

CORPORATE FEES & CHARGES POLICY

1 POLICY OBJECTIVES

- 1.1 The management of fees and charges is fundamental both to the financial performance of the City Council and also the achievement of the Council's corporate priorities. This policy will form a key element of the council's medium term financial planning and will ensure there are links to the annual budget setting process. As such it contributes to the achievement of one of the Council's 5 corporate priorities – "Making better use of public money".
- 1.2 The Corporate Fees & Charges Policy addresses the requirement for a more corporate approach to the issue of fees and charges and provides a clear policy framework within which to conduct annual or other reviews of fees and charges.
- 1.3 Fundamentally, the policy aims to increase the proportion of income contributed by users of services where appropriate, rather than the cost being met from the general Council Taxpayer.

2 SUPPORT FOR CORPORATE PRIORITIES

- 2.1 Fees and charges should be used to assist in the delivery of the Council's corporate priorities and to address strategic and cross cutting issues between directorates.
- 2.2 Reviews of fees and charges should consider what corporate priorities the service contributes to, why we are providing the service at all and who benefits. Where there is conflict in the achievement of the Council's corporate priorities, the advantages and disadvantages of the competing, often incompatible, objectives will need to be clearly set out as part of the review.

3 INCOME AND CHARGING PRINCIPLES

- 3.1 The following principles shall apply in all cases, unless a budget holder can show that, in respect of a particular service, there are sustainable policy or operational reasons why they should not. Any exception to these principles will need to be justified by demonstrable evidence of policy or other operational reasons.
 - i) As a minimum, all charges and fees will be reviewed annually as part of the budget and service planning process, with a view to ensuring that they remain in accordance with this policy.
 - ii) That all services are regularly examined to establish potential new sources of income. In particular, this includes charging for discretionary services under the Local Government Act 2003.

- iii) All charges and fees should be compared with “nearest neighbours” (or other relevant comparator group including the private sector where appropriate).
- iv) That charges for services provided should be set to recover costs, including central overheads and capital financing, or to a defined subsidy level agreed by the Council.
- v) As a minimum, all charges and fees will automatically be raised by the rate of corporate inflation each year.
- vi) Services should seek to minimise the subsidies associated with a service unless specifically agreed as a corporate objective.
- vii) That the principles in iii), iv), v) or vi) above will apply unless it can be demonstrated that:
 - There will be an anticipated negative effect on service usage which is contrary to corporate priorities;
 - Prevailing or comparable public or private sector market rates dictate charging levels;
 - There are prohibitive legislative factors;
 - There are legitimate concerns about anti-poverty issues.
- viii) In addition, charges should not be levied on those services where:
 - It is difficult to establish the beneficiary;
 - Charging would not be cost effective to collect;
 - There is no legal basis to charge for a service;
 - Charging would be counterproductive.
- ix) The use of charging, and therefore income generation, must be fully considered in any capital investment decisions.
- x) The Executive (Cabinet/Cabinet Member) should agree which services do not need to achieve full cost recovery in light of the corporate plan and or other priorities.
- xi) That inclusion, anti-poverty and other concessions should offer a flexible discount from the gross charge and that no concession should result in a nil charge unless specific approval is sought.
- xii) The design of charging structures should consider differential pricing as a tool if the following conditions apply and the law allows;
 - Target groups respond differently to prices;
 - The targeting of specific groups is envisaged;
 - The resulting charge structure is clear, cost effective to collect, and is not regressive.
- xiii) Fees and Charges will not be used in such a way that would restrict access to information.

4 CLARIFYING THE COST OF SERVICE AND THE BASIS OF CONCESSIONS

- 4.1 It is important to clarify the cost and the extent to which the council subsidises services and to identify which disadvantaged groups should benefit from any concessions granted.

4.2 Reviews of fees and charges will consider the following issues:

- Clarify whether there is any subsidy on the service (i.e. the cost of providing the service compared to the income generated for that service), and whether that subsidy should remain.
- Identify any differences between the existing income position and that following any changes proposed. The implications of introducing any changes must be explored, with transitional arrangements (e.g. phasing in changes over a set period) where necessary.
- How much is the service valued, and how willing are clients to pay?
- What standards and targets are applied to each area of service?
- Clarify the concessions offered, the basis on which it is offered and to which target or disadvantaged group.
- Consider the value for money of the service. Are the benefits, unit costs and outcomes of the service providing effective value for money? If not, consider changing the charging structure, reducing or discontinuing services, or achieving cost efficiencies in the delivery of the service.

4.3 The following is a list of suggested, but not exhaustive, target areas/groups that could be considered when investigating concessions where the law allows:

- Worklessness
- Older People
- Young People
- Students in Full Time Higher Education
- Community Groups
- Those in receipt of benefits
- Residents of the city

5 ANNUAL REVIEW OF FEES AND CHARGES

5.1 As a minimum, directorates will be required to carry out an annual review of fees and charges in line with the guidance set out in this Policy, and in accordance with the budget timetable.

5.2 Any practice of simple annual increments in charges in line with the corporate rate of inflation is inappropriate, as is an approach that simply compares prices with neighbouring authorities, without taking into account other local factors, comparator authority charging levels and the achievement of Council priorities.

5.3 Directorates must ensure that detailed Management Information is available to give the relevant user information necessary to make valid decisions.

5.4 Fees and Charges reviews should be part of medium term service and financial planning with clear links to the annual budget setting process.

5.5 Fees and charges reviews should have an Equalities Impact Assessment where appropriate.

6 SUMMARY

6.1 The management of fees and charges is fundamental to the financial performance of the Council, and this policy addresses the requirement for a more corporate approach and provides a clear framework within which to operate.

Budget Process – Fees and Charges Analysis

For each fee/charge, the following analysis will be undertaken by budget holders with the appropriate finance officer:-

Service Name	
Budget Holder Name	
Description of Charge/Fee	
Budgeted Value £000	
Is the charge set by statute?	
When were the charges last reviewed?	
When are the charges/fees planned to be reviewed next	
Who approves changes to your charges?	
What is the rationale for the levels of charge?	
When was the fee income last compared to the cost of providing / delivering the service?	
How sensitive is demand to changes in price?	
Please provide brief details of any concessions policy that you have?	
How do you deal with the annual inflationary increase added to your income targets?	
Are there any services that are offered free where a charge could be made?	
Are there any additional services that you could offer and levy a discretionary charge?	

