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Redditch Borough Council **Charging Policy and Procedures**

1. Introduction

- 1.1 Charging is an important and appropriate way to finance services. It is, however, just one aspect of the Council's overall financial management and planning process. Members and Officers must ensure that services are provided efficiently and effectively and that costs are scrutinised and adjusted whenever necessary. When new charges are being considered, or current charges reviewed, Members and Officers must be confident that all steps have been taken to minimise the net cost of the service.
- 1.2 This Policy sets out clear principles to ensure the Council's overall approach to charging is effective. Therefore, the Council must determine:
 - a) which services it should charge for;
 - b) which service users will be affected by charges; and
 - c) what levels of subsidy, if any, should be given for the use of specific services.
- 1.3 The Council must clearly communicate its approach and policy on charging to the public and must explain why it is appropriate to maintain, introduce or increase charges by following the principles and processes outlined in this Charging Policy.
- 1.4 The Council must set charges for services in a holistic manner, in line with the Council's corporate priorities. Members and Officers must review all relevant issues when considering the possible introduction of new charges or reviewing current charges.
- 1.5 The Council must adopt a strategic approach to charging. Members and Officers must review the impact of charges on the provision of services in terms of their effect on the community and the Council's financial position. When setting charges, the following considerations should be addressed by Heads of Service and Members:
 - a) Why is the service being provided?
 - b) Who benefits from the service - individuals or the community?
 - c) Should this service be subsidised?

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- d) What is the subsidy achieving?
- e) How much do residents, communities and businesses value the service?
- f) How willing and able are residents and businesses to pay for the service?
- g) What effect does charging have on the supply and demand for a service?
- h) How can the level of charges affect behaviour and assist service objectives?

2. Reporting Procedures and Information Guidelines

- 2.1 Members must be provided with accurate and detailed information, and any rationale, about charges for consideration at meetings of the Executive Committee and full Council. Charges must be set in accordance with the terms set out in the Charging Policy and there must be a strategic review of charging principles, at service level, by elected Members and Officers, at least every 4 years.
- 2.2 Officers must present a 'Headline Review' of charges at activity level for the consideration of Members on an annual basis. This Headline Review should contain information about the total income generated by services and the level of subsidy particular services receive from Council Tax. In order to not overwhelm Members or Officers with the amount of information to be produced, collated and considered the dates on which charges are reviewed must be spread throughout quarters 3 and 4 of each year.
- 2.3 Subject to any requirements imposed by the Council's standing orders, charges for individual services may, by exception, be varied 'in year' at the discretion of the responsible Head of Service, following discussion with the Chief Finance Officer and the appropriate Portfolio Holder, and must be notified to the Executive Committee and full Council.
- 2.4 The responsible Portfolio Holder must review proposed changes to charges before they are submitted to the Executive Committee. The Portfolio Holder should append any comments they have to the proposals being placed before the Executive.
- 2.5 An information suite, comprising the following, should be developed and be made readily available to Members:
 - a) categorisation of services, by the responsible Portfolio Holder, in accordance with the following headings;

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- i) 'No Charges set';
 - ii) 'Charges set by Central Government';
 - iii) 'Charges set, either by Central or Local Government, at the level of Full Cost Recovery'; and
 - iv) 'Charges set at a Discretionary Level';
- b) provision of the following details for each service;
- i) information regarding usage levels and patterns will be compiled and collated. This will be accumulated ideally by an actual count of users or if this is not possible by an appropriate sampling technique;
 - ii) information regarding costs, both direct and indirect and including an allocation of overall overheads will be logged and recorded;
 - iii) information regarding income generated by direct charges, grants and the amount of subsidy will be logged and recorded; and
 - iv) information regarding annual income generated will be available in a concise and entire form;
- 2.6 A review of charges (and the information contained in section 2.5b) must be made available to Members annually.

3. Policy and Key Principles

- 3.1 When charges are reviewed Heads of Service must carry out an analysis of charges for activities against the principles for charging set out in this Policy. This information must also be made available to Members so that they can make informed choices about the level of charge to be set. The result of such reviews must be included in the annual fees and charges report, so that Members can ensure that charges are fair, appropriate and comparable to local alternatives. The 'right' price for an activity must not be established solely by adding an inflationary increase to last year's charge.
- 3.2 Charging arrangements must be efficient and practical and should demonstrate responsible asset management for the benefit of the whole Borough.
- 3.3 Where charges are set by Central Government the Council must focus on the costs of delivering an activity and Members should be aware of what the Council has to pay to subsidise the activity.

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- 3.4 Where the Council aims for full cost recovery (including all overheads) through charges there must be no subsidy.
- 3.5 Concessions must be service specific and not subject to a general rate set across the Council.
- 3.6 Services, where charges do not apply, must be regularly reviewed to establish whether they could be introduced. However, it is recognised that for certain activities there are important exceptions that make charging inappropriate. These include the following circumstances:
- a) where the Council is prohibited by legislation from levying a charge;
 - b) where the administrative costs associated with making a charge would outweigh any potential income;
 - c) where making a charge would be contrary to achieving one of the Council's corporate objectives. These include objectives contained within the Equal Opportunities Policy, Anti-Poverty Strategy, Leisure Strategy and Environmental Policy; and
 - d) where charging would be counterproductive (i.e. it may result in a substantial reduction in use of the service).
- 3.7 Charges may be levied to raise revenue for the general improvement of services, to offset Council Tax rises or to help fund specific projects.
- 3.8 Proposals for 'reinvesting' any additional income raised from charging in the expansion and development of a particular service will be considered as part of the annual review of charges, with each proposal being considered on its own merits.
- 3.9 Where appropriate, charges can also be used to influence demand and change behaviour in order to meet the Council's corporate objectives.
- 3.10 Unless there is good reason why an exception should be made, a charge should be levied for all discretionary services. Service users should make a direct contribution to the cost of providing services at their point of use. When charges for services are reviewed it will be against this background and in each case Members and Officers must consider whether any exceptions should be made.
- 3.11 Appropriate use of the discretionary powers introduced by the Government in 2003 to charge for services must be considered.

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- 3.12 If equity of access is a policy objective then it should be achieved through a discount regime.
- 3.13 When charges are reviewed concessions may be applied for the following groups:
- a) young people less than 16 years of age;
 - b) full time students;
 - c) people with a disability in receipt of a means tested benefit;
 - d) both male and female senior citizens aged 60 years or more; and
 - e) individuals on low incomes and/or in receipt of means tested benefit.
- 3.14 When setting charges the Council must have regard to:
- a) relevant Council Strategies or policies (e.g. Equal Opportunities), and any subsidy or concessions which may be appropriate;
 - b) market conditions and prices charged by competitors and/or other Local Authorities;
 - c) the need to avoid any potential distortion of the market which might otherwise occur from pricing services below the levels charged by private sector concerns for similar services;
 - d) the need for all charges imposed by the Council to be reasonable;
 - e) the need to avoid any exploitation of customers who have no option, but to use the Council's services;
 - f) the desirability of increasing usage of a given service;
 - g) the need to increase Council income; and
 - h) the level of subsidy (contributions to the cost of the service from non-users via Council Tax, Housing Rents etc).
- 3.15 When setting charges users' views, when provided to the Council, must be considered.
- 3.16 Meaningful objectives for charges must be set and these should be viewed over the long-term, not just as short-term financial targets.

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4. Definitions:

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| Council | Redditch Borough Council as an organisation.
(Where the document is referring to the formal body of all Councillors the text refers to 'full Council'). |
| Service | The Service area, for example Environmental Health or Planning. |
| Activity | A particular activity delivered as part of one of the Council's services, for example hire of a badminton court at the Abbey Sports Stadium. |