

REPORT TO: Cabinet

MEETING DATE: 12 June 2018

BY: Depute Chief Executive (Partnerships and Community Services)/Depute Chief Executive (Resources and People Services)

SUBJECT: Introduction of New Charges

1 PURPOSE

- 1.1 To present to Cabinet for approval a group of new charges within the Education, Planning and Roads Services.

2 RECOMMENDATIONS

- 2.1 Cabinet is asked to approve the undernoted charges at the following rates in line with East Lothian's Charging Policy and to support the delivery of the Council's annual budget:
- 2.2 **Education:** Introduce a contributory charge of £280 per annum towards the costs of providing Instrumental Music Instruction (IMI), to pupils in receipt of the service from August 2018 as detailed within Appendix 1, noting this proposal contains a range of concessions.
- 2.3 **Planning:** With effect from 1 July 2018, introduce charges as set out in Appendix 2, to developers, householders, commercial organisations and Registered Social Landlords (or any other individual or body who require this service) associated with requests to name a street, number, name or rename a property.
- 2.4 **Roads:** Introduce charges to contractors and utilities companies (plus any other individual, organisation or body who requires the service) from 1st July onwards, for a range of permissions as detailed within Appendix 3.

3 BACKGROUND

- 3.1 In accordance with the Council's approved Financial Strategy and also in support of decisions taken within the annual budget process, the Council

is exploring the generation of new income streams both generally across all service areas and more specifically in relation to certain detailed proposals.

- 3.2 Section 1 of the Local Government in Scotland Act 2003 states that it is the duty of the local authority to make arrangements which secure best value. It further states that in providing best value, the local authority shall “maintain a balance between the quality of the performance of its functions, the cost to the authority of that performance and the cost to persons of any service provided by the local authority on a wholly or partly rechargeable basis”. It is also noted that Audit Scotland has provided guidance on the matter and the general principle is that a local authority should only be charging as much as it costs to carry out the service.
- 3.3 All of which is reflected in East Lothian Council’s Charging Policy which guides the introduction of these charges. Officers also take guidance and insight from the Budgetary Consultation findings from November 2017, where the public expressed an overall preference for increasing charges over the reduction or removal of services. This process of change should be delivered on “the user pays” principle outlined in the East Lothian Council’s Charging Policy.

Education - Instrumental Music Tuition Charge

- 3.4 IMI is a discretionary service provided by East Lothian Council and is separate to the entitlement to a music curriculum taught within the classroom. In Primary schools the curriculum is delivered by classroom teachers and visiting music specialists; in Secondary schools delivery is through qualified music teachers in departments/faculties.
- 3.5 The IMI service is currently provided from P4 to S6 in Upper and Lower Strings, Woodwind, Brass, Percussion, Piano, Guitar and Pipes. There are currently circa 1210 pupils accessing the service across Primary and Secondary schools.
- 3.6 In terms of the ongoing service review of IMI, details of which are included in Appendix 1; a contributory charge towards tuition is being introduced. The new fee has been set at a level designed to support the delivery of the budgetary target, which represents 50% of the current cost of delivering the service.
- 3.7 As part of the East Lothian Council budget, approved in February 2018, £357k was assigned across financial years 2018-19 and 2019-20 through the introduction of charges for Instrumental Music Instruction (IMI); split as follows:

2018/19 – Primary £113k and Secondary £127k (£240k)

2019/20 - Primary £55k and Secondary £62k (£117k)

Total savings £357k

- 3.8 To achieve the efficiencies required to fully deliver the budgetary target set for IMI, a financial analysis has been undertaken together with national benchmarking comparisons. Areas to be considered during the service review are contained within Appendix 1.

Planning – Street Naming & House Numbering

- 3.9 The Council's responsibilities to name and number streets and homes in its area derives from section 97 of the Civic Government (Scotland) Act 1982.
- 3.10 This service is currently provided with full financial burden upon the Council. In the context of strictures on public sector resources, well over half of Scottish Local Authorities are now charging users to fulfil their street naming and numbering requests and it is proposed that East Lothian Council now follows suit to cover the costs of provision.
- 3.11 At the recommended level of charge, the rates of demand seen in 2017 would generate additional income of around £64,000 to support the continued delivery of the service and the additional costs of introducing and administering the charge and improvements in service delivery. Appendix 2 provides further details of benchmarking and income projections.

Roads - Permanent Traffic Signals Switch on/off

- 3.12 When works are undertaken in close proximity to Council owned Permanent Traffic Signals then Traffic Management requires the permanent signals to be switched off in order that temporary ones can be in place to accommodate safe working practices around roadworks.
- 3.13 The new charges cover the Road Officers cost when working out of normal hours and during the weekend/Public Holiday, plus any delays that mean the site is not ready to be managed when our Road officer arrives. The recommended charges detailed in Appendix 3 also cover the general administration costs and a range of support cost overheads associated with delivering any Council service.

Roads - Early Start Agreement on Excavation Permits

- 3.14 According to the Code of Practice for Coordination of Works in Roads, there is a lead time for notifying works on the Scottish Road Works Register depending on the type of works/ duration/ Traffic Sensitivity of the Road. This is to ensure adequate time is given to the roadworks community to ensure appropriate coordination.

- 3.15 When a contractor or utility company submits an application for works, and the lead time for notifying them is not achievable for their requested dates, the Roads Authority has the power to grant them an Early Start to allow them to commence in advance of the system's earliest possible date. It is recommended that this process now carries a charge to cover the additional coordination tasks undertaken by various members within Road Services (Senior Roads Officer & Roads Officer) and Council Support Services.

4 POLICY IMPLICATIONS

- 4.1 All of the new fees recommended above are consistent with income generation objectives stated in the Financial Strategy, follow the guidance in East Lothian Council's Charging Policy and sit within a wider Policy and Regulatory framework.
- 4.2 The introduction of an Instrumental Music Tuition Charge is consistent with the specific proposal included within the revenue budget approved by Council in February. There is no recommendation to develop additional policy documents but there will be additional customer focused guidance communicated and made available before implementation of the new fees.

5 INTEGRATED IMPACT ASSESSMENT

- 5.1 The subject of this report has been through the Integrated Impact Assessment process and no negative impacts on defined protected groups have been identified. A copy of the IIA has been submitted.

6 RESOURCE IMPLICATIONS

- 6.1 **Financial** – the introduction of the charges proposed in this report will generate the following estimated levels of additional income to the Council:

Education – IMI		
<u>Financial Year</u>	<u>2018/19</u>	<u>2019/20</u>
Revenue from Charges	£203,735	£87,315
Budgetary Target	(£240,000)	(£117,000)
Balance Per Year	(£36,265)	(£29,685)
Balance Over Both Years		(£65,950)

The remaining deficit will need to be met through other options to be further explored over this financial year.

Planning – Charges for Street Naming/Numbering.
£64,327.50 per full year. Around £48,250 in 2018/19 for a part year

Roads – Traffic Signal Switch on/off

The charge will cover the costs of delivering this additional service and protect the Council from the financial burdens of current and future growth in demand.

Roads – Early Start Agreement – Excavation Permit
 £10,800 per full year. Around £8,000 in 2018/19

6.2 **Personnel** - Where necessary, additional support will need to be delivered from within current capacity to deliver service and administer the new charges, other administration and communications.

6.3 Other - None

7 BACKGROUND PAPERS

7.1 Appendix 1 – IMI Background Paper

7.2 Appendix 2 – Street Naming & Numbering Background Paper

7.3 Appendix 3 – Roads Background Paper

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Appendix 1 - IMI Background Paper

Rationale

During the budget consultation in November 2017 the majority of Head Teachers expressed a preference for charging for IMI over reducing the service or budgetary cuts in other areas. This supports the overarching preference within the general public, during consultation, to charge rather than cut services, and prompted the introduction of charging users for IMI. The recommended contributory charge has been set at a level designed to fulfil the demands of the budgetary target, which represents 50% of the current cost of delivering the service.

IMI is a discretionary service provided by East Lothian Council and is separate to the entitlement to a music curriculum taught within the classroom. In Primary schools the curriculum is delivered by classroom teachers and visiting music specialists, in Secondary schools delivery is through qualified music teachers in departments/faculties. The IMI service is currently provided from P4 to S6 in Upper and Lower Strings, Woodwind, Brass, Percussion, Piano, Guitar and Pipes. There are currently circa 1210 pupils accessing the service across Primary and Secondary schools.

Service Review

The Service Review includes:

- How to increase uptake and deliver for more pupils
- A dedicated bursary scheme that supports low income families (that are not eligible for free school meals) to access the instrumental music service
- Consider routes and options for instrument loan and affordable purchase for pupils
- The role of selection methods
- Minimum pupil numbers per instructor
- Wider promotion of the service and delivery of whole class sessions
- Changes in timetabling
- The range of instruments in either Primary or throughout the service
- Quality assurance and reporting to parents/carers
- Accommodation within schools – suitability and access
- Consideration of impact on core curriculum delivery
- How IMI should deliver tuition alongside music departments in secondary schools and specialists in the primary setting
- Automated monthly payment system (on a 10 instalment plan)
- Engagement with stakeholders including pupils and parents will be on going

Benchmarking & National Trends

To support the Service Review, the Transformation Team conducted an audit of provision across other local authorities and considered the key messages set out within the Improvement Service's (IS) National Instrumental Music Survey 2017.

The IS Survey is an annual review and provides information on the service in each local authority, including charging structures. Currently East Lothian is one of only a handful of local authorities who do not charge for IMI and this is set to further reduce with a number of others introducing charging for the academic year of 2018/19.

The IS annual survey has also never found a correlation between level of charges and levels of uptake of IMI across Scotland. Although, pupil uptake as a national average in non-charging authorities is 10.2%; this average rate drops to 8.6% in charging authorities. Effectively the 1.6% difference is a 16% drop in the average population if a fee is in place.

Fee Charge For East Lothian Council

The fee set at £280.00 per annum is based on offering the national average of 30 group lessons per annum, fully utilising instructor capacity and making available the following concessions:

1. A concessionary rate of £240.00 for any sibling of a full fee paying pupil
2. Free tuition for pupils using their tutored instrument in IMI towards an SQA qualification in secondary years S4-S6
3. Free tuition for pupils who are Looked After Children within the East Lothian Councils Social Care system
4. Free tuition for pupils who are in receipt of Free School Meals and/or Clothing Grant

The introduction of the charge will also better deliver tuition to more pupils in an equitable way and this will be addressed more fully in the ongoing service review.

During the process of determining the fee a number of assumptions have had to be made. There has been an allowance made for a 16% fall in engagement from the current cohort, all of which has been predicted to come from within the groups that will be charged a fee from August 2018. This is in line with national trends in the IS annual survey. Through the promotion of the service, increasing school rolls as a result of the LDP and greater engagement of young people in the service, it is anticipated that the service can potentially increase its numbers by around 40 pupils. It is also true that dropout and uptake might sit more positively than modelled. Currently with the quality of national data and our own cohort information, these are the best assumptions that can be generated to base the modelling on.

Further modelling was conducted to ensure that the predicted future cohort:

1. See no loss in equity of deliver
2. Accounts for the expected levels of SQA pupils who engage in IMI
3. Utilises the teaching capacity of staff fully
4. Can support the full budgetary target
5. Will not receive instruction on a basis of large groups
6. Receives the National average of 30 lessons per year
7. Continues to receive the same lesson duration

Appendix 2 - Street Naming Background Paper

Rationale

This report proposes the introduction of charging for requests for street naming, property numbering or naming, and property name changing (renaming), in line with many other Scottish Local Authorities. Under the Civic Government (Scotland) Act 1982, East Lothian Council undertakes the processes required to name and number new streets and number or rename a property. This process is currently carried out at no cost to the developer, resident, commercial organisation or social landlord.

Ongoing strictures on public finances and significant projected increases in house building lead to the proposal that fees are introduced for those who require the Council to name a street, number or rename a property.

Benchmarking & National Trends

To inform the process of setting a new fee scale, a National benchmarking exercise was undertaken. It was difficult to benchmark between Councils on a like-for-like comparison due to the varying ways that charging is grouped. Therefore, it was only the Street Naming fee and the first tier charge for numbering that was compared. This offers East Lothian Council an opportunity to consider its first point of charging for a single property against the range of fees currently charged.

The findings were:

- 18 Councils charges for this service
- The average charge for Street Naming is £162.00 nationally in 2018/19
- The average first tier charge for House Numbering is £67.00 in 2018/19
- The majority have a one off charge for street naming and a sliding scale of fees for house numbering
- 5 Councils do not charge additionally for street naming over and above the charge for house numbering
- 3 Authorities have a set price per house for numbering and no sliding scale thereafter
- There are varying models of sliding scales for numbering - most have a fee for a single plot and then group charging in differing ways for increasing sizes of developments
- 3 Councils start house numbering on a grouped price basis ie 1-3 plots and 105 plots, thus creating a higher entry price for the service
- single plot price for numbering is normally used to set the charge for renumbering or renaming existing single houses
- Subdivided properties are normally charged for numbering at the same rate as multiple plots.

Of our neighbouring authorities (Scottish Borders, City of Edinburgh, Midlothian, West Lothian and Fife) only West Lothian does not charge currently. The average charge of this local group for street naming is £206.25 and house numbering (first tier) is £62.00.

Based on the local and national benchmarking and knowledge of the staffing and other overhead costs, it is recommended that East Lothian Council set their new fees at:

Naming of a New Street – £200

Naming/Numbering of New Properties or Alterations to Subdivided Buildings

(charge is additional to the charge for naming of a new street)

Tier One	First Property	£65
Tier Two	2 - 9 properties after the first property	£40 each
Tier Three	Groups of 10 further properties or any part thereof	£250
Tier Four	100 + properties	£1000 plus additional £20 per plot

Subsequent application for the allocation of numbers to a development previously assigned plot numbers will be charged at original allocation rates.

Change of a property name or renumbering/change of address – £65

Based on these fees, the service activity data for 2017 and an estimated uptake of each tier of charge, the income potential is predicted in the table below:

Charging Level	Ratio of Uptake in Fee	New Fee	Annual Income
First Tier Charge (30% of all houses)	330	£65.00	£21,450.00
Second Tier Charge (90% of 1st Tier properties)	297	£40.00	£11,880.00
Third Tier Charge (70% of 2nd Tier properties)	208	£250.00	£5,197.50
Fourth Tier Charge (70% of all properties)	770	£1000+ plot fee	£20,400.00
Streets	27	£200.00	£5,400.00
		Total	£64,327.50

Based on the cost of delivering the street naming and house numbering service for around 1100 properties in 2017, then to do this for the 10,050 homes in the Local Development Plan over the coming 6 years will come to around £590,000. This equates roughly to £98,000 per annum, compared to the current costs of £64,000 per annum. It is important to introduce a charge to mitigate against the financial burdens of both the current demand and increasing future demand in-line with predicted development.

Appendix 3 - Roads Fees Background Paper

Rationale

East Lothian Council as the Roads Authority undertakes considerable additional and discretionary work around the management, support and scheduling of works by contractors and utility companies that occupy and excavate on the public roads. Road Services undertakes this co-ordination work on behalf of East Lothian Council. The delivery of this service is offered to best serve not just the contractor and utility companies but also the public, to ensure road works are co-ordinated, well managed and safe so as to minimise risk and disruption within our towns and countryside.

With significant growth across East Lothian demands on Roads Services from contractors and utilities companies will increase, both now and in the future. The financial burdens of delivering additional services beyond that of administering and co-ordinating the statutory permits has to be self-funding. If the service is to be able to continue to offer the responsiveness it currently delivers, then a cost recovery charge should be introduced for the following services at the following rates:

Permanent Traffic Signals Switch On/Offs:

Monday - Friday 0700-1730	Free
Additional hour charge for delayed switch off/on	£50.00
Monday - Friday 1730-2000	£100.00
Saturday - Sunday 0700-1900	£100.00
Public Holidays	£130.00
Emergency Attendance	£150.00

NB: all out of hours charges are per hour

Permanent Traffic Signals Switch On/Offs

When works are undertaken in close proximity to Council owned Permanent Traffic Signals the Traffic Management requires them to be switched off in order for Temporary ones to be placed on site to accommodate safe working practices around roadworks. This task is undertaken by a Roads Officer to ensure traffic is managed safely, during the use of Temporary Traffic Signals, at all times on sites. Similarly, the Permanent Signals require to be switched on once the works are complete. These operations take place during working hours as well as out of hours or during the weekend and in traffic sensitive locations.

We are aware of at least 7 other Scottish Councils that charge for Traffic Signal Switch on/off. It is not currently intended to charge for site attendance during normal working hours, therefore benchmarking data was collected for the Monday-Friday out of office hours charge. The average fee is £200, please see benchmarking data below:

2018/19 Charges for Traffic Light Signal On/Offs Monday-Friday Out of Office Hours							
Edinburgh City	West Dunb'shire	Falkirk Council	Glasgow City	Inver-clyde	North Ayrshire	Renfrew-shire	Av. of LA charges
£210.00	£200.00	£123.00	£475.00	£64.50	£130.00	cost recovery*	£200.00

*Renfrewshire was not included in the average as there is no published fee.

In 2017 there were 305 applications for Traffic Signal permits, of which approximately 35 required this additional coordination. If 50% of these on/off attendances were out of office hours then that is 35 visits (one on and one off) the cost to the Council would have been a minimum of £3,500 which will now be recovered on the "user pays" principle.

It is intended that, by introducing the charge we can continue to provide this service with current levels of responsiveness, but without burdening the Council. It is also expected that the numbers of requests will reduce over time due to contractors and utilities companies better managing their works in avoidance of these additional cost.

Early Start Agreement on Excavation Permits

According to the Code of Practice for Coordination of Works on Roads there is a lead time for notifying works on the Scottish Road Works Register depending on the type of works/ duration/ Traffic Sensitivity of the Road. This is to ensure adequate time is given to the roadworks community to ensure appropriate coordination. When a contractor submits an application for works, and the lead time for notifying them is not achievable for their requested dates, the Roads Authority has the power to grant them an Early Start to allow them to go ahead earlier than the system's earliest possible date.

Early Start Agreements need -prompt reviews and additional coordination by Roads Services to ensure all documentation is in order and there are no conflicts with other planned works. This work takes priority over other scheduled works to ensure where possible as much notice is given to other contractors and utility companies.

A number of authorities charge for the costs of administering early starts, but it is not possible to benchmark these easily as they are charged on an individual basis, or are charged based on the original excavation permit fee which varies. For instance, currently Midlothian Council charges 100% of the original permit for any Early Start Agreement.

In 2017 there were 108 Early Starts issued. An average cost per Early Start is difficult to assess as every request requires different levels of co-ordination and administration, however it is understood to be no less than £100. For the Council this constitutes a substantial financial burden that could be at least £10,800, which will now be recovered on the "user pays" principle.