

<b>MEETING:</b>	<b>OVERVIEW &amp; SCRUTINY COMMITTEE</b>
<b>DATE:</b>	<b>19 MARCH 2012</b>
<b>TITLE OF REPORT:</b>	<b>TASK &amp; FINISH GROUP REPORT – INCOME AND CHARGING</b>
<b>REPORT BY:</b>	<b>Task &amp; Finish Group</b>

**CLASSIFICATION:** Open

### **Wards Affected**

County-wide

### **Purpose**

To consider the findings arising from the Task & Finish Group – Income and Charging and whether to recommend the report to the Executive for consideration.

### **Recommendation(s)**

**THAT:**

- (a) **the Committee considers the report of the Task & Finish Group – Income and Charging, in particular its recommendations, and determines whether it wishes to agree the findings for submission to the Executive;**
- (b) **Subject to the Review being approved, the Executive’s response to the Review including an action plan be reported to the first available meeting of the Committee after the Executive has approved its response;**

### **Key Points Summary**

- A scrutiny Task & Finish Review has been undertaken into Income and charging, in response to a request from Cabinet in June 2011.
- There is a growing awareness that expenditure is able to be recovered through the application of Fees and Charges. Some fees and charges are effectively set by legislation, but many are a matter for local policy with a clear link to the budget process.
- The Council recovers a smaller percentage of its service costs through charges than do other Unitary councils. The review considered the extent to which a coherent charging policy can support service delivery and ensure that, where services remain subsidised, the reasons are clearly understood and articulated both within the council and in the wider community.

### **Alternative Options**

- 1 The Committee can agree, not agree or can vary the recommendations. If the Committee agree with the findings and recommendations from the review, the attached report will be submitted to the Executive for consideration. It will be for the Executive to decide whether

some, all or none of the recommendations are approved.

## **Reasons for Recommendations**

- 2 This Committee commissioned a Task & Finish Group to look at Income and Charging. The Task & Finish Group has completed its task and its report is required to be submitted to this Committee for approval. The recommendations also set out how the report should be progressed in accordance with the Council's Constitution, if approved by the Committee.

## **Introduction and Background**

3. In June 2011 Cabinet invited the Overview and Scrutiny Committee to undertake a review to identify options for the development of budgetary policy to support further income generation.
4. There is a growing awareness that whilst all expenditure is, of necessity, financed from Council Tax, Government Grants, and redistributed National Non Domestic Rates; some of this expenditure is able to be recovered through the application of Fees and Charges. The role this facility and flexibility plays in the wider finance model for the Council needs to be better understood. Some fees and charges are effectively set by legislation, but many are a matter for local policy with a clear link to the budget process.
5. The Council recovers a smaller percentage of its service costs through charges than do other Unitary councils. The review considered the extent to which a coherent charging policy can support service delivery and ensure that, where services remain subsidised, the reasons are clearly understood and articulated both within the council and in the wider community.

## **Key Considerations**

- 6 At the review's outset there was a need to understand how the rationale for setting fees and charges linked to service provision and how this fitted within the overall approach budget policy. The Task and Finish Group has considered a range of issues including the principles of charging and equity of charging and its transparency; the subsidy of services across the Council and the potential roles that traded services can play in generating income.
- 7 The Group's conclusions include that there needs to be clarity regarding any subsidy of services; value for money for the wider public in implementing service charges in the cases where service delivery costs and/or service delivery frequency is low, a challenge to current savings proposals where they include cost recovery through charging; and an understanding of the linkages between implementation overhead of new charging and any new or emerging service delivery models, e.g. where a 'smaller' Council becomes increasingly responsible for commissioning services rather direct service delivery.
- 8 The Group's findings are detailed in the attached report.

## **Community Impact**

- 9 The findings and recommendations from the review have the following impact:
  - New, changed or increased charging will have some impact on sectors of the community; however these options must be seen to have been investigated if they have the potential to mitigate further cuts to front-line services.
  - Considering the impact on behaviour and outcomes of charging at different points in the chain of services across the integrated commissioning service area may further support improvements in health and social care.

- The removal of subsidies from council tax may enhance personal choice on discretionary spending and enable a more overt public perception of value for money realised at the point of delivery.

## **Equality and Human Rights**

- 10 If the Committee agree with the findings of the Group the report will need to be considered by the Executive and, depending on their decision, any resultant actions will need to be assessed against the Equality Analysis and be reported to Cabinet.

## **Financial Implications**

- 11 If the Committee agree with the findings of the Group the report will need to be considered by the Executive and, the financial implications assessed at that point. The Group considers that its proposals would contribute to an improved financial position.

## **Legal Implications**

- 12 The Group has had regard to the legal framework governing procurement practice.

## **Risk Management**

- 13 The Council's budget is supported by income. The policy on income and charging levels will need to play an appropriate part delivering the balanced budget. The Group's report will need to be considered by the Executive and, the risks assessed at that point, when the Executive considers its response to the report's findings and its recommendations.

## **Consultees**

- 14 As part of the Review interviews were held with R Beavan-Pearson – Assistant Director – Customer Services and Communications, S Carter – Head of Commercial Services, R Morgan – Pricewaterhouse Coopers. Members of the Group investigated the following services and their findings have been made available separately to the Cabinet Member (Corporate Services and Education): Halo, Markets and Fairs, Pest Control and Residential Care and also produced a progress report on the quick win charging areas identified by Cabinet: immediate charge increases for Car Parks, School Transport & Pre-application advice for planning.

## **Appendices**

- 15 Task & Finish Group Report – (Appendix 1).

## **Background Papers**

Report to Cabinet- 30 June 2011 – Income Proposals and Charging Proposals, CIPFA guidance for establishing charges for full cost recovery, Audit Commission Report: Positively Charged- Maximising the benefits of local public service charges, Review by Sandwell Council – Setting Fees and Charges, and Review by Basildon Council – Fees and Charges.