

IMPLEMENTATION EXECUTIVE

23 September 2008

Fees and Charges Update

Executive Summary

This report seeks to identify some of the broad principles that IE may want to approve in relation to the future harmonisation of fees and charges and the setting of discretionary fees and charges for the 2009 / 2010 financial year.

Recommendations

In order to assist Service Directors and Finance staff in developing detailed budget proposals, the Implementation Executive is recommended to approve:-

- 1 That in developing proposals for discretionary fees and charges, Service Directors should ensure that they give consideration to the Audit Commission's key principles identified within their "The Price is Right" report.
- 2 That as part of the 2009 / 2010 budget setting process, all Service Directors responsible for budgets containing discretionary Fee and Charge income are asked to specifically identify their proposals, and rational, for any movement in the level of fees and charges.
- 3 That any proposed increase in discretionary Fees and Charges for 2009 / 2010 should not exceed the rate of Retail Price Inflation in October, this currently being 5 %.
- 4 That where differential charges exist across current District Services, Service Directors are asked to identify, in conjunction with corporate finance colleagues, the overall timeline during which proposals for harmonisation will be brought forward for the new council to consider.

Reasons For This Paper and Proposals

In order to support the on-going budgeting process, it is necessary for the Implementation Executive to provide a high level strategic framework for discretionary Fees and Charges within which Service Directors will develop more detailed proposals for future consideration.

The report also provides an opportunity for members to give their high level approval to the RPI linked increases that exist in some externalised management contracts such as that for West Wiltshire Leisure Services.

This report does not address the issue of harmonisation of fees and charges but confirms that Service Directors will identify a timeline for further consideration of this issue by the new council.

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1. Introduction

- 1.1. Across the County Council and four District Council's, a wide range of services require the customer to pay either a fee or charge in order to access the service. These range from planning fees to the fees charged to members of the public for the use of leisure facilities.
- 1.2. Some of these fees or charges, for example those that relate to Planning Applications, are set nationally by Central Government.
- 1.3. However some fees and charges are discretionary and are set locally, for example, those for leisure and amenity services. It is these that this paper asks the Implementation Executive to provide a strategic framework for, within which Service Directors will develop specific proposals as part of the 2009/2010 budget setting process.
- 1.4. Because authorities are not generally required to report in detail on their mix of income (which covers statutory grants, discretionary grants, statutory fees and discretionary charges) work is still in progress to analyse the 'fees and charges' element of the consolidated budget for 2008/09 and 2009/10. However, as a working indication, the typical level of charged income in each District for 2008/09 was around £7m (and ranging from 21% to 28% of gross income). The routine detailed budget review process includes scrutiny of service-level total income along with totals for fees & charges. More information will therefore become available during the autumn and building up to budget-setting.

2. Guidance and Principles for Discretionary Charging

- 2.1. There is a CIPFA report on discretionary charges and also a Audit Commission report "The Price is Right" which identified six issues that should be considering when identifying the level and make up of fees and charges. These are:-
 - a) Clear principles for charging should be set strategically, including which services should attract charges, which users if any should be exempt and the level of subsidy that should be offered.
 - b) Charges should be integrated with service planning and there should be links to the wider Council's priorities ie If an authority wishes to promote increased take up of a service, it is important to ensure that high charges do not provide a disincentive for the use of the service.
 - c) Targets should be set to quantify success and the impact of any charge.
 - d) Users and the scope of alternative provision should be clearly understood
 - e) Taking account of the specific impact of changes to charges improves decision making

f) More imaginative use of charging structures should be examined, to strike a balance between raising income and achieving desired service outcomes.

2.2 These issues represent a useful toolkit for managers to use, which is based on national best practice to ensure that fees and charges are considered against the wider priorities of the council and do not undermine the achievement of these.

3. Budget Setting Process

3.1. As part of the budget setting process, Service Directors are working with finance colleagues to identify proposals for changes to fees and charges and the potential impacts of any increases.

3.2. Given the diversity of charging, and the close links with the budget setting process, it makes sense for proposals to be developed and considered as an inherent part of the budget process, rather than as a singular issue.

3.3. Service directors have therefore been asked as part of the budget process to identify within their budget proposals:

- What is the level of fees and charges for the service
- A summary of key fees and charges
- The increase or decrease applied in the budget.
- What assumptions have been made in deciding the increase in each of the charges?
- What is the service basis for setting each of its charges? Is it:
 - Statutory
 - At the manager's discretion
 - A traditional automatic increase
 - A committee decision
 - By cabinet
 - By members
- How is the increase of charges decided? For example:
 - Comparison with neighbours
 - Automatic percentage
 - What the market will stand
 - What research or survey indicates is reasonable

3.3 The responses to this will, be considered as part of the Detailed Budget Review meetings and the consolidated position and service specific finds presented to Members as part of the overall budget setting process.

4. Maximum Level of Increase and Proposals for Harmonisation

4.1. Some discretionary fees and charges affect contracted services, for example, the externalised management of West Wiltshire District Council and North Wiltshire District Council leisure facilities. Typically, these contracts link the rise in fees and charges to the Retail Price Index (RPI) and in the

case of West Wiltshire District Council this is stipulated as being the RPI in October.

- 4.2. Other Fees and Charges are set specifically by the relevant Council.
- 4.3. In order to provide a consistent framework for the maximum level of increase in fees and charges for 2009 / 2010, it is suggested that members of IE consider adopting a recommendation that no increase should be above the level of the RPI in October 2009. Based on current inflationary predictions, this is likely to mean that increases are limited to around 5%.
- 4.4. Due to differences in the historic levels of charges applied by the different District Council's there is a clear need for harmonisation of policies in the longer term. For example, the use of a Badminton Court in Salisbury is £6.15 and in Kennet is £8.00, and some leisure centres offer free swimming for the under fives, whilst in others it is only available to the under threes.
- 4.5. Due to the importance of linking fees and charges with wider service planning and the key corporate objectives of the authority, it is recommended that individual Service Directors are asked to develop a timeline and high level process that can be considered by the new council for the harmonisation of fees and charges.