

CENTRAL SERVICES PERFORMANCE IMPROVEMENT COMMITTEE

11 DECEMBER 2003

CABINET – 17 December 2003

LICENSING & REGULATION COMMITTEE – 14 January 2004

CITY SECRETARY AND SOLICITOR'S DEPARTMENT BUDGET 2004/05

REPORT OF CITY SECRETARY AND SOLICITOR

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RECENT REFERENCES:

- CAB676 Financial Strategy 2004/05 to 2008/09 -16 July 2003
- CAB718 Revenue Budget 2004/05 - 15 October 2003
- CAB726 Corporate Strategy 2004/07 - 15 October 2003
- CEN36 CSS Department Budget 2004/05 - 28 October 2003

EXECUTIVE SUMMARY:

This report provides a summary of the City Secretary and Solicitor's Department base budgets and services for this year and next. The 2004/05 budget is £2,111,900 which matches the ceiling of £2,111,900. The principal changes in the budget relate to predictable increases in staffing costs, inflation on the cemetery maintenance contract and increases in management overhead costs.

The report also presents the revised budget for 2003/04.

Growth proposals previously considered by this Committee for land registration fees, totalling £6,000 in a full year, are not included in the base budget but are shown for information in the report.

The capital programme for the period 2003/04 to 2008/09 is also considered.

The fees and charges for the Department are reviewed, with higher than inflation increases proposed for Land Charges and Cemeteries, having regard to the projected budgets for these services and benchmarking information on charges in other Hampshire authorities. Fees and charges increases for hackney carriage/private hire and other licensing services are recommended for an average increase of 3% in line with inflation.

Items about which there is current uncertainty are identified which may need further funding depending on events. In particular, the implications of the statutory control of fees and charges in relation to premises to be licensed under the Licensing Act 2003 - liquor licensing, public entertainment etc - may well have an adverse impact, particularly after the first transitional year when licences will be issued under both the old and new systems. The Government has yet to announce the actual fees.

RECOMMENDATIONS:

- 1 That the detailed budget for 2004/05 and revised budget for 2003/04 be considered and recommendations made to Cabinet, noting the current uncertainty about likely income for fees and charges under the Licensing Act 2003.
- 2 That it be recommended to Cabinet
 - (a) That the standard Land Charges fee of £115 be increased to £130 with effect from 1 April 2004.
 - (b) That the Land Charges budgeted contribution to the General Fund for 2004/05 change from (£102,000) to (£127,000) and that any additional income accrues to the Land Charges Reserve in view of the computerisation project.
 - (c) That Cemetery Charges be increased by an average of 10% as set out in Appendix F and that the City Secretary and Solicitor be authorised to amend other cemetery charges to achieve the same average overall percentage increase.
- 3 That it be recommended to the Licensing and Regulation Committee
 - (a) That the City Secretary and Solicitor be authorised to increase all licensing fees and charges, (other than for hackney carriage/private hire vehicle and operators licences) on the basis outlined in Appendix I with effect from 1 April 2003.
 - (b) That public notice be given of the proposed increases in hackney carriage/private hire vehicle and operators' licences as set out in Appendix H to come into effect at the end of the objection period if the City Secretary and Solicitor considers that there are no material objections and in the event of objections being received the matter be brought back to the Committee.

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DETAIL:

1 Introduction

1.1 The Council's financial strategy set out in report CAB676 dated 16 July 2003 gave guidance on the review of existing budgets. The principles agreed by Cabinet were:

- a) A balanced revenue budget (within a margin of £0.5m)
- b) Nil net base budget growth
- c) Inflation allowance for salaries and third party contracts only
- d) Prudent approach to income estimates
- e) A net overall underspend at year end
- (c) A presumption in favour of revenue over capital income

1.2 At the meeting on 15 October Cabinet gave initial consideration to the revenue budget for 2004/05 in the light of the financial strategy and the revised corporate strategy (reports CAB718 and CAB726). At that meeting Cabinet resolved:

That Performance Improvement Committees be asked to consider in the forthcoming cycle of meetings:

- a) *Proposals for growth and savings, including the relative priorities of proposals*
- b) *Proposals for fees and charges*
- c) *Balances and forward programmes for reserves*

1.3 The Central Services Performance Improvement Committee considered these items at its meeting on 28 October and gave a considered response to Cabinet, prioritising the growth items and commenting on the savings.

1.4 Some further savings options have been put forward for consideration by Performance Improvement Committees when considering detailed budgets in this committee round. The City Secretary and Solicitor's Department budget is not directly affected by these further options and the list is included in other Department's reports elsewhere on this agenda. However, since that list was prepared the City Secretary and Solicitor has reviewed the Land Charges fee proposal again and this is considered in paragraph 6.1 below.

2 Revised Budget 2003/04

- 2.1 Appendix A gives objective and subjective summaries of the City Secretary and Solicitor's Department services. There are changes between the original budget for this year and the revised budget that are accounted for principally by virements, the cost of job evaluation appeals and increments. Due to the slippage of the Land Charges computerisation implementation into 2004/05 the deferred capital charge is deleted and therefore will result in an increased contribution to the Reserve.
- 2.2 Council and Committee Business – (£93,940) The revised budget 2003/04 includes the reduction in Members Allowances of (£45,000) (as approved by CAB717/727) and a decrease in management overhead allocated to members.

3 Revenue Budget 2004/05

- 3.1 The budget ceiling for the City Secretary and Solicitor's Department services for 2004/05 has been calculated as follows:

	£
2003/04 Original Budget	2,041,060
Add net inflation	26,290
Add increase in salary ceiling	14,210
Add other allowable changes	5,230
Add net change in capital financing charges	(16,060)
Add net change to management overheads	114,660
Change in contribution to Reserve	1,510
Land Charges fee increase	(25,000)
Reduction in Members Allowances CAB717/727	(45,000)
Cemeteries – saving to Town Account	(5,000)
2004/05 Budget Ceiling	2,111,900
2004/05 Budget	2,111,900
Net (Under) Over Ceiling	0

- 3.2 The base budget for 2004/05 matches the ceiling. As with the revised budget the principal changes are accounted for by:

Business Unit - £15,220. This amount refers to the additional cost in 2004/05 of salary increments and Job Evaluation.

- 3.3 Generally the growth or savings items considered in report CEN36 have not been included in this budget projection. However, some proposals have been included as later changes are unlikely. These include the (£45,000) saving in Members Allowances as Council has already approved this change. Fees and Charges that are in the Council's discretion have also been included – as it is necessary to show the impact that these figures will have on the budget projection in setting the fee levels. Cabinet will decide in due course which options will be incorporated into the detailed departmental budgets when the final Revenue Support Grant settlement is known and the effect of all growth and savings proposals on the overall budget can be

assessed. There has been an increase in overhead charges to the Members' account for IT services. The principal elements are in respect of the cost of remote connections for Members IT. The costs relating to dial-ups and subsequent telephone charges of £30,000 have been held in the IT account and recharged as a Corporate charge up to this year. It is considered more appropriate for these to be charged directly to the Members' account and this adjustment has been included in the 2004/05 budget. New costs shown in next year include the Terminal Services connection £19,000 (CAB624, 12th February 2003 refers) and other Steria support, including hardware such as printers, £10,000. The Terminal Services charge is offset by reductions in IT costs elsewhere that were negotiated as part of the renewal of the Steria contract from December 2003.

4 Growth and Savings Proposals

- 4.1 The growth items for the City Secretary and Solicitor's Department were considered by this PIC at the last meeting and prioritised as follows:

Priority	Growth Item	2004/05 £000	2005/06 £000	2006/07 £000
1	Registration of Council Land	6	6	6
	Total Growth Bid	6	6	6

- 4.2 Savings proposals suggested by the Department were also considered at the last meeting of this PIC. The Committee did not specifically identify them in any priority order – and supported all the savings proposed. The saving in respect of Members Allowances (£45,000) has already been approved by Council at its meeting on 29 October.

Priority	Savings Item	2004/05 £000	2005/06 £000	2006/07 £000
1	Members Allowances (CAB717/727) – already approved by Council and included in the budget figures in the appendices	(45)	(45)	(45)
2	Reduction in Member Services – for consideration and <u>not</u> yet included in the budget figures in the appendices	(8)	(8)	(8)
2	New Licensing Arrangements – see comments in para 4.3 below – for consideration and <u>not</u> yet included in the budget figures in the appendices	(73)	Unknown	Unknown

2	Cemetery fee increase – for consideration and included in the budget figures in the appendices	(5)	(5)	(5)
2	Land Charges increase – for consideration and included in the budget figures in the appendices	(25)	(25)	(25)
	Total Savings Proposal	(156,000)	(83,000)	(83,000)

4.3 The savings list still includes income of (£73,000) in respect of Licensing income in respect of the new licensing arrangements under the Licensing Act 2003. Additional expenditure of £60,000 was already included in the base budget for 2003/04 onwards but at that stage it was not known how the Government would calculate the new fees – which would be set centrally. The (£73,000) estimate was produced for this budget cycle, based on little information and may be optimistic. The Government's programme for implementation has already slipped more than once and the fee structure is still not available. If the information is not available by the time the budget is finalised in February then any adjustments will have to be made later. Given the uncertainties it is not possible to make any sensible projections beyond 2004/05. In any event the Gaming Bill announced in the recent Queen's Speech will involve the transfer of additional licensing functions to the Council, if enacted – with a further impact on both expenditure and income. Slippage in the Government programme will mean an underspend on the budget for 2003/04 – which will need to be carried forward into 2004/05 to meet higher costs in the transitional period.

4.4 Peaks in workload from other Departments in the coming year may require the Departments concerned to find funding so that some legal work can be outsourced to compensate. Examples are input into the Local Plan, progress on Housing Enabling schemes and a comprehensive review of existing tree preservation orders.

5 Capital Programme 2003/04 to 2007/08

5.1 The capital programme for the Department is shown below. It relates to the Land Charges computerisation project. Further reports on the items within the programme will be brought to Members as appropriate. Implementation has now slipped to 2004/05 because of the Council's other priorities for use of staff time.

	2003/04	2004/05
	£000	£000
<u>Capital Expenditure</u>		
Land charges computerisation	0	75
Total	0	75
<u>Capital Financing</u>		
Land Charges Reserve	0	75
Total	0	75

- 5.2 The current financial position of the Reserve, together with the revised projection for implementation of computerisation and fee income changes in paragraph 6 below, is set out in Appendix B. Due to slippage of the computerisation project, and the subsequent deletion of the deferred capital charge to the Land Charges budget there will be an additional contribution of £27,000 to the reserve in 2003/04. This will take the balance above £300,000. The size of the Reserve will be reviewed in the light of the detailed proposals for expenditure when the feasibility study is undertaken.

6 Fees and Charges

6.1 Land Charges

- 6.1.1 The draft Land Charges budget is set out in below.

	2002/03 Actual £	2003/04 Budget £	2003/04 Revised £	2004/05 Budget £
Gross Expenditure	254,370	295,620	268,340	301,990
Search Fees	(412,149)	(432,120)	(432,120)	(465,000)
Recharge	(5,616)	(5,700)	(5,700)	(5,700)
Net Surplus	(163,395)	(142,200)	(169,390)	(168,710)
Reserve	61,395	40,200	67,390	41,710
GF Contribution	(102,000)	(102,000)	(102,000)	(127,000)

- 6.1.2 Each year the fees are benchmarked with other Hampshire Districts. The 2003 fees for other Hampshire authorities are shown as Appendix D.
- 6.1.3 Appendix E outlines the legal considerations in relation to fee setting.
- 6.1.4 The current standard search fee is £115. Having regard to the benchmarking information in Appendix D and the programme to commence computerisation next year it was originally proposed in Report CEN 36 at the last meeting to increase this to £125 and not to change the contribution to the General Fund. However, it is now considered that a fee of £130 would be more appropriate in view of the Council's overall financial position. This can produce (£25,000) for the General Fund and any additional income would accrue to the Reserve for the IT project. The budget allows for the likely take up of the 18% fee discount for NLIS users. Minor changes to the charges for additional questions are proposed. The proposals are considered to represent a reasonable balance between the interests of the service user and the Council Taxpayer. In arriving at the figure due regard has been had to the level of expenditure incurred on the service.

- 6.1.5 CAB498 authorised a reduction in the charge of 18% to National Land Information Service (NLIS) users to encourage the use of electronic search delivery in the future through the NLIS hub. In preparing this budget it has been assumed that up to 30% of searches could go through the hub next year. Current experience is 20%. If this assumption is wrong then the charges may have to be reviewed though this is not desirable mid-year unless it cannot be avoided due to advance publicity that is given to annual charges.
- 6.1.6 The practice is also to set a General Fund Contribution each year. For 2003/04 it was proposed in the original budget that it should be (£102,000) and it is proposed that for 2004/05 this should be (£127,000). Any surplus will transfer to the Reserve, as the computerisation project will commence in 2004/05 in order to meet the e-governance targets. The actual costs of computerisation will be subject of a feasibility study and a further report.
- 6.1.7 The proposals result in a significant increase in the Reserve. However, the project will result in significant senior staff time being expended on the project in the initial stages, particularly by the Assistant City Secretary (Legal) and this will require a temporary legal appointment and/or outsourcing to undertake some of his normal work - which can be funded from this source. Last year's study by Nineveh on IT support within departments also indicated a need for a part-time IT administrator to assist with the project - which could also be funded from this source. The need for data capture is substantial and will form a large part of the funding requirement for the project. It will also be possible to consider part funding of some IT investment in other departments which have an impact upon the Land Charges service. These issues will be addressed in the feasibility study and future reports.

6.2 Cemeteries

- 6.2.1 There are two cemeteries administered by the Council. Magdalen Hill receives the majority of burials. West Hill is rarely used now for new burials, and then only in existing family graves, as it is full, but provides a public amenity. The net costs of both cemeteries is charged to the Winchester Town Special Expenses heading. The budget also includes £3,530 for maintenance of disused churchyards – which is a District charge.
- 6.2.2 The draft budget was prepared on the following basis:

	2002/03	2003/04	2003/04	2004/05
	Actual	Budget	Revised	Budget
	£	£	£	£
Gross Expenditure	134,880	138,350	138,040	141,630
Fees & Charges	(60,078)	(61,970)	(62,020)	(68,820)
Recharge	(5,592)	(5,700)	(5,700)	(5,700)
Net Cost	69,210	70,680	70,320	67,110

- 6.2.3 Given the benchmarking information in Appendix F an average increase of 10% has been included in the budget figures. This produces £5,000 additional income over and above a 3% inflation increase.
- 6.2.4 The benchmarking exercise on cemetery income in the last seven years showed that fees were not as high in comparison to a number of other Hampshire districts. This differed to a previous exercise which showed that the fees in Winchester were at the higher end of the scale in earlier years. The Environmental Health Committee decided that the cemetery fees and charges should be increased by an average of 10% for 1996/97, 15% for 1997/98, 5% for 1999/2000 and 5% for 2001/02, to reduce the imbalance. In 2001/02 Cabinet authorised a 15% increase. In 2002/03 Cabinet approved a general average increase of 15% with further targeted increases on some specific fees, having regard to the benchmarking information. This was repeated in 2003/04.
- 6.2.5 The principal fees charged in 2003/4 are shown for comparative purposes in Appendix F. These show that with fee increases applied last year there is still a significant difference between some of the districts and the charges in Winchester. This has occurred nationally as authorities seek to meet a greater percentage of the running costs from fee income. However, the comparison with other rural authorities is also relevant. The column headed 'new double' relates to an interment in a double depth purchased grave and is the most commonly applied charge. It is the easiest one to use for comparative purposes. Given this information, an increase of 10% increase is recommended.
- 6.2.6 The fees in Appendix F are only a sample of the principal charges. If an increase is approved then the City Secretary and Solicitor would use delegated powers to achieve an average increase of the percentage guideline set by Members – though the actual change to each charge may vary.
- 6.2.7 A factor, which may have been relevant elsewhere, can be a policy to increase charges above inflation to encourage cremation and make best use of land resources. In Winchester, the Magdalen Hill site has capacity for approximately 40/50 years depending on rate of usage. There is also a Council owned field adjacent which has been held for long-term further expansion when the existing site is completed. In rural areas, comparisons can also be made to churchyards provided by the local Church or Parish Council where charges are generally lower than those provided by Districts, in some cases due to maintenance being undertaken on a voluntary basis.
- 6.3 Hackney Carriage and Private Hire
- 6.3.1 Benchmarking information on some of the major hackney carriage/private hire licence fees is shown as Appendix G.
- 6.3.2 The statutory framework allows the Council to set fees so as to recover its reasonable administrative costs. Public advertisement has to be given of any changes to the operators and vehicle licence fees and any public comments considered before a final decision is made. This requirement does not extend to drivers' licences.

6.3.3 The budget is set out in the table.

	2002/03 Actual £	2003/04 Original Budget £	2003/04 Revised Budget £	2004/05 Budget
Gross Expenditure	62,568	57,160	63,420	64,380
Licence Fees	(63,920)	(57,710)	(63,970)	(63,680)
Net Cost (Surplus)	(1,352)	(550)	(550)	700

6.3.4 Given that there has been an increase in the number of licences issued, with corresponding income, an inflation increase of an average of 3% is required. The details are included in Appendix H.

6.4 Other Licensing

6.4.1 The budget is set out below, excluding the additional expenditure of £60,000 now included in the base budget for the Licensing Act 2003 and the possible associated income of (£73,000) for 2004/5. This adjustment shows how the fees for the traditional licensing function can be calculated: -

	2003/04 Original Budget £	2003/04 Revised Budget £	2004/05 Budget £
Gross Expenditure	73,830	73,760	74,600
Licence Fees	(61,330)	(62,150)	(63,100)
Net Cost (Surplus)	12,500	11,610	11,500

6.4.2 The policy for other licences has been to recover costs, but making some allowance for the licences, which have to be issued free of charge by statute e.g. public entertainment for village halls/community centres and street collections. The proposed balance on the account accords with that policy. Home Office Circular 13/2000 asks local authorities to review their charges for theatre/public entertainment licences on this basis. It points out that the cost of charitable exemptions/reductions cannot be made up by an increase on other licence fees but is a cost to be met by the General Fund. The proposed budget complies with the provisions on recovery of reasonable administrative costs and the Home Office Circular. Benchmarking information on fees is contained in Appendix G. The proposed fees, averaging a 3% increase, are included in Appendix I.

6.4.3 The Circular points out that a banding policy by relation to the size of premises for theatre/entertainment licences can be a broad reflection of costs and can be a useful rule of thumb. This Council produces its fees on this basis. However, the Circular expresses concern about the entertainment licence fees in some authorities where the fee appears to have little relation to the actual cost of administration and it is possible that fees are being levied above the cost recovery level. Councils have been asked to review their fees in the light of this guidance.

6.4.4 It can be seen from Appendix G that the level of fees charged in this authority is not an issue for the normal type of application – the maximum proposed fee in 2004/05 is £410 for the largest venue of premises of over 400 person capacity.

6.4.5 The only fee which is of a higher level than £410 is the application for the Homelands event at Cheesefoot Head. However, this fee is reviewed annually to reflect the actual experience of costs incurred in the previous year and any projected changes. It has been the practice to treat the application fee for major outdoor events

separately from the other licences to ensure that the fees are proportionate to the costs incurred. The reasonable level of work input required by the Council is also reviewed each year so this complies with the Circular.

- 6.4.6 The Licensing and Regulation Committee gave delegated powers to determine the fee for major outdoor entertainment events each year – Report LR 6. This reads as follows: -

“That the City Secretary and Solicitor in consultation with the Chairman and/or Vice-Chairman of this Committee, be authorised to determine the fee structure for major outdoor entertainment events, in the light of any experience of expenditure for dealing with previous applications, and that a report on the outcome be made to Committee.”

- 6.4.7 This practice has continued each year and the report on the outcome in this financial year is given in paragraph 6.5 below.

- 6.4.8 As mentioned above the Home Office Circular suggested that banded fee structures are a reasonable approach for entertainment/theatre licences. However, it suggests that if there are likely to be significant variations to the volume of work involved then consideration should be given to adjusting the fee downwards in individual cases. This is stated to be particularly appropriate for repeat events. Given the comparatively low level of our fees, and the fact that the cost of democracy element for those cases referred to committee is not re-charged, it is unlikely that there would be many cases where the fee is changed. However, a delegation to adjust fees from the standard fee in appropriate cases was given by Committee three years ago.

6.5 Major Outdoor Events fee for 2004/05

- 6.5.1 The fee for Homelands is included in the budget projections. This does not mean any presumption in favour of granting the application. The budget would have to be reviewed if an application was not received. However, this approach to budgeting reflects actual experience in recent years, and is easier than dealing with the issue by later adjustments.

- 6.5.2 The Licence fee for 2003/04 was calculated on the following formula:

“£6,000 (plus £1.00 x licensed attendance for up to 30,000 capacity and a further £0.45 for each additional person for licensed capacity between 30,001 and 50,000) plus 25% of the total for each day or part of a day after the first.

A day is taken as the period of 24 hours commencing 0800 hours.

The fee for any event exceeding 50,000 will be provided on application”.

- 6.5.3 The formula produced a fee of £39,600 for the event held in May 2003. The Council had always indicated that its aim was to recover its actual costs and that it would review the situation if there were a significant over-recovery to see if a refund was due.

- 6.5.4 The costs incurred between 1 August 2002 and the debrief meeting in July 2003 in dealing with the event in May 2002 are set out below.

		£
Direct costs of staff on the day and external consultants		
Environmental Health		9,157
Other Depts		3,289
Management Overheads for processing application and approvals under Licence conditions		
Legal		9,992
Environmental Health		9,765
Building Control		1,020
Safety Team Meetings - Room Hire		665
- CSS Admin		1,036

		34,924

- 6.5.5 At its meeting on 27 February 2001 the Committee gave authority to depart from the scale fees in consultation the Director of Finance, the Chairman and/or the Vice-Chairman. Following the consultation it was decided to make a refund of £4,676 to reflect the actual costs that the Council had incurred.
- 6.5.6 The review of the formula for applications received in 2003/05 was undertaken in consultation with the Chairman and Vice Chairman. The same formula as for last year was adopted. This allows for a contingency for unforeseen costs and the refund approach can again be considered if there is a significant over-recovery.
- 6.5.7 The fee received for the application made in 2003 was therefore, £39,600.
- 6.5.8 The introduction of the Licensing Act 2003 means that this is likely to be the last year that fees for this event will be calculated in this manner. When the new fee regulations are introduced then a statutory fee level will apply. However, if there is any delay in the commencement date then the Council can continue to use its existing system.

OTHER CONSIDERATIONS:

7 CORPORATE STRATEGY (RELEVANCE TO):

- 7.1 The need to make the best use of all available resources by continued clear financial planning within the City Council is an integral part of the Corporate Strategy.

8 RESOURCE IMPLICATIONS:

- 8.1 As detailed in the body of the report.

BACKGROUND DOCUMENTS:

Working papers in the CSS and Finance Departments

APPENDICES:

- Appendix A CSS Department – Summary of Service and Subjective Budgets
- Appendix B Land Charges Reserve
- Appendix C Analysis of Change from 2003/04 Original Budget to 2004/05 Budget
- Appendix D Land Charges Fees Comparison
- Appendix E Land Charges Fees – Statutory Background
- Appendix F Cemeteries – Charges Comparison
- Appendix G Comparison of Main Licensing Fees with other Councils
- Appendix H Hackney Carriage and Private Hire – Existing and Proposed Fees
- Appendix I Other Licences – Existing and Proposed Fees