

REPORT OF: CHIEF FINANCIAL OFFICER

TO: POLICY AND RESOURCES COMMITTEE

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**INCOME REVIEW
(2020/21 BUDGET SETTING AND MEDIUM TERM FINANCIAL PLAN)**

PURPOSE OF REPORT

1. The purpose of this report is to review fees and charges in advance of the 2020/21 budget process in line with the Fees and Charges Policy but equally in response to the significant financial pressures faced by the Council.

RECOMMENDATIONS

2. Policy and Resources Committee is recommended to:
 - a) approval to the proposed changes to fees and charges as outlined in [Appendix A](#);
 - b) recommend to Council the introduction of charges for missed pest control appointments and hire of Council meeting rooms as set out in the report.

REASONS FOR RECOMMENDATION

3. To implement the Council's Financial Strategy, specifically in support of the 'Charging' theme established as a strategy to contribute to balancing the budget within the Medium-Term Financial Plan.

Background

4. Given the financial constraints facing the Council it is important to explore ways in which additional income can be generated to help mitigate in some way the significant and ongoing reductions in core funding. To that end, the Council reviews its income strategy annually prior to the budget process, in line with the policy on fees and charges.
5. Whilst this report focuses primarily on changes to existing fees there is a proposal to introduce charge for missed pest control appointments and meeting room hire. The proposed new rates of fees and charges form part of an initial set of saving proposals for 2020/21 reflecting the Council's need to reduce net expenditure and achieve a fully self-financing budget.

Proposed Changes to Fees and Charges

6. The link between inflation and general fee increases has become less explicit in recent years as efforts are made to reduce the level of subsidy inherent in some charges and move towards full cost recovery where feasible. That said, for Councillors' information, however, the prevailing annual rate of inflation as at July 2019 was 2.8% (RPI) and 2.1% (CPI)¹.
7. Acceptance of the proposals is estimated to generate an additional c£30k of income in the current year and c£116k for the year 2020/21. A summary of the fee proposals is presented at [Appendix A](#) with further information on Cemetery Fess and Garden waste Collection Charges in [Appendices B](#) and [C](#) respectively. Specific matters are highlighted below:

Cemeteries

8. Service Management has reviewed the current mix of charges and for the purposes of this year's review have proposed a blend of increases which would collectively generate additional income of 12.0%. This is reflected in [Appendix A](#) at line 27. A summary of the proposals for cemetery charges is provided at [Appendix B](#). As Councillors will be aware, it was agreed that the Cemeteries service would become self-financing over a three year period.
9. Special Budget Council agreed to the 2019/20 increase in Cemetery fees at its meeting of the 26th February 2019 but this decision was subsequently reversed in June 2019. Therefore the 2019/20 proposal is resubmitted for approval to implement a 'blended' mix of charges with effect from 1st October 2019, estimated to increase the overall total budget by c12% based on the assumption that volumes are consistent with previous years. The volume reduction in year reflects, in the main, the budget impact of reversing the decision approved in February 2019. A detailed pricing schedule is provided at [Appendix B](#).

Garden Waste Collection Service

10. The proposal for increasing the Garden Waste Collection Charge are set out in [Appendix C](#). Financial modelling on past years data indicates that implementing a higher increase with an Early Bird discount realises less income than if a two year incremental increase is implemented being £3.00 in year one (2020/21) and £2.00 in year two (2021/22). Previous years' data also shows that an increase in price increases has not impacted on take up.

Collection of Household Bulky Waste

11. The existing charge was introduced in 2018/19, being £8.33 (plus VAT, equating to a total charge of £10.00) for the collection of up to 10 items of Bulky Waste. No change to the charge was proposed at the time of the last income review but it was agreed that the number of items per collection be restricted to a maximum of 3 to align with charging policies of neighbouring authorities.
12. The proposal is to increase the charge to maintain alignment with neighbouring authorities for similar services (£13 to £13.5 incl VAT) but increase the restriction to 4 items which in effect keeps the cost per item broadly the same.

¹ Source: www.ons.gov.uk

New Income Generation Proposals

13. In addition to the Income Review proposals presented to Committee in 2018/19, separate charges were approved in year for the following:-

- Houses of Multiple Occupation (HMOs) – increase in licence fee and application fee;
- The introduction of a licensing charge for sites housing Mobile Homes;
- Charging for Food Export certificates;
- Charging for Food Hygiene (bespoke advice).

14. Given the recent introduction of the above charges, no increases to approved fees are proposed at this time.

15. The introduction of new charges are proposed for the following:

- Charge for missed pest control appointments;
- Charges to external bodies for hire of Council meeting rooms.

Missed Pest Control Appointments

16. It is proposed to introduce a charge of £15.00 for each missed pest control appointment to recognise and recover the opportunity costs of such attendance by Council Officers.

Hire of Council Meeting Rooms

17. The Council currently provides meeting room hire to external bodies, free of charge. It is proposed to introduce a standard hourly rate of £35 to contribute to building running costs and the cost of Council officer time incurred in the preparation, setup, cleaning and dismantling of meeting rooms.

18. The above are included in [Appendix A](#) for completeness and to ensure all charges are considered in future annual reviews.

IMPLICATIONS

Policy

19. There are no new policy implications arising from this report. The fees and charges proposed are presented in support of the Council's Fees and Charges Policy and Financial Strategy, in particular the 'Charging' theme.

Financial

20. The financial implications are as set out in the report and summarised at [Appendix A](#).

Legal

21. There are no legal implications arising directly from this report.

Risk Management

22. The risks associated with the recommendations outlined in this report stem from customer resistance to revised charges and / or reputational risks from specific proposals including for example, increases on cemetery fees which can be an emotive topic.

Health and Safety

23. There are no new health and safety implications arising from this report.

Sustainability

24. There are no sustainability implications arising directly from this report.

Community Safety

25. There are no community safety issues arising directly from the contents of this report.

Equality and Diversity

26. No specific issues are considered to result from this review.

APPENDICES

Appendix A – Income Review - 2020/21 Budget.

Appendix B – Cemetery Fees and Charges.

Appendix C – 2020/21 GENERAL FUND REVENUE BUDGET – SAVINGS PROPOSAL (Garden Waste Collection Subscription Fee Increase).

LIST OF BACKGROUND PAPERS: None