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<b>Date</b>	18 <sup>th</sup> December 2012

<b>Ward (s) affected</b>	N/A	<b>Key Decision</b>	Yes
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<b>Subject</b>	Fees and Charges Principles
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**RECOMMENDATIONS**

The Executive is asked to approve the revised principles for the setting of fees and charges.

**EXECUTIVE SUMMARY**

A review of fees and charges was carried out in October and November 2012 in recognition of the importance of income in producing a balanced budget for 2013/14.

The purpose of the review was to ensure a set of fees and charges would be in place for 2013/14 which maximised income and was consistent with corporate policies.

A set of principles to guide the setting of fees and charges was developed as part of the review.

These principles were considered by the Standing Budget Panel at its meeting on 6<sup>th</sup> December 2012 and comments are detailed at paragraph 2.

**CORPORATE PRIORITIES**

Any changes to fees and charges have the potential to affect a number of the Council's corporate priorities and Council services.

**The Executive has the authority to determine the Recommendations**

**1.0 BACKGROUND**

1.3 The project methodology comprised the following steps:

- Comparison of fees and charges in Mole Valley with all other Surrey districts and boroughs
- Researching best practice elsewhere through recent guidance and publications (produced by LGA and Audit Commission) and published website information from leading Councils

- Development of a set of principles for setting fees and charges using previous principles developed by Mole Valley, the best available from other Council websites and the knowledge and experience of the budget managers
- Circulation of the above information to budget managers
- A series of meetings with budget managers to discuss their proposals for the year ahead in the light of the benchmarks and principles

1.2 The product of the review has been:

- A new set of principles for setting fees and charges which is set out below
- Proposals for new and increased fees and charges, developed in line with and in response to the principles, to feed into the build-up of the 2013/14 budget

1.3 The proposed charging principles are presented for approval at this meeting of the Executive. The fees and charges arising from these principles will be considered as part of the Administrations budget proposals in January.

## **2.0 OBSERVATIONS OF THE STANDING BUDGET PANEL**

2.1 The Panel noted the principles of Fees and Charges as set out on pages 25-26 of the agenda. In order to establish these principles, the Financial Services Manager explained that a benchmarking exercise had been undertaken with other District and Borough Councils and Income Business Managers within the Council had been consulted on what could be done to maximise yield to the Council.

2.2 Managers had been provided with this benchmarking information, as well as examples of best practice. Fees and charges applied elsewhere had also been taken into consideration. The fees and charges proposals for 2013/14 would be provided to the Panel in the budget report for the January meeting.

2.3 During the consideration of this item, Members of the Panel commented that it was important for them to ensure that the Council's tactical approach to fees and charges tied in with an overall strategic approach, citing the issue of car parking as an example.

2.4 With reference to Principle 2, namely, "discretionary charges should be charged on the basis of full cost recovery. If not, any subsidy from the tax payer should be the result of a decision to financially support the cost of providing the service", the Chairman queried if this would in effect result in a cut to services. The Corporate Head of Service explained that in this case, should full cost recovery fail to occur, then a conscious decision would be made to financially support the cost of providing the service. The Panel were reassured by this response.

2.5 With reference to Principle 12, whereby charges should be determined in the context of those levied by other similar providers, Members of the Panel emphasised the need to ensure that this form of "benchmarking" was undertaken against the same thing, whilst also recognising that a continuum of charges between providers existed.

2.6 With reference to Principle 15, whereby there should be a rational scale in the charge for different levels of the same service, Members of the Panel asked if this would be on a pro rata basis.

- 2.7 The Financial Services Manager, using car parking charges as an example, explained a different charge could be set for each hour of parking, depending on the parking behaviours the Car Parking Strategy is attempting to encourage. The Panel recognised that the application of a rational scale such as this would help maximise yield, whilst avoiding a possible detrimental impact on the overall demand for the service.

### **3.0 OPTIONS**

There are three options that the Executive is asked to consider:

Option 1 – Approve the revised principles for the setting of fees and charges.

Option 2 – Amend the revised principles.

Option 3 – Ask the Standing Budget Panel and Officers to undertake further work on the principles.

### **4.0 CORPORATE IMPLICATIONS**

4.1 **Legal Implications** - There are no legal implications contained within this report.

4.2 **Financial and Risk Implications** - Financial implications will flow from the adoption of new fees and charges in line with the principles and will be reflected in the Medium Term Financial Plan and Budget Report to be presented to the Executive in the new year.

4.3 **Equalities Implications** - There are no equalities implications as a direct consequence of this report.

4.4 **Employment Issues** - There are no employment implications in this report.

4.5 **Sustainability Issues** - There are no sustainability implications in this report.

4.6 **Consultation** - There are no consultation issues in this report.

## APPENDIX 1

### Fees and Charges Principles

#### Principle

<b>Contribution to the Corporate Plan and Finances</b>	<ol style="list-style-type: none"><li>1. Charges should maximise income unless there is a clear decision not to do so.</li><li>2. Discretionary services should be charged on the basis of full cost recovery. If not, any subsidy from the tax payer should be the result of a decision to financially support the cost of providing the service.</li><li>3. Fees and charges policies will reflect key commitments, corporate priorities and fit with the Council's Medium Term Financial Strategy.</li><li>4. The Council will take a firm stance on fee dodgers</li><li>5. Payment in advance and non cash payments will be encouraged to ease collection and minimise collection costs.</li><li>6. Fee and charge levels should not be providing subsidies to commercial operators from council tax payers.</li><li>7. Where considerations are solely commercial, the budget manager should be free to set charges to maximise income.</li></ol>
<b>Concessions</b>	<ol style="list-style-type: none"><li>8. Concessions for services should be justifiable and consistent</li><li>9. Council controlled concessions should have regard to Council objectives</li><li>10. Council controlled concessions offered to commercial operators or other local authorities should be tightly controlled</li></ol>
<b>Consistency</b>	<ol style="list-style-type: none"><li>11. Where the impact of increases in charges is high, consideration should be given to phasing over time.</li><li>12. Charges should be determined in the context of those levied by other similar providers.</li><li>13. Charges should be reviewed and revised, at a minimum, annually</li><li>14. There should be consistency between charges for similar services</li><li>15. There should be a rational scale in the charge for different levels of the same service</li></ol>