

| REPORT TO | ON |
|-----------|--------------|
| Cabinet | 11 July 2018 |



September 2017

| TITLE | REPORT OF |
|--|----------------------------|
| Review of Discretionary Fees and Charges | Cabinet Member for Finance |

| | |
|------------------------------|----|
| Is this report confidential? | No |
|------------------------------|----|

1. PURPOSE OF THE REPORT

In February 2018, Full Council received a report to set the discretionary fees and charges for the council for the 2018/19 financial year. This was taken forward as part of the budget setting process. Full Council did not support the recommendations and the increases were not agreed. Officers were asked to submit a revised report for consideration later in the year. This report sets out the proposals for fees and charges for 2018/19 and seeks approval to increase fees from 1 August 2018.

2. PORTFOLIO RECOMMENDATIONS

It is recommended that Cabinet:

- Approve an increase of 2.5% to standard charges from 1 August 2018 as set out at Appendix A;
- Approve the removal of all charges for the treatment of domestic properties for rats and mice.
- Approve the policy for building control fees as set out at Appendix B and that the new rates be implemented from 1 August 2018;
- Note that increases to Fixed Penalty Notices have previously been approved and are in place;
- Approve an increase of 25% on Pre-Planning Advice as set out in the report;
- Introduce a fee of £50 for pre-planning advice to householders
- Note that the increases will generate additional income of c£100k in a full year, of which some is directly related to increases in the costs of service delivery.

3. EXECUTIVE SUMMARY

In February 2018, Full Council approved the 2018/19 budget and the council's medium term financial strategy. Included within the budget for 2018/19 was additional income from fees of charges of £60k. This figure increases to £121k in 2019/20. The increase was based on the assumption that fees and charges would increase and the schedule to the report set these out. Full Council did not approve the increases but did agree to the income targets as set out in the report. There is a possibility that the new income targets may not be achieved however in light of the significant over recovery of income in 2017/18 this looks unlikely. Nevertheless, the council is operating within a framework of funding risk and the opportunity to review all income streams is good financial practice.

Full Council requested that further consideration be given to fees and charges and that new proposals be presented later in the year. This report sets out proposals for consideration. The report brings together all fees and charges for the council and is a different approach to that previously adopted whereby individual reports would be presented. This new approach provides a more strategic view and gives members the opportunity to consider fees and charges as a whole and consider how they can be shaped going forward as part of the wider medium term financial strategy.

The proposals within the report would generate additional income in the region of £100k however some of these increases are to reflect increases in costs of which the council has no control. These additional costs have already been factored into the council's budget and are being incurred.

4. CORPORATE PRIORITIES

The report relates to the following corporate priorities:

| | |
|---|---|
| Excellence and Financial Sustainability | X |
| Health and Wellbeing | |
| Place | |

Projects relating to People in the Corporate Plan:

| | |
|--------|--|
| People | |
|--------|--|

5. BACKGROUND TO THE REPORT

Historically the review of all fees and charges within the devolved budget management regime have been carried out by individual budget holders and recommendations have been made on a piecemeal basis. This process is no longer considered appropriate as it can lead to inconsistencies in approach across the council and also dilutes the opportunity to consider the wider strategic impact in the context of the council's financial strategy. This report sets out the current position on all fees and charges and provides Cabinet/Full Council with an approach for the remainder of the 2018/19 financial year and for future years.

The council has budgeted income of c£800k for discretionary fees and charges and these are set out in Appendix A. It should be noted that the council charges for other services however these are subject to other factors including legislation and full cost recovery therefore these have been excluded from the report. Any decisions to change fees will also need to be considered in the context of the outcomes the council is trying to achieve and other external factors. It is therefore

not appropriate to apply a standard approach across the board however for a significant number of charges, a standard approach can be adopted.

The 2017/18 budget out turn report reported that income recovery for a number of service areas was higher than budgeted for, due to increased demand. In relation to discretionary fees and charges, a further £290k was generated over and above the budget. The budget position in relation to these will be reviewed as part of the development of the medium term financial strategy and work will be carried out to establish trends, and where appropriate, increased demand and the additional income from this will be reflected in the budget projections. Fees and charges, although inextricably linked, is a separate matter for consideration.

6. PROPOSALS

The proposals are grouped into two categories:

- Standard Charges for Services
- Specialist Fees

STANDARD CHARGES FOR SERVICES

These fees and charges are considered to be standard charges for services provided by the council. These services are provided on a request basis by residents. As costs for the council have increased due to pay awards and inflation, it is proposed that this be reflected in the charges to citizens and that they be increased by the current CPI rate of 2.5% from 1 August 2018. This would generate additional income of £9k in 2018/19 and £17k in a full financial year, i.e. 2019/20 onwards. Cabinet could take a view to apply a different rate of increase and for information a change of +/-1% equates to £3k per annum.

SPECIALIST FEES

There are a number of fees and charges that are considered to be more of a specialist nature due to the fact that they are influenced by specific issues e.g. competitive markets, deterrent fines and contribution to meeting the Council's budget challenge. These are as follows and an individual approach is proposed:

- Building Control Fees and Charges Policy
- PSPO Fixed Penalty Notices
- Pre-Planning Advice Fees and Charges Policy
- Pest Control treatments for rat and mice

- ***Building Control Fees and Charges***

The Building Control fees operate on a traded model and income must be sufficient to cover the running costs of the service. Performance was strong in 2017/18 and the account generated a surplus of £35k equivalent to 22% over recovery on the annual budget. Building Control fees and charges have remained unchanged since 2011 largely due to the fact that until 2016/17 the service had been operating in a deficit. For the last 2 years performance has been strong and the Building Control Manager has undertaken a fundamental review of the Building Control charging policy to ensure that this position can be maintained. The proposals are set out in Appendix 2 and are based on current performance. It is estimated that additional income of £20k over and above that which is currently budgeted for can be achieved.

The review has looked at the amount of officer time taken on each type of job for inspections and administration. It is felt that the proposed charges represent a fair reflection of the time taken to

recover costs in order to break even over a given period. More standard fees have also been added because of changing trends in building work.

The proposed charges have also been compared to those charged by neighbouring authorities to ensure they are in line with other councils and the proposal may also offer more flexibility in attracting further work previously undertaken by approved inspectors in the private sector.

- **Fixed Penalty Notices**

The Council adopted Dog Control Orders (DCOs) in September 2009. These orders replaced a number of bye-laws previously in force covering a range of offences and also allowed offences to be discharged by the payment of a £80 fixed penalty notice.

From October 2017 DCOs lapsed and were replaced by Public Spaces Protection Orders (PSPOs). A Cabinet report was approved to replace DCOs with PSPOs on 25th of October 2017. There are 5 PSPOs:

- Fouling of land by dogs
- Dogs exclusion areas
- Dogs on leads
- Dogs on lead by direction
- Means to pick up foul by dogs

The charge was reviewed at that time and increased from £80 to £100. There are therefore no proposals to increase these, however they will be reviewed as part of the 2019/20 budget setting process.

- **Pre-Planning Application Advice**

The Planning Manager has identified that the charges for Pre-Planning Application advice are lower than those charged by other Authorities in the North West and an uplift across all fees is recommended. These are set out in the table below:

| Development Size | Current Pre App Fees | Number of Planning Apps 2016/17 | Potential Pre App Fees | Potential Income based on 25% taking advice |
|-------------------------|--------------------------------|--|-------------------------------|--|
| Householder | Free | 323 | £50 | £4,038 |
| Small | £120 | 219 | £200 | £10,950 |
| Medium | £300 (plus £150 per follow up) | 191 | £500 | £23,875 |
| Major | £420 (plus £210 per follow up) | 44 | £2,000 | £22,000 |
| Significant Major | £720 (plus £360 per follow up) | 2 | £3,000 | £1,500 |
| Totals | | | | £62,363 |

In addition to uplifting the current fees in line with other local authorities, it is also recommended that a charge of £50 be introduced for householders. There is currently no charge for this service. The charge proposed is in line with that charged by other councils in the North West. Based on demand in 2017/18, it is expected that the new proposals will generate new income of £62k.

- **Pest Control Treatment for rats and mice**

The charge for Domestic Pest Control Treatment has been reviewed and in light of Public Health concerns it is proposed to remove all charges for the treatment of domestic properties for rats and mice. The charge for commercial treatments for rats and mice is based on quotation.

7. PAY AND DISPLAY CAR PARKING CHARGES

Proposals for pay and display car park charges are to be subject to a strategic review of car parking and will be presented to a future meeting of Cabinet.

8. OTHER OPTIONS CONSIDERED

There are other options available to Cabinet on what rates of increase, if any, should be applied. The proposals reflect current market conditions, are comparable to those charged by other North West councils. Recognised indices have also been used where it is proposed that an inflationary increase be applied.

9. FINANCIAL IMPLICATIONS

The inflationary increases on standard charges (excluding car parking) will generate additional income of £17k in a full financial year which reflects the increase in costs for the council as a result of pay awards and standard inflation on goods and services. This will be partly offset by a forecast reduction in income of £10k per annum if the charges for the treatment of domestic properties for rats and mice are removed. Charges on building controls and pre-planning advice will generate additional income of £82k per annum for the council over and above any increase in costs. In 2018/19 the forecast overall increase will generate £59k due to the fact that the increases would only be applied from 1 August onwards.

10. HR and ORGANISATIONAL DEVELOPMENT IMPLICATIONS

There are no implications as a direct result of the recommendations within this report.

11. ICT/TECHNOLOGY IMPLICATIONS

There are no implications as a direct result of the recommendations within this report.

12. PROPERTY AND ASSET MANAGEMENT IMPLICATIONS

There are no implications as a direct result of the recommendations within this report.

13. RISK MANAGEMENT

The budget efficiency savings identified as part of the 2018/19 MTFS will not be realised if Fees and Charges are not restructured into new charging policies.

14. EQUALITY AND DIVERSITY IMPACT

There is no impact on equality and diversity.

15. COMMENTS OF THE STATUTORY FINANCE OFFICER

The Council made a commitment in the budget to increases in general fees and charges based on an assumption on general inflation. The 2018/19 Budget and Medium Term Financial Strategy

(MTFS) includes a target of £60,000 additional income from Fees and Charges in 2018/19 and £121,000 in future years.

Cabinet and Full Council have the option of charging different rates however this will have an impact on the financial strategy and will need to be taken into consideration.

16. COMMENTS OF THE MONITORING OFFICER

Local authorities have a variety of powers to charge for specific statutory services prescribed in legislation. In those instances the Council has no discretion as to how much it can charge. Nevertheless, there are other provisions which allow authorities to decide whether to charge and how much to charge.

The Local Government Act 2003 also provides a power to charge for discretionary services. The power to charge for discretionary services is not available to local authorities if there is a statutory duty to provide the service or if there is a specific power to charge for it or if there is a prohibition on charging.

Where the Council charges for such discretionary services, it has a duty to ensure that the income from charges does not exceed the costs of the provision, taking one financial year with another,

Additionally, S1 of the Localism Act 2011 provides local authorities with a general power of competence. Under this provision, similarly, the Council may not recover more than the cost of providing that service. Recovery is assessed taking one year with another.

Where authorities have a duty to provide a statutory service free of charge to a certain standard, no charge can be made for delivery to that standard, however delivery beyond that point may constitute a discretionary service for which a charge could be made.

17. BACKGROUND DOCUMENTS AND APPENDICES

Background documents: 2018/19 Budget and MTFS (February 2018)

Lisa Kitto
Deputy Chief Executive (Resources and Transformation)

| Report authors: | Telephone: | Date: |
|--------------------------------------|--------------|----------|
| Lisa Kitto/ updated by Jane Blundell | 01772 625245 | 28/06/18 |

Summary of Key Income (Fees and Charges) Outturn Position

| Key Income (Fees and Charges) Budgets | Original Budget 2017/18 £000 | Actual Outturn 2017/18 £000 | 2017/18 Variance (Over) / Under budget £000 | Original Budget 2018/19 £000 |
|--|-------------------------------------|------------------------------------|--|-------------------------------------|
| Planning Fees | (375) | (643) | (268) | (480) |
| Building Control Fees | (158) | (193) | (35) | (178) |
| Pest Control Fees | (23) | (24) | (1) | (21) |
| Rats and Mice (new charge) | 0 | (9) | (9) | (20) |
| Environmental Permits | (19) | (19) | - | (19) |
| Car Parking Charges/Permits | (93) | (107) | (14) | (108) |
| Car Parking PCN fines | (29) | (30) | (1) | (30) |
| Waste – charges for replacement bins | (75) | (29) | 46 | (75) |
| Waste - special collections | (32) | (40) | (8) | (40) |
| TOTAL* | (804) | (1,094) | (290) | (971) |

BUILDING REGULATION CHARGES
The Building (Local Authority Charges) Regulations 2010
Charges with effect from 1st August 2018

Explanatory Notes

- 1.0** Before you build, extend or convert, you or your agent must advise your local authority either by submitting Full Plans or a Building Notice. The charges payable depends on the type of work, the number of dwellings in a building and the total floor area. The following tables may be used in conjunction with the current scheme to calculate the charges. If you have difficulties calculating the charges, please contact the Building Control Office on 01772 625423.
- 2.0 Charges are payable as follows:**
- 2.1** Should you submit Full Plans you will pay a plan charge at the time of submission to cover their passing or rejection.
- 2.2** With Full Plans submissions, for most types of work, an inspection charge covering all necessary site visits will be payable following the first inspection.
- 2.3** Should you submit a Building Notice, the appropriate Building Notice charge is payable at the time of submission and covers all necessary checks and site visits.
- 2.4** Should you apply for a regularisation certificate, regarding unauthorised building work, commenced on or after 11 November 1985, you will pay a regularisation charge to cover the cost of assessing your application and all inspections. The charge is individually assessed, but typically will be a minimum of 150% greater than the gross Building Notice charge.
- 3.0 Table A:** Charges for small domestic buildings e.g., certain new dwelling houses and flats. Applicable where the total internal floor area of each dwelling, excluding any garage or carport does not exceed 300m² and the building has no more than three storeys, each basement level being counted as one storey. In any other case, Table D applies.
- 4.0 Table B:** Where work comprises more than one domestic extension the total internal floor areas of all the extensions shown on the application may be added together to determine the relevant charge. Please note however, the area of loft conversions or loft conversions may not be aggregated to an extension but a 50% discount can be applied. If the extension(s) exceed 100m² or three storeys in height then Table D applies (subject to a minimum plan charge equal to a minimum build cost of £100,000).
- 5.0 Table C:** Standard charges for minor works to dwellings.
- 6.0 Table D:** Applicable to all other building work not covered by Tables A, B, C or D. Total estimated cost means an estimate accepted by the local authority of a reasonable cost that would be charged by a person in business to carry out the work shown or described in the application excluding VAT and any professional fees paid to an architect, engineer or surveyor, etc., and also excluding land acquisition costs.
- 7.0** All other non-domestic works will be individually determined.
- 8.0 Exemptions/reduction in charges:**
- 8.1** Where plans have been either approved or rejected no further charge is payable on resubmission for substantially the same work.
- 8.2** Works to provide access and/or facilities for disabled people to existing dwellings and buildings to which the public have access are exempt from charges. In these regulations 'disabled person' means a person who is within any of the descriptions of persons to whom section 29(1) of the National Assistance Act 1948 applied, as that section was extended by virtue of section 8(2) of the Mental Health Act 1959, but not taking into account amendments made to section 29(1) by paragraph 11 of schedule 13 to the Children Act 1989. The work must be for the sole use of the disabled person.

With the exception of the regularisation charge, all local authority Building Regulation charges are subject to VAT at 20%.

TABLE A - STANDARD CHARGES FOR NEW HOUSING (up to 300m² floor area) or FOR NEW DWELLINGS – FORMED BY CONVERSION / CHANGE OF USE

| | Plan Deposit Charge | | Inspection Charge | | Total Charge | |
|---|---------------------|----------|-------------------|----------|--------------|---------|
| | Basic charge | Inc. VAT | Basic charge | Inc. VAT | Basic Charge | Inc VAT |
| 1 | 180.00 | 216.00 | 420.00 | 504.00 | 600.00 | 720.00 |
| 2 | 230.00 | 276.00 | 605.00 | 726.00 | 835.00 | 1002.00 |
| 3 | 280.00 | 336.00 | 740.00 | 888.00 | 1020.00 | 1224.00 |
| 4 | 330.00 | 396.00 | 875.00 | 1050.00 | 1205.00 | 1446.00 |
| 5 | 380.00 | 456.00 | 1010.00 | 1212.00 | 1390.00 | 1668.00 |

1. For more than 5 dwellings or if the floor area of the dwelling exceeds 300m² the charge is individually determined.

TABLE B - STANDARD CHARGES FOR CERTAIN SMALL BUILDINGS, EXTENSIONS AND ALTERATIONS TO DWELLINGS

| CHARGES FOR CERTAIN SMALL BUILDINGS, EXTENSIONS AND DOMESTIC ALTERATIONS | | | | | | |
|--|---------------------|---------|-------------------|---------|------------------------|---------|
| Proposal | Plan Deposit Charge | | Inspection Charge | | Building Notice Charge | |
| | Basic Charge | Inc VAT | Basic Charge | Inc VAT | Basic Charge | Inc VAT |
| <i>CATEGORY 1: Extensions to dwellings</i> | | | | | | |
| Extension(s): Internal floor area not exceeding 5m ² | 125.00 | 150.00 | 200.00 | 240.00 | 325.00 | 390.00 |
| Internal floor area over 5m ² but not exceeding 40m ² | 150.00 | 180.00 | 250.00 | 300.00 | 400.00 | 480.00 |
| Internal floor area over 40m ² but not exceeding 70m ² | 150.00 | 180.00 | 350.00 | 420.00 | 500.00 | 600.00 |
| Internal floor area over 70m ² but not exceeding 100m ² | 150.00 | 180.00 | 500.00 | 600.00 | 650.00 | 780.00 |
| <i>CATEGORY 2: Garages and Carports</i> | | | | | | |
| <i>Erection or extension of detached or attached building or an extension to a dwelling:</i> | | | | | | |

| | | | | | | |
|---|--------|--------|--------|--------|--------|--------|
| which consists of a garage, carport, or both, having a floor area not exceeding 60m ² in total and is intended to be used in common with an existing building & the conversion of an attached garage into a habitable room | 100.00 | 120.00 | 200.00 | 240.00 | 300.00 | 360.00 |
| <i>CATEGORY 3: Loft Conversions and Dormers</i> | | | | | | |
| <i>Formation of a room in roof space, including means of access thereto. Fees for lofts greater than 40m² are to be based on the cost of work. The fee cannot be less than shown below:</i> | | | | | | |
| Erection of room in roof space with a floor area not exceeding 40m ² (without dormer) | 150.00 | 180.00 | 250.00 | 300.00 | 400.00 | 480.00 |
| Erection of room in roof space with a floor area not exceeding 40m ² (with dormer) | 150.00 | 180.00 | 300.00 | 360.00 | 450.00 | 540.00 |

TABLE C - STANDARD CHARGES FOR ALTERATIONS TO DWELLINGS

| Proposal | Plan Deposit Charge | | Inspection Charge | | Building Notice Charge | |
|--|---------------------|---------|-------------------|---------|------------------------|---------|
| | Basic Charge | Inc VAT | Basic Charge | Inc VAT | Basic Charge | Inc VAT |
| 1. Installation of replacement windows and doors in a dwelling where the number of windows/doors does not exceed 20 | 100.00 | 120.00 | Inc | Inc | 100.00 | 120.00 |
| 2. Underpinning with a cost not exceeding £30,000 | 250.00 | 300.00 | Inc | Inc | 250.00 | 300.00 |
| 3. Controlled Electrical work* to a single dwelling (not carried out in conjunction with work being undertaken that falls within Table B) | 250.00 | 300.00 | Inc | Inc | 250.00 | 300.00 |
| 4. Renovation of a thermal element i.e. work involving recovering of a roof, replacement of a floor or renovation of an external wall to which L1b applies | 100.00 | 120.00 | Inc | Inc | 100.00 | 120.00 |

| | | | | | | |
|---|--------|--------|-----|-----|--------|--------|
| 5. Formation of a single en-suite bathroom/shower room or cloakroom within an existing dwelling (excluding electrical work) | 200.00 | 240.00 | Inc | Inc | 200.00 | 240.00 |
| 6. Removal of load bearing wall and insertion of steel beam/s | 150.00 | 180.00 | Inc | Inc | 150.00 | 180.00 |
| 7. Installation of heating appliance to a single dwelling e.g. Wood burning stove. | 200.00 | 240.00 | Inc | Inc | 200.00 | 240.00 |
| 8. Conversion of conservatory to solid roof construction. | 200.00 | 240.00 | Inc | Inc | 200.00 | 240.00 |

* Not carried out under a Competent Person Scheme.
All other work within dwellings will be charged as set out in Table D.

TABLE D - STANDARD CHARGES FOR ALL OTHER WORK NOT IN TABLES A, B & C
(excludes individually determined charges)

| Estimated Cost | | Plan Deposit Charge | | Inspection Charge | | Building Notice Charge | |
|----------------|---------|---------------------|---------|-------------------|---------|------------------------|---------|
| From | To | Basic Charge | Inc VAT | Basic Charge | Inc VAT | Basic Charge | Inc VAT |
| 0 | 1,000 | 100.00 | 120.00 | - | - | 100.00 | 120.00 |
| 1,001 | 5,000 | 100.00 | 120.00 | 100.00 | 120.00 | 200.00 | 240.00 |
| 5,001 | 10,000 | 100.00 | 120.00 | 150.00 | 180.00 | 250.00 | 300.00 |
| 10,001 | 20,000 | 100.00 | 120.00 | 250.00 | 300.00 | 350.00 | 420.00 |
| 20,001 | 30,000 | 150.00 | 180.00 | 300.00 | 360.00 | 450.00 | 540.00 |
| 30,001 | 40,000 | 150.00 | 180.00 | 400.00 | 480.00 | 550.00 | 660.00 |
| 40,001 | 50,000 | 150.00 | 180.00 | 500.00 | 600.00 | 650.00 | 780.00 |
| 50,001 | 75,001 | 200.00 | 240.00 | 550.00 | 660.00 | 750.00 | 900.00 |
| 75,001 | 100,000 | 200.00 | 240.00 | 650.00 | 780.00 | 850.00 | 1020.00 |

Where it is intended to carry out additional work on a dwelling at the same time as undertaking an extension within Table B then the charge for this additional work (as indicated in Table D) shall be discounted by 50% subject to a maximum estimated cost of less than £10,000.

Notes:

All the above charges are on the basis that any controlled electrical work is carried out by a person who is a member of a registered Competent Person Scheme, if this is not the case an additional charge will apply.

Where the estimated cost of work exceeds £100,000 the charge will be individually assessed by South Ribble Borough Council

**Subject to a minimum plan fee of £250.00 + VAT
and inspection fee of £650.00 + VAT**

TABLE E - OTHER STANDARD CHARGES

| Category of Work | Basic Charge | Inc VAT |
|---|--------------|---------|
| Copy of Completion Certificate or Decision Notice | 25.00 | 30.00 |
| Building Regulation Confirmation letter (e.g., letter of exemption) | 67.50 | 81.00 |
| Supply of information relating to Building Regulation applications or calculated by hourly rate if greater than 1 hour. | 67.50 | 81.00 |
| Service of Section 81 (Building Act 1984): Demolition Counter notice (No VAT) | 150 | - |

