



CITY OF YORK COUNCIL INCOME POLICY

(Draft)

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INTRODUCTION

1. City of York Council aims to be an exemplary organisation with regards to income generation and collection. This Policy has been developed to provide an efficient, effective, consistent and coordinated approach to the generation and collection of income. The policy affirms the use of best practice methods providing high standards of customer service dealing with all customers in a fair and inclusive manner, whilst giving careful consideration to the needs of vulnerable customers.
2. This Policy demonstrates commitment to the Council's Corporate Strategy priorities, and provides a seamless framework along with the Customer Strategy and Debt Policy in contributing to a single view of our customers.

Vision

3. The Income Collection Policy in conjunction with the Debt Policy has a clear vision:

“To maximise corporate income collection through the efficient and coordinated use of resources, delivered using consistent and well managed processes. Pre-payment and easy to access payment methods available through a range of channels will be a core priority to maximise income, minimise debt management activity and support financial inclusion “

The policy objective

4. The objective of the policy is to provide clarity and consistency in the way that income generation and collection to the Council can be maximised through embedding best practice methods. It supports prompt, effective and efficient billing and debt management , through making best use of available resources. The key objectives are to:
 - ensure that charges reflect council's corporate strategy, service objectives and priorities, the community strategy and local area agreement;
 - calculate fees and charges on a full cost or marginal recovery basis, depending on competition and any other relevant factors;
 - consider cost of collection to ensure that fees and charges are economical to collect;
 - maximise income for the council;
 - offer choice and minimise exclusion;
 - protect tax payers interests by minimising debt and late payment;
 - ensure equality and consistency when dealing with customers;
 - ensure compliance with legal and statutory requirements;
 - implement appropriate debt management.

The Principles of the policy

- 5 The overall principle aim of the policy is to ensure that the council's fees and charges are set within a value for money framework, whereby financial, performance, access and equality are considered fully and appropriately, and decisions taken represent a transparent and balanced approach.
- 6 The legal basis for charging has been clarified following the implementation of specific provisions within the Local Government Act 2003. In addition to existing statutory provisions, which expressly authorise charging section 93 of the 2003 Act allows the council to charge for any services which it has discretion to provide. Charges cannot be made for any services for which there is a duty to provide or where legislation expressly prohibits the charging for discretionary services. In exercising its charging powers the council is under a duty to ensure that any charges made do not exceed the full cost of providing the relevant service. However the reinvestment of any income generated in excess of the cost of providing the service does not represent a surplus.

Application of the Policy

7. The policy applies to all council operations and activities. The key principles arising from the policy should also be applied to arms length organisations, including schools and partnerships, unless there are alternative regulations that govern these organisations.
8. The council's financial regulations set out the systems and procedures for managing income and expenditure. This policy sets out in more detail issues relating to income, but remains within the governance framework set out in the financial regulations.

Exceptions to the Policy

9. Exceptions to the requirements of the policy should be dealt with in the same way as exceptions to standing orders and financial regulations, using appropriate delegated powers. A record should be kept of all decisions to grant an exception.

Definitions

10. **Discretionary Service** – A service that the local authority does deliver, but is not statutorily required to deliver, and which could be discontinued if the authority chose to do so.
11. **Statutory Service** – A service that the local authority is statutorily required to deliver and cannot withdraw, irrespective of whether or not there is a charge.

12. **Service that is essential for well being** - A service that is not a statutory service, but which the local authority determines should be provided to improve the well being of customers, irrespective of whether or not there is a charge.

Charges for Services

13. The different types of charge that the council makes are as follows:
- Charges from statutory sources (such as Council Tax and Non Domestic Rates);
 - Charges which are set nationally by government (such as planning fees);
 - Charges for which there is a local choice about how much to charge, but which are restricted to recovering costs;
 - Charges for services that may be operated on a trading basis, or for which there is no guidance.
14. This policy covers all charges to some extent, but parts of the policy are specifically aimed at services where there is an element of local choice in the setting of those charges.
15. **Services restricted to recovering costs** - certain council services are restricted to recovering the costs of providing the service. Where this is the case, it is essential that the full service cost is identified and that all elements of cost taken into account are reasonable and justifiable. This is irrespective of the level of charge ultimately set.
16. **Services operated on a trading basis** - services that may be operated on a trading basis tend to be those that are not seen as essential for social well being or that are discretionary. By their nature they may also be available from a number of providers, thereby offering customers choice. For these services, customer demand and competition will play an important role in deciding what the level of charge should be, although the cost of providing the service will also be relevant. The full cost of these services should be identified prior to setting charges.

Setting the level of Fees and Charges

17. The following factors must be taken into account in setting fees and charges which are non statutory:
- Structured to support the community strategy and local area agreement;
 - Structured to support the councils overall objectives and priorities;

- Structured to support service objectives and priorities;
 - That they take into account market research, comparative data, management knowledge and any other relevant information to ensure that charges do not adversely affect the take up of services;
 - Demand for service;
 - Service availability and accessibility;
 - The cost of delivering the service and collecting the fee
 - Benchmarking
 - Alternative services and prices (Competition).
18. Fees and charges should be reviewed on an annual basis with the view of ensuring that the 'right' price is being charged for a service. This should not be simply a case of adding an inflationary increase to the previous years charge. When charges are reviewed all the factors set out above should be taken into account in order that the council may make informed choices on the level of charge to be set.
19. The review of charges should not be restricted to the current services for which a charge is made but should also consider the opportunity of potential new income.

Determining Concessions

20. The council may wish to target certain services or specific groups of residents or visitors and in doing so it may decide to apply discounts or concessions.
21. The decision about whether and how to apply concessions must be taken with full information about the demand for the service and the contribution that the service makes to council and service priorities. In other words, there must be a reason why the concessions are relevant and a positive decision that the concessions should be offered to specific customer groups. This decision should always be taken with a clear understanding of any budgetary implications and through full consultation with the Head of Financial Services.
22. Examples of customer groups that might be eligible for concessions in order to satisfy service priorities and objectives are:
- Children (of various age ranges)
 - Students (or people in full time education who are not children)
 - Young people other than children (of specific age ranges)
 - Homeless persons
 - People on low incomes (or people in receipt of benefit)
 - The over 60s (or other ranges of older customers)
 - People with particular disabilities
 - Ethnic groups
 - Residents

- Visitors
 - Commercial sector / Small businesses
 - Employers
 - Staff
23. The list is not exhaustive, but in every case where a concession is granted, there should be a sound reason why the concession has been made. This will assist the council to achieve consistency, equality and inclusion in the delivery of services.
24. In some cases there may be nationally prescriptive concessions and where this is the case, there is often government support to help fund these (for example concessionary bus fares). However, these concessions should be subject to the same principles as all other concessions.
25. In other cases there is comprehensive government guidance on the financial assessments that need to be carried out to determine the contribution that customers' should make towards charges, such as 'Charging for Residential Accommodation' (CRAG) guidance.

Collecting Fees and Charges

26. The way that income is collected and the timing of income collection both determine how quickly the income is recovered, the extent to which there is scope for non-payment and the costs of collection.
27. The greater the number of payment channels or opportunities to pay that the council provides will also have an affect on how efficiently the charge is recovered. The payment channels open to customers include:

Method	Council	Retailer*	Post Office*
Cash	No	Yes	Yes
Cheque	Yes	No	Yes
Debit/credit card**	Yes	Some	Yes
Bank Transfer	Yes	No	No
Direct Debit	Yes	No	No
Internet	Yes	No	No

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*Using 'allpay' 66 Retail outlets and 37 Post Offices in York

** Over the phone

28. The timing of income collection will depend on the nature of the service being delivered, the customer group and the service objectives and priorities. This should always be fully considered to ensure maximum recovery and minimum debt.
29. Where services are discretionary, they are likely to depend on the collection of income in order to be sustained, or they may contribute to the delivery of other statutory services. In these cases income should be collected in advance of, or at the same time as the delivery of service. This will help to ensure that the occurrence of debt is minimised.
30. Where services are delivered to commercial organisations in a competitive environment, income should be collected in advance of the service delivery in order to minimise debt.
31. If the service is statutory or essential for well being, income should be collected in advance where practicable, but the delivery of the service may be such that the recovery of income can only take place after the service has been delivered. In these circumstances, there is always a higher risk that the income may not be recovered and that debt arises which is ultimately written off.
32. As taxpayers ultimately fund the write-off of bad debt, it is fundamental that the 'payment in advance' policy is adopted wherever possible and reasonable.

Choice and options

33. It is important to provide service users with a choice about the method of payment and / or the channel of collection, to help avoid inequity or exclusion of any particular customer group. However, the type of service and the service objectives and priorities will determine the scope of the channels available.
34. There are instances where certain choices may not be possible because they are uneconomic or because of the need to improve efficiency. Where one method or channel of payment is not possible, there will always be an alternative option that allows all potential customers to benefit from the service in question. For example payment of cash through allpay.
35. This applies equally to the timing of payment. If payment is required in advance, the preferred method of payment will be by electronic means, but customer may have the option to pay by alternative methods and alternative channels.

Creating Debt

36. Services that do not require payment in advance are usually paid for by raising a bill that is sent to the customer for payment after the service has been delivered. This automatically creates a debt that the council has to recover. If debts are not collected they ultimately become bad debts and will be written off at a cost to the taxpayer. Payment in advance should always be considered and used where possible to minimise this happening.
37. The creation of debt needs to be effectively managed and full guidance is available within the council's debt policy.

Cancellation and Refund

38. Some council services are responsive and require customers to make a request for service. In many cases, payment will be required in advance of the service being delivered, otherwise a bill will be raised in respect of the service. There are occasions when customers subsequently need to cancel the service request and a refund of payment may be required. In these circumstances, a minimum time period must be explicitly set out and complied in order to be eligible for a refund.

Late payment

39. When a bill or other request for payment is sent out it should always contain clear and unambiguous information about the charges made so that the customer can understand the payment due. If payment is required in advance, but this is done by way of a bill, the bill should be sent out in sufficient time to allow payment to be made by the due date or within the timescales specified.
40. If payment is not received by the due date, it then becomes a late payment. Depending on the type of payment, a recovery process will be put into action once the payment is late by more than a prescribed time. The recovery process is governed by the council's Debt Policy.

Setting Targets

41. In every case where charges are made and income is collected, income targets should be set and monitored and this should be part of the service and budget monitoring process. Targets are set for the total amount of income to be generated each year for each service in the budget setting process. Where income is significant, performance targets should also be set to monitor usage levels, collection information and debt levels.

Performance Monitoring

42. Monitoring income collection performance is necessary in order to assess the success of charging in service delivery and in achieving council and service income targets, objectives and priorities. A clear distinction should be made in all reports between income that has been billed and that which has been collected.
43. Effective monitoring can only take place if clear targets are set and information is collected and analysed on a regular basis. Better performance monitoring will enable more accurate reporting of income and this in turn will improve the basis on which decisions about income generation, charging and collection are made in future.

Reporting

44. Where income generation is central to achieving service objectives and priorities, up to date reporting on income performance can help to identify and address related service issues. Finance and performance monitoring reports should include information on current performance against the income targets set for the service in question and identify whether performance has improved or is worsening. They should also offer proposals for dealing with poor performance, both short term measures and longer term proposals. This may include reviewing charges.
45. Annual fees and charges reports are a crucial element of income generation and charging policy as they set the level and scope of charges. They should include information about recent performance against targets and how income contributes to service objectives and priorities. This will assist the decision making process, particularly where there are proposals for significant changes to fees and charges.