

## Overview & Scrutiny

February 2009

## Fees and Charges



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### Report of Terry Collins, Corporate Director Neighbourhood Services (Cabinet Portfolio Holder Councillor Bob Young)

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#### Purpose of Report

1. The purpose of this report is to provide Members with an update on the changes to fees and charges proposed as a result of the LGR programme.

#### Context

2. Following a number of individual reports produced for agreement by Members which included changes to fees and charges for services provided, it was decided to bring together all proposed changes into a single report so the overall impact across the County could be seen. Separate reports will be submitted on charges where a decision is required on the level of concessions to apply.
3. Fees and charges fall into 3 categories - Statutory, Regulatory and Discretionary. In terms of harmonisation proposals careful consideration has been given to the financial implications of any equalisation of treatment in 2009/10. In considering options, members should note that officers have sought to ensure that proposals put forward are affordable, equitable and sustainable – effectively cost neutral wherever possible.

#### Statutory Charges

4. Statutory charges are set in statute and cannot be altered by law. A list of the services subject to statutory charges is attached as Appendix 2. Since the charges have been determined by Central Government no harmonisation issues that need to be considered as all authorities will be applying the same charge.

#### Regulatory Charges

5. Regulatory charges relate to services where if the Council provides the service, it is obliged to set a fee which the Council can determine itself in accordance with a regulatory framework. Charges have to be reasonable and must be applied across the whole of the County from vesting day. The following appendices indicate where charges are regulatory and proposals for harmonisation.

6. Where charges are to be harmonised, figures have been proposed which seek to cover the cost of delivering the service on a county wide basis.

### **Discretionary Charges**

7. Discretionary charges relate to services which the Council can provide if they choose to do so. This is a local policy decision.
8. Across any single authority, there may be a range of charges for similar services based on the running cost and popularity of facilities.
9. Not all discretionary charges are levied by all authorities, for example, not all authorities in Durham currently charge for car parking.
10. Some of the Authorities charge for pest control, others choose not to levy a charge in order to promote environmental health. This is an example of a charge which should be harmonised in order to avoid discrimination.
11. The approach to harmonisation of fees and charges is not a purely financial decision however impact upon resources is a key consideration. Charging policies and impacts upon service provision must be borne in mind during consideration of harmonisation or continuity of differential charging.
12. There are different fees and charges currently levied for similar services across the County for the very best of reasons which include , the customer's ability to pay, the range of and condition of the facilities providing the service, and the environment within which services are provided particularly linked to social outcomes and the respective Councils' ambitions.
13. The approach adopted has been to recommend harmonisation where a similar level of service is provided. If it is considered that applying a consistent charge immediately may place an unfair burden on areas which have enjoyed a service at a much lower figure phasing of the harmonisation process has been proposed.

### **Strategy**

14. Separate to this as part of the budget work, a strategy for the setting of fees and charges for the new Council has been determined and which has been used to determine the overall impact on income and is built into the budget proposals.
15. A Corporate Fees and Charges Policy has been developed to support the budget process and is designed to provide a framework for Durham County Council's approach to charging. The policy is built around the following principles;

- Develop an entrepreneurial approach so that charges whether new or reviewed are properly considered, and consistent.
  - Compliance with the Local Government Act 2003 which gives wide general powers to provide and charge for “Discretionary Services”.
  - Adherence with the financial duty to ensure income does not exceed cost.
  - Charges may be set, so that different people are charged different amounts and in different areas to satisfy local needs and objectives. (A service can also continue to be provided free).
  - The income derived from charging will normally be used to offset the costs of providing the service being charged for, including support service costs.
16. In reviewing existing charges or setting of new charges inflationary pressures; the potential impact of competition in terms of price and quality; trends in demand; results of customer surveys; budget targets; cost structure implications; impact on other service areas; alternative more effective charging structures and proposals for targeted promotions etc are being taken into consideration.

### **Approach**

17. This report sets out proposals based upon a pragmatic approach to the standardisation of fees and charges where essential and/or desirable. The underlying strategy being to attempt to equalise charges in those areas where there is a statutory or regulatory requirement to do so or where there is a very strong case on equality or moral grounds. In these areas the public would expect to pay the same amount across the County for the same level of service.
18. There has been an opportunistic approach to sensitive areas such as bereavement services where we have identified significant and positive improvements to burial charges and which demonstrates how sensitive the new authority will be towards customers.
19. In those service areas where harmonisation of fees and charges will have a significant impact upon our customers, we will delay and/or phase the harmonisation process.

### **Harmonisation Proposals**

20. Set out below are details of the services where it is proposed to equalise charges from 1st April 2009.

#### Building Control Fees

21. Building Control Fees are a regulatory fee and therefore the levels of charge are determined by reference to a regulated framework.
22. The Building (Local Authority Charges) Regulations 1998 require that the charges are set on the basis that the income to be derived, or which it is reasonably expected to be derived, from them will be not less than the proper costs incurred by the Council in performing its Building Regulations function. The Local Government Association Model Scheme informs the current structures for charging across the County and is mirrored in the proposed levels for Building Control fees. The 7 Districts fees and charges tables are available for inspection on request.
23. The proposed revised charges are attached as Appendix 3.

#### Taxi Licenses

24. Taxi licenses are regulatory fees and therefore the levels of charge are determined by reference to a regulated framework.
25. Durham County Council has agreed that the current District boundaries will continue in relation to taxi licensing. For example, vehicles currently licensed within Sedgefield Borough Council District will continue to only operate within the Sedgefield Zone and will not be permitted to ply for trade elsewhere within the County. The various tariffs that the vehicle operators are permitted to charge the public will remain unchanged, pending a consultation on whether to move to a single county wide zone.
26. There are wide variations in the licence and inspection fees across the County. It is proposed that fees are set within each zone to reflect the current fees, with a view to moving towards harmonisation in subsequent years.
27. It is proposed that those fees which are mainly administrative will be harmonised from 1st April 2009.
28. The draft taxi policy introduces new charges to the type of licences currently applied in some areas. These will need to be included in all areas.
29. The charges have also been adjusted so that similar activities are charged at the same rate e.g. Hackney Vehicle Licences and Private Hire Vehicle Licences.
30. The policy also proposes that drivers may apply for either a single badge for Hackney or Private Hire vehicles. They may also apply for a joint badge. The majority of authorities that apply this principle charge an additional 50% for a joint badge. This principle has therefore been applied to all authorities.
31. The policy proposes that all vehicles will be tested at Council Facilities. The current fees are shown in the appendix 4. It should be noted that

Teesdale District Council do not currently have testing facilities and so vehicles undertake tests at private garages and provide proof of compliance. These costs are not known and so cannot be compared. The fee that will be charged by council garages is not included.

32. Both current and proposed fees are set out in Appendix 4.

#### Gambling Act 2005

33. Gambling license fees are a regulatory fee and therefore the levels of charge are determined by reference to a regulated framework.
34. The government has specified a maximum fee that may be applied to licences issued under the Gambling Act. Most of the Districts currently apply a fee of 75% of the maximum. Easington District Council set its fee at 65% and Chester-le-Street District Council at approximately 50%. Durham City Council set the initial fee at 100% and the annual fee at 75%.
35. It is proposed that these fees are harmonised at 75% for initial applications and for the annual fee.
36. The levels of current charges and the new proposed fees are set out in Appendix 5.

#### Miscellaneous Licenses

37. Animal boarding, breeding and sex/tattooing establishment licenses are regulatory fees and therefore the levels of charge are determined by reference to a regulated framework.
38. As part of the harmonisation process, consideration has also been given to the amount of time required in processing, inspecting and enforcing licensed premises with a view to setting common fees for similar premises.
39. It is considered that Riding Establishments and dangerous Wild Animal Licences should be set at the same level reflecting the greater risk to the public which involves a greater inspection regime.
40. Similarly pet shops, animal boarding establishments and dog breeders take less time than those above but are comparable with each other.
41. Licenses in respect of tattooing, ear piercing etc once issued are not renewed and so would only affect new applicants.
42. The proposed licence fees are attached as Appendix 6.

#### Mandatory licensing of Houses in Multiple Occupation under the Housing Act 2004

43. Houses in Multiple Occupation fees are a regulatory fee and therefore the levels of charge are determined by reference to a regulated framework.

44. Currently there are two different charging regimes in operation. With the exception of Durham City, all existing District authorities charge a flat application fee between £400.00 - £500.00.
45. Within Durham City where the majority of Houses in Multiple Occupation (HMO) exist, charges are set using the Local Government Association Financial Toolkit. This is intended to be a template for local authorities in developing their costs of providing the service, and is also intended to provide Landlords with a means of validating the basis of the build up of the costs and as a means of comparing prices from one authority to another.
46. The introduction of this proposal will significantly increase the fees that are currently applied within 6 of the 7 existing District Authorities, but this will have a limited impact given the number of Houses in Multiple Occupation that currently exist in those areas.
47. The current levels for HMO fees are attached as Appendix 7.

#### MOT Testing

48. MOT services charges are discretionary.
49. As the Authority operates MOT stations we are required to provide access to these facilities to the general public subject to available capacity. This, however, is not a statutory service and therefore local authorities are allowed to charge an MOT fee which local market forces will tolerate. However the fee charged should not exceed the statutory charge laid down by VOSA or be less than the workshop labour recovery rate.
50. The equalisation of charges across Durham County Council is proposed to ensure parity across Durham County Council's MOT Testing stations. This standardisation of costs is 'cost neutral' to the authority.
51. The current levels for MOT testing fees are attached as Appendix 8a.
52. The proposed revised charges are attached as Appendix 8b

#### Pest Control Fees

53. Pest Control services charges are discretionary.
54. The Prevention of Damage by Pests Act 1949 imposes a duty on District/Unitary Councils to keep the area free from infestations of rats and mice and the Environmental Protection Act 1990 imposes a duty to abate any situations where premises may be prejudicial to health due to insect or rodent infestations. Teesdale District Council fulfils its duties in an enforcement capacity only, whilst all other Districts additionally provide a pest treatment service, albeit there is no statutory obligation on them to do so

55. Whilst all Districts measure response times to requests for service the times and targets are different. Based on the premise that we should harmonise to the highest standards (next day service) this may have resource implications on those authorities that currently do not operate at the higher level. It is recommended that initially, a minimum standard response time to service requests of 3 days will be adopted, with a target of next day. Priority will always be given to infestations having public health implications. Further work will be carried out to harmonise operating procedures, performance monitoring and the range of ancillary services provided.
56. The current levels for Pest Control charges are attached as Appendix 9a.
57. The proposed revised charges are attached as Appendix 9b

#### Estate Fees

58. Estate Service charges are discretionary.
59. Each Council operate differing levels of surveyors fees levied in respect of Wayleaves, Easements, Grazing licences, Garden Land sale, Covenants, Garage Rents and Allotments. These need to be harmonised to ensure parity of fee for service provided.
60. The current levels for Estate charges and the proposed harmonised charges are attached as Appendix 10.

#### Public Registers

61. Fees for copies of public registers including Food Premises Register, Contaminated Land Register, Pollution Prevention and Control and Cooling Tower Notifications are discretionary.
62. Whilst most enquiries received relate to viewing the public register, requests are received infrequently for copies or extracts of the register to be provided.
63. There is a variety of different charges levied for the reproduction of extracts or full copies of relevant public registers with some authorities not making any charge and others applying differing levels of fees. The complete picture is unavailable but would be typically unrepresentative as requests are limited and very ad-hoc.
64. It is proposed that the full cost of reproducing an extract or full copy of any relevant information is recovered and there will be a minimum charge of £5.00 (inc VAT) plus 10p (inc VAT) per sheet, applied to all copies produced.
65. The introduction of this proposal will have little impact on all Districts and although the authority would be able to recover associated costs, it is expected that the income would be insignificant.

### Contaminated land enquiries

66. Fees in respect of Contaminated Land enquiries are discretionary charges.
67. Enquiries of a non statutory nature which are not related to the public register often involve a number of different queries and interrogation of a variety of different information sources. As such, enquiries of this nature can take up a considerable amount of Officer time.
68. With the exception of Easington DC who currently charge a flat fee of £50.00, there are no other authorities who charge for this service.
69. It is proposed that a charge of £30.00 (inc. Vat) per hour, with a minimum charge of £15.00 (inc. VAT), is introduced to allow the authority to recover it's costs for this service.

### Technical Reports / Immigration reports

70. Fees in respect of technical reports and immigration enquiries are discretionary charges.
71. There are currently no fees and charges applied for the production of specialist technical reports / immigration reports within any of the existing District Authorities.
72. Requests can be received from a variety of customers including external solicitors and immigrants in relation to specialist / technical issues including accident investigations, infectious disease outbreaks, housing conditions and overcrowding. Often these involve site visits and can take up a considerable amount of Officer time.
73. For the purposes of applying this charge, requests for information made under the Freedom of Information Act 2000 are not included.
74. It is proposed that a charge of £30.00 (inc. Vat) per hour with a minimum charge of £15.00 (inc. VAT), is introduced to allow the authority to recover the costs for the provision of this service.

## **Postponed Harmonisation**

### Supported Housing

75. There are 3 separate contracts in place in Easington District, City of Durham District and Sedgfield Borough Council's by 3 different providers and each authority offers differing levels of service provision and support to the elderly and vulnerable. In relation to the service provision and associated charges this will be subject to a root and branch review within 2009/2010 onwards for the three contracts. It is anticipated that this may be harmonised within a 2 year time period.



#### Home Improvement Agency Fees

76. The Home Improvement Agency services support the determination of disabled grants or decent homes grants and currently the level of service differs from District to District. This service is currently provided by Sedgefield Borough Council via an in-house provider and the other District Council's are delivered via external contracts. This service will be subject to a full review pending new contracts being issued for 2010.

#### Housing 'Selective Licensing'

77. Sedgefield Borough Council and District of Easington Council have both implemented 'Selective Licensing' schemes whereby problematic private housing areas are targeted with a registration and licensing scheme for private landlords who must comply with specified letting and tenant management criteria. The two schemes will operate with some differences in terms of levels of service and license conditions as well as having independent fee structures. There is a need to review both schemes with a view to harmonisation as part of a County-wide approach, but this is not an exercise which need necessarily be achieved by vesting day. District of Easington Council has only recently received the Secretary of State designation of the Selective Licensing Order and the fees approved have recently been publicised. It may be that any proposed fee change may be subject to consent by the Secretary of State.

#### **Harmonisation Not Required**

78. For the following fees and charges, there are no plans to harmonise and the rationale behind these proposals is included:

#### Tenancy Reference

79. This charge only applies to City of Durham housing stock and is in relation to a tenancy reference for mortgage companies for those tenants who are exercising their Right to Buy option.

#### Furniture Pack Charges

80. This charge only applies to Durham City Council who has a current ongoing contract with Your Homes Newcastle in order to provide a range of four different furniture package options. However East Durham Homes (ALMO) also has a contract with Your Homes Newcastle but no harmonisation is required as the ALMO continue with a separate contract.

#### Housing Repairs and Recharges

81. East Durham Homes, Dale and Valley Homes and Durham City Council will continue to recharge for damage to the housing stock that has been repaired as a result of a malicious act. The amount recovered will depend

upon the damage - broken window, door etc and is based on individual schedules of rates and therefore cannot be harmonised.

### **Phased Harmonisation**

82. This section refers to the services where it is proposed that the harmonisation process should be phased and includes the justification for that recommendation.
83. The rationale for a phased approach to the fees and charges set out below is to enable Cabinet to request the Scrutiny Committee to review these proposals in depth given the potential impact of the harmonisation proposals.

### Bereavement Services

84. Bereavement services charges are discretionary.
85. The fees associated with burial services have been benchmarked with other local authorities and harmonised charges are proposed to make bereavement services equitable and fair across the County. The fees and charges proposal will maintain existing levels of income.
86. In terms of policy improvement, the headline for the new authority is that Durham County Council will not charge for the internment of any child under the age of 16 and will not charge any additional fee for burials on Saturdays. This is a significant concession over existing policy.
87. In terms of wider policy issues, only the City of Durham Council correctly allow kerb surrounds and a service harmonisation project will be undertaken by the Head of Direct Services in due course to equalise this policy.
88. The current levels for burial services are attached as Appendix 11a.
89. The proposed revised charges are attached as Appendix 11b
90. There is a foot note to indicate that all bereavement fees are to be doubled for non-residents of Durham County Council. The rationale behind this is to avoid burial land was becoming used up by residents living outside the county and putting a strain on current land availability. It also mirrors best practise in other authorities.

### Trade Waste Charges

91. Waste collection authorities have a statutory duty to make arrangements for the collection of commercial waste where requested to do so. In practice, this can either be directly or through a third party on behalf of the authority. Commercial waste is defined as "trade waste from premises used wholly or mainly for the purposes of trade or business or the purposes of sport, recreation or entertainment".

92. Five out of seven waste collection authorities exercise their statutory obligations through the direct (in house) provision of trade waste collection services, currently to 3022 clients, subject to annual contracts. Two Districts (Wear Valley and Durham City) do not provide a direct service although would respond to requests if these were made. There are a number of private companies offering trade waste collection services, and these operate throughout County Durham, often independently from the Council.
93. Whilst at some stage in the future Members may wish to consider options around continued “in house” provision in the areas where it is provided, it is not considered practicable that this is done prior to vesting day, given the need to avoid any service disruption to existing customers. The proposals for harmonisation in the interim are:
- Service Charges
  - Contracts and Controlled Waste Transfer Notes.
94. The current levels for Trade Waste Charges are attached as Appendix 12a.
95. The proposed revised charges are attached as Appendix 12b
96. It can be seen from Appendix 13a that the charges for waste collection vary quite dramatically between authorities and whilst clearly there is the potential for harmonisation of charges, this would be a significant increase if introduced in one go. Furthermore, a risk with standardising charges is that they are less reflective of real costs. For example a regular trade waste collection to a single shop within a rural village is likely to be more expensive in reality than the same service from one in a group of shops in an urban area.
97. Irrespective of the above differences, the rising costs of landfill tax (£8 per tonne increase per year) means that the existing trade waste disposal costs to the Council are likely to rise by £61,759 from tax alone each year. This would need to be passed onto the businesses, if increased costs to the Council are to be avoided.
98. The proposal at 12b suggests a staged harmonisation of Trade Waste Charges over two years in order to soften the impact for businesses

#### Bulky Goods Collection

99. Councils are legally required to collect household waste. Whilst we are required to empty receptacles free of charge, charges may be applied for the removal of additional bulky items that cannot be fitted into the wheelie bin and there is discretion regarding the level of charge, which can only be reasonable.

100. At present there is a wide variance across the Waste Collection Authorities (Districts) for the removal of bulky household items. All however distinguish between moveable household items (beds, sofas, tables etc), which are cheaper for residents (or free of charge), compared to the costs of removing fixtures, fittings (baths, fireplaces etc) and other items relating to home improvements. The increased charge levied is a reflection of the need to avoid subsidising businesses that are under their own statutory obligations for the removal of trade waste.
101. The current levels of charges for collecting bulky goods are attached as Appendix 13a.
102. The proposed revised charges are attached as Appendix 13b.
103. The proposal suggests applying charges more in line with higher rates from existing charging councils in the County.
104. In proposing harmonised charges, consideration of the following factors was undertaken;
  - The service is popular across County Durham with over 84,000 service requests in 2007/8 (equates to 330 calls a working day). If there are changes, it will be important to communicate this effectively to residents, explaining the reasons for this.
  - In line with the vast majority of Councils, there are currently no concessionary prices with the existing schemes. Whilst this would be an option it would provide significant challenges to have a CRM with relevant data sources in place to have an efficient system for administration. This will not be in place for 2009/10 and more likely sometime in 2010/11.
  - Expenditure on this service in 2007/8 was approximately £1,076,000, generating an income of £172,000 leaving a net cost of around £904,000. In theory, applying “reasonable costs” could therefore mean scope to increase charge to households that utilise the service.
  - There are clear links between service charge (or lack of it) and demand. For example in Derwentside (40,500 households) a charge of £10 per 6 items is levied, there were 7340 requests. However in Easington (43,000 households), where many items are collected for free, there were 27,484 requests. This is not surprising, but it will be important to take into consideration when assessing options. Reducing charges may increase demand and costs of the service, whereas increasing charges are likely to have the opposite effect.
  - There is no clear evidence linking increased charges to fly-tipping, although of course this remains a risk. Analysis of fly-tipping statistics reveal that whilst some authorities that charge have higher

rates of fly-tipping than those that don't, this is not a consistent pattern. Circumstantial factors are more likely to have an influence here, including availability of household waste sites, level of enforcement and ease/opportunity for fly-tipping. Indeed when these charges were introduced in several areas, there was no elevation in incidents as might be expected if there was a cause and effect link.

- Some customers are confused by the existing arrangements that have limits on the quantity of items they can dispose for a given rate, and different charges applying to different items. There may be scope for a more simplified approach, unifying charges for all items.
105. This option would achieve early harmonisation within 1 to 2 years, be consistent with many other authorities and provide an estimated increase in income of around £250,000, helping to offset the costs of this subsidised service.

### **Other Considerations**

106. It should be noted that many of the fees and charges harmonisation decisions may impact upon service delivery. For example, standardising a fee for enforcement of dropping litter across the whole of the County including areas not previously covered may necessitate a review of Streetscene operatives /Neighbourhood Wardens and their remit. This will form the basis of a separate exercise to be undertaken to harmonise service standards.

### **Recommendations**

107. Members are asked to approve the approach adopted and the proposed changes identified to harmonised fees and charges.
108. Members are asked to approve the approach adopted towards the proposal for postponing certain harmonised fees and charges.
109. Members are asked to approve the approach adopted towards the proposal for not harmonising fees and charges for Housing related services.
110. That Cabinet request Scrutiny Committee to support a review of the proposals for Bereavement Services, Trade Waste and Bulky Goods collection fees and charges.

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