

# **Income (Charging Policy)**

## **2020/21**

### **Medium Term Financial Strategy**



## **Summary**

This policy is set against four best practice points of charging in the public sector;

- Councils should undertake regular reviews of their approaches to charging, both within service areas and across the council;
- Managers should ensure that income from charges, and the level of subsidy this provides, are transparent and inform the decision-making process;
- Councillors and managers should better understand the non-financial contribution charging has to strategic and service objectives.
- Councils do not make an effective use of their charging powers, and authorities need to change their approach to charging if they are to achieve their financial and strategic objectives. At a time when pressure on services is increasing in the public sector and revenues decreasing, councils need to understand, address and improve the way they charge for services.

## **Key Principles for a Charging Policy**

In general a charge will be levied for all discretionary services on the principle “the user pays”. Charges should seek to optimise potential income. The decision of whether to charge for a specific service will be subject to an assessment of the impact of charging on the delivery of the Councils corporate priorities and priority outcomes.

- In undertaking an ‘impact assessment’ the following questions will be asked:
- Why are we providing the service?
- Which of the Council’s corporate priorities and priority outcomes are achieved by the service?
- What impact will charging have on the achievement of the Council’s corporate priorities and priority outcomes?
- Do other similar or neighbouring Councils charge for the service and what is the impact of any such change?
- Are alternate service providers operating in the market and if so what is their level of charging?
- What is the estimated net additional income that is likely to be generated by the charge (i.e. impact on our financial position)?
- There are different levels, or basis, for the charging of service. The actual level, or basis of the charge, will be influenced by the impact assessments.

The objectives for differing charging strategies are shown in the table below.

<b>Charging Strategy</b>	<b>Objective</b>
Commercial Charges	The Council aims to cover the cost of providing the service and make a surplus used to fund other priority services. Full cost recovery will be the starting point for calculating charges.
Full Cost Recovery	The council aims to recover the costs of providing this service from those who use it. The full cost of the service, including an element for capital financing costs, support services and corporate overheads, will be the starting point for calculating charges.
Subsidised	Users of the service to make a contribution to the costs of providing it. This might be to meet a service objective or allow competition with other providers.
Free	The Council chooses to make the service available at no charge to meet a service objective - cost of service met by all Council Tax payers.
Statutory	Charges are determined in line with legal requirements.

### **Service Responsibilities**

Service Managers should initially assess current chargeable services and allocate these to one of the categories above.

To maximise income from fees and charges in accordance with an Income policy, Service Managers are responsible for –

- Annually reviewing their services to identify any aspects that could be charged for and to introduce such charges unless Cabinet considers it would be inappropriate.
- Reviewing and varying fees and charges at least annually for services under their control, after consultation with the relevant Portfolio Holder and, in doing so, they shall –
  - ensure that relevant legislation is complied with,
  - have regard to the charges of any alternative service providers with whom the Council is competing, seek to maximise income, net of applicable costs, unless it will have a clearly detrimental impact on the achievement of the Council objectives.
  - introduce differential pricing to particular client groups where these are expected to stimulate demand and generate additional net income which would otherwise not be obtained.
  - set prices lower than could be reasonably achieved if this is the most cost effective way of achieving Council objectives and the necessary funding is available. Use of this option requires approval of Cabinet,
  - set fees and charges that allow an element of discretion if it can be demonstrated that this will lead to an overall benefit to the Council. It is

important that any use of discretion is recorded so that it can be clearly shown that decisions have been made fairly and consistently.

### **Concessions**

Concessions will be available to residents on identified income related benefits and discounts. These benefits and discounts include;

- Housing Benefit, in the form of Rent Allowance or Local Housing Allowance for people living in rented accommodation.
- Local Council Tax Reduction Scheme discount
- Income Support
- Job Seekers Allowance (income based)
- Working Tax credit
- Child Tax Credit
- Guaranteed Pension Credit (not Savings Pension Credit)
- Employment and Support Allowance (income based)
- Universal Credit

This list will change as changes are made to the names of the benefits or benefits themselves.

No concession is applied on the grounds of age (except Under 18 teams hiring football pitches) or disability unless the resident is in receipt of benefits.

### **Proof of Benefits and Discounts**

Residents will need to confirm the type of the benefit or discount they are claiming and to give permission for a check to be made with the Councils' Revenues & Benefits section that this is the case.

### **Amount of Concessions**

The amount of concession will be to apply a 50% reduction for all fees and charges, with the exception of green waste collection, which will attract a £5 discount if residents pay by Direct Debit.

### **Variations**

For use of the Council's sports pitches the existing arrangements that provide for subsidised fees for junior (under 18) sports teams to use pitches is to continue so as to encourage usage and participation.

The Council's externally managed Leisure Centres operate specific concessions for particular activities.