

REPORT TO RESOURCES PDG

REPORT OF: HEAD OF FINANCE

REPORT NO: HOF195

DATE: 29 MARCH 2012

TITLE:	Fees & Charges Strategy - Update	
KEY DECISION OR POLICY FRAMEWORK PROPOSAL:	N/A	
PORTFOLIO HOLDER: NAME AND DESIGNATION:	Councillor Mike Taylor Resources and Assets Portfolio Holder	
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INITIAL IMPACT ASSESSMENT:	Carried out and Referred to in paragraph (7) below:	Full impact assessment Required:
Equality and Diversity	N/A	
FREEDOM OF INFORMATION ACT:	This report is publicly available via the Your Council and Democracy link on the Council's website: www.southkesteven.gov.uk	
BACKGROUND PAPERS		

1. RECOMMENDATION

Members are asked to note the contents of the current fees and charges strategy and identify the key areas that will require reviewing and updating to reflect the proposed new strategy.

2. PURPOSE OF THE REPORT

Resources PDG are developing a coherent charging strategy that compliments and supports the Council in its delivery of it's priority themes and underpins the medium term financial plan. It is anticipated that the review will be complete by summer 2012 and will therefore be incorporated into the budget proposals from 2013/14.

Members are reminded that the Council currently has a fees and charges strategy (appended to the report). This will require a review to ensure it complements the proposed changes as identified by the work undertaken by the PDG and Deloitte.

3. DETAILS OF REPORT

Resources PDG has reviewed fees and charges as a key element of their 2011/12 workplan and commissioned Deloitte to undertake an income review benchmarking study which compared fees and charges across a number of East Midlands' councils. This review has also given exposure to over 50 local authorities charging regimes outside of the geographical boundaries of the East Midlands.

Following this work, a number of key objectives were identified which need to be considered when developing the new Fees & Charges Strategy for 2013/14:

- A clear corporate charging policy – subsidised service or cost recovery, concessions policy, correlation of charges to wider corporate priorities and impact of completion for similar services provided by the private sector
- Clarity over full cost recovery and subsidy
- A perspective on fairness in charging – impact charges have on specific groups or individuals
- Adopting a commercial approach – trading, flexible pricing structure to stimulate demand
- An approach to premium charging – to reflect either additional demand or an enhanced service
- Charges linked to environmental objectives
- Clear and consistent process for reviewing all charges
- All charges reviewed and amended at least annually
- A clear statement, baseline and intended position on full cost recovery is established for all key areas:
 - A service to be universally subsidised from council tax
 - A service to be partially paid for by the users, partially supported from council tax

- A service to be fully paid for by the users
- There is equity and fairness in charging across different groups
- Charges are used to drive behaviours towards certain desired outcomes, not just used to raise revenue
 - Poverty reduction / ability to pay
 - Social exclusion
 - Health improvement
 - Economic development
 - Environment and green issues

Charging is not primarily concerned with raising revenue but identifying and influencing behaviours to help the Council achieve its priority outcomes. Strategies should consider service users and their motivation for using the service and their ability to pay.

When making local charging decisions, the following considerations were highlighted as a guide that could support councillors:

- How could the charges be used as a policy driver in the key areas?
- What customer group(s) does charging policy affect?
- Does / should ability to pay be a factor in setting the charge?
- Could / should the Authority incentivise different payment methods (e.g. discounts for direct debit customers)?
- Does the Council want to use the charge to encourage or discourage use of a service
- What unintended consequences could lowering or raising the charges have?
- Who are the main beneficiaries of the service and who therefore is be responsible for paying for the service (service user or general tax payer)?

A working group has been established by Resources PDG and initial work has been undertaken to consider the report provided by Deloitte and also to explore the potential charging opportunities that may arise. Among the initial opportunities highlighted were licensing fees and charging for pre-application planning advice. The report produced by Deloitte also highlighted the importance of a defined corporate strategy around raising fees and charges. Any strategy should address how the charging policy contributes to achieving district council priorities, supporting local business and raising income. Deloitte highlighted a number of areas to incorporate within the strategy.

The current Fees & Charges Strategy compiled in 2008/09 can be found in Appendix A which can also be used as a basis for developing the new strategy.

4. OTHER OPTIONS CONSIDERED

None applicable

5. RESOURCE IMPLICATIONS

None applicable

6. RISK AND MITIGATION (INCLUDING HEALTH AND SAFETY AND DATA QUALITY)

None applicable

7. ISSUES ARISING FROM EQUALITY IMPACT ASSESSMENT

None applicable

8. CRIME AND DISORDER IMPLICATIONS

None applicable

9. COMMENTS OF FINANCIAL SERVICES

Financial considerations are included in the report.

10. COMMENTS OF LEGAL AND DEMOCRATIC SERVICES

The Council has the power to charge for the delivery of discretionary services in accordance with s.93 of the Local Government Act 2003. The power to charge is available provided the income received does not exceed the cost of the provision of the service.

11. APPENDIX: Appendix A – 2008/09 Fees & Charges Strategy