

<b>Item No.</b>	<b>Classification:</b> Open	<b>Date:</b> 23 January 2014	<b>Decision Taker:</b> Cabinet Member for Finance, Resources and Community Safety
<b>Report title:</b>		Community Safety & Enforcement Services - Fees and Charges 2014/15	
<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 2014/15, with an implementation date of 1 April 2014.
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 2014/15.
4. The Medium Term Resource Strategy (MTRS) 2011/12 – 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 21) 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. It is proposed that the discretionary charges for the Licensing Unit be frozen at 2013/14 levels to reinforce the council's objective of supporting the local economy.
13. The schedule of licensing fees and charges now incorporates those fees and charges payable under The Scrap Metal Dealers Act 2013, which came into effect on 1 October 2013. These were previously agreed under the IDM process on 27 September 2013. The Act replaces the earlier Scrap Metal Dealers Act 1964 and Part 1 of the Vehicles Crime Act 2001 which are both removed from the schedule of fees and charges. The Act provides a new licensing regime for scrap metal dealers and motor salvage operators, providing for licensing of both scrap metal dealers sites and mobile collectors. The schedule of fees and charges was established having had regard to guidance published by the Home Office and Local Government Association.

### Residential Services

14. 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 were reviewed in 2013/14 to bring them in line with the most appropriate London average following a benchmarking exercise.
15. 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 the unit does not receive a fully completed application and/or the required documents are not enclosed with the form.
16. It is proposed that the discretionary charges for the Residential services unit be frozen at 2013/14 levels to reinforce the Council's objective of supporting the local economy.

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

17. 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.
18. It is proposed that the charges for the LTRC be frozen at 2013/14 levels to reinforce the Council's objective of supporting the local economy.
19. The centre will in the course of 2014/15, undertake a fundamental review of its charges particularly as it can no longer subsidise the costs of courses as it has no external funding coming in and outgoings continue to rise. The proposals would reflect the current market and just as importantly be based on the knowledge of clients and what would be acceptable without discouraging future bookings.

### **Community impact statement**

20. One of the key considerations in arriving at the proposed fees and charge levels for the division is price sensitivity i.e. the impact that increases will have on its customers' ability to pay and the take-up of services. This is 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**

21. Table 1 shows the budgets and projected out turn for 2013/14 and the anticipated income levels for 2014/15 arising from the proposed fees and charges.

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

<b>Division/ Income Stream</b>	<b>2013/14 Budget £'000</b>	<b>2013/14 Projected Outturn £'000</b>	<b>2014/15 Estimated Income Budget £'000</b>	<b>Comments</b>
Residential Services – Licensing HMO's / Service of Notices/Orders	134	45	134,	Current budget does not reflect current volumes and will be reviewed as part of the 2015/16 budget planning process.
London Training and Resource Centre - Training Fees	65	57	65	Trading Account – Unit expected to cover its costs of service provision

22. Budget assumptions and implications

It is assumed that there will be no corporate inflation increase in the income budgets as compared with 2013/14 figures.

Current projections are well below target as current demand/volumes can no longer achieve the set budget. This will form part of the review of the division's income sources during the 2015/16 budget planning process.

23. Any benefits or repercussions on demand for services arising from the proposed fees and charges will be reflected in revenue monitoring reports and future budget proposals. Any variances will be contained within existing budget for 2014/15 financial year.

24. Staffing implications

The London Training and resource centre ran without grant funding in 2013/14. 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**

25. 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**

26. The cabinet member for finance, resources and community safety is requested to approve the 2014/15 non-statutory fees and charges. The recommendations will take effect on 1 April 2014 if approved.

27. 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.
28. The proposed increases are intended to be consistent with corporate policy, in particular the Medium Term Resources Strategy and will apply to the existing non-statutory fees and charges.
29. Section 93(1) of The Local Government Act 2003 enables the Council to charge for providing discretionary services. In addition, section 1 of the Localism Act 2011 allows a local authority to do anything that individuals generally may do, including for a commercial purpose or otherwise for a charge, or without charge. The power conferred by those Acts is subject to the requirement that the Council is not prevented from charging for the services by virtue of any other legislation. The Director of Legal Services is not aware of any specific legislative provision which would prevent the Council from relying on these powers to charge.
30. The power to charge for a service under the Acts is also subject to the duty to make sure that, taking one financial year with another, the income from charges made from a service does not exceed the cost of the provision of the service.
31. The Council is, therefore allowed to set the level of the charge for each discretionary service that it thinks fit and considers reasonable, subject to those charges not exceeding the costs of the provision.
32. The report confirms that there are no prescribed legal requirements for consultation on the proposed fees and charges although any proposed increases will need to be publicised and notified. Officers should ensure that all forms of notification explain how and to whom any complaints or queries should be made.

#### **Strategic Director of Finance and Corporate Services (E&L/13/047)**

33. This report recommends that the cabinet member for finance, resources and community safety agrees the proposed non-statutory fees and charges for 2014/15, with an implementation date of 1 April 2014. The report also notes information on statutory fees and charges.
34. The strategic director of finance and corporate services notes the level of fees and charges proposed for 2014/15 and the resource implications within the report. These charges will be included in the draft budget being presented to council assembly on 26 February 2014 and will be monitored throughout the year. In the event that expenditure or income levels change, the service will need to contain costs within budget or identify alternative sources of funding,
35. Officer time to effect the recommendations will be contained within existing budgeted revenue resources.

## BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Environment & Leisure budget working papers	Community Safety & Enforcement, Environment & Leisure, 3 <sup>rd</sup> Floor, 160 Tooley Street, SE1	Daniel Brew-Riverson, Divisional Accountant 0207 525 2389

## APPENDICES

No.	Title
Appendix 1	Proposed Fees & Charges 2014/15 – Non Statutory Fees Income
Appendix 2	Fees & Charges 2014/15 – 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>	23 January 2014	
<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>	23 January 2014	