

16 February 2012		ITEM	Comment [s]: Please leave this for completion by Democratic Services
Corporate Overview and Scrutiny Committee			Comment [s]: PLEASE CLICK THIS BOX ONCE and enter the name of the Committee you are reporting to (in font 16, not capitals)
BUDGET 2012/13 – PROPOSED FEES AND CHARGES			
Wards and communities affected:	Key Decision:		Comment [sj]: PLEASE CLICK THIS BOX ONCE and enter the title of your report (in font 16 and in capitals) – a Cabinet Report should be consistent with the wording on the Forward Plan – see Guidelines 2.3
All	No		Comment [s]: Please enter details of any Wards and Communities affected by the report. If this section is not applicable, you should enter "none".
Accountable Head of Service: Sean Clark, Head of Finance			
Accountable Director: Martin Hone – Corporate Director of Finance & Corporate Governance			Comment [s]: Please state the Head of Service's name and job title
This report is Public			Comment [sj]: Please state Director's name and job title
Purpose of Report: To consult on the proposed 2012/13 Fees and Charges.			Comment [sj]: State whether your report is Public or Exempt. If Exempt (i.e. not to be given to the public or discussed in public), you should provide the reason for the this. For information, this is set out in the Constitution under Access Rule 12 – see Guideline 2.8
EXECUTIVE SUMMARY			Comment [sj]: Briefly set out the purpose of your report
<p>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. Directors and Heads of Service have reviewed the fees and charges for 2012/13 within their remit, and these have been discussed with the relevant portfolio holders.</p>			Comment [sj]: Yes/No/Not Applicable – a 'Key Decision' is generally one affecting more than 2 wards or above £50,000 expenditure – see Guideline 2.7
<p>1. RECOMMENDATIONS:</p> <p>1.1 That the Overview and Scrutiny Committee consider the assumptions included within the fees and charges report, and that the minutes, recording the decision, are included in the report to Cabinet on 22 February 2012.</p>			Comment [sj]: Please provide a summary of the key points in your report
<p>2. INTRODUCTION AND BACKGROUND:</p> <p>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.</p> <p>2.2 Directors and Portfolio Holders have reviewed the fees and charges for 2012/13 within their remit.</p>			

- 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 Directors and Portfolio Holders have been given a general guidance by the Director of Finance and Corporate Governance to consider increases in fees and charges by a minimum 3% in line with the assumptions set out in the Medium Term Financial Strategy.
- 2.5 The 3% suggested increase will generate additional revenues circa £0.100m per annum. Therefore each percentage increase represents additional income of approximately £0.033m.
- 2.6 This calculation also takes into account that some fees and charges are set by statute and other national or local policies. Where these are not known for the coming year the current fee or charge has been shown.

3 ISSUES AND/OR OPTIONS:

- 3.1 Appendices 1 & 2 to the report show the detailed proposals for fees and charges for 2012/13. The appendices show information as follows:
- Charges that are set by statute or other policy are marked S, these have not been amended as the figures for 2012/13 are not yet known. These are contained within Appendix 1 of the report. In addition, this appendix also includes charges which have been set by the relevant Committees, i.e. licensing.
 - Charges that are discretionary are marked D, and these have been included in Appendix 2 of the report. The increases in charges have been subject to Equality Impact Assessments and benchmarking where appropriate.
 - The 2011/12 charge (where this is Nil and there is a charge for 2012/13 this represents a new charge).
 - The proposed 2012/13 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.

- For charges below £50, the proposed charge has been rounded to the nearest 10 pence. For charges above £50, it has been rounded to the nearest £, including VAT where appropriate.

3.2 Other Matters

Parking Fees

It should be noted that it is proposed that there be no increase in parking fees for 2012/13.

Nursery Fees

An exercise has been undertaken to ascertain the level of fee that needs to be set in order for the nurseries to achieve a balanced financial position. These are included within the fees and charges schedule in the attached appendices, and reflect the level of charging required in order to achieve a breakeven position within the budget.

Other Charges

Where proposed changes to fees and charges differ significantly from the guideline (see 2.4 above), benchmarking and equality impact assessments have been carried out as required and retained as background papers to this report.

4 CONSULTATION (including Overview and Scrutiny, if applicable)

- 4.1 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 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.

5.2 Circumstances where it is acceptable to set charges below income maximisation 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 that benefits the whole community.
- A nominal charge is set to avoid frivolous demands for a service.
- 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.

The proposed levels of fees & charges for 2012/13 are consistent with the policy. In particular, consideration has been given to the wider equalities implications which may be involved affecting accessibility of all groups to Council services. They also reflect the possible adverse impact of full cost recovery or commercial charging policy could have on other Council services.

5.3 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.

5.4 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 2012/13 budget. Any amendments to these will need to be reviewed by Cabinet at their meeting of 11 January 2012, as part of the overall budget proposals. It should be noted that where applicable the rate for VAT is included at 20.0%.

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.

6.3 Diversity and Equality

Implications verified by:
Telephone and email:

Samon DeAlyn
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 These figures have been included within the Councils Medium Term Financial Strategy, which is part of the 2012-13 Budget report which will be considered by Cabinet on 22 February 2012.

BACKGROUND PAPERS USED IN PREPARING THIS REPORT:

Reports relating to individual Overview and Scrutiny Committees have been collated to create this report.

Benchmarking and equality impact assessments for proposed changes to fees and charges that differ from the guideline in 2.4 above. **These are available for inspection on request from the report author.**

APPENDICES TO THIS REPORT:

- Appendix 1: Proposed Fees and Charges 2012/13 - Statutory
- Appendix 2: Proposed Fees and Charges 2012/13 - Discretionary

Report Author Contact Details:

Name: Mike Jones
Telephone: 01375 652772
E-mail: mxjones@thurrock.gov.uk