

Report of Head of Revenue Savings Programme and Head of Scrutiny and Member Development

Report to Scrutiny Board (Strategy and Resources)

Date: 28th September 2015

Subject: Fees and Charges

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Background

- At the Board's July meeting, Members agreed to undertake an Inquiry into income generation. The agreed terms of reference provided the rationale behind the Inquiry. These focused on the belief that a critical examination of fees and charges may be an effective way to help ease budget pressures and focus spend and subsidy on the highest priorities and therefore help 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, 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. varying charges for sport participation to support our public health priorities.

2. It was agreed by the Board that the purpose of the Inquiry was to make an assessment of and, where appropriate, make recommendations on the following areas:
 - Current principles for charging and a review of the Fees and Charges Policy
 - Current levels of charging and/or subsidy for discretionary services
 - Options for increased levels or new sources of income

3. It was further agreed by Members that the focus of their work would be around income and fees rather than trading services. As a general principle a traded charge is one that is made to an organisation whereas a fee/charge is one made against an individual. There may be exceptions to this rule but they should be small in number.

Main Issues

4. By way of context, the table below shows the level of income from sales, fees and charges by directorate. These figures include assessed contributions to adult social care services.

Income by Directorate

Source of Income	Sales, fees and other income 15/16 (£)
Adult Social Care	28,165,200
Children's Services	20,428,760
Citizens and Communities	4,738,840
City Development	27,057,770
Civic Enterprise Leeds	2,888,620
Environment & Housing	23,374,540
Public Health	1,680
Strategy and Resources	851,040
Strategic and Central Accounts	666,000
General Fund Sub Total	108,172,450

5. Attached at Appendix 1 is a comparative analysis of the Core Cities fees and charges using 2013/14 'Value for Money' profile data *It is Important to note that comparing*

levels of fees and charges income is notoriously difficult because of the varying treatment of income in council accounts and the wide variety of charges made. Note also that these figures relate to 2013/14 and are per head of population rather than by any particular client groups. Consequently some caution needs to be applied when making comparisons. Furthermore councils need to set their charges in the context of their wider service objectives and therefore may deliberately set lower charges in some areas to achieve specific local objectives.

6. However where significant differences are identified they probably warrant closer examination to see if opportunities for improvement exist. For example could the lower parking income be explained by our limited use of residents and visitor parking charges or not making charges for parking at district centres? Could lower waste management income be explained by our provision of free bulky collections and not providing a trade refuse service? Examination of these issues might help identify additional income opportunities.
7. Some key facts include:
 - Leeds is ranked 5th in terms of all income from fees and charges per head of population (php). (£207 php compared with highest £262 php and average £210 php). This is an improvement on our previous position of 8th in 2012/13.
 - Fees and charges income relating to early years and schools is significantly lower than average. £28 php compared with average of £36 php.
 - Leeds is ranked 7th for income from SEN, learner support (including home to school transport), access (including music and outdoor education) and LEA functions.
 - Leeds ranks 6th out of 8 for Adult Social Care income from fees and charges (£36php) but does not vary significantly from the average (£37 php).
 - Leeds is ranked 1st for fees and charges income from children's social care (£17 php).
 - Parking services income is significantly lower than average. £16 php compared with £29 php.
 - Housing services income ranks 5th at £2 php compared with average £5 php.
 - Leeds has the highest fees and charges income from all cultural services out of all the core cities (£28 php). The only area below average is libraries.
 - Leeds ranks 8th for environmental and regulatory services fees and charges income and varies very significantly from the core city average - £13 php compared with an average of £21 php.
8. As well as charging levels it is important to have a clear understanding of costs and subsidy. Where full costs are not recovered we effectively subsidise the service or arguably local tax payers subsidise it. We only have limited money to

provide subsidies and we should ensure that this is targeted at the highest priority areas.

9. Our analysis suggests that the level to which we subsidise individual services as well as cumulative subsidy is poorly understood and not very transparent. There is limited evidence of explicit decisions being made about the level of subsidy that is appropriate or to which services a subsidy should be applied.
10. Another potential reason for our lower comparative income from fees and charges is that we choose not to make charges for services that some other local authorities charge for i.e. we provide a 100% subsidy. Examples of such services are: bulky collections; replacement wheelie bins; garden refuse collection; residents parking permits; pre-application planning advice; and parking at district centres and visitor attractions.
11. Overall, the Councils' income per head of population is £3 lower than the average, which equates to £2.25m per annum.

Fees and charges policy

12. The Board was 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 (Appendix 2) 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
 - The role of Members in setting charges
13. Suggested areas for improvement include: providing better advice on provision of clear financial information; securing greater involvement of members in settings fees and charges; adoption of a clearer policy on concessions; and defining a more strategic approach to setting fees and charges.

Recommendations

14. Members are asked to consider the information provided taking particular note of;
 - (i) The comparative analysis of core cities fees and charges
 - (ii) The current Fees and Charging Policy

Members are also requested to agree what further information is required to enable the Board to undertake its agreed Inquiry.

Background documents¹

None used

¹ The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.