

Executive

9 September 2008

Report of the Head of Finance

Income Policy Framework

Summary

1. The purpose of this report is to present to Executive for discussion, comment and approval the Council's income policy framework. The policy (Annex A) has been developed to help meet the Council's corporate priorities and to contribute to the Organisational Effectiveness Programme. The policy aims to improve efficiency and ensure consistency in the way that income is generated, collected, monitored and reported.

Background

2. The council relies on the generation and collection of income in order to deliver its services. Income is received from government grant, council tax and non domestic rates, and an increasingly significant contribution is made from the fees and charges that the council makes for the delivery of its services.
3. The Audit Commission has undertaken research on the extent to which income from fees and charges contributes to council spending. In total £10.8 billion was raised nationally in 2006/07, amounting to half as much as income from council tax. Within unitary authorities, the proportion of income raised, as a percentage of total service expenditure ranges from 4.3% to 17.6%. The City of York Council raised 9.1% in fees and charges and this compares with the average for unitary authorities of 9.4%.
4. In comparison, the council tax requirement per head of population for unitary authorities ranged from £262 to £482 for the same year, with an average of £356. The City of York Council's council tax requirement per head was £319. Clearly there is a balance between income from the different sources and the funds available for service delivery.
5. It is in the interest of all taxpayers, rent payers and residents that the collection of income is undertaken in the most efficient way and that the amount of income due that is not collected is minimised. The policy aims to address this through key principles that should be adopted across all council services.

The Policy

6. The purpose of the policy is to improve efficiency and ensure consistency in the way that income is generated, collected, monitored and reported.
7. The policy is based on a set of key principles and these principles will be supported by guidance notes that provide more information about how the key principles should be applied in practice. The guidance notes will be developed under the guidance of the section 151 officer. They will be reviewed regularly and enhanced, amended and updated as necessary to recognise changes in legislation or to encompass organisational changes.
8. The main policy objectives are as follows:
 - to ensure that charges reflect council and service objectives and priorities, the community strategy and local area agreement;
 - to maximise income for the council;
 - to offer choice and minimise exclusion;
 - to protect tax payers interests by minimising debt and late payment;
 - to ensure equality and consistency when dealing with customers;
 - to ensure compliance with legal and statutory requirements;
 - to implement appropriate recovery action.
9. The policy draws on best practice and Audit commission guidance. It addresses the requirements for income monitoring and reporting (KLOE 3.1.11) and for risk management (KLOE 4.1.12 to 4.1.15) currently contained in the Comprehensive Performance Assessment – Use of Resources element. It also addresses the recommendations in the audit commission report ‘positively charged’ which was published in January 2008.
10. Implementation of the policy framework will commence as soon as the policy is approved, but full compliance with the policy by all directorates will take some time to achieve and a summary implementation plan has been developed to guide the implementation (Annex B). Detailed implementation plans are being developed for each directorate and these will be agreed by Directorate Management Teams and progress with implementation monitored.

Consultation

11. Consultation has been undertaken with the Income Project Board, the Easy at York Board, Departmental Management Teams, Equalities Officer, Risk Management Officer and Corporate Management Team, in drafting this policy.

Options and Analysis

12. Not relevant for the purposes of this report.

Corporate Priorities

13. The introduction of the income policy framework supports the following community strategy and corporate priorities and direction statements:
- Reduce the environmental impact of council activities and encourage, empower and promote others to do the same;
 - Improve leadership at all levels to provide clear, consistent direction to the organisation;
 - Improve efficiency and reduce waste to free up more resources;
 - Improve the economic prosperity of the people of York with a focus on minimising income differentials;
 - We will be an outward looking council, working across boundaries to benefit the people of York;
 - Contribute to the debt recovery and information sharing and partnerships aspects of the community strategy;

Implications

14. **Financial** The approval and implementation of the income policy framework will not amend the Council's Financial Regulations, but it will provide additional guidance on the way that income is dealt with. Approval of the policy will also address the requirements of the key lines of enquiry in the Comprehensive Performance Assessment, Use of Resources element.

Human Resources (HR) There are no implications.

Equalities An Equalities Impact Assessment has been undertaken in consultation with the equalities officer.

Legal The head of legal services has advised on the development of the policy framework. There are no specific implications, although regular monitoring will be required, to ensure that the policy remains effective and relevant.

Crime and Disorder There are no implications.

Information Technology (IT) There are implications for the implementation of the replacement FMS system and these have been communicated to the FMS project team in order to ensure that the information requirements of the policy can be delivered in the future. There will also be some minor amendments necessary for the council website and for the systems utilised by the YCC staff.

Property There are no implications.

Risk Management

15. A risk assessment of the policy framework has been undertaken. Whilst there are no risks associated with the policy itself, there has been an opportunity to identify those risks that the policy seeks to address and to assess the ongoing risk to the council of not implementing the key principles of the policy.
16. The risks associated with the recommendations of this report are recorded in the council's risk register and are assessed at a net level below 16.
17. The development of this policy framework is a key risk control mechanism to address the risks identified and regular monitoring will be required, to ensure that the policy remains effective and relevant.

Recommendations

18. Executive are asked to:
 - a) approve the implementation of the income policy attached at Annex A of this report from 1 October 2008;

Reason

To provide the council with a corporate policy framework for income that will contribute to organisational efficiency, corporate governance, improved consistency and risk control.

- b) approve the summary implementation plan attached at Annex B to this report, to commence from 1 October 2008;

Reason

To ensure that compliance with the policy and guidance is achieved across all council services within the timescales set out in the action plan.

Contact Details

Author:
Val Fitton
Income project officer
Resources Directorate
Extension 1113

Chief Officer Responsible for the report:
Sian Hansom
Head of Finance

Report Approved *tick* **Date** *Insert Date*

Report Approved *tick* **Date** *Insert Date*

Specialist Implications Officer(s) *List information for all*
Implication ie Financial *Implication ie Legal*
Name *Name*
Title *Title*
Tel No. *Tel No.*

Wards Affected:

All

For further information please contact the author of the report

Background Papers:

Positively Charged – maximising the benefits of local public service charges, Audit Commission

Annexes

Annex A – Income Policy
Annex B – Summary Implementation Plan