



CHARGING FOR SERVICES POLICY

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1 INTRODUCTION

- 1.1 This policy applies to **charges for** services where the Council has discretion whether to charge and how much to charge for the service.

2 GUIDING PRINCIPLES

~~1.2 In general charges should be considered where only some members of the public benefit from the service provided. This policy is based on the assumption that the service user pays and that non-users do not subsidise users through council tax. A service is subsidised where the income from that service does not meet all the costs of that service and so there is a net cost which has to be funded from council tax. The net cost represents the amount of that subsidy.~~

~~1.2 The guiding principles for charging in Moray should be **fairness, consistency and reasonableness**. This policy explains what these principles mean in terms of deciding when to charge and how much, and the process for reviewing charges.~~

2.1 The guiding principles behind the charging policy are:

- To fully recover the cost of electively used services
- To generate income from Council assets
- To maximise income from charges

2.2 There are a range of types of services delivered by the Council. Some are stand alone services where the costs of service can be clearly identified. This is not the case for all services, and income generated from assets can be ancillary to the primary purpose of the asset or can arise from the primary use of the asset. However in all cases the principle of maximising income from charge should apply.

2.3 Some of the services delivered by the Council are used at the discretion of residents, eg pest control. Typically these are stand alone services where the costs of service can be clearly identified. It is the service users' choice to take up the service. In the case of such elective services the default position should be full cost recovery. The rationale for this is that other service users or Council Tax payers should not be subsidising the cost of others' choices.

2.4 Some of the services delivered by the Council are dependent on the use of Council assets as ancillary to their primary purpose eg school lets. In the case of such services charges should be based on a minimum of recovering any marginal on-costs eg cost of electricity, additional staff costs. In addition an element of income generation should be considered as a contribution to the Council's overall costs, following the Council's savings hierarchy which prefers income generation to service cuts. Considerations in setting cost will include market rate.

- 2.5 Some of the services delivered by the Council are essentially facilitating the use of Council assets for a specific purpose, eg car parking, harbours. The cost of holding these assets should not be the basis for charging for their use, rather the charges should be set at a level which enables the asset to be maintained to a suitable standard from the income thus generated and recover any other revenue costs required to provide the service.
- 2.6 The Council will seek to maximise the income raised by any particular charge. The impact of charges on the use of services varies depending on the type of service, available competition and other factors and these need to be understood and reference made to them when recommending charges to committee.

~~2. WHEN TO CHARGE?~~

~~2.1 The Council will aim to charge for any service where it is appropriate and cost effective to do so, unless there are contrary policies, legal or contractual reasons.~~

~~2.2 In particular, charges should not be levied where:~~

- ~~• it is difficult to establish the beneficiary.~~
- ~~• charging would be inefficient – that is, where~~
- ~~•~~

2.7 Where possible all charges should be collected in advance and by digital methods (where acceptable to customer). Where not possible, the value of the charge should be considered and invoices should not be raised where the cost of administration and collection costs are greater than the charge. Where the invoice would add to any existing unpaid debt for the customer reference should be made to the Council's Sundry Debt Policy.

- ~~• charging would be counterproductive, for example, where users would switch to other services or stop using a service (unless that is the objective of the charge).~~

~~2.3 The impact of charging on individual service users and types of service user and on the achievement of the Council's priorities are key considerations and the Council will need to collect sufficient information in order to make an adequate assessment of these factors.~~

3. BASIS OF CALCULATION - HOW MUCH TO CHARGE?

- 3.1 The basic principles of charging are set out in section 2 and are the starting point for the calculation of charges.
- 3.2 The full cost of providing a service is defined as including staffing and materials costs, **any related property costs** and also an element of overheads relating to central Council functions which support that service.

- 3.3 In order to ensure that full cost recovery charges are reasonable, benchmarking exercises will be undertaken periodically with other local authorities. Integrated Impact Assessments (IIAs) will be completed if considered necessary. Active consideration should be given to completing an IIA if a significant (eg substantially above inflation) increase in charges is to be proposed.
- 3.4 For some services it may be considered appropriate to set concessionary rates for some individuals or organisations using the service.

Fairness

- ~~3.1 The recipient of the service must have agreed to its provision and to pay for it.~~
- ~~3.2 Fees and charges should be set at a level that is fair to users and to council tax payers. Concessions should be available to groups determined by the Council as being unable to pay the full charge or otherwise disadvantaged, or where Council policy supports a concessionary rate. Concessionary rates can be used as mitigations against negative impacts highlighted by IIAs.~~
- 3.53 In general, commercial operators should pay the full cost of any service they receive from the Council (subject to any statutory restrictions). Services received by commercial organisations should not be subsidised by other users or Council Tax payers. Where commercial operators wish to hire Council premises or other Council facilities the principle outlined in paragraph 2.4 applies and charges should be levied at what is assessed as being a reasonable commercial rate. Charging levels should take account of market demand, competition from other service providers and where appropriate comparisons with charges made by other comparable local authorities to ensure that they are reasonable and where appropriate competitive in assessing what a reasonable commercial rate might be.
- ~~3.4 The impact of changing pricing policies should be managed through phasing over time when the impact is high. Any significant increases in charges should be introduced over a period of time to reduce the impact on service users.~~
- 3.65 A firm stance should be taken on non-payers in line with the Council's Sundry Debt Policy. Other service users and Council Tax payers should not be expected to subsidise users who are evading charges for a service they receive, so service managers should ensure that the Council's debt recovery procedures are properly followed and enforced.
- ~~3.6 Current means testing for ability to pay for a specific charge is guided by legislation but this process should be considered for other charges to ensure the Council's obligations for social inclusion and inequalities for services and any charges thereon are met.~~

Consistency

~~3.7 Charges for similar services or activities should be consistent across the authority.~~

Reasonableness

~~3.10 The Council will aim to ensure an appropriate level of income from fees and charges by ensuring that charges to users reflect the full cost of the service provision, unless covered by concessions or where there are contrary policies, legal or contractual reasons. A concession is a discount given to a specific group of people, for example children, older people or claimants of income-related benefits.~~

~~3.11 If the income from a service does not meet its costs, the service is effectively being subsidised by council tax payers. Where this occurs, it should be a conscious choice, and approved by Policy and Resources Committee to ensure that this action is consistent with Council priorities.~~

~~3.12 Where charges are not made for a service or are reduced from full cost recovery level, the reasons should be reconsidered as part of the annual budget process to ensure that they remain valid and that significant income is not being foregone by the Council.~~

4. ANNUAL REVIEW PROCESS

4.1 Reviews of charges, including consideration of current charges and the potential for new charges, should be undertaken as an integral part of the **financial planning** budget process each year. **Such reviews can be annual or multi-annual.**

4.2 Appropriate consultation with service users and stakeholders will be undertaken in respect of any proposed significant changes to current charges or in relation to the introduction of significant new charges

4.34 The introduction of new charges or any variations to existing charges require approval. **Service Committees can approve new charges related to their remit at any stage during the financial year.**

4.4 The annual review process is corporate and may include the setting of a default increase percentage rate for charges within the Council's control. Any default rate will be approved either by the Corporate Committee or by Full Council. If a default rate is approved only charges where the default rate is not proposed to be used will be reported (either to Corporate Committee or to Full Council) in a report covering all such proposed departures. Reasons for the proposed departure must be clearly justified. In this annual review process any variations to charges will apply from the beginning of the financial year following approval, unless otherwise agreed.

4.6 Following the annual review of charges a comprehensive list of all charges levied by the Council will be published on the Council's website.

4.45 Reports prepared for members requesting decisions on significant variations to charges must include the following information:

- ~~the aim or objective of the charge and how it links to the Council's target outcomes.~~
- current year charge, proposed charge and percentage increase.
- comparative information on charges levied by other authorities in the region or local competitors **if this is a consideration in the recommendation of the level of charge.**
- how the income will be collected, ~~including costs of collection.~~
- estimated income from the charge, estimated increase on existing income ~~and estimated costs of service provision, in comparison to budget.~~
- subsidy/surplus and reason for subsidy (if there is one).
- ~~analysis of the impact of the proposed charge (e.g. on target groups, usage of the service and achievement of the Council's target outcomes).~~ **IIA where appropriate**
- Reference to any relevant policy, including multi-annual reviews of charges.**