

# **EAST AYRSHIRE COUNCIL**

**CABINET – 4 MARCH 2009**

## **REVIEW OF FEES RELATING TO ENQUIRIES TO PURCHASE LAND/PROPERTY NOT CURRENTLY BEING MARKETED**

### **Report by Executive Head of Finance & Asset Management**

#### **1. PURPOSE OF REPORT**

- 1.1** To submit proposals in connection with the review of the fees relating to enquiries to purchase land/property not currently being marketed.

#### **2. BACKGROUND**

- 2.1** A review of application fees relating to garden ground disposal procedures has been identified in the Asset Management Arrangement Best Value Service Review as being in progress. It is considered appropriate to widen this remit to include fees relating to all enquiries to purchase and land/property not currently being marketed as no schedule of fees currently exists for such applications.
- 2.2** The current fees payable in relation to the sale of garden ground disposals are £100 for surveyor's fees and £112.50 for the preparation of a deed plan. This fee level does not reflect the actual costs of processing each request and the fees have not been reviewed for several years.
- 2.3** The number of such enquiries and subsequent sales have been analysed and it has been ascertained that only approximately 20% of these requests results in an actual sale. This confirms the scale of the abortive work undertaken by staff which needs to be minimised.
- 2.4** The Guidance contained in 'The Challenge of Charging' produced by the Accounts Commission was considered and contact was made with other Local Authorities to ascertain what fees they charge in connection with similar enquiries. Information available from our benchmarking partners through the Association of Chief Estates Surveyors was also used to ascertain what fees/charges and procedures they were using.

#### **3. PRESENT POSITION**

- 3.1** Following consultation within other authorities it was evident that our fee levels are lower. It was also discovered that some authorities charge a non-refundable admin fee payable in advance before any investigations or consultations commence. See Appendix 1.

- 3.2** It is considered that the adoption of a non-refundable admin fee would help eliminate up to 80% of abortive applications and free up staff time and resources.
- 3.3** Whilst each transaction is different and will require varying levels of input to conclude, the average cost has been estimated at £525.
- 3.4** It is proposed that the following revised fee levels should be adopted:
- (i) Payment of a non-refundable admin fee of £150 payable to Estates Management to consider an application to purchase land/property not currently being marketed. This fee will only be refunded where it is determined that the subjects are capable of being disposed of on the open market.
  - (ii) Thereafter, if the application leads to a negotiated sale, Estates Management fee will be 1% of the purchase price subject to a minimum of £300. This includes for preparation of a disposal plan.
- 3.5** Other authorities who had reviewed their procedures relating to householder enquiries advised that they found it useful to provide applicants with a note of all the likely costs and charges upfront so they were aware of the nature of the costs involved prior to submitting a formal application and payment of a non-refundable admin fee. In this regard, detailed Guidance Notes will be supplied to applicants outlining the processes and costs involved to ensure they are aware of the financial and timescale implications prior to submitting an application.

## **4 FINANCIAL IMPLICATIONS**

- 4.1** Reviewing the fees in relation to enquiries to purchase land/property not currently being marketed would increase fee income which would provide a greater contribution to the actual cost involved in processing each application.

## **5 LEGAL IMPLICATIONS**

- 5.1** It is recognised that the introduction of these fees will also minimise abortive work by legal staff in connection with title enquiries in connection with these transactions.
- 5.2** There are no other legal implications arising directly from this report.

## **6 POLICY IMPLICATIONS**

- 6.1** The introduction of the proposed fees is in keeping with the Council's Corporate Charging policy and the Service Managers checklist has been completed and is attached as Appendix 2.

## **7 COMMUNITY PLANNING IMPLICATIONS**

- 7.1** There are no Community Planning implications arising directly from this report.

## **8 ASSET MANAGEMENT IMPLICATIONS**

- 8.1** The introduction of the proposed fees will reduce the number of abortive applications and staff resources could be re-deployed in providing and supporting priority Council services and projects.

## **9 RECOMMENDATION**

- 9.1** It is recommended that Cabinet approve the fees detailed in 3.3 above.

**Alex McPhee**  
**Executive Head of Finance & Asset Management**

AMcP/DM/AMG  
11 February 2009

## **BACKGROUND PAPERS**

1. Guidance notes for applicants wishing to acquire land/property owned by EAC

Any party wishing to inspect the background papers should contact Angela Graham on ext 3475

**Implementation Officer: Angela Graham, Senior Estates Surveyor**

**APPENDIX 1****FEE LEVEL FOR BENCHMARKING AUTHORITIES**

<b>AUTHORITY</b>	<b>SURVEYOR'S FEE</b>	<b>DEED PLAN FEE</b>	<b>COMMENTS</b>
<b>East Ayrshire – existing charge</b>	<b>£100</b>	<b>£112.50</b>	
<b>Benchmarking partners</b>			
Clackmannanshire	£100 non-refundable application fee Surveyor's fee – variable as	£100	

	undertaken by DV		
Inverclyde	Min £250 if <£1,000 Min £500 if £1,000-£10,000		
North Ayrshire	Min £900 includes legal fee		
South Ayrshire	1% of purchase price subject to min. of £300		Set in 2005
West Lothian	£150 non-refundable application fee	£151	
East Renfrewshire	Charged at £75/hr		
<b>Other</b>			
Moray	£125 non-refundable application fee £275 surveyor's fee		£75 added if Committee report required. Set in 2005

**MANAGING CHARGING – SERVICES MANAGERS CHECKLIST**

DEPARTMENT:	Finance and Asset Management
SERVICE:	Estates Management
GROUP OF CHARGES:	Fees relating to enquiries to purchase land/property not currently being marketed
PROPOSED CHARGES:	Non-refundable admin fee of £150; and 1% of purchase price or minimum of £300

**Consider objectives for charging and which services should be charged for:**

<ul style="list-style-type: none"> <li>▪ Do we have a register of existing charges? <b><i>This is the first charge we are looking to introduce/review.</i></b></li> </ul>	No
<ul style="list-style-type: none"> <li>▪ Is charging for this service in keeping with the Council's Corporate charging policy? <b><i>Costs have been assessed in line with corporate policy</i></b></li> </ul>	Yes
<ul style="list-style-type: none"> <li>▪ Is charging for this service in keeping with the policy objectives for the service? <b><i>Should free up staff time which can be directed to assisting with frontline service delivery (See 2.3)</i></b></li> </ul>	Yes
<ul style="list-style-type: none"> <li>▪ Do we know what we would be trying to achieve by charging for this service? <b><i>As above</i></b></li> </ul>	Yes
<ul style="list-style-type: none"> <li>▪ Do these objectives have the support of councillors? <b><i>Cabinet authority now being sought</i></b></li> </ul>	In progress
<ul style="list-style-type: none"> <li>▪ Have we assessed the extent to which this service has the capacity to generate income? <b><i>Income generation not the driver</i></b></li> </ul>	No
<ul style="list-style-type: none"> <li>▪ Have we improved the quality of this service, or added new features, which could justify the introduction of, or an increase in, the charge? <b><i>Same service being delivered</i></b></li> </ul>	No
<ul style="list-style-type: none"> <li>▪ Do we know at whom this service is targeted? <b><i>Applicants who wish to purchase land/property not currently being marketed</i></b></li> </ul>	Yes
<ul style="list-style-type: none"> <li>▪ Have we assessed the impact of introducing or increasing charges for this service on:               <ul style="list-style-type: none"> <li>- the users the service is targeted at? <b><i>Should not impact on bona fide applicants</i></b></li> <li>- groups of vulnerable people the Council wishes to support?</li> <li>- the wider community?</li> <li>- other Council services?</li> </ul> </li> </ul>	Yes
	N/A
	N/A
	N/A

- Should this service be charged for? *Is presently charged for albeit not economically and is a need to minimise abortive work by staff*

Yes
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**Assess constraints**

Historical practice

- Have we assessed the extent to which the current charge is based on charging levels that have been set in the past? *Proposed charge is based on up to date information/costs*

No
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- Have we looked at whether there are long-held assumption about the basis of the charge and, if so, whether these have been challenged recently? *The introduction of the non-refundable fee challenges the historic practice*

Yes
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Policy considerations

- Has the impact of introducing or raising the charge been assessed and discussed with Councillors? *Cabinet paper now being presented*

In progress
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Financial considerations

- Do we know the costs of delivering this service? *Estimations have been made on cost of producing standard*

Yes
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- Do we know the income-generation requirements of the budget? *No income generation requirements*

N/A
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- Is the budget's target for income from charges for this service realistic? *No targets*

N/A
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- Is the level of Council subsidy for this service consistent with the policy objectives of the Council? 

N/A
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Legal issues

- Do we know whether there are any legal constraints on charging for this service? *No legal constraints*

Yes
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- If the legal situation is unclear, has clarification been sought? 

N/A
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Collect and analyse service information

<ul style="list-style-type: none"> <li>▪ Do we collect, analyse and use information on:           <ul style="list-style-type: none"> <li>- the amount of income collected from charges for this service?</li> <li>- the cost of collecting the charge for this service?</li> <li>- the full cost of providing this service?</li> <li>- the unit cost of providing this service?</li> <li>- users' views on the quality of this service?</li> <li>- the number and mix of users of this service (including concessions)?</li> <li>- the pattern of use?</li> </ul> </li> </ul>	
	No
	No
	No
	No
	No
	N/A
	N/A
<ul style="list-style-type: none"> <li>▪ Do we assess whether the actual mix of users reflects the mix of users anticipated by the charging policy?</li> </ul>	N/A
<p>Do we benchmark charges for similar services made by other Councils, the private sector, and the voluntary sector? <b>Full consultations have been undertaken with benchmarking partners and other local authorities through the Association of Chief Estates Surveyors (see appendix 1)</b></p>	Yes

Examine options for different levels of charging

<ul style="list-style-type: none"> <li>▪ Are different rates of charging appropriate for this service? <b>Flat rate non-refundable fee followed by fee based on percentage of value is considered appropriate</b></li> </ul>	No
<ul style="list-style-type: none"> <li>▪ Have we evaluated the options of setting differential charges for:           <ul style="list-style-type: none"> <li>- residents of the area?</li> <li>- individual facilities, taking into account the circumstances of the local area?</li> <li>- regular or frequent users, perhaps through an access card scheme?</li> <li>- different times of use (e.g. off-peak hours, weekends)?</li> </ul> </li> </ul>	N/A
	N/A
	N/A
	N/A
<ul style="list-style-type: none"> <li>▪ Have we recently examined our approach to concessions for this service?</li> </ul>	N/A
<ul style="list-style-type: none"> <li>▪ Is our approach to concessions for this service in keeping with overall Council policy and/or the Council's corporate policy on concessions?</li> </ul>	N/A

Assess the impact of the proposed charges

- |  |     |
|--|-----|
| ▪ Have we assessed the impact of the proposed charges on:                              |     |
| - the users the service is target at? <b>Should not impact on bona fide applicants</b> | Yes |
| - groups of vulnerable people the Council wishes to support?                           | N/A |
| - the wider community?   | N/A |
| - other Council services?  | N/A |

Forecast income and demand for proposed charges

- |  |     |
|--|-----|
| ▪ Have income forecasts been prepared, based on anticipated numbers and mix of users? <b>Not income driven</b>                       | No  |
| ▪ Does the forecast income for this service meet the Council's budget requirements? <b>No income forecast</b>                        | No  |
| ▪ Are there any significant trends in usage that have been taken into account? <b>Yes, scale of abortive work assessed (See 2.3)</b> | Yes |

Consult on proposals

- |  |     |
|--|-----|
| ▪ Have we identified the different groups of users who will be affected by the charge? <b>Will only affect applicants and not general public</b> | Yes |
| ▪ Have we obtained users' views on their satisfaction with this service, and whether they feel they are getting value for money?                 | No  |

Set the charge

- |   |     |
|---|-----|
| ▪ Is our decision on setting the charge justified, taking account of all the key information gathered during the charge-setting process? <b>Consistent with other local authorities practise (See Appendix 1)</b> | Yes |
| ▪ Have the results of consultation on the proposed charges been taken into account?   | N/A |
| ▪ Is there a marketing plan for the new charges?  | N/A |
| ▪ Have we set an agreed timetable for committee approval and implementation of the charge? <b>Plan to implement on all new applications at start of new financial year</b>  | Yes |

Monitor and review

- Do we have systematic arrangements in place to monitor the impact of charging, including:
  - comparing actual levels and patterns of usage of the service against forecast?
  - comparing actual income from charges with the budget?
  - ensuring that the charge remains consistent with the Council's policy objectives? **Charges to be reviewed annually**
- Do local managers have sufficient flexibility to take action to address, for example, any shortfall in actual service take-up
- Do we have arrangements for monitoring the effectiveness of marketing?
- If income targets are not met, is this information fed into the charge-setting process for the following year?

N/A
N/A
Yes
N/A
N/A
N/A