pursued.

1.7 Building Control

Whilst no fee increase is proposed through this process the service intend to undertake a full review of fees and charges this autumn. Delegation exists for the Lead Cllr and Head of Planning, Development and Reg Services to implement a fee increase. Building Control works within a competitive environment and any increase would need to be measured against the fees of approved inspectors.

1.8 New Directions

Fees apply to the academic year September 2016 - July 2017 and were set in April 2016. No proposed change to fees is proposed in recognition of the above and an identified national decline in learner numbers, which will hopefully encourage increased uptake. Market comparison indicates that established fees are in line with competitors.

1.9 Streetcare Services

An increase of around 0.5% is proposed for Wheeled Bin Charges with the exception of Green Waste bins/bags that are currently subject to separate review. No increase proposed for Bulky Waste Collection charges, as new charges were introduced in July 2016 following a wider service review and benchmarking exercise.

The Skip licence fee (initial 2 weeks) has been rounded from £36.97 to £40 with the fee for subsequent weeks rounded from £34.33 to £35.00. These fees have also been benchmarked with other authorities.

No increase is proposed to trade waste fees in order to remain competitive. The Trade Waste service operates in an extremely competitive market place in which the Council wishes to grow market share. The service will continue to monitor the market and continually adjust fees in order to ensure they remain competitive and reflective of an ever changing cost base.

1.10 Public Conveniences

An increase of £0.10 is proposed on the existing £0.20 fee in order to achieve cost recovery. As a result of customer resistance to pay for the use of public toilets, there could be an increase in Antisocial Behaviour and a reduction in use and income. A survey conducted by the British Toilet Association and the leading private providers indicate that the national average fees are £0.20. Providers who

tend to charge more are those in high footfall areas, such as in metropolitan and tourist areas. It is proposed that following an increase in fees, the use of public toilets will be closely monitored.

1.11 Community Safety

No increase proposed to these fees. Over the last three years the charges to the night-time economy members were increased to bring them in line with daytime economy membership. The fees are charged annually and it would be inappropriate to increase them mid-year.

1.12 Regulatory Services

It is proposed to introduce a licence pre application service for £90 and a full service, including a site visit for £144. It is further proposed to increase the licence fees to store explosives by approximately 4%.

A large number of Regulatory Services fees are set by statute and will not change, but fees subject to cost recovery and market forces have been identified and will be subject to a broader review. The resources required will not permit for this exercise to be completed in time for November, but it is intended to be completed for 1st April 2017.

2. Directorate of Customer Support Services

2.1 Bereavement Services

No increase is proposed for bereavement services fees and charges, following rigorous benchmarking against neighbouring crematoria and burial authorities. It would not be appropriate to change cremation fees mid-year as the industry expectation is for an annual fee change which allows funeral directors appropriate time to implement Reading Borough Council's fees.

2.2 Registry Office

It is proposed to

- Increase the fees for Registrar's attendance at an outside church from £80 to £90;
- Increase the fees for face to face/counter replacement certificates from £19 to £20;
- Increase the fees for individual citizenship ceremonies (Monday-Friday) at Yeomanry House from £83 to £95;
- Introduce a separate citizenship ceremony fee for Fridays and Saturdays of £140.

These proposals are based on the findings of an extensive benchmarking exercise and aim to bring Reading Borough Council's charges in line with those of neighbouring authorities, whilst protecting against loss of business.

No further changes are proposed at this time, as benchmarking has identified that remaining fees are in line with other local authorities. Fees are considered price sensitive and a further increase could result in loss of income.

2.3 Customer Services (Blue Badge Scheme)

The proposal to increase the fee for Blue Badges from £5.52 to £10 (including VAT) was approved by Policy Committee in July 2016. An extensive benchmarking exercise showed that all of the other Berkshire councils and Oxfordshire and Hampshire County Councils are charging a £10 fee. It is proposed that the fee increase should be implemented in November 2016, rather than in April 2017, as this would generate an additional income of £3.7K between November 2016 and April 2017.

It is further proposed to start offering the use of the webcams in the Customer Service Hub to take bespoke pictures for Blue Badge/Concessionary Passes against a small charge of £3 (including VAT). This would ensure the picture is of the required standard and would be cheaper for customers than obtaining 4 passport style photos from a photo booth which typically costs around £7.

Early introduction of the revised fees for Blue Badges and introducing a webcam picture service will contribute to cost recovery.

2.4 GIS & Mapping

No increase in fees is proposed through this process. The Council raises income from street naming and numbering mainly through larger development fees, which are currently at the upper range of fees charged by other authorities.

2.5 Legal Services

It is proposed to increase the Right to Buy Engrainment fees (Freehold and Leasehold) by £15 based on a cost recovery analysis. Other legal advice and work is charged at various hourly rates based upon the true cost of resource. A slight drop in transactions for right to buy is anticipated as a result of market fluctuations. This drop in transactions would likely offset any additional income generated by an increase in fees.

2.6 Land Charges

It is proposed to increase the fees for Standard Enquiries (CON29) postal by 16% and Full Search (LLC1 & CON29) by 22.5%. This proposal is based on a cost recovery analysis and is predicted to generate additional income of £8.3K between November 2016 and April 2017.

3. Directorate of Adult Care & Health Services

3.1 Adult Social Care Charges

Services are currently either being re-tendered or reviewed under the Transformation Programme. This process has highlighted a number of potential opportunities for income generation that will be investigated further outside of this process. Identified opportunities will be developed into savings proposals that will be ratified through a separate process via Admin Briefing for implementation 1st April 2017 or sooner.

The following income opportunities are currently being explored:

- The implementation of community reablement charges;
- Charging for carers services is slowly being introduced across the public sector, which is something Reading could consider;
- Fully utilise the respite bed at the Willows, making it available to fee paying external clients at low season (November - March) when there is a large amount of availability;
- Readings Adult Social Care fees and charges policy will be reviewed and consulted on, as part of that we will:
 - Review of arrangement/set up fees;
 - Review of disregard amounts within allowances for financial assessments;
 - Prepare some financial modelling for disability-related expenditure allowance.

The following service efficiency is also being explored:

- Reduce the dependency for external respite provision that Reading has to fund

The detailed review of the Deputies service was reported separately to the previous meeting.