

# Report of the Director of Finance to the meeting of Corporate Overview and Scrutiny Committee to be held on 3<sup>rd</sup> November 2016.

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## Subject:

Report on Income generated by Council Services from fees and charges.

## Summary statement:

The report provides Members with details of the main sources of income from fees and charges that funds the Council's annual gross expenditure.

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## Overview & Scrutiny Area:

Corporate



## 1. SUMMARY

1.1 This report is a follow up to the report brought to this Committee in November 2015. Rather than explaining the sources of income into the Council the report focuses on the fees, charges and other income adding context in respect of the nature and basis of the income being raised to help establish more clearly the scope for influencing income levels through the charges being set.

## 2. BACKGROUND

2.1 The Council has a gross annual expenditure of just under £1.3bn which includes expenditure on local authority maintained schools. The £1.3bn excludes the fire and police authorities' precepts. It is important to appreciate the limitations and opportunities associated with the various income streams which are set out in section 3 of the report.

2.2 The level of income from fees and charges that are anticipated to be received as part of the 2016/17 budget are shown in Table 1 below. –

**Table 1 – 2016/17 Budgeted Income**

	£m	%
Schools grants	293.6	33
Other Government Grants	291.5	23
Fees Charges and Other Income (Table 2)	174.5	14
<b>Subtotal</b>	<b>887.6</b>	<b>70</b>
Income funding the Council base budget requirement		
Council Tax	161.9	13
Revenue Support grant	83.9	7
Localised business rates	63.7	5
Top up grant	57.0	4
Use of reserves	11.4	1
<b>Subtotal</b>	<b>378.0</b>	<b>30</b>
<b>Total income</b>	<b>1,265.6</b>	<b>100</b>

2.3 There are various consultations at different stages which could lead to changes to the proportions of the funding streams that come into the Council, e.g. Business Rates Retention, National Schools Funding Formula and New Homes Bonus.

2.3.1 Business Rates Retention consultation has three specific strands:

- Review of relative need – this is how the central government funding for local government will be distributed amongst local authorities;
- Reset the business rates baseline – this is the central target that will determine the level of top up grant available for the Council;
- 100% business rate retention – this will determine what additional responsibilities and duties will be transferred to local authorities in return for retaining all business rate income It has been made clear that the 100% retention will be fiscally neutral for HM Treasury so that the additional income will come with additional responsibilities.

Each of these three strands are independent of each other and the Council could gain or lose resources when the new business rates process is implemented.

2.3.2 The National Schools Funding Formula first consultation has now closed and we await the second stage consultation. The main message gleaned from the first stage is that schools budgets will be squeezed as the formula moves away from a deprivation based calculation. This together with the academisation process will lead to a different relationship between the Council and schools and will potentially have an impact on income generating opportunities.

2.3.3 We are also awaiting the results from the consultation on the reform on New Homes Bonus. It has been stated that there is an expectation of reducing the New Homes Bonus funding by at least £800m nationally to be redirected into the Improved Better Care Fund. The Council will receive £11m in New Homes Bonus in 2016/17 based on a rolling six year allocation. The net difference between a reduction in the New Homes Bonus and the redirection into Improved Better Care Fund for Bradford will not be known until the revised New Homes Bonus Scheme is unveiled.

## 2.4 Fees, Charges and Other Income

**Table 2 – Fees, charges and other income**

	£m
Fees and charges covered in Appendices 1 & 2	139.2
Internal trading within the Council	32.5
Miscellaneous income not analysed	2.8
<b>Total fees and charges per Table 1</b>	<b>174..5</b>

2.4.1 Appendix 2 summarises the fees and charges of £138.2m and Appendix 3 provides further detail on the nature of the activity, the basis of the charges and the actual performance of the main income generating services.

2.4.2 The £138.2m, which represents just under 11% of the total income of the Council, can be broadly categorised under the following headings based on the source/type of income in Table 3 below. These are further broken down in Appendix 1.

**Table 3 – Analysis of Fees and Charges by source/type**

	£m	%
Income received from, or generated from trading with, schools	34.2	25
Received from other Public Sector institutions (e.g. Health)	25.7	19
Directly generated by and retained by schools	18.6	13
Fees for Council functions (Locally set)	18.5	13
Generated from trading in the commercial market (incl. Car Park tickets)	16.7	12
Fees for Council functions (Predominantly Nationally set) (incl. Parking fines & planning fees)	13.5	10
Generated from trading with the public in a commercial setting (Sports facilities and Theatres)	12.0	8
<b>Total as per Appendix 1</b>	<b>139.2</b>	<b>100</b>

2.4.3 Income derived from other public sector partners (£25.7m) and income generated and retained by schools (£18.6m) total £44.1m (32%) which is not directly controllable by

the Council.

2.4.4 The largest individual category is income from schools (£34.2m) which accounts for one quarter of the fee, charges and other income in Table 3. As explained in 2.3 above the changing relationship of the Council with schools is beginning to have an impact on the income generating opportunities. Whilst there has been a gradual rise in private sector competition the greatest impact and an increasing risk to the size of school business comes from the rising number of academies. Historically such services had already seen the almost total loss of Secondary school business as such a move, alongside PFI, had effectively seen these go over to the private sector for the provision of support services. Now the rapidly growing number of academies in the Primary sector is resulting in this market also beginning to fragment. To date this has been primarily on a school by school basis and the greatest threat has been from schools choosing to “do it themselves” rather than from the commercial market.

2.4.5 That situation is now changing with the increase in multi academy trusts operating regionally who would wish to source support services from a single supplier for the trust as a whole rather than on a school by school basis. Services are therefore increasingly likely to find themselves at risk of losing work in Bradford schools on block via a trust wide competitive tender process. Services are also likely to find themselves in a position of having to bid for work in both Bradford & Non Bradford schools through a trust wide tender process or for cross border work on an individual basis to maintain their client base. This is likely to mean that services will have to become more regional, rather than Bradford, focused and concentrate on becoming the preferred supplier to a number of multi academy trusts to survive or thrive in future.

2.4.6 A further £28.7m (21%) is derived from charging for services provided either direct to the public or to the private sector but in a commercial competitive environment; e.g. Theatres £7.1m, £4.9m sports facilities, £3.1m Trade Waste etc. It should also be noted that for Theatres the majority of theatre ticket prices are set by the agents, over which the authority has no control.

2.4.7 The remainder, where the council is receiving income for services/duties for which it is effectively the sole provider, amounts to £28.9m (21%). However of this sum £11.3m relates to functions for which the level of charge is governed by nationally set rates; e.g. car parking fines £3.0m, Client contributions to nursing care £5.1m and planning/building fees £3.2m.

2.4.8 The remainder £18.5m (13%) of the income being received from fees and charges is derived from pre-set rates over which the local authority has discretion and which are not materially affected by commercial factors. The type of services covered by the £17.5m are generally universal services and therefore a balance has to be struck on what is a fair charge as increased charges may place a greater burden on those with low incomes. If these types of services were to be means tested the administration required would very likely exceed any additional income generated from a tiered pricing structure.

## 2.5 Competitive & Market Threats

2.5.1 For those activities that either trade with the public or in a commercial environment the issue of pricing is inevitably mixed up with the relative position of the competition and the general state of the particular market. Many areas effectively compete with the private sector in specific areas; e.g. Car Parks, Trade Waste & ISG while others such as Theatres & Sports facilities are competing with a wide range of leisure providers. Either way such services can only afford to charge what the market will pay and as a consequence raising charges can in fact have a detrimental effect on the bottom line. Income levels are also linked to the relative health of the wider economy either through the public having more or less disposable income or if firms are expanding or contracting.

2.5.2 Since the last report to this Committee the Council has tested the water with regard to a commercial strategy by exploring the commercial spin off a discrete service. This has highlighted some challenges when establishing these types of arrangements.

The service chosen was Education Psychology which is a function that provides specialist advice to schools and is well thought of by its customers and clients and there is a growing need for this type of service. The proposal was to transfer the service into an employee owned mutual company which would service the statutory function of the Council in relation to education psychology support and also undertake traded support with schools.

2.5.3 It was considered to be a good test case as the service is a major player in the local market, although there is competition.

2.5.4 Two material factors led to the plan being shelved.

- The first factor was that the service did not feel confident enough they could have a viable business going forward due to increasing pressure on schools budgets and the reductions in Council funding.
- The second factor was the pension costs that would be incurred by the spin off company. It would effectively be an admitted body in the Pension Fund and would therefore be subject to higher pension contributions due to the smaller cohort of people of the employing body.

## 2.6 Commercial Review

2.6.1 In addition to the requirements contained in the financial regulations (see section 3.7) a Financial Advice Note has also been produced by Financial Services to assist officers in establishing a charging framework. However it should be noted that the local authority may still be restricted as to the level at which it may charge by the rules and regulations surrounding charging as set out in section 3. The Financial Advice Note can be found on Bradnet here: <http://intranet.bradford.gov.uk/working-day/accountancy-and-financial-advice/financial-advice-notes>

2.6.2 Where traded activities of a commercial nature are being carried out again restrictions as to the extent of those activities and the level of “surplus” that may be generated do exist for such services while they are provided by the local authority and it may be the case that alternative delivery models could be considered as more appropriate. See section 3 for more detail of the respective powers available under which such trading could be carried out either by the authority or by a trading company. The West Yorkshire

Joint Services Committee is seeking to set up a trading company for the five West Yorkshire Authorities from which the four existing traded services would be run. This would potentially enable a profit share to be distributed amongst the five district councils.

2.6.3 A review of what other Councils are doing has been undertaken to see what strategies they are adopting to generate income. This includes officers working with fellow officers of West Yorkshire Joint Services who have a commercial background to explore other commercial opportunities for Council services.

2.6.3.1 Warrington Council has taken a decision to expand their capital investment plan primarily to invest in the town centre and also to provide loans to registered social landlords to build new homes. The expected benefit from this investment is a commercial return on the loans and increased council tax base. It should be noted that as Warrington is a new town with flat land available for building on the outskirts of the town. It should be noted that Darlington set up a similar scheme but subsequently had no takers for their scheme.

The planned size of the investment in invest to save activities is £1.1bn. To put Warrington's capital plan into context with Bradford they are proposing to spend £6,007 per head of population compared to Bradford's current capital investment plan of £670 per head of population.

2.6.3.2 Peterborough City Council has adopted a strategy of entering into Joint Ventures (JVs). One of the JVs seeks to develop sites through planning to disposal with the Council assembling land and the partner using cash to develop the site. Peterborough has said that the success of such an approach very much depends on the sites. Bradford has adopted such an approach in the Canal Urban Village Limited but experience in Bradford does underline the comment by Peterborough that sites can be constrained by their footprint, topography and former industrial uses.

2.6.3.3 Canterbury City Council has borrowed £79m to acquire a 50% stake in their Whitefriar's shopping centre. Basingstoke and Deane Borough Council used reserves to purchase The Malls shopping centre and then invested into the site.

2.6.4 Whilst such investments may result in returns higher than current deposit interest rates or Public Works Loan Board borrowing rates, the collapse of high street retailers illustrates there is a risk in these investments e.g. Woolworths, British Home Stores. Would the council investors be pressured into reducing rents only to see their tenants subsequently fail anyway?

2.6.5 The review has highlighted that there is no one size fits all approach as some of these initiatives are very much site specific in terms of their success and there needs to be a clear steer on the level of risk a council is willing to take.

2.6.6 Estates Management are now actively investigating investment opportunities but due to the commercial confidentiality these cannot be disclosed in this report.

2.6.7 In November 2015 the Committee raised the question about the introduction of a Leisure Facilities Card to gauge what facilities were being used , by whom, how many times and when. Since that meeting the potential for a district wide leisure card has been investigated. The IT system in leisure centres has been upgraded and new cards have been issued to gym members and Bradford Leisure Card holders. The new system holds

full membership records and data including when and where facilities have been used.

Now that the leisure management system is working and has been tested, it is now planned to extend the available membership schemes to include a district wide leisure card which will be available to all residents.

### 3. OTHER CONSIDERATIONS

3.1 The Council is allowed to levy fees and charges in a number of different circumstances but these are restricted by a highly complex series of statutes and legislation.

3.2 There are five distinct categories of services for which charges can be made:

- **no charge permitted** – examples include housing advice, planning application relating to a listed building.
- **charges set by central government or in legislation with little or no local input** – example includes planning fees.
- **charges set locally but must be in accordance with government prescribed principles** – examples include Community Infrastructure Levy.
- **charges set locally but essentially income cannot exceed the cost of providing the service** – charge for a discretionary service with no other charging rules; or charge for a service provided using the general power of competence.
- **no limit on the charge**- examples include commercial property rents

3.3 Local Authorities also have the powers to trade and these have been widened under the following legislation:

Local Authorities (Goods and Services) Act 1970 provided powers to enter into agreements with each other.

The Local Government Act 2003 enabled councils to trade in activities related to their functions on a commercial basis with a view to profit through a company. A Trading Order in 2009 removed restrictions on the category of councils that could use this power.

The Localism Act 2011 extends local government's existing powers to trade and charge. Commercial trading through a special purpose trading company is now an option and the trade can be carried on outside of a council's administrative area. However, the new general power of competence does not allow councils to charge for mandatory services, impose fines over and above existing powers to do so.

3.4 The key differences between the charging and trading powers are:

- charging relates only to discretionary services (those services not covered by specific legislation), whereas the power to trade is for all services
- charging is limited to the recovery of the cost of providing the service whereas trading can be at a profit

- the power to trade can only be exercised through a separate legal entity with its own governance framework e.g. a company.

3.5 If a trading company were to be set up then it must be recognised that all commercial activity involves risk and potential losses as well as the potential to make profits. The particular risk in each case must be fully understood and a mitigation strategy developed to manage the risks. In addition there are important legal and financial considerations that need to be covered including company law issues, cost of tendering for work, corporation tax liabilities, EU procurement regulations and state aid rules. There could also be potentially TUPE and pension implications if staff are transferred into a trading company.

3.6 While there is a fairly clear legal distinction between charging and trading, it is not clear in practice. For example, trading a service via a company (whether a local authority or a public-private partnership joint venture company) is clearly accommodated by the legislation. However, where a local authority “trades” the same service not through a company but, instead, through a department of the local authority, the resultant revenues are defined as charging, not trading. Nevertheless, the activity is identical.

3.7 Financial Regulations, section 20, deals with the review of Fees, Charges and Concessions.

- The introduction of any fee, charge or concession, or removal of any subsidy must be approved by the Executive unless it is required by legislation or is in accordance with approved policy or strategy.
- The Appropriate Officer must review fees charges and concessions annually; including circumstances where there is a legal power to charge but no charge is currently applied.
- The annual review must have regard to relevant policies and strategies, cost of service and budget implications and inflation. In particular where there is a requirement for a service to break even or to generate a surplus, the review must have regard to this requirement.
- Appropriate Officers may vary fees charges and concessions in line with inflation forecasts stated by the Director of Finance.
- Proposed variations to fees, charges and concessions other than in line with inflation forecasts must be referred to the Executive, except that minor variations may be made by the Appropriate Officer after consultation with the appropriate Executive portfolio holder subject to any budgetary consequences being managed within existing service revenue budgets.

3.8 An important but obvious point to note is that no fee or charge has value unless it can be collected. In 2015/16, the Council raised 54,000 accounts for services provided, amounting to £318m. £165m of this amount was reimbursement of the school salaries the Council had paid through its agreement with District schools using the Council’s Payroll service. Accounts raised for Adult Community and Social Care amounted to £47.8m and was the second highest value of all accounts raised. At the end of September 2016, £6.1m



of the total debt was still outstanding. So far this financial year £154m has been raised, of which £106m has already been collected.

Since the last report Officers have introduced additional reporting so that individual council services can now monitor how well debts are being managed. This allows individual services to consider whether any action on their part could either remove the need to raise an invoice in the first place, or lead to better collection levels.

#### **4. FINANCIAL & RESOURCE APPRAISAL**

4.1 This report is a finance report so no further comments provided in this section.

#### **5. RISK MANAGEMENT AND GOVERNANCE ISSUES**

5.1 The report is for information only and there are no specific recommendations arising from this report.

#### **6. LEGAL APPRAISAL**

6.1 Some of the legislative aspects have been covered in section 3 above.

6.2 Fees charges and other income is regulated by various statutory provisions e.g. the Licensing of taxis, operators and drivers under the Local Government Misc Provisions Act 1976 and liquor licensing fees under the Licensing Act 2003 to name but two.

6.3 The Council is usually limited in the level of fees to be charged i.e. those fees must only cover the cost of the services provided by the Council.

6.4 Any proposals to increase existing charges or introduce new charges must be assessed by legal to ensure the Council is acting lawfully.

6.5 If the Council were to consider the use of a separate legal entity for trading purposes then further legal advice would be required.

6.6 The relevant statutory provisions are as stated i.e. Local Authorities (Goods and Services) Act 1970 (provides powers to enter into agreements with each other) and the Local Government Act 2003 (enabled councils to trade in activities related to their functions on a commercial basis with a view to profit through a company). A Trading Order in 2009 removed restrictions on the category of councils that could use this power. The Localism Act 2011 extends local government's existing powers to trade and charge. Commercial trading through a special purpose trading company is now an option and the trade can be carried on outside of a council's administrative area.

6.7 The risk regarding the establishment of a separate traded service may be unacceptably high bearing in mind the Councils existing income and the cost of the establishment of such a trading Company. Fees to be charged by such a company would not allow councils to charge for mandatory services, impose fines over and above existing powers to do so.

## **7. OTHER IMPLICATIONS**

7.1 This report is for information only and there are no specific recommendations arising from this report.

## **8. NOT FOR PUBLICATION DOCUMENTS**

8.1 None.

## **9. OPTIONS**

9.1 This report is for information only and there are no specific recommendations arising from this report.

## **10. RECOMMENDATIONS**

10.1 It is recommended that Corporate Overview and Scrutiny consider and comment on the contents of this report.

## **11. APPENDICES**

Appendix 1 – Fes and Charges broken down by category

Appendix 2 – Summary of Fees and Chagres as per Table 3

Appendix 3 - Analysis of Fees and Charges and Income as shown in Appendix 2

## **12. BACKGROUND DOCUMENTS**

None.

## Appendix 1 – Fees and Charges broken down by category

Activity - Broken down by category		2016/17 Budget
	1a Health Income	22.8
	7d Local safeguarding Board	0.2
	7e Employment training services	1.5
	7f Behaviour Evaluation Support Team (BEST) from NHS	0.4
	7g Higher Education Funding for historic pension cost.	0.3
	7h Misc. additional income streams	0.3
	9b Corporate services - other public sector	0.2
A	<b>Received from Other Public Sector Institutions</b>	<b>25.7</b>
B	<b>Directly generated and received by schools</b>	<b>18.6</b>
	3a School Catering - Charges to schools	13.1
	3b School Catering - Charges to students/parents	4.1
	6a ICT Services	1.6
	6b Music Services	0.6
	6c Governors' Services	0.4
	6d Outdoor Education centres	1.0
	6e Education Psychology Service	0.3
	6g Misc. additional income streams	1.3
	7a PFI unitary charge payments	6.1
	7b Education Services (e.g. Sensory)	1.2
	7c Connexions - Careers advice.	0.1
	9a Corporate services traded with schools	3.3
	School cleaning	1.1
C	<b>Income received from/generated from trading with Schools</b>	<b>34.2</b>
	4a Sports Facilities and Sports/Swimming Development	4.9
	Theatres	7.1
D	<b>Generated from Trading with the Public in a commercial setting</b>	<b>12.0</b>
	4b Grounds Maintenance, Pitch rents & winter gritting	1.2
	8a Car Parking tickets	2.0
	Industrial Services Group	2.0
	Markets	2.8
	Trade Waste	3.1
	Property rental	2.6
	Income from recycling	1.7
	Bank interest	1.3
E	<b>Generated from trading in the Commercial Market</b>	<b>16.7</b>
	1c Residential & Nursing Client Contributions	5.1
	8b Car Parking fines	3.0
	Planning fees	2.0
	Building control fees	1.3
	Highways related charges	2.1
F	<b>Fees for Council functions (Nationally set)</b>	<b>13.5</b>
	Bereavement fees	3.0
	6f Fines for unauthorised absence	0.3
	1b Community Care - Non Residential income	6.3
	1d Direct Payment Income Recovery	0.3
	1e Equipment (Safe & Sound)	0.6
	1f Sensory Needs	0.3
	1g Misc. Remaining income - Various services	0.1
	Council tax summons and fines	3.2
	HM Coroner's Office & mortuary services	1.0
	Registrars services	0.7
	Garden Waste	0.8
	Land Charges	0.4
	Licensing	1.5
G	<b>Fees for Council functions (Locally set)</b>	<b>18.5</b>
	<b>Total per Table 3</b>	<b>139.2</b>

## Appendix 2 – Summary of Fees & Charges per Table 3

	Activity	2016/17 Budget
1	1a Health Income	22.8
	1b Community Care - Non Residential income	6.3
	1c Residential & Nursing Client Contributions	5.1
	1d Direct Payment Income Recovery	0.3
	1e Equipment (Safe & Sound)	0.6
	1f Sensory Needs	0.3
	1g Misc Remaining income - Various services	0.1
	<b>Social care provision contributions</b>	<b>35.5</b>
2	<b>Income generated by Schools</b>	<b>18.6</b>
3	3a School Catering - Charges to schools	13.1
	3b School Catering - Charges to students/parents	4.1
	<b>School catering</b>	<b>17.2</b>
4	4a Sports Facilities and Sports/Swimming Development	4.9
	4b Grounds Maintenance, Pitch rents & winter gritting	1.2
	<b>Sports &amp; Leisure Services</b>	<b>6.1</b>
5	<b>Theatres</b>	<b>7.1</b>
	6a ICT Services	1.6
	6b Music Services	0.6
	6c Governors Services	0.4
	6d Outdoor Education centres	1.0
	6e Education Psychology Service	0.3
	6f Fines for unauthorised absence	0.3
	6g Misc. additional income streams	1.3
6	<b>Education - Traded Income with schools</b>	<b>5.5</b>
7	7a PFI unitary charge payments	6.1
	7b Education Services (e.g. Sensory)	1.2
	7c Connexions - Careers advice.	0.1
	7d Local safeguarding Board	0.2
	7e Employment training services	1.5
	7f Behaviour Evaluation Support Team (BEST) from NHS	0.4
	7g Higher Education Funding for historic pension cost.	0.3
	7h Misc. additional income streams	0.3
	<b>Contributions from partners relating to Children's Services</b>	<b>10.1</b>
8	8a Car Parking tickets	2.0
	8b Car Parking fines	3.0
	<b>Parking Services</b>	<b>5.0</b>
9	9a Corporate services traded with schools	3.3
	9b Corporate services - other public sector	0.2
	<b>Corporate Services</b>	<b>3.5</b>
10	<b>Industrial Services Group</b>	<b>2.0</b>
11	<b>Markets</b>	<b>2.8</b>
12	<b>Trade Waste</b>	<b>3.1</b>
13	<b>Bereavement fees</b>	<b>3.0</b>
14	<b>Council tax summons and fines</b>	<b>3.2</b>
15	<b>Property rental</b>	<b>2.6</b>
16	<b>Planning fees</b>	<b>2.0</b>
17	<b>Highways related charges</b>	<b>2.1</b>
18	<b>Income from recycling</b>	<b>1.7</b>
19	<b>Building control fees</b>	<b>1.3</b>
20	<b>Bank interest</b>	<b>1.3</b>
21	<b>School cleaning</b>	<b>1.1</b>
22	<b>HM Coroner's Office &amp; mortuary services</b>	<b>1.0</b>
23	<b>Registrars services</b>	<b>0.7</b>
24	<b>Garden Waste</b>	<b>0.8</b>
25	<b>Land Charges</b>	<b>0.4</b>
26	<b>Licensing</b>	<b>1.5</b>
	<b>Total as per Table 3</b>	<b>139.2</b>

## **Appendix 3 – Analysis of Fees Charges and Income**

### **1. Social Care Contributions - £35.5m income budget in 16/17**

1a – Health Income – £22.8m

The majority of this income is through a Section 75 agreement from the Better Care Fund (BCF). It is an agreement between the three Clinical Commissioning Groups and the Council.

1b – Community Care – Non Residential Income – £6.3m

This is income formerly charged under the Fairer Charging policy set by Government; more recently updated with the Care Act 2014. A revised local charging policy has been approved and will be implemented over the next few months.

1c – Residential & Nursing Home contributions - £5.1m

This is a charge to Service Users under the guidance of the Care Act 2014 for a contribution towards their Care costs.

1d – Equipment (Safe & Sound) - £0.6m

This is a charge for equipment lent to Service Users of £3 per week and was introduced two years ago.

1e – Sensory Needs - £0.3m

This is charging for interpreting services provided to external parties.

1f – Direct Payment (Income recovery) & Other Services - £0.4m

On occasions, it is found that an allocation in the form of a direct payment is not fully spent by the Service User. This is the recovery of that unspent direct payment.

#### **Basis for charging**

The charging legislation is now part of the Care Act 2014. More detail is provided in Care and Support Statutory Guidance. The CRAG (Charging for Residential Accommodation Guide) and Fairer Charging guidance have been replaced by The Care and Support (Charging and Assessment of Resources) Regulations 2014.

#### **Scope to increase**

Some charges are set locally, but must be in accordance with government-prescribed principles as mentioned above. Charges for Residential and Nursing Care are set out in the Care Act Guidance.

The decision to charge for non residential services is discretionary. Where Councils decide to charge (almost all do) they must have a charging policy that complies with national regulations. The Council's policy has typically been more generous than other Councils and a change to bring the Bradford policy in line with the standard is being implemented. Of the total (£35.5m), we can only influence £7.2m and most of this is covered under the recently approved and consulted Charging Policy which should be fully implemented by

January 2017. Charges are levied per individual service user or organisation with annual increases based on government guidance for the services where a contribution is required from the Service User. Other discretionary increases are presented to Executive and then are formally consulted upon.

## **2. Income generated by Schools - £18.6m income budget in 16/17**

Income generated by schools is under the control of schools and not the Council. The main sources of income generated by schools covers premises £6.6m, catering £2.9m, Supply teacher insurance/other ins £1.6m, parents contribution £1.7m, donations/other £0.4m, government grants £0.6m, Extended School provision £4.8m.

Scope to increase - Nil - It is outside Council control.

## **3. School Catering - £17.2m income budget in 16/17**

The service currently provides to 146 primary and 5 secondary schools. An alternative service delivery model has been considered and the service has embarked on a service improvement plan and investment to increase the likely viability of this option. This work combined with the extension of the free school meals has resulted in the school catering function improving its contribution to Council overheads. The outcome is that while the commercial viability has improved the potential benefits, in financial terms, of an alternative delivery model may be outweighed by the loss of potential contribution from the existing operation.

	2014/15 Actual £m	2015/16 Actual £m	2016/17 Budget £m
Gross Costs before overheads	14.9	16.7	16.6
Income	(16.1)	(17.6)	(17.2)
Net (surplus) before overheads	(1.2)	(0.9)	(0.6)
Overheads and capital charges	1.8	2.2	1.3
<b>Bottom Line Net cost</b>	<b>0.6</b>	<b>1.3</b>	<b>0.7</b>
No meals 000s	6,093	6,776	
Income per meal £	(2.57)	(2.64)	
Contribution per meal	(0.1)	(0.14)	
<b>Bottom line cost (-surplus) per meal</b>	<b>0.1</b>	<b>0.2</b>	

Key Activity Measure	Annual Figures – Current & Forecast				
	13/14	14/15	15/16	16/17	17/18
School Contracts	153	153	154	151	145

### **Additional Information**

Income type: Charges are set locally & 100% from trading with schools.

Charges are agreed with schools on an individual site by site basis depending on size and the balance of free and paid meals etc. Overall income is planned to equal the cost of providing a service including contribution to overheads.

Charges are re-set annually in line with the school year, last change September 2016.

Meal numbers rose after the introduction of Universal Free School Meals in 2014, flattened out in 2016/17 and are forecast to fall by approx. 4% (due to loss of clients) in 2017/18.

## Scope to increase

In principle the Council could increase charges to Schools or attempt to reduce the cost base whilst maintaining income levels to improve its' level of contribution. However the service is in competition with independent sector providers and schools themselves who may choose to go in-house. Therefore any increase in charges could result in loss of business and a lower contribution to overheads, many of which are of a fixed/semi fixed nature. The gradual reduction in the number of schools using the service over recent years, partly linked to the increase in academies, has also meant that the market has become more fragmented. There would therefore appear to be little scope for the service, in its current form, to expand its client base in the short term. Evidence derived from the implementation of UFSM, that resulted in volumes increasing more quickly than costs, indicated that economies of scale are achievable. Therefore maintaining meal sales and increasing productivity etc to improve the trading position is a more realistic ambition.

## **4. Sports Facilities, Sports Development and Parks & Woodland - £7.2m income budget in 16/17**

### **Sports Facilities - £4.9m income budget in 16/17**

Sports facilities include the sports centres and swimming pools and fitness centres across the district.

	2014/15 Actual £m	2015/16 Actual £m	2016/17 Budget £m
Gross Costs before overheads	7.8	7.8	7.4
Income	(4.4)	(4.6)	(4.5)
Net cost before overheads	3.4	3.2	2.9
Overheads and capital charges	4.5	6.1	2.8
Bottom Line Net cost	7.9	9.3	5.7
Total attendances 000s	1893	1821	1815
Income per attendance	2.34	2.5	2.47
Bottom Line subsidy per attendance	4.12	5.1	3.14

The local authority charges for public swimming, swimming lessons, dry sports, gym membership and sports and swimming development. Prices can be changed for most activities; however, there is a need to consider the potential impact on demand. Where an above inflation price has been applied, the overall income and attendance has declined. Where an annual increase is applied, this is based on RPI to October (announced during November) and applied in January.

Key Activity Measure	Annual Figures – Current & Forecast				
	13/14	14/15	15/16	16/17	17/18
Sports Facilities Visits	1,906,547	1,892,980	1,821,516	1,815,431	1,815,431

Income is in decline largely due to falling attendances. Bradford has an ageing stock of facilities.

There is increased competition for fitness membership from the private sector and in real terms the price of gym memberships has come down due to the level of competition.

## Sports and Swimming Development - £0.4m income budget in 16/17

The service provides sports development activities such as outdoor activities, swimming development, play development, dance and specific sports and community sport.

	2014/15 Actual £m	2015/16 Actual £m	2016/17 Budget £m
Gross Costs before overheads	1.0	0.8	0.8
Income	(0.3)	(0.4)	(0.4)
Net cost before overheads	0.7	0.5	0.5
Overheads and capital charges	0.2	0.3	0.2
Bottom Line Net cost	0.9	0.8	0.7

## Parks and Woodlands Income

The total budgeted income for Parks & Woodlands is £1.8m of which £1.2m is internal charges for grounds maintenance and £0.6m relates to external charges for schools grounds maintenance and football pitches.

### 5. Theatres - £7.1m income budget in 16/17

The Theatres service is provided from the Alhambra, St Georges Hall and Kings Hall Ilkley.

	2014/15 Actual £m	2015/16 Actual £m	2016/17 Budget £m
Gross Costs before overheads	11.5	10.8	8
Income	(10.6)	(9.7)	(7.1)
Net cost before overheads	0.9	1.1	0.9
Overheads and capital charges	1.4	(0.5)	1.2
Bottom Line Net cost	2.3	0.6	2.1
Total ticket sales 000s	378	350	-
Income per ticket	27.9	27.8	-
Direct Subsidy per ticket	2.25	3.04	-
Bottom Line subsidy per ticket	5.96	1.8	-

#### Key Activity Measure

#### Annual Figures – Current & Forecast

	13/14	14/15	15/16	16/17	17/18
Theatre Ticket Sales	313,739	378,297	350,176	270,000	270,000

Although the Council could theoretically generate additional income up to a level where full costs are recovered without restriction, ticket prices for shows are typically set by external theatre companies and the Council negotiates a percentage of ticket sale income.

If the percentage is too high, the Council runs the risk of popular (and more financially attractive) shows being staged in other cities instead.



In order to ensure a high social value the Theatres service seeks to provide a variety of different genres (musicals, operas, comedy, dance) in line with its agreed Mission Statement, some of which are typically less income generating than the others.

The Theatres service could seek to provide less diversity of provision and concentrate on more financially attractive shows, but this may come at a cost to the cultural value of the service.

A large limiting factor that also impacts on the Theatres programme is the availability of shows which is largely outside of the Council's control.

Of the £7.1m of Theatres income 89% is income from ticket sales; the other 11% is from Theatres Catering which involves mostly bar sales and meals at the Alhambra and to a lesser extent at the other sites. The ability to influence the level of charge varies with the show. In the recent past Theatres have been set modest targets to increase sales but not much more than £20k-£50k. Any increases fall in line with state of the market and availability of shows.

Theatres have a range of categories for ticket sales based on seat location, e.g. 'front stall's, circle, Laidler Club packages; the team have pitched the price on estimated sales volumes and experience

## **6. Education Traded Income with Schools £5.5m Income Budget in 2016/17**

The income from education traded income with schools comprises Curriculum ICT, the Music & Arts Service, School Governor Services, Education Psychology Service, Outdoor Education Centres, Interfaith services and fines for unauthorised absences.

### **6a Curriculum ICT (Bradford Learning Network and Innovation Centres) - £1.6m income budget in 16/17**

The service provides three types of services to all schools in the district. The main service is a broadband subscription service to schools which generates £1.1m of income. The remaining services include the School Information Management System (SIMS) subscription service and ICT training facilities including IT hardware/software purchases for schools which generates £0.5m of income.

	2014/15 Actual £m	2015/16 Actual £m	2016/17 Budget £m
Gross Costs before overheads	1.7	1.8	1.5
Income	(1.7)	(1.7)	(1.6)
Net cost/(surplus) before overheads	0.0	0.1	(0.1)
Overheads and capital charges	0.2	0.2	0.2
Bottom Line Net cost	0.2	0.3	0.1
Number of schools, nurseries PRUs subscribing to Broadband service	224	182	182

Charges for services are set locally but income cannot exceed the full cost of providing the service. The broadband services are charged at a set rate for line rental and a variable per pupil charge for broadband services. The SIMS subscription and ICT training facilities/

software/hardware are recharged based on cost with an element to cover administration/overhead cost.

### Scope to increase

The majority of the income relates to the broadband service which recovers its full cost.

### 6b Music & Arts Service - £1.6m income budget in 16/17

The service delivers subsidised “instrumental and Vocal Teaching”, delivering on the Government expectation that every child at Key Stage 2 should have the chance to learn an instrument or sing.

	2014/15 Actual £m	2015/16 Actual £m	2016/17 Budget £m
Gross Costs before overheads	1.3	1.5	1.5
Income	(1.4)	(1.6)	(1.6)
Net (surplus) before overheads	(0.1)	(0.1)	(0.1)
Overheads and capital charges	0.3	0.2	0.2
Bottom Line Net cost	0.2	0.1	0.1

Charges are set locally but income cannot exceed the cost of providing the service. The figures above do include grant income of which £1m is budgeted for 2016/17 to support the service delivery. The table below provides activity information for the service.

Description	2013-14 Academic Year	2014-15 Academic Year
Whole Class Ensemble Teaching	6,672	7,879
Continued to next year	4,800	5,069
% continuation rate	72%	64%

### Scope to increase

The service receives a music grant that subsidises the service delivery. The grant conditions state that we can only recover our cost and not to make a profit from the service provision.

### 6c - School Governor Service - £0.7m income budget in 16/17

The service enables governors and schools to carry out their statutory duties and to secure effective governance including clerking, staff development/training administration and on-going reform of the workforce.

	2014/15 Actual £m	2015/16 Actual £m	2016/17 Budget £m
Gross Costs before overheads	0.9	0.8	0.7
Income	(0.9)	(0.8)	(0.7)
Net cost before overheads	0.0	0.0	0.0
Overheads and capital charges	0.2	0.1	0.1
Bottom Line Net cost	0.2	0.1	0.1

The table below provides activity information for the service:

Description	2013-14	2014-15	2015-16
No of schools subscribing to Governor service	151	160	187
No of Schools subscribing to Postal clerking service	71	62	53
No of Schools subscribing to Email clerking service	43	64	80

### Scope to Increase

The reduction in generated income has been due to schools opting to the cheaper email clerking services and a reduction in the number of courses provided to schools. Charges are set locally and recover the full cost of service delivery.

### 6d Outdoor Education Centres - £1m income budget 16/17

There are three outdoor education centres within the district (Buckden, Ingleborough Hall and Nell Bank) provide outdoor learning programmes to both Bradford and non-Bradford schools including personal development and adventure activities. The centres also host study weekends, music groups and conferences

	2014/15 Actual £m	2015/16 Actual £m	2016/17 Budget £m
Gross Costs before overheads	1.0	1.0	1.0
Income	(1.0)	(1.0)	(1.0)
Net cost before overheads	0.0	0.0	0.0
Overheads and capital charges	0.1	0.1	0.1
Bottom Line Net cost	0.1	0.1	0.1

The centres had received £1.5m of capital investment from the Schools Forum for capital enhancements. The Forum also is funding annually £0.2m of revenue funding to cover the shortfall in income generation for the 2014-15, 2015-16 and 2016-17 financial years. The income figures include the Forum's contribution.

### Scope to Increase

The centres will be recovering full cost from 2017-18 with the completion of the capital works. Visitor numbers should increase and cover the removal of the Forum's annual contribution as the service moves to full cost recovery.

### 6e Education Psychology Service - £0.3m income budget 16/17

Educational Psychologists provide professional advice on children's educational and emotional development. The service also provides statutory educational psychology advice (SEN3) to support the assessment of children's special education needs. The majority of the service is statutory but the service provides schools the option to purchase additional time to support school development.

	2014/15 Actual £m	2015/16 Actual £m	2016/17 Budget £m
Gross Costs before overheads	1.2	1.3	1.2
Income	(0.3)	(0.4)	(0.3)

Net cost before overheads	0.9	0.9	0.9
Overheads and capital charges	0.2	0.2	0.2
Bottom Line Net cost	1.1	1.1	1.1

### Scope to increase

There is growing need for Education Psychology and there is external competition with other providers. The current rates are based on the number of sessions purchased and cover the cost of traded service delivery.

### 6f Education Social Work Service - £0.3m income budget 16/17

The Education Social Work Service fulfils and enacts the Council's statutory responsibility for school attendance, Children Missing Education and Child Employment and Licensing. The Local Authorities have statutory powers to issue Penalty Notices to parents and carers who take their children out of school without first seeking the school's permission or take their children out after permission has been denied. They could receive a penalty notice fine of £60 per parent per child.

	2014/15 Actual £m	2015/16 Actual £m	2016/17 Budget £m
Gross Costs before overheads	0.9	1.0	1.0
Income	(0.2)	(0.3)	(0.3)
Net cost before overheads	0.7	0.7	0.7
Overheads and capital charges	0.3	0.3	0.3
Bottom Line Net cost	1.0	1.0	1.0

The table below provides activity information on the number of penalty notices issued.

Description	2013-14 Academic Year	2014-15 Academic Year
Number of Penalty Notices	1,946	3,445

### Scope to increase

The service received £0.2m from penalty notices that are fixed by the government. The remaining £0.1m income is from traded function provided by the service to schools. The charge is made to schools on a full cost recovery basis.

### **7. Contribution from Partners relating to Children's Services - £10.1m income budget in 16/17**

These are contributions and are not classed as traded and broadly split into 2 categories, funding received from schools and funding received from other public sector organisations. The other Public sector organisations include Housing Benefit for Looked After Children, Leeds City Region, Job Centre plus contract funding, Employment training, Family learning contract. Contribution from Schools' are primarily for children educated via central services and contributions towards PFI contracts.

As these are not traded services with income not linked to specific fees and charges the scope to increase income in these areas is very limited.

## **8. Car Parking charges and fines - £5m income budget in 16/17**

	2014/15 Actual £m	2015/16 Actual £m	2016/17 Forecast £m
Gross Costs before overheads	3.5	3.5	3.6
Income	(5.1)	(5.9)	(5.0)
Net (surplus) before overheads	(1.6)	(2.4)	(1.4)
Overheads and capital charges	0.4	1.3	0.6
Bottom Line Net (surplus)	(1.2)	(1.1)	(0.8)

Key Activity Measure	Annual Figures – Current & Forecast				
	13/14	14/15	15/16	16/17	17/18
Bus Lane Fines (£k)	1,267	1,865	2,429		
Car Parking Fines (£k)	1,359	1,182	1,271		
Car Parking Tickets (£k)	1,943	1,965	2,090		
<b>Total (£k)</b>	<b>4,569</b>	<b>5,012</b>	<b>5,790</b>	<b>5,459</b>	<b>5,459</b>

### **8a Car Parking Tickets - £2m income budget 16/17**

Parking charges are set locally and Local authorities are free to set basic levels of parking charges. When setting charges, demand for parking, competition and usage of amenities must be taken into consideration. A banding system is generally used for inner and outer city centre areas, town and villages. Extension of charging hours, introduction of charges, changes in operating hours and changes and increases to some pay and display charges were agreed as part of the budget process in February 2016.

### **8b Car Parking fines - £3m income budget 16/17**

Car Parking fines are comprised of parking related penalty charge notices and bus lane fines.

Regarding Penalty Charge Notices, the Council currently charges £50 for lower level parking contravention (e.g. overstay), £60 for bus lane violation, £70 for higher level parking violation (e.g. parking on double yellow lines).

The charges are the maximum permitted by National Guidance.

If PCNs are paid within 14 days, a statutory 50% reduction applies.

In order to manage traffic flow more effectively, additional bus lane cameras have been introduced. However, income from parking contraventions and bus lane fines is completely dependent on driver behaviour and is subject to fluctuations.

## **9. Corporate Services traded - £3.5m Income budget in 16/17**

The income generated here is mainly from HR traded services, £1.4m, Payroll £0.9m, ICT £0.8M and Training £0.2m. The main customers are schools £3.3m while £0.2m comes from recharges under partnership agreements to WYPF, Bradford College and Wakefield Council.

### **9a Corporate Services traded with schools - £3.3m income budget in 16/17**

(Main activities identified below)

### Payroll - £0.9m income budget in 16/17

The service provides payroll for Council staff, Councillors and Schools and the charge to schools serves to both reduce the net cost to the council and through economies of scale provides increased value for money to all users.

	2014/15 Actual £m	2015/16 Actual £m	2016/17 Budget £m
Gross Costs before overheads	1.3	1.3	1.2
Income	(0.9)	(1.0)	(0.9)
Net cost before overheads	0.4	0.3	0.3
Overheads and capital charges	0.5	1.4	0.3
Bottom Line Net cost	0.9	1.7	0.6
Council Payroll Headcount*	9440	9075	
Net cost before o/heades per Headcount per year	£37.46	£31.51	

\*the number of people that the Payroll service provide a service for where income is not generated (i.e. Council Staff/Members)

Charges for Payroll to schools are set locally and reviewed regularly but income cannot exceed the total cost of providing the service. Currently the income from schools serves to significantly reduce the net cost of provision to the council as a whole. Also included in the income is an amount for administering attachments orders and deducting Trade Union subscriptions.

### Scope to increase

Limited - The Council could potentially increase charges to schools but the service is in competition with independent providers and increases could result in reduced business. This could lower the contribution to the Councils share of costs /overheads. The service manager regularly reviews prices relative to market values to ensure they are competitive but also in the Councils interest.

### HR Traded Services - £1.4m income budget in 16/17

HR Traded Service income comes primarily from providing HR support services to Schools, £1.4m, budget as below. Income is made up of an annual core contract element and ad hoc payments for Recruitment services and Disclosure and Barring Service checks (Criminal records).

	2014/15 Actual £m	2015/16 Actual £m	2016/17 Budget £m
Gross Costs before overheads	1.3	1.3	1.2
Income	(1.6)	(1.5)	(1.4)
Net (surplus) before overheads	(0.3)	(0.2)	(0.2)
Overheads and capital charges	0.4	0.4	
Bottom Line Net cost	0.1	0.2	

Charges for HR traded services to schools are set locally but income cannot exceed the cost of providing the service.

Key Activity Measure	Annual Figures – Current & Forecast				
	13/14	14/15	15/16	16/17	17/18
HR School Contracts	150	157	160	155	155

### Scope to increase

Limited - The Council could potentially increase charges to schools but the service is in competition with independent providers and increases could result in reduced business.

In addition to the Payroll and HR Traded Services other income is received in this category from schools are for ICT and telephony recharges, Health and Wellbeing, medical fees, training.

### 9b – Corporate Services – Other Public sector - £0.2m

£0.2m comes from recharges under partnership agreements to WYPF, Bradford College and Wakefield Council predominantly for ICT, Telephony recharges and audit, there is limited scope to vary these.

### 10. Industrial Services Group - £2m income budget in 16/17

ISG provides work based training and employment opportunities for disabled people from across the Bradford District.

	2014/15 Actual £m	2015/16 Actual £m	2016/17 Budget £m
Gross Costs before overheads	2.9	2.6	2.7
Income	(2.5)	(1.9)	(2.0)
Net cost before overheads	0.4	0.7	0.6
Overheads and capital charges	0.4	0.4	0.3
Bottom Line Net cost	0.8	1.1	1.0
No of disabled people employed by ISG at points during the year*	35	34	
Direct Subsidy per disabled person employed	11,135	19960	
Bottom Line subsidy per disabled person employed	22867	31097	
Conversion rate into employment	31%	31%	

Key Activity Measure	Annual Figures – Current & Forecast				
	13/14	14/15	15/16	16/17	17/18
Permanent workchoice employees	35	35	37	33	33

Charges are set locally, but income cannot exceed the cost of providing the service unless traded through a separate legal entity. Of the budgeted £2m income, 95% are sales to external customers with the remaining 5% being a grant from DWP to support placements for people with Disabilities for the purpose of gaining access to work.

For several years now ISG has been subsidised by as much as £0.8m, the subsidy in 2016-17 is £0.4m. The base for charges is full cost recovery and achievable contribution to the bottom line

ISG is chiefly retained for its social value, the activity measure on which it is judged is the numbers of people with disabilities employed (since 2014 reduced from 19 to 14) and the number of 'workchoice' trainee placements achieved (down from 13 to 6).

### 11. Markets - £2.8m income budget in 16/17

The markets service provides market stall lets for approx. 520 indoor units, 20 wholesale units and 100 outdoor units. The service won the Best wholesale market service 2015 in the UK for the St James Market.

	2014/15 Actual £m	2015/16 Actual £m	2016/17 Budget £m
Gross Costs before overheads	1.8	1.8	1.6
Income	(2.8)	(2.8)	(2.8)
Net (surplus)before overheads	(1.0)	(1.0)	(1.3)
Overheads and capital charges	0.6	1.2	0.5
Bottom Line Net (surplus)	(0.4)	0.2	(0.8)

Key Activity Measure	Annual Figures – Current & Forecast				
	13/14	14/15	15/16	16/17	17/18
% Indoor Units Occupied	90%+	90%	88%	85%	85%

There are no regulatory limitations on charges. Instead there are clear market limits to the maximum chargeable. Market services tend to be broadly comparable between towns allowing for benchmark rates to be collected. Market traders are widely organised into associations, the working relationships between traders and service helps to ensure charges reach equilibrium. Service charges are based on the costs the council can charge back according to the letting agreement.

There are indoor charging categories and outdoor charging categories. A pre-set rate is charged for Indoor Market Rents & Service Charges and Toll Fees Charged for trading at Outdoor Markets

There is a prescribed set of rent review dates for indoor venues and a similar schedule of review dates for when annual service charges are re-calculated. There are annual toll review dates for the outdoor sites

Rates are changed according to the schedules of rent reviews under the terms of leases agreed between Traders and the Market

Markets Service key measures are occupancy levels and voids. Footfall into centres is also recorded. The service is reporting challenging trading conditions which is due partly to the opening of the Broadway Shopping Centre but also changing trading conditions as other customer attracting business have closed at the top of town.

Council Policy is for any surplus in excess of that budgeted is placed into a reserve to fund future capital works. Any deficit is repaid back from the reserve and helps cover lean



periods.

The scope to increase is limited at a time when take up of units has fallen. Estates management are retained to provide advice on the feasibility of increases.

## 12. Trade Waste - £3.1m income budget in 16/17

The service provides a waste collection service to organisations in Bradford in competition with independent providers.

	2014/15 Actual £m	2015/16 Actual £m	2016/17 Budget £m
Gross Costs before overheads	2.8	2.6	2.8
Income	(2.9)	(3.2)	(3.1)
Net (surplus) before overheads	(0.1)	(0.5)	(0.3)
Overheads and capital charges	0.3	0.3	0.3
Bottom Line Net cost	0.2	(0.2)	0

### Additional Information

The trade waste service has 3,750 clients and collects approx. 20,000 tonnes of waste which has remained stable over the last 5 years. The future direction of the service is currently being considered, specifically looking at interconnections with the domestic waste collection service.

Key Activity Measure

	Annual Figures – Current & Forecast				
	13/14	14/15	15/16	16/17	17/18
Trade Waste Tonnage	19,284	19,589	20,106	20,106	20,106

### Scope to Increase

Charges are set locally, but the service cannot exceed the cost of providing the service unless it was traded through a separate legal entity. Charges are based on disposal and collection costs and a contribution towards overheads, prices are re-calculated annually. The scope to increase charges is very limited as the service must remain competitive whilst ensuring that surpluses are not made.

## 13. Bereavement Services - £3.1m income budget in 16/17

The service provides a burials and cremations service.

	2014/15 Actual £m	2015/16 Actual £m	2016/17 Budget £m
Gross Costs before overheads	1.8	1.8	1.8
Income	(3.0)	(3.0)	(3.1)
Net (surplus) before overheads	(1.2)	(1.2)	(1.3)
Overheads and capital charges	0.2	0.2	0.2

Bottom Line Net (surplus)	(1.0)	(1.0)	(0.9)		
Key Activity Measure	Annual Figures – Current & Forecast				
	13/14	14/15	15/16	16/17	17/18
Burials/cremations etc	4,041	4,054	4,197	4,197	4,197

### Additional Information

The service provides a burial and cremation service and operates from three crematoria and twenty four cemeteries.

The Cremation Act 1902 as amended by the Local Government Act 1972 allows Councils freedom to set charges provided a standard table is used

The Bereavement Service has a budgeted income of £3.1m for 2016-17 which is split between cremations (£1.9m), burials (£1m), sales of memorials and other ancillary income (£0.2m).

The other local authorities in West Yorkshire all show surpluses from their bereavement services and CIPFA analysis shows a surplus nationally.

### Scope to Increase

There is a further £0.2m contribution towards savings identified by the end of 2017/18 and prices have been increased accordingly. The Bereavement Strategy will identify the need to invest heavily in the crematoria in the immediate future, with at least one new build, together with a longer term requirement for new burial land. There remains scope for further price rises given an improved service offer.

### 14. Council Tax and Business Rates Summons and Fines – £3.2m income budget in 16/17

Summons and fines income is generated from residents and businesses that have not paid their Council tax or business rates.

	2014/15 Actual £m	2015/16 Actual £m	2016/17 Budget £m
Income	2.7	2.9	3.2

Charges were increased as part of the budget setting process for 2016/17 to £50 for Council Tax and £60 for Non Domestic rates bills. However actual income levels are dependent both on the number of summonses that are issued and the ability to pay. Recent activity figures would suggest that numbers have peaked and are now in decline.

Key Activity Measure	Annual Figures – Current & Forecast				
	13/14	14/15	15/16	16/17	17/18
Council Tax Summonses issued	55,960	59,066	49,363	47,500	47,500

### Scope to increase

As noted, Bradford has recently increased its charge rates for costs charged when an initial application is made to the Magistrates Court for a Liability Order. However, this is limited by recent case law which saw a London Borough have to repay significant sums as

it could not justify its costs level.

### 15. Property Rental Estates Management - £2.6m Income budget in 16/17

The Council rents some of its property to external tenants on a commercial basis. Large income generators include rental (including ground rents) for Airedale Shopping Centre (Keighley), Asda and Cedar Court amongst others.

Rent reviews are carried out in accordance with the frequency and basis set out in existing lease agreements.

The majority of rents are reviewed to market value and as such the council's ability to increase rents is affected by prevailing market conditions. Income is also generated from Allotment rentals.

	2014/15 Actual £m	2015/16 Actual £m	2016/17 Budget £m
Gross Costs before overheads	1.9	1.8	1.9
Income	(2.9)	(2.5)	(2.6)
Net (surplus) before overheads	(1.0)	(0.7)	(0.7)
Overheads and capital charges	4.9	4.9	1.0
Bottom Line Net cost	3.9	4.2	0.4

There is no Governmental limit on property rental. A review of the Council's investment estate is being carried out and will consider opportunities to rationalise and improve income streams.

The rent yield as a measure of asset value (gross and net) is the key activity measure for the property rental estate. The net yield reduced from 4.15% to 3.23% between YTD 2016-16 and 2016-17 but still represents a healthy return compared to a cash investment yield today of 0.92%

### 16. Planning Fees - £2.0m income budget in 16/17

The service processes fee generating planning applications. It also undertakes a statutory planning enforcement role.

	2014/15 Actual £m	2015/16 Actual £m	2016/17 Budget £m
Gross Costs before overheads	2.3	2.5	2.0
Income	(2.0)	(2.1)	(2.0)
Net cost before overheads	0.3	0.4	0.0
Overheads and capital charges	0.8	0.9	1.0
Bottom Line Net cost/ (surplus)	1.1	1.3	1.0

Key Activity Measure

Annual Figures – Current & Forecast

	13/14	14/15	15/16	16/17	17/18
Planning Applications	3,326	3,142	3,158	3,209	3,209

Planning fees are set by Central government but the scale of the fee depends upon the

size of the development. Councils can charge for pre-planning advice as a discretionary service. There is a considerable range of classes of charges.

**Scope to increase**

Very limited. Planning fees are set by Central Government. Demand for planning applications results from residents and business decisions outside the Council’s control.

**17.Highways related charges - £1.8m income budget 16/17**

The Council can charge for various works under the Highways Act for inspection fees, road closures, permits etc.

	2013/14 Actual £m	2014/15 Actual £m	2015/16 Budget £m
Gross Costs before overheads	2.0	2.5	2.3
Income	(1.0)	(1.0)	(1.8)
Net cost before overheads	1.0	1.5	0.5
Overheads and capital charges	0.2	0.4	0.3
Bottom Line Net cost/ (surplus)	1.2	1.9	0.8

The service receives income from a range of charges made to highways users. There is a national scheme of charges to companies who overrun planned works on the highways. Also charges are made to highways users where works require local site support e.g. skips and scaffolding obstructions. There is a mix of charges and permits

**Scope for influencing charges**

A rate card of all the different chargeable elements is produced. Highways view most of them as ‘adjustable’. However a number of the charges are new and so are being run initially as a test. Permit charges were set by a detailed Department for Transport time matrix assessment and to alter them would require a complete re-evaluation of the permit scheme to justify a change, plus a consultation with various external partners and statutory bodies that may lead to a legal challenge against the schemes existence.

The basis of charges are those set on national guidance schedules. For example, charges are made in relation to works occupying the carriageway during periods of overruns; different categories of prioritised streets have different amounts set. Other categories of charges are for licences to place skips on the highway and for scaffolds.

**Key activity data**

The numbers of permits being issued in 2016-17 is 4,100 and is expected to remain at this level. Charges for skips and scaffolds are new and so monitoring has only started recently

**Scope to increase**

There is scope to charge for design work to developers. In 2015-16 the service targeted growth in the level of charges under the Highways Permit Schemes; inspectors are retained to ensure effective compliance with all chargeable activity.

**18.Income from Recycling and direct deliveries of waste - £1.8m income budget 16/17**

The Council sells some of the waste collected from Kerbside, Household Waste Sites and Streetscene services (predominantly glass, cans, plastic, paper and cardboard and metals) directly to recycling companies at market prices.

The Waste disposal service also generates income by accepting waste from traders.

	2014/15 Actual £m	2015/16 Actual £m	2016/17 Budget £m
Income from Recylate Sales	1.6	1.0	1.5
Income from Direct deliveries	0.3	0.3	0.3

### Additional Information

Income is determined by market prices for each particular commodity and is negotiated within an overall contract for tonnage and price. Over the last two years, the recycling service has experienced issues with contamination which affects the overall income received. The introduction of a material recycling facility at Bowling Back Lane should resolve this issue and mitigate against the risk of contamination and reduced income.

Key Activity Measure	Annual Figures – Current & Forecast				
	13/14	14/15	15/16	16/17	17/18
Recycling Tonnage	60,672	61,173	64,928	66,916	68,923

### Scope to Increase

Although prices are driven by market forces and there is limited scope for increase, if general levels of recycling were to increase, this would result in an increase in income and a corresponding decrease in disposal of domestic waste. Making this happen requires creating continued awareness, through public campaigns, of the process and benefits of recycling.

### 19. Building Control - £1.3m income budget in 16/17

The service undertakes fee generating building control inspection service in competition with independent providers. It also undertakes a statutory building control enforcement role.

	2014/15 Actual £m	2015/16 Actual £m	2016/17 Budget £m
Gross Costs before overheads	1.6	1.5	1.3
Income	(1.2)	(1.0)	(1.2)
Net cost before overheads	0.4	0.5	0.1
Overheads and capital charges	0.9	0.9	0.3
Bottom Line Net cost/ (surplus)	1.3	1.4	0.4
Building Control Inspections	5,235	6,650	
Building Control Enforcements	260	1954	

Charges are set locally as part of a regional consortium but should not exceed the cost of the service. The account is statutorily bound to break even over a period of three years

Key Activity Measure	Annual Figures – Current & Forecast				
	13/14	14/15	15/16	16/17	17/18
Building Control Applications	4,020	3,615	3,401	3,679	3,679

### Scope to increase

Very limited. The service has been losing Building Control inspections market share in the fee generating Building Control inspections. Independent providers are highly competitive. The best prospects for increasing fees could be through a regional consortium where skills and expertise could be shared.

### 20. Bank Interest - £1.3 income budget in 16/17

The Council does receive bank interest on any positive cash balances and the Annual Investment Strategy is approved by Full Council each year setting out the parameters on investing cash balances. Income levels are dependent on the market rates available.

### 21. School Cleaning - £1.1m income budget in 16/17

The service cleans schools on a contracting basis.

	2014/15 Actual £m	2015/16 Actual £m	2016/17 Budget £m
Gross Costs before overheads	1.0	1.0	1.2
Income	(1.1)	(1.0)	(1.1)
Net cost/(surplus) before overheads	(0.1)	0.0	0.1
Overheads and capital charges	0.2	0.2	0.1
Bottom Line Net cost	0.1	0.2	0.2
No of contract hours '000s	107	108	

Cleaning is provided to a minority (20%) of schools typically on rolling one year agreements, effectively as an add on to the provision of school catering within which it is jointly managed, and is subject to regular contract churn as schools opt to go "in house" or use private contractors. There are a large number of alternative providers and a competitive market, price being the main determining factor and cost of direct labour forming approximately 85% of the final charge. Charges are set locally based on the site by site cost of provision and are reviewed annually. Any significant increase in charges would be likely to result in a loss of business and a reduction in the currently level of contribution.

### 22. HM Coroner's Office and Mortuary services - £1m income budget (excluding internal recharges) in 16/17

The Council hosts the forensic mortuary service plus also hosts the HM Coroner's office for the West Yorkshire (Western) Region.

	2014/15 Actual £m	2015/16 Actual £m	2016/17 Budget £m
Gross Costs before overheads	1.2	1.2	1.0
Income	(0.8)	(0.8)	(1.2)
Net cost before overheads	0.4	0.4	0.2

Overheads and capital charges	1.6	0.3
Bottom Line Net cost	2.0	0.7

The Coroner's office is a shared service provided in partnership with Calderdale and Kirklees under an agreement to share costs and the majority of the income, £800k, is via this route. A minority of the income comes from charging for mortuary services provided upon request to other organisations on an individual ad hoc basis. Historically this additional income via the Forensic science centre has been significantly below that budgeted for, only £45k in 15/16.

Key Activity Measure	Annual Figures – Current & Forecast				
	13/14	14/15	15/16	16/17	17/18
Post Mortems performed	1,322	1,358	1,522	1,550	1,600

### Scope to increase

Currently very limited due to relatively small volume of chargeable work being carried out.

## 23. Registrars - £0.7m income budget in 16/17

The Registrar's service administers births, marriages, civil partnerships and deaths. It also provides copies of certificates and undertakes wedding and civil partnership ceremonies at the register office and approved premises.

	2014/15 Actual £m	2015/16 Actual £m	2016/17 Budget £m
Gross Costs before overheads	0.7	0.6	0.6
Income	(0.7)	(0.7)	(0.7)
Net cost before overheads	0.0	(0.1)	(0.1)
Overheads and capital charges	0.5	0.6	
Bottom Line Net cost	0.5	0.5	

The majority of income is from Marriage/civil partnership ceremonies, charge £110 for City Hall or £360 at an approved premise. Charge rates for a number of the activities are set at council discretion and are reviewed and updated either by inflation or as part of budget setting process. Activity levels have remained, and are expected to remain, fairly constant and would be unlikely to be impacted upon greatly if charge rates were increased or decreased.

Key Activity Measure	Annual Figures – Current & Forecast				
	13/14	14/15	15/16	16/17	17/18
Marriage/CP ceremonies	1,060	1,096	1,077	1,100	1,100

### Scope to increase

Most of the fees are set by the General Register Office. Discretion is allowed on the charge for the use of venues.

## 24. Garden Waste - £0.8m income budget in 16/17

The garden waste service has a budgeted income level of £0.8m for 2016/17, with the current forecast showing at just over £1.0m; this was based on a take up of 30,000 households. The service offered an early bird discounted price of £28 which increased to £35 during June 2016. Prices were determined using other local authority charges, findings from a garden waste collection survey and residents' willingness to pay. The service is available to all households accessible by the 26 tonne wagon and residents receive 11 collections per year. Residents can purchase a second bin and subsequent bins at half price.

Key Activity Measure	Annual Figures – Current & Forecast				
	13/14	14/15	15/16	16/17	17/18
Kerbside Garden Waste	7,878	9,480	10,899	8,037	8,037

## 25. Land Charges - £0.4m income budget in 16/17

The Land charges service has a statutory duty to maintain the local land charges register (register of charges which may affect the use and/or sale of property) and the provision of local authority search requests.

	2014/15 Actual £m	2015/16 Actual £m	2016/17 Budget £m
Gross Costs before overheads	0.0	0.6	0.1
Income	(1.0)	(0.9)	(0.4)
Net cost before overheads	(1.0)	(0.3)	(0.3)

Key Activity Measure	Annual Figures – Current & Forecast				
	13/14	14/15	15/16	16/17	17/18
Number of Search Requests	7,153	8,126	8,230	8,451	8,451

## 26. Licensing - £1.5m income budget in 16/17

### 26a – Licensing - £0.5m income budget in 16/17

The Licensing service has statutory responsibility for the issue and enforcement of various licences and permissions, including the regulation of the sale/supply of alcohol, provision of entertainment, gambling premises and control of street trading.

	2014/15 Actual £m	2015/16 Actual £m	2016/17 Budget £m
Gross Costs before overheads	0.2	0.2	0.2
Income	(0.4)	(0.4)	(0.5)
Net cost before overheads	(0.2)	(0.2)	(0.3)

Key Activity Measure	Annual Figures – Current & Forecast				
	13/14	14/15	15/16	16/17	17/18
No of Licensing Requests	5,216	5,009	5,321	4,680	4,680

### 26b Hackney Carriage - £1m income budget in 16/17



The Local Government (Miscellaneous Provisions Act) 1976 permits the Council to charge fees for Hackney Carriage Licensing. Fees must not exceed the operating costs of the service. Annual income and costs are calculated at year end and any year end deficit or surpluses are transferred to a dedicated reserve account.

	2014/15 Actual £m	2015/16 Actual £m	2016/17 Budget £m
Gross Costs before overheads	0.8	0.8	0.9
Income	(1.1)	(1.0)	(1.0)
Net (surplus) before overheads	(0.3)	(0.2)	(0.1)
Overheads and capital charges	0.2	0.4	0.4 *
<b>Bottom Line Net cost</b>	<b>(0.1)</b>	<b>0.2</b>	<b>0.3</b>

\*Estimate based on 2015/16

### Scope to increase

The current pricing structure needs to be monitored to ensure that the local authority is not continually increasing the level of reserves. Scope for increase is therefore extremely limited.