

SURREY COUNTY COUNCIL**CABINET****DATE: 18 DECEMBER 2018****REPORT OF: MR MEL FEW, CABINET MEMBER FOR FINANCE****LEAD OFFICER: LEIGH WHITEHOUSE, EXECUTIVE DIRECTOR OF FINANCE****COMMUNITY VISION
OUTCOME:****SUBJECT: FEES & CHARGES POLICY****SUMMARY OF ISSUE:**

Surrey County Council (the Council) has seen a steady and sustained reduction in its core funding which is putting increased pressure on its finances.

Despite achieving savings over the last eight years of £540m, the Council has had to use its reserves and deliver one-off measures to balance the budget in 2018/19. As a result the Council is undertaking a significant transformation programme to ensure that it continues to deliver vital services within its resources.

A review of fees & charges is part of this transformation programme. The proposed fees & charges policy is an essential element of this review and provides guidance on the setting of new charges and the policy context within which existing charges are to be reviewed. It confirms the Council's approach to cost recovery and income generation and the governance processes.

RECOMMENDATIONS:

It is recommended that the Cabinet agrees that:

1. the proposed fees & charges policy is adopted; and
2. any discretionary services, whether currently provided free of charge or with some element of subsidy will be subject to a full review including appropriate consultation before a decision is taken on whether the subsidy is to continue.

REASON FOR RECOMMENDATIONS:

The Council is facing a serious financial situation which means that its approach to the delivery of discretionary services, for which a charge is permissible, needs to be appropriate. The fees & charges policy ensures that a consistent, transparent and policy based approach is adopted by the Council in order to eliminate unintentional subsidies or reconsider subsidies that may no longer be supportable within the current financial context.

DETAILS:

1. Recovering all the Council's costs from the provision of discretionary services is essential to ensure that the Council is able to fulfil its statutory duties while not placing an additional burden on the Surrey taxpayer. Fees & charges are currently set by each service and are subject to annual inflationary reviews as part of the financial planning process, reviews of charges are undertaken in different ways within each service resulting in inconsistent approaches throughout the Council.
2. Benchmarking undertaken by the Council indicates that the overall gross income raised from fees & charges is in line with the average for County Councils but there are some significant differences on a service by service basis.
3. This benchmarking exercise informed the first phase of the transformation project which focussed upon charges made in the Highways, Transport and Planning functions and identified a number of opportunities which are being further explored and targeted for additional income as part of the wider Highway and Transport transformation programme.
4. The proposed fees & charges policy is an essential underpinning activity to deliver this and further reviews across the Council. The policy sets its preferred position that the Council will charge for all its discretionary services where it is appropriate and cost effective to do so, unless there are contrary policies approved by the Council or legal constraints.
5. The policy provides guidance on the setting of fees & charges, the requirement to seek approval for changes to subsidies and the grounds upon which a subsidy may be approved. The policy confirms the requirement to undertake annual and periodic in-depth reviews that consider the cost of delivering services, the requirement to benchmark against other local authorities and the relevant factors to be considered when setting charges.

CONSULTATION:

6. A review of fees & charges and the requirement for an agreed policy formed part of the transformation proposals approved by Council at its November meeting.
7. Any new charges for services that are currently being provided for free or material increases to existing charges as a result of this policy will require specific consultation in accordance with the governance arrangements set out in the policy.

RISK MANAGEMENT AND IMPLICATIONS:

8. Establishing a fees & charges policy mitigates risks since it facilitates a consistent approach to charging for the delivery of discretionary Council services. The policy complies with the relevant legislation and ensures that a policy led approach is taken regarding the provision of subsidy for services that are supplied at a cost to the general taxpayer rather than to the individual user.

Financial and Value for Money Implications

9. The policy enables the Council to take a consistent and robust approach to the setting of fees & charges and complements the delivery of income targets that form part of the Preliminary Financial Strategy and the Council's Medium Term Financial Plan.
10. Upon review, all fees & charges for discretionary services are preferred to be set in order to fully recover the cost of delivery, unless there is a specific decision by a Cabinet Member or Cabinet (depending upon value) to provide a subsidy on policy grounds. In some instances, where a subsidy is no longer supported on policy grounds, this may mean a material increase to the fee which the service user may not be able to bear and may therefore mean that some discretionary services cease.
11. Heads of Service are accountable for ensuring compliance with the policy in their area of responsibility and will be supported in the setting of fees & charges by the Finance Service, who will follow the procedures set out in the policy to ensure consistency of approach and which will introduce a new quality assurance framework.

Section 151 Officer Commentary

12. A review of fees & charges forms part of the transformation programme which is in place to ensure that the Council is able to deliver its services within the resources available. Adopting the policy will provide the basis for a consistent and policy led approach to the delivery of discretionary services and will aid the Council's ability to deliver services.

Legal Implications – Monitoring Officer

13. In general terms, discretionary services are those which the Council has the power to provide but is not legally required to provide. Discretionary services are distinct from statutory services, which the Council must provide. Unlike for statutory services, the Council may, under Section 93 of the Local Government Act 2003 and Section 3 of the Localism Act 2011, levy a charge for discretionary services.
14. The levying of a charge must meet the requirements of those Sections. The charges, taking one year with another, cannot exceed the cost of providing each type of service i.e. the charges cannot be set to produce a surplus.
15. Cabinet will note that adopting the proposed fees & charges policy does not change any existing subsidies. Before an existing subsidy can be materially altered the Council will need to undertake a full review and options analysis. Consultation and an equalities impact assessment will also likely be required prior to any decision being taken.

Equalities and Diversity

16. There are no immediate equalities and diversity issues arising from the implementation of the fees & charges policy. Any new charges implemented as a result of the policy will potentially require consultation and/or an Equalities

Impact Assessment to consider the likelihood of any disproportionate adverse impact on vulnerable groups.

WHAT HAPPENS NEXT:

17. Following Cabinet approval:

- Services will be required to review their fees & charges and the provision of discretionary services.
- Where such reviews are constrained by the availability of resources, changes with the highest expected financial impact will be prioritised as part of the transformation programme.

Contact Officer:

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Annex:

Annex 1 - Fees & Charges Policy

Sources/background papers:

Council Papers 13 November 2018: Organisation Strategy, Preliminary Financial Strategy, Transformation Programme and People Strategy