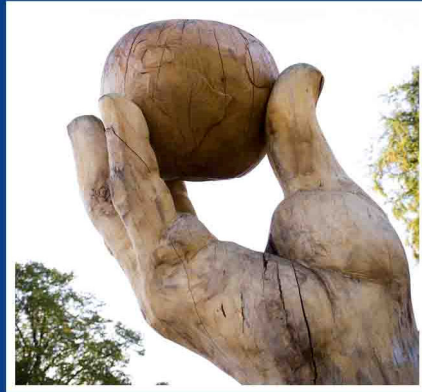




Fees and Charges Strategy

2012 - 2015



your council working for you

South Kesteven District Council
STAMFORD • GRANTHAM • BOURNE • THE DEEPINGS

FEES AND CHARGES STRATEGY

1. Introduction and Purpose

The Council provides a wide range of services to the local community and visitors for which it is able to make a charge – either under statutory powers (set by the Government) or discretionary (set by the Council).

This charging strategy outlines the key principles to be considered in charging for services in a transparent and consistent manner.

In the current economic climate, grants from central government do not offer any prospect of real-term growth. Council tax settlements remain at risk of a referendum if increases are more than a prescribed Government limit.

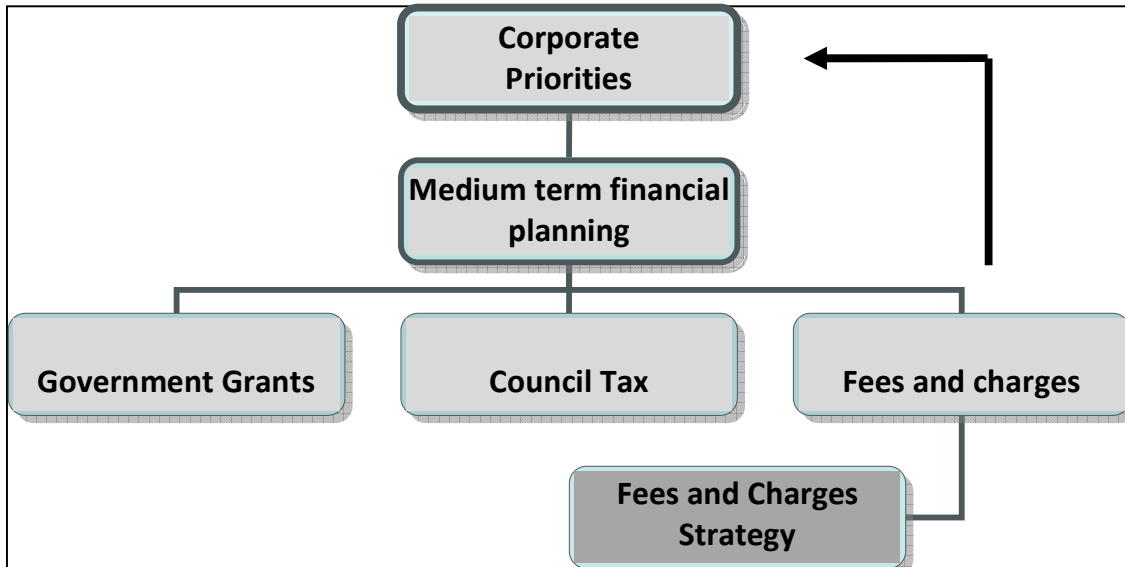
Fees and charges offer an opportunity for the authority to maximise its financial position in the current economic climate, and to achieve policy objectives, for example by encouraging or discouraging the use of a service or to alter patterns of behaviour.

The decision on charging levels requires market knowledge, benchmarking of costs against other public sector bodies and sometimes the private sector, and also an understanding of the impact such charges have on the use of a service.

The Local Government Act 2003 introduced wide ranging powers to charge for all discretionary services including those services provided under the well being powers (Local Government Act 2000). The only exceptions are where charging is specifically prohibited or a special charging regime exists. Any charges should be limited to a level that covers the costs of providing that service.

The introduction and implementation of fees and charges is an integral element of the medium term financial planning of the Authority and should be used as a key driver for the delivery of the Council priorities. This is demonstrated in the positioning of the strategy as shown in the diagram below:

All charges are approved by Council and are usually incorporated as part of the budget framework proposals presented to Council in March of each year.



Fees and charges fall into three categories:

Statutory prohibition on charging. Local authorities must provide such services free of charge at the point of service. Generally these are services which the authority has a duty to provide.

Statutory charges. Charges are set nationally and local authorities have little or no opportunity to control such charges. These charges can still contribute to the financial position of the Authority. Income cannot be assumed to increase in line with other fees and charges.

Discretionary charges. Local authorities can make their own decisions on setting such charges. Generally these are services that an authority can provide but is not obliged to provide and this charging strategy will apply to discretionary services. This strategy focuses on this particular category type.

The current fees and charges are shown at **Appendix 1** and this outlines of the current main charging areas and associated principles in order to provide local context.

2. Key principles and proposed framework for charging

The following are the key principles that should be adopted in order to ensure the Authority maximises its income generation potential:

A clear corporate charging policy

- Which services should be subject to full cost recovery and which should be met from the General Fund
- Which services should be eligible for concessions within a broader equality and fairness framework
- How charges relate to and support wider corporate priorities
- The impact of any competition and whether the Council is or should be competing with local businesses in the economy
- Services should be encouraged to actively benchmark and compare pricing structure with similar authorities (utilising the audit family)

Clarity over full cost recovery or subsidy level.

There should be a clear definition for each service against the criteria of full cost recovery (service users pay for the service directly) or subsidised (a combination of service users and council tax payers). This should be measured as £ per head of population.

- Where possible, the total cost of providing a discretionary service should be fully recovered through charges except where the council makes a positive decision to the contrary. The council defines total cost as all costs attributable to the service, including allocated overheads and costs of administration and collection but excluding income. Where a subsidy element is introduced by Council this should be stated £ per head of population.
- The council could aim to maximise the potential to generate income, for example, through differential charging to tap into the value placed on the service by different users.
- Where a service is 'demand-led' and/or competes with others based on quality and cost the charge should be determined by the maximum that users are prepared to pay and take account of competitor pricing.
- Should the Council decide to maximise its market share or promote greater use of the service, then the fees and charges could be reduced in order to stimulate demand which will lead to an increase in income generation.

A perspective on fairness in charging.

It is important to segment groups of service users and assess the impact of changes to the full range of council charges on specific groups to make sure that no single individual or group is adversely affected by large fee increases.

Adopting a more commercial approach to fee setting.

There are a number of ways the Council can promote a more commercial approach to fee setting. Specifically these are:

- Trading – the Council can sell their expertise in certain service areas to other Authorities or public bodies. These include payroll, legal and ICT where a cost recovery funding model can be developed
- Applying a flexible charging approach. Maximising income may not always mean increasing fees and charges. Sometimes it may be more appropriate to reduce fees in order to stimulate the market or gain a greater share of the market. This approach has been introduced in respect of building control fees from 2012.
- Payment for services. In order to maximise income, services have to consider the options that users have open to them to pay for services. Payment systems that minimise cash transactions and require upfront payments are more efficient to operate and result in lower risk of bad debts or service defaults.
- An approach to premium charging. It is possible to apply a premium rate to reflect either an enhanced service or to meet additional demand. This could be introduced for customers specifying their particular delivery time for a bulky waste item, or for fast tracking an application or reflecting particular demand for a service.

The policy framework would apply to any service that the council has a power and discretion to provide to the community, or has a statutory duty to provide, and has discretion to set a charge.

Concessions for certain service users

Decisions to exempt a particular service from the full cost recovery requirement may be taken by the Council: –

- To support a particular group or group of users in support of achieving its corporate objectives
- Where it would be impractical (e.g. public access to parks)
- Where charging would not be cost effective
- To users on low incomes. This will normally be defined as those in receipt of housing or council tax benefit, pension credit or working tax credit
- Where a business case is made to support a short-term reduction in charges aimed at increasing take-up and the overall income yield for the service in the long-term.

Concessionary charges may be available in the following circumstances:

- Where a service is subsidised as a result of a positive decision by the council, the level of subsidy will be made explicit and the decision will be subject to regular review.

A summary of potential opportunities for the Council to consider adopting a commercial approach to charging and concession charging is shown at **Appendix 2**.

Identifying new opportunities for charging for services

There will be opportunities to consider the introduction of charging where there is a distinction between the end user benefiting from the service directly rather than the community as a whole. Therefore this strategy introduces the principle that all discretionary services that are currently free at the point of delivery should be reviewed to ensure the balance between tax payer and service user is aligned. This is undertaken by positioning the service following the question of 'who mainly benefits from the service?'



Contribution to corporate priorities

There are many circumstances where income generation is not the key driver for the way in which prices are set, for example, where the council wishes to manage demand, deter or incentivise certain behaviour, such as encouraging take up and participation in leisure and arts activities. In this context, the principles of subsidy pricing should apply and in particular that any charged activities, enforcement etc. must at least recover cost.

Annual review of charges

There will be an annual review of fees and charges by officers and elected members as part of the budget setting process (unless there is a specific policy relating to that charge). For each service, charging information will be set out in a format that demonstrates that the income stream has been developed in accordance with the principles and approach in this strategy. All existing fees and charges should be increased, as a minimum, in line with inflation (RPI) as at the September figure of each year. Where this is not applied, explanatory information should be provided.

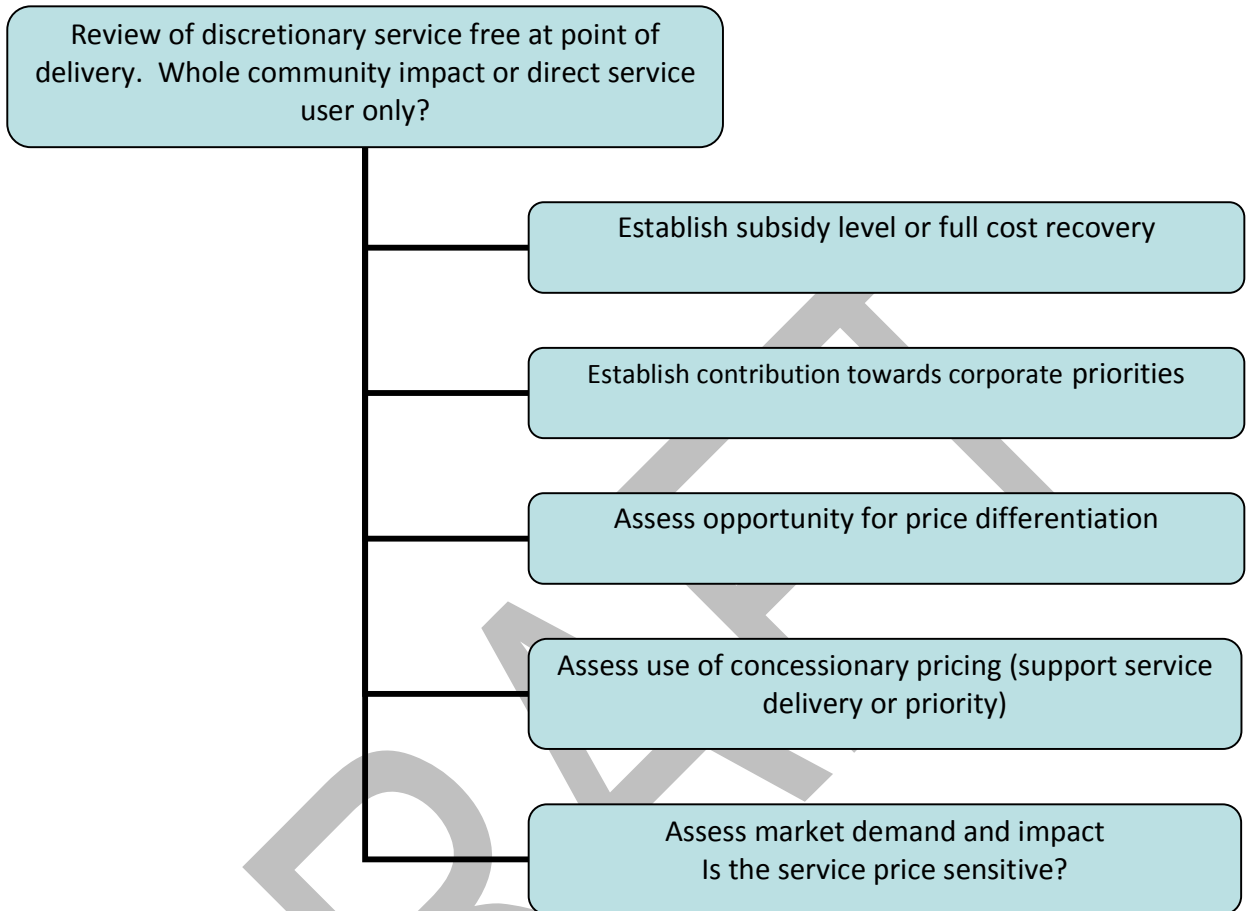
New proposed changes to existing charges

- As part of the process of setting new or reviewing existing charges, outcomes will be established, both qualitative and quantitative.
- Where it is appropriate, an Equality Impact Assessment should be carried out in order to consider the likelihood of any disproportionate adverse impact on vulnerable groups.
- When introducing new charges or making changes to existing charges, the council will have regard to the views of users and other stakeholders.

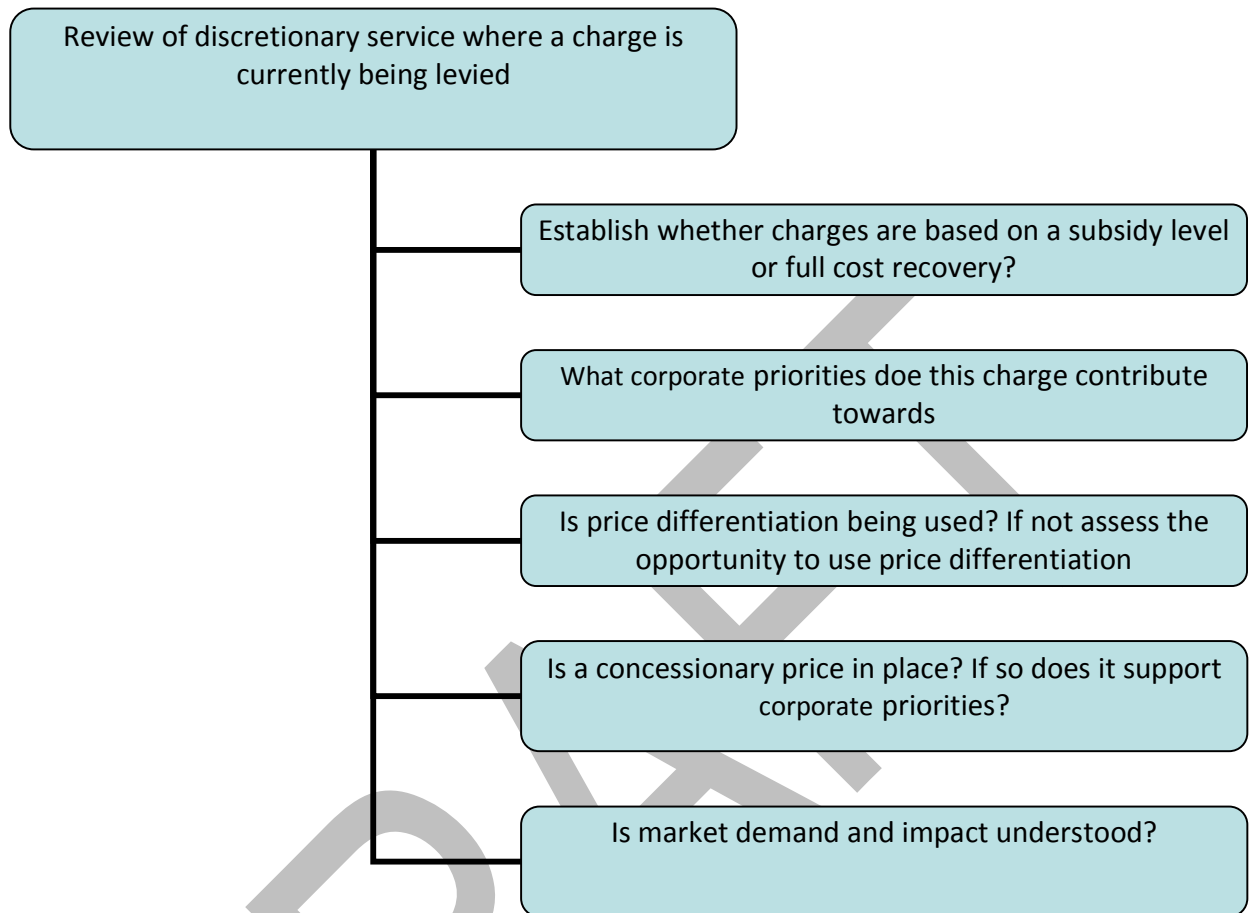
There is a template/toolkit that is to be completed for both the annual review and the introduction of new charges which can be found in **Appendix 3**.

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Summary of review - discretionary services with no charges



Summary of review - discretionary services with charges



Appendix 1

Charging Area	Current Charging Policy	Budgeted Gross Income 2012/13	Net service cost 2012/13	Charging Principle to be implemented	Corporate Priority
Car Parks	Discretionary - traffic management	£1,185,880	(£548,898)	Surplus for reinvestment into town centre regeneration	Grow the Economy
Markets	Discretionary - benchmarked with other local authorities	£308,910	£39,518	Subsidy	Grow the Economy
Bus Stations	Discretionary – moving towards cost recovery	£63,295	£86,349	cost recovery (with respect to direct costs only)	Grow the Economy
Cycle Centre Grantham	Discretionary	£205	£14,871	Subsidy	Keep SK Clean, Green and Healthy
Arts Centre	Discretionary - income generation	£897,896	£1,066,773	Subsidy	Promote Leisure, Arts and Culture
Bourne Corn Exchange	Discretionary - income generation	£28,800	£154,690	Subsidy	Promote Leisure, Arts and Culture
Green Waste Collection service	Discretionary – service user pays	£343,500	£240,448	Cost recovery	Keep SK Clean, Green and Healthy
Bulky Waste	Discretionary – Service user pays	£27,000	Nil cost	Cost recovery	Keep SK Clean, Green and Healthy
MOT testing station	Discretionary – based on VOSA recommended fees	£5,210	Nil cost	Cost recovery	Keep SK Clean, Green and Healthy
Air Pollution	Statutory set	£27,000	Nil cost	Cost Recovery	Keep SK Clean, Green and Healthy

Liquor Licensing	Statutory set	£114,000	Nil cost	Cost Recovery	Keep SK Clean, Green and Healthy
Premise Licensing	Statutory set	£28,940	Nil cost	Cost Recovery	Keep SK Clean, Green and Healthy
Gambling Licensing	Discretionary	£11,770	Nil cost	Cost Recovery	Keep SK Clean, Green and Healthy
Hackney Carriage	Discretionary	£118,560	Nil cost	Cost Recovery	Keep SK Clean, Green and Healthy
Other Licensing	Discretionary	£4,680	Nil cost	Cost Recovery	Keep SK Clean, Green and Healthy
Outdoor Recreation	Discretionary	£7,180	Nil cost	Cost Recovery	Keep SK Clean, Green and Healthy
Cemetery	Discretionary	£85,360	£16,800	Cost Recovery	Keep SK Clean, Green and Healthy
Building Control	Discretionary – follows CIPFA guidance on fee setting	£366,015	Nil cost (chargeable service element only)	Cost Recovery	Support Good Housing for All
Land Charges	Discretionary – fees are set following guidance in the local land charges act 1975 and CLG Guidance.	£195,000	Nil cost	Cost Recovery	Support Good Housing for All
Planning Applications	Statutory set	£525,445	£726,460	Subsidy	Support Good Housing for All
Helpline	Discretionary	£958,430	£71,430	Subsidy	Support Good Housing for All

Appendix 2

Charging Area	Current Charging Policy	Concession applicable?	Flexible Charging to fee setting?	Premium Charging available?
Car Parks	Discretionary - traffic management	✓		✓
Markets	Discretionary - benchmarked with other local authorities		✓	✓
Bus Stations	Discretionary – moving towards cost recovery		✓	
Cycle Centres	Discretionary	✓	✓	
Arts Centre	Discretionary - income generation	✓	✓	✓
Bourne Corn Exchange	Discretionary - income generation	✓	✓	✓
Green Waste Collection service	Discretionary – service user pays			
Bulky Waste	Discretionary – Service user pays	✓		
MOT testing station	Discretionary – based on VOSA recommended fees		✓	
Air Pollution	Statutory set			
Liquor Licensing	Statutory set			
Premise Licensing	Statutory set			
Gambling Licensing	Discretionary			
Hackney Carriage	Discretionary			
Other Licensing	Discretionary			
Outdoor Recreation	Discretionary	✓	✓	
Cemetery	Discretionary	✓		
Building	Discretionary – follows		✓	

Control	CIPFA guidance on fee setting			
Land Charges	Discretionary – fees are set following guidance in the local land charges act 1975 and CLG Guidance.		✓	
Planning Applications	Statutory set			
Helpline	Discretionary	✓	✓	

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Appendix 3

Revision of Fees and Charges or introduction of new fees toolkit

Name of service area: _____

Fees and charges title: _____

Question	Comment
What Council priority(ies) does this charge help to meet?	
Is this a new charge or an amendment to an existing charge?	
Is the charge set by Statute?	
Is the level of charge set by Statute?	
Is the level of charge based on full cost recovery?	
How much income will be generated based on the stated level of customer demand?	
Have you consulted with users and potential users on these charges? If so what is the impact either positive or negative on users	
How do these charges compare with other Councils or providers?	
If any concessions are offered to specific users what Council objective will this	

help to achieve?	
If the authority was given to operate a more commercial approach how would this improve income generation?	
Are there any conflicts with the local economy if a more commercial / competitive approach was taken?	
Would price differential help to achieve more income?	
When were these charges last reviewed in detail?	
How have these charges compare to the previous year?	
Do you consider that these fees and charges meet the objectives of the fees and charges strategy?	
What are the current or proposed methods of charging / collection for this fee (e.g. Direct Debit, credit/debit cards etc)	

Please attach any supporting information that may be useful in considering the fees and charges for this service.

FEES AND CHARGES ACTION PLAN

ACTION	WHO	WHEN
Agree the definition of full cost in order to ensure a clear and consistent approach is taken when calculating subsidy rates etc	Resources PDG	May 2012
Review all current fees and charges with service areas completing charging template in appendix 3.	Service Managers / Heads of Service	June 2012
Identify any new proposed charges and complete charging template for these also	Service Managers / Heads of Service	June 2012
Templates to be presented and reviewed by Resources PDG to confirm the following: <ul style="list-style-type: none"> • Agree cost / charging principle • Where charges are subsidised the level of subsidy • The level to which discretion for service managers or charging rates is allowed • What concessions can be granted where applicable 	Resources PDG with support from Service Managers / Heads of Service	July 2012

Review of deloitte work / benchmarking etc