

	<b>AGENDA ITEM 6</b>
	<b>CSC / 32 / 18</b>
<b>Report title:</b> Fees and Charges	
<b>Report to Corporate Policy and Scrutiny Committee</b>	
<b>Report author:</b> Nicole Wood, Director, Finance and Procurement	
<b>Date of meeting:</b> 31 July 2018	<b>For:</b> Discussion
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<b>Divisions affected:</b> All Essex	

## 1. Purpose of Report

1.1. This report has been produced to answer the committee's queries on Fees & charges of Essex County Council.

1.2. The queries that this report addresses are shown below and much of the detail has been lifted from the Fees & charges Policy (which is Appendix A of this report):

- Is the policy to cover costs, make profit or break even?
- Do individual service areas determine the charges and what determines an increase/decrease?
- Are voluntary groups either exempt/charged less for say buildings they may lease from ECC?
- A breakdown of the fees and charges charged by service areas

## 2. Recommendations

Note the answers to the queries raised

### **3. Basis of Fees & Charge level**

- 3.1. All service lines are required to assess the appropriateness of levying fees and charges on the services that they provide (with the exception of services provided internally to customers within Essex County Council). This decision, once made, needs to be reviewed and re-assessed, on an annual basis, in line with the policy statements set out in the Fees & Charges Policy (approved at Cabinet on 24<sup>th</sup> January 2017) and in consultation with the appropriate cabinet member(s).
- 3.2. Charging levels should ensure full cost recovery unless a decision has been made to trade commercially with another public body or operate commercially through a company or cooperative, or unless one, or more, of the following criteria are met:
- a. it is not legal to do so
  - b. it does not support Corporate Objectives / Outcomes to charge
  - c. market conditions will not sustain charges at that level; in this case, however, there must be clear justification for supporting the service, in part, through council tax.
  - d. a public body is being charged, which means that full cost recovery can be exceeded where this is provided through an agreement or contract.
- 3.3. The legislative framework for charging is complex and services must ensure that any charges that are applied meet the current legal requirements.

### **4. Approval and subsequent changes**

- 4.1. Each charging policy must have clear service delivery objectives linked to supporting the achievement of corporate priorities and outcomes, and the decision whether the charge or not is determined by the service with which it relates.
- 4.2. Appendices B,C & D of the Fee and Charges policy (Appendix A of this report) sets out the roles and responsibilities for the respective approvals required for decisions.
- 4.3. In line with the expectations of the Authority's medium term resourcing strategy, all charges should normally be subject to annual inflation uplift plus reflect any changes in the full cost of providing that service, to maintain full cost recovery, subject to the points raised in 2.2.
- 4.4. Unless an alternative measure is identified as being more appropriate by the budget holder, inflation should normally be applied using the RPI forecast, published by HM Treasury, for the relevant year as is applied through the

budget setting process. This is normally based on the RPI forecast published in the November prior to the budget being set.

4.5. In some instances the budget holder may identify that an inflationary uplift may not be permissible or appropriate, as set out below:

- It would mean that the service does not comply with the cost recovery policy statement
- Market prices would suggest that this is not sustainable
- The increase would not meet Corporate Objectives

4.6. Where inflation is not applied, the reasons for this should be identified in the annual review and recorded.

## **5. Voluntary Groups and the 3<sup>rd</sup> Sector**

5.1. In setting discretionary charges, the Council may charge only some service users and may make different charges to different groups of service users, provided that the cost recovery limitation is observed, as per point 2.2.

5.2. Only the Library charging policy specifically states that voluntary groups and the 3<sup>rd</sup> sector should pay different charges than any other user of that chargeable service, however each individual area may choose to charge lower amounts as per point 4.1.

5.3. The library service have the following charging policy applicable:

<b>Type of occupier</b>	<b>Type of lease / licence</b>	<b>Charging policy</b>
<b>Charity, VSO, Non-profit making Organisation</b>	Internal repairing	Rent abated by 50% to 100% of market rent based on public benefit business case, plus (full) service charge proportional to building running costs
<b>Charity, VSO, Non-profit making Organisation commissioned by ECC</b>	Internal Repairing	£1 per annum; service charge proportional to building running costs or unit cost (desk)

5.4. With regard to leases on others buildings, the Council does provide an opportunity for “peppercorn” rents to be charged for these types of organisations, as although there is no specific policy. The power to make this decision is delegated to the Executive Director, Corporate and Customer Services under paragraph 15.3.2 of the Scheme of Delegation as approved by full Council on 10th December 2013

5.5. Powers delegated to the Director with responsibility for Property Management and the Head of Property Management, Property and Facilities Management Team under the Property and Facilities, Scheme of Delegation dated 11th July 2017

- 5.6. In making this decision ECC must have regard to the public sector equality duty (PSED) under s.149 of the Equalities Act 2010.
- 5.7. The PSED is a relevant factor in making this decision but does not impose a duty to achieve the outcomes in s.149, is only one factor that needs to be considered, and may be balanced against other relevant factors.

## **6. Fees & Charges Income breakdown**

- 6.1. A full breakdown of the total income received from Fees & Charges in 2017/18 (£133,996,325) is shown in the table below.
- 6.2. Appendix B contains the full Fees & Charges schedule from the 2018/19 Budget report that was approved at Council in February 2018.
- 6.3. In practice, the functions propose their budget for Fees & Charges, which is independently reviewed by the Commercial team. These proposals form the basis of the overall Council budget that is discussed at the Executive and at the Political Leadership team. At least one of these sessions focus' entirely on Fees & Charges to ensure compliance to policy.

Portfolio	Spend category	2017/18 Actuals
ADULTS & HEALTH	RESIDENT CHARGES PRIVATE	(64,584,778)
	NON RESIDENTIAL CHARGING	(25,254,302)
	OTHER FEES & CHARGES	(160,500)
<b>ADULTS &amp; HEALTH Total</b>		<b>(89,999,580)</b>
CHILDREN & FAMILIES	OTHER FEES & CHARGES	(44,887)
	NON RESIDENTIAL CHARGING	(20,160)
	PARENTAL CONTRIBUTION	(8,874)
	RESIDENT CHARGES PRIVATE	(6,174)
<b>CHILDREN &amp; FAMILIES Total</b>		<b>(80,095)</b>
CULTURE & COMMUNITIES	OTHER FEES & CHARGES	(504,973)
	LEGAL CHARGES	(16,207)
	REGN-BIRTHS/MARRIAGES & DEATH	(6,546)
<b>CULTURE &amp; COMMUNITIES Total</b>		<b>(527,725)</b>
CUSTOMER & CORPORATE	REGN-BIRTHS/MARRIAGES & DEATH	(2,867,389)
	OTHER FEES & CHARGES	(2,590,249)
	LEGAL CHARGES	(52,545)
	CONTRACT INCOME	(232)
<b>CUSTOMER &amp; CORPORATE Total</b>		<b>(5,510,414)</b>
CUSTOMER & CORPORATE RSSS	RECH WORKS	(3,473,109)
	OTHER FEES & CHARGES	(890,475)
	CONTRACT INCOME	(733,886)
	S106 TOWN & CTY PLAN ACT FEES	(307,518)
	LEGAL CHARGES	(105,978)
	TUITION FEES	(5,481)
	ACCOMMODATION & BOOKINGS	(187)
<b>CUSTOMER &amp; CORPORATE RSSS Total</b>		<b>(5,516,634)</b>
ECONOMIC GROWTH	OTHER FEES & CHARGES	(391,238)
	S106 TOWN & CTY PLAN ACT FEES	(6,604)
<b>ECONOMIC GROWTH Total</b>		<b>(397,842)</b>
EDUCATION & SKILLS	CONCESSIONARY FARES	(5,116,847)
	TUITION FEES	(1,415,579)
	OTHER FEES & CHARGES	(1,250,875)
	FARES INCOME	(1,210,459)
	REIMB FROM INT INS-SUPPLY	(688,396)
	SPECIAL EVENTS & VISITS	(312,112)
	CONCESSIONARY FARES FOR PUPILS	(274,823)
	REIMB FROM INT INS-ANCILLARY	(272,128)
	EXTENDED SCHLS FUNDING & GRTS	(185,761)
	MUSIC/ART & DRAMA TUITION	(83,548)
	PARENTAL CONTRIBUTION	(81,992)
	LEGAL CHARGES	(63,960)
	ACCOMMODATION & BOOKINGS	(40,020)
	EXAMINATION FEES	(11,017)
	REIMB FROM INT INS-MANUAL	(7,049)
	DAMAGE TO PREMISES	(6,802)
	LEA CONTS TO STAFF ABSENCES	(3,848)
	CAR PARKING	(3,614)
	LANDSCAPING/GROUNDS	(3,227)
	CONTRACT INCOME	917,215
<b>EDUCATION &amp; SKILLS Total</b>		<b>(10,114,842)</b>
ENVIRONMENT & WASTE	TRADE WASTE INCOME	(2,140,542)
	CAR PARKING	(769,282)
	OTHER FEES & CHARGES	(565,374)
	TUITION FEES	(97,849)
	LEGAL CHARGES	(82,204)
	SPECIAL EVENTS & VISITS	(43,042)
	FINES	(2,867)
<b>ENVIRONMENT &amp; WASTE Total</b>		<b>(3,701,159)</b>
FINANCE, COMMERCIAL & TRADED RSSS	OTHER FEES & CHARGES	(1,203,164)
	CONTRACT INCOME	(353,302)
<b>FINANCE, COMMERCIAL &amp; TRADED RSSS Total</b>		<b>(1,555,833)</b>
FINANCE, COMMERCIAL & TRADED SERV	TUITION FEES	(1,054,548)
	OTHER FEES & CHARGES	(757,498)
	SPECIAL EVENTS & VISITS	(193,872)
<b>FINANCE, COMMERCIAL &amp; TRADED SERV Total</b>		<b>(2,005,918)</b>
INFRASTRUCTURE	CAR PARKING	(4,019,412)
	OTHER FEES & CHARGES	(3,675,740)
	FINES	(2,188,521)
	FARES INCOME	(1,171,273)
	S106 TOWN & CTY PLAN ACT FEES	(1,137,808)
	RECH WORKS	(1,133,554)
	S74 INCOME	(448,668)
	CONCESSIONARY FARES	(413,981)
<b>INFRASTRUCTURE Total</b>		<b>(14,188,958)</b>
LEADER	SPECIAL EVENTS & VISITS	(82,315)
	CAR PARKING	(79,288)
	TUITION FEES	(24,196)
	OTHER FEES & CHARGES	(22,033)
	MUSIC/ART & DRAMA TUITION	(192)
<b>LEADER Total</b>		<b>(208,023)</b>
LEADER RSSS	CONTRACT INCOME	(189,687)
<b>LEADER RSSS Total</b>		<b>(189,301)</b>
<b>Grand Total</b>		<b>(133,996,325)</b>

## 7. List of Background papers

## 8. List of Appendices

Appendix A: Fees & Charges Policy



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Appendix B: Fees & Charges approved as part of the 2018/19 budget



Fees\_and\_charges.pdf

<b>I approve the above recommendations set out above for the reasons set out in the report.</b>	<b>Date</b>
<b>Councillor Louise McKinlay, Cabinet Member for Resources</b>	

**In consultation with:**

<b>Role</b>	<b>Date</b>
<b>Executive Director for Corporate and Customer Services (S151 Officer)</b>	
<b>Margaret Lee</b>	
<b>Monitoring Officer</b>	
<b>Paul Turner</b>	