PRESENT:

Councillors Mistry, Pacey-Day, Mrs Parker and Mrs Simpson-Vince

Sean Lawson (Head of Environmental Services), Mannie Ketley (Head of Resources), Paul Ansell (Scrutiny and Policy Officer) and Veronika Beckova (Democratic and Scrutiny Services Officer)

Councillor Mrs Bragg (Resources and Corporate Governance Portfolio Holder)

1. APPOINTMENT OF CHAIRMAN

A decision on a chairman for the 2014/15 municipal year was deferred until the next meeting. Councillor Mrs Parker took the chair for this meeting.

2. APOLOGIES

An apology for absence from the meeting was received from Councillor Helen Walton.

3. ONE-PAGE STRATEGY

The task group considered the one-page strategy for the review that was circulated as part of the agenda. The one-page strategy was agreed, subject to:

*How long should it take?*

Due to the in-depth information required, the current timescale has now become unrealistic. The development of a policy will take more time than anticipated. The task group will aim to present an interim report to the Corporate Performance Committee in November.

4. PRESENTATION – MAXIMISING INCOME/DISCUSSION – GUIDING PRINCIPLES FOR A FEES AND CHARGES POLICY

The task group received a presentation from the Head of Resources and the Scrutiny and Policy Officer. A copy of the presentation is annexed to the minutes.

Further to the presentation, the following points were made:

- The presentation provides a background to the review’s topic.
- A number of charges and fees are set by the government.
- An increase in fees can be prompted by inflation.
- The council has currently limited understanding in some services of any local competition or what services other neighbouring councils are providing.
The council’s ambition is to be self-sufficient in 4 to 5 years. The council will directly control all funding streams.

Currently, not all the fees and charges reflect the cost of the council’s services.

Some charges may be reduced or increased and some services may cease completely.

Fees and charges are a part of the budget process and are thereby approved by Cabinet and Council.

A specific group to oversee the fees and charges setting process may be established if needed.

To maximise the income, a council may consider adopting a range of different approaches:

- **trading**: this could be providing services for other councils. Alternatively, it could be the setting up of a separate trading arm (consideration of which was recommended by the Works Services and Public Realm Review and will be the subject of a report to Cabinet);

- **flexible approach**: for example, reducing charges to increase usage; enabling individual services to become self-sufficient, develop strategies and take opportunities to charge appropriately;

- **premium charging**: charging more for a particular service where a higher level of service is required (e.g., time slot specification); and

- **environmental objective**: for example, reducing taxi licence fees for cars with low emissions.

The Council may consider charging for services that we currently don’t charge for (but acknowledging there may be a strategic reason behind a decision why we don’t charge for a particular service). Services that some councils charge for include:

- House alarm call-outs where arrangements have been made
- Landlord accreditation
- Private sector renewal
- Planning pre-application advice
- Pest control advice
- Kerbside garden waste collection

Which services should be free, subsidised or paid fully or provided/not provided should be considered carefully. Customer demand and wider implications should be taken into account.

As part of the on-going budget setting process account is taken of which services are intended to be fully recovering costs and which are consciously being subsidised.

The cost of the service should be based on the total cost of a service per head including officer time and internal recharges for such things as buildings, utilities and equipment. Increased efficiency might be considered. For example, planning applicants can obtain about 15 minutes personal advice free of charge through RTPI’s Planning Aid and they can also find information on the planning portal. It could therefore be argued that it was no longer necessary for the council to provide this service free of charge, thereby enabling officers’ time to be used more productively elsewhere.

The Planning Services end-to-end review showed a high level of customer appreciation of officers taking the time to assist with planning matters. A charging mechanism might work against these benefits. As the borough’s population increases, there may be a need to increase the size of teams or reduce the services provided by the council, leaving some services entirely to the private sector thereby releasing resources for essential council services.
• The extent of subsidy on council sports pitches needs to be considered in relation to the degree to which the use of the pitches helps to achieve the health and social benefits that lie behind the subsidy.

The Head of Resources undertook to provide by email information on how the council recovers charges, a breakdown of statutory and discretionary charges and a breakdown of the £4 million income generated from fees and charges.

5. WORK PROGRAMME AND DATES OF FUTURE MEETINGS

The task group agreed the headings for future meetings as listed in the briefing report.

The second meeting of the task group will be held at 5.30pm on Wednesday 22 October when the task group will consider:

• the skeleton draft policy and agree on principles;
• how detailed the rules contained in the policy should be;
• specifications on what categories should be:
  o subject to full cost recovery;
  o make a profit;
  o be subsidised; and
• whether the policy should provide a framework in which service managers will make the decisions.

The third meeting of the task group will be held at 5.30pm on Wednesday 19 November where the task group will:

  o subject the draft policy to testing;
  o have a discussion with service heads on the likely impact of the policy and how the policy could be developed further; and
  o consider if there are any exceptions that need to be treated as special cases.

Any further meetings will be set in due course.

CHAIRMAN
Maximising Income

Fees & Charges Task Group
2 September 2014
Mannie Ketley and Paul Ansell
Setting the context

• Local Govt Act 2003 – new powers to enable charging for all discretionary services – to recover cost of services only.

• Next four years estimated reductions in government grant of £2.2m.

• Status quo – year on year increases; may not reflect cost of the service, without understanding impact on demand, local competition, other authority charges.
Why do we need a policy?

• Allows us to consider each service – maximise income / reduce charges / stop providing?
• To consciously choose for local taxpayers to subsidise certain services for users.
• Consistency for concessions.
• Governance structure.
• Support other council objectives
Benchmarking study - themes

• Emphasis on maximising income
• However, aim should generally be to cover costs rather than make a profit (with several major exceptions where explicitly a trading operation)
• Resistance to automatic year-on-year percentage increases
Comparative performance

- Rugby BC in lowest quartile for sales, fees and charges as percentage of expenditure (all district councils)
- Lowest of all district councils in West Midlands
Approaches to maximising income

- Trading
- Flexible approach (eg could reduce charges to increase usage)
- Culture of self-sufficiency in services
- Premium charging to reflect level of demand or enhanced service
- Link to environmental objectives
Some services that Rugby chooses to provide free (but some others charge)

• House alarm call-outs (if arrangements made)
• Landlord accreditation
• Private sector renewal
• Industrial enquiry
• Planning: pre-application advice

HEALTH WARNING!!
Some more services that Rugby chooses to provide free (but some others charge)

- Food safety registration
- Pest control advice
- Stray dogs – chipping, out of hours collection
- Kerbside garden waste collection
Discussion

• What sort of council is Rugby?
• What should our attitude to cost recovery be?
• Are there any services that should be excluded from the review?