

NORTH YORKSHIRE COUNTY COUNCIL**AUDIT COMMITTEE****25 October 2019****Fees and Charges Strategy****Report of the Corporate Director – Strategic Resources****1.0 PURPOSE OF THE REPORT**

- 1.1 To seek approval for the proposed Fees & Charges strategy that has been developed for North Yorkshire County Council.

2.0 BACKGROUND

- 2.1 Fees and Charges income for the County Council totalled £59.8m in 2018/19. Within the Council's Constitution, directors are responsible for establishing and reviewing Fees and Charges within their directorate. With the ever increasing budget pressures facing the public sector it is important for NYCC to increase resilience and independence wherever possible and one of main areas this can be explored is through Fees and Charges. To ensure a consistent approach to Fees and Charges across the Council's Directorates, and to ensure this area is regularly reviewed and updated, the proposed strategy has been developed.
- 2.2 Ensuring that a robust charging strategy is in place for the council will help to ensure that a more equitable approach to service provision is in place, thereby ensuring that the costs of provision for a service are increasingly charged to the users of said service. With the increasing budgetary pressures indicated above, adopting such an approach will help ensure that services the council provides on a discretionary basis have as minimal impact on the Council Tax requirement as is possible.

3.0 FEES AND CHARGES STRATEGY

- 3.1 A Strategy document to inform a Council-wide approach to Fees and Charges is something that is in place in a number of other Local Authorities. These existing strategies have been used to inform the development of North Yorkshire's Fees & Charges Strategy.
- 3.2 The main body of the Strategy (see Appendix A) contains the background to the document and why a guiding strategy is deemed relevant. A major benefit envisioned through the adoption of this strategy is to allow for a more uniform approach to this area across the Councils Directorates, as research into this area has identified certain inconsistencies.
- 3.3 In summary the strategy will provide a framework which will:
- Maximise consistency across Directorates;
 - Ensure Fees and Charges are robust and up to date;
 - Ensure that Fees and Charges are clearly understood;
 - Maximise Council income.

- 3.4 Wherever possible and appropriate the default charging policy will be full cost recovery although the strategy recognises there will be instances where the Council wishes to adopt an alternative approach, for example potentially subsidising service delivery. Where this is the case it is intended that this be as a result of a clearly documented rationale.
- 3.5 If approved, responsibility for implementing this strategy will lie with the various Council Directorates. Complementary documentation to assist this process has been developed, including a list of all existing Fees and Charges in operation across the council, and an optional calculator for frontline staff to utilise when reviewing and setting charges. This supporting documentation will be provided to Council Directorates to help implement the strategy if approved.
- 3.6 The impact of the strategy will be reviewed annually to ensure the objectives are being met. Any amendments that may be identified as required will be passed to the Corporate Director – Strategic Resources for review.

4.0 RECOMMENDATION

- 4.1 Members are asked to comment on the Fees and Charges strategy for North Yorkshire County Council.

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Corporate Director – Strategic Resources
25 October 2019

Appendix A – Fees and Charges Strategy 2019

North Yorkshire County Council

Fees & Charges Strategy - 2019

1. Introduction and Context

The principle aims of a Fees and Charges Strategy are to support future Budget / Medium Term Financial Planning Processes and to provide a framework for the Council's approach to charging for services. The Strategy is to be reviewed annually and any required amendments will be passed to the Corporate Director – Strategic Resources for final review and the Strategic Resources Management Team for approval.

1.1. What is the Strategy about?

- 1.1.1 Within the Council's Constitution, Directors are responsible for establishing and reviewing fees and charges within their Directorate. Fees and charges should be reviewed annually unless one of the four conditions apply;
- they are regulated by an existing contract, or set by Government legislation or regulations; or
 - there is a specific agreement between the Council and relevant third parties setting a different frequency; or
 - a different frequency is agreed by the Corporate Director-Strategic Resources; or
 - there is a particular need to review them in advance of the next annual review.

1.2. Why is a Fees and Charges strategy necessary?

- 1.2.1 An effective Fees and Charges strategy will help to raise income & lower the burden to Council Tax payers of providing various council services, instead ensuring that it is the users of these services who are making the appropriate contribution towards the costs of these services
- 1.2.2 It is also important to ensure that the fee charged for a council service are reflective of the council's costs of provision, to ensure that services are not being inadvertently subsidised without a positive decision to this effect.
- 1.2.3 From 2019/2020 service income budgets will rise in line with inflation. As budgeted income targets are set to increase it is important fees and charges are regularly reviewed and updated to help in meeting this increased level of budgeted income.

1.2.4 With this in mind, this strategy has been developed, to provide Service Managers with a centralised framework to consider when reviewing their fees and charges. A centralised framework will also help to ensure a consistent approach and policy across NYCC.

1.3. What is in and out of scope?

1.3.1 This Strategy applies to:

- Non-Discretionary (Statutory) Services that a Local Authority is mandated, or has a duty to provide, where the maximum permissible fee is prescribed in legislation.
- Discretionary Services: Services that an authority has the power, but is not obliged, to provide. These charges are limited to cost recovery which includes a fair share of overheads.

1.3.2 This Strategy does not apply to:

- NYCC Traded Services, traded through North Yorkshire Education Services (NYES)
- NYCC wholly controlled companies

1.3.3 The entities covered in paragraph 1.3.2. have separate charging strategies in line with their governance arrangements.

2 Objectives of the Strategy.

2.1 With the ever increasing budget pressures facing the public sector it is important for NYCC to increase resilience and independence wherever possible and one of the main areas this can be explored is through fees and charges.

2.2 Whilst it is acknowledged that a full review of each charge implemented by the Council will not be required each financial year, it is considered that as a minimum the Fees and Charges already charged by the Council are to be adjusted in line with inflation each year. This will ensure that any inflationary change to the costs of providing a service will be matched by a corresponding change to the charge made for said service.

2.3 In line with the Council's savings requirements and commercial stance, it is vital to regularly review the continuing provision of those discretionary services where the council is unable, or unwilling, to recover the full costs of service. It is also important to ensure that where there is an opportunity to introduce new fees and charges, this opportunity is investigated fully to understand the implications of doing so.

2.4 The Fees and Charges strategy therefore has the following objectives:

2.4.1 Maximising consistency across Directorates:

- To move towards a more consistent “council wide” approach to fees and charges, the implementation strategy below has been developed. Furthermore, to this end a list of Fees and Charges currently in place for each directorate has been compiled, which requires standard information to be input for each fee or charge. This new approach is to be adopted from 25/10/2019.

2.4.2 Ensuring Fees and Charges are robust and up to date:

- All Fees and Charges to be reviewed on an annual basis, using the Implementation strategy below to inform this review. Any departure from the agreed strategy should be clearly documented and clearly explained, the standard list of Fees and Charges will allow Directors and Service Managers to record when a charge was last reviewed and what was considered. This new approach is to be adopted from 25/10/2019, whereupon each Directorate will establish a prudent time to review each Fee and Charge it has in operation. To assist with this process, an optional fees and charges calculation tool has been developed.

2.4.3 Ensuring that Fees and Charges are clearly understood:

- As part of the annual review of Fees and Charges, the cost of providing each service, & any legislation pertaining to this service is to be considered as part of this review. The optional Fees and Charges calculation tool will allow Directors and Service managers to calculate the cost of providing a service, and record any relevant legislation and store this information for future reference.

2.4.4 Maximising Council income:

- When reviewing existing fees and charges, or when considering the implementation of a new charge, the charge should be set at such a level as to maximise the income received by the Council. Please see section 3.1.2 for further guidance on the approach to use when determining a Fee and Charge.

3 Implementation – How do we plan to get there?

3.1 Unless an alternative approach is agreed by the Corporate Director - Strategic Resources, the following approach to Fees and Charges should be adopted:

3.1.1 Regularity of Review:

- All Fees and Charges are to be reviewed annually unless a compelling reason not to do so exists, e.g. a decision has been made to subsidise a service for four years in support of another council priority. Should an annual review of a fee or charge not take place, then as a minimum any such charges should be reviewed every three years.
- Unless limited by Statute, as a minimum this review should consist of uplifting each fee and charge by inflation, to match the corresponding increase in providing each service.
- As part of the annual review, any opportunities to introduce new Fees and Charges should be investigated to ensure that the council is not failing to recover any costs.

- NYCC’s Commercial agenda requires all staff to become more “cost-savvy” to ensure we can save money which can be used to protect front-line services. Ensuring all fees & charges are reviewed regularly, & exploring any viable opportunities to trade commercially will ensure this agenda can be achieved

3.1.2 Costing approach:

- Fees and Charges should be aimed towards full-cost recovery, including an appropriate share of corporate & departmental overheads.
- If a Fee or Charge is determined by statute, then the statutory charge will apply.
- If the Council is unable, or unwilling, to recover the full costs of providing a discretionary service, then as part of the annual review the continued provision of this service should be considered along with the rationale of the charging policy adopted.
- When finalising the costs of each Fee and Charge, consideration should be given to any wider implications of setting the charge at the proposed rate, to avoid any unintended consequences.

3.1.3 Utilising benchmarking:

- Fees and Charges should be benchmarked against other local authorities to help identify potential best practice. When appropriate to the Fee and Charge in question, benchmarking against other relevant competitors should also be undertaken.

3.1.4 Understanding legislation.

- When setting/reviewing a charge, all relevant legislation should be identified and its impact on the charge documented for future reference.

3.2 An optional Fees and Charges calculation tool has been developed to help guide the implementation of the Fees and Charges strategy, as has a list of all current Fees and Charges in place across each Directorate. Each Directorate is responsible for ensuring that their Fees and Charges are appropriately monitored and up to date. Each Directorate’s list of Fees and Charges is to be overseen by the Directorate’s lead business partner.

3.3 Once the review of existing fees and charges has been completed, or any proposal for a new fee and charge has been developed, then these will still need to pass through each Directorate’s agreed approval process before implementation.

3.4 It is envisioned that there will be a regular review of each list of Fees and Charges being maintained by the Directorates, to ensure that the strategy is being followed, that the objectives of the Strategy are being met, and to allow feedback on the strategy and its implementation.

4.1 Policy Documents:

4.1.1 NYCC MTFS: <https://www.northyorks.gov.uk/our-key-strategies-plans-and-policies>

4.1.2 NYCC Constitution: <https://www.northyorks.gov.uk/council-constitution>

4.1.3 NYCC Council Plan: <https://www.northyorks.gov.uk/council-plan>