
REPORT TO:	FINANCE AND MANAGEMENT COMMITTEE	AGENDA ITEM: 10
DATE OF MEETING:	23rd OCTOBER 2008	CATEGORY: RECOMMENDED
REPORT FROM:	DIRECTOR OF CORPORATE SERVICES	OPEN
MEMBERS' CONTACT POINT:	KEVIN STACKHOUSE (595811)	DOC: u/ks/charging/policy report 08
SUBJECT:	ADOPTION OF A FEES and CHARGES POLICY	REF:
WARD (S) AFFECTED:	ALL	TERMS OF REFERENCE: FM 08

1.0 Recommendation

- 1.1 That the proposed Fees and Charges Policy as detailed in **Appendix 2** is adopted as part of the Council's Financial Strategy.
- 1.2 That all current fees and charges are reviewed against the Council's proposed framework during 2009/10 and 2010/11.
- 1.3 That the review of individual charges and any proposed changes are considered and approved by the appropriate Policy Committee, subject to any financial implications being ratified by this Committee.

2.0 Purpose of Report

- 2.1 To establish a formal framework within which the Council's fees and charges are regularly formulated, reviewed, agreed and administered. It will also provide guidance to service managers in setting appropriate charging levels, taking into account users, market forces and council objectives, etc.
- 2.2 Having a charging policy but more importantly, demonstrating how it is used to benefit the Council and the wider community, will form part of the annual Use of Resources Assessment from 2009.

3.0 Detail

- 3.1 Fees and charges are an important source of income to the Council. In total, (excluding housing rents) they currently generate approximately 10%, or £4m of overall income.
- 3.2 In context, this is on a par with that collected from Council Tax. Therefore, they provide a key contribution to Council services and priorities.

Legal Context

- 3.3 All councils provide a wide range of public services for which charges are made. A number of these are statutory services such as Licensing, but a considerable proportion are discretionary.
- 3.4 Some of these discretionary services are provided on a large scale and are well-established mainstream activities, such as Leisure. Some discretionary services are provided as an extension to the basic statutory service, such as Planning.
- 3.5 Section 93 of the Local Government Act 2003, provides a general power for councils to charge for discretionary services. There is no requirement for a council to do so, but the power exists to enable councils to generate a contribution towards service provision.
- 3.6 However, Section 93 highlights that income from charges should not exceed the cost of service provision and that charges may be set differentially so that different people may be charged different amounts. This would enable say equality (access to services) issues to be addressed by offering concessions, etc.

Reasons for Charging and a Corporate Approach

- 3.7 Councils are coming under increasing pressure to ensure proper decisions are being made on charging. The Audit Commission, back in 1999, undertook a study on the issue of charging and found very little evidence that councils were proactive in dealing with it.
- 3.8 The Commission has recently identified that many councils still have no effective written policy to guide decision-making on fees and charges.
- 3.9 In a national report entitled “Positively Charged” published in January 2008, the Commission again provided evidence that too few councils were proactive in this area, although acknowledging that barriers existed for councils to overcome.
- 3.10 The summary and recommendations from that report are detailed in **Appendix 1**.
- 3.11 Good practice suggests that councils should consider charges to:
- Raise revenue in order to cover costs
 - Reduce abuse of service provision
 - Influence the degree of demand for a service
 - Reduce the cost of net public spending
 - Educate taxpayers about the cost of services
 - Demonstrate the value of a service
 - Improve efficiency in service provision

- 3.12 Traditionally, charging has generally been undertaken more out of financial necessity as councils have used it purely as a means of financing an overall shortfall between expenditure and other forms of income.

South Derbyshire

- 3.13 The Council last undertook a major review of its fees and charges back in 2000. Using this as a baseline, charges have generally been increased since then by the rate of inflation “across the board” altered only for new charges and the ad-hoc review of a particular charge.
- 3.14 The Council does not currently have a corporate charging framework. In the absence of this, each individual service is left to review charges in its own area, once per year during the annual budget-round. Usually, the recommended inflationary increase is applied.
- 3.15 Consequently, formal consideration of the appropriateness and adequacy of fees and charges currently in existence or being proposed cannot be easily demonstrated (if at all).
- 3.16 To improve this situation, a proposed charging policy has been drafted in **Appendix 2**. Effectively, this provides a template to assess fees and charges against, and to draw out potential areas that may need to be reviewed. It also provides a rationale for considering and introducing new charges.

Implementation

- 3.17 It is proposed that a more periodic and substantial review of fees and charges levied against this policy is undertaken. It is recommended that this be carried out during the annual service planning and budget round when services review and put together their base budgets.
- 3.18 This does not mean that every charge and fee levied will need to be reviewed every year. Clearly though, as a new policy, current charges will need to be reviewed initially against the proposed framework. It is recommended that this be undertaken over the next 2 budget rounds for 2009/10 and 2010/11.
- 3.19 Under the current Constitution, each policy committee is responsible for reviewing and setting fees and charges for service areas under their Terms of Reference. This is subject to ratification by this Committee when final budget proposals are consolidated each year.
- 3.20 Therefore, it is recommended that reviews and any changes are considered and approved by the appropriate policy committee, subject to any financial implications being ratified by this Committee.

Risk Assessment

- 3.21 By not having a formal charging policy and framework in place, there is a risk that the Council’s fees and charges are outdated. In addition, there is also a risk of missed opportunities by using fees and charges to improve access to

services and to promote activities, etc. Clearly, there may also be a missed opportunity by not maximising income levels.

4.0 Financial Implications

4.1 None directly. Clearly, when the policy is used to review fees and charges, then implications may arise.

5.0 Corporate Implications

5.1 None directly.

6.0 Community Implications

6.1 As financial implications above.

7.0 Background Papers

7.1 Positively Charged – Maximising the Benefits of Local Public Service Charges (Audit Commission Public Services National Report, January 2008), available on the Commission's web site at:

<http://www.audit-commission.gov.uk/reports/NATIONAL-REPORT.asp>