

Norwich City Council

SCRUTINY COMMITTEE

REPORT for meeting to be held on 15 October 2009

Discretionary Charging

1.Summary:

The report outlines a new draft charging policy which aims to:-

- ensure a common and simple charging structure
- minimize the cost to the tax payer
- ensure equality of access and take into account people's ability to pay.

This report also gives an example of prospective new charges to be introduced ie charging for pre-application planning advice.

Scrutiny is asked to consider both of these topics and the specific role it would wish to play in this work.

Recommendation:

- To consider and make recommendations to the Executive on the overall draft policy
- To consider and make recommendations to the Executive on the introduction of charging for pre-application planning advice
- Determine the role Scrutiny would like to take in establishing new charges/raise existing charges and make recommendations to the Executive on whether to put them forward as part of the budget setting process

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Report

Following discussions between the Leader of the Council and the Chair and Deputy Chair of Scrutiny it was agreed that Scrutiny should consider the Council's new draft charging policy due to its direct impact on Norwich residents

This draft policy sets out the principles for a consistent charging structure. The aim of the policy is to ensure a common and simple charging structure which will minimize the cost to the tax payer, whilst also ensuring equality of access and taking account of people's ability to pay. The full draft policy can be found at Annex A.

Specific principles within the draft policy include:

- we make the statutory charges that we have a duty to
- any charge reflects the market rate
- compare what we charge to other local authorities where no market exist
- charges should be clear and cost effective to collect
- fees and charges should aim to cover the full cost of a service except
 - where the charge is set by government
 - market forces mean this is not possible
 - a charge would conflict with the other council priorities
- Wherever possible and appropriate people on low incomes should be charged less through a concession.
- Wherever appropriate consideration should be given to differential charging for non residents
- A diversity impact analysis should be carried out.

Following work to benchmark the council's current structure of charges against other similar councils there have been a range of areas identified where it may be appropriate to introduce new charges and 158 existing opportunities where the Council may wish to increase the level of it's charges.

Appendix A: Draft corporate charging policy

Draft charging policy

Why do we charge for some services?

The city council charges for a number of the services we provide, we do this to maximize our revenue in order to:

- minimise the cost of services for council tax payers
- raise income to cover the costs of some city services

Clear and effective charging policies are becoming increasingly important as a way of making sure that charges are set and implemented in the most efficient way possible. A charging policy can also be vital in helping the council to deliver its priorities in difficult times.

What can we charge for?

The council's charges fall into two main categories:

Statutory charges - examples of these are a licensing fee, planning application fees, council house rents,

Discretionary, commercial and additional charges – examples of these are pre planning advice, bulky waste, and green waste, admissions to events, car parking, and commercial rents

What powers do we have to make charges?

Section 93 of the Local Government Act 2003 enables local authorities to set their own charges for discretionary services; provided they are not prohibited by other legislation and they do not make a profit. National government sets statutory charges

Why do we need a charging policy?

We need to have a coherent and comprehensive 'one council' approach to charging which will help us meet our corporate objectives. The policy set out:

- the key principles for setting charges
- how those charges will be set

- how charges will be reviewed
- how we will ensure equity

What do we need to think about when setting charges?

When we set charges we will adopt the following principles

- we make the statutory charges that we have a duty to
- any charge reflects the market rate
- compare what we charge to other local authorities where no market exist
- charges should be clear and cost effective to collect
- fees and charges should aim to cover the full cost of a service except

where the charge is set by government
market forces mean this is not possible
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- Wherever possible and appropriate people on low incomes should be charged less through a concession.
- Wherever appropriate consideration should be given to differential charging for non residents
- A diversity impact analysis should be carried out.

How should charges get set?

How we set charges should be transparent and open to scrutiny. In deciding what to charge for and how much to charge and it is important to understand the market for the service. This can be done through market research and customer feedback set alongside benchmarking and commercial comparisons.

It is also important to understand the true cost of the service you are intending to charge for. It will also be important to understand how charging or an increase in charging could affect the delivery of corporate priorities.

Who can set a charge?

The executive has the power to set charges and may if it wishes delegate this power to the corporate directors. The corporate directors have standing delegated powers under Annex 8 to the Constitution

- To take all decisions and the implementation of all steps necessary for those functions within the framework of service plans and budgets approved by the council or the executive as appropriate;
- the exercise of all other functions incidental, ancillary or conducive to the carrying out of the main service functions for which they are responsible.

This may or may not include the setting of charges depending upon the particular circumstances (for example, if a service plan so provides.)

How do new charges get agreed?

New charges need member approval and in order for members to make an informed decision a business case will need to be produced.

When should charges be reviewed?

Charges should be reviewed and benchmarked annually.

Appendix B: Introducing charging for pre-application advice

Introducing charging for pre-application advice

1. The Local Government Act 2003 provides authorities with a power to charge for discretionary services, including the provision of pre-application planning advice. This potentially allows authorities to recover at least some of the costs incurred in providing advice in advance of submission. As a general rule, income raised must not exceed the cost of providing the service.
2. Charging now occurs in at least 25 councils across the country with many others intending to introduce such charges.
3. The Killian-Pretty Review (Planning: A faster and more responsive system, Final report, Nov. 2008) made a number of recommendations on this matter. The report states that there is a lack of consensus on this matter but that there should be clearly set out standards for pre-application advice. In view of this it has been considered appropriate to examine the introduction of charging for pre-application advice alongside the introduction of the planning service standards.
4. It is proposed that the charging be implemented from 1st September. This is, in part, determined by systems improvement work. As part of this ongoing work new applications are being developed to enable better recording and management of the pre-application advice issued by Officers. This upgrade will enable the recording of charges received for informal advice to be recorded in the same way as those for formal planning applications.
5. The Developers' Forum (of developers and agents), which meets 2 or 3 times a year, has indicated in the past some willingness to pay for pre-application advice - but only if a high standard of service could be guaranteed. Informal consultations took place at the last meeting in May 2009 and there was some concern about whether a standard charge (of between £2,500 and £5,000) was reasonable in the current economic climate, or was appropriate for relatively small scale schemes where the actual planning fee payable would be below this level.
6. This has influenced the charging mechanism proposed which for all but very large applications would result in a fee below the levels proposed above. At this level the fee would be a very minor additional cost on developers' serious about bringing forward substantial development and hopefully will not deter applicants' from seeking pre-application advice. Any charging scheme that did result in applications being submitted which have not been subject to discussion in advance is likely to be counterproductive owing to the likely increase in the rate of refusal of

applications leading to more appeals or resubmission, both of which could increase costs substantially.

7. In addition to any revenue that may be raised by charging for pre-application advice it is also considered likely that the introduction of a charge may have benefits in giving developers' an incentive to more fully prepare information before seeking the views of the Local Planning Authority. This may have the effect of increasing the standard of applications received.
8. It is vitally important that the Council provides a good quality pre-application advice service to provide more certainty and better outcomes for developers, to reduce their costs and ensure that applications made are of the highest quality, give the right information to consultees and local residents and then can more easily enable a speedy decision to be made so that key national performance indicators can be met.
9. Under the proposed scheme of charging advice to most householders and small businesses will remain free of charge. In such case site visits and meetings with case officers are not normally necessary and where they do take place are at the request of the applicant. Where a pre-application site visit or meeting is requested a modest charge is proposed.