

# Corporate Income and Charging Policy

## March 2017



**Carmarthenshire County Council**  
**Corporate Income and Charging Policy**

**Policy Framework:**

This policy establishes guiding principles for income generation and charging for services provided by Carmarthenshire County Council.

It aims to embed the principle that *income from charges should be maximised, whilst avoiding adverse consequences on other services, or corporate objectives.*

This policy supports our Corporate Strategy; which sets out the Council's strategic priorities and aspirations and outlines what we plan to do to achieve our vision for Carmarthenshire, and our Community Plan to promote economic, social and environmental well-being.

This policy also fits with our Priority Based Budgeting to ensure that finances are closely aligned to service priorities and supports our Transform, Innovate and Change (TIC) Programme to '*achieve a sustainable financial future through transformation, innovation and change.*'

**Purpose of the policy:**

The Policy has been developed to ensure that all fees, charges and concessions for services are understood and are transparent.

It aims to apply all charges consistently across the County unless the Council has made a decision to the contrary based on a business case to do so. The Council is reliant upon income to undertake any of its services and it is therefore crucial that fees, charges and concessions are set and applied correctly. All services must comply with this Policy when setting and reviewing fees, charges and concessions.

**Background:**

There has been a great deal of uncertainty as to the legality of establishing charges, where legislation does not expressly permit this. The key development in this area was the Local Government Act 2003, which enabled Local Authorities to charge for 'discretionary services' (Services which the Council is allowed, but not compelled to provide), unless there were pre-existing statutory directions that limited charge levels, or prevented charging.

Although not quite giving a 'power of general competence' to Councils, the Local Government Act 2000 is supportive of the development of new services (for which a charge can be attached), provided regard is given to the Councils Community Strategy and local well-being plan, since it allows authorities to do anything they consider likely to improve the economic, social or environmental wellbeing of their area.

'Charging' has also risen in prominence due to the efficiency savings agenda of the Welsh Government 'Making the Connections' Strategy. The Authority has adopted a positive stance in relation to this Strategy with a mechanism known as 'Priority Based Budgeting' to ensure that finances are closely aligned to service priorities. An increase in income from charges has an important role to play in ensuring sound and sustainable finances; Priority Based Budgeting can ensure this is directed to where the service need is greatest.

For some services charges are mandatory and the fee is set nationally, while for other services the Council is expressly prohibited from charging. However, the Local Government Act 2003 gave Local Authorities the general power under section 93 to charge for discretionary services which are not covered by any other legislation with the following restrictions:

- The income from charges for a service should not exceed the cost of providing that service (over a 'reasonable' but unspecified period)
- The recipient of the service must have agreed to its provision and agrees to pay for it.
- Charges may be set differentially, so that different people are charged different amounts.

The Local Authorities (Goods and Services) Act 1970 allows Local Authorities to provide services for other Local Authorities and to make a profit. This should be used wherever possible.

#### **Key Charging Principles:**

1. All income and charges should be linked to the strategic objectives of the Council.
2. Aim to provide a charge for all services where it is legal and appropriate to do so unless the Council has made a decision to the contrary.
3. Aim to apply all charges consistently across the County unless the Council has made a decision to the contrary based on a business case to do so.
4. Services should only be subsidised when there is a clear case to do so based on equity and access to services or targeted at specific individuals, groups and/or households. The case will need to be made for all such circumstances in line with the Council's strategic objectives and regularly reviewed.
5. If introducing a new charge or making changes to existing charges the Council will engage and consult with relevant stakeholders in order to inform an impact assessment. All charges to increase annually by rate of inflation unless business case dictates otherwise.
6. When providing services on a commercial basis ensure Council competes with market rate.
7. Charges and methods of payment should be clearly communicated to all stakeholders.

8. Ensure appropriate arrangements are in place within services to collect all income and manage debt in a timely manner, unless there is a decision by the Council to the contrary.
9. Ensure the charging scheme is cost effective to operate.
10. All service cost recovery should include central overheads (including interest and administrative costs where applicable).
11. Ensure all appropriate methods for making payments and generating income are developed recognising the advancement of Technology.
12. Ensure all venues open to the public where appropriate can accept payments (and bookings) for all Council services.
13. Develop online payment methods and accessibility of services to complement existing arrangements.

### **Detailed Principles:**

#### **Charging:**

We will provide a charge for all services where it is legal and appropriate to do so unless:

- There is a statutory reason preventing the setting of charges
- The costs of collecting a charge outweighs the costs providing the service
- There is an impact or a cost introduced elsewhere due to the charging. For example, flying tipping as a result of excessive levels of charging for Bulky Waste Collections.
- It is not linked to the strategic objectives of the Council.
- A specific exemption has been agreed by the Executive Board not to charge or to recover the full cost.

#### **How much?**

Where a decision has been made to charge we will set the charge:

- To achieve full cost recovery unless there are legal, strategic or contractual reasons for not doing so.
- The level of charges should be compared with those of other public, private and third sector services to ensure they reflect current market value. If pricing decisions are made independently of current and future market conditions there is a risk of under or over supplying a service to the public.
- Full use of differential charging, discounting and other alternative pricing structures should be made to maximise commercial benefit and target service take-up amongst particular groups.
- The impact of charges on specific groups of users and the wider population needs to be fully understood to ensure continued access to services, management of

unintended consequences (for example on the local economy, on anti social behaviour)

- Generate enough income so that the service meets its costs. If a service does not meet its costs this should be as a result of conscious decision, consistent with the Councils Strategic objectives. Otherwise the service is effectively being subsidised by Council Tax payers.
- When providing services on a commercial basis we must ensure that the Council responds in a timely manner to market changes.

### **Income Collection:**

We will:

- Use cost effective methods of payment and collecting charges.
- Communicate our charges and methods of payments clearly to all stakeholders.
- Ensure all avenues for making payments and generating income are developed.
- Ensure all Council venues open to the public can accept payments (and bookings) for all Council Services.
- Develop online payment methods and accessibility of services to complement existing payment arrangements.
- Ensure appropriate arrangements are in place within services to collect all income and manage debt, unless there is a decision by the Council to the contrary.
- Ensure customers who fail to pay fees and charges, or fail to carry out a statutory requirement, shall be liable for the full cost of enforcement by the Council.
- Actively pursue non payment of any charges and fees.

### **Deciding whether to subsidise:**

A decision to subsidise a Service needs a clear rationale which is likely to be:

1. Providing a public good
2. Encouraging Service Take-up

The financial impact of subsidy decisions on the Authority needs to be identified, both individually and collectively and actively managed and reviewed.

In deciding whether to subsidise services which are also provided by other suppliers on a fully commercial basis, the potential distortion to competition (as set out in EU State Aid regulations) must be fully considered, and expert legal advice sought where appropriate.

The overall level and profile of service subsidy agreed by the Council must be made publicly available.

## **Concessions:**

There are two types of concessions:

- Mandatory and determined by Statute
- Discretionary which are wholly within the power of the Council.

Discretionary concessions should only be granted if they:

- Promote equity and increase access to services
- Are based on ability to pay
- Are targeted at specific individuals and/or households.

A business case is required if any new concession scheme is needed and will be approved by the Director of Corporate Services or delegated officer. This will assure that concession schemes are applied in a consistent and transparent approach across all Council Services.

The impact of concession schemes should be monitored, reviewed and evaluated.

A register of concessions should be established, covering eligibility, the nature of the concession, rationale, services affected, responsibility for managing, and business rules.

## **Trading:**

Services with the ability to achieve full cost recovery on a consistent basis should be encouraged to operate more commercially in order to reduce dependence on revenue support.

This will be done by the preparation of a robust business case following Welsh Government statutory guidance, and approval in the first instance by the Director of Corporate Services in conjunction with Head of Administration and Law, prior to being put forward for approval by the Council Members.

## **Income collection of wider Council Strategies:**

The impact on current and future income should be fully considered when decisions to commission service provision outside the Council are being taken.

## **Procedure for introducing or changing fees, charges and concessions:**

All new and existing income proposals need to be taken forward through a business case approach to include a clear rationale for charging, the development of charging options, modelling of net benefits, impact and risks.

Heads of Service will be responsible for setting and reviewing charges in their respective Service Area and ensuring that the rates at which charges are set work towards achieving full cost recovery.

Charges and concessions set will be challenged by CMT and approved by the relevant Scrutiny Committee and Executive Board.

### **Monitoring and reviewing:**

To enhance the Income Governance arrangements the following steps will be taken (these will enable the Authority to manage income transparently and make effective decisions):

- All fees and charges will be set to increase annually by the rate of inflation (CPI Rate) utilised in the budget preparation unless a business case dictates otherwise.
- Reviews of all fees and charges will be undertaken as an integral part of the budget process each year and evidenced.
- Maintaining a corporate fees and charges register as a central point of reference.
- In year monitoring of Income Generation to go forward to CMT on a regular basis.
- Any deviation from applying the set fees and charges can only be done with explicit approval or delegation of discretion.

### **Impact on Equality**

The Council is committed to ensuring equality of access to all of its services. The Authority's Impact Assessment process (including any appropriate consultation) must be applied for any income generation opportunities under the Policy so that equality impact is clearly understood before a decision is made. <\\ntcarmcc\cfp\Management\Working Groups\Corporate\Equalities Working Group\Equality Impact Assessments\Priority Based Budgeting\2016-17\Final EIA Form October 2013.doc>

### **Other Service Policies**

The Corporate income and Charging Policy is further supported by the Wales Audit Office Report dated 10<sup>th</sup> November 2016 'Charging for services and generating income by local authorities':

<https://audit.wales/system/files/publications/income-generation-2016-eng.pdf>

### **Approval and review of this policy**

This policy is subject to approval by Executive Board. The Policy will be reviewed periodically by the Director of Corporate Services with the Head of Administration and Law.

If you require this publication in an alternative format please contact Tracey Thomas, Principle Business Development Officer, Corporate Services 01267 246202 or email [TrThomas@carmarthenshire.gov.uk](mailto:TrThomas@carmarthenshire.gov.uk).

