

### The historic approach to charging

64 Councils can be sensitive to the legacy of previous decisions on charging. Where councils have experienced a negative public or media reaction to new or increased charges, this can lead to reluctance to tackle the issue again. But councils that fail to review and revise charges regularly may merely be deferring the problem of confronting public opinion.

*'About three years ago we fundamentally reviewed the charge and almost doubled it, to ensure we were recovering the actual costs involved in the process, and because we were well below other local authorities.'* [Service accountant]

65 While there are many councils undertaking reviews of their approaches to charging, in others charges are not reviewed or are simply increased annually in line with inflation. Councils adopting such an approach can find that charges fail to take account of changing circumstances, for example, patterns of service use or rapidly rising costs. They may also lose the opportunity to ensure that charges reflect their priorities, for example, that subsidies are targeted toward priority services and communities.

66 **Kettering Borough Council** undertook a fundamental review of its approach to charging in 2005. The Council wished to move away from its historic approach, through which charges were set to meet income targets, or merely inflated annually with little reference to current policy objectives. The Council's Policy and Improvement Committee was tasked with examining how charges could help maintain a balanced budget and to establish a set of guiding principles that would inform future charging policy (**Table 1**). As a result of the review the Council:

- standardised the concessions available to particular service users into two levels, ensuring that even those in receipt of income-related benefits would contribute something toward the services they used; and
- revised charges in a number of service areas to reflect the new principles, for example, introducing a standard rate per hour for car parking, with phased introduction in some services to manage the impact of the changes on service users.

**Table 1**

### Kettering Borough Council – a principles-based approach to fees and charges

Following a review by the Policy and Improvement Committee in 2005, Kettering Borough Council established a set of guiding principles to inform its decisions on charging for services.

1. Fair shares	2. Rationality and prioritisation	3. Stability and predictability
A. Subsidy from taxpayer to service user should be a conscious choice.	A. Fees and charges should reflect key commitments and corporate priorities.	A. The impact of pricing policies should be managed through phasing over time where the impact is high.
B. Concessions for services should follow a logical pattern.	B. Price should be based on added and perceived value as well as cost.	B. Policies should fit with the council's medium-term financial strategy, ie, be affordable to service users and taxpayers.
C. Fees and charges should not be used to provide subsidy to commercial operators from the council taxpayer.	C. There should be some rational scale in the charge for different levels of the same service.	C. Fees and charges should generate income to help develop capacity, deliver efficiency and sustain continuous improvement.
D. A tough stance should be taken on fee dodging.	D. There should be some consistency between charges for similar services.	

Source: Kettering Borough Council

### Striking the right balance

- 7 There are legitimate political choices to be made by councils about which objectives they seek to deliver through their approaches to charging within different services, and how these combine to meet the needs and aspirations of their communities. Councils will also need to balance the willingness and ability of service users to pay for services, with the ability and willingness of local taxpayers to subsidise services. Inevitably councils will sometimes have to make difficult choices between conflicting objectives.



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