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# Revenue Budget 2022/23 Including Proposed Fees and Charges Schedule

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Committee considering report:	Joint Public Protection Committee
Date of Committee:	13 September 2021
Chair of Committee:	Councillor John Harrison
Date JMB agreed report:	23 August 2021
Report Author:	Sean Murphy
Forward Plan Ref:	JPPC4066

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## 1. Purpose of the Report

- 1.1 To set out the draft revenue budget for 2022/23 including fees and charges and to seek approval for the draft budget and draft fees and charges schedule prior to submission to Bracknell and West Berkshire Councils in accordance with the Inter-Authority Agreement (IAA).

## 2. Recommendations

### That the Committee:

- 2.1 **CONSIDERS** the draft revenue budget including the fees and charges set out in this report.
- 2.2 **AGREES** the new percentage split set out in Column 3 of the table at Paragraph 5.7 to this report.
- 2.3 **RECOMMENDS** to partner Councils the contributions set out in paragraph 5.7 (total net revenue budget of £2.642M) below along with the fees and charges set out in **Appendix A**.
- 2.4 **RECOMMENDS** to partner Councils that they consider the growth bids identified in paragraph 5.6 below.
- 2.5 **APPROVES** that the policy position in relation to monies received under the Asset Recovery Incentivisation Scheme (ARIS) approved at its meeting on the 14<sup>th</sup> March 2017 remains the policy to be applied to spend / allocation of any monies received under the scheme.

### 3. Implications and Impact Assessment

Implication	Commentary
<b>Financial:</b>	<p>The net revenue budget for the PPP service in 2021/22 was set at £3.876M which included the contribution from Wokingham. Without the contribution from Wokingham the net contribution would have been £2.550M</p> <p>The recommendation by Joint Management Board (JMB) is for an amended base budget, of £2.642M which takes account of changes to the salary base.</p> <p>In addition the new two authority service is seeking an increase in revenue contribution of £418K per annum. This consists of £268K contribution to maintain management capacity and £150K contribution to manage increased demand in respect of private sector housing and commercial nuisance and planning work.</p> <p>The fees and charges proposed are set out in <b>Appendix A</b> to this report. These are either statutory fees where any variance will have been set by law or discretionary fees. In respect of the discretionary fees these are based on the principle of full cost recovery agreed previously by this Committee.</p> <p>For the avoidance of doubt any grant funding received under the Proceeds of Crime Asset Recovery Incentivisation Scheme does not form part of the PPP revenue budget. This has been agreed by the Committee previously.</p> <p>The PPP continues to receive additional Covid funding in 2021/22. It is estimated that the full year effect of this will be in the order of £250K. This funding is being provided by all three PPP partner authorities.</p>
<b>Human Resource:</b>	<p>If the addition investment sought in this report is approved it would result in the recruitment of an additional three officers with specialist backgrounds in housing and environmental protection. It would also mean that the service would be able to largely keep intact the current management structural arrangements in the short to medium term. Much however will depend on the disaggregation of the service as a result of Wokingham's move to an in-house service.</p>
<b>Legal:</b>	<p>The IAA that set up the Partnership effectively delegates responsibility for the strategic direction of the PPP to the Committee. The responsibilities of the committee are set out in Schedule 1 to the agreement.</p> <p>Included is the responsibility to propose a fee structure, annual budget to the Councils and agree any variations to the budget.</p>

	It also has the responsibility to set out a proposal for the agreed percentage figures. The agreement requires that these should be submitted by 30 <sup>th</sup> November in year preceding the effective implementation date or other such date agreed by the Councils. It remains at all times the responsibility of the partner Councils to set their own budgets including fees and charges having received the recommendation of the Committee.			
<b>Risk Management:</b>	<p>At previous meetings the Committee has been updated on risks to PPP income. The Covid19 pandemic has significantly impacted many businesses that are currently licenced by the Councils. There does now seem to be some evidence of recovery but it is too early to say what the long term effect will be PPP income levels.</p> <p>The most significant risk arises from the decision by Wokingham Borough Council to leave the shared service arrangement. These risks are being managed by the parties as part of the disaggregation process and the Committee will receive a report at the special meeting arranged for the 1<sup>st</sup> November 2021 on progress.</p> <p>The other area of significant risk relates to service recovery should we see a third wave that requires the re-imposition of business restrictions following the Step 4 easing on the 19<sup>th</sup> July 2021.</p>			
<b>Property:</b>	There are no direct property implications arising from this report.			
<b>Policy:</b>	The Committee has responsibility for setting the strategic direction and policy of the PPP. This includes the maintenance of financial oversight to ensure sound financial management. More specifically the Committee has responsibility for recommending to the Councils a budget that meets its needs along with a proposal for fees and charges.			
	<b>Positive</b>	<b>Neutral</b>	<b>Negative</b>	<b>Commentary</b>
<b>Equalities Impact:</b>				
<b>A</b> Are there any aspects of the proposed decision, including how it is delivered or accessed, that could impact on inequality?		x		Where any decisions are made to change service provision individual impact assessments will be undertaken. There are currently no proposals to disinvest from any services already provided.

<b>B</b> Will the proposed decision have an impact upon the lives of people with protected characteristics, including employees and service users?		x		None
<b>Environmental Impact:</b>			<b>X</b>	The service plays a significant role in the protection of the environment including air quality, land contamination, planning considerations and enforcement of green energy claims. The proposals in this report if accepted will increase capacity in this area as will the £259K two year DEFRA grant funded project on air quality.
<b>Health Impact:</b>			X	The previous meeting of the Committee set the priorities for the service for the next two years. A significant number of these related to protecting and improving health. These included food safety and standards, health and safety, talking fraud, air quality and private sector housing. The increased resource for private sector housing if adopted would further this objective.
<b>ICT or Digital Services Impact:</b>				None
<b>PPP Priorities :</b>				Community Protection; Protection and Improving Health; Protection of the Environment; Supporting Prosperity and Economic Growth The Delivery of Effective and Improving Service Business as Usual
<b>Data Impact:</b>				None

<b>Consultation and Engagement:</b>	The fees for Taxis and Private Hire Vehicles and Private Hire operators will be subject to statutory consultation.
<b>Other Options Considered:</b>	The Councils are currently still considering their wider revenue budgets for 2022/23. Budget setting is being conducted at a time of ongoing uncertainty caused by a number of factors arising from the Covid19 Pandemic. At the time of writing neither of the Councils have indicated savings for 2022/23 for public protection related services but should any council wish to do so the approved methodology is set out at <b>Appendix B</b> to this report. The ability for this Committee to recommend a base budget for 2022/23 is not therefore impaired.

## 4. Executive Summary

- 4.1 The Inter-Authority Agreement (IAA) between the Councils sets out the functions that are delegated to the Joint Public Protection Committee (the Committee) under the terms of the agreement. These include an array of statutory functions relating to private sector housing, nuisance, environmental protection, licensing, trading standards, food safety and standards and health and safety.
- 4.2 The IAA also identifies the key priority areas for the service which are community protection; protection and improving health; protection of the environment; supporting prosperity and economic growth and the delivery of effective and improving service.
- 4.3 In order to deliver these functions for the Councils they are requested on an annual basis to allocate a budget to the Committee. That budget is proposed by the Committee along with a proposed schedule of fees and charges. The total net revenue budget for the service is then divided between the Councils in the agreed percentages.

## 5. Preparation of the 2022/23 Budget

- 5.1 As Wokingham Borough Council have determined to exit the Partnership on the 31<sup>st</sup> March 2022 they do not form part of the 2022/23 net revenue budget. Any 'buy-back' of services by Wokingham will be treated as income and balanced against expenditure in the same way as any other income from services delivered to other parties.
- 5.2 The IAA sets the budget requirements of each authority based on the principle of 'agreed percentages'. In previous years those percentages have represented a three way split between authorities as set out in Column 2 at 5.7 below. For the purpose of the 2022/23 these have been adjusted to a two authority split set out in Column 3 of the same table. These will be kept under review as required by the IAA.
- 5.3 The proposed net revenue budget for 2022/23 is £2.441M and the agreed percentages as set out in Column 3 of Paragraph 5.7 below.
- 5.4 In preparing its recommended budget the Committee is required to consider the following matters:

- The previous expenditure of the PPP and the service levels achieved;
- Any proposals for the development of the PPP and the services it offers;
- Any material changes to the activities of the PPP;
- Any other matters relevant from time to time;
- Development and impact of any efficiencies that could lead to reduced costs; and
- Consider any investment required to realise these efficiencies

5.5 The net revenue budget for 2022/23 has been calculated taking into account:

- The annual cost of living rise based on the assumption of 1.5% in 2021/21 (pay award pending) and 2% in 2022/23
- Estimated salary increases effective from the 1st April 2022
- Any pension and NI adjustments

## 5.6 Emerging Risks and Proposed Mitigation

As part of ongoing discussions at JMB, the PPP have evaluated the risks to successfully delivering the required level of service to the partner Councils. A recurring theme is the lack of management capacity and how this impacts on governance, performance and customer service. A second recurring theme is the increasing demand levels placed upon the PPP during and after the Covid response and recovery. At this stage it is important to highlight the level of investment required to ensure adequate controls are in place to minimise these risks.

The PPP has identified two areas of risk that merit a request for investment. These are as follows:

**Management Capacity:** The Committee have previously received updates on the way the PPP structure has had to adapt to the new demand profile. This has required high levels of flexibility on behalf of all the staff and has been considered a success by both the JMB and Committee.

The impact of Wokingham's termination is a loss of 34% contribution to the management team costs. It is the assessment of the JMB that reducing management by that level would have an unacceptable impact on the ability of the PPP to manage service risks. This equates to a loss of £268k per year.

Based on this assessment a growth bid of **£268k** is being submitted through the appropriate governance groups in both Bracknell and West Berkshire (split 40/60 respectively).

There are additional mitigation measures being negotiated which includes Wokingham deciding to commission some functions and services from the PPP, should this be confirmed the bid could be reduced by 1/3<sup>rd</sup> which equates to £88k, leaving £180k.

If this bid is not supported, the PPP will evaluate service risks and will make the necessary changes to the operational team structures and produce an updated service plan. The most likely outcome will be a reduction in the ability of the PPP to deliver proactive, non-fee earning, programmes in food and feed safety, planning support and reduced business support initiatives.

**Private Sector Housing and Environmental Quality:** There has been a significant increase in both the volume and complexity of work in the Private Sector Housing and Environmental Quality functions of the service. The JMB have received updates on the changing housing market and specifically the volume and nature of development leading to complex investigations. The conversion of industrial and office space to residential which then creates advice and complaint workloads for the PPP through tenants and landlords in the private lettings market. Assessment has also shown that complexity of planning related matters is increasing, due to more developer challenges, Committee decisions and how nuisance (noise, odour, light etc.) from commercial sectors have required significantly more officer time.

Based on current trends and an assessment that these issues are not a short term, the JMB propose a service investment which equates to 3 posts (exact grading and scope to be confirmed) which would cost **£150K** per annum recurring.

If this bid is not supported, the PPP will evaluate service risks and will make the necessary changes to the operational team structures and produce an updated service plan. The most likely outcome will be a reduction in the ability of the PPP to deliver a range of investigations and interventions to deal with poor standards of housing, community nuisance and subsequent increases in service complaints which require management time to respond. Support to planning matters will be affected and the level of automation in complaint investigation will have to increase i.e. standard letters and templates instead of contact with named officers.

5.7 The proposed net revenue contributions for 2022/23 are as follows:

<b>Proposed Budget 2022/23</b>				
<b>Authority</b>	<b>21/22 Budget</b>	<b>22/23 Percentage</b>	<b>Proposed Budget</b>	<b>Proposed Pressure Bid</b>
<b>Bracknell Forest</b>	£1,001,000	39.25%	£1,037,320	£170,000
<b>West Berkshire</b>	£1,549,110	60.75%	£1,605,390	£248,000
<b>Wokingham</b>	£1,326,470	0%		
<b>Total Budget</b>	£3,876,580	100%	£2,642,710	£418,000

5.8 This means that with inflation and adjustments the budget has increased by £93K (excluding pressure bids) although the staff and budgets are hosted by West Berkshire Council it is important to note that these inflationary pressures would have been

experienced by the individual partner councils had the services been hosted individually

- 5.9 At the Committee meeting on the 7<sup>th</sup> November 2019 the Committee approved a methodology for local service reduction should any partner authority wish to propose this. The methodology approved recognised that nature of the partnership and the need to maintain 'agreed percentages' and cover the costs of shared resource with respect to core service delivery costs. The methodology approved can be found at Appendix B.

## **6. Fees and Charges**

- 6.1 At the meeting of the Committee in December 2017 (when it considered the 2018/19 fees and charges) a number of matters were decided. It was agreed that as a matter of principle that all fees and charges should be set on the basis of full cost recovery. In 2018/19 a generic hourly rate for the service was set at £55 p/h as the basis of cost recovery. This was increased in 2019/20 to £57 per hour and was held at this level for 2020/21. For 2021/22 the full cost of the service, including internal support service re-charges (as per Council budget build processes) and the current establishment lists were updated which resulted in a new rate of £59 p/h. Given the uncertainty of the staffing changes for 2022/23 it is proposed to maintain the hourly rate at £59p/h for 2022/23 and conduct a full review once the structure is settled.
- 6.2 Existing discretionary fees and charges have been reviewed and are now largely aligned across the Bracknell and West Berkshire with a few exceptions, the most notable of which is street trading consents which reflects the fact that Bracknell Town Centre is notably a different profile to West Berkshire.
- 6.3 In calculating this fee a range of factors have been considered including the wide variety of council overheads each of the partners must contribute to, the levels of staffing, their costs, contracts and the necessary training to maintain a competent workforce.
- 6.4 The most significant issue this year has been the introduction of the new single system for premises and licences. This will be in place by the 1<sup>st</sup> April 2022 and will improve efficiency in the licensing administration process by allowing on-line applications and automated reminders at key times. It will also allow for on-line payments at the time of application which will significantly reduce the amount of invoicing. The cost recovery aspect of the fees has been considered in this context and consequently a number of discretionary fees have been reduced.
- 6.5 The PPP has also sought to review some of the additional fees that the taxi and private hire trade asked the PPP to consider through the liaison meetings. Having reviewed the fees for drivers a reduction for drivers has been proposed, based on the efficiency gains from the single system efficiency. This has enabled the incorporation of the fees for safeguarding and disability awareness training into the driver licence fee for only a small increase in overall cost. The plan is to deliver this training in house.
- 6.6 The total lost revenue budget from these adjustments will be in the order of £60K per annum. This is a saving that will be passed on directly to the licence holders. This loss of income will be managed through the reconfiguration process for the new two authority Public Protection Service.



- 6.7 All fees proposed by this Committee will be considered by each of the Councils Licensing Committees prior to submission to each full Council as part of the budget setting process. If consultation was felt appropriate it would be for the Licensing Committees to determine as these are local matters. Statutory consultations for taxi and private hire vehicles and private hire operator fees would be conducted as a matter of course

## **7. Capital Investment**

- 7.1 The service has required minimal capital investment. The two areas of capital investment made by the service to date are the establishment and improvement of the PPP office at Theale and the introduction of the single case / premises management system. Both of these are subject to repayment over 5 years. The repayments for the latter are delivered through reduction in software licence costs based on the movement from three to one system. The repayment amounts £5,800 p.a. for Theale and £37,150 p.a. for the single system.

## **8. Concluding Observations**

- 8.1 It is a key responsibility for the Committee to recommend a revenue budget including a fees and charges structure. It also has a responsibility to keep under review the budget and consider the outturn and any variance.
- 8.2 The Joint Management Board has considered the budget in light of the impact of the Coronavirus Pandemic including potential loss of income and one off grant payments covering additional work undertaken by the service during this time. Whilst it remains the view that the integrity of the PPP is best maintained by delivering any savings collectively as has happened in previous years the methodology for local service disinvestment has been agreed should any Council wish to pay a lower contribution than that set out at paragraph 5.7.
- 8.3 It has been a consistent view of Joint Management Board and Committee that cost recovery forms the basis of all decisions relating to the setting of discretionary fees and any other charges or cost recovery levied or otherwise to deliver the service e.g. recovery of court costs.
- 8.4 The recommendations aim to meet the requirements of the IAA, the approved priorities plan and current indicated budget position of the partners.

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## **9. Appendices**

- 9.1 Appendix A – Draft Fees and Charges 2022/23
- 9.2 Appendix B - Agreed Methodology for Localised Service Disinvestment

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## **10. Background Papers:**

- 10.1 PPP Priorities 2021/23 [Report Format for Select Committee Meetings \(westberks.gov.uk\)](https://www.westberks.gov.uk)
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### Is the Report Subject to Call-In:

Yes:      No: X

The item is due to be referred to Council for final approval ☒

Delays in implementation could have serious financial implications for the Council ☐

Delays in implementation could compromise the Council's position ☐

Considered or reviewed by Overview and Scrutiny Management Committee or associated Task Groups within preceding six months ☐

Item is Urgent Key Decision ☐

Report is to note only ☐

**Wards affected:** All Wards

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