

	<p style="text-align: center;">Executive 11th February 2008</p> <p style="text-align: center;">Report from the Director of Finance and Corporate Resources</p>
<p style="text-align: right;">Wards Affected: None</p>	
<p>Review of fees and charges for 2008/09</p>	

Forward Plan Ref: F&CR-07/08-22

1.0 Summary

- 1.1 This report sets out the proposed fees and charges for council services in 2008/09. It also sets out how officers propose to take forward work carried out for the council on fees and charges by PricewaterhouseCoopers (PWC). The proposals in this report are reflected in the separate report on this agenda on the 2008/09 Budget and Council Tax.

2.0 Recommendations

The Executive is recommended to agree:

- 2.1 The measures to achieve the £1.5m target for additional income in 2008/09 set out in Appendix A.
- 2.2 The proposed fees and charges set out in Appendices B and C, to apply from 1 April 2008.
- 2.3 The approach to taking forward the work PWC have carried out on revenue income optimisation (section 5).

3.0 Background

- 3.1 The council's approach to increases in fees and charges in recent years, informed by the 2004 best value review into fees and charges, has been to:
- a. Be clear about the purpose of individual fees and charges and the way they fit into corporate and service strategies by differentiating between those that the council wishes to subsidise in order to help deliver its strategies and those that are set on the basis of cost recovery or market rates.
 - b. Use the powers in the 2003 Local Government Act to introduce new charges where it is considered appropriate.
 - c. Recognise that, where there is a choice between increased fees and charges to users of services, and either reductions in services or increases in council tax, the results of resident surveys have shown a preference for increases in charges over the other two options.

- 3.2 The result has been that charges have increased in recent years and have been used to offset other budget pressures the council faces. In many cases the increases have been aimed at supporting the delivery of service objectives as well as reducing the call on council tax – for example:
- a. increases in burial fees as part of the cemeteries review carried out in 2005 were aimed, along with other measures, at addressing the shortage of burial space within the borough;
 - b. charges for storing furniture belonging to people in temporary accommodation helped ensure that furniture was only stored where there was a high likelihood that it was needed; and
 - c. increases in parking charges, combined with the introduction of a first free pass for cars with low engine power, were part of the council's overall transport strategy.

In other cases, where fees and charges have been increased to recover costs, measures have been taken to ensure that people who cannot afford to pay are protected – as, for example, in the case of home care charges where 67% of people in receipt of the service pay nothing.

- 3.3 There is a general recognition that councils are not consistently maximising their revenue income opportunities. Most recently the Audit Commission has published a report, *Positively Charged*, in which it looks at maximising the benefits of local public service charges. The Audit Commission found that charges could make a significant contribution to council finances and could also be used to influence people's choices and behaviour and bring other benefits to local communities but that councils were not very good at deciding which charges should be subsidised by local tax-payers and do not always make most effective use of their charging powers. The Audit Commission recommended that councils need to change their approaches to charging if they are to use it to achieve financial and strategic objectives.
- 3.4 The Audit Commission also found that there are very significant differences in the proportion of costs met from fees and charges between boroughs of the same type. Part of this is to do with the nature of the borough – Westminster for example has significantly more opportunities to gain income from fees and charges than most other London boroughs. But there are also quite significant differences between boroughs that have similar characteristics.
- 3.6 The Brent fees and charges best value review 2004 had already addressed many of the issues raised in the latest Audit Commission report but officers believed that there was more that could be done to maximise the benefits of charging for services in Brent. In order, therefore, to help the council identify where it is not maximising income opportunities, officers commissioned PricewaterhouseCoopers to carry out work on revenue income optimisation. The PWC work has helped officers to identify the options for achieving the £1.5m target for 2008/09 set out in section 4 of this report and to start identifying other areas the council needs to review to help achieve additional income in future years which is set out in section 5.

4.0 Increased income from fees and charges in 2008/09

- 4.1 As part of the 2008/09 budget process agreed at the Executive in July 2008, a target of £1.5m additional income from fees and charges was set for 2008/09. The proposals for achieving this additional income are a combination of:
- a. identification of some specific areas where opportunities to generate additional income as part of the 2008/09 budget have been identified (para 4.2);
 - b. an assumed average increase in income of 4% from all other charges, in line with inflation, except where there are good policy or operational reasons for not doing so (para 4.3);
 - c. an overall target set for areas where it is proposed that charges are subject to further review during 2008/09 (para 4.4).

Appendix A provides further details of the proposals

- 4.2 The specific areas where additional income has been identified are detailed in Appendix A and amount to £868k. They consist of:
- a. Improved collection of income – eg recovery of court costs from people summonsed for non-payment of council tax;
 - b. Additional income from leases or other contractual arrangements – eg Northwick Park Golf Course;
 - c. Increases in charges which are set within a national framework eg planning fees, charges for people in residential accommodation;
 - d. Charges for new or expanded services provided by the council eg exclusive right of burials;
 - e. Income from sponsorship or advertising eg roundabouts;
 - f. Increases in fees and charges where the council is currently under-recovering its costs or there is evidence that the council has not reflected the full benefit to users of services in the charges it makes eg pest control.
- 4.3 The council makes a range of other charges for services which are not covered by the items in paragraph 4.2 above, such as use of council premises for events, provision of trading standards services, library service and so on (full details are in Appendix B). It is proposed to set target increases in income from charges in these areas of 4% except where the policy impact of the increases would be unacceptable or charges are already high when compared with other boroughs or other providers. This does not mean that all the individual charges will increase by 4%. For example, in the case of libraries most charges are unchanged with the additional income being achieved by increases in fines. The principal exceptions to the 4% target for additional income are:
- a. Charges for day care provision in adult services. Current charges of £3.50 per day are well below the average charged in other boroughs. However, the day care service is currently subject to review and any changes to charges for the service should be considered as part of that review. Charges have therefore been frozen at current levels.
 - b. Charges for sports facilities. The pricing strategy for sport was agreed in 2005 and is targeted at securing participation in sport. In addition, the fee structure agreed with the PFI providers for Willesden Leisure Centre has a direct impact on the fees that can be charged for other facilities. The fees for Willesden Leisure Centre are due to increase by 3% in 2008 and it is

therefore proposed that fee increases for other sports facilities (other than sports pitches in parks) are 3%.

- c. Land charges. The government is consulting on changes to the arrangements which are likely to lead to a reduction in charges. consultation proposals. It is therefore proposed that current charges are not changed.
- d. Building control fees – there is additional income for charging for street numbering and completion certificates at cost included in Appendix A. In the cases of other building regulation charges, it is proposed to amend the Building Regulation Charges Scheme and the Miscellaneous Charges in relation to Building Control work to the levels shown in Appendix C. These amendments to the existing scales and charges are generally minor and aim to ensure cost recovery in line with government guidance. The main changes are in Table 1 for applications involving the erection of 1-9 dwellings, and in Table 2 where fees are increased for detached garages and domestic extensions and a new standard charge is introduced for loft conversions.
- e. Parking charges. These are subject to review – see paragraph 4.4 below.

The saving from setting this 4% additional income target is estimated at £135k.¹

4.4 There are a number of areas where there are opportunities to increase income but this can only be achieved as part of a wider review and following consultation. Some of these are longer term and will be covered in the further work set out in section 5 of this report. Some of these however will deliver additional income in 2008/09 although the precise amount cannot currently be estimated. It is therefore proposed that the £497k additional income, which is the balance required to achieve the overall £1.5m income target, is achieved from the following measures:

- a. Advertising and sponsorship. Specific amounts have already been identified within the budget (see Appendix A). It is believed that these are the minimum that can be achieved in 2008/09 and further work is to be carried out to ensure a focused approach across the council toward maximising these opportunities.
- b. Charges for on- and off-street parking. The charges made by Brent are below the average for neighbouring boroughs. The charges have to be considered in the context of the council's overall transport strategy, including the impact on parking in residential areas, congestion, sustainability, and regeneration. There will be a separate report to the Executive setting out proposals for parking charges, with any changes taking effect from October 2008 at the earliest.
- c. Review of staff parking. The council currently provides parking spaces free of charge for staff at its own buildings and pays for a significant number of places at NCP car parks in Wembley. The redevelopment of Wembley means the council will shortly have to find alternative provision for the parking spaces that are currently paid for. Separate work is being carried out on a staff travel plan aimed at providing incentives for staff to walk, cycle or use public transport to come to work, combined with

¹ 2% increase in income was assumed in assessing the budget gap. £135k is the difference between increasing charges by 4% and 2%.

disincentives for staff to use private cars. The aim of the review of staff parking is to reduce significantly the current subsidy for work-place parking although this will be partially offset by funding needed to implement other elements of the staff travel plan. In addition, any changes to staff parking arrangements will have to take account of potential impact on the council's parking strategy, including for example parking in residential streets.

- d. Charges for use of credit cards. The council does not currently charge people for paying council tax and other bills by credit card. The current direct charge from the banks to the council for use of credit cards is in excess of £100k. Other methods of payment, such as direct debit, do not incur the same level of direct costs, incur less administrative cost to the council, and are more efficient ways of collecting income, thereby reducing costs that have to be charged to council tax payers. It is therefore proposed to implement a charge for use of credit cards, which will reflect the direct cost of providing this method of payment. People could continue to pay by debit card with no charge although we would seek to encourage people wherever possible to transfer to direct debit. The council is currently implementing new arrangements for processing credit card payments and it is proposed to implement the new charge as part of those new arrangements. This change is subject to a review of the potential impact of such a charge on income collection by the council and the people paying by credit card.

An application has been made to Brent Magistrates Court to increase costs that can be recovered from people summonsed for non-payment of council tax. If this application is approved, increases in income from this will also count against the £497k target. This is in addition to the £150k included in Appendix A from improved recovery of court costs which is happening already.

- 4.5 Appendix A sets out details of how the £1.5m target for additional income in 2008/09 will be achieved by the measures set out in paragraphs 4.2 to 4.4 above. Members are asked to agree these measures
- 4.6 Members are also asked to agree the proposed revised fees and charges in Appendices B and C.

5.0 Future work on fees and charges

- 5.1 The best value review in 2004 set out a framework within which the council has reviewed its fees and charges for the past three years. The council has taken a much more structured approach to the way in which fees and charges are set than previously, tied in with corporate and service strategies and the annual budget process, and the additional income generated has helped the council reach a balanced budget in each year.
- 5.2 However, as set out above, there is more that can be done to align decisions on fees and charges with the medium term financial planning framework, take a more strategic approach to delivering key income streams and learn from what others are doing to optimise income. This has been reinforced by the recent Audit Commission report and is the reason that PWC were commissioned to carry out work on revenue income optimisation in Brent.
- 5.3 The key outputs from the PWC work have been:
 - a. Supporting officers identify options included in section 4 above for additional income in 2008/09;

- b. Providing the council with comparative information which will help consideration of charges in future years; and
 - c. Identifying key strategic opportunities for the council to take forward to optimise income in the future, including a centralised advertising strategy, a corporate approach to the provision of trading opportunities, and a more consistent approach across services to ensuring that, where schools choose to use council services, the full cost of these services are recovered.
- 5.4 Officers are now considering ways in which to take forward the initial work carried out by PWC. PWC are doing similar work in other authorities and this will allow a sharing of experience and ideas across the councils. The council will also produce a new fees and charges policy framework which will support the development of future charging arrangements. It is planned to have this new policy framework in place to support the development of options for fees and charges optimisation as part of the 2009/10 to 2011/12 medium term financial strategy set out in the Budget and Council Tax report. Officers will also be commissioning work to be carried out to take forward the key strategic opportunities relating to advertising, trading opportunities, and charges to schools set out in paragraph 5.3.

6.0 Financial Implications

- 6.1 The financial implications are in the main part of the report. There is a risk that additional income in this report will not be achieved if there are, for example, changes to demand for services or if the items in para 4.3 are either not agreed or do not yield the target saving set for 2008/09 because they are not implemented in time. These risks will be managed by monthly monitoring of significant income items at the officer level Strategic Finance Group, quarterly performance and finance review reports to the Executive and Performance and Finance Review Select Committee, and overview by Corporate Management Team that the additional measures in para 4.4 are presented to Members within a planned timetable. In addition, the expectation is that the savings from the items in para 4.4 will provide a full-year saving in 2009/10 in excess of the £497k included above and that any shortfall in 2008/09 could be funded from one-off reserves in advance of the additional funds being achieved in 2009/10. These risks are reflected in the budget risk analysis in the Budget and Council Tax Report on this agenda.

7.0 Legal Implications

- 7.1 Paragraph 3.1 (o) of Part 4 of the Constitution removes from the delegated authority of any officer a decision which relates to the setting, levying or increase of any fees or charges to any member of the public in respect of a Council service (other than room lettings and copying charges). It is therefore necessary for members to agree most of these changes. Members are also able to agree those which could be otherwise determined at officer level.
- 7.2 Charges can only be imposed where there is a legal power to do so but such powers are contained in various Acts and regulations. The Local Government Act 2003 introduced a new general power for local authorities to charge for discretionary services provided criteria in legislation are met and guidance is taken into account. The necessary regulations and the associated guidance in relation to powers to charge have been in place since November 2003. Where these powers are relied upon the amount that may be charged is

restricted to an amount which taking one year with another enables to council to recover its costs but does not mean a profit will be made.

- 7.3 Pursuant to Section 22 (1) of the National Assistance Act 1948, the local authority has a duty to charge for residential accommodation (to include nursing care) provided under Part III of that Act.
- 7.4 The Charges for Residential Accommodation Guide (known as CRAG) is guidance that has been issued by the Secretary of State under section 7(1) of the Local Authority Social Services Act 1970. CRAG offers local authorities guidance on the procedure for charging adults placed by local authorities in residential accommodation. This guidance must therefore be followed in all but the most exceptional of circumstances.
- 7.5 The local authority is required to charge service users at “standard rate”, to be fixed by the authority or, if the resident does not have the resources to pay at the standard rate, a lower means tested rate. The authority is responsible for the full cost of the placement and the service user then makes a contribution to the authority.
- 7.6 In some circumstances, relatives may choose to contribute to fees to enable a resident to stay in a home of his or her choice when the local authority is not prepared to meet the fees of that home in full. See: the National Assistance Act 1948 (Choice of Accommodation) Directions 1992.
- 7.7 The power of local authorities to charge for non-residential community care services is contained in section 17 of the Health and Social Services and Social Security Adjudications Act 1983 (HASSASSA). This provision gives the authority discretion to impose a charge on the person in receipt of the service. This includes meals on wheels. The authority may impose such charge as it considers reasonable in all the circumstances.
- 7.8 Section 17 of HASSASSA does not specifically require the local authority to have regard to the cost of the service or the means of the recipient in determining the level of charge. However, such considerations will be among those that it would be prudent for the authority to take into account in determining what level of charge is reasonable.
- 7.9 Guidance for local authorities when charging for home care and other non – residential community care services, known as “Fairer Charging Policies for Home Care and Other Non-Residential Social Services”, has been issued by the Secretary of State under section 7 of the Local authorities Social Services Act 1970.
- 7.10 It is to be noted that there is no power for local authorities to charge for services to recipients of aftercare under section 117 Mental Health Act 1983 even when such aftercare includes residential accommodation or for Intermediate Care or Assessment and Care Management.
- 7.11 With regard to references in this report to recovery of court costs, Members should note that this is not technically a fee or a charge but relates to actual cost recovery.
- 7.12 Legal Services will review all of the proposed new charges to ensure that they are lawful and within the council’s powers.

8.0 Diversity Implications

- 8.1 The general duty under s49A Disability Discrimination Act 1995 is to broadly to promote equality of opportunity between disabled persons and other persons. The proposals in this report have been subject to screening and officers believe there are no diversity implications, which require partial or full assessment.
- 8.2 Whilst increased charges could theoretically deter some disadvantaged groups, officers do not think that the proposed increases will be sufficient to prevent such groups from taking up the services. Concessions to the fee structure are made in some instances for those in the community who are in the most need.

9.0 Staffing Implications

- 9.1 None specific

10.0 Background Papers

- Best value review of fees and charges
- Review of Fees and Charges 2007/08 – Executive on 12th February 2007
- Budget Process 2008/09 – Executive on 16th July 2007.
- 2008/09 Budget and Council Tax – report on this agenda
- Positively Charged – Maximising the Benefits of Local Public Service Charges – Audit Commission January 2008

11.0 Contact Officers

Duncan McLeod/Peter Stachniewski

Brent Town Hall

Tel: 020 8937 1424 or 020 8937 1460

E-mail: duncan.mcleod@brent.gov.uk or peter.stachniewski@brent.gov.uk

DUNCAN McLEOD
Director of Finance and Corporate Resources

Measures to achieve additional income in the 2008/09 budget

	Additional income in 2008/09 £'000
<i>Improved collection of income:</i>	
o Improved recovery of court costs from NNDR and council tax non-payers	150
<i>Additional income from agreed leases or other contractual arrangements</i>	
o Northwick Park Golf Course (on top of £35k in 2007/08 budget)	85
o Carpender's Park garden centre	3
<i>Additional income resulting from charges set in the context of national frameworks</i>	
o Client contribution for residential care – increase of 3.9%	102
o Proposed 23% increase in planning fees for developers and increase in cap on fees from £50k to £250k	86
o Charges for permits for utility companies (in addition to additional income from inspection of re-instatements already included in 2008/09 savings list)	50
<i>Charges for new or expanded services</i>	
o Exclusive rights of burial charges	16
o Provision of supply teachers to schools	30
o Audit of schools' Financial Management in Schools Statements (FMSiS)	10
o Sale of legislation tracker to other boroughs	4
<i>Income from sponsorship or advertising</i>	
o Sponsorship of roundabouts (after taking account of additional costs of maintenance)	15
o Temporary advertising	25
o Lamp-post advertising	50
o Less amount already in budget	(48)
<i>Increases in fees and charges to reflect market prices/cost recovery</i>	
o Furniture storage charges (agreed at the Executive on 8 th October 2008)	75
o Travellers' site (agreed at the Executive on 8 th October 2008)	86
o Increasing the annual charge for provision of parking permits to other public sector organisations from £75 per permit to £125 per permit	37
o Pest control - cost recovery other than treatment for rats which remains free	30
o Charging for applications for street naming and numbering at cost	20
o Building control completion certificates charged at cost	5
o Increased charges for weddings	37
Total for measures above	868
Application of 4% increase in other income budgets, where appropriate	135
Target from further measures in para 4.4 of main report	497
GRAND TOTAL OF ADDITIONAL INCOME FROM FEES AND CHARGES INCLUDED IN BUDGET (OVER AND ABOVE 2% IN BUDGET ASSUMPTIONS)	1,500