

ECONOMIC DEVELOPMENT COMMITTEE
20 NOVEMBER 2019

FEES & CHARGES PROJECT – COMMERCIALS PROJECT

1.0 Purpose of Report

1.1 To summarise the work undertaken within the Fees and Charges Project. The Commercials Team commenced the Fees and Charges project in April 2019 with the aim of reviewing all non-statutory fees and charges across the Council to;

- Create a central Fees & Charges Register
- Develop a framework for setting Fees & Charges efficiently and commercially,
- And ensure that Fees & Charges are efficiently reconciliated.

2.0 Background Information

2.1 A fee/charge is a fixed price charged for a good or service that can exist in a variety of forms such as a fee, commission or penalty. There are three different types:

Statutory Charge: This is a charge that the Council is mandated to levy for a service it is required to provide; for example Planning Applications Fees which are set by central government.

Discretionary Charge: This is a charge that can be set by the Council at its own discretion. The Council has the right to set this fee at whatever amount they believe is appropriate; for example car parking charges.

Statutory-Discretionary: This is a charge that the Council is required to account for in a specific manner, for instance, to charge for a statutory service at 'resource cost' meaning the fee must equate to the total cost to the council of providing the service.

2.2 The fees and charges project is an objective of the Commercial Strategy; namely "to ensure that the maximum revenues possible; allowed by the Corporate Fees and Charges Policy, and at levels that are socially and politically acceptable are being charged and received" (paragraph 6.1 of the Commercial Strategy). The fees and charges project focused on discretionary and statutory-discretionary charges, as the Council sets these. The aims of the project were to;

- Create a comprehensive fees and charges register,
- Create a toolkit for setting and regularly reviewing fees/charges to ensure transparency and consistency in costing methodology, and, as appropriate, maximize fees and charges with reference to the community plan and wider social objectives.
- Create a mechanism to reconcile income to fees and charges, and
- Develop a marketing plan for promoting fees and charges as appropriate.

3.0 Proposals

3.1 The project took place between April and November 2019 and the outputs were as follows:

1. Fees & Charges Register

The project team gathered the appropriate information and created a register which captures the following details;

- Description of charge
- Cost Centre Code
- Account Code
- Cash Officer Code
- Business Unit
- Committee approved by
- Type (Statutory/ Non-Statutory/ Statutory-Discretionary)
- Methodology (way fee/charge is set)
- Business Unit Notes
- How Customer Pays
- Last 5 years of charges
- Notes

The most important change is the introduction of 'methodology' to capture how the fee/charge is created and the 'notes' column where officers can provide an explanation if required. This would be used if, for example, the most commercial rate had not been proposed, the officer would explain here why a lower fee would be more appropriate by linking to the community plan and wider socio-economic considerations. For example, it may not be appropriate to charge the maximum fee for car parking as this would have implications on town centre growth.

2. Fees & Charges Toolkit

A toolkit (attached at **Appendix 1**) has been created which acts as a guide for officers who are responsible for setting, reviewing or managing fees and charges within the Council. It guides the user through the process of setting and reviewing fees and charges with the aim of ensuring fees are set transparently, consistently and commercially across the Council. The toolkit will embed a commercial approach to charge setting, promote organisational best practice and streamline budget setting.

3. Reconciliation and Monitoring

Each Business Unit is responsible for maintaining a regular reconciliation of their Fees and Charges income with the support of their Accountant. The central fees and charges register ensures the efficiency of this process. With the integration of the New Financial Management System, this will realign the hierarchy of Fees & Charges under a single parental structure. The Business Unit will be responsible, with support from the finance business unit, to monitor the application of the approved fees and collection of income. The comparison of actual income charged and collected to budgeted income will form part of the Council's quarterly performance reporting to senior management and Committee.

4. Marketing Plan

The final action of the project is to create a Marketing Plan for discretionary fees and charges to be launched in 2020/21. This marketing plan is in development and will be approved by SLT to be delivered by each business unit as appropriate.

4.0 Next Steps

- 4.1 The toolkit is currently being distributed with Business Managers to be applied to the 2020/21 fees and charges. From 2020 finance will be responsible for maintaining the register and overseeing the application of the toolkit in the annual review process.
- 4.2 Commercial rents were out of the scope of this project, however, as a legacy of this work rents are going to be reviewed as part of a 'Review of Commercial Assets' expected to commence December 2019. This review aims to look the Council's assets holistically to assess the asset and review fees and rents.

5.0 Equalities Implications

- 5.1 No equalities impacts identified. If appropriate equalities impacts assessments will take place for charged activities. Assessments to be conducted by the appropriate business unit.

6.0 Financial Implications FIN19-20/3704

- 6.1 There are no direct financial implications from changes/improvements to the methodology of capturing the data. All financial implications of individual changes to a fee and charge will be covered within the reporting process. Increased income generated from a more commercial approach to setting discretionary fees and charges, and additional marketing of services, will be recorded.

7.0 Community Plan – Alignment to Objectives

- 7.1 This project embodies the Councils' 'commercial and business-like' value and works to deliver the objective; "generate more income, improve value for money and increase residents' satisfaction with the Council."

8.0 RECOMMENDATIONS that:

- a) the contents of the report be noted; and
- b) the toolkit (Appendix 1) and associated procedure for development and review of the fees & charges register (3.0) be adopted as policy for the setting of corporate fees and charges.

Reason for Recommendations

To ensure a transparent, consistent and commercial system for setting fees and charges is used across the Council, contributing to the delivery of the Council's commercial aspirations.

Background Papers - Commercial Strategy (Adopted at Full Council 10.10.17)

For further information, please contact Ella Brady on Ext. 5279

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