

Introduction

This policy has been produced following a corporate review of fees and charges across the Council. The policy is supported by the Best Practice Guidance and is referenced within Financial Procedure Rules. The policy and Best Practice Guidance set out the approach to be taken to fees and charges where the Council has discretion over the amounts charged for services provided and for trading activities.

Aim of the Policy

The purpose of this policy is to provide a consistent approach in setting, monitoring and reviewing fees and charges across the authority. This will ensure that fees and charges support Council objectives and are set at a level that maximises income generation. The policy is incorporated within the following Charging Principles:

Charging Principles

1. Council Priorities

A Directory of Charges shall be maintained for all charges where the Council has discretion over the amounts charged for services provided and for trading activities. All decisions on charges for services and trading activities will be taken with reference to and in support of Council priorities and recorded as delegated decisions, as appropriate.

2. Charge Setting

In setting charges, any relevant government guidance will be followed. Stakeholder engagement and comparative data will be used where appropriate to ensure that charges do not adversely affect the take up of services or restrict access to services. Full consideration will be given to the costs of administration and the opportunities for improving efficiency and reducing bureaucracy.

3. Subsidy

In general, fees and charges will aim to recover the full cost of services except where this is prevented by legislation, market conditions or where alternative arrangements have been expressly approved by the relevant Director or Chief Officer in consultation with the Director of Resources. A business case should be created for all services that require a subsidy from the Council. Approval for the level of subsidy should be

obtained from the relevant Director or Chief Officer, in consultation with the Director of Resources.

4. Charging Levels

A number of factors should be considered when determining the charge and these are documented in the accompanying Best Practice Guidance.

5. Charging Exemptions

All trading activities and services provided by the Council will be charged for unless prevented by statute, detailed as exempt in the Best Practice Guidance or under exceptional circumstances agreed exempt by the relevant Director or Chief Officer, in consultation with the Director of Resources.

6. Concessions

Concessions to priority and target groups will be considered where this is appropriate, in accordance with any relevant government guidance and will take account of the user's ability to pay. All concessions should be fully justified in terms of achieving the Council's priorities. Wherever possible we will aim to provide concessions consistently across the Authority, in line with the Best Practice Guidance.

7. Review of Charges

All charges and the scope for charging will be reviewed at least annually within the service area. The review will include those services which could be charged for but which are currently provided free of charge. The annual review will be undertaken in accordance with the Best Practice Guidance.

8. Waivers

Waivers of individual charges shall only be given in exceptional circumstances and in accordance with the Best Practice Guidance.

This Best Practice Guidance applies to fees and charges where the Council has discretion over charges for services provided and trading activities. The Guidance is in line with the latest advice received from the Audit Commission. The Audit Commission published the national report 'Positively charged: Maximising the benefits of local public service charges' in January 2008 and has provided tools and other resources to assist and support Councils with fees and charges.

The Best Practice Guidance is supported by the Fees and Charges Flowchart attached at Appendix 1, the Report to Waive Fees attached at Appendix 2 and the Supplementary Guidance on Concessions and Flowchart attached at Appendix 3.

1. PURPOSE OF THE GUIDANCE

- 1.1 The purpose of the Best Practice Guidance is to specify the processes and frequencies for reviewing existing charging levels and to provide guidance on the factors that need to be taken into consideration when charges are reviewed on an annual basis.
- 1.2 The Best Practice Guidance and Council Fees and Charges Policy provide a consistent approach in setting, monitoring and reviewing fees and charges across the authority. This will ensure that fees and charges support corporate objectives and improve the efficiency of the process across the authority.
- 1.3 Individual service areas should develop localised arrangements and a service specific policy which are consistent with the Council Fees and Charges Policy and Best Practice Guidance.
- 1.4 Putting customers first is at the heart of our values. The Best Practice Guidance has been devised to ensure that our services meet the needs of our customers and communities at an acceptable cost to local people.

2. BACKGROUND INFORMATION

- 2.1 The Local Government Act 2003 (LGA 2003) includes a general power for local authorities in England and Wales to charge for discretionary services. Charges made under this power are limited to cost recovery. The general power to charge for discretionary services has the following key features:

- Authorities are under a duty to ensure that, year on year, the income from charges cannot exceed the costs of provision;
- Authorities must already have the power to provide the service;
- The recipient of the service must have agreed to its provision and to pay for it;
- It does not apply to services which an authority is mandated, or has a duty, to provide.

2.2 The Local Authorities (Goods and Services) Act 1970 governs the way in which local authorities are allowed to 'trade' with other public bodies. It authorises local authorities to enter into agreements with public bodies for the provision of goods, materials and administrative, professional and technical services, for the use of vehicles, plant and apparatus, and for the carrying out of maintenance.

2.3 LGA 2003 authorises councils to trade commercially through a company and to enter into commercial contracts. Using this provision, local authorities can trade with any person, including non-local authorities and non-public bodies for profit. Councils assessed as '1 star', '2 stars', '3 stars', '4 stars', 'fair', 'good' and 'excellent' in the CPA are empowered to do for a commercial purpose anything that they are authorised to do to carry out their ordinary functions, provided they prepare a business case which includes a risk analysis exercise. The primary purpose of any company (or participation in any company) is to promote or improve well-being.

2.4 Councils have powers to charge for a wide range of services. Many of these powers derive from legislation that applies to specific service areas, for example:

- Sections 1 and 3 of the Civic Restaurant Act 1947 provide the power to establish and run restaurants and supply meals and refreshments to the public and to charge for these to recover costs;
- Section 145 of the Local Government Act 1972 enables authorities to provide and charge for a range of arts and entertainment activities;
- Section 19 of the Local Government (Miscellaneous Provisions) Act 1976 gives the power to provide a range of sport and recreational facilities and to charge or not to charge as they think fit; and
- Sections 6 of the Prevention of Damage by Pests Act 1949 allows authorities to take action as necessary to remove rats and mice from

their area – in fulfilment of their duty under section 2 of the Act – and to recover their reasonable expenses in doing so.

3. LEVEL OF SUBSIDY

- 3.1 Where charges are made for services, users pay directly for some or all of the services they use. Where no charges are made or where charges do not recover the full cost of providing a service, council tax payers subsidise users.
- 3.2 Fees and charges will be set at a level that maximises income generation and recovers costs, whilst encouraging potential users to take up the service offered and ensuring value for money is secured on behalf of the taxpayer.
- 3.3 A Business Case should be created for all services that require a subsidy from the Council when charges are reviewed. The Business Case should outline how the subsidy will be applied to the service area and incorporate the following:
- Demonstrate that the subsidy is being targeted at top priorities;
 - Provide justification for which users should benefit from the subsidy;
 - all users - through the Standard Charge being set at a level lower than cost recovery;
 - target groups – through the application of the Concessions Guidance (Appendix 3).
- 3.4 Approval for the subsidy should be obtained from the relevant Director or Chief Officer, in consultation with the Director of Resources.

4. ASSESSMENT OF CHARGING LEVELS – THE STANDARD CHARGE

- 4.1 The cost of providing the service should be calculated. When estimating the net cost of providing a service, the previous years actual results (in terms of income, activity levels and expenditure) must be taken into account. Where assumptions are made based on variables such as increased usage, this should be evidenced by an action plan detailing how this will be achieved. In addition, this should be supported by a Performance Management Framework to ensure that early indications of non-achievement against targets are identified to enable corrective action to be taken.
- 4.2 Charges should be set so that in total they cover the actual cost of providing the service including support service charges. Any subsidy arising from standard charges being set at a level below full cost should be fully justified in terms of achieving the Council's priorities in the Business Case detailed in Section 3 of this Guidance. Where it is not appropriate or cost effective to calculate the cost of service provision at an

individual level, charges may be set so that overall costs are recovered for the range of services which are delivered within a service area.

4.3 In order to ensure cost effectiveness and efficiency when setting and amending charging levels, the following are to be considered:

- Justification in the setting of charges to withstand any criticisms and legal challenges;
- Obstacles to maximising full cost recovery when providing the service;
- Access to and impact on users;
- Future investment required to improve or maintain the service;
- Relevant government guidance;
- Corporate objectives, values, priorities and strategies.

4.4 The following should be considered during the process, which may result in charges being set at a lower level than cost recovery:

- Any relevant Council strategies or policies;
- The need for all charges to be reasonable;
- The level of choice open to customers as to whether they use the Councils services;
- The desirability of increasing usage or rationing of a given service (i.e reducing charges during off-peak times).

4.5 The tools and other resources published on the Audit Commission's website may assist during the assessment of charging levels.

5. CONCESSIONS

5.1 Concessions may be used to provide a discount from the Standard Charge for specific groups for certain services. The Subsidy detailed in Section 3 of this Guidance may be used to provide the concessions where this has been explicitly approved.

5.2 Guidance on the application of concessions is attached at Appendix 3. The Concessions Guidance has been developed to ensure that the fees and charges levied for discretionary services are fair and equitable and support social inclusion priorities. Concessions should be set in accordance with the principles detailed in the Supplementary Guidance on Concessions which seeks greater consistency towards

concessions granted to disadvantaged target groups for individual services. The Concessions Guidance supports the use of standard criteria for assessing the entitlement for concessions.

- 5.3 Concessionary Charges may also be made available to organisations whose purpose is to assist the Council in meeting specific objectives, or which contribute to the aims of key local partnerships in which the council has a leading role.
- 5.4 The Local Government Act 2003 and its accompanying guidance states that charges may be set differentially, so that different people are charged different amounts. However, it is not intended that this leads to some users cross-subsidising others. The costs of offering a service at a reduced charge should be borne by the authority rather than other recipients of the service. This should be borne in mind when setting concessions or promoting use of a service by specific target groups.

6. CHARGING EXEMPTIONS

6.1 Exemptions relate to service areas where no charges are levied to any of the service users. There will be a number of important circumstances where charges should not be made. The following are Charging Exemptions:

- Where the administrative costs associated with making a charge would outweigh potential income.
- Where charging would be counter productive (i.e result in reduced usage of the service).
- Where services directly benefit all residents of Leeds and no individual clients or customers can be separately identified.

6.2 Section 3 of this Guidance in relation to Subsidy applies to all services that are exempt from charging.

7. PROCESSES AND FREQUENCIES

7.1 Reviews will be carried out at least annually for all services in time to inform the budget setting process, will take account of inflationary pressures and will be undertaken in line with budget advice provided by Corporate Finance. The reviews will be undertaken by all Service Areas that provide services where charges could be applied. The annual review of charges will consider the following factors:

- Inflationary pressures;
- Council-wide and service budget targets;

- Costs of administration;
- Scope for new charging areas.

7.2 In addition to the annual review detailed at 7.1, a formal review will be undertaken annually for all trading and material income areas and on a 3 yearly basis for all other service areas. These formal reviews of charges will consider the following factors, where appropriate:

- The actual or potential impact of any competition in terms of price or quality;
- Trends in user demand and the forecast effect of price changes;
- Customer survey results and user consultation;
- Alternative charging structures that could be more effective;
- Costs of service provision.

7.3 In the event that the formal review recommends a price increase in excess of inflation, consideration should be given to implementing a staged increase to the new charge.

7.4 The formal reviews will be approved by the relevant Director or Chief Officer after appropriate stakeholder input. The level of subsidy and the justification for setting the charge below the cost of service provision, where appropriate, should be made explicit during the approval process.

7.5 Customers should be given a reasonable period of notice before the introduction of new or increased charges. Where possible, the objectives of charging should be communicated to the public and users and taxpayers should be informed of how the charge levied relates to the cost of the service.

8. COLLECTION OF CHARGES AND OUTSTANDING DEBTS

8.1 The most economic, efficient and effective method of income and debt collection should be used and should comply with the requirements of Financial Procedure Rules.

8.2 All applicable income should be correctly coded to the fees and charges income vote code.

8.3 Wherever it is reasonable to do so, charges will be collected either in advance or at the point of service delivery.

- 8.4 Where charges are to be collected after service delivery has commenced, invoices will be issued promptly on the corporate system.
- 8.5 Where a debtor fails to pay for goods or services the relevant Director or Chief Officer should consider withholding the provision of further goods or services until the original debt is settled in full, where legislation permits.
- 8.6 Charges and concessions will be clearly identified and publicised so that users are aware of the cost of a service in advance of using it.

9. APPROVALS

- 9.1 All decisions on charges for services and trading activities will be approved by the relevant Director or Chief Officer, in consultation with the Director of Resources and recorded as delegated decisions, as appropriate.

10. MONITORING AND IMPROVEMENT

- 10.1 Monitoring will be used to understand how charges affect the behaviour of users (especially target groups) and drive improvement. Price sensitivities of individuals and groups should be understood so that charges can be set appropriately to deliver the levels or changes in service use necessary to achieve objectives.
- 10.2 As part of the monitoring and improvement process, a Directory of Charges shall be maintained and challenging targets for charging and service use shall be established.
- 10.3 A Directory of Charges shall be maintained by the Director of Resources for all charges where the Council has discretion over the amounts charged for services provided and for trading activities.
- 10.4 Specific financial, service quality and other performance targets should be set, monitored and reported to the appropriate level to ensure that high levels of efficiency and service quality are achieved. Examples include:
- Cost of service provision against targets and benchmarking authorities;
 - Usage by target groups i.e number of visits / requests;
 - Usage during peak time / off –peak time;
 - Income targets;
 - Percentage of costs recovered;
 - Costs of methods of billing and payment;
 - Excess capacity.

- 10.5 Service managers should, wherever possible, benchmark with the public, private and voluntary sectors not only on the level of charges made for services but the costs of service delivery, levels of cost recovery, priorities, impact achieved and local market variations.
- 10.6 The impact of the charges should be monitored and fed into the annual review process.

11. FINANCIAL PROCEDURES

- 11.1 The Fees and Charges Best Practice Guidance should be read in conjunction with Financial Procedure Rules.

12. REVIEW AND AMENDMENT OF FEES AND CHARGES BEST PRACTICE GUIDANCE

- 12.1 This Best Practice Guidance shall be reviewed and updated on an annual basis by the Director of Resources. The levels and processes detailed for Waivers in Section 13 of this Guidance must be updated in conjunction with Financial Procedure Rules.

13. WAIVERS

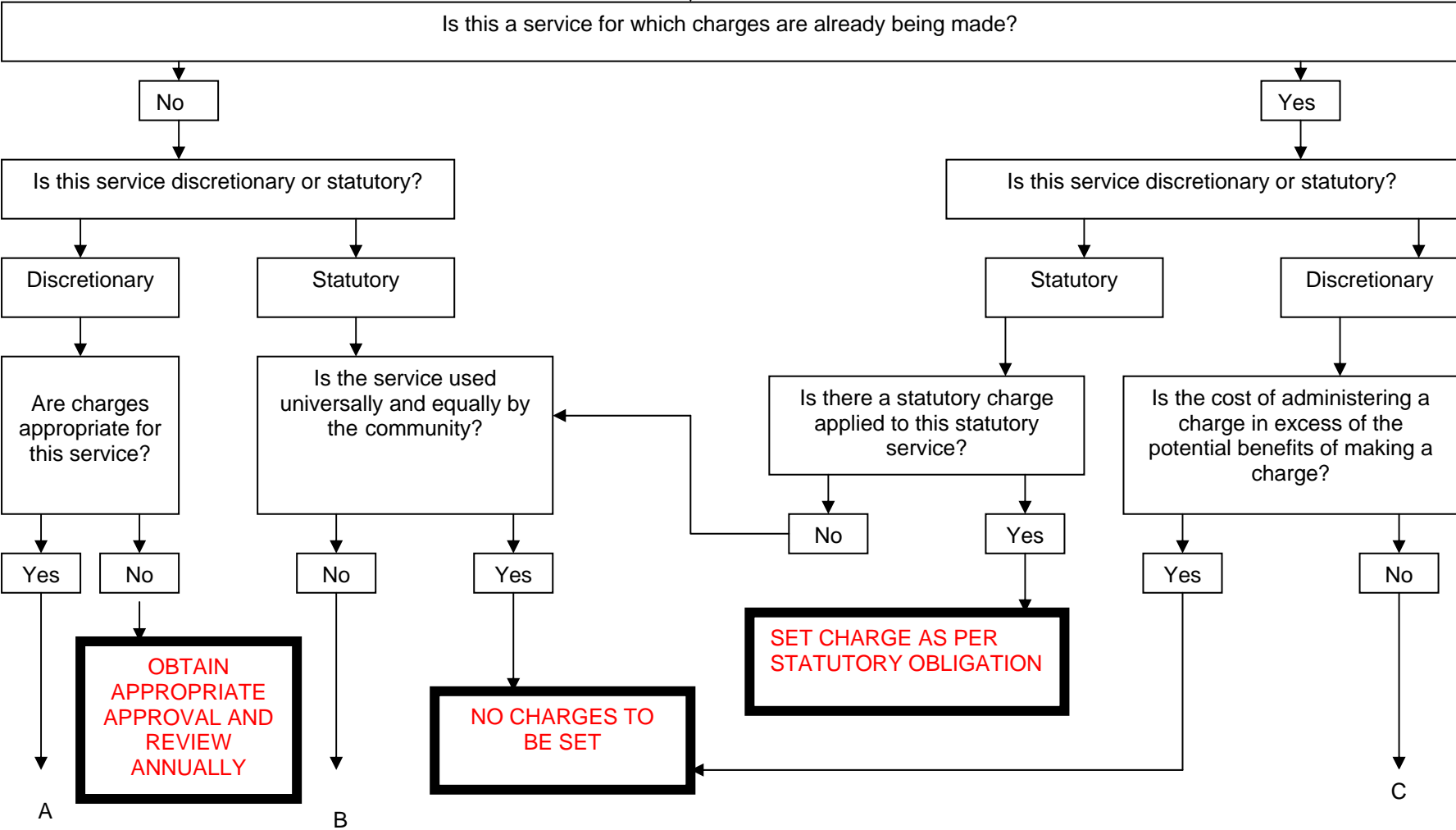
- 13.1 Waivers of individual charges shall only be given in exceptional circumstances and shall be appropriately documented and justified, taking into account the administrative burden involved relative to the value of the waiver.
- 13.2 Where the waiver of charges adversely impacts on the budget position of an Area Committee Function the appropriate Area Committee shall be consulted prior to the charge being waived.
- 13.3 Service Managers will authorise de minimus write-offs of less than £5.00.
- 13.4 Any individual or cumulative waiver up to the value of £5k for a single service user shall be authorised by the relevant Director, who shall maintain a record of all waivers and the justification for approving the waiver.
- 13.5 Any individual or cumulative waiver over the value of £5k for a single service user must be approved in advance by the relevant Director or Chief Officer, in consultation with the Director of Resources. A report will be prepared which sets out the reasons why individual or cumulative charges will be waived. The Director or Chief Officer must be able to justify the waiver by documenting how the decision to waive charges supports corporate objectives, values, priorities and strategies. A pro-forma for this report is attached at Appendix 2.

13.6 All waivers shall be reported to the Director of Resources on an annual basis. The report will be in summary format of number of waivers and value in type and value bands in a manner determined by the Director of Resources.

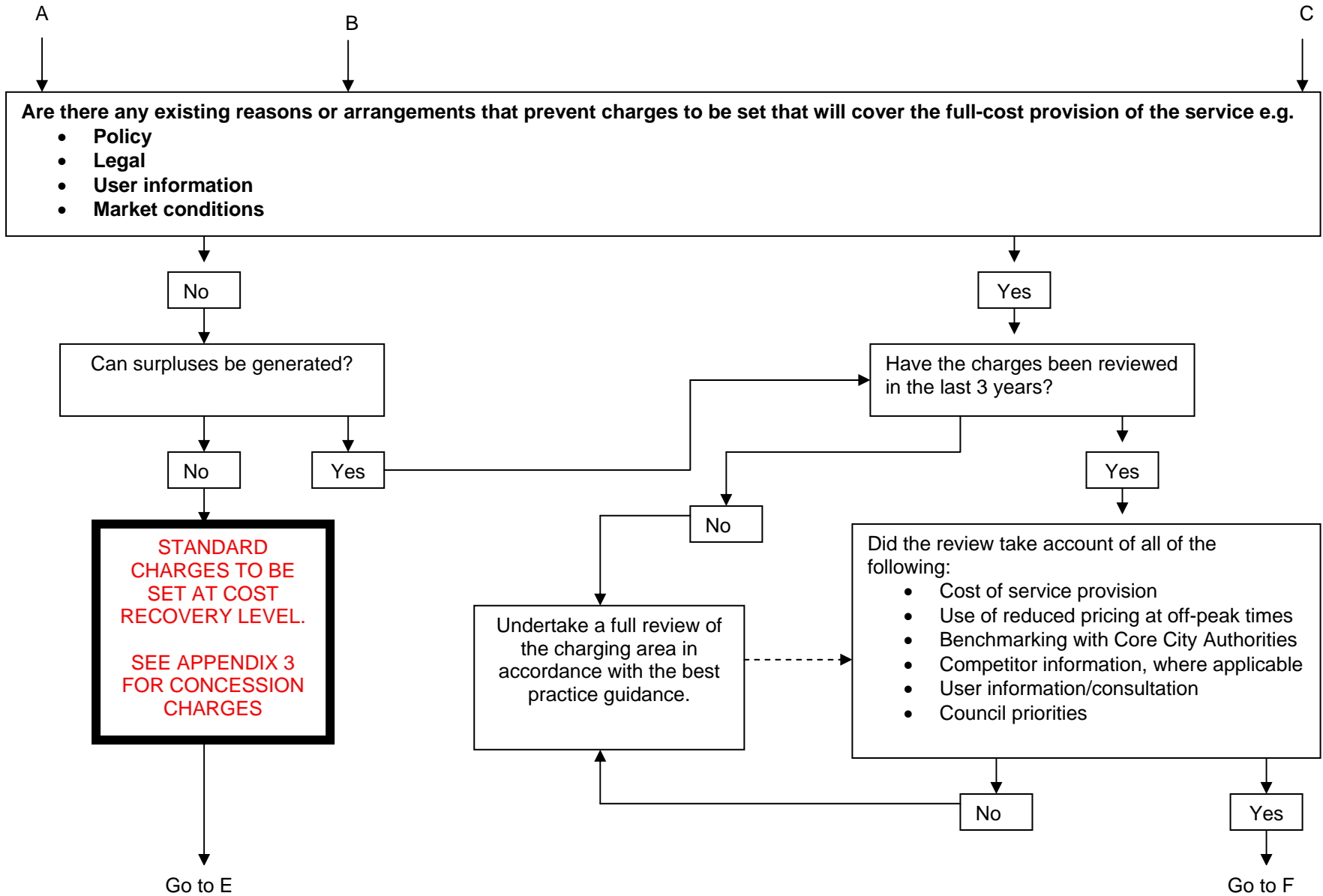
FEEES AND CHARGES BEST PRACTICE GUIDANCE APPENDIX 1

SETTING OF STANDARD FEES AND CHARGES

Step 1
Initial Consideration



**Step 2
Setting
the
charge**





Originator:

Tel:

**FEES AND CHARGES BEST PRACTICE GUIDANCE APPENDIX 2
REPORT TO WAIVE FEE / CHARGE**

Report of :

Meeting:

Date of meeting:

SUBJECT:

This Report is for;

Discussion Only

Information Only

Advice/consideration
prior to taking a Key
or Major decision or
reporting to a Committee

Decision to be taken by:

Full Council

Corporate Governance and Audit
Committee

Executive Board

Standards Committee

An Area Committee

Member Management Committee

A Regulatory Committee

A Director using delegated authority

EXECUTIVE SUMMARY

1.

1.0 PURPOSE OF THIS REPORT

1.1 *(Give a brief explanation as to what the report is for)*

2.0 BACKGROUND

2.1 *(Sufficient emphasis in the report should be placed on giving the Director the necessary background information on the scheme).*

3.0 REASON FOR WAIVER OF FEE / CHARGE

3.1 *(The report must give the reasons why a request to waive an individual or cumulative fee or charge is being made. Sufficient information must be included to enable the Director to make a decision. If required, the Council's Fees and Charges Policy and associated Best Practice Guidance can be accessed from the Council's Intranet site.*

Details of the individual or organisation should be included together with the level of the fee or charge.

The report must demonstrate that exceptional circumstances exist and that the waiver can be justified and supports corporate objectives, values, priorities and strategies).

4.0 CONSEQUENCES IF THE PROPOSED ACTION IS NOT APPROVED

4.1 *(A statement must be included which informs the Director of the consequences of the proposed action not being approved and/or the alternatives should any exist).*

5.0 RECOMMENDATION

5.1 *(A statement must be included which informs the Director of the recommended course of action).*

Supplementary Guidance on Concessions

Introduction

This guidance has been produced following a corporate review of fees and charges across the Council and is in line with the latest advice received from the Audit Commission. The guidance is supported by an accompanying flowchart and sets out the approach to be taken to concessions provided to target groups where the Council has discretion over the amounts charged for services provided.

Variations to the Standard Charge should be approved in accordance with the Fees and Charges Policy and Best Practice Guidance and may be applied to maximise activity levels during off-peak hours. Concessionary charges are based on other circumstances that apply to the individual or group concerned.

Aim of the Guidance

The purpose of this guidance is to provide a consistent approach in setting, monitoring and reviewing Concessions across the authority. This will ensure that greater consistency towards concessions granted to disadvantaged target groups for individual services is achieved and that the fees and charges levied for discretionary services are fair and equitable and support social inclusion priorities. The following Principles apply:

Principles

1. Council Priorities

A Directory of Charges shall be maintained for all charges and concessions where the Council has discretion over the amounts charged for services provided and for trading activities. Accurate user statistics will then enable levels of subsidy being positively provided on social inclusion grounds to be identified separately from other subsidies within net expenditure totals. All decisions on concessions for services and trading activities will be taken with reference to and in support of Council priorities and recorded as delegated decisions, as appropriate.

2. Target Groups

All relevant government guidance should be considered by each service area when concessionary groups and charging levels are set. Concessions should only be granted to the residents of Leeds. A business case should be approved which details the rationale for directing subsidy towards a target group. All concessions should be fully justified in terms of achieving the Council's priorities.

Concessionary Charges may also be made available to organisations whose purpose is to assist the Council in meeting specific objectives in its priorities and policy framework, or which contribute to the aims of key local partnerships in which the council has a leading role.

3. Level of Concessions

The level of concession should be set with regard to the service being provided and its use and appeal to the groups for whom concessions are offered.

4. Approval

The Director or Chief Officer, in consultation with the Director of Resources, will approve the level of concession and the groups for whom the concessions apply once all budgetary and other relevant information for the service has been considered. The level of concession and the target groups in receipt of the concession should be made explicit during the approval process and be fully justified in terms of achieving the Council's priorities.

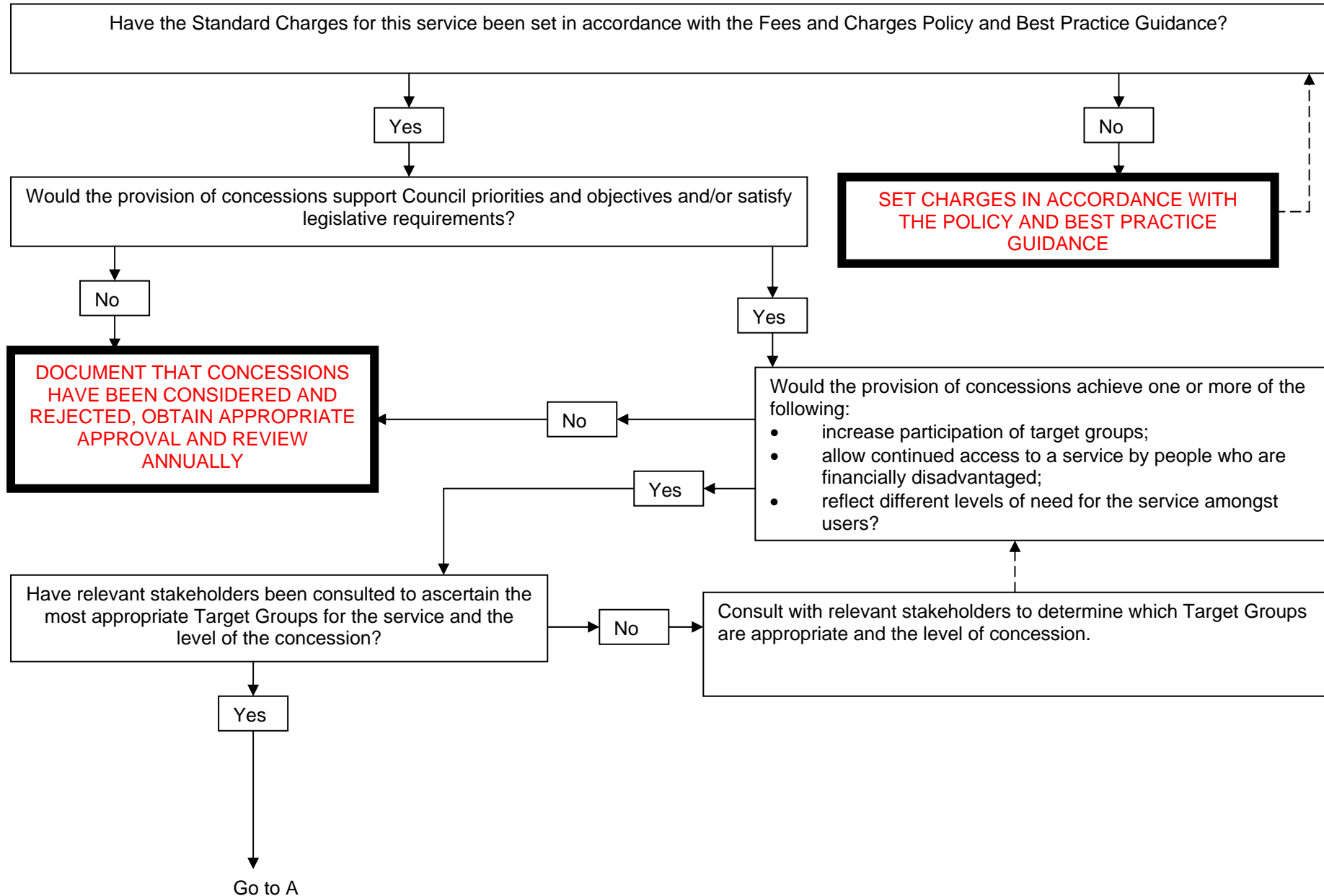
5. Monitoring

The take-up of concessions should be monitored to identify how well concession schemes are promoting access to facilities.

6. Review of Concessions Guidance

This guidance shall be reviewed and updated on an annual basis.

FEES AND CHARGES BEST PRACTICE GUIDANCE APPENDIX 3
SUPPLEMENTARY GUIDANCE ON CONCESSIONS FLOWCHART



FEES AND CHARGES BEST PRACTICE GUIDANCE APPENDIX 3

SUPPLEMENTARY GUIDANCE ON CONCESSIONS FLOWCHART

