



**Corporate**

**Fees and Charges Policy**

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## Document Location

This document is held by Tamworth Borough Council, and the document owner is Stefan Garner, Director of Finance.

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## Revision History

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## Approvals

Name	Title	Approved
CMT	Group Approval	
Cabinet		

## Document Review Plans

This document is subject to a scheduled annual review. Updates shall be made in accordance with business requirements and changes and will be with agreement with the document owner.

## Distribution

The document will be available on the Intranet and access by authorised users.

## Security Classification

This document is classified as UNCLASSIFIED.

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## **1 INTRODUCTION**

The purpose of this document is to provide a clear statement of the Council's corporate approach to fee and charge setting. It will ensure that we adopt a consistent and fair approach to fees and charges across the council and that they are used to deliver the Council's overall objectives.

We will keep this policy under review and amend as necessary each year as part of the Council's budget making processes.

### **2. General Principles**

The Council's fees and charges will be set in accordance with the following general principles:

#### **2.1 Free Services**

The Council will continue to provide many services which are free at the point of use. These will continue to be funded from other sources including from Council Tax receipts.

#### **2.2 Statutory Requirements**

In some cases the Council is required by law to make a charge and the level of charge is determined not by the Council but by others – typically by central government. An example of this is planning application fees.

#### **2.3 Full Cost Recovery**

Where it is considered necessary to make a charge, and the charge is not prescribed by others, the normal presumption will be that the charge is set at a level which fully recovers the Council's own costs in providing that service.

#### **2.4 Subsidised Services**

The Council will sometimes choose not to seek full cost recovery if the resultant charges would discourage behaviour which the Council is keen to promote or would encourage undesirable behaviour. The Council will not set charges for bulky waste collection which have the effect of encouraging fly tipping and additional costs to the Council in clean-up operations.

#### **2.5 Subsidised Services – Concessions**

When a charge is considered appropriate, the Council will not seek full cost recovery if the resultant charges would be beyond the means of people who are likely to be reliant on the service and lack sufficient means to pay.

Concessionary rates will be applied. We will work to ensure that eligibility criteria and discounts are consistently applied across service areas.

### 2.6 Deterrent Charges

In a very limited number of cases the Council will set charges at levels which are intended not to raise income but to deter the repeated and irresponsible use of a free or subsidised service.

### 2.7 Surplus Generation - Commercial

In a limited number of cases and if entitled to in law the Council will seek to generate income from fees and charges which exceeds the cost of providing the services. The purpose of doing this will be to generate a surplus which will then be used for a specific purpose.

## 3. General Policy

### 3.1 Council Policies and Priorities

Specific decisions and charging policies should support delivery of the Council's Corporate Plan. Charging decisions will take account of the corporate priorities and have regard for the potential impact on other service areas.

### 3.2 Basis of charging decisions

The council will charge for all services where it is appropriate and cost-effective to do so, unless there are contrary policies, legal or contractual reasons.

When discretionary charges are set, the general aim shall be to cover the cost of the service or, where legally possible, the council may charge on a commercial basis. Charges will reflect the full cost of provision, unless covered by subsidies and concessions designed to meet priorities or there are contrary policies or legal reasons.

### 3.3 Charging Policy

Within the service and financial planning process, each fee or charge should be identified to one of the categories in the following table and appropriate charging policy adopted in establishing and reviewing rates. In all cases, proper consideration should be given to the wider equalities implications which may be involved affecting full accessibility of all groups to Council services.

Full commercial	The Council seeks to maximise revenue within an overall objective of generating as large a surplus (or a minimum loss) from this service.
Full commercial with discounts	As above, but with discounted concessions being given to enable disadvantaged groups to access the service.

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Fair charging	The Council seeks to maximise income but subject to a defined policy constraint. This could include a commitment made to potential customers on an appropriate fee structure. Alternatively, a full commercial rate may not be determinable or the council may be a monopoly supplier of services.
Cost recovery	The Council wishes to make the service generally available, but does not wish to allocate its own resources to the service.
Cost recovery with discounts	As above, but the council is prepared to subsidise the service to ensure disadvantaged groups have access to the service.
Subsidised	Council policy is to make the service widely accessible, but believe users of the service should make some contribution from their own resources. Could also be due to the adverse impact a cost recovery or commercial charging policy would have on other council services.
Nominal	The Council wishes the service to be fully available, but sets charges to discourage frivolous usage.
Free	Council policy is to make the service fully available.
Statutory Charges	Set in line with legal obligations.

In applying the appropriate charging policy, the issues which may need to be considered in setting the level of fee and charge for any service include the following:

Full Commercial	<ul style="list-style-type: none"> <li>• Are the charges high enough for the service to be profitable? If not, consider whether the service should be provided.</li> <li>• Are competitors charging similar prices?</li> <li>• Does the council offer any premium in terms of service levels that customers would be prepared to pay more for?</li> <li>• How would changes in pricing structures affect demand for the service and potentially its profitability?</li> <li>• How does the proposed fee structure fit in with the long-term business plan for the service?</li> </ul>
Fair Charging	<ul style="list-style-type: none"> <li>• How do the charges compare to other</li> </ul>

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	<p>providers of similar services?</p> <ul style="list-style-type: none"> <li>• Has the loss of income from not charging on a commercial basis been evaluated?</li> <li>• Is the policy constraint justifying this charging policy still valid?</li> </ul>
Cost Recovery	<ul style="list-style-type: none"> <li>• Do charges recover the full costs, including overheads, capital charges and recharges?</li> <li>• Is it possible to charge on a full commercial basis and if so has the loss of income from not charging on a full commercial basis been evaluated?</li> <li>• Are Members aware of the effect on demand for this service from this charging policy?</li> <li>• What would be the effect of changing the policy to a different one e.g. subsidised?</li> </ul>
Subsidised	<ul style="list-style-type: none"> <li>• Has the cost of the subsidy been evaluated?</li> <li>• What has been the impact on demand and on service levels from adopting this approach?</li> <li>• Does this approach fit in with the requirements of other funding streams?</li> <li>• Is this approach legally required?</li> <li>• Is there a problem of frivolous use of the service?</li> </ul>
Nominal	
Free	
Statutory	<ul style="list-style-type: none"> <li>• Are charges in line with statutory requirements?</li> <li>• Are they set at the maximum permitted levels?</li> </ul>

#### 4. Subsidies and Concessions:

It might be appropriate to consider subsidising some services, particularly if this helps to achieve corporate priorities.

The main reasons for charging less than full cost are set out below:

- There is a sound financial and policy justification for the council tax payers subsidising this service
- The desire to encourage particular sections of the community to use specific services
- Charging full cost discourages uptake, which may have a detrimental impact on the council's finances in the long run

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- Use of service is sensitive to a change in price – an increase in charges reduces demand and income.
- The Council incurs higher costs than other providers
- When considering using a subsidy, the following should be taken into account:
- That it supports a corporate priority or policy
- The cost of the subsidy can be estimated and accommodated within the Council's budget
- That the proposal is the most effective approach available to deliver the policy objective

### **5. Surplus Income**

Income derived from charging will be used to offset the costs of providing the service being charged for, including support service costs. . Proposals for re-investing any additional income raised from charging in the expansion and development of a particular service will need to be considered as part of the budget process and used for service improvement.

### **6. Efficient Administration**

Arrangements for charging and collecting fees should be efficient, practical and simple to understand by users. The reason behind any significant changes to charges should be communicated to residents and service users. The impact of charging decisions on service users and local residents will need to be taken into account.

### **7. New Fees and Charges**

Proposals for new fees and charges must be considered within the financial planning process, or, where necessary, as an in-year change authorised in accordance with the detail set out in the Constitution and the Scheme of Delegation.

Proposals for new fees and charges **must** be analysed using the guidance set out in appendix 1. This guidance is to be used as the authorisation process for the setting of fees and charges and **must** be authorised by an authorised officer in accordance with the Constitution and Scheme of Delegation.

The effects of any new charge on service usage and income generated will be monitored regularly over the first 12 months.

### **8. Reviewing Fees and Charges**

Directors **must** consider charging policies and current levels of charge each year as part of the service and financial planning process. The presumption is that the value of fees and charges will be maintained in real terms over time and reviewed annually, as a minimum, with necessary adjustments.



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If there are any significant changes in the course of a year, such as in cost, market forces or service levels, which materially affect current charges and revenues, then that charge should be reviewed and any change approved as part of the budget process or authorised in accordance with the detail set out in the Constitution and the Scheme of Delegation.

### **9. Collection of Fees and Charges**

Cabinet on 25 April 2007 approved a new Corporate Credit Policy. Directors must ensure appropriate local guidance is in place and employees must follow the Policy and the local guidance.

Wherever it is reasonable to do so, charges will be collected either in advance or at the point of service delivery. Where charges are to be collected after service delivery has commenced, invoices will be issued promptly and as necessary appropriate recovery procedures followed. As per financial guidance invoices should only be raised for more than £100 where possible and in line with the corporate credit policy.

### **10. Recording of Fees and Charges**

Each service will maintain a schedule of fees and charges levied. This schedule will include those charges where there are external procedures for determining and reviewing rates of charge.

The Council's fees and charges are set prior to each financial year. They must be publicised on the Council's website.

Reasonable notice should be given to service users before any decisions to amend or introduce new fees and charges are implemented. Reasonable notice is defined as one calendar month.

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Appendix 1

## GUIDANCE FOR NEW FEES AND CHARGES

### Charging Policy

The charging policy objectives must be stated here, together with why this policy (Full Commercial or Fair Charging etc.) has been adopted. The intended aims of the charges should also be clearly thought out and explained. Any legal issues should be identified.

### Comparative Information

Include here details of comparative information collected from other authorities or competitors etc.

### Financial

Level of charge	Recommended level of charge.
Start date	Proposed implementation date for new level of charge
Budgeted income	Level of income to be generated from the new charge.
Surplus / deficit as a percentage of cost	The total cost of supplying the service (including recharges and other overheads) should be calculated and deducted from the income generated. This surplus or deficit should then be compared to the total cost as a percentage. Calculating total cost may require the use of judgement and reasonable assumptions. This is acceptable, so long as a clear audit trail of those assumptions is maintained.
Surplus / deficit per usage	The difference between income generated and the total cost of providing that service, divided by the expected number of users of that service.

### Impact Assessment

Any proposals must identify likely impact on the service's users including; who currently benefits from the service, the effects on them of any changes and who will benefit from new exemptions and discounts together with how demand and usage is expected to change. Equality issues must specifically be considered and reported.

### Impact on Other Areas

The likely consequences in terms of reduced or increased demand for other council

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services must be identified here as well as any extra costs to other services. Equality issues must specifically be considered and reported.

### Method of Collection

Proposals for new charges must identify what collection methods will be used. If this is a change in current arrangements it will need to identify the following:

- What the likely impact is on the rate and costs of collection;
- What account has been taken of how long low income users can pay; and
- How cost effective will the new methods be?

### Alternatives

Explain here the other measures that have been considered instead of, or as well as, the proposed charge (cost cutting, reducing charges, sponsorship etc.).

### Consultation

Include here the extent of consultation conducted, which will be dependent upon the impact of fee and/or charge, and the results of that consultation.

**Authorised signatory** .....

**Date** .....

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