

22 January 2015

ITEM: 8

Cleaner, Greener and Safer Overview and Scrutiny Committee

Budget 2015/16 – Proposed Fees And Charges

Wards and communities affected:

All

Key Decision:

Key

Report of: Councillor John Kent, Leader of the Council

Accountable Head of Service: Sean Clark, Head of Corporate Finance

Accountable Director: Graham Farrant, Chief Executive

This report is Public

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. Directors and Heads of Service have reviewed the fees and charges for 2015/16 within their remit.

1. Recommendation(s)

That the Committee;

1.1 Note the fees and charges in appendix 1

1.2 Comment on the fees and charge for consideration at Council in February 2015 relevant to Cleaner, Greener and Safer

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 Directors have reviewed the fees and charges for 2015/16 within their remit

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
- And impact on service users.

2.4 Directors and Portfolio Holders have been given a general guidance by the Section 151 Officer to consider increases in fees and charges by a minimum 3% in line with the assumptions set out in the Medium Term Financial Strategy (MTFS).

Where proposed increases are markedly different from the guidance, or indeed where it is proposed not to increase charges at all, explanations have been sought from the relevant service manager to ensure that the charge for 2015/16 can be justified through benchmarking with other organisations and/or the appropriate equality impact assessment stress tests.

2.5 If all discretionary charges were to be increased by 3% this would generate an additional £0.100m per annum in 2015/16 as compared to 2014/15, and this is the working assumption contained in the draft MTFS considered elsewhere on tonight's agenda.

2.6 This guideline also takes into account that some fees and charges are set by statute and other national or local policies.

3. Issues, Options and Analysis of Options

3.1 Appendix 1 to the report shows the detailed proposals for fees and charges for 2015/16. The Appendix shows information as follows:

- Charges that are set by statute or other policy are marked S, (those have not been amended as the figures for 2015/16 are not yet known);
- Charges that can be set at the Council's discretion are marked D;
- The current (2014/15) charge (where this is Nil and there is a charge for 2015/16 this represents a new charge);
- The proposed 2015/16 charge;
- Any concessions available to groups or individuals in the community; and
- The effective date of implementation of the new fees and charges.

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

Key Points

Net income maximisation to the Council should be the aim of charging to recover the full cost of providing the service. Any deviations (e.g., discounts/concessions) should be justified. It is for Council 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.

5.1 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. Examples include:

- 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;
- Setting a fee deliberately to recover more than the cost of the service; and
- Income thresholds for charging users are set.

The proposed levels of Fees & Charges for 2015/16 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.

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

5.3 Reviewing Charges

The general presumption is that fees and charges should rise in line with forecast inflation and in any event must be reviewed against the Council's corporate policy every three years. In addition:

- The proposed level of charge 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; and
- Where appropriate there should be consultation with existing and potential users.

6. IMPLICATIONS

6.1 Financial

Implications verified by: **Mike Jones**

The increase in fees and charges set out in the report have been built in the overall 2015/16 budget that will be considered by Council on 25 February 2015.

6.2 Legal

Implications verified by: **David Lawson**

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: **Natalie Warren**

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

BACKGROUND PAPERS USED IN PREPARING THIS REPORT (include their location and identify whether any are exempt or protected by copyright):

APPENDICES TO THIS REPORT:

- Appendix 1 – Schedule of Proposed Fees and Charges 2015/16.

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