



Rutland
County Council

Fees and Charges Policy

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Summary of Document

A corporate approach to effective management of fees and charges will ensure the council maximises commercial opportunities to generate income on the delivery of chargeable services.

This policy underpins Rutland County Council's principles of setting and reviewing fees and charges as the council moves through a programme of transformation and will be subject to review to ensure that it continues to reflect the needs and aspirations of the council.

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1 INTRODUCTION

- 1.1 The overall aim of the fees and charges policy is to ensure that fees and charges are set within a framework of value for public money for all our residents and businesses. It allows the council to have a properly considered, consistent and informed approach to all the fees and charges it levies for its services. This will in turn support the delivery of the Corporate Strategy.
- 1.2 Income from fees and charges represents an important source of funds to the Council and enables a range of services to be provided within the County. The unprecedented reductions in central government funding since 2010, means there is a much greater emphasis on locally raised income to fund services. This policy establishes a framework within which fees and charges levied by the Council are agreed and regularly reviewed.
- 1.3 The setting of fees and charges will be incorporated into the annual Integrated Budget Plan (IBP) and Medium-Term Financial Strategy (MTFS) and budget setting timetable. Incorporating these reviews into the service/financial planning process will also permit consideration of cross-cutting issues and impacts in the context of wider policy objectives. This policy provides a rolling schedule of the Council's fees and charges for consideration each year prior to the formal approval of the Medium-Term Financial Strategy at full Council in February each year.
- 1.4 This policy also provides guidance to managers on the main factors which need to be considered when reviewing fees and charges and the information that will need to be contained within reports being brought forward for consideration. It will also establish the timescales for the approval of the fees and charges.

2 KEY CHARGING PRINCIPLES

- 2.1 The main principles of this policy are as follows
 - 2.1.1 **Council Priorities:** A Schedule of Fees and Charges shall be maintained for all charges where the Council has discretion over the amounts charged for services provided and for income generating activities. All decisions on charges for services and income generating activities will be taken with reference to and in support of Council priorities and recorded as delegated decisions, as appropriate.
 - 2.1.2 **Charge Setting:** In setting charges, any relevant government guidance will be followed. Stakeholder engagement and comparative data will be used where appropriate to ensure that charges do not adversely affect the take up of services or restrict access to services. Full consideration will be given and documented to the full costs of delivery and the opportunities for improving efficiency and reducing bureaucracy.
 - 2.1.3 **Subsidy:** In general, fees and charges will aim to recover the full cost of services except where this is prevented by legislation, market conditions or where alternative arrangements have been expressly approved by the relevant Director. A proportionate business case should be created for all charges that are subsidised by the Council. Approval for the level of subsidy should be obtained from the relevant Service Director, in consultation with the Chief Finance Officer.
 - 2.1.4 **Charging Levels:** The standard assumption is that all fees and charges will be

increased in line with CPI (a national inflation index that excludes mortgage costs) however some prices are subject to other indexation or must reflect changes to the underlying cost base that may be above or below this average inflation. In setting the level of fees and charges, Rutland County Council will have regard to the following principles:

- The level of fee set by statute
- Recovery costs and overheads
- Comparison with commercial offers
- Benchmarking with other councils
- Impact on behavioural change, including avoiding perverse incentives
- Considerations around pricing strategies and elasticity (for example, by setting fees too high, demand for the service may reduce. Equally setting fees too low may create unsustainable service demand)
- Implications for equality and diversity guidance.

2.1.5 **Charging Exemptions:** All services provided by the Council will be charged for unless prevented by statute, or where their use would have significant negative consequences in terms of the council's duty to promote equality of opportunity and protected groups who share a protected characteristic, or under exceptional circumstances agreed exempt by the relevant Director, in consultation with the Chief Finance Officer.

2.1.6 **Concessions:** Concessions to priority and target groups will be considered where appropriate, in accordance with any relevant government guidance and will take account of the user's ability to pay. All concessions should be fully justified in terms of achieving the Council's priorities. Wherever possible we will aim to provide concessions consistently across the Council.

3 STATUTORY AND DISCRETIONARY CHARGES LEGISLATION

3.1 Statutory services are those services that an authority is mandated to or has a duty to provide, fees and charges in respect of these services are either set by Government or based on full cost recovery.

3.2 The Local Government Act 2003 provides a general power to charge for discretionary services (services that an authority has the power, but is not obliged to, provide). Additions or enhancements to mandatory services above the standard that an authority has a duty to provide may be provided as discretionary services.

3.3 The Council may generate income from the public through charging and trading for services that exceed the statutory requirements or are added value optional services, such as pre-application planning advice.

3.4 In general terms, the Council may not make a profit on its charging activities, or subsidise other services and cannot charge for services that customers do not choose to use. A profit may be defined as a surplus received in excess of the full cost of delivering the service. Full cost includes all direct costs, such as pay and materials, and also indirect costs including overheads such as finance, accommodation, HR and IT.

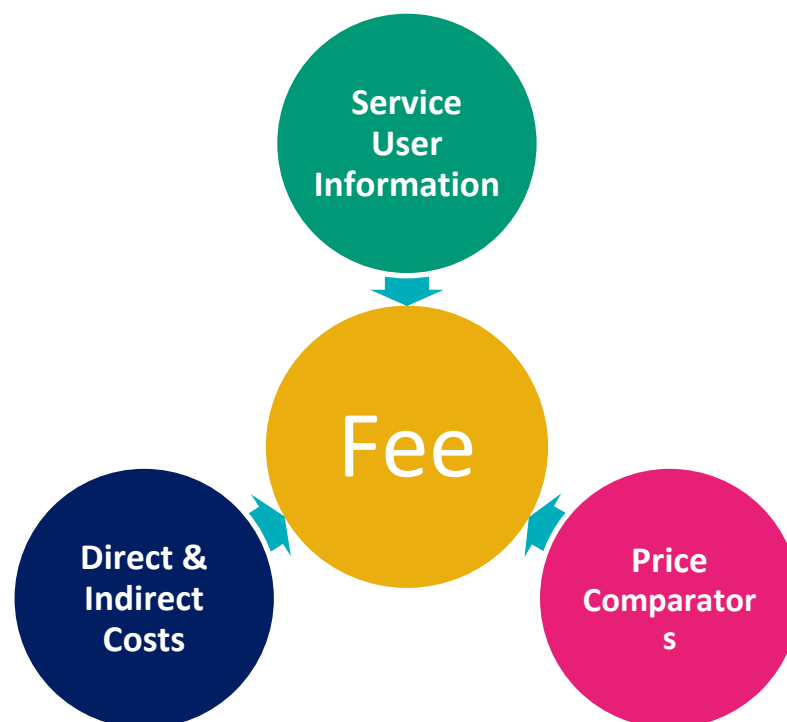
3.5 In accordance with the Localism Act 2011 and 'general powers of competence' contained within it, the Council may trade in any eligible service permitted by the

Council's constitution. But if the council wants to make a profit it must conduct this commercial activity via a separate company. Any such company must comply with competition law and standard trading legislation; however, services can be traded within the public sector environment, without resorting to a company.

4 REVIEWING FEES AND CHARGES

Process and Timescales

- 4.1 All fees and charges should be reviewed annually unless agreed otherwise (such as parking fees that are set three yearly) and in alignment with the annual budget setting timetable for the forthcoming financial year. Consideration should be given for any legislative consultations that may be required. Significant fluctuations in charges year-on-year should be avoided but may be inevitable if market conditions require this.
- 4.2 The effects of any new or substantially revised fees and charges on service usage and income levels should be closely monitored following implementation. Any unexpected adverse effect should be raised at the earliest opportunity.
- 4.3 Any comprehensive review of fees and charges for a service will need to include the following key elements. This is essentially about understanding the service, in terms of the cost both in total and for individual elements (activity costing), market conditions and service users.



- 4.3.1 **Direct and Indirect costs:** the charge for services to the service users should generally be calculated on the full cost of providing the service. This would include items such as:
- Salary and associated national insurance and pension charges
 - Travel / transportation costs
 - Premises costs

- Other supplies or equipment utilised in the provision of the service
- Capital cost for usage of asset (i.e. depreciation charges) regardless of the original funding of the asset
- Support service and other overhead costs (HR, accommodation, finance, IT) and corporate costs (democratic support and Corporate Leadership Team (CLT)) etc.

Not all these costs will necessarily be identifiable from the service budget on the system, so it is important that all relevant costs are identified through discussions with the finance team.

4.3.2 **Price Comparators:** Relevant data should be collected and analysed in relation to pricing information for similar services provided by other local authorities, preferably those in our nearest neighbour comparator group, together with any relevant local market competitor information. This should be used to benchmark the Council's current and proposed pricing structure. It is important that any significant differences can be explained.

4.3.3 **Service User Information:** It is important that managers understand their customer base and the key drivers for service users. Information should be obtained in relation to the level and types of user for each service. Ideally an assessment should be made in terms of price sensitivity, as this will need to be factored into the pricing models.

4.4 **Opportunities to Introduce New Fees and Charges:** In order to maximise income and/or reduce subsidy levels the council will fully explore opportunities to introduce charges for services that have previously been supplied for free. These opportunities will be highlighted within reports for member consideration.

4.5 **Links to Corporate and Service Objectives:** When proposing how to charge for the services being undertaken, it should be clear upon the basis used for charging, and there should be justification in respect of the method chosen in relation to the corporate and service objectives. When fees and charges are being set, any subsidies or concessions should be clear and transparent, and the reasons supported by corporate or service objectives. If the basis for charging is unclear, then a number of options should be presented for member consideration. The main charging models are set out in the table below:

Method	Description
Full Cost (default)	The Council seeks to maximise revenue within an overall objective of recovering the full cost of provision, including all overheads.
Full Cost – with discounts	As above, but with discounts being given to reflect market conditions, these will need to be evidenced.
Full Cost – with concessions	As above, but with concessions being given to enable disadvantaged groups to access the service. There needs to be a clear case for this. Subsidised Council policy is to make the service widely accessible but believes users of the service should make some contribution from their own resources. Could also be

Method	Description
	due to the adverse impact a commercial charging policy would have on other Council services.
Nominal	The Council wishes the service to be fully available, but sets a charge to discourage frivolous usage.
Free	Council policy is to make the service fully available without charge.
Statutory	Charges are set in line with legal obligations and charges are only made for added value services
Property Rental / Lease	Properties that are rented or leased to third parties should be done so at a commercial rate.

5 SUMMARY

5.1 Fees and charges are an important part of the council's income. This policy provides the framework to ensure that fees and charges are kept under review to ensure:

- Services continue to provide value for money to all our residents;
- The Council's charging potential is maximised, including ensuring opportunities to introduce new fees or charges are fully explored; and
- Fees and charges remain fit for purpose within the context of the charging principles established within this policy.