

CORPORATE CHARGING POLICY

General Principles

Where the Council has the option to levy a charge, and there are no good reasons why an exception should be made, it is the Council Policy that a charge should be made on both statutory and discretionary charges in accordance with this charging policy.

For existing charges, there is a general presumption that the level of fees and charges should rise each year in line with the rate of inflation as determined as part of the budget planning process.

Exceptions: The following are cases where charging may be deemed to be inappropriate:

- The service is delivered to all residents or households equally and which could therefore be considered to be funded from Council Tax
- The administrative costs associated with making a charge would outweigh any potential income
- There is no legal basis for making a charge
- Making a charge would be contrary to achieving one or more of the Council's Corporate Objectives
- Making a charge may result in a substantial reduction in usage of the service
- It is difficult to establish the liable person

Payment: Service users should make a direct contribution to the cost of providing services in advance of taking the service.

Determining the amount to be charged

Where the Council controls the level of the charge to be made for a service, it is the Council policy that the charge should cover the actual costs of providing the service (including overheads). Where a service is not recovering fully the costs, it is being subsidised by the local Council Tax payer from the General Fund. A key question to ask therefore is: 'Do we want the service user to pay for the service or do we want all Council Tax payers to pay for or contribute to the costs of the service'? It is recognised that this will not be appropriate in all circumstances and the actual amount proposed will need to take into account:

- Section 93 of the Local Government Act 2003 enables Local Authorities to charge as they choose to for discretionary services; provided they are not prohibited by other legislation and they do not make a profit
- Relevant Council strategies and policies
- Any subsidy or concessions given (see page 2)

- Market conditions and prices charged by competitors and/or other Local Authorities
- The need to avoid potential distortion of the market which might occur from pricing below the levels charged by the private sector for similar services
- The need to avoid exploitation of customers who have no option but to use Council services
- The impact of increased usage on a particular service
- The need to increase Council income
- Service users' views where provided

VAT: Consideration needs to be given in all cases as to whether VAT is applicable. Advice can be received from Financial Services.

Charging Strategy:

Within the service and budget planning process fees and charges should be identified to one of the categories in the table below and the appropriate charging policy adopted in establishing and reviewing charges rates/levels.

Charging Strategy	Policy Objective
Full Commercial	Aim to maximise revenue within an overall objective of generating a surplus from this service for statutory services.
Full commercial with discounts	As above, but with discounted concessions being given to enable disadvantaged groups to access the service determined from the Equalities Impact Assessment (E.I.A)
Statutory	Charges are set in line with legal obligations
Cost recovery	The Council aims to recover the costs of providing the service from those who use it
Cost recovery with discounts	As above, but the Council is prepared to subsidise the service to ensure disadvantaged groups have access to it
Free	Service fully available at no charge.
Subsidised	The Council wishes users of the service to make a contribution to the costs of providing it. This might be to meet a service objective or allow competition with other providers.
Nominal	The Council wishes to make the service available but sets a charge to discourage frivolous usage
Fair Charging	To maximise income but subject to a defined policy constraint

Determining which service users should receive a concession.

There will be some circumstances where it may be appropriate to consider offering discounts or concessions in relation to particular services/activities or customer groups on a basis which is consistent with achieving the Council's objectives.

When reviewing or establishing the level of discount or concession offered for a particular service the following should be considered:

- Are we benefitting local residents?
- Can a discount policy contribute to wider policy objectives aimed at maximising access to services from disadvantaged groups?
- To what extent is there evidence that the discount policy is successful in benefitting target groups?
- Is the policy to target specific groups still valid?
- Are there other groups that should be considered for discounts?
- What will the impact on income for this service be by offering a concession?

Recognising the broader agenda to maximise access to services and to ensure equity and fairness in charging, concessions/discounts should be considered for the following groups:

- Young people aged 16 years or younger
- Full-time students
- Senior Citizens over pensionable age
- Individuals on low incomes in receipt of means tested benefit
- People with a disability in receipt of a means tested benefit
- Individuals receiving a 'carers allowance'

Size of discount/concession: This is down to the relevant service but it would not be inappropriate to offer a concession of up to 50% of the full charge in some cases.

Evaluation: An assessment of the desirability of offering concessions (including the financial implications) should be part of the evaluation of an appropriate charge. Managers should be able to demonstrate the effect on usage, access and finance of any concessions in calculating the charge and the income that is derived.

Determining how surplus income will be used

Income that is derived from charging for services will firstly be used to offset the cost of providing the service. Any surplus will be returned to the General Fund to be distributed as required by Members. This enables resources generated from charging to be used wherever the highest priority exists.

The Council policy is therefore that any surplus income generated from charging will be used as a Corporate Resource to be used where the need is greatest unless:

- Prohibited by other statutory requirements or Government guidance (e.g. building control)
- Head of Service can demonstrate at budget setting that surplus monies should be used to reinvest in the development of the service

Governance

New fees and Charges

- Proposals for new fees and charges must be considered within the service and budgetary planning process, or where necessary submitted to Management Team and the relevant service Committee for approval as an in-year charge
- Reasonable notice should be given to service users before implementation, together with clear advice on discounts or concessions available
- An EIA should be completed including any appropriate consultation with relevant groups
- The effects of any new charge should be monitored regularly over the first 12 months and reviewed within the next service and budget planning process

Reviewing of Fees and Charges

- Fees and charges **should annually be subject to a detailed review** and, should at least, increase in line with the rate of inflation as part of the budget setting process
- Budget holders will complete the corporate template for the review of fees and charges – these will form the basis for reports to the Head of Central services and relevant Policy Committee as appropriate as part of the annual review of charges
- As part of the annual service planning process each Head of Service should consider if services currently provided free should be subject to a charge
- Where there are any significant changes during the course of a year, such as costs, market forces or service levels which materially affect current charge and revenues, then that charge should be reviewed in-year and any change be approved by Management Team and the relevant service Committee.
- Where there is to be a change or new charge, then the budget holder should ensure that this is carried out in a timely manner, undertaking any consultation and meeting any legal obligations required.
- When promoting your fee or charge to the public this should be conveyed in a manner appropriate to your audience free of jargon and ‘Local Government speak’.

Maximising Income

In order to maximise income, that contribute to strong performance income generation that Heads of Service may wish to have regard to:

- **Adopting a commercial approach** - there are a number of areas where benefits can be gained from developing a more commercial approach to service delivery
- **Trading** – Services could look to sell their expertise and skills to other local authorities or public bodies or provide a service on a regional basis for their neighbours (e.g. providing Children Centre Services to the County)
- **Applying a flexible approach** – Maximising income generation may not always involve increasing fees and charges. In areas where there is competition for Council Services or where demand is reducing, it may be more appropriate to reduce fees to gain a greater share of the market. This requires the need to understand your service and service users on an in-year basis.
- **Culture of self-sufficiency in services** - A positive attitude towards charging amongst service managers and staff is vital to help create an entrepreneurial culture to identifying and realising opportunities for services to become more financially sustainable in the current economic climate
- **Every penny Counts** – creating positive culture is part of a process to reducing comments such as “its not worth it, it will only generate a few thousand pounds each year” = 20 or 30 ideas such can quickly add up to make a material difference.
- **Payment for Services** – Online facility for making payments should be maximised to encourage receipt of income and ensuring take-up of service
- **An approach to premium charging** – it is possible to apply a premium price to some services to reflect either additional demand or an enhanced service e.g. Melton applies a premium to car parking on market days. Other ideas include a premium price for nominating a specific time to deliver a service, fast tracking an application process or the provision of certificates, out-of hours services
- **Charging for Packages** – packaging of a number of services, for a discounted price.
- **Charges linked to environmental objectives** – it is possible to charge directly to support wider corporate objectives e.g. linking taxi-license charges to emissions or have discounts for LPG/Bio diesel powered vehicles.

Equity of Charging

- As charges are reviewed on a service-by-service basis, equity of charging can be overlooked. Therefore Management Team should assess the impact of changes to fees and charges against the full range of Council charges on specific groups to make sure that no individual or group is adversely affected

by large price increases. (This could be achieved through segmentation of groups of service users).

Collection of fees and Charges

- Where it is reasonable to do so, all fees and charges should be collected in advance or at the point of service delivery
- Where fees/charges are to be via invoice, authorisation to raise invoices should be passed to finance promptly preferably in advance of service delivery
- Where a cancellation of service is required they should be sent to finance section promptly with an appropriate explanation (e.g. invoice raised incorrectly, service not provided) using existing documentation.
- Requests for write-offs should be sent to the Financial Support Officers with the appropriate explanation
- Any arrangements or circumstances to stop/suspend recovery action should be promptly notified to Customer Services
- Budget Holders should be prepared to provide sufficient documentary evidence to enable legal action to be taken through the Courts