

## CORPORATE CHARGING POLICY

### Introduction

1. Officers and Members should ensure that all relevant issues are addressed when considering the possible introduction of new charges or reviewing current charges. Reviewing charges does, of course, result in politically sensitive issues for Members. Charging is an important and appropriate way of financing services and provides an alternative to council tax in paying for the Council's services. The Council needs to make its approach and policy on charges clear to the public and explain why it is appropriate to introduce charges or increase charges in appropriate circumstances. This can be achieved by following the principles and processes outlined in this charging policy.
2. It is also important to recognise that charging is just one aspect of the Council's overall financial management arrangements and the service and financial planning process. Clearly, Members and management ensure that services are provided efficiently and effectively and that costs are regularly scrutinised and reduced wherever possible. Hence, when new charges are being considered or current ones reviewed, this is in the knowledge that all other steps to minimise the net cost of the service have been taken.
3. The key principals and processes in relation to setting fees and charges are set out below. A declaration to evidence the annual review of fees and charges is included at Annex A; **this needs to be completed by each AD to confirm the annual review has taken place**. A detailed check list is included at **Annex B; this is to be completed where there are new or amended fees and charges**. A classification guide and the types of issue to consider for each fee type is included at **Annex C**.

### Key questions before setting fees and charges

4. The adoption of a strategic approach to charging and questioning the role of charges in the provision of services is very important in terms of the impact on the community and the Council's financial position. In considering charges, the following questions should be addressed:
  - Why are we providing this service?
  - Who benefits from the service – individuals or the community?
  - Do we subsidise this service from council tax?
  - What are we achieving by subsidising it?
  - How much do residents and businesses value the service?
  - How willing and able are they to pay for it?
  - What effect does charging have on the supply and demand for a service?
  - How can charging affect behaviour and assist service objectives?

### Principles

5. Charges should be considered where only some members of the public benefit from the service provided. The overall principle for charging should be that the "user pays", and non-users do not support users through council tax.
6. Future charging proposals must be judged in the light of the Council's corporate aims and service objectives and also identify whether charging is an appropriate alternative to council tax in paying for the service in question.
7. Charges should be set at levels that, as far as possible, do not preclude members of the public from using or benefiting from a service. Consideration should be given to the ability of individuals,

including those of limited means, to meet the charges and benefit from the service available and consistently reflected in agreed charges.

8. Charging arrangements should be efficient and practical and should demonstrate responsible asset management for the benefit of the whole district, i.e. that sufficient income is raised through charges to ensure that the assets employed in providing the services are fully maintained and improved when necessary.
9. Charges can be levied to raise revenue for the general provision/improvement of services, to offset council tax rises or to help fund specific projects where the Council has the legal powers to do so.
10. Charges can be used to regulate demand and change behaviours where this is appropriate to meet the Council's aims and priorities.
11. Appropriate use of section 93 of the Local Government Act 2003 and the General Power of Competence under the Localism Act 2011, to charge for services will be considered; services should consider any new areas where charges may be appropriate
12. Charges should be subject to consultation with users or beneficiaries of the service where appropriate.
13. Charges can be market-led and should take into account market demand and competition from other providers of the service.
14. The extent of any subsidy should be determined and charging levels should take account of comparisons with other Local Authorities' charges and charging policies and the willingness of users to pay for valued services.

## **Process**

15. The following process should be applied to the annual review of fees and charges;
  - 15.1. Assistant Directors should review their fees and charges annually against the principals above as an integral part of the service and financial planning process. This review should be documented with ADs to sign off their fees and charges confirming they comply with the principles using the form at **Annex A**. Assistant Directors should consult the relevant Portfolio Holder in considering current charges and the potential for new charges in relation to all Council services as part of this process.
  - 15.2. Appropriate consultation with service users and stakeholders should be undertaken in respect of any proposed significant changes to current charges or in relation to the introduction of significant new charges. **A Corporate Charging Policy Checklist (Annex B) should be completed for any new or amended charges.**
  - 15.3. All charging proposals need to be considered each year by Cabinet. Variations to charges will generally apply from 1 April; proposals need to be developed and reported with reference to any statutory notice periods. Any 'mid year' proposals for new or amended charges should also be submitted to Cabinet again, with reference to statutory notice periods and the impact of this on changes to income budgets.

**CORPORATE CHARGING POLICY ANNUAL REVIEW DECLARATION**

**ANNEX A**

I confirm that the fees and charges within my sub-directorate area have been reviewed against the corporate charging policy principals and that the proposed fees comply with these principals.

Assistant Director .....

Assistant Director Area.....

Date.....

## CORPORATE CHARGING POLICY CHECKLIST

Annex B

Please complete this for any service where there are new or amended fees and charges.

### 1. Objectives of Charge – what is(are) the principal charging objective(s) ?

Recover cost of service provision	Yes/No
Generate Surplus Income (where permitted)	Yes/No
Maintain existing service provision	Yes/No
Fund service improvements or introduction of new service(s);	Yes/No
Manage demand for service(s)	Yes/No
Promote access to services for low-income households;	Yes/No
Promote equity or fairness;	Yes/No
Achieve wider strategic policy objectives (e.g. encouraging green policies);	Yes/No

### 2. Set out the charge type and the implications

Identify the charge type as set out in the Charge Type Checklist ( <b>Annex C</b> )
Set out how the issues for the specific charge type have been addressed
How has the impact of charging on user groups been assessed?

### 3. Targeting Concessions – Set out how any concessions have been considered for the following target groups:

OAPs
Unemployed
People under the age of 18 and students in full time education
Community Groups
Those in receipt of income-related benefits, tax credits, attendance allowance, disability living allowance and other appropriate groups

### 4. Trading – Set out whether the possibility of a trading operation has been considered

The Council is empowered to sell goods or services to other public bodies or trade commercially. Please set out how the following have been considered:

Could services be delivered more strategically over a wider area/lager scale?
Could we achieving greater efficiency through trading or partnership working?
Is there a wider demand for the Council's expertise?
Is there any spare capacity that could be utilised?
Is there potential to generate additional income?
Is there scope to support service improvement?

**5. Value For Money – Set out how value for money has been considered**

Has charging been used as a tool for achieving strategic policy objectives?
Has the optimum use of the power to charge been used?
Has charging secured improvements in value for money?
Has charging been used as a tool to reduce increases in Council Tax?
Are there any budget implication for the proposed change and if so, has a savings/growth form been submitted?

**6. Means of charging and collecting income – Set out how the income will be collected**

Can income be collected in advance, or at the time, of service delivery
How will the income be collected? (invoicing is a relatively high-cost)
Is the proposed collection method consistent with Financial Procedure Rules?

**Sign off**

Budget Manager.....

AD.....

## Charging Classification

## Annex C

Charge type	Description	Considerations
Full commercial	The council seeks to maximise revenue within an overall objective of generating as large a surplus (or a minimum loss) from this service.	<ul style="list-style-type: none"> <li>• Are the charges high enough for the service to be profitable? If not, consider whether the service should be provided.</li> <li>• How would changes in pricing structures affect demand for the service and potentially its profitability?</li> </ul>
Full commercial with discounts	As above, but with discounted concessions being given to enable disadvantaged groups to access the service.	<ul style="list-style-type: none"> <li>• Does the council offer any premium in terms of service levels that customers would be prepared to pay more for?</li> <li>• Are competitors charging similar prices?</li> <li>• How does the proposed fee structure fit in with the long-term business plan for the service?</li> </ul>
Fair charging	The council seeks to maximise income but subject to a defined policy constraint. This could include a commitment made to potential customers on an appropriate fee structure. Alternatively, a full commercial rate may not be determinable or the council may be a monopoly supplier of services.	<ul style="list-style-type: none"> <li>• How do the charges compare to other providers of similar services?</li> <li>• Has the loss of income from not charging on a commercial basis been evaluated?</li> <li>• Is the policy constraint justifying this charging policy still valid?</li> </ul>
Cost recovery	The council wishes to make the service generally available, but does not wish to allocate its own resources to the service.	<ul style="list-style-type: none"> <li>• Do charges recover the full costs, including overheads, capital charges and recharges?</li> <li>• Is it possible to charge on a full commercial basis and if so has the loss of income from not charging on a full commercial basis been evaluated?</li> </ul>
Cost recovery with discounts	As above, but the council is prepared to subsidise the service to ensure disadvantaged groups have access to the service.	<ul style="list-style-type: none"> <li>• Are Members aware of the effect on demand for this service from this charging policy?</li> <li>• What would be the effect of changing the policy to a different one e.g. subsidised?</li> </ul>
Subsidised	Council policy is to make the service widely accessible, but believe users of the service should make some contribution from their own resources. Could also be due to the adverse impact a cost recovery or commercial charging policy would have on other council services.	<ul style="list-style-type: none"> <li>• Has the cost of the subsidy been evaluated?</li> <li>• What has been the impact on demand and on service levels from adopting this approach?</li> <li>• Are charges in line with statutory requirements?</li> <li>• Is there a problem of frivolous use of the service?</li> </ul>
Nominal	The council wishes the service to be fully available, but sets a charges to discourage frivolous usage.	<ul style="list-style-type: none"> <li>• Is this approach legally required?</li> <li>• Does this approach fit in with the requirements of other funding streams i.e. grants?</li> </ul>
Free	Council policy is to make the service fully available.	
Statutory	Charges are set in line with legal obligations	<ul style="list-style-type: none"> <li>• Are they set at the maximum permitted levels?</li> </ul>