

TITLE OF REVIEW:	Income and Charging
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SCOPING

Reason for Enquiry

The Council recovers a smaller percentage of service costs through charges than other Unitary councils. In addition, the current level and mix of service subsidy needs to be reviewed in the context of strategy and policy frameworks.

Given the financial challenge faced by the public sector, it is timely to consider best practice in other authorities and the latest research on the appropriate balance of council services. This is necessary to acquire broad consensus on the budgetary policy changes that are appropriate to Herefordshire in time for 2012-13 budget setting.

Links to the Community Strategy

The review contributes to the following objectives contained in the Herefordshire Community Strategy, including the Council's Corporate Plan and other key plans or strategies:

- 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.

Summary of Review and Terms of Reference

This review is to consider the extent that a coherent charging policy can support service delivery and ensure where services remain subsidised the reasons and returns are clearly understood and articulated.

Terms of Reference

- **To focus on the principles of charging and equity of charging.**
- **To understand the subsidy of services across the Council looking at the top ten subsidised services and the justification for subsidy including to what extent the subsidies are linked to and supported by policy objectives.**
- **Examination of the current system of charging for these services and the nature of this system's link with service provision (including decrease in service use and any geographical trends) – provided data is available.**
- **Assessment of the effectiveness and fairness of current methods of charging.**
- **Help to establish principles to support the development of additional charging schemes.**
- **Investigate the potential roles that traded services could play in generating income; and that currently outsourced contracts and partnerships could play in further minimising costs.**
- **Recommendation of any actions to deliver a sustainable and effective system of charging**

What will NOT be included

- **Charging regime for Shared Services**
- **Areas where legislation does not support charging**

Potential outcomes

To

- **Review charging principles to ensure the Council can generate income in a balanced and equitable manner**
- **Gain sound understanding of the role that charging and income plays supporting strategic change programmes and improving performance**
- **Develop an understanding of the role that traded services that could operate on a commercial basis could play**
- **Review initial tranche of income generation projects to support council funding requirements and suggest potential projects.**

Key questions

To

- **Understand the level of subsidy by council tax payer for services across the Council**
- **Establish whether there is appetite and scope to increase charges and if so where having regard to best practice authorities and the potential to extend charges to services not charged for.**
- **To understand the extent to which the principles could be applied to supplier and partnership models, e.g. HALO and Amey.**

Cabinet Member (s): PHILLIP PRICE – Corporate Services and Education

Key Stakeholders/Consultees

- **Service users**
- **Business community (Chamber of Commerce and Federation of Small Businesses.**
- **Third sector**
- **General Public**

Potential Witnesses

- **Service users**
- **Business community**
- **Third Sector**
- **General Public**
- **Council Officers (including Service Mangers)**
- **PriceWaterhouseCoopers**

Research Required

- **Customer segmentation to help inform the development of charging and trading**
- **Data collection via CIPFA's data service.**
- **Benchmarking and policies from comparable local authorities.**
- **National studies on the impact of charging**
- **Additional Information Requested by Group on 28 September.**

Potential Visits

To

- **Comparable local authority to understand role income plays in service delivery**

Publicity Requirements

Launch of Review:	Press release and internal communications
During Review:	Internal communications
Publication of the Review and its recommendations:	Initial article and outcome of review Herefordshire Matters &/or press release

Outline Timetable (following decision by the Overview and Scrutiny Committee to commission the Review)

<i>Activity</i>	<i>Timescale</i>
Collect current available data for circulation to Group prior to first meeting of the Group.	
Confirm approach, programme of consultation/research/provisional witnesses/meeting dates	First meeting of the Review Group.
Collect outstanding data	
Analysis of data	
Final confirmation of interviews of witnesses	
Carry out programme of interviews	
Agree programme of site visits as appropriate	
Undertake site visits as appropriate	
Present interim report to Overview and Scrutiny Committee, if appropriate.	
Final analysis of data and witness evidence	
Prepare options/recommendations	
Present Final report to Overview and Scrutiny Committee	By Mid-December
Present options/recommendations to Cabinet (or Cabinet Member (s))	
Cabinet/Cabinet Member (s) response (Within 2 months of receipt of Group's report)	
Consideration of Executive's response by the Overview and Scrutiny Committee.	
Monitoring of Implementation of agreed recommendations (within six months of Executive's response)	September 2011 Review

Members	Support Officers
Councillors: (Chairman of Review Group) Councillor L Harvey	Lead Support Officer (Independent of the Service being Reviewed) David Powell - Chief Officer Finance and Commercial Services
	Democratic Services Representative(s)
	Other support Officers
Additional members of the Review Group	