

RIBBLE VALLEY BOROUGH COUNCIL

REPORT TO PLANNING AND DEVELOPMENT COMMITTEE

Agenda Item No 7

meeting date: 4 NOVEMBER 2010
title: REVIEW OF FEES AND CHARGES
submitted by: DIRECTOR OF RESOURCES
principal author: LAWSON ODDIE

1 PURPOSE

- 1.1 To seek member approval on proposals to increase the council's fees and charges with effect from 4 January 2011 due to the increase in the rate of VAT from that date.
- 1.2 In line with the recommendations made by Budget Working Group on 21 October 2010, the proposal also looks to implement inflationary increases to charges from 4 January 2011, which would otherwise have been implemented with effect from 1 April 2011.

2 BACKGROUND

- 2.1 In his 2010 Emergency Budget the Chancellor announced an increase in the standard rate of VAT from 17.5 per cent to 20 per cent effective from 4 January 2011.
- 2.2 This change affects any VAT registered business that sells or purchases goods or services that are subject to the standard rate of VAT.
- 2.3 Each of the council's service committees operate fees and charges for services that they provide, some of which attract VAT at the above mentioned rate. With the introduction of the new rate of VAT the council has two options:
- Leave Fees and Charges at their current rate – *this would reduce the level of income that the council retains, as a greater proportion of the income would need to be passed over to HMRC as VAT*
 - Review all Fees and Charges for the increase in the rate of VAT – *whilst fees and charges would increase, the level of income retained by the council would remain unchanged.*
- 2.4 The council's fees and charges are also being reviewed as part of the budget process. Such reviewed charges would normally be implemented from the 1 April for each financial year. It was recommended by the Budget Working Group on 21 October that service committees review all fees and charges in the current cycle of committee meetings.
- 2.5 In order to avoid two successive price increases for fees and charges in relatively close proximity Budget Working Group also recommended that the inflationary increase which would normally take place on 1 April 2011 be brought forward to 4 January 2011. Any inflationary increase must raise charges overall by at least 3%, and be rounded up to the nearest 5p to minimise any problems with small change.

- 2.6 For this committee the main fees and charges operated are for building regulations and planning fees. Charges for Building Regulations were set with effect from 1 October 2010 at the previous meeting of this committee. These were set net of VAT and will therefore be unaffected when the new rate of VAT comes into effect.
- 2.7 Planning application fees are statutorily set and therefore cannot be influenced by this council. However, since January 2010 the department has charged for pre-application planning advice with a range of fees from £50 to £300 depending on the nature of the enquiry. It is the Development department's intention to review this service and the charging mechanism separately in 2011, which may result in the implementation of a revised fee schedule.
- 2.8 The small number of charges that remain relate to photocopy charges, planning decision notices and mediation work on high hedges, with relatively low levels of income. It is these charges which this report aims to increase.

3 EARLY IMPLEMENTATION OF INFLATIONARY INCREASES TO FEES AND CHARGES

- 3.1 Each year as part of the budget process a review of our Fees and Charges is undertaken with a view to implementing increases from 1 April. This review is coordinated by financial services, working together with service managers and budget holders.
- 3.2 As recommended by Budget Working Group, inflationary increases to Fees and Charges must be made of at least 3% and be implemented from 4 January 2011 at the same time as the increase in charges for the change in the rate of VAT.
- 3.3 Following discussions between financial services, service managers and budget holders a proposed set of fees and charges for implementation from 4 January 2011 has been produced for this committee and is shown at Annex 1. This annex provides details of:
 - the current charge for 2010/11
 - the proposed charges for implementation from 4 January 2011
 - the percentage inflationary increase on each charge
- 3.4 In order to provide some context to the list of charges at Annex 1, the table below provides some detail on the current budgeted level of income from Fees and Charges for each of the service areas.

Cost Centre	Service area	Fees and Charges Original Estimate 2010/11 £
BLDGC	Planning Decision Notices	1,120
DEVDP	Prints	2,760
HIGHH	High Hedges	0
	TOTAL	3,880

4 CONCLUSION

- 4.1 The VAT rate is to rise to 20 per cent from 4 January 2011. Unless the council's fees and charges are reviewed and increased from that date there would be a fall in the level of income that the council retains after accounting for VAT.
- 4.2 Charges have been reviewed as part of the budget process which would have been implemented from 1 April. A single implementation date for VAT and inflationary increases of 4 January has the potential to raise a small amount of additional income in the current financial year and would avoid two successive increases in fees and charges.

5 RECOMMENDATION THAT COMMITTEE

- 5.1 Consider the charges at Annex 1 and approve them for implementation on the 4 January 2011.

FINANCIAL SERVICES MANAGER

PD7-10/LO/AC
1 November 2010

PLANNING AND DEVELOPMENT COMMITTEE – PROPOSED FEES AND CHARGES FOR IMPLEMENTATION FROM 4 JANUARY 2011

BUILDING CONTROL - BLDGC		Ledger Code	VAT	Current Charge for 2010/11	Proposed Charge from 4 January 2011	Inflationary Increase Percentage
				£	£	%
Planning and Building Control Decision Notices		BLDGC/8231m	Non Vatable	15.00	15.00	0.0%

DEVELOPMENT DEPARTMENT - DEVDP		Ledger Code	VAT	Current Charge for 2010/11	Proposed Charge from 4 January 2011	Inflationary Increase Percentage
				£	£	%
Prints	- A4 First page	DEVDP/8227n	VAT Inclusive	1.00	0.10	-90.2%
	- A4 Continuation Sheet	DEVDP/8227n	VAT Inclusive	0.10	0.10	-2.1%
	- A1/A0 Plan	DEVDP/8227n	VAT Inclusive	10.00	10.60	3.8%
	- A3 Copies	DEVDP/8227n	VAT Inclusive	2.00	2.00	-2.1%

HIGH HEDGES - HIGHH		Ledger Code	VAT	Current Charge for 2010/11	Proposed Charge from 4 January 2011	Inflationary Increase Percentage
				£	£	%
Submission of High Hedges Complaint		HIGHH/8460u	Non Vatable	500.00	515.00	3.0%