

Report of Head of Revenue Savings Programme

Report to Scrutiny Board (Strategy and Resources)

Date: 23 November 2015

Subject: Fees and Charges Policy and Best Practice Guidance

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

Summary of main issues

1. Scrutiny Board identified that the Fees and Charges Policy and Best Practice Guidance was no longer fit for purpose at its meeting in Oct. They noted the policy had not been reviewed for at least four years and they requested a revised version be presented to their November meeting.
2. As requested by Scrutiny the revised documents contain new draft guidance including that to do with: agreeing subsidy levels; calculating the full costs of providing services; avoiding subsidising of non-Leeds residents; publishing a list of all Leeds City Council fees and charges on our website; and agreeing concessions or differential charges.

Recommendations

3. Members are asked to consider the revised Fees and Charges Policy and Best Practice Guidance and provide feedback and suggest improvements.

1 Purpose of this report

- 1.1 The purpose of this report is to provide Scrutiny with a revised and updated Fees and Charges Policy and Best Practice Guidance with a view to recommending it to the Executive at the December Scrutiny meeting.

2 Background information

- 2.1 The Fees and Charges Policy and Best Practice Guidance were last updated over four years ago and are in need of revision. In addition the severe financial constraints being placed on the council mean that fees and charges are becoming an increasingly important source of income for the council. Charges also remain an important tool in helping to achieve council priorities through offering low cost or free services to priority groups or by using pricing to influence behaviour. It is important that our policy and guidance in this area reflects these changes and allows the council to gain maximum benefit from how it sets fees and charges.

3 Main issues

- 3.1 The attached documents have been revised in a number of important ways:

- **Removal of all outdated references** to CPA scores/Audit Commission and old legislation.
- The requirement to produce and **publish a directory of all fees and charges made by the Council has been strengthened**. The main reasons for this are in the interests of transparency and openness although there may also be small efficiency savings in terms of having to deal with reduced numbers phone calls enquiring about fees and charges. As it currently stands we do not publish all fees and charges and those that we do are published in a multitude of different places, making it very difficult for customers to find pricing information. It is proposed that a full list of fees and charges is published prominently on our website and that it is updated as and when prices change.
- Where no charges are made or **where charges do not recover full costs, the council tax payer/business rates payer subsidises users**. The guidance regarding subsidy has been strengthened to ensure that decisions about subsidy are made in a more transparent way with reference to all key facts. The new policy requires a **business case** to be approved for all services where there is a subsidy and additionally that all these **subsidised services are identified in the budget**. There is also a requirement to ensure, where possible that **non-Leeds residents do not receive subsidies**.
- The revised policy and guidance also now provides clear advice on how to calculate the true costs of providing services. Up to now various different ways of calculating full costs (particularly overheads costs) have been used. These revisions are aimed at getting **greater consistency and a more realistic assessment of the true costs of providing services**. The

guidance stipulates that **CIPFA's Service Reporting Code of Practice for Local Authorities (SeRCOP)** should be followed when calculating full costs and determining what level of overheads to apportion to charged for services. Overhead charges are a particularly difficult area and these new guidelines seek to simplify the situation by annually setting a fixed percentage to be applied to direct costs to cover overheads. This percentage will be calculated using SeRCOP guidance. Different fixed percentages might be applied to reflect differences in the way services are provided. These changes should ensure greater transparency over price setting and the level of subsidy for each service.

- **Concessions may be used to provide a discount from the standard charge for specific groups** for certain services. This is particularly useful when trying to achieve certain policy objectives. The guidance has been revised to **allow concessions to be provided to target groups or on a geographical basis** i.e. to allow differential charging across the city, where it would assist the council in achieving a specific policy outcome. Where possible **concessions should not be granted to non-Leeds residents**.
- The section on **waivers has been removed** because we have other policies in place that cover this eventuality (debt recovery policies).

4 Corporate Considerations

4.1 Consultation and Engagement

4.1.2 None.

4.2 Equality and Diversity / Cohesion and Integration

4.2.1 The application of a good fees and charges policy can help disadvantaged groups access services that they might otherwise be unable to use. The revised policy encourages services to look at how any subsidy might be targeted at priority groups in order to help achieve specific council objectives.

4.3 Council policies and Best Council Plan

4.3.1 See comment above.

4.4 Resources and value for money

4.4.1 Fees and charges are an important source of income for the council. The revised policy and guidance provides a stronger framework within which the council can responsibly assess appropriate charges for council services. It sets a default position of full cost recovery for all charged for services but recognises the important role of both subsidy and concessions in helping achieve council priorities and promoting our compassionate city ambitions.

4.5 Legal Implications, Access to Information and Call In

4.5.1 None

4.6 Risk Management

4.6.1 None

5 Conclusions

5.1 Fees and charges budgeted income for 2015/16 is £80m which represents 6.5% of total General Fund income to the council. In addition to this substantial financial contribution, fees and charges are also used to help achieve policy objectives. Most commonly this is done by influencing behaviour through pricing policy or through encouraging specific groups to use certain services. The impact of fees and charges is therefore significant and our policy in this area can have important consequences for local people. This report offers the potential of strengthening our policy and practice in this area and in particular provides opportunity to improve our income generation activity whilst at the same time furthering our compassionate city ambitions.

6 Recommendations

6.1 Members are asked to consider the revised Fees and Charges Policy and Best Practice Guidance and provide feedback and suggest improvements.

7 Background documents¹

7.1 None.

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.