



Draft

**Corporate Fees and
Charges Policy**

November 2016

Corporate Fees and Charges Policy

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Related documents (appendices etc)			

Approved by Head of Service:	
Date of Equality and Health Impact Assessment:	
Date sent to Programmes and Information Team Manager (Chris Ebberley)	
Date sent to E Communications Officer (Daniel Arnold)	
Date sent to Equalities and Organisational Development Officer (Charlotte Taylor)	
Date sent to Member Support	

Document Review			
Version	Amendment	By	Date

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1. Purpose and Rationale

- 1.1 The overall aim of this corporate fees and charges policy is to ensure that fees and charges are set within a framework of value for public money for all our residents. It allows the council to have a properly considered, consistent and informed approach to all the fees and charges it levies for its services. This will in turn support the delivery of the Corporate Plan.
- 1.2 Income from fees and charges represents an important source of funds to the Council, and enables a range of services to be provided within the borough. The unprecedented reductions in central government funding since 2010, means there is a much greater emphasis on locally raised income to fund services. This policy establishes a framework within which fees and charges levied by the Council are agreed and regularly reviewed.
- 1.3 The setting of fees and charges will be incorporated into the annual Medium Term Financial Strategy (MTFS) and budget setting timetable. Incorporating these reviews into the service/financial planning process will also permit consideration of cross-cutting issues and impacts in the context of wider policy objectives. This policy provides a rolling schedule of the Council's fees and charges for consideration each year prior to the formal approval of the Medium Term Financial Strategy at full Council in February each year.
- 1.4 This policy also provides guidance to managers on the main factors which need to be considered when reviewing fees and charges and the information that will need to be contained within reports being brought forward for consideration. It will also establish the timescales for the approval of the fees and charges.

2. Charging Principles

- 2.1 The main principles of this policy are as follows:

- ✓ The Council will consider making a charge for all discretionary services, whereby doing so accords with its corporate priorities;
- ✓ Existing fees and charges will be kept under review and these will be structured to support the council's priorities;
- ✓ The scale of fees and charges will normally be based on full cost recovery, except where:
 - There is an opportunity to maximise income; or
 - Members agree specific concessions in line with corporate priorities or discounts due to market conditions.
- ✓ The basis of charging (the charging model) and the underlying reasons for this will be clear and transparent.

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3. Statutory and discretionary charges legislation

- 3.1 Statutory services are those services that an authority is mandated to or has a duty to provide, fees and charges in respect of these services are either set centrally or based on full cost recovery.
- 3.2 The Local Government Act 2003 provides a general power to charge for discretionary services (services that an authority has the power, but is not obliged to, provide). Additions or enhancements to mandatory services above the standard that an authority has a duty to provide may be provided as discretionary services.
- 3.3 The Council may generate income from the public through charging and trading for services that exceed the statutory requirements or are added value optional services, such as pre-application planning advice.
- 3.4 In general terms, the Council may not make a profit on its charging activities, or subsidise other services and cannot charge for services that customers do not choose to use. A profit may be defined as a surplus received in excess of the full cost of delivering the service. Full cost includes all direct costs, such as pay and materials, and also indirect costs including overheads such as finance, accommodation, HR and IT.
- 3.5 In accordance with the Localism Act 2011 and 'general powers of competence' contained within it, the Council may trade in any eligible service permitted by the Council's constitution. But if the council wants to make a profit it must conduct this commercial activity via a separate company. Any such company must comply with competition law and standard trading legislation; however, services can be traded within the public sector environment, without resorting to a company.

4. Reviewing Fees and Charges

Process and Timescales

- 4.1 A comprehensive review of the discretionary fees and charges for each service will be undertaken at least once every electoral administrative cycle. These will need to be undertaken within sufficient time to feed into the process for approving the Medium Term Financial Strategy.
- 4.2 Appendix A establishes a rolling programme of reviews. These reviews will need to be approved by October each year to enable them to be incorporated into the financial/service planning process. Managers will need to allow sufficient time to undertake any consultation with users together with the completion of an equalities impact assessment.

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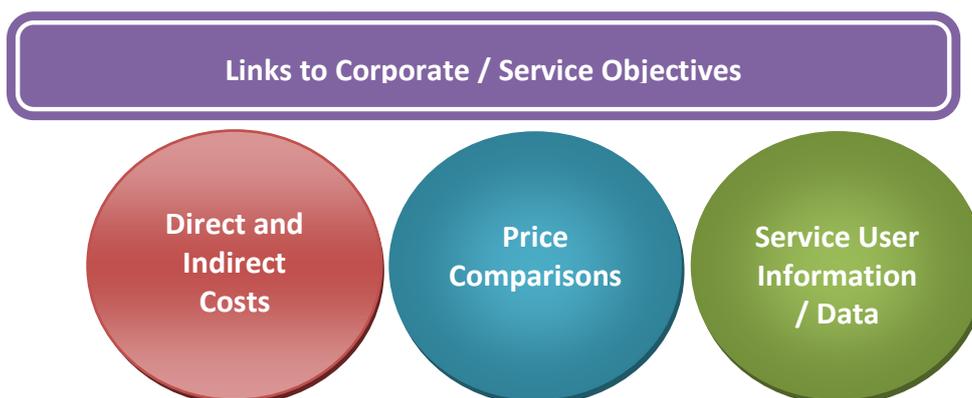
- 4.3 During the years which fees and charges are not subject to a full review, they are automatically uplifted by September RPI. The only exceptions to this are:
- Where the cost of adopting the change would exceed the additional income generated;
 - Taxi Licensing/Operating fees are set for 3 and 5 years respectively based on cost. The Manager is expected to keep these fees under review in the interim and bring forward a revised schedule should the basis of charging significantly change;
 - With the formal agreement with the Deputy Leader. This would need to be approved by the Deputy Leader through an executive decision record by October.

Operational management discretion will be applied to individual prices to deal with rounding issues within the overall window of achieving an inflationary income increase.

- 4.4 The effects of any new or substantially revised fees and charges on service usage and income levels should be closely monitored following implementation. Any unexpected adverse effect should be raised at the earliest opportunity.

Information for Inclusion within Reports

- 4.5 Any comprehensive review of fees and charges for a service will need to include the following key elements. This is essentially about understanding the service, in terms of the cost both in total and for individual elements (activity costing), market conditions and service users.



4.5.1 Direct and Indirect costs

The charge for services to the service users should generally be calculated on the full cost of providing the service. This would include items such as:

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- Salary and associated national insurance and pension charges
- Travel /transportation costs
- Premises costs
- Other supplies or equipment utilised in the provision of the service
- Capital cost for usage of asset (i.e. depreciation charges)
- Support service and other overhead costs (HR, accommodation, finance, IT) and corporate costs (democratic support and CMT) etc.

Not all these costs will necessarily be identifiable from your budget on the system, so it is important that all relevant costs are identified through discussions with the finance team.

4.5.2 Price Comparisons

Relevant data should be collected and analysed in relation to pricing information for similar services provided by other local authorities, preferably those in our nearest neighbour comparator group, together with any relevant local market competitor information. This should be used to benchmark our current and proposed pricing structure. It is important that any significant differences can be explained.

4.5.3 Service User Information

It is important that managers understand their customer base and the key drivers for service users. Information should be obtained in relation to the level and types of user for each service. Ideally an assessment should be made in terms of price sensitivity, as this will need to be factored into the pricing models.

4.5.4 Opportunities to Introduce New Fees and Charges

In order to maximise income and/or reduce subsidy levels the council will fully explore opportunities to introduce charges for discretionary service that have previously been supplied for free. These opportunities will be highlighted within reports for member consideration.

4.5.5 Links to Corporate and Service Objectives

When proposing how to charge for the services being undertaken, it should be clear upon the basis used for charging, and there should be justification in respect of the method chosen in relation to the corporate and service objectives. When fees and charges are being set, any subsidies or concessions should be clear and transparent and the reasons supported by corporate or service objectives. If the basis for charging is unclear then a number of options should be presented for member consideration. The main charging models are set out in the table below:

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Method	Description
Full Cost (default)	The Council seeks to maximise revenue within an overall objective of recovering the full cost of provision, including all overheads.
Full Cost – with discounts	As above, but with discounts being given to reflect market conditions, these will need to be evidenced.
Full Cost – with concessions	As above, but with concessions being given to enable disadvantaged groups to access the service. There needs to be a clear case for this. Subsidised Council policy is to make the service widely accessible, but believes users of the service should make some contribution from their own resources. Could also be due to the adverse impact a commercial charging policy would have on other Council services.
Nominal	The Council wishes the service to be fully available, but sets a charge to discourage frivolous usage.
Free	Council policy is to make the service fully available without charge.
Statutory	Charges are set in line with legal obligations and charges are only made for added value services
Property Rental / Lease	Properties that are rented or leased to third parties should be done so at a commercial rate. Where this does not occur, it should be highlighted and an explanation provided within the Executive Decision Record.

5. Summary

5.1 Fees and charges are an important part of the council's income. This policy provides the framework to ensure that fees and charges are kept under review to ensure:

- Services continue to provide value for money to all our residents;
- Our charging potential is maximised, including ensuring opportunities to introduce new fees or charges are fully explored; and
- Fees and charges remain fit for purpose within the context of the charging principles established within this policy.

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Appendix A

Programme of Fees and Charges Reviews

Electoral Year	First Cycle	Service Fees and Charges	Approved by:	Current Budgeted Fee Income £'000
4	2018/19	Building Consultancy	October 17	245
		Cemeteries		146
		Land Charges		160
1	2019/20	Taxi Licensing	October 18	147
		Planning – Pre-application fees		40
2	2020/21	Industrial Estates/Wider Review	October 19	699
		Car Parking and Enforcement		1,297
		Indoor Leisure*		1,889
		Outdoor Leisure*		261
		Burton Town Hall*		166
		Roundabout Sponsorship		23
		Green Waste		0
3	2021/22	Trade/Bulky Waste	October 20	202
		Markets*		329
		Brewhouse and Arts Development*		178
		Revenues – Court Costs Recovered		388
Total				6,170

*Subject to the Leisure and Cultural Services Delivery Review