

4 November 2010		ITEM 5
Corporate Overview and Scrutiny Committee		
PROPOSED FEES AND CHARGES 2011/12		
Portfolio Holder: Councillor J Kent, Councillor O Gerrish		
Wards and communities affected: All	Key Decision: Not applicable	
Accountable Head of Service: Sean Clark, Head of Corporate Finance		
Accountable Director: Martin Hone, Directorate of Finance and Corporate Governance		
This report is Public		
Purpose of Report: To comment on the proposed fees and charges for 2011/12 for services within the Overview and Scrutiny Committee's remit.		

Comment [s]: PLEASE CLICK THIS BOX ONCE and enter the date of the meeting (in font 16, not capitals)

Comment [s]: Please leave this for completion by Democratic Services

Comment [s]: PLEASE CLICK THIS BOX ONCE and enter the name of the Committee you are reporting to (in font 16, not capitals)

Comment [s]: Please state the name of the Cabinet Member and the Portfolio to which the report refers

Comment [s]: Please enter details of any Wards and Communities affected by the report. If this section is not

Comment [s]: Yes/No/Not Applicable – a 'Key Decision' is generally one affecting more than 3 wards or having 250,000

Comment [sj]: Please state the Head of Service's name and job title

Comment [sj]: Please state Director's name and job title

Comment [sj]: State whether your report is Public or Exempt. If Exempt (i.e. not to be given to the public or discussed in

Comment [sj]: Briefly set out the purpose of your report

Comment [sj]: Please provide a summary of the key points in your report

Comment [s]: The recommendations should be set out in bold in the form of the decision that the decision

Comment [s]: You should briefly explain why the report is on the agenda - See para. 5.3 and 5.4 of the report writing guidelines

EXECUTIVE SUMMARY

As part of the budget process each year, the Council needs to review its fees and charges. The future development of the Medium Term Financial Strategy will also need to take account of changes in fees and charges in broad terms over the period of the strategy.

This report sets out information for the Overview and Scrutiny Committee for comment on the proposed fees and charges for 2011/12.

1. RECOMMENDATIONS:

1.1 That the Overview and Scrutiny Committee consider the proposed fees and charges for 2011/12 and prepare their comments for the Cabinet to consider on 10 November 2010.

2. INTRODUCTION AND BACKGROUND:

2.1 As part of the budget process each year, the Council needs to review its fees and charges. The future development of the Medium Term Financial Strategy

will also need to take account of changes in fees and charges in broad terms over the period of the strategy.

- 2.2 This report sets out information for the proposed fees and charges within the Overview and Scrutiny Committee's remit and invite the Committee to forward it's comments to Cabinet on 10 November 2010 as part of the budget planning process.
- 2.3 The scope to increase fees and charges is determined by a number of factors, of which the most important are: strategic desirability, government direction, elasticity of demand for services and impact on service users.
- 2.4 The Committee may wish to consider the following issues:
- Whether increases are reasonable in the current economic climate?
 - Whether there is a possibility that the cumulative effect of certain increases in fees and charges disproportionately affect a proportion of the community?
 - Whether a charge for a service represents a balance between a benefit to the individual and a benefit to the community whereby some subsidy is justified?
- 2.5 The Committee's considerations will need to be set in the context that some fees and charges are set by statute and other national or local policies.
- 3. ISSUES AND/OR OPTIONS:**
- 3.1 Appendix 1 to the report shows the detailed proposals for fees and charges for 2011/12 within the remit of the Committee. The Appendix shows information as follows:
- Charges that are set by statute or other policy are marked S, these have not been amended as the figures for 2010/11 are not yet known.
 - The 2010/11 charge (where this is Nil and there is a charge for 2011/12 this represents a new charge).
 - The proposed 2011/12 charge.
 - The increase in the proposed charge in absolute and percentage terms.
 - Any concessions available to groups or individuals in the community.
 - The effective date of implementation of the new fees and charges.
- 3.2 The main options for the Committee to consider are justifications for increases in fees and charges.
- 3.3 The Committee may also, based on its knowledge of the services in its remit, wish to comment on discretionary services for which a charge could be introduced. Alternatively, the Committee may also wish to consider new

Comment [s]: Other headings may be appropriate. The report should outline the reasoning that leads to its recommendations and **must** include:

1. a brief summary of options considered;
2. consultation outcomes
3. a risk assessment.
4. Whether the responsible cabinet members have been consulted/contributed to the report (NB professional and political advice must be clearly distinguished)

- See para.5.5 of the report writing guidelines.

discretionary services that could be introduced with a charge at full cost recovery.

4. CONSULTATION (including Overview and Scrutiny, if applicable)

4.1 The proposed fees and charges are being reported to all Overview and Scrutiny Committees.

4.2 Directors and Heads of Service will ensure any statutory consultations about increases in fees and charges and this has been built into the anticipated implementation date.

5. IMPACT ON CORPORATE POLICIES, PRIORITIES, PERFORMANCE AND COMMUNITY IMPACT

5.1 Corporate Charging Policy

Set out in Appendix 2 is a proposed policy for fees & charges which the Committee is invited to note and to review. It will be put to Cabinet in November as part of the budget planning exercise for 2011/12 and future years.

5.2 Key Points

- Net income maximisation to the Council should be the aim of charging, and charging should cover the full cost of providing the service. Any deviations (e.g., discounts/concessions) should be justified.
- It is for members to agree the overall charging policy and the criteria for concessions and any other discretionary reductions in fees.
- Directors/Heads of Service must ensure that where charges are subsidised the full cost of the subsidy is made clear.
- Differential charging should be considered for income maximisation purposes or as a policy instrument.
- Charges should be benchmarked where possible (for like-for-like services) however caution should be applied since policy and quality issues may differ between local authorities.
- Income generated from charging should adequately reflect the value of capital invested in generating the income.
- Directors/Heads of Service should consider ways of benefit take up to reduce subsidy.

5.3 Circumstances where it is acceptable to set charges below income maximization levels are where:

- The subsidy represents a conscious decision on the part of the Council reflected in the Director/Head of Service's service delivery policy, with identified budget provision e.g.
 - Use of the service by individuals benefits the whole community.
 - A nominal charge is set to avoid frivolous demands for a service.

Comment [j]: This should include any consultation with Ward Members and Shadow Portfolio Holders, as well as any public or statutory consultation

Comment [a]: Please refer to Section 5.7 of the Report Writing Guidelines

- Consideration has been given to ways of increasing service take-up to generate additional net income, through reducing rather than increasing charges.
- Charging full cost would have a detrimental effect on the Council as a whole.
- Illegal net financial gain.
- Income thresholds for charging users are set.

5.4 Charges may be set above income maximisation levels where:

- The level serves to discourage abuse of a service.
- Setting charges at a 'penal' level would satisfy other policy objectives e.g. to promote 'green' policies.
- Take up of an alternative service is being encouraged.

Charges must be simple to understand and administer.

Service users should understand the charges and methods of payment before becoming liable for payment.

Methods of payment should be flexible and convenient and take into account those on low incomes.

5.5 Reviewing Charges

Charges must be updated annually for inflation and must be reviewed against the corporate policy every three years.

- The review must support the Council's wider aims and objectives.
- The impact of proposed charges must be identified (e.g., equalities, demand, and access to services).
- Reasons not to charge for full cost recovery must be identified and quantified.
- Methods of collection must be stated.
- Impact on other service areas should be identified in terms of increased/reduced demand.
- Anticipated costs of any new or amended charges must be identified.
- Estimated net income must be identified.
- Comparative information should be provided.
- Alternatives to charging should be considered e.g. cost cutting.
- There must be consultation with existing and potential users.

6. IMPLICATIONS

6.1 Financial

Implications verified by: **Sean Clark**
 Telephone and email: **01375 652010**
sclark@thurrock.gov.uk

The increase in fees and charges set out in the report have been built in the overall 2010/11 budget. Any amendments to these will need to be reviewed by Cabinet at their meeting of 10th November 2010, as part of the overall budget proposals.

6.2 Legal

Implications verified by: **David Lawson**
 Telephone and email: **01375 652087**
dlawson@thurrock.gov.uk

Fees and charges generally fall into 3 categories - Statutory, Regulatory and Discretionary.

Statutory charges are set in statute and cannot be altered by law since the charges have been determined by Central Government and all authorities will be applying the same charge.

Regulatory charges relate to services where if the Council provides the service, it is obliged to set a fee which the Council can determine itself in accordance with a regulatory framework. Charges have to be reasonable and must be applied across the borough.

Discretionary charges relate to services which the Council can provide if they choose to do so. This is a local policy decision. The Local Government Act 2003 gives the Council power to charge for discretionary services, with some limited exceptions. This may include charges for new and innovative services utilising the power to promote environmental, social and economic well-being under section 2 of the Local Government Act 2000. The income from charges, taking one financial year with another, must not exceed the costs of provision. A clear and justifiable framework of principles should be followed in terms of deciding when to charge and how much, and the process for reviewing charges.

A service may wish to consider whether they may utilise this power to provide a service that may benefit residents, businesses and other service users, meet the Council priorities and generate income.

Decisions on setting charges and fees are subject to the Council's decision-making structures. Most charging decisions are the responsibility of the Cabinet, where they are key decisions. Some fees are set by full Council.

Comment [sj]: This section should always be completed – if they are dealt with fully in another part of the report, they also need a brief cross reference here. The names and job titles of the officers providing the implications should be provided in full – see Guideline 6.1 and please note Democratic Services Deadlines and ensure that officers providing implications are given 5 clear working days to work on the report. Authors can write implications but they must be signed off by the appropriate officers

Comment [sj]: See Guideline 6.2

Comment [sj]: See Guideline 6.3

6.3 **Diversity and Equality**

Implications verified by: **Samon DeAlyn**
 Telephone and email: **01375 652472**
sdealyn@thurrock.gov.uk

The Council has a statutory duty under the Race Relations Act 2000 (Amendment), the Disability Discrimination Act 2005 and Sex Discrimination Act 1975 (Amendment) to promote equality of opportunity in the provision of services and employment. Decisions on setting charges and fees are subject to the Council's decision-making structures. It should be noted that any increase in charges have been identified where the fees have not increased for 2 to 3 years and a recent benchmarking exercise revealed that the charges were below the national average. Concessions should be available to groups or individuals in the community, where the increase may result in them being excluded from particular activities

6.4 **Other implications (where significant) – i.e. Section 17, Risk Assessment, Health Impact Assessment, Sustainability, IT, Environmental**

There are none

7. **CONCLUSION**

7.1 The Committee is asked to review the proposals and make its comments known to the Cabinet meeting on 10 November 2010.

APPENDICES TO THIS REPORT:

- Proposed Fees and Charges 2011/12 Appendix 1
- Corporate Charging Policy Appendix 2

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Comment [sj]: See Guideline 6.4

Comment [sj]: This should inform the recommendations in the report

Comment [sj]: List the Appendices referred to in the Report

Comment [sj]: Insert the full contact details of the author of the report