

# REPORT TO RESOURCES PDG

**REPORT OF: CORPORATE FINANCE MANAGER**

**REPORT NO: CFM415**

**DATE: 16th March 2017**

<b>TITLE:</b>	<b>REVIEW OF DISCRETIONARY FEES AND CHARGES</b>	
<b>KEY DECISION OR POLICY FRAMEWORK PROPOSAL:</b>	None	
<b>EXECUTIVE MEMBER: NAME AND DESIGNATION:</b>	Councillor Terl Bryant Finance and ICT Executive Member	
<b>CONTACT OFFICER:</b>	Richard Wyles, Corporate Finance Manager <a href="mailto:r.wyles@southkesteven.gov.uk">r.wyles@southkesteven.gov.uk</a> Tel: (01476) 406210	
<b>INITIAL IMPACT ANALYSIS:</b>	Carried out and Referred to in paragraph (7) below:	Full impact assessment Required:
<b>Equality and Diversity</b>		No
<b>FREEDOM OF INFORMATION ACT:</b>	This report is publicly available via the Your Council and Democracy link on the Council's website: <a href="http://www.southkesteven.gov.uk">www.southkesteven.gov.uk</a>	
<b>BACKGROUND PAPERS</b>	Resources PDG 8 <sup>th</sup> November 2016 <a href="http://moderngovsvr:8080/ieListDocuments.aspx?CId=495&amp;MId=3339&amp;Ver=4">http://moderngovsvr:8080/ieListDocuments.aspx?CId=495&amp;MId=3339&amp;Ver=4</a>	

## 1. RECOMMENDATION

Resources PDG is asked to commence the review of discretionary fees and charges in accordance with the PDG work plan for 2017/18.

## 2. PURPOSE OF THE REPORT

- 2.1 At the meeting on 8<sup>th</sup> November 2016 Resources PDG considered a new methodology for setting discretionary fees and charges to be considered from 2018/19. This report sets out the rationale and methodology to be considered for establishing fee levels going forward.
- 2.2 The main focus of this report is in respect of discretionary charges, i.e. where there is no statutory fee setting process already established.

### **3. BACKGROUND & CONTEXT**

- 3.1 The Council provides a wide range of services for which it is able to make a charge – either statutory (set by the Government) or discretionary (set by the Council). The focus of the review is on the discretionary charges through a planned programme of work. By definition, these are for discretionary services where local authorities can make their own decisions on setting the level of charges or indeed whether charges should apply. Accordingly, when setting these fees and charges, the Council’s approach should be clear and in line with the principle established in the recently updated Medium Term Financial Strategy (MTFS):

*“Fees and charges should be reviewed annually and changes should have regard to the priority outcomes.”*

### **4. DETAILS OF REPORT**

- 4.1 Resources PDG recommended at the meeting on 8 November a suggested approach to reviewing charges going forward which is fundamentally based on aligning the service to agreed outcomes. The proposed methodology is to consider the context in which the service is provided and the outcomes it delivers and how charges contribute towards them being achieved. It should also consider whether the charges should be based on the principle of user pays or whether a subsidy level should be considered and what that level should be in financial terms.

As the Council is becoming commercially focussed and operating in a business-like way it is necessary to consider charges in a way that supports this ethos by stimulating demand and encouraging participation. It is also appropriate to consider competition, market and customer segmentation, any limitations of contributions to fixed costs as factors to take into consideration when reviewing fees and charge levels. Fees and charges can also be used strategically to encourage behavioural changes which can support delivery of the corporate priorities.

Therefore, it is suggested that charges be reviewed using the criteria set out below:

- The relative contribution towards the priorities of the council
- The basis on which fees should be set - consider whether the fees should be set at a cost recovery level or a subsidy level (i.e. a proportion of the cost is recovered from the users of the service and the remainder of the unrecovered cost is met by the tax payer).
- Benchmarking information, where possible, of similar charges for comparable authorities/service providers
- Demonstrable link between the charge and the cost of providing the service

- 4.2 The PDG agreed to the following fees and charges being reviewed in this way and a workshop will be established to consider markets and bus station. Other charges will be considered during the year with the objective of completing the review in readiness for the budget proposals for 2018/19.

<b>Business Area</b>	<b>Charging Category</b>	<b>Priorities</b>	<b>Current Charging Principle</b>
Car Parks	Discretionary - traffic management	Growth	Generate a surplus to re-invest into town centres
Bus Stations	Discretionary	Growth	Subsidy/Partial Cost Recovery
Markets	Discretionary	Growth	Subsidy/Partial Cost Recovery
Arts Centres & Corn Exchange	Discretionary - Income Generation	Culture	Subsidy/Partial Cost Recovery
Outdoor Recreation	Discretionary	Environment	Subsidy/Partial Cost Recovery
Hackney Carriage & Private Hire	Discretionary	Environment	Full cost recovery
Cycle Centre	Discretionary	Environment	Subsidy/Partial Cost Recovery
Building Control	Discretionary - Chargeable and Non Chargeable Service	Housing	Surplus on chargeable service
Leisure Centres & Sports Stadium	Discretionary	Culture	Fees set by contractor and Authority
Green Waste, bin replacement & bulky waste	Discretionary - service user pays	Environment	Full cost recovery
MOT Testing	Discretionary - based on VOSA recommended fees	Environment	N/a
Other Licences – animal licences, sex establishments, street trading	Discretionary	Environment	Full cost recovery
Grantham Cemetery	Discretionary	Environment	Full cost recovery
Land Charges	Discretionary	Housing	Full cost recovery
Neighbourhoods	Discretionary	Environment	Partial Recovery
HRA – Community Rooms	Discretionary	Housing	Partial Recover
Environmental Health	Discretionary	Environment	Full cost recovery
Pre-Planning Charges	Discretionary	Housing	Subsidy/Partial Cost Recovery

## **5. OTHER OPTIONS CONSIDERED**

5.1 None at this stage of the review.

## **6. RESOURCE IMPLICATIONS**

6.1 The fees and charges are compiled as part of the budget setting process.

**7. RISK AND MITIGATION**

7.1 N/A

**8. ISSUES ARISING FROM IMPACT ANALYSIS**

8.1 This will be considered as part of the introduction of any changes in fees and charges.

**9. CRIME AND DISORDER IMPLICATIONS**

9.1 None

**10. COMMENTS OF FINANCIAL SERVICES**

10.1 Financial considerations are included in the report.

**11. COMMENTS OF LEGAL AND DEMOCRATIC SERVICES**

11.1 The Executive 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 taking one financial year with another the income received from charges does not exceed the cost of the provision of the service.

**12. COMMENTS OF OTHER RELEVANT SERVICES**

12.1 None

**13. APPENDICES:**

13.1 N/a