

<b>Item No.</b>	<b>Classification:</b> Open	<b>Date:</b> 22 January 2013	<b>Meeting Name:</b> Cabinet Member for Resources, Finance and Community Safety
<b>Report title:</b>		Fees and Charges Proposals for Community Safety & Enforcement Division – (Fees and Charges 2013/2014 – 2015/16)	
<b>Ward(s) or groups affected:</b>		All	
<b>From:</b>		Strategic Director of Environment & Leisure	

## RECOMMENDATIONS

1. That the Cabinet Member agrees the proposed non-statutory fees and charges for 2013/14, as set out in Appendices 1 and 2, with an implementation date of 1 April 2013.
2. That the Cabinet Member notes information on statutory fees and charges only.

## BACKGROUND INFORMATION

3. This report sets out proposals for the fees and charges to be set for Community Safety & Enforcement Division for 2013/14 and indicative charges for 2014/15 and 2015/16.
4. The Medium Term Resource Strategy (MTRS) 2012/13 – 2013/14 and the corporate income policy require that:
  - Fees and Charges are increased to a level, at a minimum, that is equal to the most appropriate London average (e.g. inner London, family, groupings etc) except where this conflicts with council policy, would lead to adverse revenue implications or would impact adversely on vulnerable clients
  - Income generation is maximized by seeking income streams in line with council policies and priorities.
  - All fees and charges capped by statute are increased to the maximum level the cap allows.
5. Only where it can be demonstrated that adverse financial implications might arise or where increases are not considered realistic due to demand and local circumstances, can fees or charges increases be set at a lower level than that set by the MTRS.
6. The Council's constitution requires that all fees and charges increases are agreed by the relevant Cabinet Member through an IDM report. An IDM report is also required where no increase or a reduction in fees and charges is proposed.

## KEY ISSUES FOR CONSIDERATION

7. Fees and charges are those charges where there is a schedule of rates for services provided. There are various types, namely mandatory and discretionary i.e. where the Authority must charge or where there is a choice of charging or not. Whether mandatory or discretionary, the charges will be either:

- Fixed – where the level of charges is set by statute and the Authority has no discretion.
  - Capped - where a maximum level is set, generally by statute and so charges cannot be set above this level, or
  - Flexible – where there is full discretion on the level of charges to be set
8. Where the Authority has a choice about charging, any decision not to charge must be agreed by the relevant Cabinet Member. This will be reviewed annually and will be considered within the context of the overall budget position.
  9. This report only seeks approval for fees and charges for which there is discretion or where fees are capped, although, all fees and charges are included in the Appendices for information.
  10. In arriving at the proposed fees and charge levels, consideration has been given to a number of factors, including; volume assumptions, benchmarking data, market forces and sensitivity i.e. the impact that increases will have on its customers' ability to pay and the take-up of services. Another factor taken into account is that, whilst Southwark may have discretion over the level of fees set, in many cases, this is on a cost recovery basis or must have due regard to the cost of service and be reasonable. The cost of service provision has therefore, also been a consideration in arriving at the proposed fees.
  11. Table 1 (see paragraph 19) details the total income expected to be generated from non-statutory fees and charges. A full list of non-statutory fees and charges to be approved are shown in Appendix 1. A further list showing statutory fees and charges is also provided in Appendix 2 for information.

## **Division / Business Unit**

### Licensing

12. Most of the fees in this category are levied under statute, and are listed in Appendix 2. The only significant areas where there is a discretion for the Council to increase fees are those licenses provided under the Gambling Act 2005 and the London Local Authorities Act 1991 (LLLA). The indicated cap or limit set on the proposed fees follows the case law that local Authorities may not charge a fee that recovers more than the cost of administering this process. Where possible the fees have been increased to the limit of the cap, for the remaining fees an increase of 3% is proposed.

### Residential Services

13. Income is from licensing of Houses in Multiple Occupation (HMO). Fees are set to recover the cost of administration of licenses only. The cost of enforcement cannot be included in this fee. The Housing act 2004 HMO license is not a fixed fee, and there is an expectation that the fees will be reviewed periodically. The fees have not been reviewed since they were set in 2007/08. The proposal is to increase fees by 20% increase fees by 20% to bring them in line with the most appropriate London average following a benchmarking exercise comparing charges against those of other London boroughs (near neighbours).
14. The fees for initial applications would be £180 per letting for the first 10 lettings

and then £60 per letting after that. There is a 20% discount for members of the London Landlords Accreditation Scheme (LLAS) and a 10% discount for applicants who pay up within 28 days of receiving the invoice. There is also a discretionary charge of an additional 10% where we do not receive a fully completed application and/or required documents are not enclosed with the form. It also proposed that applications for renewals be set at a reduced rate of £120 per letting for the first 10 lettings and then £40 per letting after that as the costs of renewals are much lower given that the required details are already available to the unit and the administrative input is much reduced.

There is also a charge for the service of notices if the landlord has not complied with the informal procedure under section 49 of the Housing Act 2004. The charge is currently £500 for the first notice/order served, and £100 for any additional notices / orders.

### Community Wardens – London Training and Resource Centre (LTRC)

15. Since the cessation of the Capital Ambition grant funding, LTRC has continued to deliver training activities on a commercial basis, where necessary make use of its reserves. LTRC are currently the only public sector provider of wardens' core skills training in London and the South East, so no benchmarking information is available. The prices and the basis of charging have been arrived at with regard to the economic climate, and similar courses available in the open market.
16. The unit's customers face tough decisions on how to make their shrinking budgets meet the needs of their services in a very challenging economic climate. In such a climate, one of the budget heads to suffer is that of staff training. Demand for the service is at its lowest point and it is therefore proposed that customers are not deterred from using the service by holding fees and charges at their current levels. The concept of holding prices has a positive psychological effect as against even a very slight inflation increase.

### **Community Impact Statement**

17. One of the key considerations in arriving at the proposed fees and charge levels for 2013/2014 was the price sensitivity i.e. the impact that increases will have on its customers' ability to pay and the take-up of services. This was supported by comparing prices with neighbouring authorities, where possible. However, this flexibility is limited to only where Southwark has discretion over the level of fees set. The adoption of the proposed fees and charges does not discriminate against any group in the community, either directly or indirectly

### **Resource Implications**

18. Table 1 show the budgets and projected out turn for 2012/13 and the anticipated income levels for 2013/14 arising from the proposed fees and charges increases.
19. It is assumed that there will be no corporate inflation increase in the income budgets as compared with 2012/13 figures.
20. Current projections are well below target as current volumes can no longer achieve the set budget. This will form part of the division's 2014/15 budget planning process.

**Table 1 – Total Income Expected For Non-Statutory Fees & Charges.**

<b>Division/ Income Stream</b>	<b>2012/13 Budget</b>	<b>2012/13 Projected out turn £</b>	<b>2013/14 Proposed Budget</b>	<b>Comments</b>
	<b>£</b>		<b>£</b>	
Residential Services – Licensing HMO's	79,089	25,000	79,089	Current budget does not reflect current volumes and will be reviewed as part of the 2014/15 budget planning process.
Residential Services – Service of Notices / Orders	50,000	0	50,000	
London Training and Resource Centre				Trading Account – Unit expected to cover its costs of service provision
Training Fees	-	65000	0	

21. Any benefits or repercussions on demand for services arising from the proposed fees and charges will be reflected in future revenue monitoring reports and budget proposals.

#### **Staffing implications**

22. The London Training and resource centre ran without grant funding in 2012/13. Expenses will be met from income generated and trading account reserves accumulated in prior years. It is proposed that it will continue to operate in this manner.

#### **Consultation**

23. Consultation is not required on the above fees and charges. However, formal notification of price increase is. Once approved, notification of fee increases will be published through the appropriate channels.

#### **SUPPLEMENTARY ADVICE FROM OTHER OFFICERS**

##### **Director of Legal Services (20130118SB)**

24. The Cabinet Member for Resources, Finance and Community Safety is recommended to approve the 2013/14 non-statutory fees and charges. The recommendations will take effect on 1 April 2013 if approved.
25. The approval of the fees and charges sought in this report is a matter reserved to the Cabinet Member for individual decision making in accordance with Part 3D paragraph 3 of the Council's constitution.
26. The report sets out the various statutory powers which allow the Council to exercise its discretion with regard to any increase in fees and charges. The proposed increases are intended to be consistent with the MTRS and will apply to the existing non-statutory fees and charges..

### Finance Director (Env/ET/170113)

27. This report recommends that the Cabinet Member for Community Safety & Enforcement agrees the proposed non-statutory fees and charges for 2013/14, with an implementation date of 1 April 2013, and notes information on statutory fees and charges only.
28. The Finance Director notes that the MTRS policy is to generally increase discretionary fees and charges to a level that is equal to the most appropriate London average except where this conflicts with Council policy or would lead to adverse revenue implications. The resource implications outline the approach taken by the service in this regard.
29. Officer time to effect the recommendations will be contained within existing budgeted revenue resources. Any repercussions on demand for services and impact on income arising from the proposed fees and charges will be reflected in future budgetary control reports.

### BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
None		

### APPENDICES

No.	Title
1	Fees And Charges 2013/14 – Non Statutory Fees Income
2	Proposed Fees And Charges 2013/14 – Statutory Fee Income

### AUDIT TRAIL

<b>Lead Officer</b>	Deborah Collins, Strategic Director, Environment & Leisure	
<b>Report Author</b>	Jonathon Toy, Head of Community Safety	
<b>Version</b>	Final	
<b>Dated</b>	22 January 2013	
<b>Key Decision?</b>	Yes	
<b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER</b>		
<b>Officer Title</b>	<b>Comments Sought</b>	<b>Comments included</b>
Director of Legal Services	Yes	Yes
Strategic Director of Finance and Corporate Services	Yes	Yes
<b>Cabinet Member</b>	Yes	Yes
<b>Date final report sent to Constitutional Team</b>	22 January 2013	