

Bridgend County Borough Council
Cyngor Bwrdeistref Sirol Pen-y-bont ar Ogwr



BRIDGEND COUNTY BOROUGH COUNCIL

FEES AND CHARGES POLICY



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1. INTRODUCTION

- 1.1 Income from fees and charges represent an important source of funds to the Council, and enable it to provide a wider range of services to the County Borough than it would otherwise be able to do so. The decision to charge for local public services impacts upon everyone. Where councils charge for services, users pay directly for some or all of the costs of the services they use. Where no charges are made, or where charges do not recover the full cost of providing a service, council taxpayers subsidise users.
- 1.2 Currently the Council charges for a range of services, the income from which provides a contribution of around 7% to the Council's gross revenue budget. Decisions on whether to charge (and the amount to charge) are not always within the control of the Council. Where they are controlled locally, however, it is important that the implications of the charging decisions being taken are fully understood and that the appropriate information is available to make informed decisions.

2. PURPOSE

- 2.1 This policy exists to clarify the important role that charging and income generation has in supporting the Medium Term Financial Strategy. It provides a clear and consistent approach to charging across the Council. Its key aims are:
 - to create a consistent and coordinated approach to charging, that is applied across services;
 - to set out a clear framework within which fees and charges levied by the Council are agreed and regularly reviewed.
 - to outline the key principles for charging by Bridgend County Borough Council;
 - to set out the review process for all discretionary charges.
- 2.2 This policy also provides guidance to managers on how to cost services, the annual inflation increases, concessions and exemptions, and the processes to be followed for reviewing, approving and publishing of the fees and charges.

3. KEY PRINCIPLES

- 3.1 For some services charges are mandatory, and the fee is set nationally, whilst for other services the Council is expressly prohibited from charging. Therefore, a basic assumption is that the Council will apply and collect statutory charges as appropriate and further consideration is therefore outside of the scope of this document.
- 3.2 However discretionary fees and charges represent an important source of revenue, providing finance for activity that is designed to achieve the Council's

objectives. Nevertheless, there is a potential conflict between raising revenue, promoting access and the usage of services whilst considering the challenges of poverty and social exclusion that exist within the Borough and also the effects on local taxpayers.

- 3.3 This is particularly important with the Socio-Economic Duty, which came into force on 31 March 2021 and which requires specified public bodies, when making strategic decisions such as deciding priorities and setting objectives, to consider how their decisions might help reduce the inequalities associated with socio-economic disadvantage.
- 3.4 A consistent and informed approach to charging across the different services of the Council will enable this conflict to be reconciled and managed in the interests of achieving the Council's objectives. All discretionary charges will be covered by this policy.

- 3.5 One of the budget principles being applied when setting the budget for the Council is:

The Council will seek to recover the cost of services via fees and charges where it is able to do so.

By generating additional revenue, where the Council is able to do so, and from those who can afford to pay for the services, the Council is able to continue to provide a wider range of services to residents of the county borough.

- 3.6 The Local Government Act 2003 gave local authorities the general power to charge for discretionary services. Discretionary services are those services that an authority has the power but not a duty to provide. This covers those 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, e.g. 3 years);
- the recipient of the service must have agreed to its provision and agreed to pay for it;
- different people and/or organisations may, where it is fair to do so, be charged different amounts.

- 3.7 As well as discretionary services, there are also statutory services that the Council has to provide, for which the Council is allowed to generate income, in particular where there are additions or enhancements to such statutory services above the level or standard that an authority has a duty to provide.

- 3.8 Specific decisions and charging policies should support delivery of the Council's Corporate Plan and Medium Term Financial Strategy (MTFS), along with other local strategies and service objectives. Charging decisions will take account of the council's corporate well-being objectives and have regard for the potential impact on other service areas.

4. WHEN TO CHARGE

4.1 Whenever future consideration is given to funding sources for specific services, it will be expected that the Council will charge for services, except where a clear decision is taken not to do so for one of the reasons given below. In particular, charges should be levied to support Council corporate well-being objectives and to encourage behaviour change of our customers.

4.2 Reasons for not charging are:

- a. There is a legal or statutory reason forbidding the levy of charges.
- b. The Council has entered into other contractual arrangements which prevent the levy of charges.
- c. The costs incurred as a result of collecting a charge would be greater than the income generated.
- d. The potential risks to the Council incurred as a result of charging outweigh the benefits. Introducing a charge would result in a high risk that:
 - There would be a significant fall in demand and as a result the Council would not achieve one or more of its corporate well-being objectives as defined in the Corporate Plan or the cost of doing so would become prohibitively expensive.
 - The reputation of the Council would be significantly damaged.
 - Charging would change behaviour of customers resulting in a high likelihood that costs would be incurred elsewhere in the Council which would be greater than the income generated.

5. SETTING OF FEES AND CHARGES

5.1 Charges should be set using clear and transparent evidence and knowledge to support the level of charge. Each fee or charge (or group of similar charges) should be linked to one of the charging strategies set out in Table 1 below and the appropriate charging strategy adopted in establishing and reviewing charging rates for that particular service or activity.

5.2 In all cases, in determining an appropriate charging strategy proper consideration should be given to the wider equality implications that could affect accessibility of Council services to any groups.

5.3 The objectives of different charging strategies are as follows:

Table 1: Charging Strategies

Charging Strategy	Objective
Full Commercial Charges	The Council will aim to cover the cost of providing the service and make a surplus that can be used to fund other priority services.

	The full cost of the service, including an element for capital financing costs, support services and corporate overheads, will be the starting point for calculating charges.
Full Commercial with Discounts	As above, but with discounted concessions being given to enable disadvantaged groups to access the service.
Full Cost Recovery	In this instance, the Council wishes to make the service generally available but does not wish to allocate its own resources to the service. The Council will aim to recover the costs of providing this service from those who use it. The full cost of the service, including an element for capital financing costs (where appropriate), support services and corporate overheads, will be the starting point for calculating charges.
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. This might be to meet a service objective or allow competition with other providers.
Free	The Council may choose to make the service available at no charge to meet a service objective - cost of service will then met by all Council Tax payers.
Statutory	Charges will be determined in line with legal requirements

5.4 Where new charges are being introduced or changes in charging strategy are proposed, the charging strategy should be made clear as part of the decision making process. However, when determining specific charges, it is appropriate to take into account some or all of the following:

- Encouraging specific activities and use of certain services;
- Discouraging some undesired activities and frivolous demands for a service;
- Ensuring regulatory compliance;
- Whether the Council wishes to act as a supplier of last resort;
- Contributing to long-term sustainability of some activities or services;
- Local market factors;
- Consideration of charges for similar services raised by other local authorities or private sector competitors;
- Whether in some cases reduced charges should be available to some groups to promote inclusion;
- Whether discounts (for example age related charges) or promotion (for example seasonal charges) will be offered;
- Whether scope exists to increase take-up through more effective marketing and publicity and the form that this might take.

5.5 Some of the specific issues that need to be considered for each of the charging strategies are set out in Table 2 below:

Table 2: Charging Strategy Considerations

Charging Strategy	Strategy Considerations
Full Commercial Charges	<ul style="list-style-type: none"> • Are the charges high enough for the service to be profitable? If not, consider whether the service should be provided. • Are competitors charging similar prices? • Does the Council offer any premium in terms of service levels that customers would be prepared to pay more for? • How would changes in pricing structures affect demand for the service and potentially its profitability? • How does the proposed fee structure fit in with the long term business plan for the service?
Full Cost Recovery	<ul style="list-style-type: none"> • Do charges recover the full costs, including overheads, capital financing charges and corporate recharges? • 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? • Are Members aware of the effect on demand for this service from this charging policy? • What would be the effect of changing the policy to a different one e.g. subsidised?
Subsidised	<ul style="list-style-type: none"> • Has the cost of the subsidy been evaluated? • What has been the impact on demand and on service levels from adopting this approach?
Free	<ul style="list-style-type: none"> • Does this approach fit in with the requirements of other funding streams i.e. grants? • Is this approach legally required? • Is there a potential problem from frivolous use of the service?
Statutory	<ul style="list-style-type: none"> • Are charges in line with statutory requirements? • Are they set at the maximum permitted levels?

5.6 If the income from a service does not meet its costs, this should be as a result of a conscious decision, consistent with Council well-being objectives. The service will then be subsidised by Council Tax payers.

6. SUBSIDIES AND CONCESSIONS

6.1 It may be appropriate to consider subsidising some services, particularly if this helps to achieve corporate objectives and supports local strategies and policies. Some of the main reasons for charging less than full cost include:

- The desire to encourage particular sections of the community to use specific services and they could not afford, or might otherwise be deterred by, full cost charges.
- Use of the service is sensitive to a change in price – an increase in charges reduces demand and income.

- The Council incurs higher costs than other providers because the service is provided in a way that is appropriate and accessible for all sectors of the community.
- 6.2 Charges should be set at a level that is fair to service users and Council Tax payers. Concessions may be available to those determined to be unable to pay the full charge. The impact on service users of charging increases should be considered, particularly where they may impact disproportionately on particular groups of Council Tax payers. Impact assessments will be carried out to assess changes and where this is significant steps should be taken to minimise them.
- 6.3 Charges for similar services should be consistent across the Council. Concessions for target groups should be applied consistently across the Council, where concessions are not mandatory (see below).
- 6.4 There are two types of concessions:
- mandatory concessions as determined by statute; and
 - discretionary concessions which are wholly within the power of the Council.
- 6.5 The principle of recovering full costs through charging for all services wherever it is possible to do so applies to concessions. Therefore, concessions will not be provided unless:
- There is a legal or statutory reason expressly stating the need to provide a concession. These mandatory concessions will be provided in line with national guidelines.
 - The cost of the concession can be estimated and can be accommodated within the Council's budget, making it affordable.
 - Target groups (e.g. those in receipt of means-tested benefits) would be disadvantaged or would not be able to access the service without a concession, and as a result the Council would not achieve its corporate well-being objectives as defined in the Corporate Plan.
- 6.6 It is recognised that in some circumstances concessions may not be appropriate and that, in all cases, it will be necessary to carefully consider the impact on income before introducing discounts or concessions to service areas which do not currently offer them.

7. REVIEWING FEES AND CHARGES

- 7.1 Charges will be reviewed annually as a minimum, as an integral part of the MTFs and budget and service planning processes. However, charges can also be reviewed on a more frequent basis, should circumstances change e.g. increase in cost to provide the service.
- 7.2 The review process will take into account the following:

- Costs increases, inflationary or otherwise, to ensure these are adequately reflected in the charges. The general assumption will be that the value of fees and charges should be maintained in real terms over time, and increased in line with estimated inflation.

This means that, in general, charges should be increased by the Consumer Price Index (CPI).

(For annual increases the appropriate CPI increase date will be that for November prior to the start of the financial year, as set out in the Medium Term Financial Strategy. CPI increases at other times during the year may be used where the increase is not being implemented at the start of the financial year)

- Benchmarks from comparator authorities.
- Legislative changes, either restricting or providing new flexibility or freedom to charge.
- Change in Council policy or priorities as determined in the MTFs where charges or concessions could be introduced, varied or removed to support these priorities.
- Change in service provision or level of provision, which may result in additional or increased charges.
- New and improved methods of collecting payments reducing the cost and increasing the effectiveness of doing so.
- Changes to any reasons not to charge.
- Changes to any reasons for a decision taken not to recover the full costs of a service through charges or the provision of concessions.
- Other new or changed social, community, economic or environmental pressures that will affect charging or individuals' and groups' ability to pay.
- The level of income raised in previous years.
- Changes in user demand and the impact of this on service levels.

7.3 Under the Council's Delegated Powers Scheme (Scheme A, paragraph 1.6) each Cabinet Member has the authority:

To approve, subject to the budget process:

- (i) Fees and charges for new services in accordance with any relevant charging policy approved by the Cabinet; and
- (ii) All fees and charges which are in accordance with any relevant charging policy approved by the Cabinet and which are necessary to reflect either inflation or other increases in costs.

7.4 Where a service manager proposes **not to** increase charges for a particular service for a financial year, then they should set out the reasons why they should not be increased and seek approval from their Director and the Section 151 Officer prior to the start of the financial year.

- 7.5 Where increases in fees and charges, or new charges, support MTFs savings proposals, this will be made clear in the MTFs report presented to Cabinet and Council prior to the start of the financial year. Individual service managers will be responsible for undertaking equality impact assessments in respect of new or changed fees and charges, not in line with the Fees and Charging Policy, and presenting reports to Cabinet or Council as appropriate.
- 7.6 Where charges will not be made for a service or are set below the full cost recovery level, the reasons should be reconsidered annually as part of the annual Medium Term Financial Strategy process to ensure that they remain valid and that significant income is not being foregone. The Council recognises that, for some services, the costs may have been historically under-recovered and a period of adjustment towards full cost recovery may be required.

8. ADMINISTRATION OF FEES AND CHARGES

- 8.1 The Council will use simple, practical and efficient methods of collecting charges. The basic principles for administering fees and charges will be:
- Charges should be simple to understand and administer;
 - Charges should be well promoted so that service users can clearly understand the charging structure and methods of payment before they become liable to pay;
 - Where possible methods of payment should be flexible, convenient and take into account the needs of disadvantaged/vulnerable groups in the community; wherever possible online payment should be encouraged;
 - Where possible and practicable payment should be made prior to the service being received or at the point of delivery;
 - Invoices should be issued promptly and appropriate collection and recovery procedures followed;
 - Documentation should be retained to substantiate that the customer accepted liability of the charge to support any debt recovery action required should payment not be received.
- 8.2 The Council will take a fair but firm stance on debt recovery. Service users and Council Tax payers should not expect to subsidise services whilst others avoid paying. Service managers should ensure that the Council's debt recovery policy is properly followed and enforced.

9. PUBLICATION OF FEES AND CHARGES

- 9.1 Each service should maintain a schedule of fees and charges levied. This schedule should include, but identify separately, those charges where there are national / external procedures or other specific procedures for determining and reviewing rates of charge. They should be widely published, including through the Council's website, which will display an amalgamated version of all fees and charges for the Council

- 9.2 In general the Council's fees and charges should be set prior to the start of each financial year. However, this can be done more frequently or at different times during the year where required, and in line with the Fees and Charges Policy.
- 9.3 Reasonable notice should be given to service users before any decisions to amend or introduce new fees and charges are implemented, together with clear advice on VAT, and information on any discounts or concessions available. In the absence of any specific requirements, reasonable notice is defined broadly as one calendar month.