

CABINET

Date of Meeting	Tuesday 24 th October 2017
Report Subject	Income Generation Policy
Cabinet Member	Leader of the Council and Cabinet Member for Finance Cabinet Member for Corporate Management and Assets
Report Author	Chief Officer (Organisational Change)
Type of Report	Strategic

EXECUTIVE SUMMARY

The County Council aims to recover income for the provision of services to its citizens in Flintshire wherever possible. The mechanisms and legal framework and powers for doing so are quite wide ranging

The Income Policy has a number of key objectives and principles that this report proposes are adopted by Cabinet to assist in the setting of appropriate and benchmarked fees and charges together with the mechanism for regular reviews and monitoring.

RECOMMENDATIONS

1	That Members note and approve the Income Policy attached to this report.
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REPORT DETAILS

1.00	IMPLEMENTATION OF THE COUNCILS INCOME GENERATION POLICY
1.01	<p>The County Council recovers income for the provision of services to its citizens in Flintshire the mechanisms and legal framework and powers for doing so are quite wide ranging and include the following:-</p> <ul style="list-style-type: none"> • Local Authorities (Goods and Services) Act 1970; • Section 139, Local Government Act 1972; • Civic Restaurants Act 1947; • Section 45, Road Traffic Act (MOT Testing); • Section 32 Local Government (Miscellaneous Provisions) Act 1976; • Section 97 Building Act 1984 (works);
1.02	<p>In considering the Councils wider approach and position in relation to fees and charges there has been a longstanding requirement to develop a policy which brings together all fees and charges in one place as well as reviewing their methods of calculation and application, it was also felt important that all of this information should be brought under one Cabinet report in the future.</p>
1.03	<p>In refreshing the Councils Medium Term Financial Strategy (MTFS) the Council has been aware of the need for a challenging strategy which acknowledges the Councils position on fees and charges and at the same time responds positively and constructively to any challenge which may seek to erode or weaken the Councils 'low funded Council' argument. As such, work was undertaken to procure external support and advice in relation to our current fees and charging methodology and fee levels so as to place us in a stronger position of knowledge and to ensure we more fully understand our overall position when compared to Wales generally and the wider United Kingdom.</p>
1.04	<p>A review of the Councils charging levels has been undertaken and this work has sought to benchmark those Council services who already charge with a wide range of comparator authorities. The study concluded that, in a number of areas, the Council was charging an appropriate amount for the provision of a service when compared against comparable services in the UK, in other services there needed to be a review undertaken to bring fees and charges up to a level which recovered cost as a minimum requirement. In some areas there were opportunities to recover income which, based on other local authorities activity, could legitimately be recovered but which was not currently being recovered at this moment, and finally, there was exploration of opportunities around 'premium service' charging scenarios.</p>
1.05	<p>The Council currently has no Income Generation Policy and as part of this overall review, one has been developed and is attached at appendix A. As well as the Policy document there was a need to consider the presentation</p>

	<p>of income information, in reflecting on current practice, which relies on individual delegated reports being submitted but using the current Portfolio Programme Boards to review fees and charges. Information flowing from Programme Boards would then assuming acceptable, be authorised through a process of delegated reports issued annually the timing of which did not necessarily have to be linked to the commencement of a new financial year.</p>
1.06	<p>Within the Income Policy there are a number of key objectives which are submitted for consideration, these are set out below:-</p> <ul style="list-style-type: none"> • Maximise revenue generation with full cost recovery wherever possible; • Ensure that charges reflect the ability to pay; • Comparability with our own sector and market; • Adopt differential pricing for some specific services where warranted; • Put in place a consistent process and governance structure; • Ensure that a clear and consistent set of principles and criteria underpin all decisionmaking; <ul style="list-style-type: none"> • Take into account any competition to deliver the service from the public, private or voluntary sectors; • Set prices as part of the approach to marketing the service; • Ensure that fees and charges are set in a way that complements the Council's wider policy goals; and • Collected as efficiently as possible, in advance of the point of delivery and provides customers with as many ways as possible to pay.
1.07	<p>In addition to the objectives the proposed Policy sets out a set of key principles these are outlined below:-</p> <p>Flintshire County Council fees and charges should:</p> <ul style="list-style-type: none"> • Maximise the level of income generated from the service within the appropriate legal framework which governs those charges; • Ensure charges are transparent and communicated to users with reasonable notice; • Take into account the nature of demand for the service and any market intelligence available; • Complement the Council's wider policy goals and objectives; • As a minimum, increase in line with inflation each year, unless there is a clear rationale for not doing so or for reducing the level of the fee in real terms; • Take into account equality and diversity need and obligations;

	<p>As well as considering all areas of cost recovery, potential areas of charging that would have maximum impact on income levels, but would require concessionary pricing to mitigate the impact on certain groups of individuals may need to be considered. Such areas could include waste collection and transport.</p> <p>Section 4 in the Income strategy gives further details on concessions and the principles that would need to be considered when determining the need for a concession.</p> <p>It is acknowledged that a number of these principles are contradictory in nature and that there should be a clear mechanism for deciding the prevailing priorities for each instance where conflicts arise.</p>
1.08	<p>In terms of monitoring fees and charges the mechanism suggested is that this is undertaken through the Councils programme boards. These boards are already in place and one of their functions and roles is to monitor progress in relation to Council efficiencies and the MTFs. It would therefore appear logical that income development and progress should also sit within programme boards.</p>
1.09	<p>The process for setting fees and charges is clearly set out within the Income Policy and is a six step process. However, occasionally there may be instances during the financial year where fees and charges need to be varied upwards or downwards. The Councils Constitution provides Chief Officers, in conjunction with their respective Cabinet Portfolio Member, a mechanism to set fees and charges in accordance with any policy or strategy approved by Cabinet or Council (i.e. the Income Policy). With prior approval therefore charges can be varied on an in year basis to manage demand by raising or lowering prices, ensuring active demand management.</p>
1.10	<p>As part of our financial plans we have set a recurring income target of £500,000. At the moment we are not achieving this target and our ability to do so will, unless we adopt a more rigorous and challenging approach to fee and income recovery, will remain position going forward.</p> <p>Councils generally have gone through or are currently going through similar reviews as we are, however, in some cases we are some way behind in our application and approach to fees and charges.</p>
1.11	<p>In the context of next steps clearly the adoption of the Policy will provide the strategic framework and consistency to address fees and charging issues within the Council. On adoption of the Policy fees and charges will be increased, in some cases these will be based on existing statutory/regulatory frameworks in others there will be an inflationary increase. As noted within the report there may also be cases where, due to the significant gap between the charge and full cost recovery there will need to be an incremental approach taken so that full cost recovery is achieved over a longer time period.</p>

2.00	RESOURCE IMPLICATIONS
2.01	<p>The Council currently receives around £10.5m from its services in relation to fees and charges and this report seeks to ensure that this income stream is regularly reviewed and that as a minimum those services move to recover their costs for the services they provide in the next 12 to 24 months and thereafter are subject to annual inflationary increases.</p> <p>The Council will need to continue pursue all opportunities for charging for services in order to maximise its external income for the future.</p>
2.02	<p>Within our financial plans we have set a target of £500,000 in increased income, this is a recurring amount which is proving challenging to deliver.</p>

3.00	CONSULTATIONS REQUIRED / CARRIED OUT
3.01	<p>Consultation has been undertaken with all Portfolio service areas and Cabinet Members.</p>

4.00	RISK MANAGEMENT
4.01	<p>If not implemented then there is a risk that the Council will fall further behind other Councils and benchmarking organisations in its fees and charging levels and in doing so will lose valuable sources of income. The overarching strategy which will mitigate this is that services seek to fully recover the costs of their services and that there are regular reviews of fees and charges through programme boards.</p>

5.00	APPENDICES
5.01	<p>Income Policy.</p>

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	<p>NA</p> <p>Contact Officer: Neal Cockerton, Chief Officer, Organisational Change Telephone: 01352 – 703169 E-mail: neal.cockerton:Flintshire.gov.uk</p>

7.00	GLOSSARY OF TERMS
7.01	<p>Medium-term Financial Strategy - a written strategy which gives a forecast of the financial resources which will be available to a Council for a given period, and sets out plans for how best to deploy those resources to meet</p>

	its priorities, duties and obligations.
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