

CABINET - 13TH AUGUST 2015

Report of the Strategic Director of Corporate Services Lead Member: Councillor Tom Barkley

Part A

ITEM 8 INCOME AND CHARGING POLICY

Purpose of Report

To present the updated policy for the raising of income and setting of fees and charges across the Council.

Recommendations

1. That the Income and Charging Policy as attached as an Appendix be approved.
2. That delegated authority be given to the Strategic Director of Corporate Services to make minor amendments to the policy.

Reasons

1. To provide a clear and consistent approach to the setting of fees and charges across the Council.
2. To enable minor changes to the policy to be made in a timely and efficient manner.

Policy Justification and Previous Decisions

The current Income and Charging policy was produced in 2004 and has been reviewed and updated to reflect the Council's current structure and legislation relating to the setting of fees and charges.

Implementation Timetable including Future Decisions and Scrutiny

If approved, the Policy will come into effect from the 1st September 2015.

Report Implications

The following implications have been identified for this report.

Financial Implications

There are no direct financial implications associated with this decision.

Risk Management

There are no specific risks associated with this decision

Key Decision:

No

Background Papers:

None

Officer to contact:

Simon Jackson
Strategic Director of Corporate Services
01509 634699
simon.jackson@charnwood.gov.uk

Part B

Background

1. The Council's current Income and Charging Policy was produced in 2004, review of the policy found that it no longer reflected the Council's current structure. In addition, the legal requirements to be considered when setting fees and charges for discretionary services are not made clear.
2. An exercise was undertaken to identify the current fees and charges charged by the Council and the basis of charging for each fee.

For each fee or charge identified, the following was ascertained:

- whether the charge was statutory or discretionary;
- any legislation relating to charges;
- any prescribed charging basis; and
- the actual charging basis used i.e. based on costs, percentage increase etc.

It was confirmed that the majority of fees charged were discretionary and that the charging basis varied across the Council services.

Proposals

3. The Income and Charging Policy (2004) has been revised to make clear the requirements of the Local Government Act 2003 (S93), which provides authorities with the power to charge for discretionary services, in that authorities are under a duty to secure that, taking one year with another, the income from charges for that service does not exceed the costs of provision.
4. The revised policy is attached as an Appendix.

Consultation

5. The revised policy has been drafted in consultation with the Senior Management Team who approved the revised policy in April 2015.

Appendix – Proposed Income & Charging Policy

INCOME AND CHARGING POLICY

1. Aims of the Policy

This policy provides a clear and consistent approach to charging across the Council, ensuring that no individual or group within Charnwood Borough is excluded from accessing services the Council offers. The charging policy has been developed to ensure consistency but also allow services flexibility in their approach to meet the specific needs of their customers. Its key aims are:

- To create a co-ordinated approach to charging, that is applied across services;
- To outline the key principles for charging by Charnwood Borough Council;
- To set out the annual review process for all discretionary charges.

2. Key Principles

A basic assumption is that the Council will apply and collect statutory charges as appropriate and further consideration is therefore outside of the scope of this document. However discretionary fees and charges represent an important source of revenue, providing finance for activity that is designed to achieve the Council's objectives. Nevertheless, there is a potential conflict between raising revenue, promoting access and the usage of services whilst considering the challenges of poverty and social exclusion that exist within the Borough and also the effects on local taxpayers. A consistent and informed approach to charging across the different services of the Council will enable this conflict to be reconciled and managed in the interests of achieving the Council's objectives. All discretionary charges will be covered by this policy.

3. Setting of Fees and Charges

3.1 Charges should be set using clear and transparent evidence and knowledge to support the level of charge. It is appropriate to take into account some or all of the following:

- Encouraging specific activities and use of certain services;
- Discouraging some undesired activities;
- Ensuring regulatory compliance;
- Whether the Council wishes to act as a supplier of last resort;
- Contributing to long-term sustainability of some activities or services;
- Local market factors;

- Consideration of charges for similar services raised by other local authorities or private sector competitors;
- Whether in some cases reduced charges should be available to some groups to promote inclusion;
- Whether discounts (for example age related charges) or promotion (for example seasonal charges) will be offered;
- Whether scope exists to increase take-up through more effective marketing and publicity and the form that this might take.

3.2 The setting of each charge should be documented showing the rationale behind the level of each charge ensuring that the Council's charges reflect the Council's priorities and policies. Changes to charges will normally be recorded in the form of the minutes of the appropriate meeting or an officer delegated decision form which will be published on the Council's website in accordance with the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 and the Openness of Local Government Bodies Regulations 2014. In determining the charges, officers must abide by the Council's principles of decision making and take into account any appropriate legislative requirements.

3.3 Although the practice of charging for some discretionary services is well established, the Local Government Act 2003 includes an additional general power for authorities to charge for discretionary services and further guidance on the principles to be applied was issued by the Office of the Deputy Prime Minister in 2003. These principles require that taking one year with another, income from charges should not exceed the costs of service provision and charges may be set differently, such that different customers may be charged different amounts.

3.4 In accordance with the Local Government Act 2003 charges may recover costs; however charges may be set below full costs where:

- This is part of an approach to service delivery agreed in consultation with the relevant Cabinet Lead Member, such as where the use of a service by individuals or groups benefits the whole community e.g. health benefits; community activities;
- Full cost charges might have a detrimental effect on other Council services;
- A nominal charge only is considered appropriate so as not to discourage access but as the same time to discourage frivolous demands for a service;
- The application of economic charges would have a detrimental effect on a Council policy.

3.5 The guidance issued by the Government linked to the Local Government Act 2003 describes examples of how the principle of cost recovery can be applied to enable some charges to be set above the cost of providing a particular service in a given year. This can be achieved by:

- Extending the period over which cost recovery is measured to more than a single year to account for start-up costs and other longer-term investments in the service;
- Comparing the costs and income over a group of related services rather than each service individually to provide greater flexibility.

This may be appropriate for example where:

- The Council perceives an opportunity to use the income generated by fees and charges for a relevant purpose without compromise to its other objectives;
- Potential abuse of a service is to be discouraged.

4. Administration of Charges

The basic principles for administering fees and charges are:

- Charges should be simple to understand and administer;
- Charges should be well promoted so that service users can clearly understand the charging structure and methods of payment before they become liable to pay;
- Where possible methods of payment should be flexible, convenient and take into account the needs of disadvantaged/vulnerable groups in the community; wherever possible online payment should be encouraged;
- Where possible and practicable payment should be made prior to the service being received or at the point of delivery;
- Documentation should be retained to substantiate that the customer accepted liability of the charge to support any debt recovery action required should payment not be received.

5. Review of Charges

5.1 The responsibility for the periodic reviewing of fees and charges falls within the scope of this policy and rests with the Head of Service under the Council's scheme of delegation to officers. However it is essential that officers have regard to the general principles on exercising delegated powers set out in the Council's Constitution as follows:

- When exercising delegated powers an officer shall always have regard to the requirements of the Constitution, the financial, legal and human resource

implications of the decision and shall consult with staff in another service area if the decision is likely to impact on the work of that service area..

- Officers do not have to use their delegated powers: they can ask the body or person that delegated them to decide.

5.2 Officers must also have regard to what may constitute a Key Decision and act in accordance with the requirements set out in the Council's Constitution for taking Key Decisions. In the case of changes to fees and charges, a decision will be a Key Decision if its effect is to produce a net increase or decrease in income to the Council of £100,000 or more or would be significant in terms of its effects on communities living or working in an area comprising two or more wards in the Borough.

5.3 Where a proposal exists to introduce a new discretionary service under the terms of the Local Government Act 2003 or to establish a new 'trading activity', then this should be a matter for consideration by the Cabinet in the first instance. In addition, where a proposal exists to introduce charges for an existing discretionary service or to remove discounts which currently exist officers should consider on a case by case basis, in consultation with the relevant Cabinet Lead Member, whether it is appropriate that the decision to do so should be made by the Cabinet rather than by officers under delegated powers. Other revisions to existing charges would normally be made by officers under delegated powers.

5.4 None of the above is intended to compromise or conflict with any other specific officer delegation in respect of fees and charges set out within the scheme of delegations to specific officers.

5.5 An annual review will usually take place as part of the annual budgeting process but should not preclude a process of continuous monitoring and review. Where there is a strong case for amendment of charges in-year the Head of Service should consult with the appropriate Lead Member prior to making any required changes. The timing of the review should take into account known or predicted changes in government legislation or guidance.

5.6 It is considered good practice, where possible, that a minimum of one month's notice should be given to service users before any new or revised charges are implemented.

Document Control

Organisation	Charnwood Borough Council
Title	Income and Charging Policy
Author	Tracey Hayes/Shirley Lomas
Filename	Income and Charging Policy.doc
Owner	Strategic Director of Corporate Services
Subject	Fees and Charges
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Policy Governance

The following table identifies who within Charnwood Borough Council is Accountable, Responsible, Informed or Consulted with regards to this policy. The following definitions apply:

- **Responsible** – the person(s) responsible for developing and implementing the policy.
- **Accountable** – the person who has ultimate accountability and authority for the policy.
- **Consulted** – the person(s) or groups to be consulted prior to final policy implementation or amendment.
- **Informed** – the person(s) or groups to be informed after policy implementation or amendment.

Responsible	Strategic Director of Corporate Services
Accountable	Strategic Director of Corporate Services
Consulted	SMT
Informed	All Directors/Heads of Service

Revision History

Revision Date	Reviser	Previous Version	Description of Revision
April 2015		N/A	First Release
July 2015		First Release	Cabinet report version