

Report by Scrutiny Task & Finish Group on Fees & Charges

Agenda item 8c

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Background Papers: - Audit Commission report “Positively Charged” and associated documents. Fees & Charges policy agreed September 2008
Financial Implications:- Increased income, detailed in report, but no value available
Equalities Implications: - Yes, dealt with in assessment of charge levels
Legal Implications:- Considered where necessary
Options:

1. Implement charges on a full costing recovery basis.
2. Use the full cost recovery basis of the charges to formulate market/ community based charges.

Risks:

1. Public resistance to increases, especially at this time of financial down turn. If not increased then pressure on Council efficiency to rise.

EXECUTIVE SUMMARY

The group was asked to review the Council's processes with regard to setting Fees & Charges and to provide details of options available to the Council to meet the “full cost recovery” ethos within the “Positively Charged” report.

The group found : -

- A. A new policy was required focusing on the key points in the Audit Commission report.
- B. Greater priority has been given to community service and support, as compared to full cost recovery, with differing levels of subsidies in place.
- C. Un-analysed use of fees & charges and the levels / values of concessions given.
- D. Inconsistencies in the processes of data recording for decision making/ profiling.
- E. Opportunities to introduce new charges, to raise additional income.
- F. An opportunity to improve business acumen to improve performance.
- G. That there needs to be : -
 - i. An annual coordinated review of charges,
 - ii. Charges to be reviewed as to cost analysis, usage and process
 - iii. Action to embed improvements in process in order to improve performance.

The group has produced, with the help of Heads of Service, a schedule of proposed fees & charges across all Council services. However, since the inception of the group, the “Credit Crunch” has impacted and the Council at its 15/12/08 meeting confirmed the Cabinet's decision (1/12/08) “that any increase in charges (including the work of the Fees & Charges Group) including up-rating, that are within the Council's control, be deferred until 1st April 2010.”

RECOMMENDATIONS

1. That an annual process is implemented to set fees & charges that ensures:-
 - a) There is an audit trail of how discretionary charges are set.
 - b) Consideration is given to the full cost of providing the service.
 - c) Consideration is given to likely impact between price variations and usage.
 - d) Benchmarking with local government and private sector organizations.
 - e) Charge levels and implementation should be uniform across departments.

2. Where concessions are granted, a standard 25% concession be given.

(Note:- This proposal is linked to proposed increases in charges which have now been deferred. However, if not introduced, the current inconsistencies will continue.)

3. Consideration should be given to whether or not blue badge holders should continue to receive free parking (up to three hours) in the Council's car parks.
4. Consideration should be given to introducing new charges for services such as :-
 - a) Officer time dealing with enquiries outside the Council's normal day to day business.
 - b) Pest Control Services currently provided free of charge.
 - c) Pre-Planning application advice
5. That the whole aspect of car parking charges should be looked at by a strategic cross-interest group, who should report back to Cabinet on the way forward by September. This group should also consider the free parking identified at Coggeshall, Earls Colne, Sible Hedingham, Rayne Road Braintree.
6. In light of the Leader's announcement that there will be no increase in current discretionary fees and charges set by the Council until April 2010, it is recommended that further work is carried out on the group's proposed increases to fees and charges taking into consideration the issues detailed in recommendation (1) above.

REVIEW OF DISCRETIONARY FEES AND CHARGES

1. Introduction

The purpose of this report is to brief members of Braintree District Council on the current status of implementation of the existing Fees and Charges Policy – set out in Appendix A and to comment thereon.

Earlier in 2008 the Overview and Scrutiny Task and Finish Group were assigned the project to produce an updated policy document for fees and charges, if necessary. A new policy was submitted to the full Council meeting in September 2008 where it was unanimously approved. Since then the Task and Finish Group has been asked to move on and review the current charges. It has therefore looked at:

- The current level of discretionary charges
- The basis for such charges
- Historical data to map the changes to the charge and concession year on year
- Benchmarking data to look at where BDC is positioned compared with neighbouring and similar local authorities

As a result of this analysis it has been able to consider the levels that charges could be implemented in the financial year 2009 – 2010.

2. Purpose of the Task and Finish Group

The Task and Finish Group, in collaboration with Council Officers, has reviewed all the current discretionary charges, which are charged by Braintree District Council to its customers.

The Group has been anxious to ensure that as part of this ongoing review an audit trail of why a discretionary charge has been made is recorded.

We have also mapped the price increase in each charge year on year where records are available, although this is not shown it is available for review by members, if so required.

3. Findings

Our findings to date, as part of our scrutineer's role and being a "critical friend" to the Council, have identified an apparent lack of "joined-up thinking" in relation to how discretionary charges are devised and implemented. We have also identified a lack of information (some of which was caused by changed costing system / criteria) and understanding both by officers and members of the true cost of providing services to the public, which has led to some charges being woefully inadequate to cover the cost of providing the service. An example of this would be the Community Halls, where differential concessions across halls for the same groups were found.

We would strongly recommend that the audit trail of how discretionary charges are set year on year is maintained.

It is necessary that consideration is given to whether or not the true cost is passed onto those who are using the service or the general public, through the Council Tax. The Audit Commission Report recommends that "Finance and service managers

should thoroughly understand the costs, including overheads and capital costs, of services for which a charge might be applied.” As this is needed to inform “*very different decisions about which services to provide and whether, and at what level, to charge for and subsidise services.*” (Extract not a recommendation)

4. Proposals on Concessions

The advantage of any concession is that instead of passing on the cost to the user, the cost (or part of it) is subsidized by other Council Tax payers.

However, any charge must be affordable and, where appropriate, concessions may have to be given and our proposals support this. We recognise as a group that there are many organizations, and indeed individuals, within the Braintree District who require a concession on the amount of the true market cost of providing the services. We have therefore proposed that the structure for these concessions is applied consistently across all eligible groups to ensure fairness. Experience may subsequently show a need to change the percentage or have differences, but this will start the process from a firm cost base.

An investigation by our group into how concessions were previously applied indicated that in fact they were again put in place in an uncoordinated manner, with a failure to means test all groups and a failure to appreciate that perhaps behind what might seem a small group, there was in fact a major charity. Indeed there was clear misunderstanding between marketing discounts and concessionary rates.

We should target the use of concessions to fulfill our strategic aims for better and more inclusive communities, by directly helping our residents; by providing activities for our rapidly expanding and ageing population, increasing healthy living, getting teenagers and young workers to take part in further learning, sports and giving young mums and socially isolated groups meeting facilities. This will aid us to ensure that people enjoy growing up, living and working in the Braintree District because it is a place where everyone can enjoy a healthy lifestyle.

5. Current Charges

There were almost 700 charges currently in the discretionary charging policy and these charges have now been broken down into their various service departments. This number has been reduced significantly as a result of our investigations to just over 500.

Comments on Areas of Discretionary Charges

We would comment on these charges as follows:

5a. Charges relating to use of Council Officers time.

Providing ad hoc services to customers on demand can reduce officer's performance. At the moment anyone can walk into Braintree District Council and ask for information / assistance. Where this is considered to be outside the normal day to day business of the Council we propose to charge for this time as clearly there is a cost. This has been calculated at a proposed charge of £80 per hour for the time of most council staff. The proposed charge is designed to cover the cost of assisting in the collation and research work for commercial and domestic customers alike, which is outside of the scope of normal council business, for example where research needs to be undertaken. This charge does not apply to Freedom of Information or

Data Protection enquiries.

There is further scope for the introduction of new charges at this time; however, many of them require further investigation/ costing, e.g. Pest Control services for Domestic Mice and Rat eradication, Pre Planning advice.

5b. Community Halls

We are pleased to report that the group had a joint meeting with officers involved in the Community Hall Review on the proposed charges for the hire of community halls.

This meeting went through a very detailed report of the cost of running community halls set against the income generated through hire charges.

The Community Halls Review Group will be reporting back to the Cabinet in its own timetable, but the joint approach on this area of discretionary charging means we have been able to look at the cost of providing a community hall per hour and then looking at the groups who use the halls to see whether any of those could be subsidised by an outside partnership/ support.

A universal concession of 25% at this time has been recommended to all young persons, students, means-tested benefit individuals, senior citizens and charities. However, where we identified that a local charity was in fact backed by a larger charity such as Age Concern, the Council is now in discussion with Age Concern to support local groups in the cost of hiring our community halls through additional funding.

We also recognise that the community halls themselves need a significant amount of investment that is a cost to the Council, which the discretionary charging policy in this area needs to reflect. However by working with the Community Halls Review Group we have looked at ways in which community halls can be made available to local groups on long leases with full repairing covenants to reduce the burden of cost on Braintree District Council and to ensure that the community hall is available for the local community which it serves. This seems to have been a successful initiative and we look forward to hearing more from the community hall team as to the halls which have been leased in this way.

Additionally a standardised bulk booking scheme has been introduced, to control prices in place of individual discounts. The long term viability of such an approach in the current economic state may require further review.

5c. Community Transport

The group recognises that the provision of community transport for those in the community who have no other means of transport is an important community service. However, time and time again what we have found is that whilst members may wish to debate this subject in a heated fashion, in fact when we look at the data the actual impact on income is very small.

With community transport, for example, the replacement of the travel pass attracts a 100% increase in the charge from £5 in 2008–2009 to £10 in 2009–2010. However when we look at the number of replacement travel passes based on past usage, we find only 100 replacement travel passes were actually requested, producing a total income for the council of £500. Whilst a 100% increase in the discretionary charge itself may seem high, in fact the impact on income is only a further £500 making an annual contribution to income from this one charge of just £1000. Whilst the 100%

seems high the actual number of destroyed or lost travel passes is only 100 and therefore we feel that a 100% charge can be justified in providing this service.

5d. Environmental

We believe that the excellent service provided by our environmental services team can be modified to introduce charges for services that are currently provided free, e.g. mice and rats with a concession being given to those on means-tested benefit and senior citizens. At the moment no charge is made for this although a member of the public can of course call a private sector business to deal with a particular problem.

A new charge of between £30 to £40 per visit could be introduced (dependant on pest) and customers use the council service rather than a private sector service provider it is anticipated the take up could be 1,800 cases per annum raising potential income of £30,000. The adverse implication of persons failing to report pests due to the charges they may incur, may cause increased numbers of prosecutions,

5e. Planning & Building Regulations Charges

No increases have been recommended in relation to planning charges as these are based on directives from the Department for Communities & Local Government (DCLG). However the important point to note here regarding Building Regulations is that officers have mapped the charges regime within Braintree District Council and benchmarked them with other Essex authorities. Going forward we will be able to benchmark BDC against other local authorities of a similar size and makeup to ensure that we keep a record year on year, and the basis on which any increase is made or not.

5f. Cultural Services

The cost of hiring the town hall has been reviewed and the proposed charges and new charging structure will impact on users, significantly, as the high concessions given are not sustainable.

5g. Car Parking

This area of discretionary charging has definitely resulted in a very close and detailed examination by members of the Task and Finish Group to ensure the discretionary charge regime will have support from members and from officers.

We recognise that in the current economic climate, and indeed from data we have received from the Essex Parking Forum, the use of cars to travel into local towns for shopping and other purposes is falling and therefore any increase in charges has to be sensitive to current market conditions.

Within our district we have identified five car parks where free parking has been given including Coggeshall, Earls Colne, Sible Hedingham, Rayne Road, Braintree and also Causeway House at weekends. We do not believe that going forward this position is fair or sustainable, and that the provision of any car park within the District must attract a fee or generate income.

However there are logistical issues to this in terms of managing the payment of the car parking fee and that of course is a technical issue in itself, for which we rely on officers for information and guidance. For the moment then, although we recognise that free parking anywhere in the district unfortunately can no longer be sustained,

we have to consider carefully the cost of implementing a charging scheme in areas where one is not yet present.

We have also looked at the provision for parking for Blue Badge holders within the district and we have identified that there is not enough detailed data about the number of Blue Badge holders that we have within Braintree District.

Blue Badge holders receive a concession on parking as would be expected. However we have as part of our background investigations made enquiries to see how many people within the District have been issued with a Blue Badge, so we can anticipate what effect this may have on income from parking going forward. At the moment the figures for Blue Badge holders are held by Essex County Council who advise that 7,558 are currently in issue within the Braintree District. We feel that given time and resources this position should be understood so that we do have a complete database of persons who have been issued with a Blue Badge.

As to the proposed charges for parking within the District we would comment as follows:

Short Stay Charge of 0 to 1 Hour - At 75p this represents a proposed 50% increase on the current charge. The Head of Service quite rightly points out that probably a 70p charge would be a better choice as this can be made up of a 50 pence and a 20 pence coin rather than an additional 5 pence coin. The total income from the proposed increase means the charge raises the current income level from £187,500 to £210,938, giving an increased income after concessions of £23,438, assuming the current usage levels.

Charge 1 – 2 Hours - The Task and Finish Group also suggested a car parking charge of between 1 and 2 hours but this charge does not have the support of Head of Service and therefore may need further consideration by members. At the moment no such charge is made for a stay of between 1 and 2 hours in a BDC car park.

Charge 1 – 3 Hours - Braintree District does have a 1 to 3 hour car parking charge which is currently £1.20, based on usage of 265,000 charges being made in 2007–2008, giving rise to income of £318,000. The proposed charge for 2009–2010 would be £2.00, which is a 67% increase. We believe that usage will be lower, at 198,750 charges being made, resulting in income for 2009–2010 of £397,500 and a net increased income after any concessions of £79,500. We have to anticipate (based on data we have received from the Essex Parking Forum) a 25% drop in usage in the first year when this charge is introduced. However, despite market conditions, which we have mentioned earlier, there is still a net increase in income as a result of the increase in this discretionary charge.

Charge 3 – 4 Hours – BDC car parks also make a 3 to 4 hour charge for short stay car parking. The Task and Finish Group has recommended that this charge is removed and instead a 3 to 6 hours charge is introduced at a charge of £4.00.

Charge 6 Hours + - For parking of 6 hours plus a charge of £6 is proposed which, averaged out against the proposed new charge of 3 to 4 hour above, gives a 40% drop in customers at an average of loss of income of £5 between the two charges but an overall net increase income as set out above.

Combining the 3-6 hours and 6 hours plus, it is anticipated that 19,800 charges would be made giving an anticipated income of £99,000. The charge assumes a 40% drop

in 3 to 4 hour usage which, when averaged out against the proposed 6 hour + charge set out below, gives rise to a net increase in income of £16,500.

Long Stay Car Parking 0 – 23 Hours - For long stay parking of between 0 to 23 hours, the charge within 2008–2009 was £3.50 for the period, with a usage identified of 10,000 charges being made, giving rise to a total income of £35,000. The 2009–2010 proposed charge raises the charge for the period to £5.00, which is a 43% increase. It is anticipated that the usage will be 7,500, giving a total income of £37,500, again with an assumed drop of 25% in customers in the first year and a net overall increase in income of £2,500.

Car Parking Income - Trend Analysis

Season Tickets - Monthly, quarterly and annual season tickets all increase between £15 - £100, but it is also anticipated that there will be a drop in usage, therefore the increased income in this area of charging will be nil. We have already seen volumes dropping, but the last price increase was made as long ago as 2006–2007 and therefore this charge has to catch up with market rates.

The replacement of a lost season ticket will increase from £5 to £35, bearing in mind that there has been no increase in this cost since 2001–2002, but the impact on increased income will be negligible. Car parking permits do not attract any increase therefore there is no increased income.

Season Ticket Income – Trend Analysis

Season ticket cumulative income is holding steady in growth on 2006 to 2007 to 2008 to 2009 figures.

5h. Allotments

Allotments move from rates in 2008–2009 of a charge of £0.13 to £0.20 per sq. m in 2009–2010, with an anticipated income of £6,467, which will prevent hidden charges for this service being incurred. The net overall income, after concessions being given to means-tested benefit individuals and senior citizens, results in a £2,263 and 52% increase in income.

5i. Markets

From the miscellaneous charges which have been proposed, we are now plotting monthly income from markets and the graph between April 2006 and March 2009 shows a trend line of declining income.

6. Conclusions

The group has taken time to collate evidence from officers and Heads of Service and we are grateful to all those involved who have taken time to supply detailed information.

There is now a body of evidence, which maps the charges in 2008–2009 and gives reasons for the charge being made. We believe that this is the first exercise of this depth undertaken in Braintree District Council within officers' memory.

We trust that the proposals that we have put forward to you this evening are helpful to members in understanding the extent of the project and the detail that is needed.

The net overall increase in income from discretionary charges as a result of rationalising charges, introducing a common concession of 25% and recognising the need to meet with the individual situations of means-tested and senior citizens is extensive and achieves an increased income, which cannot at this time be quantified.

A full list of proposed charges based on existing Council decisions and VAT changes is available.

The decision to defer any increases in charges until next year will enable full consideration to be given to these proposals.

Claire Sandbrook
Vice Chairman - Overview and Scrutiny
Chair of Task and Finish Group Fees and Charges

Appendix A

BRAINTREE DISTRICT COUNCIL

FEES & CHARGING POLICY

Contents

1. Aims
2. Principles for Charging
3. Subsidies and Concessions
4. Appeals Procedures
5. Administration and Management of Charging
6. Implementation

AIM

This policy aims to establish clear principles for charging to ensure a corporate and consistent approach across the Council and that discretionary charging practices fit the Council's wider policy objectives.

2. PRINCIPLES FOR CHARGING

These principles set out the circumstances in which charges are to be made; establish the basis for setting charges; and identify which groups of service users should be subsidised through exemptions or reduced charges.

- ❑ Charging is an important element in delivering some of the Council's priorities and therefore the positive potential for charging for services is to be fully exploited.
- ❑ The Council will make the best use of charges to meet corporate policy objectives and priorities.
- ❑ Fees are to be reviewed annually and in accordance with the Council's financial regulations and costing policy.
- ❑ All fees and charges should aim to cover the full cost of the service, except where the Council determines that the level of charges shall be varied in line with specific factors.
- ❑ Charging has a key role to play in ensuring access and in meeting the needs of low-income residents.
- ❑ Charging will be used to gain an understanding of who users are, why they use Council facilities and how price influences their choice.

- Charging will widen access for residents, for example, to social, leisure and cultural services and to maximise income where there is potential and reduce expenditure for low-income groups.
- Where charges are not made for a service, or are reduced from full cost recovery level, the reasons should be reconsidered as part of the annual review/budget to ensure that they remain valid and that significant income is not being lost.
- The Council will protect services which are **free at the point of use**:
 - Services which are used universally and equally , for example, refuse collection;
 - Services where it is difficult to establish the beneficiary, for example, respite care;
 - Services where charging would be inefficient, that is, where costs would outweigh income;
 - Services where charging would be counter-productive, for example, where users would switch to other services or stop using a service.

3. SUBSIDIES AND CONCESSIONS

- 3.1 To protect those on low-income, the Council will as part of the Best Value Review process regularly assess target groups for concessions. Assessments will take into consideration how each subsidy links to service and corporate objectives.
- 3.2 The treatment of concessions must be consistent, particularly in respect of the individual user. Regular reviews of concessions should be carried out in accord with Best Value Service Reviews. A list of all the categories of concessions across the Council services should be presented within the annual report on charging, along with the Budget. A list of Categories for Concessions and target groups is included within the **Guidance to Charging for Managers**.

4. APPEALS & LEGAL CHALLENGES

- 4.1 Users will be informed of the Council procedures in responding to appeals and legal challenges to the level of fees and charges.

5. ADMINISTRATION AND MANAGEMENT OF CHARGES

- 5.1 To ensure maximum cost effectiveness, decisions on charging will derive from a balanced assessment of impact (between the groups served, service objectives and priorities) and revenue considerations. To aid this process, managers are required to follow the Council's **Guidance on Charging** which will enable full information to be given to aid decision making.
- 5.2 The **Guidance on Charging** is to ensure that the Council deals "reasonably" and adopts a consistent approach to charging across all services and that service and corporate objectives and priorities are considered when introducing or increasing charges.

6. IMPLEMENTATION

- 6.1 In implementing this charging policy due care will be taken to ensure consistency across the Council, with due regards to the Council's Corporate Priorities and Strategies.
- 6.2 In establishing or amending charges consideration will not only be given to revenue implications but also to a balance assessment of impact on users and potential users and the local market.