



# **Fees and Charges**

## **Policy**

## **Fees and Charges Policy**

### **1. Purpose**

This policy establishes corporate principles for charging for services provided by the Council. It aims to recognise the competing priorities the Council faces when charging residents, businesses and other users for its services, as well as the democratic environment in which the Council operates.

This policy will be reviewed at regular intervals to ensure that it continues to meet the Council's requirements.

All services must comply with this policy when setting and reviewing charges.

### **2. Scope & Application**

Charges can be statutory or discretionary:

**Statutory charges** - Central Government sets the level of some charges and restricts the extent of charging in other areas. Statutory charges are identified separately in the fees and charges schedule.

**Discretionary charges** - The Policy for discretionary fees and charges is either full recovery of costs or maximisation of income. The Council uses discretionary charges where it believes that users should bear the cost of the service and to keep the Council Tax at an acceptable level.

This policy covers all services that can apply charges to external customers including residents, businesses and partner agencies. It excludes:

- Council tax;
- Housing rents and service charges; and
- Fees and charges where the amount is fixed by statute or are otherwise outside the Council's control.

### **3. Principles for Setting Charges**

The Council has three key principles for setting charges:

1. The Council must comply with all legal requirements for setting charges and income generation. Where appropriate, this will override other factors to ensure the Council is not exposed to the risk of legal challenge.
2. The charging arrangements for any service must meet the full cost of providing the service and include sound arrangements for income collection. The full cost of provision includes a share of central costs and a forecast for the effects of inflation.
3. The appropriateness of charges set may be dependent on the wider aims and context of the service and as a result other aspects, such as the impact on service users, must be considered rather than just financial gain when setting fees and charges.

The Council will apply the following key principles in setting fees and charges each financial year.

- Charging decisions will be taken in the context of the Council's Priorities as set out in its Corporate Plan;
- Access, affordability and elasticity of demand will be considered;
- Charges will be consistent with the Council's policies e.g. consideration will be given to any disproportionate impact on vulnerable groups and those least able to pay;
- Where services are provided on a trading basis, charges will be set at the maximum level the market can bare without eroding demand such that the overall financial position of the service offering is weakened;
- Charges will be benchmarked with comparable local authorities and where they are identified as being significantly lower than in other comparable authorities, increases will be fast tracked in order to bring them in line;
- Charges will not be set at a level above other comparable authorities simply to meet efficiency targets or in response to comparatively higher costs for providing services in Thanet;
- Uptake targets that would confer a more favourable financial position may be taken into account;
- Any exemptions and concessions on standard charges will be clearly justified. They will only be provided for services where benefits to the recipient groups are clearly evidenced and are consistent with the Corporate Plan. The Council will consider the adoption of a concessions policy as part of the review of fees and charges to help address inequalities within the district. Any approved policy will be included on the Council's website; and
- Enforcement charges will be set at a level proportionate to the nature of the offence and comparable charges in comparable authorities.

Application of these guiding principles aims to ensure that the Council's fees and charges are set within a framework of value for money management; whereby financial, performance, access and equity are considered fully and appropriately and decisions taken represent a transparent and balanced approach.

#### **4. Reviewing & Increasing Charges**

- Inflationary cost increases will be included in the cost of service provision (see section 3 above).
- Charges will be reviewed at least annually as part of the budget setting process.
- In order to make informed decisions, Directors and/or Service Managers will ensure that appropriate information on service users, service usage costs and benchmarking is kept and reviewed on an annual basis.
- Proposals to introduce or to amend charges will take into account the potential impact on different types of customer groups and service usage, and associated communication plan.
- Where there is no fee for a service that can be charged for or current charges represent less than the full cost of providing the service, the reasons should be reconsidered and justified under this policy as part of the annual review.
- Service users and other relevant stakeholders must be informed in advance of all proposals to introduce or to amend charges above inflation or where required by statute. Appropriate vehicles for informing service users should

include service advisory groups, service user groups, customer surveys and focus groups.

- Consultation with service users and other relevant stakeholders on above inflationary price increases will be undertaken when required by law and considered in all other cases and prior to any decisions being made.
- Care will be exercised in facilitating and interpreting consultation in view of the potential reluctance to support any increases in fees or charges. Emphasis will be placed on demonstrating that fee and charge levels set represent good value for money, considering the quality of the services provided and charge levels applied in other comparable authorities.
- Equality impact assessments will be carried out where appropriate.
- The Directors and/or Service Managers will maintain clear records of any charging review with clear evidence justifying decisions and/or recommendations made.

## **5. New Charges and Trading**

The Local Government Act 2003 gives the Council power to charge for discretionary services, with some limited exceptions. This may include charges for new and innovative services utilising the power to promote environmental, social and economic well-being under section 2 of the Local Government Act 2000. The income from charges, taking one financial year with another, must not exceed the costs of provision. The Council promotes and welcomes the use of these powers.

Services should consider whether they may utilise this power to provide a service that may benefit residents, businesses and other service users, meet the Council priorities and generate income.

The Council has powers to trade with other prescribed public bodies under the Local Government (Goods & Services) Act 1970 for goods and services and general powers to trade under Local Government Act 2003. Trading allows the Council to make a profit but there are some significant restrictions. Where a Director/Service Manager considers a service may be in a position to trade, they will first seek legal and financial advice.

Proposals for new fees and charges or to amend existing ones must be considered within the service and financial planning process or, where necessary, submitted to CMT for approval as an in-year change.

## **6. Management and Decision Making Framework**

Questions on fees and charges will be included within the Budget Consultation exercise and the responses taken into consideration when setting the fee levels.

Decisions on setting charges and fees are subject to the Council's decision-making structures. Most charging decisions are the responsibility of the Cabinet, where they are key decisions. Some fees, particularly relating to regulatory matters, are set by full Council. Charging decisions that are politically sensitive – which may often be the case – will also be a Cabinet decision.

Advice will be taken from the Corporate Legal Team as to whether an individual decision is a key decision for Cabinet but under the Constitution, planned changes to charges where the total impact of the change would be in excess of over £50,000 are key decisions for Cabinet.

An annual schedule of fees and charges will be agreed by Cabinet as part of the budget setting process and the approved Fees and Charges pricing schedule made available on the website.

All other decisions are delegated to officers according to their Directorate's Scheme of Delegation. Directors are responsible for compliance with this policy within their area. Legal and financial advice should be sought where appropriate.

## **7. Income Collection & the Council's Credit Management Policy**

It is vital that the Council receives the charges that it makes for its services. The following principles will apply to all charges and Heads of Service must ensure that all contractual documentation and marketing information is available to support these:

- Wherever possible, customers should be required to pay charges in advance of the service being provided, on entry, or prior to making delivery, to minimise the risk of non-payment and to assist customers in managing their liabilities to the Council.
- Multiple payment methods will be made available to the customer, although e-payments and (where appropriate) setting up of direct debits through Thanet Gateway Plus or Contact Centre will be promoted as the preferred method. In accordance with the Council's Anti-Fraud and Corruption Policy Services offering a cash payment option will be underpinned by a robust reconciliation process.
- Where customers fail to pay for fees and charges they will be made liable for the additional costs of enforcement and Customers must be clearly aware of this additional liability.
- A lawful and reasonable refund policy will be adopted and Service

## 8. Charging Policy

Each fee or charge should be identified to one of the categories in the following table;

Charging Policy	Policy Objective
Full Commercial	The Council seeks to maximise revenue within an overall objective of generating as large a surplus (or a minimum loss) from this service
Full commercial with discounts	As above, but with discounted concessions being given to enable disadvantaged groups to access the service
Fair Charging	The Council seeks to maximise income but subject to a defined policy constraint. This could include a commitment made to potential customers on an appropriate fee structure. Alternatively, a full commercial rate may not be determinable or the Council may be a monopoly supplier of services.
Cost Recovery	The Council wishes to make the service generally available, but does not wish to allocate its own resources to the service.
Cost recovery with discounts	As above, but the Council is prepared to subsidise the service to ensure disadvantaged groups have access to the service
Subsidised	Council policy is to make the service widely accessible, but believe users of the service should make some contribution from their own resources. Could also be due to the adverse impact a cost recovery or commercial charging policy would have on other council services.
Nominal	The Council wishes the service to be fully available, but sets a charge to discourage frivolous usage.
Free	Council policy is to make the service fully available
Statutory	Charges are set in line with legal obligations.

## Annex 4

In applying the appropriate charging policy, the issues which may need to be considered in setting the level of fee and charge for any particular service are set out below;

Charging Policy	Points for Consideration
Full Commercial	<ul style="list-style-type: none"> <li>• Are the charges high enough for the business to be profitable? If not, consider whether we should be providing this service.</li> <li>• Are competitors charging similar prices?</li> <li>• Do we offer any premium in terms of service levels that customers would be prepared to pay more for?</li> <li>• How would changes in pricing structure affect demand for the service and potentially its profitability?</li> <li>• How does the proposed fee structure fit in with the long-term business plan for this service?</li> </ul>
Fair Charging	<ul style="list-style-type: none"> <li>• How do our charges compare to other providers of similar services?</li> <li>• Has the loss of income from not charging on a full commercial basis been evaluated?</li> <li>• Is the policy constraint justifying this charging policy still valid?</li> </ul>
Cost Recovery	<ul style="list-style-type: none"> <li>• Do charges recover the full costs, including overheads, capital charges, recharges and cost of collection?</li> <li>• Is it possible to charge on a full commercial basis and if so has the loss of income from not charging on a full commercial basis been evaluated?</li> <li>• Are members aware of the effect on demand for this service from this charging policy?</li> <li>• What would be the effect of changing to a different policy e.g. subsidised?</li> </ul>
Subsidised	<ul style="list-style-type: none"> <li>• Has the cost of the subsidy been evaluated?</li> <li>• What has been the impact on demand and on service levels from adopting this approach?</li> </ul>
Nominal	<ul style="list-style-type: none"> <li>• Does this approach fit in with the requirements of other funding streams i.e. grants?</li> </ul>
Free	<ul style="list-style-type: none"> <li>• Is this approach legally required?</li> <li>• Is there a problem of frivolous use of the service?</li> </ul>
Statutory	<ul style="list-style-type: none"> <li>• Are charges in line with statutory requirements?</li> <li>• Are they set at the maximum permitted levels?</li> </ul>