

*The following has been taken from paper D248 presented to Strategy Committee on 24 February 2005. The version below has been re-formatted for ease of reading. To see the original paper, [click here](#).*

## **STRATEGIC CHARGING POLICY**

### **Introduction**

Officers and Members should ensure that all relevant issues are addressed when considering the possible introduction of new charges or reviewing current charges. Reviewing charges does, of course, result in politically sensitive issues for Members. Charging is an important and appropriate way of financing services and provides an alternative to council tax in paying for the Council's services. The Council needs to make its approach and policy on charges clear to the public. This needs to explain why it is appropriate to introduce charges or increase charges in appropriate circumstances - by following the principles and processes outlined in this charging policy.

It is also important to recognise that charging is just one aspect of the Council's overall financial management arrangements and the service and financial planning process. Clearly, Members and management ensure that services are provided efficiently and effectively and that costs are regularly scrutinised and reduced wherever possible. Hence, when new charges are being considered or current ones reviewed, this is in the knowledge that all other steps to minimise the net cost of the service have been taken.

The Council first approved the philosophy, principles and process of a Strategic Charging Policy in August 2000. This has since been updated to reflect the current constitutional arrangements.

It is suggested that certain aspects of the policy should now be amended to provide increased clarity on the Council's approach to charging for services.

### **Issues**

The adoption of a strategic approach to charging and questioning the role of charges in the provision of services is very important in terms of the impact on the community and the Council's financial position. In considering charges, the following questions should be addressed by Heads of Service and Members:-

- Why are we providing this service?
- Who benefits from the service – individuals or the community?
- Do we subsidise this service from council tax?
- What are we achieving by subsidising it?
- How much do residents and businesses value the service?
- How willing and able are they to pay for it?
- What effect does charging have on the supply and demand for a service?
- How can charging affect behaviour and assist service objectives?

## **Philosophy**

- (a) Charges should be considered where only some members of the public benefit from the service provided. The overall principle for charging should be that the “user pays”, and non-users do not support users through council tax.
- (b) Charges should be set at levels that, as far as possible, do not preclude members of the public from using or benefiting from a service. Consideration should be given to the ability of individuals, including those of limited means, to meet the charges and benefit from the service available and consistently reflected in agreed charges.
- (c) Where charges are levied, this should be on the basis of achieving a cost-neutral position for the service in question, where that is considered to be a practical and appropriate approach.
- (d) Charging arrangements should be efficient and practical and should demonstrate responsible asset management for the benefit of the whole district, i.e. that sufficient income is raised through charges to ensure that the assets employed in providing the services are fully maintained and improved when necessary.
- (e) Charges can be levied to raise revenue for the general provision/improvement of services, to offset council tax rises or to help fund specific projects.
- (f) They can also be used to regulate demand and change behaviours where this is appropriate to meet the Council’s aims and priorities.
- (g) Appropriate use of the new discretionary powers introduced by the Government in 2003 to charge for services will be considered.

## **Principles**

Clear principles need to be established to ensure the overall approach to charging is soundly based and effective. Therefore, the Council should be clear on:-

- which services it should charge for
- what users these affect
- what levels of subsidy, if any, are being given for the use of specific services?

The principles are that:-

- (a) Future charging proposals must be judged in the light of the Council’s corporate aims and service objectives and also identify whether charging is an appropriate alternative to council tax in paying for the service in question.
- (b) They should clearly link to the achievement of service priorities and strategies, e.g. Town Centre Management, Recycling targets and, where appropriate, investment needs.
- (c) They should be subject to consultation with users or beneficiaries of the service where appropriate.

- (d) Charges can be market-led and should be set according to market demand and taking into account competition from other providers of the service.
- (e) The extent of any subsidy should be determined and charging levels should take account of comparisons with other Local Authorities' charges and charging policies and the willingness of users to pay for valued services.

### **Process**

- (a) Reviews of charges should be undertaken as an integral part of the service and financial planning process each year.
- (b) This will involve Heads of Service and members considering current charges and the potential for new charges in relation to all Council services.
- (c) Appropriate consultation with service users and stakeholders will be undertaken in respect of any proposed significant changes to current charges or in relation to the introduction of significant new charges.
- (d) All charges need to be consistent with the Council's corporate and service aims, strategies and service priorities.
- (e) Where possible, meaningful objectives for charges should be set and these should be viewed over the long term, not just as short-term financial targets.
- (f) All charging proposals need to be considered each year by the Overview and Scrutiny Committees (or a working group established by the Council to consider budget proposals) with appropriate recommendations to the Strategy Committee for inclusion in the Policy and Budget Framework for the following year.
- (g) Variations to charges will generally apply from 1 April, and any 'mid year' proposals for new or amended charges should be submitted to the Strategy Committee.

Amended - February 2005