

# AGENDA ITEM 7

## POLICY, FINANCE & ADMINISTRATION COMMITTEE

28 SEPTEMBER 2016

### REPORT OF THE HEAD OF CENTRAL SERVICES

#### CORPORATE CHARGING POLICY REVIEW 2016

#### 1.0 THE PURPOSE OF THE REPORT

- 1.1 To request approval from members of the updated Corporate Charging Policy in order to ensure it is up to date and continues to meet the business needs of the council taken into account best practice and alignment with the corporate priorities.

#### 2.0 RECOMMENDATIONS

- 2.1 That members approve the revised Corporate Charging Policy as attached in Appendix A.

#### 3.0 KEY ISSUES

- 3.1 The Charging policy was last reviewed in 2012 and there has also been a recent review of fees and charges by internal audit which highlighted some suggested changes to the policy therefore it is timely to undertake a full review to ensure the policy remains fit for purpose.
- 3.2 A full review of the charging policy has been undertaken taking into account the internal audit findings of which the main changes proposed are:

##### Benchmarking

Where fees and charges are set on a full commercial or subsidised basis annual benchmarking will need to be undertaken. This information together with any other market intelligence will need to be submitted as part of the annual review process. Budget holders will also need to explain and demonstrate how market information has influenced pricing decisions.

##### Free Services

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. They should also ensure a comprehensive list of any free charges are reported and approved by the appropriate committee on an annual basis. This list should also include more detailed information and explanation of the reasons for not charging for each item listed, including an indication of potential income forgone

## Fee Setting Guidance

More detailed corporate guidance on the process for reviewing and setting fees and charges which includes outlining the methodology for calculating fees that are set on a cost recovery basis has been developed. The guidance also emphasises the importance that any systems and procedures should be proportionate to the importance and scale of income involved along with any risks of legal challenge arising from the regulatory guidance.

- 3.3 Fees and charges are an important and valuable part of the Councils income and as the Council is committed to moving towards a sustainable Medium-Term Financial Strategy (MTFS). Income from fees and charges will represent an important source of funds to the Council, and enable a wide range of services to be delivered. In order to ensure fees and charges are being used effectively, this Charging Policy will help ensure its links with the corporate aims and objectives.
- 3.4 The setting of fees and charges is incorporated within the MTFS and budget setting timetable which will also link to cross cutting issues and impacts that will need to be considered in the context of wider policy objectives. This document sets out an overall policy framework to support and guide a practical approach to fees and charges that is consistent with Melton's One Council approach.
- 3.5 This policy also provides guidance to managers on how to cost services in order to determine the amount to be charged taking into account concessions, exemptions etc. along with the governance arrangements for approval.

## 4.0 **POLICY AND CORPORATE IMPLICATIONS**

- 4.1 Policy and corporate implications are covered in the key issues section of this report.

## 5.0 **FINANCIAL AND OTHER RESOURCE IMPLICATIONS**

- 5.1 Fees and charges are a significant source of income for the Council and are becoming increasingly important as central government funding diminishes. The Council generates approximately £1.9m of income from the general fund and £0.6m in the Housing Revenue Account. As well generating significant income, an effective Charging Policy can also support broader policy objectives such as targeting subsidies and managing demand for services.
- 5.2 It is vital that all fees and charges are reviewed annually and in accordance with this policy. This enables the Councils policy to be fair, joined up and transparent to all its customers irrespective of which part of the Council provides the service.
- 5.3 The review of fees and charges will be conducted at the same time and will form an integral part of the annual budget cycle, policy, planning and monitoring of the Councils income. Melton is committed to continuous improvement and it is critical that new approaches and ways of working are introduced.

## 6.0 **LEGAL IMPLICATIONS/POWERS**

- 6.1 Section 93 of the Local Government Act 2003 enables Local Authorities to charge for discretionary services; provided they are not prohibited by other legislation and they do not make a profit.

6.2 Under the Localism Act 2011 which introduced a new General Power of Competence Melton may trade in any eligible services permitted by the Councils constitution. If Melton wants to make a profit it must conduct this commercial activity via an arms length trading company. Any such company would need to comply with standard trading legislation and competition law, however, services can be provided within the public sector environment, without the need to set up a company.

## 7.0 **COMMUNITY SAFETY**

7.1 There are no specific community safety issues arising from this report.

## 8.0 **EQUALITIES**

8.1 As charges are reviewed on a service-by-service basis, equity of charging can be overlooked. Therefore Management Team will 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).

8.2 An equalities impact assessment (EIA) has been completed for the charging policy previously agreed by PFA. The EIA has been reviewed in conjunction with the updated charging policy. The main implication arising is the need for service areas to undertake their own EIA for the charges they are responsible for to ensure the appropriate equalities considerations have been taken into account when setting the fees and charges.

## 9.0 **RISKS**

9.1 The risks are set out in the table below.

<b>L I K E L I H O O D</b>	<b>A</b>	<b>Very High</b>				
	<b>B</b>	<b>High</b>				
	<b>C</b>	<b>Significant</b>		<b>2</b>		
	<b>D</b>	<b>Low</b>			<b>1</b>	
	<b>E</b>	<b>Very Low</b>				
	<b>F</b>	<b>Almost Impossible</b>				
			<b>Negligible 1</b>	<b>Marginal 2</b>	<b>Critical 3</b>	<b>Catastrophic 4</b>

**IMPACT**

<b>Risk No</b>	<b>Risk Description</b>
<b>1</b>	<b>Income from fees and charges fails to meet budget expectations</b>
<b>2</b>	<b>Budget holders fail to follow the policy thereby failing to maximise income to the council</b>

**10.0 CLIMATE CHANGE**

10.1 There are no further climate change issues arising from this report.

**11.0 CONSULTATION**

11.1 Management Team and budget holders have been consulted in preparing this report.

**12.0 WARDS AFFECTED**

12.1 All wards are affected.

Contact Officers: David Scott, Central Services Manager

Date: September 2016

Appendices: Appendix A – Corporate Charging Policy Update Sept 2016

Background Papers: Current Charging Policy

Reference: X: C'tees, Council & Sub-C'tees/PFA/2016-17/28-09-16/DG-Corporate Charging Policy Update Sept 2016