

## APPENDIX E

### Fees and charges policy

Fees and charges are a very important source of income to the council, enabling important services to be sustained and provided. As the overall cost of service provision reduces the proportion costs that are recovered through fees and charges is likely to grow. Indeed to sustain the delivery of some services in the future this revenue could become essential.

The MTFS aims to ensure that fees and charges are maintained or, preferably, increased as a proportion of gross expenditure through identifying income generating opportunities, ensuring that charges for discretionary services or trading accounts cover costs and ensuring that fees and charges keep pace with price inflation and/or competitor and comparator rates.

In recent years the consumer price index has been increasing by over 3% per annum whilst the council had applied a standard rate of 2% within its Business Plan assumptions. Over time this difference has been hard to sustain. In some areas there has not been a consistent review mechanism to ensure that the Council considers how income generated through fees and charges can support the delivery of corporate objectives. A key purpose of the inclusion of a Policy within the Medium Term Financial Strategy is to provide a framework for this process and to deploy a mechanism that requires fees and charges to be reviewed annually.

The Council receives revenue income for the provision of services from a very diverse range of users. These range from large corporate organisations to individual residents. Some charges are set at the total discretion of the Council whereas other charges are set within a strict national framework.

Overall, however, fees and charges income is both an invaluable contribution to the running costs of individual services and a tool for assisting the delivery of specific service objectives. Either way, it is important for the level of charges to be reviewed on an annual basis. This will not necessarily result in an increase but to not do so should be as result of a conscious decision rather than as an oversight.

For business planning purposes all fees and charges are increased in line with the Council's standard inflation rate, which this year has been set at 2% for each of the years covered by the Business Plan. Therefore, even if a decision is taken to not increase some fees and charges the budget shortfall that this creates will need to be bridged through other operational savings. Conversely, if charges are increased above inflation this can contribute to departmental savings targets.

When considering increases services must take into account elasticities of demand. Whilst the majority of Council services are unaffected by market factors there will be some price sensitivities in all of the services that are provided, albeit many of these may only be short term.