

Attached is a workbook detailing the fees agreed for each service area that participated in the review of fees and charges for 1<sup>st</sup> April 2018, grouped by directorate. This document is held by the Councils central finance team as a full corporate record of all fees and charges across the Council.

The document is constructed so that when completed it will project the financial implications of proposed changes to fees in a transparent and corporately consistent manner, allowing the central finance team to reconcile and monitor the outcomes against your service budget book.

Your service is required to consider and apply the following criteria in establishing revised fee proposals for the 1<sup>st</sup> October 2018:

*Please note that this exercise relates to fees charged to external customers (Residents, Businesses, and Schools etc.) and not those charged internally*

1. **Status of Service:** You must specify if the function for which a fee is charged is either a 'Statutory' obligation or a 'Discretionary' service.
2. **Benchmarking:** The fees charged by your service should be directly compared to those charged by similar providers in both the public and private sector (where applicable). Where the fees charged by your service are found to be of a lesser value than other providers, proposals should be considered to bring them in line, subject to consideration of impact on overall take-up / volumes of business and levels of income generated.

The following local authorities are recognised by The Chartered Institute of Public Finance and Accountancy (CIPFA) as appropriate comparator authorities to Reading and will serve as a starting point for the collection of service benchmarking data (noting that there may be legitimate regional variations that impact on costs and charges):

Local Authority	Web Address
Bedford	<a href="http://www.bedford.gov.uk/">http://www.bedford.gov.uk/</a>
Bracknell Forest BC	<a href="http://www.bracknell-forest.gov.uk/home">http://www.bracknell-forest.gov.uk/home</a>
Bristol	<a href="https://www.bristol.gov.uk/">https://www.bristol.gov.uk/</a>
Coventry	<a href="http://www.coventry.gov.uk/">http://www.coventry.gov.uk/</a>
Luton	<a href="http://www.luton.gov.uk/Pages/Homepage.aspx">http://www.luton.gov.uk/Pages/Homepage.aspx</a>
Milton Keynes	<a href="https://www.milton-keynes.gov.uk/">https://www.milton-keynes.gov.uk/</a>
Newcastle Upon Tyne	<a href="https://www.newcastle.gov.uk/">https://www.newcastle.gov.uk/</a>
Peterborough	<a href="https://www.peterborough.gov.uk/">https://www.peterborough.gov.uk/</a>
Slough	<a href="https://www.slough.gov.uk/">https://www.slough.gov.uk/</a>
Southampton	<a href="https://www.southampton.gov.uk/">https://www.southampton.gov.uk/</a>
Swindon	<a href="http://www.swindon.gov.uk/site/index.php">http://www.swindon.gov.uk/site/index.php</a>
Thurrock	<a href="https://www.thurrock.gov.uk/">https://www.thurrock.gov.uk/</a>

Trafford	<a href="http://www.trafford.gov.uk/Home.aspx">http://www.trafford.gov.uk/Home.aspx</a>
Warrington	<a href="https://www.warrington.gov.uk/">https://www.warrington.gov.uk/</a>

3. **Increases:** Services are instructed to consider increasing all locally set fees (over which the Council has discretion) by 5% and 10%, with a third “manager’s discretion” increase of no less than 3% (reflective of RPI) where it is evidenced that 5/10% increases would be unrealistic and charges have been robustly compared to the current market and existing competition.
4. **Cost Recovery:** Services must consider the full costs associated with the delivery of services, taking into account the full extent of resources required. This exercise when combined with benchmarking can highlight undercharging of services.

Where undercharging is found to be occurring, services are instructed to propose increases that appropriately recover cost. Such increases should however be appropriate when compared to charges made by other public/private service providers and their implementation must be permissible under relevant legislation.

\*Please ensure that all relevant costs are identified and attributed to the service. For specific example - charges such as credit card/card payment processing fees. Please note that current legislation does not permit differential charging to customers that choose to pay by card and services should seek to attribute and recover the forecast annual cost of processing/commission fees over all forecast annual business.

If you identify a cost subsidy in the provision of a service - ‘it costs more to deliver than can reasonably be recovered’ you are asked to flag this, advise of the level of subsidy and provide appropriate commentary permitting further detailed consideration. The collection workbook features columns titled ‘subsidised service’ and ‘value of subsidy per transaction’ which must be completed to the best of your services ability.

In the event that the service is believed to operate at a subsidy but there is insufficient resource to establish the value of this, please flag this within the comments section of the collection sheet so that corporate finance consideration can be given to further investigation/provision of support resource.

5. **Category of fee:** Attached is a charging process document that identifies 4 potential fee categories. Please consider the specified criteria for each and select the category that most appropriately reflects the structure of your fee in the ‘category of fee column’.

Where the fee charged is statutory, you must consider the restrictions imposed by the governing statute and ensure that your fees are constructed appropriately to include the recovery of full cost (where allowed), including centralised support service charges. Further consideration should also be

given to notice periods that must be provided to the service user prior to the revised fees implementation and comment made accordingly.

6. **General note:** Benchmarking and cost calculations completed by services will be subjected to a degree of independent scrutiny to ensure that proposals are as robust and well considered as possible and that income opportunities have been maximised.

**Resource implications:** given the importance of this work, it is imperative that you consider the resources required to adequately complete the data collection and fee review exercise and advise [Marcus.hermon@reading.gov.uk](mailto:Marcus.hermon@reading.gov.uk) by email, at the earliest possible opportunity, of any concerns you may have.

**Central Establishment / Support Service Costs:** Whilst these costs do not carry a revenue budget they should not be viewed as 'below the line'. In calculating cost of service provision, you are required to consider the apportionment of the support service costs as part of the revised fee structure.

For simplicity and in line with other local authority practice, central support overhead costs can be allocated as a percentage uplift on the established direct cost of service delivery. To identify the correct % figure to use, services should divide their total support service costs by their services gross expenditure.

If in doubt, you are encouraged to seek clarification and guidance from your services finance officer. Resources are limited and you should leave time for a response to be provided.

**Existing Savings:** Where services and their associated fees are subject to an independent budget saving initiative, please ensure that this is noted on the attached collection sheet to avoid double counting of savings. In this circumstance services are required to provide the corporate reference for the pre-existing saving and its value in the supporting information cell.

#### **Data Entry: Cells with/without yellow Header**

1. **Description:** Enter a description of the service provided
2. **Category:** Specify each customer price point the service is provided at
3. **Charge unit:** Indicate how the service is priced; each, week, day, etc.
4. **Current Fee Excluding VAT:** Specify the current price excluding VAT
5. **Current Fee Including VAT:** Specify the current price including VAT - if vat is not applicable, advise accordingly.
6. **Status of Service:** Select either Statutory or Discretionary from the pick list.
7. **Category of fee:** Select the appropriate fee category from the pick list (following the attached guidance note).
8. **No. of Transactions October 17 - March 18:** Please state how many times the service was purchased over the specified period. This figure assists with understanding budget implications and must be completed for all revised fees.
9. **Income October 18 - March 19:** This cell is self-calculating and requires no input.

10. **Proposed fee excluding VAT:** Please insert your proposed fee for the period 1<sup>st</sup> October 18 - 31<sup>st</sup> March 19.
11. **Proposed fee including VAT:** This cell will automatically add VAT at 20% to the specified fee. If VAT is not applicable, please amend appropriately by overtyping.
12. **Increase £/p:** This cell is self-calculating and requires no input.
13. **Increase %:** This cell is self-calculating and requires no input.
14. **No. of forecast transactions October 18 - March 19:** Please state how many times the service is forecast to be purchased over the specified period. This figure assists with understanding budget implications and must be completed for all revised fees.
15. **Forecast Income October 18 - March 19:** This cell is self-calculating and requires no input.
16. **\*Budget Code:** Please provide the full budget code that income from each service is coded to. \*Services are advised to consider the use of further analysis codes for each distinct element of business (cost and income), to assist with budget performance monitoring.
17. **Income +/-:** This cell is self-calculating and requires no input.
18. **Subsidised service:** Please indicate if you believe the service to be provided at a subsidy or not by selecting Yes or No from pick list.
19. **Value of subsidy per transaction:** Provide a figure by dividing the cost of service (net of income) by the number of transactions. If budget management practices and resources do not currently permit this to be calculated, highlight the cell and leave blank, with appropriate notes in the comment cell to the right.
20. **Basis for revised fee:** Please select from the pick list the rationale applied in arriving at the revised fee. This must be completed for all lines, including those where fees are unchanged.
21. **Supporting information / comment cells:** Please use these cells to advise of any additional supporting information and or circumstances that need to be taken in to account.

### **Full Disclosure**

To ensure that the review of fees and charges provides maximum benefit to the corporate budget setting process, it is vitally important that services **disclose all fees received as a result of service provision.**

If there are any fees charged by your service that are missing from the corporate workbook, please add these to tab 5 of the document 'New Service' so that these are also captured and records can be updated.

Where services are provided on a 'Price on Application' (PoA) basis, as the costs vary on a case by case basis, please list the service, complete all cells that are relevant and provide comment regarding how the fee is calculated.

Establishing a robust approach to the review and setting of fees will be a continually evolving process as support resources and service understanding and participation grows. It is understood that services may feel unable to currently perform this task to the standards required. The restructuring of the Council's

finance team will provide as one of its outcomes additional targeted support resource for future review exercises.

At this time - please complete this exercise to the best of your ability and disclose any difficulties that you may have in a timely fashion. Resources will be allocated to services on a priority basis (cost/benefit) to assist with an in-year review of fees following this exercise.

All questions regarding process should be directed to either your service finance officer or the contact below.

**TIMETABLE:**

Please ensure that completed documents are returned by email to: [marcus.hermon@reading.gov.uk](mailto:marcus.hermon@reading.gov.uk) in the requested format, by no later than **Friday 17<sup>th</sup> August 2018.**