

Discretionary Fees and Charges – Policy Considerations

For locally set ('discretionary') fees and charges the following factors need to be considered in setting charges for the coming year:

Ref	Principle	Commentary
A	Annual review	All discretionary fees and charges should be reviewed annually in terms of the tariff applied, recent activity trends, and the overall income achieved.
B	Promote access to services	The Council exists to provide important services to local people. Fees and charges should be applied in a way that promotes access to discretionary services. They should not be a barrier to services.
C	Full cost recovery	Fees and charges for council services should be set on the basis of full cost recovery. That is, charges should be calculated such that all costs are recovered as part of the overall charge – direct delivery costs, indirect service management costs and overhead support costs (such as ICT, HR (Human Resources), accommodation etc.).
D	Non-profit making	In principle, fees and charges are generally to be calculated to recover the full cost of the service provided, not to make a surplus or profit. On regular review this may result in some charges going down or some charges being removed altogether. Some cross subsidy may occur between charges levied in the same service area, but the overall objective is to support the cost of discretionary services not to secure a commercial profit.
E	Income = tariff x take-up	The tariff or charge applied is one part of a wider value chain. The other part is the activity volume. Together, tariff and volume generate the overall income to the Council.
F	Standard +2% uplift	<p>The MTFS (Medium-Term Financial Strategy) assumes a standard uplift of 2% per year on income from fees and charges.</p> <p>This may mean that:</p> <ul style="list-style-type: none"> • all charges increase by 2% per year; or • that some charges increase by more (or less) than 2%, with an expected overall increase of 2%; or • that activity is expected to increase by 2% in order to secure and overall income increase of 2% with no change to the tariff applied. <p>However, where actual inflationary pressures are higher than 2%, it is expected that income is similarly increased to maintain the full cost recovery approach.</p>
G	Inclusive	Options for concessionary reductions in fees and charges can be considered in line with wider council policies. How concessions are evidenced and applied should be simple, efficient and appropriate.
H	Benchmarked	The level of charges set be compared to similar charges levied by local commercial competitors or other local authorities.
I	Flexible over time	Annual review of fees and charges should also consider the introduction of new charges or the rescinding of old charges.
J	Consistent with other policies	Consistency between fees and charges and other wider policies and strategies of the council, including the corporate plan objectives.