

# Informal Joint Performance and Audit Scrutiny Committee



Forest Heath  
District Council

<b>Title of Report:</b>	<b>West Suffolk Fees and Charges Policy</b>	
<b>Report No:</b>	<b>PAS/FH/14/005</b>	
<b>Decisions plan reference:</b>	<b>Oct14/02</b>	
<b>Report to and dates:</b>	<b>Performance and Audit Scrutiny Committee</b>	26 November 2014
	<b>Cabinet</b>	9 December 2014
<b>Portfolio holder:</b>	Stephen Edwards Portfolio Holder for Resources, Governance and Performance <b>Tel:</b> 01638 660518 <b>Email:</b> Stephen.edwards@forest-heath.gov.uk	
<b>Lead officer:</b>	Rachael Mann Head of Resources and Performance <b>Tel:</b> 01638 719245 <b>Email:</b> rachael.mann@westsuffolk.gov.uk	
<b>Purpose of report:</b>	The Draft West Suffolk Fees and Charges Policy, attached at <b>Appendix B</b> creates a single, clear and consistent approach to formulating, agreeing and reviewing the fees and charges set by the West Suffolk councils.	
<b>Recommendation:</b>	<b>Performance and Audit Scrutiny Committee:</b>  <b>Members are requested to <u>recommend</u> the attached draft West Suffolk Fees and Charges Policy to Cabinet for approval.</b>	

<b>Key Decision:</b> <i>(Check the appropriate box and delete all those that <b>do not</b> apply.)</i>		<i>Is this a Key Decision and, if so, under which definition?</i> Yes, it is a Key Decision - <input checked="" type="checkbox"/> (Cabinet on 9/12/2014) No, it is not a Key Decision - <input type="checkbox"/>  (iv) Decisions which raise new issues of policy;	
<i>Following the Cabinet decision on 9 December 2014, the key decision made as a result of this report will be published within <b>48 hours</b> and cannot be actioned until <b>seven working days</b> have elapsed. This item is included on the Decisions Plan.</i>			
<b>Consultation:</b>		<ul style="list-style-type: none"> <li>The proposed policy has been discussed by the Leadership Team and has been developed in consultation with the Resources and Performance team, Policy team, Internal Audit and both Portfolio Holders for Resources.</li> </ul>	
<b>Alternative option(s):</b>		<ul style="list-style-type: none"> <li>The option of doing nothing and continuing with the two councils' existing policies on fees and charges was considered. However, this would have led to ongoing complexity in a shared service environment and would have hampered the development of a more commercial environment.</li> </ul>	
<b>Implications:</b>			
<i>Are there any <b>financial</b> implications? If yes, please give details</i>		Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> • Yes see paragraph 2 of the report	
<i>Are there any <b>staffing</b> implications? If yes, please give details</i>		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> •	
<i>Are there any <b>ICT</b> implications? If yes, please give details</i>		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> •	
<i>Are there any <b>legal and/or policy</b> implications? If yes, please give details</i>		Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> • Guidance has been sought on the legal implications of this policy.	
<i>Are there any <b>equality</b> implications? If yes, please give details</i>		Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> • The policy and guidance highlight the importance of assessing the impact on particular groups of the fees and charges under consideration. This is the responsibility of the officers involved in setting each charge.	
<b>Risk/opportunity assessment:</b>		<i>(potential hazards or opportunities affecting corporate, service or project objectives)</i>	
<b>Risk area</b>	<b>Inherent level of risk</b> (before controls)	<b>Controls</b>	<b>Residual risk</b> (after controls)
	Low/Medium/ High*		Low/Medium/ High*

<p>Inconsistent application of the policy could result in fees and charges being set too high (and therefore collection rates are low or services not being competitive) or too low (resulting in a loss of income to the councils)</p>	<p>Low</p>	<p>Supporting guidance and support from business advisers helps to ensure fees and charges set at an appropriate level. The budget setting process also allows review.</p>	<p>Low</p>
<p><b>Ward(s) affected:</b></p>	<p>All</p>		
<p><b>Background papers:</b> <i>(all background papers are to be published on the website and a link included)</i></p>	<p>None</p>		
<p><b>Documents attached:</b></p>	<p>Appendix A – Outcomes from the Fees and Charges Review</p> <p>Appendix B – West Suffolk Fees and Charges Policy</p>		

## **1. Key issues and reasons for recommendation(s)**

### **1.1 Key Issues**

1.1.1 In summer 2014, a review of the West Suffolk councils' fees and charges was carried out by the councils' Senior Auditors from the Resources and Performance team. The review examined the ways in which fees and charges were currently set by West Suffolk, when charging for the provision of a service. Interviews were carried out with staff from across West Suffolk.

1.1.2 The fees and charges that can be set by West Suffolk for the provision of services to residents or other businesses vary depending on the legislative basis behind them. Statutory fees and charges are set by government with the councils having no control or very little (within a range) over pricing, whilst discretionary services are defined as those that a council is authorised but not required to provide. The review work only covered those fees and charges where the councils had control over their setting and also excluded Council Tax and Business Rates.

1.1.3 The main findings from the review were as follows:

- benchmarking showed that in large part, West Suffolk's fees and charges were comparable with other authorities in Suffolk;
- the process for setting fees and charges varied between services and between the two councils. Different considerations were taken into account, with little consistency of approach to issues such as cost recovery compared to encouraging changes in behaviour;
- many of the processes for setting fees and charges had not been revisited for some time and did not reflect the Medium Term Financial Strategy theme of encouraging a more commercial approach to the setting of fees and charges.

1.1.4 Further background on the outcomes of the review is attached at **Appendix A**.

1.1.5 West Suffolk's fees and charges are agreed annually through the budget setting processes for both councils. The recommendations made in this annual process come from officers, working with portfolio holders and within the councils' governance framework, who undertake work to set fees and charges at an appropriate level. In order to improve this process, a West Suffolk Fees and Charges Policy has been drafted, with these key features.

- It equips officers with a clear, consistent and concise **policy** which they must follow when formulating, agreeing and reviewing existing and / or recommending new fees and charges across West Suffolk, outside of where legislation provides for this.
- It provides **guidance** (service toolkit) in determining the level of fees and charges to set, including the factors that need to be considered when charges are reviewed (such as methods and costs of collection, impact on service users) and the need to

record the decision-making process in order to demonstrate that decisions have been subject to a transparent and balanced process.

1.1.6 In particular, the new documents:

- require services to carry out more active use of benchmarking / market intelligence when setting fees and charges to ensure that those across West Suffolk are comparable with others and where there are differences these are understood and justified;
- present services with parameters (such as different pricing modules) in which to calculate different levels of fees and charges, so that they are considered and set at a level which will increase the proportion of income contributed by users of services where appropriate, rather than the costs being met from the general tax payer and via central government grants. There are also clear links to the councils' encouragement of more commercial behaviours with West Suffolk acting as a contractor where services are transferable and can be provided to others generating income opportunities for the councils;
- permit Heads of Service to approve proposed fees and charges, unless an assessment has determined that the fee or charge has significant public interest; in these instances, the proposed charges will be put forward to the Portfolio Holder;
- it ensures that services review their fees and charges on an annual basis; with opportunities to optimise income considered within the overall West Suffolk budget setting process; and
- it encourages channel shift with service delivery moving towards the lowest costs channels (including online) in order to achieve greater efficiency and to reduce costs.

## **2. Additional supporting information**

### **2.1 Financial Implications**

2.1.1 The implementation of the West Suffolk Fees and Charges policy should result a better financial position for services in terms of more fully understanding the costs of the services being provided and either: a) fully recovering the costs incurred; b) intentionally subsidising the provision of a service in order to encourage / discourage particular behaviours or to protect vulnerable people; c) generating a surplus from a discretionary service in a competitive market environment, in order to generate an income or d) for wider benefits for the local community.