

BABERGH DISTRICT COUNCIL

From: STRATEGIC FINANCIAL PLANNING TASK GROUP	Report Number: L95
To: Strategy Committee	Date of meeting: 3 November 2011

STRATEGIC CHARGING POLICY

AN APPROACH TO DECIDING WHETHER AND HOW TO CHARGE FOR SERVICES

1. Purpose of Report

- 1.1 To provide a framework for deciding whether and how to charge for services.
- 1.2 To strike a balance between the need to generate increased income (and so reduce the pressure for reductions to front line services) and the need to mitigate any direct adverse impact charging could have on achieving the Council's priorities.

2. Background

- 2.1 The Council is facing significant budgetary pressures. Income is reducing with substantial reductions in Government Grant, whilst cost pressures are rising. It is estimated Babergh will need to generate £3.5m of additional savings/income over the next three years (2012/13-2014/15).
- 2.2 Babergh is working closely with Mid Suffolk Council to drive out savings from its budgets by integrating and transforming the way both Councils work. This will generate significant savings but approximately 50% of the savings/additional income need to be found from elsewhere.
- 2.3 Hence the Council will be faced with some difficult decisions if it is to achieve balanced budgets and acceptable levels of Council Tax, over the next three years. One important decision making area when setting the budget will be whether to increase income from charging for those services which are currently paid for from Council Tax.

3. The Key Policy Principles

- 3.1 In general a charge will be levied for all discretionary services on the principle "the user pays".
- 3.2 The decision of whether to charge for a specific service will be subject to an assessment of the impact of charging on the delivery of the Councils corporate priorities and priority outcomes.

3.3 In undertaking an 'impact assessment' the following questions will be asked:-

- Why are we providing the service?
- Which of Babergh's corporate priorities and priority outcomes are achieved by the service?
- What impact will charging have on the achievement of Babergh's corporate priorities and priority outcomes?
- Do other similar or neighbouring Councils charge for the service and what is the impact of any such change?
- Are alternate service providers operating in the market and if so what is their level of charging?
- What is the estimated net additional income that is likely to be generated by the charge (i.e. impact on our financial position)?

3.4 There will be four different levels, or basis, for the charging of service. The actual level or basis of the charge will be influenced by the impact assessments. There are four different level of charges that could be applied:-

3.4.1 Full Cost Recovery 'plus' – any additional income, over and above the cost of providing the service, to be used to fund other priority services.

3.4.2 Full Cost Recovery – Councils aims to recover the full cost of the service from users.

3.4.3 Subsidised Charging – the users of the service to make a contribution towards cost of the service.

3.4.4 No charge – cost of service met by all Council Tax payers.

3.5 Charges that are set nationally or on a county-wide or sub regional basis will be applied to Babergh services.

3.6 Charges will not generally be made if the service in question is delivered to all residents or households equally. These services could be funded from Council Tax.

4. Equality Analysis (formerly Equality Impact Assessment)

4.1 Where appropriate and specifically when significant increases in existing charges or the introduction of new/additional charges are being considered, an Equalities Analysis will be undertaken.

4.2 This will ensure that the impact on residents and service users, who share a relevant protected characteristic as defined under the Equality Act 2010, are fully understood before any proposals are implemented.

5. Shared Service/Partnership Implications

5.1 Whilst not a mirror image of the strategy adopted by Mid Suffolk District Council, this strategy is aligned with and follows the same principles as the MSDC strategy.

6. Concessions

6.1 In some circumstances it may be appropriate to consider offering a concession to certain users of a particular service where this is consistent with achieving the Council's strategic aims and priorities.

6.2 The Council will consider, therefore, subsidising the following groups:

- Those on means tested benefits
- People with a disability
- Other specific groups

6.3 It is not felt appropriate to fix a level of concession in this policy as this should be looked at as part of the annual review of charges, considering carefully the potential impacts before introducing concessions to service areas that do not currently offer them or amending existing concessions. Any concessions should, however, be applied consistently by both Babergh and Mid Suffolk.

7. How will this policy be implemented?

7.1 It will be the responsibility of each Joint Strategic Director and Head of Service, as part of the annual Strategic and Financial Planning (SFP) process, to consider:

- if services that are subsidised from Council Tax should be subject to a charge or if good reasons exist for continuing with a free or subsidised service, and
- all existing charges, reviewing and identifying areas where new or additional charges could be made

7.2 In circumstances where a charge is being introduced for the first time (or being substantially increased) it will be necessary to evaluate the proposals through the Councils' SFP process with any decision to introduce (or substantially increase) charges to be a Member decision.

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