
OSMC Review of Fees and Charges

Committee considering report:	Overview and Scrutiny Management Commission
Date of Committee:	25 January 2022
Portfolio Member:	Councillor Ross Mackinnon
Date Portfolio Member agreed report:	
Report Author:	Melanie Ellis
Forward Plan Ref:	

1 Purpose of the Report

- 1.1 To provide information on fees and charges to the Overview & Scrutiny Management Commission (OSMC). The Council receives substantial levels of income through a wide range of fees and charges. This income is split between discretionary charges and statutory charges; even with this latter element there is still some flexibility of income either through adjusting the charge or through the volume of income through increased or decreased activity. The Council's financial position remains constrained and income is one area always to consider and this this report is for OSMC to consider further options available for charging.

2 Recommendation

- 2.1 For the OSMC to review the information in the report on fees and charges.
- 2.2 To consider a review of the following areas:
- (a) New proposals on planning income
 - (b) Leisure strategy and fees and income arising from this
 - (c) Other opportunities for commercial charging in the Place Directorate.

3 Implications and Impact Assessment

Implication	Commentary
Financial:	£30m fees and charges income budget.
Human Resource:	n/a

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Legal:	Some charges are governed by statute.			
Risk Management:	n/a			
Property:	Commercial property rent is detailed as part of the report.			
Policy:	None specifically			
	Positive	Neutral	Negative	Commentary
Equalities Impact:				
A Are there any aspects of the proposed decision, including how it is delivered or accessed, that could impact on inequality?		y		Could be a positive or negative impact depending on the outcome of the review
B Will the proposed decision have an impact upon the lives of people with protected characteristics, including employees and service users?		y		Could be a positive or negative impact depending on the outcome of the review.
Environmental Impact:		y		
Health Impact:		y		
ICT Impact:		y		
Digital Services Impact:		y		

Council Strategy Priorities:		y		
Core Business:		y		
Data Impact:		y		
Consultation and Engagement:	Corporate Board Portfolio Holder (Finance, Property & Economic Development)			

4 Executive Summary

- 4.1 The Council receives substantial levels of income through a wide range of fees and charges. This income is split between discretionary charges and statutory charges; even with this latter element there is still some flexibility of income either through adjusting the charge or through the volume of income through increased or decreased activity. The Council's financial position remains constrained and income is one area always to consider and this this report is for OSMC to consider further options available for charging.
- 4.2 West Berkshire Council budgeted £32m from fees and charges in 2020/21, which represents 9% of total budgeted income. Actual income received from fees and charges was £25m, with the majority of the £6.6m shortfall being in car parking, adult social care client income and commercial property.
- 4.3 The impact of the Covid-19 pandemic was significant, as can be seen by the drops in income vs budget for the year. The Council was recompensed by Central Government for some lost income, with a scheme incorporated that meant the Council picked up the costs of the first 5% of the losses, plus a share of 25% of the remaining lost income, with Government contributing 75%.
- 4.4 Fees and charges for the last five years are shown in the table below, with income to date shown for 2021/22.

Year	Budget	Income	Variance
2016/17	-21,590,720	-22,513,086	-922,366
2017/18	-22,205,650	-23,201,457	-995,807
2018/19	-28,010,980	-28,367,472	-356,492
2019/20	-31,415,230	-31,242,078	173,152
2020/21	-31,556,640	-24,942,714	6,613,926
2021/22	-29,600,060	-21,338,603	

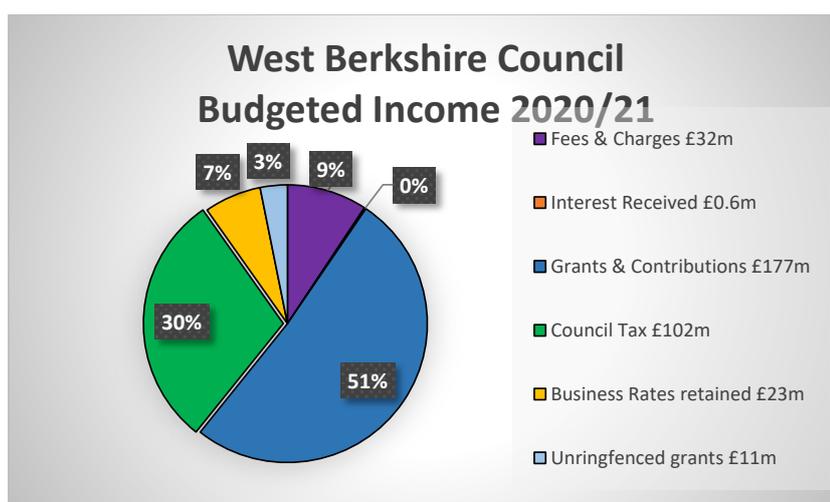
5 Supporting Information

Introduction

- 5.2 Statutory services are those services that an authority is mandated to or has a duty to provide. Fees and charges in respect of these services are either set centrally or based on full cost recovery.
- 5.3 The Local Government Act 2003 includes a general power for local authorities to charge for discretionary services. Additions or enhancements to mandatory services above the standard that an authority has a duty to provide may be provided as discretionary services.
- 5.4 The Council may generate income from the public through charging and trading for services that exceed the statutory requirements or are added value optional services, such as pre-application planning advice.
- 5.5 In general terms, the Council may not make a profit on its charging activities, or subsidise other services, and cannot charge for services that customers do not choose to use. A profit may be determined as a surplus received in excess of the full cost of delivering the service. Full costs includes all direct costs, such as pay and materials, and also indirect costs including overheads such as finance, accommodation, HR and ICT.
- 5.6 The law is complex and some services and charges are bound by further specific legislation. Services are expected to be aware of the legislative context that applies to their area of responsibility and seek advice as required from Legal Services.

West Berkshire Fees and Charges

- 5.7 West Berkshire Council budgeted £32m from fees and charges in 2020/21, which represents 9% of total budgeted income.



- 5.8 Actual income received from fees and charges was £25m, with the majority of the £6.6m shortfall being in car parking, adult social care client income and commercial property. A detailed breakdown by category is show in the following table.

OSMC Review of Fees and Charges

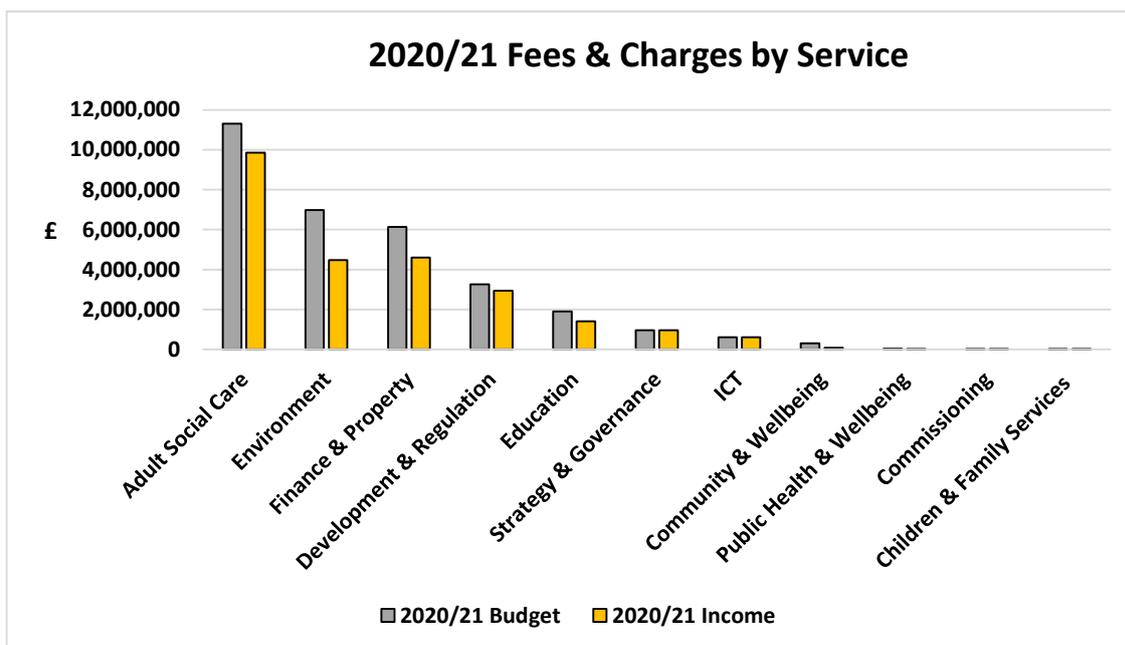
Line	Description	2020/21 Budget	2020/21 Income	Budget Variance
1a	Sale of Publications	-13,540.00	-3,400.66	10,139.34
1b	Sale of Publications Libraries	-8,310.00	-632.16	7,677.84
2	Local Lottery Income	0.00	-5,217.50	-5,217.50
3	Catering Sales	-103,690.00	-23,144.17	80,545.83
4a	Misc Income	-46,590.00	-126,205.27	-79,615.27
4b	Green waste household charge	-1,557,700.00	-1,778,066.28	-220,366.28
5	Sundry Sales	-387,860.00	-272,397.79	115,462.21
6	Hire Charges	-53,990.00	-385.47	53,604.53
7	Lettings	-163,520.00	-77,162.29	86,357.71
8	Activities	-96,070.00	-48,623.83	47,446.17
9a	Fees	-1,106,170.00	-1,600,245.05	-494,075.05
9b	Fees Planning	-1,495,890.00	-1,232,381.30	263,508.70
9c	Fees Registrars	-340,170.00	-148,456.49	191,713.51
9d	Fees Traffic	-10,000.00	-118,074.00	-108,074.00
10a	Charges	-928,590.00	-529,578.83	399,011.17
10b	Charges HTST	-460,440.00	-242,342.40	218,097.60
10c	Charges Traffic	-123,540.00	-104,465.35	19,074.65
11	Licences	-977,240.00	-939,556.03	37,683.97
12	Car Park Income	-4,049,460.00	-1,424,454.29	2,625,005.71
13a	Client Income	-11,087,160.00	-9,522,330.61	1,564,829.39
13b	Client Annual Administration Fee	-29,170.00	-24,987.82	4,182.18
14a	Rent	-211,360.00	-188,009.43	23,350.57
14b	Rent KEC	-44,060.00	-39,711.17	4,348.83
14c	Rent LRIE	-409,640.00	-424,303.00	-14,663.00
14d	Rent Commercial	-4,407,240.00	-2,982,525.25	1,424,714.75
14e	Rent - Caretaker Deductions	-46,830.00	-42,029.52	4,800.48
15	Buy Back	-3,398,410.00	-3,044,028.45	354,381.55
		-31,556,640.00	-24,942,714.41	6,613,925.59

5.9 2020/21 was not a typical year due to Covid-19 with many areas generating lower income levels than usual, particularly in car parking. Fees and charges for the last five years are shown in the table below, with income to date shown for 2021/22.

Year	Budget	Income	Variance
2016/17	-21,590,720	-22,513,086	-922,366
2017/18	-22,205,650	-23,201,457	-995,807
2018/19	-28,010,980	-28,367,472	-356,492
2019/20	-31,415,230	-31,242,078	173,152
2020/21	-31,556,640	-24,942,714	6,613,926
2021/22	-29,600,060	-21,338,603	

Note: the budget increase in 2018/19 was £1m garden waste, £1.7m ASC and £2.5m commercial property

5.10 Fees and charges by service are shown in the following chart; it is important to note that 2020-21 was not a 'usual' financial year for income. The impact of the Covid-19 pandemic was significant, as can be seen by the drops in income vs budget for the year. The Council was recompensed by Central Government for some lost income, with a scheme incorporated that meant the Council picked up the costs of the first 5% of the losses, plus a share of 25% of the remaining lost income, with Government contributing 75%.



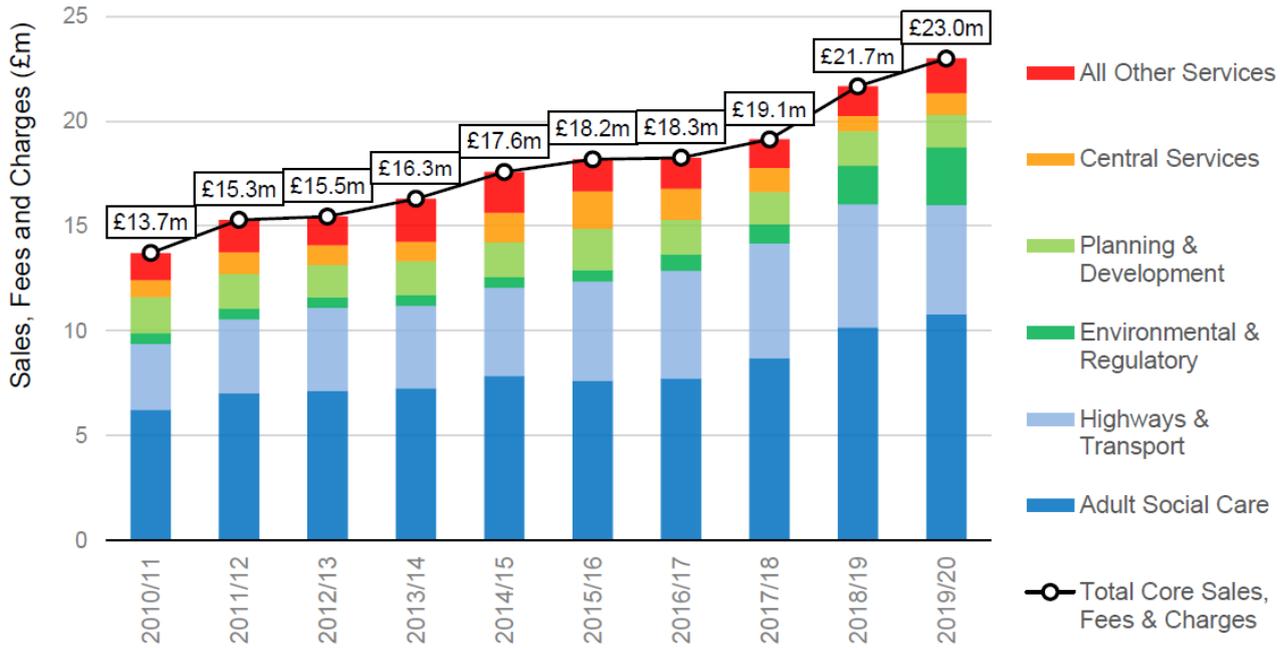
5.11 Councils have the power to charge for certain social care services, and are required to have a charging policy that is demonstrably fair and does not undermine the overall objectives of social care – that is, to promote both independence and social inclusion of service users. West Berkshire Council’s Charging Policy for Adult Social Care services, introduced in 2015, states the individual will have one assessed charge for all services. All services will be added together before a service user is financially assessed. There are generally two types of charges – discretionary and statutory. See Appendix A1 for full details of the 2020/21 charges.

5.12 The Place Directorate has a wide range of fees and charges covering housing, planning, car parking, licencing and public protection, public transport, waste, leisure and registration services. These are a mix of statutory and discretionary fees. The general principal is to increase discretionary fees by CPI in October each year.

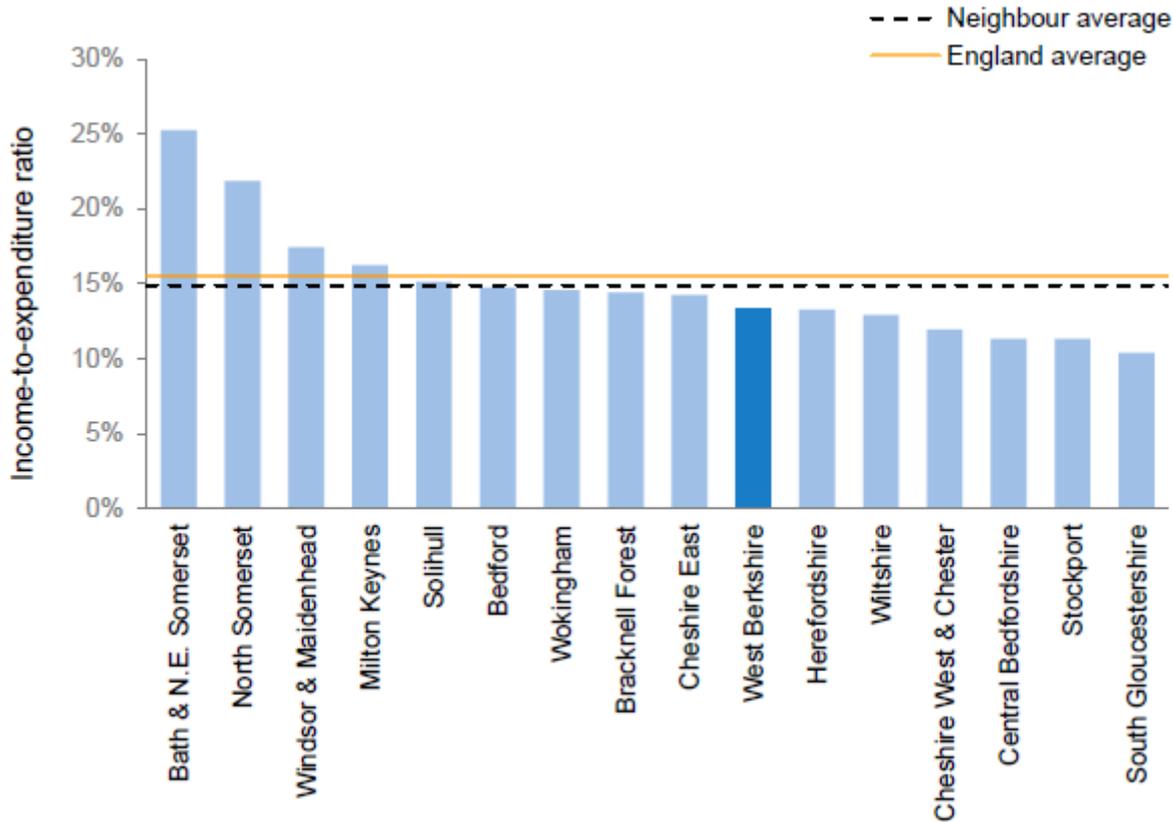
5.13 The Resources Directorate charges for land charges and legal fees, social care training and council tax recovery.

5.14 The following chart shows the West Berkshire composition of core sales, fees and charges. The totals differ slightly from the analysis above due to the way fees are reported to central Government vs our internal reporting.

OSMC Review of Fees and Charges



5.15 The following chart, from LG Futures analysis, shows West Berkshire income to expenditure ratio compared to our nearest neighbour (similar) authorities. It shows us slightly below average.



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5.16 Direct comparisons can be difficult on certain levels of fees and charges; for example, if there are major tourist attractions nearby then this will likely mean an increase in car parking income, and as raised previously 2020-21 will further distort this.

Proposals

5.17 For the OSMC to note and comment on the report with any recommendations for the Executive.

5.18 Those areas that may be of interest initially to members could include:

- (a) New proposals on planning income
- (b) Leisure strategy and fees and income arising from this
- (c) Other opportunities for commercial charging in the Place Directorate.

6 Other options considered

6.1 N/a

7 Conclusion

7.1 The report provides a summary of the current fees and charges, comparator total income and specific areas of greater or lesser discretion.

8 Appendices

Appendix Ai to iii – Existing fees and charges 2021-22

Background Papers:

Revenue Budget papers 2021-22

Subject to Call-In:

Yes: No:

The item is due to be referred to Council for final approval	<input type="checkbox"/>
Delays in implementation could have serious financial implications for the Council	<input type="checkbox"/>
Delays in implementation could compromise the Council's position	<input type="checkbox"/>
Considered or reviewed by Overview and Scrutiny Management Committee or associated Task Groups within preceding six months	<input checked="" type="checkbox"/>
Item is Urgent Key Decision	<input type="checkbox"/>
Report is to note only	<input type="checkbox"/>

Wards affected: All

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