
BUDGET STRATEGY – CHARGES

1 PURPOSE

- 1.1 Prior to the determination of the schedule of charges, Members will be required to agree the policies relating to those charges.

2 BACKGROUND

- 2.1 The Audit Commission issued a report entitled “The Price is Right”. This report advocates that before a charge is set, the Authority addresses a number of key points. These points also fit into the Best Value approach to services. The setting of charges not only produces revenue for the Authority but is also a means of achieving Corporate Objectives.
- 2.2 It is unlikely that all the issues raised in this report can be resolved for the determination of charges for 2002/03. It is however the start of the process to look at the policy issues behind the charges. This will then lead on to the determination of the actual charges at a later date.
- 2.3 The key questions for charges are:-
- Why are we providing the service at all?
 - Who benefits from the service – individuals or the wider community?
 - If charges do not cover costs, why do we subsidise it?
 - What is the Council trying to achieve by subsidising the service?
 - Are the subsidies general or directed at a particular client group?
 - How do users value the service/what charges are acceptable?
 - What is the connection between the charges and the Council’s objectives?
 - What research should be undertaken to enable an informed decision on charges and that the policies are successful?
 - What changes are planned for the service that would have an impact on charges and charging policy?
- 2.4 The Council’s schedule of Discretionary Charges runs to ten pages and covers all areas of the Council’s activities. This report is regarded as the first stage of the process and deals only with the major areas of income where the Council has a large discretion in the setting of charges.
- 2.5 The following list shows those for consideration, the sums included within the estimates for 2001/02 in respect of both incomes raised and net expenditure.

Description	Income from Charges £	Net expenditure (Income) £
Local Land Charges	275,000	(200,300)
Cemeteries and Churchyards	58,500	44,100
Hackney Carriage Licensing	54,800	15,165
Car Parking	515,300	(147,070)

Building Control fees have not been included in the above list as charges are set to cover costs over a 3 year period and Building Control is part of a Best Value Review currently being undertaken.

- 2.6 Eventually the Council will be required to consider all the charges within the charge schedule and also any areas where charges are not currently applied. Members will also need to assess new services using the same criteria as shown here. The first issue that may well be covered by this approach is likely to be Decriminalised Parking.
- 2.7 Although this approach to charges cover much of the ground of a best value approach it does not give the additional weight to customer focus. Therefore as part of the consideration of this report the question of the views of the customers needs to be considered. This is perhaps the issue to be considered when posing the question how do users value the service/what charges are acceptable.

3 LOCAL LAND CHARGES

- 3.1 The schedule for Local Land Charges is shown as Appendix A. The majority searches are in relation to residential properties and the most typical charge is therefore £115.00 (£ 110 plus £5 statutory charge)

3.2 Why are we providing the service at all?

There is a statutory duty to provide a Land Charges Register.

3.3 Who benefits from the service – individuals or the wider community?

Everyone in the community benefits from clear knowledge about land and property within the District, as all are potential customers. For individual transactions, the benefit is the provision of the information

backed by the liabilities that the Council could incur if the information were judged to be incorrect.

3.4 If charges do not cover costs, why do we subsidise it?

Income covers existing costs, however in the event of major changes to the service, investment would need to be considered. In addition, the service is affected by the demand for searches and therefore the actual income can vary.

3.5 What is the Council trying to achieve by subsidising the service?

Not applicable.

3.6 Are the subsidies general or directed at a particular client group?

The charges are set for transactions and offer no concessions or penalties other than a charge structure that takes into account several parcels of land.

3.7 How do users value the service/what charges are acceptable?

Users have no choice but to use the service provided by the Council. It is assumed that they value the service by the completeness of the information and the speed of response. It is also assumed that customers would be prepared to pay for a quicker response.

In the example of domestic property transactions, the cost of the Land Charges search is minor compared to other costs. The process is capable of speedier progress if Land Registry and Local Authority searches are improved.

3.8 What is the connection between the charges and the Council's objectives?

Current charges allow the Council to employ staff and systems to deliver the standard searches within 10 working days.

3.9 What research should be undertaken to enable an informed discussion on charges and that the policies are successful?

The percentage of standard searches responded to in 10 days is regarded as a good test of service. Research will be directed towards the changes to the service identified below.

4 CHANGES PLANNED FOR THE FUTURE

4.1 The development of electronic service delivery will require further investment in the service. When fully developed, this will enable Solicitors, Estate Agents and individuals to receive instant responses to

their enquiries. This investment is required for 2002/03 onwards. As can be seen charges already cover costs, however, if it is accepted that customers are prepared to pay for a faster service charges could increase by around 15% to allow provision of £30,000 per annum to be used to fund the full conversion to an electronic service.

5 CEMETERIES AND CHURCHYARDS

5.1 A schedule of the current charges is shown at Appendix B. The majority of income relates to internments. The Council has two cemeteries, one in Rayleigh and one in Rochford. The Rayleigh cemetery is now full.

5.2 Why are we providing a service at all?

This is not a statutory service. A number of Parish Councils have their own burial grounds and burials also take place in some churchyards within the District. These facilities would not be sufficient to meet the needs of the District as a whole. There is no other provision within the District. The option will be to direct residents to nearby facilities probably at Southend.

5.3 Who benefits from the service – individuals or the wider community?

Everyone has the potential to use the service; however, many residents may feel no difference towards arrangements within the Hall Road, Rochford Cemetery, or going to nearby Southend.

5.4 If charges do not cover costs, why do we subsidise it?

The current year's estimates shows that there is an estimated net cost of £44,100. No reason could be identified as to why the Council should subsidise this service.

As regard costs, this includes the maintenance of Rayleigh Cemetery, which perhaps could be shown as a closed service, rather than part of the current service. Using broad estimates, this would remove around £20,000 from the costs.

5.5 What is the Council trying to achieve by subsidising this sum?

Not identified.

5.6 Are subsidies general or directed at a particular client group?

There is a general subsidy as shown by the net cost of the service.

In addition the schedule of charges makes an additional charge of 100% if the deceased had not been a Council Taxpayer, inhabitant, or

parishioner within the Rochford District within a period of 3 years prior to death.

Charges are reduced for stillborn and children under 12. There are also discounts for excavation charges where there are more than one internment.

5.7 How do users value the service/what charges are acceptable?

It is assumed that many people have a preference for their arrangements following death. There will also be a preference for those wanting facilities near to their home or in a familiar area. These charges are levied at a time when there is obviously great emotion and where the Local Authority charge is presented alongside other significant costs. Acceptability of charge is therefore a difficult issue. Charges could be increased to cover cost, however it is not known if there will be any effect on the demand for service within Rochford.

5.8 What is the connection between the charges and the Council's objectives?

None identified.

5.9 What research should be undertaken to enable an informed decision on charges and that the policies are successful?

Cost will be separated to identify more clearly the net cost of both Rayleigh and Rochford facility.

The policies shown as unidentified need to be determined.

6 CHANGES PLANNED FOR THE FUTURE

6.1 The Rochford Cemetery is regarded as short/medium life (10 years) and therefore the Authority will eventually be faced with the cost of maintenance of both Rayleigh and Rochford with no fee income.

6.2 Members also need to consider whether a replacement facility is required in the long term and how charges should be structured to achieve this should it become an objective of the Council. The siting of any new cemetery should be included within the Local Plan review.

Summary

6.3 Members should consider the policies towards cemeteries and consider the fee structure in accordance with the Corporate Objectives agreed. Within these policies, setting charges to cover costs should be considered together with policies regarding the long term future of the service.

7 HACKNEY CARRAGE LICENCES

7.1 The schedule of charges is shown at Appendix C. The majority of income relates to vehicle licensing.

7.2 Why are we providing a service at all?

This is not a statutory duty. Prior to our direct involvement, this used to be managed by Southend-on-Sea Borough Council. The service is provided as a basis for the management of the Taxi Service within the District. The separation of the service from Southend has enabled Rochfords objectives to be clearly shown.

7.3 Who benefits from the service – individuals or the wider community?

The residents of Rochford and visitors to Rochford use the service. The service ensures there is a framework within which the taxi economy can operate. Rochford has a high percentage of car ownership and this would therefore suggest that the core usage is by a small section of the community.

7.4 If charges do not cover costs, why do we subsidise it?

The current year estimate show there is a deficit of £15,165, however, recent events suggest that the allocation of management time to this cost centre may have to be increased thereby increasing the overall deficit.

No reason can be identified as to why the Council should subsidise the service.

7.5 What is the Council trying to achieve by subsidising this service?

Not identified.

7.6 Are subsidies general or directed at a particular client group?

There are discounts for the licensing of wheel chair accessible taxis to encourage more for the district. This appears to have reached an optimum level and it is proposed that the discount be removed from the charges for 2002/03.

7.7 How do users value the service/what charges are acceptable?

The taxi trade has no option but to seek licensing. For a typical driver and vehicle (non-wheelchair) the licensing fees are £285 per year or £5.48 per week. With regard to other costs faced by taxi drivers, the licensing fees are not regarded as significant.

7.8 What is the connection between the charges and the Council's objectives?

Apart from wheelchair accessible taxis, none identified.

7.9 What research should be undertaken to enable an informed discussion on charges and the policies are successful?

The Officer time allocated to taxi licensing should be re-assessed and the policies shown as unidentified need to be determined.

7.10 Changes planned for the future

None identified directly relating to the taxi trade however the financial support to Dial a Ride has recently been reviewed. This may have implications for the taxi service.

Summary

- 7.11 Members should consider the policies towards taxi licensing and consider the charging structure in accordance with the Corporate Objectives agreed. Within these policies, setting charges to cover costs should be considered.

8 CAR PARKING

The schedule of charges is shown at Appendix D. The majority of income relates to parking fees.

8.1 Why are we providing the service at all?

This is not a statutory service; however, the Council has to date directly provided the service to ensure that affordable car parking is part of the support facilities for the Rayleigh, Hockley and Rochford centres.

8.2 Who benefits from the service – individuals or the wider community?

Initially those who drive vehicles into the centres, however, it is viewed that without this usage, the centres would not be as economically viable. Rochford residents, workers and visitors use the car parks.

8.3 If charges do not cover costs, why do we subsidise it?

The estimates for 2001/02 show net income of £147,070. This includes asset rentals, however depreciation charges are not included within the revenue estimates. Although these charges are reversed out within the accounts they are present to show the total cost of a service. For the financial year 2000/01 depreciation charges were £234,000 and would therefore result in a loss if these were included within the accounts. Further information will be requested from the Council's

valuers on this issue to ensure that depreciation charges are soundly based.

Subsidies are provided for Saturday afternoon parking, usage within the car parking tariffs, season ticket holders and the prompt payment of fines.

8.4 What is the Council trying to achieve by subsidising this sum?

Free Saturday afternoon car parking is designed to spread the Saturday parking away from Saturday mornings and to generally encourage trade.

The concessions built into the car park tariff structure are, for example, in respect of Websters Way, first half hour 20p; up to 2 hours 10p per half hour; up to 3 hours 13p for half hour. The policies behind the structure need to be clarified.

Discounts for season ticket holders are, for example, mixed car parks all day £2.20; weekly, based on 5 day usage = £1.60 per day; quarterly (resident or town centre worker) based on 11 weeks at 5 days usage = £1.45 per day and annual (resident or town centre worker) based on 44 weeks x 5 days usage is £1.10 per day. The policies behind the structure need to be clarified.

Season tickets are assumed to be mainly used by persons employed in the centres and although there are some savings in cash handling, there are also increased costs in relation to the issue of season tickets.

Discounts for the prompt payment of fines are to ensure that the lower penalty is paid with minimum administration. Failing settlement of the lower penalty price, there is a sufficient penalty to cover the costs which follow from where the Authority have to take action through the Courts etc.

8.5 Are subsidies general or directed at a particular client group?

See above.

In addition, there is an additional charge for non-residential season ticket holders. At the moment, only one person pays this throughout the whole District. At the Approach car park the Council is in direct competition with Railtrack. However the Councils annual season ticket charge is only 47 % of that charged by Railtrack. (£212 as against £455)

8.6 How do users value the service/what charges are acceptable?

The car parks are generally well used. The charges are considered to be low in relation to motoring costs and when compared to other local

authorities. However, shopping centres are in competition with each other and a balanced view has to be taken on the level of charges.

8.7 What is the connection between the charges and the Council's objectives?

The Council has the objective of developing the town and shopping centres in the District. The view is that the existing parking tariff allows reasonable access to the centres but encourages a turnover of available parking spaces. In addition, free car parking is seen to increase the visitor numbers to the town and also to spread the Saturday usage.

8.8 What research should be undertaken to enable an informed discussion on charges and those policies are successful?

The case for concession in parking charges need to be proven. There is a cost of free parking and research required to identify if this is achieving the objectives of the Council.

The policies shown as unidentified or in need of clarification need to be determined.

8.9 Changes planned for the future

The Council is considering the introduction of Decriminalised parking enforcement. This will have an effect on the car parks usage and management. The Council is also considering changes to the Websters Way car park site that will have an impact on car parking.

Summary

- 8.10 Members should consider the policies towards car parking and consider the fee structure including season tickets in accordance with the Corporate Objectives agreed. Within these policies, the consideration of setting charges to cover costs including asset rental and depreciation may have to be considered.

9 RESOURCE IMPLICATIONS

- 9.1 The setting of fees and charges is material in relation to the net revenue budget and in the implementation of policies. Consideration should include not only the charges, but the method and cost of collection.

10 RECOMMENDATION

It is proposed that the Sub-Committee considers this report and recommends accordingly.

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Background Papers:

None.

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