

Income and Charging: Consultation by the Department of Communities and Local Government

Report of the Treasurer

For further information about this report please contact Keith Dixon, Treasurer, on 01743 260202.

1 Purpose of Report

This report deals with a response to a consultation paper by the Department of Communities and Local Government (DCLG) on Extension to Charging. It also deals with outstanding matters from the Fire Authority's own annual review of charges.

2 Recommendations

The Committee is asked:

- a) If it wishes any further comments to be forwarded to the DCLG on its consultation paper;
- b) Whether it is content with its present Income Generation Policy or wishes to reconsider any aspect; and
- c) If it will agree to a revised scale of fees being brought back to the Fire Authority in February 2007.

3 Background

The DCLG has issued a consultation document, "Limited Consultation Exercise on Extension to Charging Order by Fire and Rescue Authorities". The aim of consultation is indeed limited. Its purpose is "to gauge the degree of interest in extending the charging regime before committing considerable time and resources that a full consultation will require. We are asking for your opinion on extending the charging regime and your inclinations about undertaking further research on this."



In addition a draft Guidance Note for Fire and Rescue Authorities on “Charging under Section 19 of the Fire and Rescue Services Act 2004” has been issued. Comments are also sought on this, with the intention of publishing a final document in 2007.

The closing date for comments is 10 January 2007, although the DCLG has stated that it will take into account matters brought up after the closing date. In the meantime, some points have been made by officers, as outlined later in this report.

4 Current Position

The current position is that charging is permitted by Orders issued under Section 19 of the Fire and Rescue Services Act 2004. These Orders simply replicate the permissions that were previously available under the Fire Services Act 1947, but Section 19 would permit an extension of charging powers, subject to appropriate consultation.

To date, therefore, the Fire Authority has kept a watching brief, ensuring that its charges, established within its Income Generation Policy, (attached as an Appendix) were updated to meet inflation each year. Members were, however, aware of impending guidance from the DCLG and, in approving inflationary increases to charges in February 2006, acknowledged that these would be reviewed once that guidance had been issued.

5 Consultation on New Areas of Charging

The DCLG has noted the following potential areas for extending charging:

- Road traffic collisions (RTCs)
- Repeat false alarms
- Dangerous sports incidents
- Non-emergency calls
- Repeat calls from remotely maintained fire alarm systems
- Unsafe practices
- Cleaning up after environmental pollution incidents
- Chimney fires

The DCLG is, however, concerned about the work involved in taking forward appropriate consultation, citing problems, such as the complexities of charging for RTCs; who should be charged; definitions of “dangerous”, “non-emergency” etc; and impact on fair trading for small and medium enterprises (SMEs).

The DCLG therefore asks:

1. What is your opinion on extending the charging regime?
2. What is your inclination about undertaking further research?



Your Officers have made the general point to the DCLG that this Fire Authority is aware of the benefits additional income can bring in terms of creating resources for service delivery or targeting, where appropriate, costs on specific groups rather than the Council Tax payer.

The Fire Authority is, however, not one of the higher generators of income, and is keen that clear parameters are given about the scope for charging so that it can measure itself against other authorities and justify its Income Generation Policy to the public, auditors and other interested parties.

There is no great enthusiasm to extend charging into controversial areas, although clarity is sought over charging for repeat calls from remote fire alarm systems, as the Fire Authority is considering charging under the Chief Fire Officers Association's Remotely Maintained Fire Alarm Policy.

Officers remain to be convinced of the benefits of extensive and costly research into further areas of charging.

Public consultation through the Integrated Risk Management Planning process has not revealed any demand for further extensions to charging.

6 The Draft Guidance Note

The draft guidance is effectively a compendium of good advice about:

- i How to ensure that powers to charge are not exceeded
- ii Drawing attention to the ability to charge third parties for services provided to others
- iii Limiting charges to cost recovery, as there is no power to make a profit over time
- iv Legitimate costs that might be included, e.g. overheads
- v Insurance implications, if services are discretionary
- vi Ability not to charge, if so decided
- vii Complying with competition legislation
- viii Flooding charging might be waived for premises that fall into high-risk areas as classified by the Association of British Insurers

The main concerns raised are about the restrictions of not making a profit, i.e. charges beyond full cost recovery. Areas cited are full market rents of surplus property, advertising, use of masts etc.

The DCLG is, therefore, asking:

Do you require any changes, additions or deletions to this Guidance?

There seems little to add to the draft, although clarity about the potential conflicts of obtaining advertising or rental income would be welcome.



7 The Fire Authority's Current Charges

The Fire Authority agreed to review its charges in detail once more information became available from the DCLG. Nothing more is likely to be known before the annual update is undertaken. It is, therefore, suggested that a revised scale of charges be brought to the February Fire Authority meeting, which takes into account what further indications, if any, can be gleaned from the draft guidance, and also, in particular, what charges are being adopted by the other authorities in the Region.

8 Financial Implications

Income of about £26,000 is currently generated and any extension to charging, if finally approved after research and government order, is unlikely to impact on the next few years' budgets.

9 Legal Comment

The Authority's charging powers are limited but it does have the power to impose the range and scale of charges that are currently made.

10 Appendix

Income Generation Policy

11 Background Papers

There are no background papers associated with this report.

Implications of all of the following have been considered and, where they are significant (i.e. marked with an asterisk), the implications are detailed within the report itself.

Balanced Score Card		Integrated Risk Management Planning	
Business Continuity Planning		Legal	
Capacity		Member Involvement	
Civil Contingencies Act		National Framework	
Comprehensive Performance Assessment		Operational Assurance	
Efficiency Savings		Retained	
Environmental		Risk and Insurance	
Financial	*	Staff	
Fire Control/Fire Link		Strategic Planning	
Information Communications and Technology		West Midlands Regional Management Board	*
Freedom of Information / Data Protection / Environmental Information		Initial Equality Impact Assessment Form completed	



Income Generation Policy

Working with Partners

1. The Authority will work closely with other agencies to ensure, where appropriate, charges are made and that they take into account all direct, indirect and environmental costs – e.g. under the principle that the polluter pays.

Authority Specific

2. The Authority will constantly examine opportunities for generating income to help provide resources to deliver its key objective. It will do this by being open to new circumstances, by reviewing income sources of other brigades, and by reviewing at least annually the charges made for its services.
3. In examining opportunities for income, the Authority:-
 - i) Will provide genuine emergency assistance free. Such assistance will be as defined in Fire Service Legislation and Brigade Orders;
 - ii) Will ensure that all related costs are recovered where charges are made;
 - iii) Will not invest existing resources which may not be recovered;
 - iv) Will not divert scarce management resources from core activities;
 - v) Will take account of relevant considerations such as public views, implications for other public services etc;
 - vi) Will take account of issues of sustainability and the environment;
 - vii) Will not compete unfairly with local businesses;
 - viii) Will not discriminate unfairly against any section of society;
 - ix) Will not risk infringing human rights.

Agreed: Plus the addition that flooding should continue to be treated as an emergency response without charge, except in special circumstances.

