

## **Appendix A**



### **Central Bedfordshire Council Charging Policy**

**2014/15 – 2016/17**

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## 1. The Council's Charging Policy – Executive Summary.

1.1 It is the Council's policy that service users should make a direct contribution to the cost of providing services (both discretionary and statutory) at their point of use unless:

- it is not legal to do so.
- circumstances arise 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. This will mainly apply where there is no discretion as to use of the service on the part of the householder.

- circumstances arise where the administrative costs associated with making a charge would outweigh any potential income.
- circumstances arise where making a charge would be directly contrary to achieving the Council's corporate objectives as expressed in agreed strategies.

This Policy relates to Fees & Charges for services provided to members of the public, and does not cover Service Level Agreements between Local Authorities for which separate governance arrangements exist.

1.2 The charge levied should, in general, be such that it covers the full economic cost of providing the service (direct costs including employers contribution to pensions and National Insurance and also including an appropriate level of overheads to cover support services). The level of charge will, however, have regard to:

- any relevant Council strategies or policies (e.g. Equality Impact Assessments, Welfare Reform , Leisure Strategy etc.) and any subsidy or concessions which may be appropriate market conditions and prices charged by competitors and/or other local authorities
- the need to avoid any potential distortion of the market which might otherwise occur from pricing services below the levels charged by private sector concerns for similar services
- the need for all charges imposed by the Council to be reasonable, given the Council's objectives, 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 income to the Council.

- the views of service users and Council taxpayers in levying new or revised charges
  - the need to change user/consumer behaviour, e.g. for health or environmental reasons.
  - whether it is economic to apply any fee or charge.
- 1.3 It is the policy of the Council that when charges are reviewed concessions should be considered for the following groups:
- young people under 16 years of age 4 (affordability)
  - full time students (affordability)
  - people with a disability (access)
  - people in receipt of means tested benefits (affordability)
  - senior citizens (affordability)
  - Armed Forces
- 1.4 It is not appropriate to fix a level of concession in this policy as this removes all discretion. Officers should however use discretion where appropriate in raising charges.
- 1.5 Fees and charges income will be credited to the appropriate service during the course of the year. Any modest and incidental surplus generated from charging shall be seen as a corporate resource to be used where need is greatest. This will not apply where a service is under a duty to break even over a rolling 3 year period, i.e. Building Control, Albion Archaeology, or is operating a trading entity.
- 1.6 Proposals for 'reinvesting' any additional income raised from charging in the expansion and development of a particular service will need to be considered as part of the budget review process. Each proposal will therefore be considered on its own merits at that time.
- 1.7 Subject to any requirements imposed by the Council's standing orders, charges for individual services may be varied 'in year' at the discretion of the responsible Director following discussion with the Chief Finance Officer and the appropriate Portfolio Holder.
- 1.8 All fees and charges will be reviewed annually and adjusted as necessary in line with this policy. The Chief Finance Officer will provide services with guidance each year as to the maximum inflation rate that may be applied.

- 1.9 All fees and charges should be reviewed on a more fundamental basis at least every 3 years, where it will be necessary to examine all the factors set out below in accordance with good practice guidance i.e. the CIPFA Practical Guide for Local Authorities on Income Generation (Fully revised 2013). This is so that Members may make informed choices on any revised level of charge to be set.

The result of such review should be included in the annual fees and charges report in that year, in order that the Council is able to ensure that charges are fair, appropriate and comparable to local alternatives. This should include an accompanying financial statement to demonstrate that, taking one year with another, the income from charges does not exceed the cost of provision. The review should include an equalities impact assessment.

- 1.10 The Policy simply sets out the general principles by which the Council will operate, it is not an exhaustive list that seeks to cover every eventuality and where circumstances arise outside the parameters of the Policy, it is expected that the Chief Finance Officer and the Executive Member for Corporate Resources will be consulted and the policy updated accordingly. Significant changes will be referred back to the Executive for consideration.

## **Supporting information and further guidance to the Charging Policy**

### **2 Introduction**

- 2.1 In recent years there has continued to be increasing pressure on local authorities to make best use of the positive potential of charges and to recognise the importance of recovering costs by charging for discretionary services.
- 2.2 The purpose of this document is to set out the policy that Central Bedfordshire Council wishes to use in setting fees and charges..

This Policy is not intended to be over-prescriptive, but rather to provide a framework for how Central Bedfordshire Council approaches the question of charging for its services. The application of this policy should bring greater clarity to the process of setting charges and will therefore assist the Council achieve its corporate objectives. 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.

- 2.3 The decision on whether to make a charge (and its level) is not always within the control of the Council. But where it is, it is important that the implications of the charging decisions being taken are fully understood and that Executive Members have the appropriate information they need to make informed choices.

### **3. Statutory background**

- 3.1 The general power of competence is a new power available to local authorities in England to do “anything that individuals generally may do”. It was provided for in the Localism Act 2011 and replaces the well-being powers in the Local Government Act 2000. It was brought into force for local authorities on 18 February 2012.

This remains the key legislation for most authorities and its important features are summarised below:

- 3.2 Authorities are under a duty to secure that, taking one year with another, the income from charges do not exceed the cost of provision.
- 3.3 Authorities must already have the power to provide the service and the recipient of the discretionary service must have agreed to its provision and to pay for it. Conversely, the Act does not override any provisions which either expressly prohibits the charging for the service or confers a power to charge.
- 3.4 Charges may be set differentially, so that people are charged different amounts depending on circumstances. Authorities are not required to charge for discretionary services and may provide them free if they so decide.

#### **4. General Principles**

- 4.1 An Audit Commission report in 2008, entitled “Positively Charged” highlighted a number of issues in respect of fees and charges, however, for the purpose of setting a policy there are 3 areas of significance; the use of charging to influence behaviour, (i.e. as in congestion charging), the importance of consultation, and the equality and diversity issues arising.
- 4.2 This policy document will recognise those issues.
- 4.3 In general terms, it is the Council's policy that unless there is good reason why an exception should be made, a charge should be levied for all statutory and discretionary services in accordance with this charging policy.
- 4.4 It is recommended that the Council's charging policy should remain in the existing Policy Framework, as defined within the Council's constitution. This would, in effect, mean that any subsequent changes to this charging policy will require the approval of the Council as a whole.
- 4.5 The authority will comply with good practice requirements as set out in the CIPFA Practical guide for Local Authorities on Income Generation (Fully revised 2<sup>nd</sup> edition 2008).
- 4.6 Since the policy document is intended to provide a framework by which the Council will operate it is not by definition an exhaustive document covering every eventuality. Where particular circumstances arises outside of the policy it is expected that the Chief Finance Officer and the Executive Member for Corporate Resources will determine the outcome and the policy be

updated accordingly. Significant changes will be referred back to the Executive for consideration.

## **5. Key Principles – Which services should the Council charge for?**

- 5.1 As referred to in section 4.3, charges should be made for all discretionary services. Additionally, services should be reviewed periodically to establish whether charges could be introduced where these are not already implemented.
- 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 not legal to do so
  - circumstances 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. This will mainly apply where there is no discretion (or choice) as to use of the service on the part of the householder.
  - circumstances where the administrative costs associated with making a charge would outweigh any potential income
  - circumstances where making a charge would be directly contrary to achieving one of the Council's corporate objectives as expressed in any agreed strategies or statutory requirements. These could include documents such as the Equality Scheme, Equal Opportunities policy, Anti-Poverty Strategy, Leisure Strategy or Environmental policy
- 5.3 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. 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.
- 5.4 Where a market rate is appropriate to charge that is what should be levied, unless by doing so the Council is in profit, in which case the charge should be lowered accordingly. Where this impacts on local businesses, the Council should question whether it needs to provide the service at all. This will be a balanced judgement dependent on local economic factors at any one time.

## **6. Key Principles – How should the amount levied be determined?**

- 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 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 (*note: the question of appropriate concessionary groups and the level of concession is dealt with in detail in section 7*)
- market conditions and prices charged by competitors and/or other local authorities (*see 5.4 above*)
- the need to avoid any potential distortion of the market which might otherwise occur from pricing services below the levels charged by private sector concerns for similar services
- the need for all charges imposed by the Council to be reasonable, given the Council's objectives, 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 income to the Council.
- the need to influence the behaviour of service users, *i.e. for health or environmental impact reasons*

6.3 One of the aims of this policy is to ensure that establishing the 'right' price for a service should not be simply a case of adding an agreed inflationary increase to last year's charge. It is therefore a requirement that at least every 3 years charges are fundamentally reviewed where it will be necessary to undertake an analysis which includes an examination of all the factors set out above in order that Council may make informed choices on any revised level of charge to be set.

The result of such review should be included in the annual fees and charges report, in order that Council are able to ensure that charges are fair, appropriate and comparable to local alternatives. This should include an accompanying financial statement to demonstrate that, taking one year with another, the income from charges will not exceed the cost of provision.

6.4 The Council will use established consultation networks with both Council taxpayers and service users to seek out views whenever new or completely revised charges are introduced following a review and service managers should ensure that proper timescales are given to such consultation prior to recommending any new or revised charges to Council .

6.5 In setting charges the Council will apply overheads following guidelines set out in CIPFA's Best Value Accounting Code of Practice. For the purpose of calculating any fee or charge the Council will use a standard overhead



recovery rates as advised by the Chief Finance Officer up to and including full overhead cost recovery.

- 6.6 It is not expected of any service to levy a fee or charge where it is clearly uneconomic to do so. Billing arrangements should be appropriate for the service in question.

## **7. Key Principles – Which service users should receive a concession or 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 objectives. It is also recognised that offering concessions for certain key user groups may help achieve some of the Council's high level objectives.
- 7.2 For example, as part of the Council's commitment to equal opportunities it will attempt so far as is possible to provide equal access to all its services and to all its activities. Concessions are clearly one of the ways in which the Council can fulfil this commitment.
- 7.3 Similarly the Council will wish to ensure that low income is not a barrier to peoples' ability to use Council services.
- 7.4 Recognising this broader agenda, it is the policy of the Council that when charges are reviewed concessions should be considered for the following groups:
- young people under 16 years of age
  - full time students
  - people with a disability
  - people in receipt of means tested benefits
  - senior citizens
  - Armed forces
- 7.5 It is not appropriate to fix a level of concession in this policy as this removes all service discretion. The level of concession should be appropriate to the circumstances.
- 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 income before introducing concessions to service areas that do not currently offer them. 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.

- 7.7 An equality impact assessment should be carried out by each service setting fees and charges to ensure there is no adverse effect on vulnerable groups. The authority will undertake to carry this out on a programmed basis over the period 2014/15 – 2016/17 such that all will have had an assessment in the 3 year period leading up to the setting of fees and charges in 2017/18.

## **8. Key Principles – How will any surplus income be used?**

- 8.1 The way in which the Council prepares its budgets is such that income derived from charging for services is used to offset the cost of providing the service in question. This is consistent with the current accounting code of practice. Any modest and incidental surplus which may arise is then returned to the Council's General Fund, except for trading services such as Building Control, where there is a requirement to break even over a 3 year period taking one year with another.
- 8.2 The advantage of such an approach at a high level is that it enables resources generated through charging to be used wherever the highest priority exists – i.e. for a corporate view to be taken regarding the use of the available resources.
- 8.3 It is therefore the Council's policy that any surplus generated from charging shall be seen as a corporate resource to be used where need is greatest, provided this is not prohibited by other statutory requirements or government guidance. To be determined as part of the budget process.
- 8.4 However, it is acknowledged that the ability to use charges to deliver the targets set by Council requires a degree of freedom to experiment and corporate controls (as expressed through this policy) need to avoid imposing unnecessary restrictions. Therefore, proposals for 'reinvesting' any additional income raised from charging in the expansion and development of a particular service will need to be considered as part of the budget process. Each proposal will therefore be considered on its own merits at that time.
- 8.5 It is also recognised that in some special circumstances (such as Building Control) the approach to the use of surplus may be influenced by Government Guidance.
- 8.6 It is also the Council's policy that, subject to any requirements imposed by the Council's standing orders, charges for individual services may be varied "in year" at the discretion of the responsible Director following discussion with the Chief Finance Officer and responsible Executive Member.

## **9. How will this policy be implemented?**

- 9.1 Charges are subject to annual review as part of the Council's budget setting process. In future, the review of existing charges will be undertaken having regard to the guidelines set out within this policy.
- 9.2 It will also be necessary for each Director, 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 reasons exist for maintaining a free service.

- 9.3 In circumstances where a charge is being introduced for the first time (or being substantially increased) it will be necessary for the public to be informed of the reasons for the Council's decision.