

Subject: Fees and Charges Policy 2020/21 to 2024/25

Report to: Policy and Resources Committee 26 November 2019

Council 19 December 2019

Report by: Finance Director

SUBJECT MATTER/RECOMMENDATIONS

This report is recommending the fees and charges policy for the period 2020/21 to 2024/25. The current policy was introduced in 2015/16 and covered the period up until the current financial year. Income from fees and charges provide Local Authorities with funds for the provision of services and should be kept under regular review. The updated policy provides the framework within which fees and charges should be considered for approval.

RECOMMENDATION:

It is recommended that Members consider the revised fees and charges policy 2020/21 to 2024/25 and recommend the policy to Council for approval.

1. BACKGROUND

- 1.1. The Council introduced the Fees and Charges policy for the period 2015/16 to 2019/20 in December 2014 as part of its efficiency and financial planning process to move to a sustainable medium-term financial position. The policy that was introduced allowed for annual increases of RPI plus 2% in order that fees would be increased to a level that are in line with the market and also make steps to become cost recovery.
- 1.2. Fees and charges represent an integral part of income for the Council and apply to a variety of activities. They provide financial assistance in supporting the Council's priorities and objectives whilst sustaining the work it undertakes.
- 1.3. The continuing financial pressures arising in the current economic climate have reinforced the need for a charging policy and continuous review of prices. It is particularly important to ensure that prices are competitive with the market, that services are not being inappropriately subsidised, that the council is maximising income where appropriate to do so and that income is reviewed within a framework.
- 1.4. The authority should review its position on fees and charges and be consistent and provide an informed approach in determining its charges moving forward and be flexible with the changing economic climate.
- 1.5. This policy has been reviewed and refreshed with a view to providing a framework in setting appropriate levels of fees and charges, proposes a cycle for review and ensures that all charges are set within a framework of value for money and represent a transparent and practical approach.

2. FEES AND CHARGES POLICY

- 2.1 It is proposed that fees and charges for services are set to recover the cost of delivery. Each charge should be identified as belonging to one category, as detailed in table 1, in the fees and charges policy. This will assist in the appropriate charging policy being adopted when establishing and reviewing the level of charge.
- 2.2 GYBC should adopt a method of full recovery, including all costs of handling initial enquires through the collection of payment. These include costs of employment, department, corporate and financial costs.
- 2.3 The Council may allow to provide discretionary services without charge or a level that does not fully recover the cost of delivery, however the impact of this could divert funding from other services. All decisions should support the Council corporate plan, priorities and its objectives.
- 2.4 Statutory fees and charges are set in line with legal obligations and national government charging policy. These charges can only be set to recover the costs attributable to the provision of that particular activity.
- 2.5 All charges are expected to be increased in line with the policy of RPI plus upto 2% and approved by Policy and Resources committee. Any subsidies outside of the policy require consideration by Policy and Resources and approval by Council. By adopting a policy allows for annual increases of RPI plus upto 2% allows a tolerance level to review fees and charges in line with the market and also changes in costs of services and respond accordingly ensuring that the fees and charges can still be set within policy. For example, an increase of RPI only in one year may be sufficient to maintain cost recovery, however the following year an increase of RPI plus 2% may be appropriate in response to the cost of the service being delivered.
- 2.6 The previous policy allowed for annual increases of RPI plus 2% across all services. Since the introduction of the policy not all fees and charges recover costs. For example, in the three-year period 2016/17 to 2018/19 some of the fees ie car parking and crematorium can clearly demonstrate that the costs are recovered, however others for example some of the environmental services and planning related charges do not cover the costs of service provision. By having a policy that allows flexibility for example an annual increase of RPI plus upto 2% provides increases to be applied that are appropriate as opposed to having one blanket policy.

3. FINANCIAL AND LEGAL IMPLICATIONS

- 3.1 As part of the annual budget cycle each department will review existing fees and charges, together with opportunities to raise additional income from new areas of charging. The review must take into account the current and forecast cost of service provision to inform the setting of the annual fees.
- 3.2 There is a risk that there is a reduced level of demand for discretionary services following proposed price increases, particularly if there are viable alternative providers. This could impact current income levels and reduce net budgets for services and will therefore be subject to regular review.
- 3.3 However, heads of service are expected to undertake a regular review to ensure and

provide assurance that all costs are being recovered and fees are set at appropriate levels.

3.4 Local Authorities have specific powers that allow for the charging of services including the Local Government Act 2003 which introduced the general power to charge for the provision of any discretionary service.

4. RISK IMPLICATIONS

4.1 The 2020/21 fees and charges policy recommend heads of services consider the impact of increases adversely affecting demand for the service as well as the need to recover the costs of providing the service and in turn on the achievement of the council's priorities.

4.2 Any risk associated with fees and charges will be monitored through the Council's various relevant performance indicators and the monthly budget monitoring process

5. CONCLUSIONS

5.1 Establishing a framework for the setting of fees and charges provides transparency and clarity of the annual setting of fees in line with the budget. Where fees and charges are set in line with the policy these will be considered by Policy and resources Committee, recommendations for fees and charges outside of the policy would be reported to Council for approval.

6.0 BACKGROUND PAPERS

6.1 Fees and charges policy, cipfa and LGA guidance.

Areas of consideration: e.g. does this report raise any of the following issues and if so how have these been considered/mitigated against?

Area for consideration	Comment
Monitoring Officer Consultation:	
Section 151 Officer Consultation:	
Existing Council Policies:	
Financial Implications (including VAT and tax):	
Legal Implications (including human rights):	
Risk Implications:	
Equality Issues/EQIA assessment:	
Crime & Disorder:	
Every Child Matters:	

1 Introduction and Background

- 1.1 Fees and Charges are an important source of income, providing funds to assist achieving the corporate objectives of Great Yarmouth Borough Council. Where no charges are made, or where charges do not recover the full cost of providing a discretionary service, council tax payers subsidise these services.
- 1.2 The overriding aim of this charging policy is to maximise income generation and collection to enhance the social and economic wellbeing of the community the Council serves. This includes ensuring a fair price for all services is delivered, charges are affordable, costs are recovered and that the relative service demand has been considered.
- 1.3 The decision on whether to make a charge and the amount to charge is not always under the control of the council, some charging levels are set by government nationally and by their nature are not covered by this policy.
- 1.4 This policy sets out a framework for Great Yarmouth Council, within which fees and charges levied by the council are agreed and regularly reviewed.
- 1.5 This policy provides a framework on;
 - Cost delivery, recovery and generating income
 - Setting new charges, consultations and notification of new fees
 - Reviewing of existing charges
- 1.6 This policy does not apply to services provided on a commercial basis, for example property rentals including commercial rents, which are undertaken in accordance with different legislative provisions.
- 1.7 This policy will not cover housing rental income or related tenant service charges, as these are undertaken separately in accordance with different legislation provisions and detailed in the housing finance budget setting report.
- 1.8 The policy will be reviewed every four years or as required following legislative changes.
- 1.9 Fees and Charges set within the framework will be reported to Policy and Resources and only to Council when fees are set outside of the policy.

2 Legislation

- 2.1 Discretionary services are those which an authority has the power to but is not obliged to provide. Section 3 of the Localism Act 2011 allows authorities to charge for discretionary services offered under their general power of competence, alongside the powers already available to local authorities to charge for discretionary services in function related areas, under Section 93 of the local government Act 2003. Authorities cannot charge for services that they have a statutory duty to provide unless relevant legislation permits charging (refer to 2.6 also).
- 2.2 Additions or enhancements to mandatory services above the standard an authority has a duty to provide may be provided as discretionary services.
- 2.3 The Act introduced some key points to follow:
 - The recipient of the discretionary service must have agreed to its provision and agreed to pay for it
 - Charges may be set differently, so that different people are charged different amounts.

- 2.4 Legislation recognises the difficulties a council may face in estimating the charges, as this is highly dependent on the demand for the services concerned. Taking one year with another, over a period of time (1-3 years), any under recovery can be addressed in setting charges for future years, so that over time income equates to costs.
- 2.5 Legislation refers to CIPFA's definition of total cost. This allows for the recovery of all costs in the organisation, including a proportion or all central and unallocated overheads including democratic costs, depreciation, interest, pension back funding and working capital costs.
- 2.6 Some services are bound by further specific legislation and setting of such fees should refer to the relevant legislation.

3 Managers Guidance

- 3.1 The policy has been written to provide information to heads of services and managers responsible for applying fees and charges to goods and services delivered by the Council. The aim is to encourage a consistent and cost-effective approach to the setting of charges for services provided by:
 - Establishing parameters for calculating different levels of charges
 - Recommending criteria for applying concessions or discounted charges consistently across the council.
 - Providing guidance on the factors that need to be taken in consideration when new charges are introduced, or existing charges are being reviewed
 - Requiring more active use of market intelligence when setting charges
 - Specifying the process and frequency for reviewing existing charges

4 Policy

- 4.1 The general principles of the policy are:

“Fees and charges for services are set to seek to cover the cost of delivery and increases are applied annually of RPI plus up to 2%.”

- 4.2 Each charge should be identified as belonging to one category in Table 1 below. This assists in the appropriate charging policy being adopted when establishing and reviewing the level of charge. Consideration should also be given to the wider equalities implications which may be involved affecting accessibility of groups to council services.

Table 1 – Category of charges

Type	Objective
A) Full cost recovery	Service is generally available with no rationale for providing a subsidy from general taxation
B) Full cost recovery with concession discounts	Service is generally available and subsidised to ensure disadvantaged groups have access to the service. Concessions are only for those services that seek to improve health and well being within the borough.
C) Statutory	Charges are set in line with legal obligations and national government charging policy.

4.3 Cost Recovery

- 4.4 Adopting a method of full recovery includes the cost of handling the initial enquiry through to the collection of the payment. These costs include employment, department, corporate and financial costs. The policy of RPI plus up to 2% allows for flexibility for annual increases, for example in one year, fees for one service could be increased by RPI alone and for another RPI plus 2%.
- 4.5 **Review of new and existing fees and charges**
- 4.6 As part of the annual budget cycle each department will carry out a review of existing fees and charges, together with opportunities to raise additional income from new areas of charging and present proposals for revised charges.
- 4.7 Annual increases in accordance with the policy can be within the range of RPI (only) up to RPI plus 2%.
- 4.8 Each service is responsible for reviewing their services and ensuring appropriate decisions are taken for all discretionary services provided. Any proposals for new fees and charges must be considered by Policy and Resources committee.

5 Implementation and Process

- 5.1 Notification of charges should be given in a reasonable time period. This allows for service users following amendments to significantly change or introduce new fees or charges for services that were previously delivered either for free or at a higher subsidy. Reasonable notice would be deemed as one month, unless legislation or statute stipulates otherwise.
- 5.2 Users of discretionary services must be aware of charges prior to ordering and delivery of services requested. Charges are expected to be quoted inclusive of VAT. Collection of payments should be efficient, practical and simple to understand by users. Payment will be expected to be collected in advance or service delivery.
- 5.3 When fees and charges are set and in accordance with the policy, Heads of services are required to ensure fees and charges are applied to all service users.
- 5.4 **Market intelligence**
- 5.5 Market intelligence is information that is gathered for the purpose of making business decisions, market research is the systematic gathering, recording, analysis and interpretation of information about markets, competitors and customers.
- 5.6 Heads of departments and managers need to use market intelligence and research information to look at trends, competitor pricing and customer (existing, lost and targeted) monitoring. Market information can be gathered and analysed specifically for accurate and confident decision-making in determining new or updated fees and charges.
- 5.7 **Periodic review**
- 5.8 Decisions to charge or not to charge will be reviewed by services annually, with sufficient time for any impact of any revisions to be included in the budget setting process. All charges are expected to be increased inline with the policy unless there are exceptional reasons not to do so.
- 5.9 Heads of services are expected to undertake a regular review every four years – to ensure and provide assurance that all costs are being recovered. The Finance service will monitor the cost recovery position.

5.10 Charges must be reviewed during the year if there are any significant changes, such as cost, market changes, demand, service levels or new service provisions provided which materially affect the current charges and cost recovery.

5.11 The guidance in the ANNEX should be used to record the outcome of any periodic in-depth reviews. In-depth reviews will be required where there is evidence that the current fees and charges are below comparable benchmarks or where there is evidence confirming that a subsidy is being provided.

5.12 Recording of fees and charges

5.13 The Council's fees and charges are set prior to each financial year and published as part of the budget process. Users of discretionary services must be made aware of any changes prior to using services, this may be achieved by publishing information alongside service information on the Council's website.

5.14 Services are expected to maintain a schedule of fees and charges levied and advertise these accordingly. These schedules should include charges that are set nationally, the date of the last in-depth review and any relevant committee decision to provide a subsidy or concession.

6 Governance

6.1 The Council may decide to provide discretionary services without charge or at a level that does not fully recover the cost of delivery, in doing so this would mean the general tax payer will be subsidising service users, as the impact of the decision could divert funding from other services. Such decisions should support the Council Corporate Plan, Priorities and its objectives and will be subject to member approval by Council as this would be outside of policy.

6.2 Any new fees and charges which are introduced or changed must be in line with the policy. Any changes outside of the policy will lead to a review of the service and a report to members for approval.

6.3 Heads of services are responsible for ensuring that the fees and charges within their area of responsibility comply with the policy, ensuring that the policy is applied to all discretionary services and not just those for which a charge is currently made.

6.4 When considering any subsidy or approval of fees outside of the policy, the following should be considered:

- That the subsidy supports a corporate priority, objective or policy
- That it is reasonable to assume that the impact of the policy can be measured
- The cost of the subsidy can be estimated and is affordable in the council's budget
- The proposed subsidy is the most effective approach to deliver the policy objective
- Any other relevant information

6.5 Where fees and charges are set at a level that provides a subsidy to the service, these are outside of the policy and require consideration by Policy and Resources Committee and approval by Council.

ANNEX: GUIDANCE FOR NEW FEES & CHARGES AND THE PERIODIC REVIEW OF FEES & CHARGES

Charging Policy	
The charging policy must be stated and an explanation of why this is being proposed (for example cost recovery, subsidised or nominal as defined in the policy)	
Comparative Information	
Include details of comparative charges levied by other local authorities	
Financial	
Level of charge	Proposed new level of charge
Start Date	Implementing date for the new charge or new level of charge
Income	Expected gross income to be generated by the new charge (per annum)
Costs	The estimated cost of supplying the service including all administrative and overhead costs.
Subsidy	The amount of subsidy (if relevant) – subject to approval
Concessions	The type and amount (if any) or any proposed concessions – subject to approval
Impact Assessment	
Identify the likely impact on service users including those that currently benefit for the service, the effects of the changes proposed and the impact of any proposed subsidies or concessions. Equality issues must be specifically considered and reported.	
Council Impact	
Note any consequences that the services or charge may have on other council services.	
Method of collection	
Proposals for new charges (or the periodic in-depth review of existing charges) must identify what collection methods will be used, this should be in accordance with the policy.	
Consultation	
Include a summary of the consultation conducted and the results of the consultation including any adjustments that have been made as a result of the consultation.	