

SOUTH HOLLAND DISTRICT COUNCIL

Report of: Portfolio Holder for Finance and/or Executive Director - Commercialisation S151)

To: Tuesday, 18 February 2020

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Subject Fees and Charges Review

Purpose: Fees and charges should be reviewed as part of the Council's financial and business planning process. This ensures that they are set at the appropriate level for the Council's prevailing economic circumstances.

Recommendation(s):

- 1) That Cabinet approve Option 2 - Increase Fees and Charges from 1st April 2020 and increase fees annually by at least RPI.

1.0 BACKGROUND

1.1 As part of the of the 2019/20 budget setting process it was agreed that a review of fees and charges would be undertaken during the year. With the exception of HMO Licenses, Planning, Building control and South Holland Centre fees, it has been three years since a review of fees and charges has been undertaken.

1.2 The application of fees and charges has an important role to play in helping the Council to achieve its strategic objectives, for example, by:

- Providing a source of funding for re-investment in services;
- Influencing resident behaviour i.e. controlling service demand whilst, through appropriate discounts or concessions, ensuring that only those who can afford to pay are required to pay;
- Working as a driver to reduce unit costs.

1.3 In 2018/19 South Holland District Council generated £2.576m of income through fees and charges (excluding parking charges). The charging and collection of fees and charges are a fundamental part of the Councils Medium Term Financial Strategy (MTFS) and are necessary to deliver approved savings and achieve a balanced budget.

1.4 For the purposes of this report the issue of parking charges are being dealt with via a separate report to Strategy Board.

1.5 Fees and charges fall into two broad categories:-

- Statutory charges which are set by statute (this includes most planning fees)

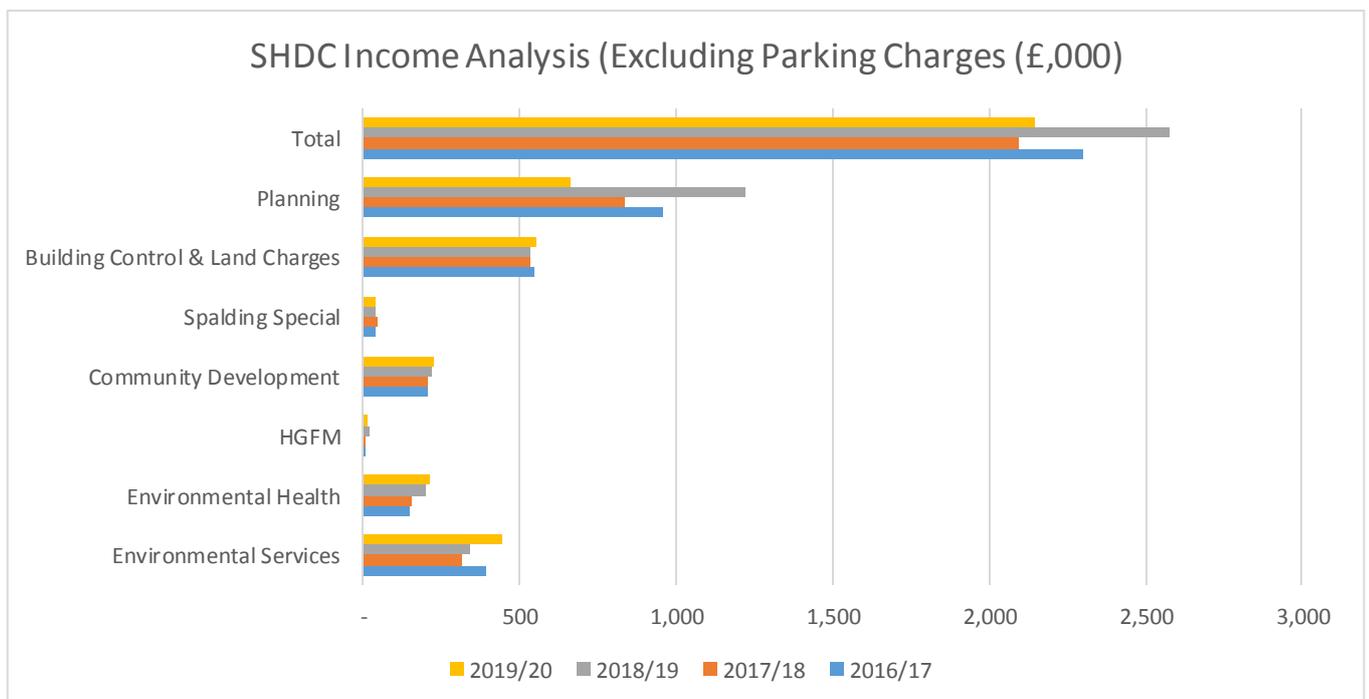
- Discretionary charges which can be determined by the Council (this includes areas of Environmental Services and Community Development).

No service should seek to make a surplus from fees and charges income.

1.6 The table below provides a high level analysis of fees and charges collected over the past three years together with an estimate of the fees that are likely to be collected in this financial year.

Service Area	16/17 Actual Income	17/18 Actual Income	18/19 Actual Income	19/20 Income Budget	19/20 Income Projection
Environmental Services	£395,298	£315,008	£342,895	£436,050	£443,800
Environmental Health	£145,515	£153,060	£203,017	£218,450	£210,713
Housing	£5,525	£2,575	£18,330	£12,800	£12,800
Community Development	£204,973	£206,791	£216,995	£228,500	£228,500
Spalding Special	£41,331	£45,071	£41,650	£34,300	£40,182
Building Control & Land Charges	£549,435	£535,026	£532,974	£562,900	£552,900
Planning	£955,588	£838,926	£1,219,649	£1,070,000	£660,000
Total	£2,297,665	£2,096,457	£2,575,510	£2,563,000	£2,148,895

1.7 The chart below also illustrate the movement in recent years across the categories which show significant variation in Planning and Environmental services income with income remaining relatively static in all other areas.



1.8 The analysis also suggests that SHDC are projected to collect £2.148m against a budget of £2.563m (excluding car park income) an under recovery of £0.414m the majority of which relates to known issues concerning the recent reduction in planning fee income.

1.9 A more detailed analysis has been included as an appendix to this report (Appendix A) which also includes an analysis of the proposed increases.

2.0 REVIEW PROCESS

2.1 All services have undertaken a review of their fees and charges as part of the financial and business planning process with support from finance business partners. The proposals detailed have also been reviewed by the relevant Portfolio Holders.

2.2 Any additional income generated from increases will be used to offset the savings requirement in the medium term financial plan.

2.3 The general rule is that except in very particular circumstances fees and charges may not be set at such a level as to generate a surplus.

2.4 In the majority of cases fees and charges have been uplifted by 2.9% based upon the Retail Price Index (RPI) as at June 19. Where this is the case there are some instances where a fluctuation on inflation increases arises as a result of the rounding of fees for ease of charging and payment. In other cases the uplift in a particular fee or charge has been established taking other particulars into account

2.5 Set out below is a more detailed narrative on the outcome of the review process within each service. The report sets out where those special circumstances apply, Appendix A provides further details on the proposals.

3.0 ENVIRONMENTAL SERVICES

3.1 Environmental services include market trader fees, special refuse (e.g. Green and Bulky Waste) and allotment fees.

3.2 The majority of proposal for increases to fees and charges are based on inflation

3.3 The exception to this is a proposal to introduce an all-day bus parking fee and a change to the existing flat rate charge for the collection of bulky waste items with the introduction of a tiered fee structure which is illustrated below.

3.4 In addition to this charges for Garden Waste collection will remain unchanged.

Bulky Waste Collection	Existing Charge	Proposed Charge
1 item	£25	£15
2 items	-	£25
3 Items	-	£30

4.0 ENVIRONMENTAL HEALTH

4.1 Environmental Health services incorporate one of the largest range of services from Private Taxi & Hackney Carriage Licences fees to Pollution Control.

4.2 Whilst the majority of proposal for increases to fees and charges are based on inflation a number of charges have taken other considerations into account.

- a) Private Taxi & Hackney Carriage Licences increases are proposed to be limited to driver fees. Managers have advised that there is a statutory process required to change vehicle and operator fees, the scope of which will be determined following this review.
- b) Small Lottery fees are set centrally via the Gambling Commission
- c) Licensing Fees are established and set by the Home Office in accordance with Licensing Act 2003.
- d) Dog kennelling fees will increase by £25 incorporating an administration fee in addition to the existing £25 statutory fee. Microchipping fees are proposed to increase to £8.00 from the current level of £6.00 per procedure.
- e) The Premises Licence Application fee will increase from £280 to £299
- f) Some external food hygiene course fees are proposed to increase below the rate of inflation in order to remain competitive.
- g) Pollution Control Fee are set centrally by the Department for Environment, Food & Rural Affairs, however initial assumptions suggest fees will remain the same as currently charged.

5.0 HOUSING GENERAL FUND MANAGEMENT (HGFM)

5.1 HGFM incorporates charging for Houses in Multiple Occupation (HMO). HMO managers are proposing an increase to the existing range of HMO charges increasing as follows:-

- HMO Licensing - Mandatory (valid for 5 years) increasing from £545 to £660
- HMO licence per room above 5 beds increasing from £15 to £60
- A new charge "HMO Licence variation" set at £120 per variation

6.0 COMMUNITY DEVELOPMENT

6.1 Community Development also incorporates a large range of services from the Ayscoughfee Hall Museum to South Holland Centre Special Events.

6.2 Again whilst the majority of proposals for increases to fees and charges are based on inflation a number of charges have taken other considerations into account.

- a) Proposal to introduce a new Head Gardner Guided Tour set at £2 per person

- b) A number of new civil wedding ceremony fees within Ayscoughfee Hall Museum are proposed.
- c) Cinema ticket increases are to be based on the results of a separate benchmarking exercise with individual ticket prices increasing between 7.56% and 9.17%

7.0 **SPALDING SPECIAL**

7.1 Spalding Special charges include hire charges for sporting facilities within the district including playing fields, tennis courts and bowling greens. Spalding Special charges also incorporate specific charge relating to the Spalding Cemetery and allotments.

7.2 All existing charges are proposed to increase by inflation. A proposal for the introduction of charges for the use of bowling greens for purposes of playing croquet have been suggested, including green fees and equipment hire.

7.3 Tennis and putting charges are proposed to remain at the same levels due to an identified need for investment in the playing surfaces. It is the view of managers that any increases to fees charged should occur once improvements to surfaces and infrastructure have been carried out.

8.0 **BUILDING CONTROL & LAND CHARGES**

8.1 Building control provides advice and guidance on building control regulations and aims to ensure that South Holland has a high standard of construction and to ensure the health and safety of people in and around buildings.

- a) There are currently no plans to increase Land Charge fees due to a concern that increases would result in an overall reduction in demand and therefore a loss of income.
- b) Building Control fees were reviewed at the beginning of this financial year and implemented on 1st May 2019.

9.0 **PLANNING**

9.1 As a local planning authority South Holland District Council is responsible for deciding whether a development be it a new building or major changes to an existing building should proceed.

- a) Planning fees in England are set nationally by the government via The Town and Country Planning (Fees for Applications, Deemed Applications, Requests and Site Visits) (England) (Amendment) Regulations 2017. Planning fees were last increased in January 2018, the first increase since 2012. There are no set periods for future revisions and as such it is unclear when fee will increase again.

10.0 **FINANCIAL IMPACT**

10.1 The table below illustrate the financial impact of the proposed changes to fees and charges.

10.2 The outcome of the implementation of the changes described in Appendix A is an increase in income for five of the seven departments totalling £75,020 (5.02%).

10.3 Of this £60,500 has already been incorporated into 2020/21 budgets as part of the ongoing budget setting process that is taking place alongside the review of fees and charges resulting in £14,520 of additional income to add to the overall budget

10.4 Building control charges have not proposed any additional increases.

10.5 Planning fee income is expected to fall by £320,000 in 2020/21.

10.6 The overall impact is a net reduction in fees and charges of £244,980

Service Area	19/20 Income Projection	19/20 Income Budget	20/21 Income Budget	20/21 Additional Income	% Increase
Environmental Services	£443,800	£436,050	£461,800	£25,750	5.91%
Environmental Health	£210,713	£218,450	£222,500	£4,050	1.85%
Housing	£12,800	£12,800	£22,620	£9,820	76.72%
Community Development	£228,500	£228,500	£260,300	£31,800	13.92%
Spalding Special	£40,182	£34,300	£37,900	£3,600	10.50%
Building Control & Land Charges	£552,900	£562,900	£562,900	£0	0%
Planning	£660,000	£1,070,000	£750,000	(£320,000)	(29.81%)
Total	£2,148,895	£2,563,000	£2,318,020	(£244,980)	(9.56%)

11.0 OPTIONS

11.1 Based on the analysis provided, the options open to Cabinet are as follows:-

- **Option 1 Do Nothing** - Fees and charges are maintained at their existing level, any increases in revenue are dependent on growth in service activity. Based on anticipated chargeable activity across all departments this will result in a reduction of fees and charges of at least £320,000 compared to 19/20 budgeted income
- **Option 2 Increase Fees and Charge from 1st April 2020** – The majority of fees and charges will be increased on 1st April 2020. This will result in an increase in five department with income in these areas estimated to increase by £75,020, compared to 19/20 budgeted income. However this is offset by an anticipated reduction in planning fees of £320,000 in 20/21.

12.0 RECOMMENDATION

12.1 On the basis of the options set out above it is the recommendation of officers that fees and charges be increased from 1st April 2020 (Option 2)

13.0 REASONS FOR RECOMMENDATION

13.1 Option 2 is recommended on the basis that it maximises any additional income due to the council with the effect that it has the most significant impact against the Councils current MTFP.

14.0 EXPECTED BENEFITS

14.1 The expected benefit is an increase in the amount of income due in five of the seven departments of £75,020, partially mitigating the anticipated reduction in planning fees described above.

15.0 IMPLICATIONS

In preparing this report, the report author has considered the likely implications of the decision - particularly in terms of Carbon Footprint / Environmental Issues; Constitutional & Legal; Contracts; Corporate Priorities; Crime & Disorder; Data Protection; Equality & Diversity/Human Rights; Financial; Health & Wellbeing; Reputation; Risk Management; Safeguarding; Staffing; Stakeholders/Consultation/Timescales; Transformation Programme; Other. Where the report author considers that there may be implications under one or more of these headings, these are identified below.

15.1 Financial

The proposals for increases to fees and charges detailed in this report support the Councils Medium Term Financial Strategy and are necessary to deliver approved savings and achieve a balanced budget.

16.0 ACRONYMS

- 16.1 SHDC – South Holland District Council
- 16.2 HMO – House in Multiple Occupation
- 16.3 MTFP – Medium Term Financial Strategy

Lead Contact Officer

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Key Decision: N

Exempt Decision: N

This report refers to both Mandatory and Discretionary Services

Appendices attached to this report:

Appendix A SHDC Fees and Charges Proposals – February 2020

