



<u>Committee and Date</u> Cabinet 4 June 2014 Council 17 July 2014
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<u>Item</u> 10 <u>Public</u>

CHARGING POLICY

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1 Summary

- 1.1 Over the next three financial years the Council faces significant financial pressures with a savings target of £80m to achieve. As part of its approach to delivering this level of saving, the Council is redesigning everything it does to enable the delivery of better more responsive services at a lower cost. As services are redesigned, it is important that the Council has a clear charging policy which can be referred to when decisions about the level of charges are being made. It is also important that, where a need to revise the level of fees and charges for a service is identified, the process for approving such changes allows for speedy decision making and for agreed revisions to be implemented without delay.
- 1.2 In December 2013, Council approved the schedule of fees and charges for 2014/15 set out in the Review of Fees and Charges for 2014/15 Report. The report recognised the reliance of the Council's gross budget on the income from fees and charges and identified guiding principles to be followed when setting fees and charges. At the time of writing the report there were service areas where guidance on charging levels was still awaited so any review of charges for 2014/15 in these service areas was not included.
- 1.3 This report proposes a charging policy which should be followed when setting fees and charges. The report also recommends officer delegations, in consultation with portfolio holders, to allow in year changes to fees and charges to be agreed and implemented in a speedy manner.

2 Recommendations

It is recommended that Members:-

- 2.1 Agree and recommend to Council for approval the Council Charging Policy as detailed in Appendix A.
- 2.2 Agree and recommend to Council for approval the proposed officer delegations as detailed below:

*Where, in exceptional circumstances, it is necessary to amend fees and charges within a year from that agreed by full Council **and** any such amendments follow the principles set out in the approved charging policy, Directors in consultation with the*

appropriate Portfolio Holder for the service where fees and charges are being amended will have delegated authority to agree these changes subject to:

- *Any changes to the levels of fees and charge including the introduction of new charges resulting in a budget adjustment must be approved in line with the Council's Virement rules (financial size).*

REPORT

3 Risk Assessment and Opportunities Appraisal

- 3.1 Income is a key part of the Council's financial strategy. The identification of additional income across the Council provides opportunities to remove the Council's reliance on other forms of funding, some of which we are unable to control. The key risks associated with income generation relate to the potential for under-recovery through a number of factors such as elasticity of demand, changing economic circumstances and emergence of competition. Growth in the reliance of income from fees and charges heightens this risk. Consideration of new charges will take into account the requirements of the Human Rights Act, any necessary environmental appraisals, the need for Equalities Impact Needs Assessments and in some cases any necessary service user feedback.

4 Financial Implications

- 4.1 The Council's 2014/15 gross revenue budget includes £343.694m of income. The majority of this income is specific grant and the amount to be received in the year is generally known and fixed within a year. A significant amount of the balance, £57.137m comes from fees and charges. It is important that the contribution made to the gross budget by fees and charges is understood and managed. By agreeing a charging policy, clear guidance on considerations to be made when agreeing charges, including financial consequences, can be established across all council services. As part of this an informed decision can be made when setting the level of charges about the consequences for budgets and the local taxpayer. Agreeing a charging policy within which speedy decisions can be made is important when services are redesigning. By detailed consideration of income streams and factors which affect the levels of income the Council receives, the risk of significant budget variations caused by a shortfall in income levels will be reduced.

5 Background

- 5.1 The financial landscape for local authorities continues to be very challenging as we look towards 2014/15. To the end of the financial year 2013/14, the Council will have delivered £80m savings over the last 4 years and has a target saving of a further £80m to find over the next three years. To meet the challenges of reduced government funding the Council needs to continue to explore all options to reduce net expenditure, by both reducing gross expenditure and/or increasing income.
- 5.2 The Council has the power to charge for some services under various legislation dating back many years e.g. 1949 Prevention of Damage by Pests Act, Local Authorities (Goods and Services) Act 1970. The Local Government Act 2003 provides clarity over charging powers and is clear that a local authority can charge for discretionary services on the basis of recovering the full costs of providing the

service but that it should not make a profit year on year. The same act also covers local authority's power to trade whereby a profit/surplus can be made as long as trading is carried out through a company.

- 5.3 The current Business Plan and Financial Strategy includes £80m of savings proposals over the next 3 financial years. Within agreed savings plans, there are reviews of income levels which will contribute to the savings. It must be recognised that an increase in individual fees and charges does not necessarily create additional funding beyond the current approved budget and it is important not to "double count" any potential savings from increased income. As savings are implemented budgets will need fine tuning and adjustments will be required to both expenditure and income headings.
- 5.4 In previous reports to Council, the reliance of the council's gross budget on income from fees and charges and the split of this income between charges subject to statutory requirements or guidance and those purely at the discretion of the Council were identified. Recommendations to change the levels of fees and charges for discretionary areas have been based on the guiding principles for charging and management information about the service. In addition, a key consideration has been to set charges at the right level to balance the subsidy between service user and taxpayer. The reports include schedules of fees and charges for all areas of charging even where the actual charge it is not directly determined by the Council.
- 5.5 On 19 December 2013, Council noted the breakdown of the total income budget and the amount of discretionary income, agreed the principles for charging and the schedules of fees and charges for 2014/15. At the time of writing the report, several services were still awaiting statutory guidance or outcomes of reviews on charging for 2014/15 and the charges for these services remained at 2013/14 levels.
- 5.6 Since the report was agreed, several areas have been developing savings proposals and further scrutinising budgets which has highlighted a potential need to tweak some areas of charging.
- 5.7 The current approval process means that all changes to fees and charges which are agreed by Council annually, generally in December before the commencement of the financial year, in which they will be applied, require further approval by Council. This limits the ability of the service to respond to market changes and revised management information. Introducing a policy for charging and agreeing appropriate approval delegations would ensure all managers are following approved principles when recommending changes to fees and charges and also that services can respond appropriately within an agreed policy if there is a need to revise any charges as a result of new information. A key objective of making any changes to charges would be to ensure that the income targets agreed as part of the budget setting process are achieved. There will be suitable controls within the policy to ensure approval is at the right level and that, in general, changes to charges within the year should only be made on an exceptional basis. Also, the charging policy will operate within the Council's financial rules, in particular the virement policy.
- 5.8 Section 6 below provides details of the proposed charging policy.

6 Charging Policy

- 6.1 Although previously a blanket approach to fees and charges increases e.g. in line with inflation, has been used, more recently varying levels of changes ranging from

removal of any fee or charge to substantial increases have been recommended by service managers for approval. Proposed changes are generally based on maximising income, however, it is often not obvious within any recommendations that due regard has been given to all the consequences of setting fees and charges at different levels. The proposed charging policy is clear about considerations which should be made when setting fees and charges.

- 6.2 The proposed Council charging policy is attached at Appendix 1. This sets out the basic principles upon which detailed fees and charges are based. Each service is required to apply these principles when preparing their schedule of fees & charges for the coming financial year. The Policy is subject to an annual review and subsequent approval by Cabinet as part of the budget setting process.
- 6.3 The policy ensures that service managers are using an agreed corporate approach when recommending changes to fees and charges. The policy allows for innovation and testing of market elasticity when revising fees and charges within clear policy guidelines.

7 Process for Approval and Delegations

- 7.1 Under the current process for agreeing fees and charges, fees and charges are reviewed annually usually in November and any changes proposed are considered by Cabinet and Council in December for implementation as soon as possible and no later than the following 1 April.
- 7.2 It is recommended that this process is continued in terms of the annual review of fees and charges. This process will be carried out within the remit of the proposed charging policy.
- 7.3 The approval of the level of fees and charges will continue to be by Council in December and will be part of the annual budget process. However, it is recognised that there will be instances when the required information is not available to meet this timescale or that subsequent changes are required. It is therefore recommended that Directors are given *delegated power* to agree changes to fees and charges in consultation with the relevant Portfolio Holder. This delegation will be on the basis of:

*Where, in exceptional circumstances, it is necessary to amend fees and charges within a year from that agreed by full Council **and** any such amendments follow the principles set out in the approved charging policy, Directors in consultation with the appropriate Portfolio Holder for the service where fees and charges are being amended will have delegated authority to agree these changes subject to:*

- *Any changes to the levels of fees and charge including the introduction of new charges resulting in a budget adjustment must be approved in line with the Council's Virement rules (financial size).*

- 7.4 This delegated authority will allow service managers to respond to any identified need to amend fees and charges in a timely manner.
- 7.5 If agreed, this delegation will be included in the Council Constitution, Part 8 Delegations to Officers.

8 Amendments to Approved Fees and Charges

8.1 There are a number of areas where information was not available in December to revise 2013/14 fees and charges for 2014/15. Since the December report, fees and charges have been confirmed for 2014/15 for Waste Management services as follows-

- Waste Management – Schedule 2 charges for refuse collection (from non-domestic premises which are still deemed to produce household waste) i.e. non-commercial premises exempt from NNDR e.g. Village halls, charity shops, primary schools etc. and Bulky Waste Collections charges have been increased by reference to inflation and the actual cost of the collection service. Increases for other Schedule 2 charges, from non-domestic premises, where both the collection and disposal cost can be charged have been increased with reference to inflation and landfill tax changes and in line with the actual costs of the contractor providing this service. These charges are included in Appendix 2, Charges agreed since Council in December.

8.2 Since the report was approved by Council, a request to amend registrars' fees and charges has been received. The proposals include the introduction of a new fee for marriages and civil partnership ceremonies held in Shropshire Council Ceremony rooms, such as, but not exclusively, the Council Chambers at the Guildhall and Castle View. These changes have arisen due to the need to recover costs and vary the level of ceremony and type of hosting arrangements for a ceremony, provided by the Council. Accommodation changes have brought this issue to the fore and the need for alternative pricing arrangements has presented itself, these new arrangements could not have been foreseen in time for Council to approve proposals at the December meeting. Under the proposed delegations, a full report will be presented to and approval sought from the Director and Portfolio Holder for Public Health.

9 Charges in the Context of a Changing Council Structure

9.1 As the Council continues to redesign there is potential for more services to be provided by organisations other than the Council, for example ip&e Ltd. These organisations will, as part of their contract with the Council, be tasked with providing quality, value for money services. The Council will, when agreeing the individual service contract, need to assess how much control it wishes to exercise over the level of fees and charges for these services.

10 Public Information on Fees and Charges

10.1 Individual services make available information on fees and charges for their services in various ways e.g. the council website, at venues, in the media, by direct communication with individuals. The Council website will be developed to include a page which amalgamates all service charges providing hyperlinks to the relevant services pages containing information on fees and charges. This will be monitored to ensure it is kept up to date and in line with approvals. If agreed, the council's corporate charging policy will be included and also reference to any service charging policies developed within the corporate policy.

List of Background Papers (This MUST be completed for all reports, but does
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not include items containing exempt or confidential information)

Fees and Charges Income Review 2014/15 – Council 19 December 2013

Cabinet Member (Portfolio Holder)

Keith Barrow – Leader

Local Member

All

Appendices

Appendix 1 – Shropshire Council Charging Policy

Appendix 2 – Charges agreed since Council in December

Policy Owner	James Walton Head of Finance , Governance and Assurance (s151 Officer)
Approving Body	Full Council
Date Approved	17 July 2014
Effective Date	1 August 2014
Review Date	June 2015
Version	1.0
Appendices	Appendix A- Rationale for Charging Principles

Shropshire Council Charging Policy

Introduction

There are four key reasons why the Council has a corporate charging policy in place:

- Charging has a significant role to play as a policy instrument, contributing towards the achievement of corporate and service objectives
- Charges can be used as a tool to manage demand or influence behaviour, through encouraging/discouraging the use of services and/or the patterns of use of services
- The policy can provide clarity over why different charges are set for different user groups e.g. through the use of discounts/concessions
- Charging as an income source can contribute towards the achievement of financial objectives, linked to the Council Business Plan and Financial Strategy.

The corporate policy is subject to formal consideration and approval by Cabinet and then Council.

The aims of the corporate charging policy are to:

Set a clear, flexible and equitable framework for applying charges and fees to relevant council services; and to maximise income from charges

- Promote a unified corporate approach to the levying of charges, including defined processes for the setting of fees
- Develop standards and procedures for charging in respect of discretionary and statutory services for both individual users and community groups
- Set out the basic corporate principles which are relevant to most services but which enable innovation and experimentation and provide a clear basis for decisions where the Council has discretion in setting charges.

To achieve these overall aims, the following corporate objectives need to be satisfied:

- The Council will seek to increase the annual level of income from fees and charges with a view to recovering the full cost of providing council services
- All services should over time be reconsidered for their potential to raise income and new, or revised, charges applied where appropriate
- The level of charges applied to services should, wherever possible, support the Council's priorities
- A clear and consistent approach, recognising different market profiles, will underpin the setting of charges.

This policy applies to the setting of fees & charges for Council services. All such fees & charges are subject to formal approval as part of the budget setting process. The policy does not apply to the setting of rents, service charges or other local taxation.

Why the Council Charges for Services

Fees and charges represent an important source of income, providing finance to assist in achieving the Council's objectives. However, there are potential conflicts between raising additional income by increasing charges, and promoting access and usage of local services, particularly by vulnerable groups on low income.

The appropriate fee structure will therefore depend on the overall intention for that service area as far as Council policy is concerned. By setting charges at appropriate levels, the Council is exercising its stewardship role of public funds properly. Where income is foregone, without good reason, the burden of funding will unfairly transfer to the taxpayer.

Generally the law requires specific or implied statutory authority for the making of charges for services, and there are very many such provisions in place, some of which contain quite detailed restrictions, while others are more openly worded.

What the Council Should Charge for Services

The Council's fees and charges fall into 4 main categories:

- Charges set by statute law which are fully outside the Council's control
- Charges set by statute law where the amount charged has to be within certain parameters
- Charges that are applied by partners managing Council owned buildings and other
- Services commissioned by the Council, where the Council may wish to exercise some control over these charges
- Charges that are fully within the Council's control in determining the amount that should be charged.

The first step is to decide whether the Council should provide the service. Many of the services the Council charges for are required by statute. However, others are discretionary and consideration should be given to whether providing the service is the best way of meeting the Council's objectives, especially if the Council will not recover its costs.

Additional services may be provided where the Council has the discretion to charge for them, although equally, the Council may choose to provide services at no charge to some or all potential service users. The risk to the Council of making a loss must be considered when deciding whether the service should be provided.

Administration

Charges should be simple to understand and to administer. They should be easily located by service users through the Council's website, through any other form of literature provided, or directly from Council services or establishments.

Where possible, reasonable notice should be given to service users before any new or revised charges are implemented.

Methods of payment should be flexible and convenient, and take into account the needs of those on low income and people's ability to pay. The easier it is to pay, the more likely it is that payment will be made. Consideration should be given to:

- Payment in advance: which should be the preferred means of recovery wherever possible
- Frequency of payment: having regard to the budgetary patterns of those reliant on benefits or low incomes
- Format of payment: including alternatives to cash.

The costs of collection should be evaluated. Potentially, they may make the charging proposal uneconomic or require charges to be raised further. Costs of collection must be identified and budgeted for.

The corporate charging policy will need to follow corporate and service policy and financial procedure rules regarding the collectability of the income and debt recovery strategy.

Local Service Application

Where appropriate, services may develop local fees and charges policy statements. The local service policy should set out the basic principles being applied to setting fees and charges and should reflect the principles set out in the corporate policy.

The local policy statement should be subject to an annual review within each service area, though this only needs to be amended if local principles have changed. The statement should be agreed in consultation with the relevant Portfolio Holder.

The local statement should reflect the level of consultation required with service users.

Principles for Charging

The corporate charging policy establishes the Council's key principles in relation to charging. Once agreed, these principles should be adhered to by all directorates, with any deviations from the charging principles set out requiring appropriate approval. Such principles are reflected in any local, service-based charging policies. Local charging policies are subject to approval by the relevant Portfolio Holder.

This policy sets out a number of principles that are considered to be those which are most relevant. It should be noted that these principles will generally apply to services for which the Council has discretion over the level of charging, rather than services where charging is prevented or where charges are required to be set within statutory limits.

Corporate Charging Principles

Charges for Council services are set so as to:

- 1. Contribute to the achievement of corporate and service objectives*
- 2. Maximise potential income, to achieve financial objectives, unless there is an explicit policy decision to subsidise the service*
- 3. Be capable of being justified, in comparison with other similar providers*
- 4. Take account of the ability of different users to pay, through the use of discounts and concessions*
- 5. Differentiate between differing levels of a service being provided e.g. faster turnaround*
- 6. Take account of the views of and minimise the impact upon users, where new or significantly higher charges are proposed, and where this is possible*
- 7. Maximise the ease of collection of charges and minimise the costs of collection*
- 8. Be regularly reviewed on at least an annual basis, using the latest available market information, and revised where appropriate*

The rationale for each of these charging principles is set out in Annex A.

Standard Principles

The standard principles that will be applied to all fees & charges set by the Council will be as follows:

- Fees & charges will be set to recover full cost AND to maximise income recoveries, where this is likely to lead to a higher yield
- Payment will be sought in advance of the supply of goods or services using the most appropriate payment channels
- Customers will be encouraged to self-serve in both ordering and payment for goods or services
- Discounts and/or subsidies will be permitted and the basis for these will be determined locally
- The recovery of debts will take into account both ability to pay and the cost of recovery
- Comparisons will be undertaken to ensure that the proposed level of fees & charges can be justified against other, similar providers
- Fees & charges will be subject to an annual review in accordance with the budget setting timetable, unless new or revised services are introduced
- The setting of fees & charges will take into account the ability of customers to pay and any relevant socio-economic factors
- Fees & charges will be subject to a local equalities impact assessment.

Where a local service policy deviates from these principles, a local policy statement will be prepared, setting out the basis and reason for any such variations. This will include an equalities impact assessment covering both the fees & charges, and the policy, in each local service area.

SHROPSHIRE COUNCIL CHARGING POLICY

CORPORATE CHARGING PRINCIPLES

There are 8 corporate charging principles which should be referred to when setting fees and charges.

The following sections consider the interpretation of each of these principles in turn and provide a conclusion on management actions required to demonstrate each principle has been fully considered.

1 Contribute to the achievement of corporate and service objectives

- 1.1 Charges are clearly not an end in themselves, but should be used as a means to contribute towards the achievement of specific corporate and service objectives. Managers should therefore be able to identify whether or not a service can legally be charged for and, if so, clearly articulate how, through charging for the service and in the level and application of the charge, they are contributing towards these objectives.
- 1.2 There will be instances where charging is prohibited or restricted; however, even under such statutory frameworks, it is still good practice to make the link between the level of service provided e.g. basic, enhanced, and the policy objective being addressed.
- 1.3 A summary of the types of financial policy for charging that may be adopted and the policy objective that it is primarily intended to achieve has been summarised in the table below.

Financial Charging Policy	Policy Objective
Commercial trading	The Council seeks to maximise revenue within an overall objective of generating as large a surplus from this service as possible e.g. the collection of commercial waste.
Commercial with discounts	As above, but with discounted concessions being given to enable disadvantaged groups to access the service.
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 e.g. charges for car parking, hire of council premises. Alternatively, a full commercial rate may not be determinable or the Council may be a monopoly supplier of services
Cost recovery	The Council wishes to make the service generally available, but does not wish to subsidise the service e.g. rental charges for market trading.
Cost recovery with discounts	As above, but the Council is prepared to subsidise the service to ensure that disadvantaged or other groups have access to the service e.g. certain social care charges

Financial Charging Policy	Policy Objective
Subsidised	Council policy is to make the service widely accessible, but believe users of the service should make some contribution from their own resources e.g. leisure charges.
Nominal	The Council wishes the service to be fully available, but sets a charge to discourage frivolous usage e.g. fines for late returns of library items.
Free	Council policy is to make the service fully available and funded through corporate resources, rather than specific fees e.g. free access to parks/public open spaces.
“One Off” Offers	A “one off” offer (or discount) is made to encourage future business, resulting in a loss of income in the first instance, but an overall increase in income in the longer term.
Statutory	Charges are set in line with national legal requirements and there is no local discretion over the level of the charge e.g. planning application fees.
Statutory constraints	Charges are set within a national legal framework within which there is some, but not complete, discretion over the level of the charge.
Charges not permitted	Charges cannot be levied for statutory reasons e.g. core education services in schools.
Other	This should be identified if not included under one of the above areas.

Conclusion - Charging Principle 1

For each service area, the manager responsible for the service should summarise the legal basis, financial policy for charging, and relevant policy and service objective(s), to ensure that charges are in line with these objectives and that there is clarity over the purpose of the charge. These should be set out in an annual statement of the local service fees & charges policy, as a precursor to the formal setting of specific fees & charges.

2 Maximise potential income, to achieve financial objectives, unless there is an explicit policy decision to subsidise the service

- 2.1 There will clearly be a need for charges to contribute towards the achievement of financial objectives, particularly in the context of the current financial climate (assuming that these do not conflict with the overall policy framework). If the legal powers exist to charge, managers will need to justify the reasons for any instances where charges are not being made.
- 2.2 Generating/maximising income not only has financial benefits, but can also allow the service to develop capacity, deliver efficiency and sustain continuous service improvement. The example financial policies for charging/constraints set out in the table above should assist in identifying what financial objective is intended to be achieved from the charge and, as can be seen, there will be a range of circumstances where it is not appropriate to maximise potential income.

- 2.3 However, the key issue for the Council in financial terms is to ensure that managers do not inadvertently provide a subsidised service where there is no explicit policy objective to do so. This could take place for a number of reasons, such as:
- Not taking account of the full costs of service provision e.g. capital costs, overheads/recharges, costs of collection, as well as direct costs of provision
 - Simply rolling forward historic charges by inflation annually and not taking account of the increased costs of service provision e.g. where fuel costs increase significantly above inflation
 - Charging the same amount for different types of service user e.g. a commercial operator and a member of the public
 - Instances where the charge is set inappropriately low, resulting in over-use or abuse of the service
- 2.4 For charges to be set at an appropriate level, therefore, this will require managers to have a robust understanding of the full range of costs associated with the provision of the service.
- 2.5 In addition, when setting charges, managers will need to be aware of the relationship between the level of charge and the potential impact upon demand, in terms of optimum price sensitivity e.g. as a higher charge may not necessarily maximise total income, if usage decreases disproportionately.
- 2.6 The Council's agreed charges should be viewed as a maximum charge; but managers should have the flexibility to introduce "one off" discounted charges if they believe this will generate more overall income in the longer term. This approach, if it is to be adopted, should be set out and justified in the annual policy statement.
- 2.7 In certain service areas it may be appropriate and advantageous to identify a range of charges to maximise potential income, for example in relation to private and commercial hires. This should be set out and justified in the annual policy statement.

Conclusion - Charging Principle 2

The default position is that a charge should be made where legally permitted, any charge should take account of the full direct and indirect costs of service provision and is set at a level so as to maximise income, taking account of price against demand. This will also include setting charges at maximum levels/cost recovery where statutory constraints apply. Where there is an explicit policy objective to subsidise the service, and therefore to deviate from this principle, this reason should be clearly set out, together with the financial consequences of the subsidy, where identifiable.

3 Be capable of being justified, in comparison with other similar providers

- 3.1 Clearly, where Councils have discretion over the level of their charges, they are free to exercise local political and service choice, taking into account factors such as the type and quantity of chargeable services that they provide and therefore the level of charges and associated subsidy.

- 3.2 Charges often vary considerably, even between similar authorities, and there may be reasons why charges may vary in this manner e.g. the use of alternative models of service provision. However, there are equally areas for which authorities are unable to explain why their service charges (or even expenditure as a whole) differ so widely from other, similar providers and where they may not even be aware of such differences in the first instance.
- 3.3 There is therefore a need to compare charges, both with other authorities and with private sector providers, where there is an external market, and understand reasons for any differences. Such differences are not necessarily a cause for concern e.g. higher charges may have been levied as a result of a deliberate policy to provide a higher level of service, to seek to discourage excessive use etc., but should be capable of being validated.

Conclusion - Charging Principle 3

Where it is available, benchmarking information should be used by managers to compare their charges against other, similar authorities and private sector providers when setting charges annually. Where charges differ significantly from other such comparators, managers should be aware of and be able to explain the main reasons for such differences.

4 Take account of the ability of different users to pay, through the use of discounts and concessions

- 4.1 As identified previously, there will be a number of instances where it is appropriate for charges to be subsidised for different types of users. These could include, for example:
- To achieve a specific policy objective e.g. encouraging healthy living through subsidised use of leisure facilities
 - Structuring charges differently e.g. a lower rate per hour for car parking at off-peak times, to ration service use at peak times when demand exceeds supply
 - Where users have limited financial means e.g. as measured by receipt of certain types of benefit and/or reduced rates for children and older people
 - To encourage the use of a service by specific groups where take-up is under-represented e.g. ethnic minorities, disabled people
 - Applying concessions for certain types of users e.g. free parking for local residents,
 - Discounts linked to loyalty/take-up of the service e.g. for frequent users
- 4.2 The Council may have a corporate policy on service user groups which receive subsidised access to all (or many) services e.g. children's and older people's discounts. For certain services, such as social care, eligibility criteria for services will also be clearly established. In other cases, there may be a specific area where take-up is particularly low amongst certain groups and a service therefore wishes to increase use, e.g. hire of leisure centre halls by clubs encouraging participation from minority groups.
- 4.3 Key factors that the Council will need to take into account when considering the use of eligibility criteria/discounts/concessions include:

- The link between the discount/concession and the policy/service objective that the charge is intended to contribute towards
- The link between the discount/concession and the Council's diversity/equalities policies
- Whether a generic concession should be applied for all services e.g. those in receipt of means-tested benefits, or whether the concession should be targeted towards a specific user group, depending upon individual service issues
- How the discount/concession will be funded e.g. from other users of the same service, from Council Taxpayers more widely, and the financial implications of the subsidy
- The need to review the degree to which eligibility criteria/discounts/concessions remain appropriate over time e.g. as take-up increases by a previously under-represented group
- Minimising the burden upon those applying for discounts/concessions e.g. ensuring that they do not have to provide duplicate information to more than one Council directorate
- The link between take-up of benefits and maximising overall Council resources e.g. where benefit take-up contributes towards funding received from central government
- Whether the concession or discount is funded through cross subsidy by other service users through higher charges or whether it is funded corporately.

Conclusion - Charging Principle 4

Managers should:

- *Identify the nature of discounts/concessions that are in place for services where charges are made*
- *Identify the types of users intended to benefit in terms of the link between discounts/concessions and policy/service objectives*
- *Identify the level of subsidy provided/cost of the discount*
- *Review discounts/concessions to ensure that they remain appropriate.*

5 Differentiate between differing levels of a service being provided e.g. faster turnaround

- 5.1 Where the Council has discretion over the level of charge and also the level of service provided, it is important that the charge reflects the degree of usage of service resources and value added.
- 5.2 For example, charges for providing birth certificates where these are needed for a passport application may differ between the basic fee and the fee for a quicker return. Whilst the same level of staffing resources may be required for both, the service user is receiving higher added value under the latter option and therefore pays a premium for the service.

Conclusion - Charging Principle 5

Charges set should be differentiated so as to fairly reflect the differing demand placed upon service resources and the value provided to the service user.

6 Take account of the views of and minimise the impact upon users, where new or significantly higher charges are proposed, and where this is possible

- 6.1 Where the Council is operating in a competitive environment, users have the freedom to use alternative providers if similar services are provided at lower cost. Consultation is most important, however, where the Council is in a monopoly position and needs to provide equity to service users.
- 6.2 Where charges are being regularly reviewed, there will be instances where the review identifies that higher service charges are required e.g. to take account of higher service costs. This may be even more of an issue where service charges have not been reviewed for some time, and have not therefore kept pace with increasing costs.
- 6.3 It is important that the impact upon service users of any proposed changes to charges is identified, both from an individual perspective e.g. affecting their ability to pay/use the service, and also from a Council-wide perspective e.g. affecting the extent to which policy objectives will now be achieved and the potential demand for, and therefore the level of income received for, the service.
- 6.4 This will be assisted by an understanding of the impact of previous changes in charges on levels of service use for different groups of service users; although, as such information may not be readily available, it will be important that this is collected in future, whenever such changes are made. In addition, consultations on services (and on Council finances more generally) should take account of user views on levels of charges and the perceived value for money received.

Conclusion - Charging Principle 6

Any significant proposed changes to charges should be consulted upon with key service users and groups. Managers should seek to ensure that they are aware of the potential impact upon differing service users of changes to charges, considering whether any such changes to pricing policies could potentially be phased in over time, if possible, where the impact is high.

7 Maximise the ease of collection of charges and minimise the costs of Collection

- 7.1 The efficient collection of charges clearly has significant benefits in terms of minimising potential arrears levels i.e. the easier that it is made for charges to be paid, the more likely that payment will be made in practice.
- 7.2 In terms of administering charges, there are a number of areas which should be explicitly considered:
- Service charges and the way in which they will be paid /collected should be transparent to users
 - The costs of collection should be taken into account against the actual level of income being collected

- A range of alternative payment methods e.g. format, frequency, venues, should be offered to users, with potential incentives being considered for the most efficient payment methods e.g. electronic payment
- Procedures for the collection of arrears and write-off of debts should be clearly set out and consistently followed for all service users
- Where arrears have built up, this information should be reported to managers responsible for providing the service, in order that they are aware of service users experiencing difficulties in paying for the service or who are refusing to pay for the service

Conclusion - Charging Principle 7

Charges should be administered so as to maximise the ease of collection of charges and minimise the costs of collection, considering both the Council and service user perspective, in order to optimise the likelihood of payment.

8 Be reviewed on at least an annual basis, using the latest available market information, and revised where appropriate

- 8.1 As identified previously, service charges should be contributing to the achievement of defined policy, service and financial objectives and it is therefore vital that charges (and eligibility criteria/discounts/concessions) are reviewed on at least an annual basis to ensure that this continues to be the case.
- 8.2 The Council approves a schedule of fees & charges annually as part of its budget-setting process. As part of this process, managers should take into account any intelligence gathered on costs, demand and market intelligence. Reviews may take place outside this timetable, although these would generally be on an exceptional basis, unless new services are being introduced.
- 8.3 It is important that areas not currently charged for (but which could potentially be) are also considered. In terms of scope, all external charges should be considered, and it may also be appropriate to include charges made through external SLAs e.g. to schools.
- 8.4 For such review to be effective, managers will need to take into account relevant market information e.g. changes in legislation, patterns of service use, benchmarking data, price sensitivity, opportunities to introduce or extend charges etc.
- 8.5 This need not necessarily be a highly detailed exercise, but managers should at least be certain that charges are achieving their intended objective(s) and have been set appropriately. If this is not the case, clearly managers will need to amend charges accordingly e.g. increasing charges if the costs of provision have increased or amending discount/concession schemes if they are no longer relevant.

Conclusion - Charging Principle 8

Managers must review all charges for which they are responsible on at least an annual basis as part of the budget process and confirm that charges have been reviewed on a systematic basis. Heads of Service should ensure that their service area has completed an annual policy statement on charging, to be signed off by the relevant Lead Cabinet Member, prior to the completion of the Council's annual budget setting process.

The information required to amend the following charges was not available in time for the report to Council in December 2013. The charges since agreed for these services are attached in the following schedule.

FEES & CHARGES				
WASTE SERVICES	Notes	Fee for 2013/14 £	Fee for 2014/15 £	% Increase
WASTE				
<u>Bulky waste charges</u>				
Up to 3 items of bulky household waste	Discretionary	27.00	29.00	7.41%
4-6 items of bulky household waste	Discretionary	41.00	44.00	7.32%
7-9 items if bulky household waste	Discretionary	54.00	58.00	7.41%
10-12 items of bulky household waste	Discretionary	67.00	72.00	7.46%
13-15 items of bulky household waste	Discretionary	81.00	87.00	7.41%
up to 10 sacks of residual waste	Discretionary	38.00	45.00	18.42%
<u>Other Charges</u>				
Excess Black Bags (max 10)	Discretionary	38.00	45.00	18.42%
Second Garden Bin	Discretionary	60.00	60.00	0.00%
<u>Linners & Caddies</u>				
Linners	Discretionary	4.00	4.00	0.00%
Caddies	Discretionary	3.50	3.50	0.00%
<u>Schedule 2 contract rates per fortnightly collection (based on waste type and container size)</u>				
Residual Sack (cost per sack)	Discretionary	1.30	1.30	0.00%
<i>No Disposal</i>				
Residual 240	Discretionary	106.76	118.00	10.53%
Residual 360	Discretionary	136.14	149.20	9.59%
Residual 660	Discretionary	209.20	227.20	8.60%
Residual 750	Discretionary	219.08	237.60	8.45%
Residual 1100	Discretionary	286.16	310.40	8.47%
Residual 1280L	Discretionary	295.00	No longer available	
<i>With Disposal</i>				
Residual 240	Discretionary	152.52	170.00	11.46%
Residual 360	Discretionary	204.78	224.60	9.68%
Residual 660	Discretionary	335.04	365.00	8.94%
Residual 750	Discretionary	362.08	396.20	9.42%
Residual 1100	Discretionary	495.98	541.80	9.24%
Residual 1280L	Discretionary	539.14	No longer available	
<i>With or without Disposal</i>				
Recycling 240	Discretionary	89.60	99.80	11.38%
Recycling 360	Discretionary	111.18	123.20	10.81%
Recycling 660	Discretionary	162.40	177.80	9.48%
Recycling 750	Discretionary	166.82	188.20	12.82%
Recycling 1100	Discretionary	209.20	227.20	8.60%
Recycling 1280	Discretionary	217.00	No longer available	