

SCRUTINY BOARD (STRATEGY AND RESOURCES)

INCOME GENERATION

TERMS OF REFERENCE

1.0 Introduction

1.1 As part of its Budget and Policy Framework role, Scrutiny Board (Strategy and Resources) is required to consider the Executives initial budget proposals for 2016/17. These will be received in December. Prior to receipt of the Executive's proposals, members of the Strategy and Resources Scrutiny Board wanted to undertake pre-decision scrutiny in relation to effective charging strategies. The Board is of the view that an effective charging strategy helps deliver the Council's Best Council Plan by;

Targeting subsidy at top priorities – by recovering more of the cost of lower priority services, resources become available for higher priorities

Targeting subsidy at those groups in greatest need – well designed charges can help ensure that those least able to pay can still access services

Improving services – Additional income can be used for investment in improving facilities

Delivering corporate priorities – charges can help to deliver corporate priorities, for example, parking charges can support environmental and transport strategies, leisure charging can support strategies to improve health and well being

Generating income – additional income can be generated by varying fees and charges. The council can also review the extent to which discretionary services should continue to be provided free of charge

Managing demand for services – Well designed charges can improve access to services for key target groups

Changing behaviours – charges can be used to influence behaviour in order to meet council objectives e.g low gym prices might encourage exercise.

1.2 The Boards is also of the view that developing clear principles for charging helps overcome the barriers and controversies that tend to dominate charging debates. Leeds has a Fees and Charges Policy however it has not been reviewed for at least five years and is in need of refreshing. A number of authorities have developed such policies and set out some key principles that should be followed across the council to ensure a consistent approach. The key elements include:

- Why the council charges for services e.g. to generate income/change behaviours/target certain groups
- The different forms of charging (see table below)
- The role of Members in setting charges

Understanding the views of local people

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 some extent 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

- Considerations in setting the level of fees and charges
- Clear advice in relation to concessions i.e. offering discounts to certain groups

2.0 Scope of the inquiry

2.1 The purpose of the Inquiry is to make an assessment of and, where appropriate, make recommendations on the following areas:

- Current principles for charging
- Current levels of charging and/or subsidy for discretionary services
- Opportunities for increased levels or new sources of income
- Review of the Fees and Charges Policy

3.0 Desired Outcomes and Measures of Success

3.1 It is important to consider how the Scrutiny Board will deem if its inquiry has been successful in making a difference to local people. Some measures of success may be obvious and others may become apparent as the inquiry progresses and discussions take place. Success measures might include:

- Overall income increases
- Growth in use of services by target groups
- Positive behaviour changes e.g. more people exercising

3.2 Ensuring the Council's finances are targeted at the appropriate service will make a significant contribution in achieving the Best Council Plan objectives.

4.0 Comments of the relevant Director and Executive Member

4.1 In line with Scrutiny Board Procedure Rule 12.1 where a Scrutiny Board undertakes an Inquiry the Scrutiny Board shall consult with any relevant Director and Executive Member on the terms of reference.

5.0 Timetable for the inquiry

5.1 The Inquiry will take place over a number of sessions.

5.2 The length of the Inquiry is subject to change. However it is anticipated that any recommendations made will feed into the comments provided to Executive Board, by Scrutiny, in February 2016, in relation to the Executive's budget proposals.

6.0 Submission of evidence

6.1 Session one – September 2015

To focus on:

- Understanding the financial strategy and the council's priorities.
- Using 'service categorisation' methodology to understand/challenge current service delivery
- Understanding of current Fees and Charges Policy

6.2 Session two – October 2015

To focus on:

- Current principles for charging
- Current levels of charging and/or subsidy for discretionary services

6.3 Session three – November 2015

To focus on:

- Opportunities for increased levels or new sources of income
- Consideration of new Fees and Charges Policy

6.4 **Session four – December 2014**

- To receive the Executive's initial budget proposals
- To consider the findings and potential recommendations arising from this inquiry.

6.5 **Session five – January 2016**

- To agree final report and feedback on the Executive's budget proposals

7.0 **Witnesses**

7.1 The following have been identified as possible contributors to the inquiry, however others may be identified during the course of the inquiry:

- Councillor Judith Blake, Leader of Leeds and Executive Member for Economy and Culture
- Councillor James Lewis, Deputy Leader and Executive Member for Resources and Strategy
- Deputy Chief Executive
- Officers as appropriate

8.0 **Equality and Diversity / Cohesion and Integration**

8.1 The Equality Improvement Priorities 2011 to 2015 have been developed to ensure our legal duties are met under the Equality Act 2010. The priorities will help the council to achieve its ambition to be the best City in the UK and ensure that as a city work takes place to reduce disadvantage, discrimination and inequalities of opportunity.

8.2 Equality and diversity will be a consideration throughout the Scrutiny Inquiry and due regard will be given to equality through the use of evidence, written and verbal, outcomes from consultation and engagement activities.

8.3 The Scrutiny Board may engage and involve interested groups and individuals (both internal and external to the council) to inform recommendations.

8.4 Where an impact has been identified this will be reflected in the final inquiry report, post inquiry. Where a Scrutiny Board recommendation is agreed the individual, organisation or group responsible for implementation or delivery should give due regard to equality and diversity, conducting impact assessments where it is deemed appropriate.

9.0 Post inquiry report monitoring arrangements

9.1 Following the completion of the Scrutiny inquiry and the publication of the final inquiry report and recommendations, the implementation of the agreed recommendations will be monitored.

9.2 The final inquiry report will include information on the detailed arrangements for how the implementation of recommendations will be monitored.