



# East Northamptonshire Council

## Policy and Resources Committee - 18 January 2010

### Fees and Charges - New Charging Policy Framework

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#### Summary

This report seeks approval of the new charging policy framework and sets out a proposal for implementation.

#### Attachment(s)

Appendix A - Charging Policy Framework

Appendix B - Charging Policy Flowchart

Appendix C - Highest Volumes of Transaction and Income 2008/09

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#### 1.0 Summary

1.1 The attached charging policy framework is the outcome of a corporate project which was set up to ensure we have a robust policy for charging for services.

1.2 The project was initiated because there had not been a wide review of what services we charge for and the level of charge we make for a number of years. What had traditionally happened was that charges were simply rolled forward from one year to the next and as a result the reason or basis for a number of charges had simply been lost.

1.3 The project team developed a clear understanding of the reasons for all of the charges we make and how the charges have been calculated. The proposed charging policy framework is designed to ensure that what we charge is consistent with the outcomes we are trying to achieve, that we maximise the income we receive and that any subsidy provided is as a result of a clear and conscious decision.

1.4 It is intended that the charging policy framework will bring greater clarity to the process of setting fees and charges, in a fair and consistent manner, and will therefore assist the Council in achieving its corporate outcomes.

1.5 Furthermore it will help guide the process of reviewing charges for existing services and setting charges for any new services that may be introduced in the future.

#### Charging Policy

#### 2.0

2.1 Attached at Appendix A is the proposed charging framework and this is accompanied by a flowchart at Appendix B. Once agreed the next step will be to apply it to the fees and charges we levy for the services we provide, as outlined in Paras 3.1 – 3.3. Once done this will be reported back to Members for their approval.

2.2 As part of the approval process, Members will also be asked to decide how much of the charge should be discounted for those qualifying for concessions.

2.3 Where the implementation of the charging policy framework results in a new charge, or a considerable change to an existing charge, officers will undertake an impact assessment and, where appropriate, also recommend the period any changes will be phased over. The resultant charges will then be approved in the normal way.

## Proposed Approach

### 3.0

The proposed order of implementation of the charging policy framework is to review firstly those areas where a service is provided but where no charge is levied. Examples of such services are:

### 3.1

- Pest Control Services – Domestic Premises – Rats
- Planning – Pre-application Advice
- Revenue and Benefits – Copy Documents

### 3.2

Secondly areas where there are currently high volumes of transactions and subsequently high volumes of income will be reviewed. The table at Appendix C sets out the highest volumes of transactions and income for 2008/09.

### 3.3

Thirdly all other existing fees and charges will be reviewed as part of the preparation of annual service plans.

## Recommendation

### 4.0

Members are asked to approve the charging policy framework and agree the approach proposed in Paras 3.1 – 3.3.

### 4.1

Implications:	
<b>Corporate Outcomes or Other Policy/Priority/Strategy</b>	
Good Quality of Life	<input type="checkbox"/> Good Reputation <span style="float: right;"><input type="checkbox"/></span>
Good Value for Money	<input checked="" type="checkbox"/> High Quality Service Delivery <span style="float: right;"><input checked="" type="checkbox"/></span>
Effective Partnership Working	<input type="checkbox"/> Strong Community Leadership <span style="float: right;"><input type="checkbox"/></span>
Effective Management	<input checked="" type="checkbox"/> Knowledge of our Customers and Communities <span style="float: right;"><input checked="" type="checkbox"/></span>
Employees and Members with the Right Knowledge, Skills and Behaviours <span style="float: right;"><input checked="" type="checkbox"/></span>	
<b>Other:</b> Sustainable Communities Strategy <span style="float: right;"><input type="checkbox"/></span>	
Decision(s) would be outside the budget or policy framework and require full Council approval <span style="float: right;"><input type="checkbox"/></span>	
<b>Financial</b>	There are no financial implications at this stage <span style="float: right;"><input type="checkbox"/></span>
	There will be financial implications – see paragraph 2.0 <span style="float: right;"><input checked="" type="checkbox"/></span>
	There is provision within existing budget <span style="float: right;"><input type="checkbox"/></span>
	Decisions may give rise to additional expenditure at a later date <span style="float: right;"><input type="checkbox"/></span>
	Decisions may have potential for income generation <span style="float: right;"><input checked="" type="checkbox"/></span>
<b>Risk Management</b>	An assessment has been carried out and there are no material risks <span style="float: right;"><input checked="" type="checkbox"/></span>
	Material risks exist and these are recorded at Risk Register Reference - inherent risk score - <span style="float: right;"><input type="checkbox"/></span> residual risk score -
<b>Staff</b>	There are no additional staffing implications <span style="float: right;"><input checked="" type="checkbox"/></span>
	Additional staff will be required – see paragraph <span style="float: right;"><input type="checkbox"/></span>
<b>Equalities and Human Rights</b>	There will be no impact on equality (race, age, gender, disability, religion/belief, sexual orientation) or human rights implications <span style="float: right;"><input checked="" type="checkbox"/></span>
	There will be an impact on equality (see categories above) or human rights implications – see paragraph <span style="float: right;"><input type="checkbox"/></span>
<b>Legal</b>	Power: S 93 Local Government Act 2003
	Other considerations: Audit Commission “Positively Charged – Maximising the benefits of local public service charges” (January 2008)
<b>Background Papers:</b>	
<b>Person Originating Report:</b>	Pauline Matheson, Business Analyst & Robert Austin, Head of Resources
<b>Date: 16.12.09</b>	

<b>CFO</b>		<b>MO</b>		<b>CX</b>	
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(Committee Report Normal Rev. 19)



East  
Northamptonshire  
Council

# Charging Policy Framework

**Draft for consultation**

Providing a framework for setting and reviewing  
fees and charges

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<b>Author (Post holder title)</b>	Pauline Matheson (Business Analyst)
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## Change History

Issue	Date	Comments

*NB: Draft versions 0.1 - final published versions 1.0*

## Consultees

Internal	External
e.g. Individual(s) / Group / Section	e.g. Stakeholders / Partners /Organisation(s)
Heads of Service	
SMT	
Project team	
Members	

## Distribution List

Internal	External
e.g. Individual(s) / Group / Section	e.g. Stakeholders / Partners /Organisation(s)

## Links to other documents

Document	Link

## Additional Comments to note

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## **1.0 Introduction**

- 1.1 Under section 93 of the Local Government Act 2003 local authorities now have greater powers to charge for discretionary services.
- 1.2 In recent years there has continued to be increasing pressures on local authorities to make best use of the charging opportunities and to recognise the importance of recovering costs by charging for services.
- 1.3 The Audit Commission report into this subject, "Positively Charged – Maximising the benefits of local public service charges" (January 2008), has emphasised the need for Councils to have an agreed policy on charging for discretionary services in order to demonstrate clearly to the public the rationale for charging or for having to increase charges.
- 1.4 The decision on whether to make a charge (and its level) is not always within the control of the Council as there are a range of statutory charges set nationally by Central Government. But where it is, it is important that the implications of the charging decisions being taken are fully understood and that Members have the appropriate information they need to make informed choices.

## **2.0 Statement of intent**

- 2.1 The purpose of this policy is to provide a framework for how the Council approaches the question of charging for services.
- 2.2 The application of this policy will bring greater clarity to the process of setting charges and will therefore assist the Council to achieve its corporate outcomes. It is also intended to help guide the process of reviewing charges for existing services and setting charges for any new services that may be introduced in the future.

## **3.0 Scope**

- 3.1 This policy will:
  - apply where the Council controls the level of charge to be made for a given service,
  - ensure the charge should, in general, be such that it covers the actual cost of providing the service (including support services),
  - ensure that establishing the 'right' price for a service is not simply a case of adding an inflationary increase to last year's charge.

## **4.0 Charging policy aims and principles**

### **4.1 Charging policy aims**

- 4.1.1 The Council will aim to maximise net income from fees and charges by ensuring that charges to users reflect the full cost of provision, unless covered by concessions or there are contrary policies, legal or contractual reasons.



4.1.2 All charges within the Council's control should be reviewed at least annually and this should be timed to fit in with the annual Budget Setting process and the principles of any changes should be available for discussion at the budget meetings.

4.1.3 The annual review of fees and charges should also consider what corporate outcomes the service contributes to, why we are providing the service at all and who benefits.

## **4.2 Charging policy principles**

4.2.1 The policy has four fundamental principles:

- fees and charges should maximise net income wherever there is a power or duty to do so providing there is no conflict with political and corporate outcomes,
- the net income raised should cover the full costs of providing the service including all overheads,
- charges are agreed in a transparent way so they are seen to be fair and are understandable,
- in accordance with legislative requirements the Council will carry out an equality impact assessment before applying the policy – whether to a charge or concession.

4.2.2 In addition to the fundamental principles the policy should as administratively simple as possible for all parties

4.2.3 There are situations when the Council may decide not to raise net income when it is empowered to or not to recover the full cost of a service.

4.2.4 Members must be supplied with information to enable them to make these decisions in a structured and explicit manner. A decision to forego net income or to subsidise a service is a policy decision about resources as significant as any decision made in the budget setting process.

4.2.5 Any surplus generated from charging shall be seen as a corporate resource to be used where need is greatest taking into account any legislative provisions already set out.

4.2.6 Fees and charges shall be paid in advance wherever possible; and incentives for payment by direct debit should be explored in cases of periodic payment, wherever possible

## **5.0 Which services the Council should charge for**

5.1 Charges should be made for all services where appropriate and it is therefore the Council's policy that, in general, service users should make a direct contribution to the cost of providing services at their point of use.

5.2 However, it is recognised that there will be important exceptions that will make charging inappropriate in a number of cases. These include:

- where it is specifically prohibited to make a charge for a service;
- where the service in question is delivered to all residents or householders equally and which could therefore be considered to be funded from Council Tax

- where the administrative costs associated with making a charge would outweigh any potential net income
- where making a charge would be contrary to achieving one of the Council's corporate outcomes
- where charging would be counterproductive (i.e. it may result in a substantial reduction in usage of the service)
- where the Council incurs extra charges to enable people to have fair access to services

5.3 When charges for services are reviewed it will be against this background and it will be necessary to consider in each case if exceptions such as those outlined above make charging inappropriate.

## **6.0 How charges should be calculated**

6.1 Where the Council controls the level of charge to be made for a given service, it is the Council's policy that the charge should, in general, be such that it covers the actual cost of providing the service (including support services).

6.2 All charges should be calculated exclusive of VAT. The Chief Finance Officer is responsible for applying the correct VAT rate for each charge.

6.3 Charges should be set at levels that, as far as possible, do not preclude members of the public from using or benefiting from a service.

6.4 Consideration should be given to the ability of individuals, including those of limited means, to meet the charges and benefit from the service available and consistently reflected in agreed charges.

6.5 Fees and charges should be set at a level so as not to provide subsidies to commercial operators from the council taxpayer

6.6 It is however recognised that this will not be appropriate in all circumstances and the actual amount of charge proposed will need to be a reflection of:

- any relevant Council strategies or policies and any subsidy or concessions given
- market conditions and prices charged by competitors and/or other local authorities
- the need for all charges imposed by the Council to be reasonable (whilst retaining the flexibility to charge commercial organisations a fair price)
- the need to avoid any exploitation of customers who have no option but to use the Council's services
- the desirability of increasing usage of a given service
- the possibility of increasing net income to the Council
- deterring or incentivising certain behaviours

## **7.0 Which service users should receive a subsidy?**

7.1 In some circumstances it may be appropriate to consider offering an 'across the board' subsidy to all users of a particular service where this is consistent with achieving the Council's outcomes.

- 7.2 It is also recognised that offering concessions for certain key user groups is consistent with achieving the Council's corporate outcomes as set out in a range of existing strategies.
- 7.3 For example, the Council's equal opportunities policy commits the Council to "providing high quality, value for money services for all members of the community based on fairness and equality". Concessions are clearly one of the ways in which the Council can fulfil this commitment.
- 7.4 Recognising this broader agenda, it is the policy of the Council that when charges are reviewed the following approach to concessions should be considered:
- Any category of persons in receipt of means tested benefit is eligible
- 7.5 It is not appropriate to fix a level of concession as this removes all discretion. However a concession of up to 100% of the full charge may be appropriate in some cases.
- 7.6 It is recognised that in some circumstances concessions may not be appropriate and that it will be necessary to consider carefully the impact on net income before introducing concessions to service areas that do not currently offer them.
- 7.7 However, an assessment of the desirability of offering concessions (and the financial implications) needs to form part of the evaluation of an appropriate charge for any given service.

## **8.0 How this policy will be implemented**

- 8.1 The proposed order for implementation is to look at those services generating the highest levels of net income, together with any areas where no charge is currently made, but other Councils or local providers do make a charge.
- 8.2 In circumstances where a charge is being introduced for the first time (or being substantially increased) it will be necessary to consider, where the impact is significant, undertaking a consultation exercise and for the public to be informed of the reasons for the Council's decision.
- 8.3 Consideration should also be given to the phased implementation of a new or substantially increased charge.
- 8.4 All fees and charges should be supported by evidence in the form of a written record - such a record should include the fit with Council corporate outcomes, pricing structure and a clear rationale for any concessions or subsidies awarded.
- 8.5 It will also be necessary for each Head of Service, as part of the preparation of annual service plans, to consider if services currently provided free should be subject to a charge or if good reason exist for maintaining a free service.

## **9.0 Reviewing fees and charges**

- 9.1 The review of existing charges will be undertaken having regard to the guidelines set out within this policy.

- 9.2 When charges are reviewed all the factors set out above should be taken into account and an analysis undertaken in order that Members may make informed choices on the level of charge to be set.
- 9.3 Heads of Service shall also review methods of net income collection on a regular basis to ensure that the most effective and efficient processes are utilised.

## **10.0 Monitoring and review**

- 10.1 This policy will be reviewed every 12 months to ensure that that it remains appropriate and in line with best practice.

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Council

Identify reasons, obtain approval from P&R and review annually

Statutory  
Follow relevant  
Statutory  
guidance

Is this service statutory or discretionary?

Discretionary

Are charges appropriate for this service

Calculate the charge

Calculate the level of concession

Charge set (exclusive of VAT)

Charge approved by P&R

Notify users of price increase and justification

Implement charge

**Consider**

1. If it is specifically prohibited to make a charge for the service;
2. If the service in question is delivered to all residents or householders equally and which could therefore be considered to be funded from Council Tax
3. If the administrative costs associated with making a charge would outweigh any potential income
4. If making a charge would be contrary to achieving one of the Council's corporate outcomes
5. If charging would be counterproductive (i.e. it may result in a substantial reduction in usage of the service)
6. If the Council incurs extra charges to enable people to have fair access to services

**Consider**

1. The cost of providing the service – including support costs
2. Any relevant Council strategies or policies and any subsidy or concessions given
3. Market conditions and prices charged by competitors and/or other local authorities
4. The need for all charges imposed by the Council to be reasonable (whilst retaining the flexibility to charge commercial organisations a fair price)
5. The need to avoid any exploitation of customers who have no option but to use the Council's services
6. The desirability of increasing usage of a given service
7. The possibility of increasing income to the Council
8. Deterring or incentivising certain behaviours

**Consider**

1. Undertaking a consultation exercise where a charge is being introduced for the first time, or being substantially increased.
2. Managing any increase/ new charge over time where the impact is high

Update website and other publicity

NO

YES

.....

.....

Identify reasons, obtain approval from P&R and review annually

Statutory  
Follow relevant  
Statutory  
guidance

Is this service statutory or discretionary?

Discretionary

Are charges appropriate for this service

Calculate the charge

Calculate the level of concession

Charge set (exclusive of VAT)

Charge approved by P&R

Notify users of price increase and justification

Implement charge

**Consider**

1. If it is specifically prohibited to make a charge for the service;
2. If the service in question is delivered to all residents or householders equally and which could therefore be considered to be funded from Council Tax
3. If the administrative costs associated with making a charge would outweigh any potential income
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5. If charging would be counterproductive (i.e. it may result in a substantial reduction in usage of the service)
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2. Any relevant Council strategies or policies and any subsidy or concessions given
3. Market conditions and prices charged by competitors and/or other local authorities
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5. The need to avoid any exploitation of customers who have no option but to use the Council's services
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7. The possibility of increasing income to the Council
8. Deterring or incentivising certain behaviours

**Consider**

1. Undertaking a consultation exercise where a charge is being introduced for the first time, or being substantially increased.
2. Managing any increase/ new charge over time where the impact is high

Update website and other publicity

NO

YES

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**Item 7 - Appendix C**

<b>Area</b>	<b>Income</b>	<b>Transactions</b>
Commercial Waste Service	£107,425	1358
Land Charges	£92,814	1280
Clinical Waste Disposal (Commercial Customers)	£34,952	255
Household Bulky Waste Collection	£20,524	1112