

WEST DUNBARTONSHIRE COUNCIL

Report by the Executive Director of Corporate Services

Council – 28 October 2009

Subject: Review of Sales, Fees and Charges

1. Purpose

- 1.1 The purpose of this report is to request Council approval for a mid year increase to the levels of existing sales, fees and charges and to recommend the introduction of some additional charges on new income streams.

2. Background

- 2.1 Historically, the Council has reviewed the levels of sales, fees and charges during the annual budget exercise with increases being approved to commence on the 1 April each year.
- 2.2 The Council faces a number of material budget pressures in the current year 2009/10 with further significant budget gaps forecast for 2010/11 and 2011/12.
- 2.3 As a result, the Strategic Finance Working Group (SFWG) has asked that the Corporate Management Team (CMT) give consideration to the potential for increasing Council-set sales, fees and charges mid-year (2009/10). The CMT has considered this and this report recommends a number of proposed increases and in addition identifies a number of new income streams which the CMT feels could be introduced.
- 2.4 The Council continues to provide some non statutory services free of charge and others at income levels far below the cost of providing the service.
- 2.5 It is recognised that in the current year some income streams are struggling to meet the current budget levels due to a reduction in demand levels. The CMT recognise that to increase some of these income streams further may not deliver the anticipated increase in income levels and in some cases, may reduce them further than the current expected levels.

3. Main Issues

3.1 Review of Current Charging Policy

3.1.1 Departments have reviewed all current income lines within the budget to assess:

- (a) Is the charge fixed by statute/ external agreement (e.g. Health Board)
- (b) Is the charge linked directly to levels of expenditure – such as recharges of staff costs?
- (c) Does the income stream affect internal charges to other departments, i.e. an increase in charge would not bring in additional cash to the Council?
- (d) Is the annual estimated income level likely to be achieved or is there a current year burden?
- (e) Is the income stream a high risk for increased prices leading to reduced demand?

3.1.2. Appendix A is attached which details external income streams totalling £9.323m, for which the Council has direct control over charging policies. This schedule also assesses the risk to demand of the potential increases.

3.1.3. Three options have been identified for increasing charges mid-year from 1 December 2009. Appendix A identifies the likely financial impact to the Council i.e. how the options would affect the remaining budget in 2009/10 (4 months) and the annual impact in 2010/11 (assuming no further inflationary increase from 1 April 2010 on those assumed to increase 1 December 2009). This is summarised in the table below:

Table 1

| | Option | 2009/10 part year impact | 2010/11 full year impact |
|---|--|---|---|
| | | £000 | £000 |
| A | 5% increase on all charges identified | 155 | 466 |
| B | 10% increase on all charges identified | 311 | 932 |
| C | Increase only on charges identified as low risk by departments – at % identified as low risk (5% or 10%) | 160 | 481 |

3.1.4. There are a few current charges which have been assessed within Appendix B as possibilities for increases beyond the 5% or 10% noted in Appendix A - particularly within Social Work and Education. Any agreement for increases to these particular charges within the recommendations detailed in Appendix B would be instead of the increases as laid out in Appendix A.

3.2 Identification of Possible New Charges

3.2.1 Departments have reviewed all current non-statutory services provided free of charge by the Council to assess:

- (a) Number/ type of users likely to be affected
- (b) Costs borne by the Council
- (c) Likelihood of achieving income levels

3.2.2 Appendix B identifies possible income streams from the introduction of new charges, the likely income value which could be achieved in 2009/10 (assumes introduction from 1 December 2009) and in 2010/11 (full year). Additional comments are noted where appropriate. The table summarises the information:

Table 2

| | 2009/10 part year impact | 2010/11 full year impact |
|--|---|---|
| | £000 | £000 |
| Educational and Cultural Services | 75 | 225 |
| Housing Environmental & Economic Development | 27 | 230 |
| Social Work and Health Improvement | 406 | 1,220 |
| Total | 508 | 1,675 |

3.2.3 The above table assumes that new charges could be introduced from 1 December 2009. Should it be determined that a period of public consultation on new charges be required then the income generated in 2009/10 will be limited to the period remaining after any such consultation.

3.2.4 It has been assumed that no inflationary uplift would be made to any new income streams agreed for 2010/11 budgetary purposes.

3.3 Departmental Review

3.3.1 This proposal has been brought forward to help to address the exceptional financial circumstances facing the Council. In preparation of this report, a full departmental review of all income streams was undertaken. It would be helpful if any member wishing further information on the potential impact of any of the proposed charges on service users, could make contact with the relevant Executive Director in advance of the meeting.

4. Personnel Issues

4.1 Processes would be required to be introduced to ensure appropriate new charges were invoiced where necessary.

5. Financial Implications

5.1 Assuming an increase in charges as considered appropriate from 1 December 2009, additional income could be budgeted in the current year of between £0.155m and £0.311m. Full year impact would be between £0.466m and £0.932m.

5.2 Assuming an introduction of charges as considered appropriate from 1 December 2009, additional income could be budgeted in the current year of £0.508m. Full year impact would be £1.675m.

6. Risk Analysis

6.1 The increase in introduction of charges could have a detrimental effect on demand and as such the levels of additional income anticipated may not be fully achieved.

6.2 The increase in particular charges would have a financial impact on service users. Departments have tried to assess this impact within their analysis and recommend the introduction/ level of charges having the least impact on users considered to be at higher risk (financial and personal) due to their personal circumstances.

7. Conclusions and Officers' Recommendations

7.1 The CMT has considered this review and is making recommendations to Council to introduce a mid-year increase to sales, fees and charges and also to consider the introduction of some new charges from 1 December 2009.

7.2 Members are asked to agree:

(a) An increase of current charges per Option C in table 1 (detailed Appendix A) from 1 December 2009. No inflationary increase to these charges would be assumed from 1 April 2010. This is estimated to generate an additional £160,000 in 2009/10 with a full year yield of £481,000 in 2010/11

(b) The introduction of new charges per table 2 (detailed Appendix B) from 1 December 2009. No inflationary increase to these charges would be assumed from 1 April 2010. This is estimated to generate an additional £508,600 in 2009/10 with a full year yield of £1,675,700 in 2010/11.

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Date: October 2009

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Appendix Appendix A: Review of Current Charges
Appendix B: Identification of Possible New Charges

Background Papers: Departmental submissions
Departmental charging policies

Wards Affected: All