

**Presentation to the  
Institute of Local Government Studies (2007)**

*A Case Study:*

*Principles based approach to setting fees  
and charges*

# Introduction

- ◆ Kettering – Some context
- ◆ Caveat – one size does not fit all
- ◆ What we did – benefits & issues
- ◆ What we have learnt

# Context

- ◆ Context
- ◆ Historic versus strategic approach
- ◆ Strategic approach – example application
- ◆ Our experience – key benefits, issues and learning
- ◆ Exercise – a simple self-assessment

# Context

- ◆ Kettering – small district council based in Northamptonshire
- ◆ Importance of fees and charges:
  - Key component of the Council's budget strategy
  - £3.4 m income (£2.4 m locally set)
  - Relate to services that improve quality of life
- ◆ Historic approach to fee determination – annual process

# Guiding principles for setting fees and charges

## 1. FAIR SHARES

## 2. RATIONALITY & PRIORITISATION

## 3. STABILITY & PREDICTABILITY

- a) The subsidy from taxpayer to service user should be a conscious choice, not an accident of history
- b) Concessions for services should follow a logical pattern
- c) Fees and charges should not be used to provide subsidies to commercial operators from the council taxpayer
- d) A tough stance should be taken on fee dodging

- a) Fees and charges policies should reflect key commitments and corporate priorities
- b) Price should be based on 'added' and 'perceived value' as well as cost
- c) There should be some rational scale in the charge for different levels of the same service
- d) There should be some consistency between charges for similar services

- a) The impact of pricing policies should be managed through phasing over time when the impact is high
- b) Policies should fit with the Council's medium term financial strategy (i.e. be affordable to service users and taxpayers)
- c) Fees and charges should generate income to help develop capacity, deliver efficiency and sustain continuous improvement

# Example – car parking

<b>Fee &amp; charge area</b> <small>Grouped by common theme</small>	<b>Example Issues</b>	<b>Questions</b>
<p><b><u>Vehicle Parking</u></b></p> <p>Services included are:</p> <ul style="list-style-type: none"> <li>-Car Parking</li> <li>-Parking enforcement</li> <li>-Garages</li> </ul>	<ol style="list-style-type: none"> <li>1. The hourly cost of parking a car in a car park in the borough of Kettering does not follow a logical path e.g. <ul style="list-style-type: none"> <li>1 hour ticket is £0.50</li> <li>1 x 2 hour ticket is £1.00</li> <li>1 x 3 hour ticket costs £2.00</li> <li>1 x 2 hr ticket + 1 x 1 hr ticket = £1.50</li> </ul> </li> <li>2. A relatively high number of people evade paying for a ticket.</li> </ol>	<ol style="list-style-type: none"> <li>1. Should the relationship between parking charges remain the same? or</li> <li>2. Should a 'flat fee' hourly rate be set for car parking?</li> <li>3. Should the hourly rate increase, stay the same or decrease over the length of stay?</li> <li>4. Should a 3 year strategy be adopted to help manage structural adjustment over time and tie in with the Council's medium term budget?</li> <li>5. Should the Council take a tougher stance on people who dodge paying or who park illegally?</li> </ol>

**Main principles that apply:**

- Fair shares
- Rationality & Prioritisation
- Stability & Predictability

**Members comments for discussion at Committee:**

*Guy Holloway, Head of Corporate Development*

# Benefits, issues, learning

## Benefits

1. Transparency & stability to charging
2. Strategic fit with Council priorities
3. Easier to determine new charges
4. Removes need to get into detail

## Issues

1. Leap of faith politically (& professionally)
2. Staff understanding & application
3. Principles focus on factors other than just 'inflation proofing'

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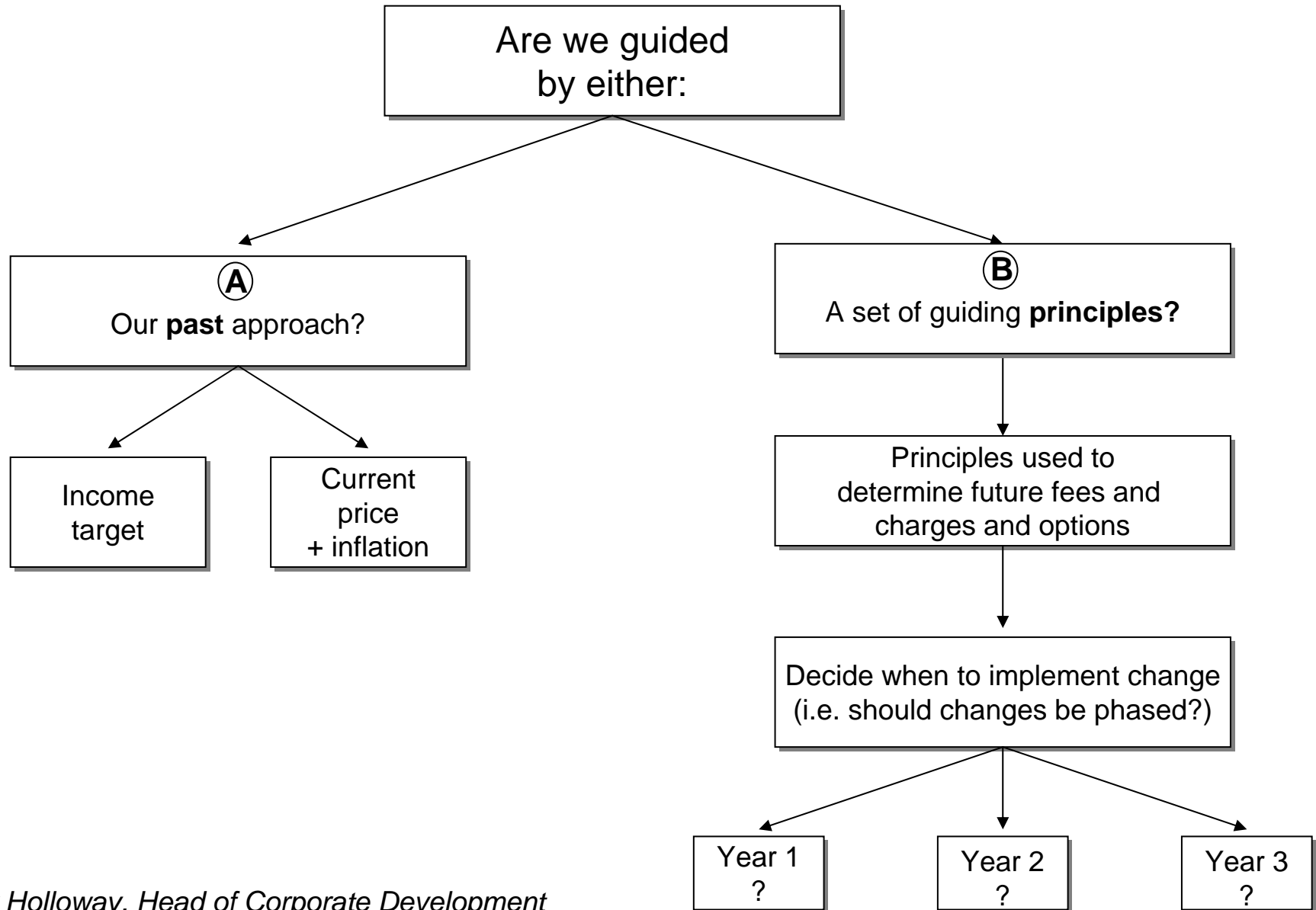
## Learning

1. Lifting the lid on issues with the historic approach helped secure commitment
2. Members need to be on board – examples helped
3. Phasing strategies required to manage impact and reputation
4. Consistent implementation takes time – needs to be resourced & monitored

# Supporting slides



# Approach to determining fees and charges



# Comparison of the two approaches

	Approach	
	<b>Historic</b>	<b>Principles</b>
Speed of determination	Rapid	Phased
Income target driven	Primary focus	Objective based
Equitable / Fair	Incidental	Primary focus
Durable / sustainable	Accidental	By design
Transparent	Cloudy	Clear

# Policy considerations

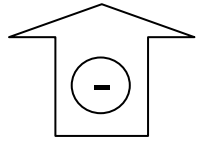
<b>Fee &amp; charge area</b> <small>Grouped by common theme</small>	<b>Example Issues</b>	<b>Questions</b>
<p style="text-align: center;"><b><u>Concessions</u></b></p> <p>Services included:</p> <ul style="list-style-type: none"> <li>- Travel tokens</li> <li>- Leisure passes</li> <li>- Concessions on Leisure &amp; Sport</li> <li>- Concession on Pest control services</li> </ul>	<ol style="list-style-type: none"> <li>1. Concessions for services range from:  100% 75% 66% 50% 40% 30%</li> <li>2. The Concession for buying a season ticket for one particular sport is less than the concession provided for its individual use.</li> <li>3. Concession between different types of service differ I.e.  Travel tokens Sport and leisure Pest Control = 66% 50% 100%</li> </ol>	<ol style="list-style-type: none"> <li>1. Should concessions for services be consistent?</li> <li>2. Should different types of user be entitled to different concessions? I.e. youth, benefit recipient, the elderly or should they be consistent?</li> <li>3. Should services that are more acutely important to users' quality of life have a higher concession applied to those service provided for general health and well being purposes?</li> <li>4. Should season tickets be discounted at the same rate as the service concession?</li> </ol>
<p><b>Main principles that apply:</b></p> <p>Fair shares Rationality &amp; prioritisation</p> <p><i>Guy Holloway, Head of Corporate Development</i></p>	<p><b>Members comments for discussion at Committee:</b></p>	

# Approach to phasing

Council  
Ease of implementation

i.e. Operational  
Price sensitivity etc

High



Negative impact  
on service user:  
i.e.

Affordability  
Utility  
Quality

<p><b>3+</b> <b>years</b> Extended phasing period</p>	<p><b>3 years</b> <i>Garage Rents ? (by way of example)</i></p>
<p><b>2 year</b></p>	<p><b>1 year</b></p>

Low

Low / difficult

High / easy