# **Committee: Corporate Overview Scrutiny Committee**

Date of meeting:	19 <sup>th</sup> November 2019
Report Subject:	Bridging the Gap – Fees and Charges Strategic Business Review
Portfolio Holder:	Councillor Daniels, Leader / Executive Member Corporate Services
Report Submitted by:	A L Clark – Chief Officer Commercial

Reporting Pathway											
Directorate Management Team	Corporate Leadership Team	Portfolio Holder / Chair	Audit Committee	Democratic Services Committee	Scrutiny Committee	Executive Committee	Council	Other (please state)			
	29.10.2019	06.11.19			19.11.2019		12.12.19				

### 1. **Purpose of the Report**

1.1 To update members on the Strategic Business Review on Fees and Charges. This review was initially part of the WAO Financial Resilience Audit however it is now a Strategic Business Review that is part of the Medium Term Financial Strategy and Bridging the Gap programme.

#### 2. Scope and Background

- 2.1 The Council recognises the challenges that it faces in the short, medium and long terms and has developed a programme of Strategic Business Reviews to deal with potential gaps between anticipated funding and expenditure that aims to build financial resilience.
- 2.2 The Strategic Business Review on Fees and Charges is designed to ensure the Council is maximising its income by ensuring fees and charges are set at a level that covers the costs of delivering the goods and services. There is a strong link between this Strategic Business Review and the Income Recovery Strategic Business Review. This review focusses on checking that all agreed uplifts are applied, that full cost recovery is applied to fees and charges where this is appropriate and that all options for applying fees and charges are explored to provide choice to members.
- 2.3 This Strategic Review has identified the following opportunities and implementation is already underway on:
  - A review of the income generation policy was undertaken by an external consultant in 2018. This review confirmed that the policy was robust and relevant to support the financial priorities and strategic priorities for the Council. It covers the key considerations to apply when considering charging or amending charges.

- The development and testing of a full cost recovery model and calculator. This testing confirmed that the model was fit to be rolled out across all fees and charges and other commercial activities to set levels and review overhead costs.
- Prioritisation of review of the over 700 lines of fees and charges is being agreed with Budget Holders and Finance Business Partners. A phased approach will be used to review and apply the full cost recovery calculator.
- The full cost recovery calculator will be used to assess financial opportunities where the Council currently do not use their discretionary powers to charge for goods and services in order to give elected members choices to extend the range of goods and services that are charged for.
- Normalisation of the over achievement on fees and charges in the 2020/21 budget planning with stretch targets being applied.
- Applying a variety of inflationary uplifts where the market would allow many of the current fees and charges are based on an assessment of economic activity in the community which may have changed.

# 3. **Options for Recommendation**

# 3.1 **Option 1**

Corporate Overview Scrutiny Committee considers and scrutinises the proposed approach and appendix 1.

# 3.2 **Option 2**

Corporate Overview Scrutiny Committee makes any specific comments or recommendations regarding the proposed approach and appendix 1.

## 4. Evidence of how does this topic supports the achievement of the Corporate Plan / Statutory Responsibilities / Blaenau Gwent Well-being Plan

4.1 This report supports the Council Priority, "Efficient Council", as it is part of the monitoring arrangements which support the Council's financial resilience.

# 5. Implications Against Each Option

- 5.1 Impact on Budget (short and long term impact)
- 5.1.1. There are direct financial implications arising from this report. The Strategic Business Review on Fees and Charges is part of the Bridging the Gap programme which is linked to the Medium Term Financial Strategy and will be a critical element of creating financial resilience and ensure the Council operates sustainably. At this stage additional income from fees and charges is detailed below:

Delivery in:	2020/21		2021/22		2022/23		2023/24		2024/25	
Values	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
(low – high)	200	200	100	100	100	100	100	100	100	100

# 5.2 Risk including Mitigating Actions

- 5.2.1. The risks in terms of achievement of the anticipated increase income include reduced income from other fees and charges or a drop in demand. The application of the full cost recovery calculator across all fees and charges is designed to build resilience and create a fuller picture of where there are opportunities for applying above inflationary uplifts. The Strategic Business Review on Fees and Charges is monitored monthly at CLT as part of the monitoring of the Bridging the Gap Programme. This ensures that any potential risks are identified early and action is taken in a timely manner to keep the review process on track.
- 5.3 Legal
- 5.3.1 Any legal implications will be addressed as the Strategic Business Review is developed when due diligence will be applied to any service changes or new charging arrangements are put in place.
- 5.4 Human Resources
- 5.4.1. There are no staffing implications arising from this report.

# 6. Supporting Evidence

- 6.1 Bridging the Gap Programme Scope and details
- 6.1.1 The approach has a particular emphasis on:
  - Maximising the potential of income generation and taking a clearly commercial approach where it is appropriate to do so;
  - Re-procurement and re-negotiation of contracts;
  - Exploiting the opportunity that digital transformation can provide;
  - Making best use of our assets and property;
  - Considering what action we can take to influence and reduce demand;
  - Looking for opportunities to support residents to do more for themselves;
  - Exploiting the opportunities to strengthen financial resilience by supporting growth in the borough
- 6.1.2 Bridging the Gap Programme of Strategic Business Reviews cover:

### Maximising income

Review of Industrial Units Review of fees and charges Commercial Waste Income Recovery Commercial activity, investment and new income

#### **Maximising Resources**

Review of third party expenditure Assets and Property Use of external grants

#### **Managing Demand**

Reducing demand by changing behaviours Prevention and early intervention services

### **Maximising Enablers**

Customer Experience Work Place Transformation Using data to deliver better services

### **Maximising Growth**

Growth Strategy Low Carbon

6.2 *Expected outcome for the public* This report provides information relating to the Medium Term Financial Strategy and the financial resilience of the organisation.

#### 6.3 *Involvement (consultation, engagement, participation)* Ongoing monitoring of the outcomes of the Strategic Business Review will

include identification of consultation, engagement and participation opportunities. The whole Bridging the Gap programme will also be part of public consultation that will take place during the Autumn of 2019.

# 6.4 *Thinking for the Long term (forward planning)* The decisions made as part of the Bridging the Gap programme are designed to support the long term financial resilience of the Council and to influence the design of services for the future.

# 6.5 Preventative focus

Where possible the impact of the Strategic Business Reviews will reflect our aspiration to invest in preventative services and to identify where we can strengthen our approach.

# 6.6 Collaboration / partnership working

Where possible the impact of the Strategic Business Reviews will reflect our aspiration to invest in collaboration/partnership working and to identify where we can strengthen our approach across the public sector.

# 6.7 Integration (across service areas)

Where possible the impact of the Strategic Business Reviews will reflect our aspiration to invest in cross service working and to identify where we can strengthen our approach across the public sector.

6.8 EqIA(screening and identifying if full impact assessment is needed) Ongoing monitoring of the outcomes of the Strategic Business Reviews will include screening based on EqIA and identification of any changes where a full assessment is needed.

# 7. Monitoring Arrangements

7.1 State how the work will be monitored e.g. through scrutiny or directorate performance management arrangements

Monitoring the financial and non-financial impact of this Strategic Business Review will be done by the Chief Officer Commercial to identify any over or under achievement of expectation. A detailed project plan is in place with key milestones. The Chief Officer Commercial will report into CLT on this Strategic Business Review on a monthly basis. CLT will review highlight reports to check the anticipated savings are being realised. Corporate Overview Scrutiny Committee will regularly receive progress updates and individual scrutiny committees will also review portfolio specific review. Any decisions relating to the Strategic Business Reviews will go through the usual Council decision making processes in line with the Budget setting process.

# **Background Documents /Electronic Links**

• Appendix 1 – Bridging the Gap Proposal – Fees and Charges