

Committee: SCRUTINY 2
Date: 12th OCTOBER 2005
Title: FEES AND CHARGES
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Agenda Item

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Item for decision

Summary

- 1 This report considers the need for a more strategic and structured approach is needed in the way the Council reviews it fees and charges.

Recommendations

- 2 That this Committee set up a Task Group on Fees and Charges as detailed in this report.

Background Papers

- 3 Audit Commission Paper, 'The Price Is Right'. Contact Philip O'Dell on 01799 510670 or podell@uttlesford.gov.uk.

Impact

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Communication/ Consultation	There are a variety of communication and consultation approaches to the Council's various fees and charges and the proposed review will look at whether these are effective.
Community Safety	There are no specific community safety implications contained in this report.
Equalities	There are no specific equalities implications contained in this report, although the proposed review will examine any such effects.
Finance	Fees and charges are a key element of the Council's budget and the review will examine any financial implications of proposed changes.
Human Rights	There are no specific human rights implications contained in this report.
Legal implications	The legal basis of any fees and charges will be considered as part of the proposed review.
Ward-specific impacts	The Council's fees and charges have a wide- ranging effect on all Wards. No specific issues can be highlighted at this stage.
Workforce/Workplace	There are no specific workplace or workforce issues contained in this report.

Situation

5 The Scrutiny Committee agreed at its meeting on 13 April 2005 (minute SC2.49 refers) to carry out a scrutiny investigation into fees and charges with Cllr Flack as lead member.

6 The Council's Financial Regulations place a duty on Executive Managers to establish a charging policy for the supply of goods and services from within their services and to review it regularly, in line with corporate policies. In practice fees and charges for services tend to be reviewed as part of the annual budget setting process. Expected income is included in the Council's Budget Book and is monitored during the year as part of budgetary control.

7 Fees and charges levels are not listed separately in the Budget Book or any other corporate document.

78 The Council's total income from fees and charges is approximately £3.5m per annum, with the main sources being (2005/06 budgets) car parking (£751,000) building surveying (£431,000), refuse collection and recycling (£967,000), leisure activities (£146,000), planning applications (£624,000) and licensing (£196,000). Some fees and charges are prescribed by statute and others are subject to market forces.

89 An Audit Commission Publication, 'The Price is Right' stated that in local authorities as a whole:

- 63% of prices were simply increased in line with inflation each year
- Councillors had little information to help them with charging decisions, with less than one third being told the impact of past price changes
- Only 16% of councils conducted regular market research into charges
- There were wide variations in charges for the same services around the country
- Fundamental questions of principle remained unresolved regarding charges
- Links to policy priorities were often missed
- Charges were often managed in isolation from service plans
- Specific objectives for charges were rarely set

910 mittedly this publication was produced back in 1999, but it would seem that some of these weaknesses exist in the way this Council looks at fees and charges.

11 It is proposed that the scrutiny investigation adopt the following terms of reference (set out in detail at Annex B):

- To establish and review the current charging policies of the Council
- To develop guidelines and timescales for future reviews of fees and charges, including linkages to Council policies and priorities, and the need for effective communication and consultation

- To consider the current levels of fees and charges and whether they are appropriate
- To consider comparative charges from other councils and incorporate ongoing comparisons into the guidelines developed
- To consider the scope for new fees and charges for services

1112 is proposed that this Scrutiny Task Group should meet 4-6 times in the next two months with a view to preparing a report for adoption by the Committee with recommendations for appropriate committees in January 2006 as an aid to the making of final decisions on the Council's budget. In practice, the work undertaken by officers to service this task group will provide information and analysis which can help with the formulation of proposals to go to January committees.

1213 is suggested that the Task Group consists of 3 Members of Scrutiny 2 and appropriate officers. The Council's Chief Accountant will be the lead officer.

Risk Analysis

1314 following have been assessed as the potential risks associated with this issue.

Risk	Likelihood	Impact	Mitigating actions
Failure to gather relevant information to inform the review	Low	High	Development of structured process, involvement of appropriate officers, and challenge by Members
Difficulty of implementation of any radical review outcomes	Medium	Medium	Clear and logical basis of analysis, including use of consultation responses

The six powers of charges

Targeting subsidy at top priorities	By taking steps to recover more of the costs of low priority services through charges, councils can target subsidy at top priority services. Similarly, charges can be used to focus subsidy at priority users.
Improving services	The income that charges can generate can be used to improve services through investment in better facilities, or by extending opening hours. By using charges to help control, limit or manage physical access, problems – such as vandalism or the abuse of free facilities – can be reduced.
Delivering corporate priorities	Charges can help to delivery corporate priorities that need joined-up action. For example, by simplifying access to concessions and increasing take up of services and benefits, charging can help to tackle social exclusion as part of an anti-poverty strategy; or leisure charges can be used to support strategies to improve health and well-being.
Generating income	More costs can be recovered by carefully designed charges that are able to tap the different value placed on a service by different users. Surplus income can be generated by identifying where services are under priced compared to what users would be prepared to pay, and by questioning whether services that are currently free should continue to be so.
Managing demand for services	Well designed charges can be used to encourage the take up of services by priority users. Similarly, excessive demand for services can be controlled – by ensuring that lower priority users have to pay a significant premium rate.
Communicating a message	An image of quality and ‘something to value’ can be created by introducing a charge, having significant impact on how people use the service and the benefit they get from it.

Title of Review	Review of Fees and Charges
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1 What are we looking at?

- To establish and review the current charging policies of the Council
- To develop guidelines and timescales for future reviews of fees and charges, including linkages to Council policies and priorities, and the need for effective communication and consultation
- To consider the current levels of fees and charges and whether they are appropriate
- To consider comparative charges from other councils and incorporate ongoing comparisons into the guidelines developed
- To consider the scope for new fees and charges for services

2 What are we not looking at?

Not applicable

3 Why are we looking at this?

These areas represent best practice in the field of fees and charges and have not been examined in a systematic way for many years.

4 What do we hope to achieve?

Improvement in all aspects of the Council's approach to fees and charges

5 What information do we need?

- Information on all current fees and charges
- Comparative figures from other councils
- New charging possibilities

6 How will the evidence be gathered?

Officers from each service will be asked to undertake research and submit relevant papers

7 Potential witnesses and consultations

As appropriate for each service examined

8 Timescale

Work to be undertaken in October to December 2005 with report to Scrutiny and other committees in January/February 2006

Phil O'Dell
4 October 2005