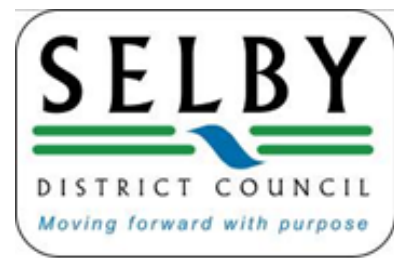


Corporate Charging Policy



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1 Introduction

Selby District Council's Corporate Plan 2015-2020 identifies how the Council will work with others to deliver important outcomes, co-operating with communities and partners to achieve what matters most as effectively and efficiently as possible.

The priorities identified by the Council are to make the Selby district a great place...to **do business**, to **enjoy life** and to **make a difference**. These priorities will be supported by Selby District Council delivering **great value**. Together these priorities ensure its vision of a council which is customer focused, business like and forward thinking.

The Council's Medium Term Financial Strategy sets out financial objectives to support the delivery of the Corporate Plan, particularly in the challenging financial context of a fragile UK economy, on-going austerity measures, significant reductions in grants from central Government and the move towards more locally generated income streams, underlined in the recent Comprehensive Spending Review (November 2015). This puts even greater pressure on the Council's finances and further reinforces the need for the Council to deliver efficiencies and generate sustainable local income sources.

The Council wants to ensure that it develops business resilience, becoming more self-sufficient in the future and less reliant on central government grants. Charging for services can contribute towards the achievement of financial, corporate and service objectives, for example by encouraging or discouraging the use of a service or to alter patterns of behaviour.

Opportunities for growing income generation are therefore a priority for the Council, alongside broader proposals for the trading and commercialisation of appropriate services. In the face of further public sector funding cuts, maximising the potential for increased income and savings will be integral to supporting the Council's Corporate Plan.

This Corporate Charging Policy outlines the key principles to be considered in charging for Council services in a transparent and consistent manner.

This policy replaces the previous policy which was introduced in October 2011.

2 Scope

This policy applies to the setting and reviewing of all fees and charges for Council services, where the Council has discretion to apply a charge and discretion over the level of charge applied.

The policy excludes:

- Charges which are determined by Central Government (a list of such charges is available on the Council's web-site)
- Council Tax
- Business Rates
- Housing rents
- Any charges where there are legal or contractual reasons for exclusion
- Any charges levied by Trading Companies or other third parties delivering services on behalf of the Council.

3 Application of the Corporate Charging Policy

Service areas should use this policy when determining or proposing charges for services as part of the budget-setting process for the forthcoming financial year, and for any other ad hoc consideration of service charges.

Understanding the relationship between cost and charges is vital when determining charges for services and financial support and advice should be sought when applying this policy.

4 Aims and Objectives

The overarching aim of the Corporate Charging Policy is to foster a more commercial approach to setting fees and charges. The concept of commercialism is to ensure the Council thinks consistently in a business-like manner and to very clearly calculate the costs and benefits associated with the activities it carries out.

The objectives of the Corporate Charging Policy are:

- To promote efficiency and support the commercialisation of our business in order to support the Medium Term Financial Strategy and deliver the Corporate Plan;
- To minimise the draw on local taxation of discretionary services and promote fairness, by fostering a culture where discretionary services are supported largely by users rather than the Council Tax payer;
- To set a clear, flexible and equitable framework of standards and procedures for applying charges and fees to relevant Council services for both individuals and organisations. The level of charge will reflect the cost plus a return where this is legal and possible for the Councils' expertise.
- To meet the corporate values of being 'business like' by service areas understanding and reviewing the costs and charges for their service areas.

5. Charging and Trading Legislation

The legislation and case law that governs Councils' ability to charge and generate income is complex.

Specific powers to charge for services are contained in a variety of local government statutes. These include:

- **Local Authorities (Goods and Services) Act 1970** – introduced powers for councils to enter into agreement with other Local Authorities and public bodies for the supply of goods and services. Any agreement may contain such terms as to payment or otherwise as the parties consider appropriate.
- **Local Government Act 2003** – added further opportunities to the above. This act enables council's to trade in activities related to their functions on a commercial basis and make a profit, which may be reinvested in services, through a trading company.
- **Localism Act 2011** – the General Power of Competence (GPC) introduced a power to allow councils to do anything that an individual may do. However, for the purposes of charging, this should not exceed the cost of provision of the service in question, as operating for a commercial purpose (i.e. to make a profit) must be done through a trading company.

6 Standard Charging Principles

Standard principles will be applied to all fees & charges (within the scope of this policy) set by the Council. Where the Council deviates from these principles, the basis and reason for any such variations will be clearly documented and approved in accordance with the Council's Constitution/scheme of delegation.

Services which have discretion over charging are encouraged to operate more commercially in order to maximise efficiency and reduce dependence on revenue support. The ability of services to operate in this way is dependent on services being able to set and amend their charges with a level of flexibility, including consideration of current market rates and demand for the service. The Policy will also make decision making simpler and more timely.

This Policy enables the Council to apply differential charging, discounting and alternative pricing structures in order to maximise commercial benefit and target service take-up. Individual service areas can vary charge rates on a case by case basis, taking into account relevant market rates and the need to maximise income and operate efficiently.

All fees and charges will:

- Contribute to the achievement of corporate and service objectives;
- Maximise potential income, to achieve financial objectives, unless there is an explicit policy decision to subsidise the service;
- Be subject to equality impact assessment screening and consultation where appropriate.
- Minimise the costs of collection;
- As a minimum be increased annually from 1 April each year in line with Consumer Price Index (CPI) inflation increases (rate published for the preceding September each year);
- Be subject to a scheduled review at least every 3-5 years.

7 Charging Models

When introducing or reviewing a charge the Council will follow one of three models:

Charge	Definition	Application
1. Full Cost Recovery	Full Cost Recovery is defined in this policy as the Chartered Institute of Public Finance and Accounts' (CIPFA's) 'total cost' model. When charging 'total cost' the Council is aiming to charge the user the full cost to the Council of providing that service. The 'total cost' to the Council is calculated following CIPFA methodology. The cost of the charge will include, in addition to the direct cost of providing the service, costs such as fair and appropriate proportion of the cost of premises, central services and other overheads.	This is the Council's 'default' charging principle.
2. Direct Cost Plus	As a minimum the Council would recover the direct cost of providing the service plus wherever possible, a contribution to overheads.	This allows flexible pricing decisions to take account of external market conditions. For instance, there are circumstances where setting changes at a level more than full

	<p>The level of overhead contribution is an operational decision, and will be dependent upon the particular circumstances and objectives.</p>	<p>cost recovery may be appropriate (e.g. when trading with other local authorities or public bodies the Council is not limited in the amounts it can charge).</p> <p>This charging model also allows charges to be set below full cost recovery to achieve a particular objective – for example entering into a new market or attracting new business. However, in line with the Standard Charging Principles, the aim will always be to recover the full cost of a service over time.</p>
<p>3. Subsidised</p>	<p>A subsidised charge requires the Council to contribute to the direct cost of the service. Where the Council is not covering the direct costs of the service, it will require a contribution from the Council.</p> <p>All subsidies will be subject to the approval of the Executive.</p>	<p>This model provides the Council with the option to provide a service with full or partial subsidy.</p> <p>The level of subsidy will be determined by reference to the nature of the service and the rationale for any subsidy for example:</p> <ul style="list-style-type: none"> • providing a public good; • encouraging service take up; • the user group’s ability to pay. <p>The financial impact of subsidy decisions on the authority will be identified both individually and collectively, and actively managed and reviewed.</p> <p>A list of current subsidised services is set out at Appendix 1.</p>

8. Authority to Set and Vary Charges

The decision on charging levels will be based on the relevant charging method (full cost recovery, direct cost plus, subsidised).

All charging decisions must be made in accordance with Selby District Council’s Constitution (Budget and Policy Framework, Scheme of Delegation and Financial Procedure Rules) and be able to demonstrate consistency with Council strategic priorities, policies and statutory obligations.

Any decision to cease or introduce a charge for the full or partially subsidised services set out in Appendix 1 must be approved by the Executive. Where a new chargeable service is to be introduced this must be done with Executive approval.

The decision to vary charges for existing chargeable services which are not subsidised is an operational decision, which will be taken by the appropriate Director/Head of Service (or Lead Officers with the approval of the appropriate Director/Head of Service), in consultation with the Section 151 Officer. The decision to vary charges (for example to offer discounts/special promotions) will be supported by adherence to the Charging Policy Process at Appendix 2 and the completion of the Business Case template at Appendix 3. This should be used to set out the clear rationale for the approach and charges proposed.

There may be occasional charges which will be exempt from this policy, and any variations in these charges must be approved by Executive. A list of such charges is set out at Appendix 4.

9 Policy Review

This policy will be reviewed periodically, taking into account developing Council policies and priorities and any changes in legislation.