

# Fees and Charges Policy



## **Background**

The Council's constitution outlines that it is the responsibility of each chief officer to agree its departmental charging policy in conjunction with the chief finance officer. It also stipulates that fees and charges should be reviewed annually.

A corporate led review of fees and charges has never been undertaken at Chorley Council. The current approach to amending fees and charges is usually conducted independently by each service as and when it is required. Many charges have not been reviewed for years despite inflationary increases in the cost of delivering services.

The Council continues to experience large reductions in funding; the 2017/18 Medium Term Financial Strategy (MTFS) identifies a £3m budget gap by 2019/20. The MTFS identifies Chorley Council's commitment to generating income streams to help meet this funding challenge.

Unlike other councils across the country, Chorley Council does not have a definitive list of all the fees and charges it makes to its residents and service users. Fees and Charges that are publicised can be hard to access, are in different formats and can be out of date.

It is important that decisions are made consistently and adhere to the principles which are laid out within this document.

## **Fees and Charges Policy**

Chorley Council's fees and charges policy has been developed to ensure the charges for services across the Council are constructed in a consistent manner and that they meet the needs of the Council's strategic priorities. In addition, the policy sets out the review process for fees and charges to ensure fees remain up-to-date and that they continue to meet legislative requirements.

### Aims of the policy

- to create a co-ordinated approach to charging for discretionary services, that is applied across all services
- to outline the key principles for charging by Chorley Council
- to distinguish between statutory and discretionary fees and charges
- to set out an annual review process for all discretionary charges
- to outline the key requirements when introducing new charges

## Key Principles

1. Fees and charges are set to assist the Council in achieving its **strategic priorities**. Services must raise income wherever there is a duty to do so, and should raise income wherever there is a power to do so, unless the introduction of a charge would prohibit the achievement of specific corporate and service objectives.
2. In line with **legislation**, fees and charges are set to **recover full costs including overheads**. Where the service user is subsidised by tax payer this should be transparent and the reasons for this subsidy is made explicit.
3. The council should aim to maximise the potential to generate income, for example, through **differential charging**.
4. Any **concessionary charges** for services should follow only be made available in the following circumstances:
  - To support a particular group(s) that enables the Council to achieve its strategic priorities
  - To support low income users
  - To encourage take-up and therefore increase income overall

The level of subsidy should be reviewed annually

5. **New charges** should be considered a change in policy and therefore require equality impact assessments and approval by Full Council.
6. Charges should be collected in a **simple** and **cost efficient** manner encouraging the use of direct debits and receiving payment at or prior to the point of service delivery
7. Charges should be **reviewed**, where it is permissible and efficient to do so, on an **annual basis**, using clear and transparent evidence to set the level of charges. Where charges are not made for a service, or at a level below full cost recovery, the reasons for this should be reconsidered as part of the review.

## Legislation

Local Government Act 2003 provides clarity over charging powers and is clear that a local authority can charge for discretionary services on the basis of recovering the full costs of providing the service but that , taking one year with another, the charges do no exceed the full costs of provision.

Other legal statutes the charging policy must adhere to are

- Section 17 of the Crime and Disorder Act which requires councils to consider the crime and disorder implications of all decisions, and
- Equalities Act 2010 to both promote equality and avoid discrimination.

## Type of Fees and Charges

### *Statutory Fees*

Where fees and charges apply to statutory services these are often set nationally, for example some planning fees and some licensing fees. The majority of statutory services, Building Control being a notable exception, are not funded directly from fees and charges but instead from the Council's other main sources of revenue, i.e. government grants and local taxation. In many cases there is scope to provide discretionary services over and above the statutory service with the introduction of a supplementary charge, for example pre-application planning advice.

### *Reasonable Charges*

Services that the council has a duty to provide and can make a 'reasonable' charge (for example commercial waste collection and disposal)

### *Discretionary Fees*

Local Government Act 2003 provides clarity over charging powers and is clear that a local authority can charge for discretionary services on the basis of recovering the full costs of providing the service but that , taking one year with another, the charges do no exceed the full costs of provision.

**The fees and charges policy will apply to any service that the council has a power and discretion to provide to the community, or has a statutory duty to provide, and has discretion to set a charge**

## Examples of Fees and Charges

### *Statutory Fees*

Development Control
Licensing (with some exclusions)
Environmental Health

### *Reasonable Charges & Discretionary Fees*

Council Tax & NNDR Summons
Waste and Recycling
Land Charges
Building Control
Cemeteries
Events
Credit Card Charges
Housing Standards
CCTV
Pest Control
Dog Wardens
Community Centres & Council Buildings
Car Parking
Public Conveniences
Open Spaces
Street Trading
Taxi Licenses

## Review Process

All charges within the Council's control should be reviewed on an annual basis where it is permissible and efficient to do so. The Council's **finance team will lead on the review in consultation with service managers and directors.**

The review must be approved by Executive Cabinet prior to the Council's budget being approved at Special Council. It is proposed that a **review of fees and charges will be taken annually to Executive Cabinet in January** alongside the draft budget report. This will be after the approval of the Council's Corporate Strategy therefore ensuring that fees and charges are consistent with the strategy.

If the review includes the introduction of **new charges** the report must be **approved by Full Council.**

The annual review of charges should not just include an inflationary uplift; the full cost of providing the discretionary service, current market and other Council's charges and cohesion with corporate strategy priorities should also be considered.

Where discretionary charges are not made for a service, or at a level below full cost recovery, the reasons for this should be reconsidered as part of the review.

## Introducing New Charges

Charging can be an instrument to help the council achieve its strategic objectives for example by targeting service users, influencing behaviour and meeting financial targets. In addition, the introduction of charges may allow a discretionary service to enhance its provision, thereby improving the offer to the service user.

The introduction of a new charge should be made in line with the key principles of the Council's Charging Policy. If it represents a change in policy then it must gain approval by Full Council and include an equality impact assessment.

The process of introducing of a new charge must be done in collaboration with the management accounts, policy and performance and communications teams.

There is not prescriptive process in calculating and introducing a new charge however listed below are things to consider.

<b>Question</b>	<b>Considerations</b>
What corporate strategy priorities will the charge meet?	Generate economic growth Encourage access to services Discourage behaviours Fund new services or provide enhanced services
Who is using the service?	Socio-economic, age, gender, race Locations the service used The time the service is used
What impact will the charge have on service use and service users?	Encourage access to services Discourage behaviours Create new behaviours that increase costs to the Council e.g. fly tipping
What is the charging policy?	Break-even Subsidised – if so what are the reasons?
What is the impact on income?	Benchmarking How will a change in charge affect a change in demand?
What is the impact on expenditure?	Are there future cost pressures that need to be factored in? Are all costs including recharges included in the model? Consider the split of capital and revenue expenditure
What is the impact on the wider public?	Reputational risks to the Council