the price is right?

charges for council services
The Audit Commission promotes the best use of public money by ensuring the proper stewardship of public finances and by helping those responsible for public services to achieve economy, efficiency and effectiveness.

The Commission was established in 1983 to appoint and regulate the external auditors of local authorities in England and Wales. In 1990 its role was extended to include the NHS. Today its remit covers more than 13,000 bodies which between them spend nearly £100 billion of public money annually. The Commission operates independently and derives most of its income from the fees charged to audited bodies.

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Website: www.audit-commission.gov.uk
Charges for Council Services

The fees and charges levied by councils are important. However, the complexity and controversy of the subject prevents many councils from making the best use of them.

How Well are Councils Managing Charges?

Reviews of charges are typically budget driven and poorly informed. Few councils have identified what they want charges to deliver.

Releasing the Power of Charging

In order to exploit the positive potential of charges, councils need to refocus their attention and address the success factors which characterise the best councils.

Moving Forward with Best Value

Councils should take the opportunity provided by best value reviews to make the best use of charges to deliver local priorities, improve services and generate income.

Removing National Barriers

The current legal framework for council charges is complex and confusing. It is timely to review this framework, and to look to provide the best councils with freedom to improve and innovate.
## Contents

**Preface** 3

1. **Charges for Council Services** 5
   - An important source of income 6
   - A controversial and complex issue 10
   - The power of charging 15
   - The need for review 18

2. **How Well are Councils Managing Charges?** 19
   - Charge setting 20
   - Objectives of charging 27
   - From problems to solutions 34

3. **Releasing the Power of Charging** 37
   - Establishing the principles 39
   - Joining up objectives with charging 44
   - Setting targets for charges 47
   - Monitoring and evaluating 50
   - Designing the charge 52
   - Making the charging decision 58
   - Do councils have the time? 59

4. **Moving Forward with Best Value** 60
   - Charging and best value 61
   - Councillors in charge 61
   - Preparing the ground 63
   - Barriers to beacons 66

5. **Removing National Barriers** 67
   - A logical framework? 68
   - How government can remove the barriers 71

**Recommendations** 73

**Appendix 1** 74

**Advisory group**

**Appendix 2** 75

**Authorities visited during the study**

**References** 76

**Index** 77

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Preface

The Audit Commission oversees the external audit of local authorities and National Health Service (NHS) agencies in England and Wales. The Commission is also required to undertake studies to enable it to make recommendations for improving the economy, efficiency and effectiveness of the services provided by these bodies; and to comment on the effects of statutory provision or guidance by central government on the economy, efficiency and effectiveness of these agencies.

Over the last 18 months, the Commission has researched the issue of user charges for council services. User charges are a significant source of income for councils and raise £6 billion each year, compared with the £9 billion raised by council tax.

This report looks closely at how well these charges are managed. It does not seek to reach simplistic conclusions on whether charging for some services is right or wrong, or what the ‘right price’ is for particular services. Instead, it concentrates on looking at whether charges are being used to their full potential to help councils to meet their own priorities. A number of previous studies by other agencies have identified problems and difficulties in getting the best from charges; this report seeks to go further, analysing why councils do not get the best from charges and identifying practical steps that councils can take to improve. There are also issues which government needs to address.

The report is set firmly in the context of the new duty of best value and shows how the issue of charging can be a powerful catalyst within best value reviews.

Many Commission reports have addressed the question of charges in the context of specific services. Most recently, All Aboard: A Review of Local Transport and Travel in Urban Areas Outside London (Ref. 1) looked closely at council spending on public transport and travel, drawing conclusions on subsidy, concessions and charges.

Detailed analysis of charges for home care, including the findings of a national survey, will shortly be published in a separate management paper. It will follow up a number of the issues raised by the recent Royal Commission on Long Term Care and the Government’s Social Services White Paper.

The report is based on fieldwork and research that has been carried out over the last 18 months. The study team consisted of Michael Carpenter, Chris Dawe and Lawrence Morris from the Commission’s Public Services Research Directorate, under the direction of Peter Thomas. Detailed fieldwork was carried out in 13 authorities, supported by a review of published work in the area and input from a number of service-specific professional bodies.
In preparing this report the Commission has benefited from the insight and guidance of members of the study advisory group (Appendix 1). It has also been greatly assisted by the helpful co-operation of the authorities visited. The Audit Commission is also grateful to the bodies and individuals who gave their time to advise and comment on drafts of this report. As always, responsibility for its content and conclusions rests with the Commission alone.
Charges for Council Services

The fees and charges levied by councils are an important source of income, with the power to help deliver a range of council objectives. However, this potential is missed due to their controversial nature and the complexity of the issues involved. Some councils are overcoming these obstacles in order to deliver the full power of charges.
1. One issue unifies local government. It could do better if it had more cash. Frequent calls are made for greater freedom to increase council tax, raise loans or secure favourable treatment from revenue support grant (RSG). However, local government is not free to adjust such resources itself. Its expenditure continues to be constrained as government seeks to balance RSG settlements with other public spending priorities.

2. There is a way in which local government can secure more resources without calling on government. Curiously, it is not used to its full potential by councils and it is neglected by government. This first chapter looks at the significance of charges to local authorities and identifies the potential of charges to deliver a broad range of top council priorities.

3. It goes on to show how controversy and complexity dog the issue of local authority charges, and stop councils from realising this potential. At the heart of the debate are fundamental and challenging questions which all councils will need to consider if they are to meet their duty of best value: ‘who should pay for services and who should be subsidised?’ The answer requires judgements to be made about who benefits from services: is it the individual service user or the wider community? In the light of that judgement, what is the right balance between ‘user pays’ and ‘taxpayer subsidises’?

4. Councils set over 600 user charges for services, ranging from leisure centres to home care. Across England and Wales, £6 billion is raised each year by charges, excluding housing rents, compared with £9 billion raised by council tax.\footnote{Since 1990/91, income from fees and charges has increased by 40 per cent in real terms [EXHIBIT 1]. It now funds around 9 per cent of council spending compared with the 11 per cent funded by council tax.\footnote{The bulk of the income comes from the relatively small number of services for which councils have some discretion over the level of charge: personal social services (£1,560 million, where they have discretion over non-residential charges), parking (£630 million) and leisure (sports, parks, museums etc, £290 million). The trends in income from charges for specific services vary substantially [EXHIBIT 2]. Income from charges for personal social services have increased sharply as a result of national changes to the community care framework. Others, such as parking, have increased partly because of the mounting pressure on parking in urban and tourist areas. Yet, charges for some services appear to have been neglected and show significant reductions in income between 1990/91 and 1996/97.}}

5. Since 1990/91, income from fees and charges has increased by 40 per cent in real terms [EXHIBIT 1]. It now funds around 9 per cent of council spending compared with the 11 per cent funded by council tax.\footnote{Figures in this section are based on DETR/Welsh Office ‘Fees and Charges’ totals for ‘Rate Fund Services’ (RFS) and ‘Trading Services’ (TS). Income from ‘sales’ is excluded. The Housing Revenue Accounts is also excluded, except in the calculation of the proportion funded by council tax.\footnote{This figure is approximate as there is some double counting of expenditure between the RFS and TS. Separately, these services recover 7.5 per cent (RFS) and 84 per cent (TS) of costs.}}

6. The trends in income from charges for specific services vary substantially [EXHIBIT 2]. Income from charges for personal social services have increased sharply as a result of national changes to the community care framework. Others, such as parking, have increased partly because of the mounting pressure on parking in urban and tourist areas. Yet, charges for some services appear to have been neglected and show significant reductions in income between 1990/91 and 1996/97.
EXHIBIT 1
Trends in income from user charges, 1997/98 prices, England and Wales
Total income from fees and charges has gradually increased in real terms.


EXHIBIT 2
Trends in income from fees and charges, 1997/98 prices, England
Different services have been under different pressures to produce income; some seem to have been neglected, while others have increased significantly.

7. Income from charges is a very important source of local income for many councils. In England alone, over 100 councils raise more income from charges than council tax. On average, each council raises £64 per resident each year through fees and charges. The importance of income from charges also varies substantially between different types of councils [EXHIBIT 3]. Some of these variations can be explained by the extent to which the authority is responsible for services over which they have some discretion to charge. For example, district councils are responsible for more discretionary services than are counties. However, evidence provided later in this chapter reveals some significant variations in the extent to which costs are recovered for the same service, so other explanations must be sought [BOX A].

### EXHIBIT 3
Comparison of income from fees and charges with council tax

Income from charges is a large proportion of locally raised income, compared to council tax, particularly in district councils.

<table>
<thead>
<tr>
<th>Local income (£000)</th>
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<tbody>
<tr>
<td>£0</td>
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<tr>
<td>£350</td>
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</tbody>
</table>

| Source: DETR, based on RO, RS and TSR data returns 1997/8, for a sample of 90 councils |

---

**EXHIBIT 3 Diagram**

- **Fees and charges per head**
- **Council tax per head**

- **Counties**
- **Districts**
- **London**
- **Other**
Variations in charges

National data demonstrate the wide variations in ‘headline’ levels of charges between authorities. They also demonstrate variation in the detail of how charges are designed; for example, the level of discount offered to junior swimmers or the premium charged for the burial of non-residents.

Taken at face value, the simple fact that there are such wide variations may seem legitimate – the result of differences in the quality of facilities, local market conditions or the differing priorities of different councils. However, the current approaches to charge management suggest that this variation is more likely to be the result of neglecting the issue in general, and a failure to look beyond budget targets.

Despite the significance of charges, they receive little serious attention from most councils, when compared with the substantial management and lobbying effort devoted to council tax. Why? After all, councils have a good track record in tapping new sources of income and funding. Part of the reason lies in two formidable obstacles – controversy and complexity – which inevitably accompany the issue of user charges.

Controversy

The debate on charging is often heated. Charges are an extremely visible way of raising revenue. Councillors, managers, users and powerful lobbying groups can react loudly to increases in prices, or to the introduction of charges. New or changed charges are often viewed as potential vote losers, therefore local politicians are understandably nervous about the whole subject. At the national level, governments are inclined to downplay their responsibility for local charges, even though they often determine the existence of a charge and its precise level.

The debate is fuelled by the strongly held and divergent views of some of the players in the debate [EXHIBIT 4]. The debate continues to circle around two main issues: whether or not everyone has the right to free public services, and the moral questions surrounding the introduction of charges for caring services for the vulnerable and needy.

EXHIBIT 4

A heated debate

There are strong views on the rights and wrongs of charging.

Charging for [homecare] is unjust and amounts to a tax on disability

Charging is jeopardising the well-being of hundreds of thousands of people

It’s morally wrong to charge for public services

Why should people have to pay twice?

Charging puts bureaucrats face to face with the customer

Charging helps improve efficiency

Free services are inefficient at targeting subsidy to low income groups

Charging provides funds for service expansion

Charges let local people see what they are getting

Source: Audit Commission research
A student of this debate is likely to conclude that whether it is right or wrong for the user to pay depends on the perspective and values of whoever makes the judgement. Such a judgement lies firmly in the political arena, since it is subjective and dependent on local priorities and needs. However, recognising the subjectivity of the judgement required does not make it any easier for local politicians to reach consensus on how best to deal with charges. Few political groups can agree easily on what approach to take to charging, especially for sensitive caring services such as home care for the elderly or disabled people.

While local debates on charging often generate much heat, they rarely appear to cast much light over the most difficult questions. Consequently, for many service-users, the basis of charges for public services seems incomprehensible and illogical. There are inexplicable differences between charges for a service in one council compared with those in another [BOX A, p9].

Residents may find their council’s approach to charges and concessions confusing, contradictory and bureaucratic. One study found that a low income family would have to apply to 9 different service points, deal with 13 different eligibility criteria and answer over 200 different questions just to claim the concessions and benefits to which they were entitled (Ref. 2). A survey of charges for home care services by Mencap in 1998 found that the ‘charging system is a source of confusion and concern to many families, carers and users’ (Ref. 3). The Commission’s own survey on home care charging reveals that a wealthy pensioner on one side of the street may receive their home care for free from the Council, while their friend across the street with a lower income but on the other side of the Council boundary has to pay more than £100 a week for the same level of service. The study team found variations in charges for 12 hours of home care both within and between councils [EXHIBIT 5, overleaf]. While these variations are clear for all to see, the reasons behind them are not. The situation seems little changed since 1909, when the Minority Report of the Royal Commission on the Poor Laws reported that ‘the practice [of charging] is even more wanting in principle than the law; varying, indeed, from systematic omission to charge or recover anything, up to attempts to exact an entirely prohibitive payment for the service performed’ (Ref. 4).

As well as user confusion, it is possible that potential income is lost, and that taxpayers’ subsidy is being wasted on services that are a lower priority for councillors [EXHIBIT 6, overleaf]. There may be good reasons for the variations; for example, they may reflect different local priorities and needs. However, the potential scale of ‘lost’ money demands further review to show whether or not variations are the result of informed and legitimate local choices by councillors.
EXHIBIT 5
Comparison of charges for 12 hours of home care
Charges for 12 hours of home care varied by as much as £70 within an individual authority, and from £0 to £85 between authorities.

Source: Audit Commission survey of home care charges 1998/99

EXHIBIT 6
Variations in recovery rates for different services
The comparative performance of councils in recovering the costs of services varies substantially. Some services are heavily subsidised; others provide a surplus.

Source: Audit Commission fieldwork and CIPFA statistics (1997/98 and 1998/99)
Complexity

15. Away from the ideological debate is a more technical, but equally challenging, problem. The question: ‘what is the right price?’ faces councils and service managers each time they review their charges. This seemingly straightforward question masks a deceptively complex challenge. Experts in the private and public sector have been unable to provide simple answers or even a converging view on the problem. They come at the problem from different perspectives, all of which have their merits.

16. The nature of councils brings additional complications that do not face a private sector organisation. Councils pursue a wide range of objectives. They have a unique role as both commissioners and providers of a wide range of services. For some services, the council is the only provider and has a geographical monopoly. For others, it competes openly with the private sector for custom. So, politicians are faced with a difficult judgement about which factors should be given most weight. They need to balance the pros and cons of different charging options, and to prioritise competing – often incompatible – objectives and priorities.

17. These complications mean that a large number of different factors jostle for attention when councils try to decide whether the price is right, making it difficult for councils to see a practical route to getting the best out of charging [EXHIBIT 7].

EXHIBIT 7
The factors that complicate charging
There are a large number of factors that affect charging and compete for the attention of decision-makers.

Source: Audit Commission, drawing on Pitt, Bailey, Bovaird (Refs. 5–7)
...charges can underpin the continuous improvement of services

18. It would be wrong to see this complexity as a bad thing. The complexity of charging stems from the fact that charging decisions can have a major impact on services and their users. Charges can change the way that users behave, making them stop or start using a particular service; increase or decrease the net cost of a service; and target subsidy to particular services or users. A perceptive council will recognise that it can harness these powerful effects positively to help to deliver their top priorities.

19. However, the local picture is further complicated by the national legal framework for council charges. A wide variety of specific duties, powers and restrictions on local authority charging have been introduced piecemeal for over one hundred years. The result is a complex picture of differing degrees of national control over local government [EXHIBIT 8]. Councils can charge for services only if they have an express power or duty to charge for those services. Indeed, for some services, charges are mandatory and the specific fee is set by government. Sometimes a council is obliged to provide a service, but expressly prohibited from charging. For other services, the scope for charging is constrained in some way, whereby the council:

- must take into account the ability of the user to pay;
- may charge only what is necessary to cover ‘related’ costs; and
- must ‘have regard to the cost of provision’ when setting the charge.

Chapter 5 looks in more depth at the impact of these controls and asks whether it is time to overhaul them.

EXHIBIT 8
A complex picture of controls

For some services, councils have wide discretion over charge setting; for others, there is no discretion at all.

Source: Audit Commission research
The power of charging

20. Although Chapter 2 will show that very few councils are getting the best out of charging, the examples of best practice which shine through show the scale of opportunities that are being missed. These examples counter the commonly held view that user-charges are just about raising money. A thoughtful review of the role and level of charges can underpin the continuous improvement of services that is envisaged by best value. The challenges raised by the issue of charging should lie at the heart of any searching best value review:

- Why are we providing this service at all?
- Who benefits from the service – individuals or the wider community?
- Why do we subsidise it? What are we trying to achieve by subsidising it? and
- How much do residents and businesses value the service? How willing are they to pay for it?

21. The potential of user-charges for councils connects directly with some of councils’ top social and service objectives. The power of charges to deliver corporate and service priorities falls into the six categories outlined below.

Targeting subsidy at top priorities

22. By taking steps to recover more of the costs of low priority services through charges, councils can target subsidy at top priorities. Similarly, charges can be used to focus subsidy at priority users; for example, by introducing concessions or by taking decisions to set charges for particular user groups below the level at which costs are covered. A high-priority service can be cross-subsidised even if it is unable to generate additional income – by increasing some charges and raising more net income on a lower-priority service.

Improving services

23. The income that charges can generate can be used to improve services through investment in improved facilities, or by improved accessibility, for example, by using extra income to extend opening hours. By using charges to help control, limit or manage physical access, problems – such as vandalism or the abuse of free access facilities – can be reduced.

24. By acting as an indicator of how users value a service, charges can help service managers to build up an understanding of users’ needs and priorities, while paying for a service gives the user greater power to challenge both the costs and quality of the service.
Delivering corporate priorities

25. Charges can also help to deliver corporate priorities that need joined-up action. For example, by simplifying access to concessions and increasing take-up of services and benefits, charging can help to tackle social exclusion as part of an anti-poverty strategy; parking charges can be used in support of environmental or transport strategies, or even to promote community safety by funding improved car park security; and leisure charges can be used to support strategies to improve health and well-being.

Generating income

26. More costs can be recovered by carefully designed charges that are able to tap the different value placed on a service by different users. Surplus income can be generated by identifying where services are under-priced compared to what users would be prepared to pay, and by questioning whether services that are currently free should continue to be so.

Managing demand for services

27. Well-designed charges can be used to improve access to services for key target groups. The creative use of charging techniques such as concessions, discounts or eligibility criteria can be used to encourage the take-up of services by priority users.

28. Similarly, excessive demand for services can be controlled – by ensuring that lower-priority users have to pay a significant premium rate or by using lower charges at off-peak times.

Communicating a message

29. An image of quality and ‘something to value’ can be created by introducing a charge, and have a significant impact on how people use the service and the benefit they get from it.

30. What evidence is there that these benefits can be delivered in practice by councils? Some councils are tapping the power of charges to deliver a range of benefits [EXHIBIT 9].
EXHIBIT 9

**A price worth paying?**

Councils can unlock powerful benefits by carrying out a review of charges as part of a wider service re-think.

<table>
<thead>
<tr>
<th>THE INITIATIVE</th>
<th>THE BENEFITS</th>
<th>CHARGING POWER</th>
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| A unit costing review of its trade refuse service by Southwark Council revealed that charges were not covering the direct costs. It reviewed its charges and launched a marketing campaign. | • The reduction in the net cost of trade refuse released £460,000 to spend on other priority services.  
• Prices were increased by between 30 per cent and 70 per cent, transforming a loss of £435,000 on the service to a small surplus.  
• Despite the price increase, the Council’s market share increased from 2,500 trade refuse contracts to over 3,100. |  |
| East Sussex County Music Service introduced charging for the music service in 1989, to fund its expansion. | • Pupil numbers for music tuition went up from 2,800 to 8,600 (1993).  
• 18 per cent of music pupils are now drawn from low income families – a higher proportion than the percentage of pupils in receipt of school meals.  
• In 1998, over 15 per cent of children learnt an instrument (in many LEAs less than 5 per cent do) and the availability of music tuition expanded from 40 per cent of schools to 100 per cent (1991).  
• Enough income was generated to fund 19 extra staff in the music department with a full range of instrumental options available in all secondary schools. |  |
| Dacorum Borough Council introduced concession cards for low income households as a council-wide initiative. It offers an attractive range of discounts and is supported by energetic marketing. | • The card is taken up by 60 per cent of eligible households, whose benefits take-up has increased (46 school clothing grants, compared with 1 before the card was introduced).  
• The concessions card has expanded to cover over 140 local businesses (including the local bus operator) and over 20 Council provided services.  
• The concession card is an integral part of the delivery of the anti-poverty strategy.  
• Management of discounts is co-ordinated across all Council departments. |  |
| Hammersmith and Fulham Council introduced a ‘two-dimensional’ banding structure into its adult education department – relating charges to corporate objectives. | • Commercially-oriented adult education courses are self-funding.  
• The adult education course subsidy is now directed at priority users: job seekers and the elderly. |  |
| The Leeds City Council uses effective management of parking charges in order to deliver key priorities of the local integrated transport strategy. | • Congestion has been reduced – an 8 per cent reduction in peak-time, inbound traffic flows.  
• Prime parking locations are used in line with corporate policies for shoppers and disabled people.  
• No unintended subsidy is going to low priority groups (commuters).  
• The design and security of its car parks have been improved. |  |

*Source: Audit Commission fieldwork*
31. The controversy and complexity that surround charges have a major impact on councils’ behaviour. The heated charging debate can close the minds of decision makers to the wider potential of charges. The fact that charges are so often budget-driven associates them negatively with cuts and savings. Lacking the armour of sound arguments, evidence and examples, most officers and councillors inevitably back away from change or innovation. This tendency has some important consequences. Decisions about charges may become driven by myths, not reality. A fundamental review of charges is likely to be thwarted or, more probably, never contemplated.

32. These consequences combine to provide a compelling argument for councils to think again about charges in terms of:

- the positive power of charges to help to deliver top local priorities and needs being largely untapped;
- users and residents finding the existing pattern of charges illogical, unfair and confusing;
- money being wasted as subsidy is misdirected;
- potential income being lost;
- services being cut or starved of investment when users would be willing to pay more; and
- the failure to address the ‘challenge’ questions raised by charges means that councils may not meet their new duty of best value.

33. There are signs of movement in the national debate on charging. The Royal Commission on Long Term Care has stimulated an energetic discussion about who should pay for care. The sustainability of universal ‘free’ access to services is increasingly being questioned. The new duty of best value has a strong focus on consultation, comparison and challenge, and will raise fundamental questions that go hand in hand with the charging debate. For example, ‘why is this service subsidised by taxpayers?’; ‘couldn’t more income be raised to invest in improving the service?’; ‘does the council need to provide the service at all?’ and ‘why are other councils recovering much more of their costs?’

34. So, it is timely to look more closely at user-charges in local government. This report seeks to address the unanswered questions about charges and find a way to help councils to assess and unlock their full potential:

- Chapter 2 starts this journey by taking a hard look at how councils manage charges, and identifies some of the barriers to effective charge management;
- Chapter 3 looks at how councils can get the best out of charges by ‘joining up’ their approach to charging and delivering the key success factors;
- Chapter 4 shows how councils can put the recommendations of Chapter 3 into practice within their best value reviews; and finally
- Chapter 5 revisits the national framework for charging and asks if it is time to overhaul it.
How Well are Councils Managing Charges?

Reviews of charges typically involve rubber-stamping incremental price hikes driven by budget necessities. Good management information is rare and managers have few incentives to get the best out of charges. Councils have not identified what they want charges to deliver: the fundamental questions of when, and who, to charge go unresolved and links to policy priorities are missed.
In a recent survey, 85 per cent of service managers claimed to review their charges annually (Ref. 8). This sounds like good news. Surely such reviews must mean that councils are getting the best out of charges? This chapter investigates how councils are tackling user-charges, drawing on fieldwork in 20 authorities and further research. Their performance is analysed from two perspectives:

• How charges are set during this annual review; and
• How the corporate framework sets the context for charges.

The findings reveal an absence of meaningful review, with charges either neglected or driven by narrow budget considerations. These problems are exacerbated by a lack of basic information about the impact of charges, which means that decisions continue to be made in the dark. Because charges are dealt with in isolation from the service to which they apply, they remain unconnected with corporate and service objectives. As a result, few councils can say what they are trying to achieve through their charges. The analysis of findings can be taken a stage further to identify the barriers that stop councils from making better use of charges.

Charge setting

What do these annual reviews of charging entail?

• ‘The charging decision’ – how is the decision made? What factors are taken into account?
• ‘An informed approach?’ – what market intelligence and other management data are used to inform the decision? and
• ‘Designing the charge’ – are charges well designed, taking proper account of market intelligence and management information?

The charging decision

Looking behind the headline of 85 per cent mentioned above, it quickly becomes clear that the annual reviews are very limited. Most authorities’ charges are driven by the annual budget cycle. This narrow focus typically results in an incremental approach to charging, with councils simply increasing 63 per cent of their charges year-on-year by inflation. This almost automatic cycle is sometimes punctuated by crises, as managers take drastic action to attempt to meet a budget shortfall quickly.

The Audit Commission’s fieldwork looked more closely at the drivers of decision-making by analysing a sample of 35 decisions on charging [EXHIBIT 10]. For some 15 per cent of decisions that were reviewed charges were completely neglected, without even a cursory ‘incremental’ review taking place. Charges were simply rolled forward unchanged each year. At one fieldwork site, charges for using the archives service had not been reviewed for ten years. One service manager confessed that she only ever reviewed her charging structure when she wanted funding for a new computer system.
The basis for charging decisions

Most decisions were simply an incremental ‘last year plus inflation’, only 12 per cent of decisions entailed in-depth review.

Source: Audit Commission analysis of 35 charging decisions, 1999

40. Even in terms of their narrow focus on budget, the information presented to decision-makers was weak. Most decisions had to be made on the basis of very limited information, ‘last year’s prices’ and ‘this year’s income target’. Members are generally asked to rubberstamp an across-the-board price increase. Less than one-third of reports reviewed mentioned the impact of previous price increases on the level of use, and only a paltry 8 per cent made any effort to forecast the impact that the charge under discussion would have on usage. In some cases, reports contained no analysis, lacking even a forecast of likely income levels, with just a reference to further background papers held by officers. Members are poorly served by such reports. They are effectively starved of the context and information that they need to make informed decisions about charging. When charges are reviewed, the budget-driven approach means that the focus of the charge-setting review tends to be the total income figure. The link between charging and the objectives of service delivery is not made, with the result that decisions are made in isolation from their effects on users [EXHIBIT 11, overleaf].
EXHIBIT 11
What informs decisions on charging?

Less than half the decisions included objectives of any kind, and under 15 per cent considered the impact on users of the service.

Source: Audit Commission analysis of 35 charging decisions, 1999

The consequences of these poorly informed decisions can be serious. Low income users may be left facing charges that they simply cannot afford; while charges for other users may be well below what they are willing or able to pay. Potential income is also lost. While some councils charge premium rates for ‘early bird’ swimming – because they realise that customers are prepared to pay for the convenience – others have not made this connection and charge the same for morning swimming as at other times, or even at a discount. At one fieldwork site, the focus on the budget meant that prices were falling far behind market rates. The embarrassed cemetery and crematoria manager said, ‘We realised our prices were too low when we found out that the funeral directors were laughing at us’. At another, the car park annual season ticket was priced at a discount of almost 50 per cent compared to daily stays, despite the fact that the long-stay car parks were congested. Other councils offer only a marginal discount on parking season tickets because they have identified that users were purchasing season tickets for convenience, not on the expectation of a large discount.

41. However, 30 per cent of the decisions analysed did present basic information on costs. This is a valuable first step, allowing decision-makers to consider how far the cost of the service is being recovered through the charge, and to understand the extent to which a service is subsidised. This can be a crucial factor for some services where the council’s power to charge is limited to cost recovery. However, there was little clarity over issues such as the apportionment of indirect costs (such as overheads) and the timescales over which fixed and variable costs are calculated. Costs were reviewed infrequently. Few authorities compared the potential income raised by a charge with the administrative costs of raising that income.
An informed approach?

A very limited number of fieldwork sites moved beyond the narrow focus on costs, income targets and historical prices to look at who is actually using their services and at how markets and competitive factors are operating. Without this information, few of the many charging factors can be understood or exploited.

An understanding of the user is essential, not just to get the best out of charging, but also to develop and improve any service. The best value regime makes it clear that services cannot be developed in isolation from the user. Some councils carry out user surveys to find out who is using services and how users think and behave. However, a survey of charges [Ref. 8] reinforces the anecdotal findings at fieldwork sites that intermittent use is made of surveys. Only 16 per cent regularly surveyed their users. Questions were rarely asked that could inform the pricing process. Only one survey asked if users felt that the service offered value for money.

When councils did ask users to rank the importance of the factors that affect their service use (including price), the answers were not used to inform the design of charges, or the charging decision. Councils can make costly mistakes if they do not know their users.

Knowing the user?

A metropolitan council was under considerable pressure from a town centre retailing group to introduce free car parking on Saturdays in order to promote greater use of the town centre. However, a market research survey commissioned by the authority showed that, although retailers were understandably broadly supportive of the idea, it would not necessarily have encouraged shoppers into the town centre.

What would make you visit our town centre more often?

<table>
<thead>
<tr>
<th>Factor</th>
<th>Retailers (% of respondents)</th>
<th>Public (% of respondents)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Better shops</td>
<td>23 per cent</td>
<td>44 per cent</td>
</tr>
<tr>
<td>Free/cheaper parking</td>
<td>28 per cent</td>
<td>2 per cent</td>
</tr>
</tbody>
</table>

The survey shows that, although the introduction of free parking would have cost the authority £100,000 a year in lost revenue, it would have made little contribution to the policy objective of encouraging shoppers into the town centre.

Source: Audit Commission fieldwork
While surveys and focus groups have their place, the most straightforward way to collect information about how users respond to changes in price or service quality is to monitor what happens after a real change. Some fieldwork sites possessed quite significant user-information, often generated by computerised systems. However, few sites were using this information to its full potential. At most, they were calculating annual ‘volume’ totals at a summary level that masked all of the subtleties relating to changing market conditions. Some managers claimed to be suffering from ‘information overload’ as, for example, their car park system produced minute-by-minute analyses of car movements. However, they did not use the information to inform either charging decisions or service planning.

Good information on market conditions was scarce. Only 3 out of the 35 charging decisions analysed referred to user views and the prices charged by competing providers. In one review of charges, a price rise was recommended with the proviso ‘if the committee believes the market will bear an increase of 20 per cent’, without any further information on local market conditions that would have enabled members to make such a judgement. Fieldwork revealed that only 1 in 12 car park managers visited had a systematic way of keeping track of what prices were being charged by competing commercial providers – with the result that attempts to price commuters on to public transport may simply result in them switching to private car parks. It is surprising that so few authorities were collecting useful information about competition, given the growing pressure that services such as leisure currently face from the boom in private provision.

The absence of monitoring and evaluation, particularly of the impact of charges on users, creates an ‘information vacuum’. Consequently, it comes as no surprise that charging decisions, and the design of charges, can become dominated by myths and misconceptions [Exhibit 12].

The design of charges

The findings so far reveal a cycle of poorly informed decisions, which is exacerbated by the failure to monitor or evaluate the effect of charging decisions. Because charging decisions are usually driven by the budget, managers invariably opt for the low-risk charge design option: last year’s charge plus inflation. Yet, they often lack even the basic financial data on costs and recovery rates. When it comes to the detail of how tariffs are designed, both users and authorities are losing out. The paucity of information means that managers cannot start to design charges that deliver benefits for the council and the community.
Myths about users and markets

In the absence of good information the debate over charging is based on myths.

Any increase in leisure charges will reduce participation – particularly from low income groups.

£1 granted in concessions is £1 given up, that users would have otherwise paid.

We must keep our charges in line with the neighbouring authority or people will use their services.

Any increase in car park charges will damage the viability of our town centre.

The best way to increase income by 10% is to put all prices up by 10%.

Source: Audit Commission fieldwork
Unsurprisingly, the fieldwork found little use made of the differential pricing mechanisms which are common in the commercial arena. Even when councils go beyond a basic ‘one price fits all’ approach, they rarely make full use of the potential of charge design. Parking charges in one city centre contrast the council’s approach with that of the commercial competition [EXHIBIT 13]. The authority’s charges vary little between car parks (both graphs show the tariffs of seven car parks); longer stayers pay less on a ‘£ per hour’ basis in council car parks; and, the council differentiate less between different users. The competition has a more ‘evolutionary’ approach: each car park finding its own place in the local market, and hence priced differently, with charges increasing more in proportion to length of stay. The inward focus of the council’s planning results not only in council prices that are well below the commercial rate, but also undermines the council’s own transport objectives by offering relatively cheap long stay parking. These are serious consequences for a business which raises £300,000 every year for the council concerned.

### EXHIBIT 13

**Are councils getting the best from charge design?**

A private sector car park operator tailors the charge to each individual car park and target group, compared with the uniform and flat tariffs for the public sector car parks in the same city centre.

<table>
<thead>
<tr>
<th>LOCAL AUTHORITY</th>
<th>PRIVATE OPERATOR</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>TARIFFS FOR 7 CAR PARKS</strong></td>
<td><strong>TARIFFS FOR 7 CAR PARKS</strong></td>
</tr>
<tr>
<td>Charges for stay (£)</td>
<td>Charges for stay (£)</td>
</tr>
<tr>
<td>£12</td>
<td>£12</td>
</tr>
<tr>
<td>£10</td>
<td></td>
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<tr>
<td>£8</td>
<td></td>
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<td>£6</td>
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<td>£4</td>
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<tr>
<td>£2</td>
<td></td>
</tr>
<tr>
<td>£0</td>
<td></td>
</tr>
</tbody>
</table>

**Source:** Audit Commission fieldwork
The phenomenon of ‘me-too’ pricing was a common reaction of authorities that prefer to copy others, rather than to take steps to understand how their own users think and behave. Such narrow and unthinking benchmarking can mean that opportunities are missed. In reality, the choice that users face is between different facilities, whether they are provided by councils or other providers. Alternatives to the service are often overlooked when the competition is mapped. At a number of authorities, all car parks designated for use by shoppers were priced the same, despite the fact that some were far more attractive because of better location. As a result, some regularly had long queues outside, while others were half empty. So, the council was losing income on two counts. In another authority, people entitled to concessions were allowed to use the main leisure pool only at off-peak times, a restriction that was based on unsubstantiated claims that full-paying users were being ‘crowded out’ by concessionary users at peak times. However, when usage figures were examined in more detail it became evident that even at peak times the pool was only 57 per cent full. Inappropriate charging design meant that low income families were being unnecessarily excluded, and potential additional income was being lost.

Some service managers want to use charge design in a more creative and flexible way, but are unable to do so because of excessive controls imposed by their council’s central departments. For example, a directive may be issued that prices will go up by inflation each year. The straitjacket is often tightened further by over-prescriptive service specifications and contracts that set out exactly what prices are to be charged for which customers. In these circumstances, managers have no flexibility to experiment, innovate or respond to user demands and changing market conditions.

Even if these problems are overcome, councils are unlikely to get the best out of charges unless they are clear about what they are trying to achieve from them. Do councillors and managers have a clear answer to some key charging questions?

- What are the council’s charging principles? Is it acceptable to charge at all? If so, for which services? Who should pay?
- What is the connection between charging and council objectives? Is it clear where charging can best support top priorities? Are the links being made? Are efforts being concentrated on charges that offer the most benefits? and
- Are there specific targets for charges? What benefits should the charge deliver?
Charging principles

53. Chapter 1 outlined the barriers created by the controversial debate about whether to charge. These issues are barriers only while they are unresolved. How well are councils tackling this problem? Have they established the basic principles for charging: which services should be charged for, and who should pay?

54. There was evidence of a sound debate of such issues in 4 of the 13 fieldwork sites. A number of councils carried out in-depth reviews and consultation over charges, such as those for home care or on-street parking, while others had debated the principles that might guide charges as part of their social exclusion strategies. However, only two of the authorities tackled the issue council-wide. As a result, most service managers are left without a clear view of whether or not they have ‘permission’ to develop better charges and, if so, what the limits are to their experimentation.

55. By exposing the differing levels of subsidy for different services and users, a review of charges can provide councillors and managers with a powerful insight into whether or not council resources are focused on council priorities. The implication of a decision to recover only a small proportion of costs through charges is that the remainder of the cost will be borne by local and national taxpayers. Yet, very few councils have considered the question ‘what is the right balance between tax and user charges?’ Of the 35 decisions reviewed, only 8 provide basic information on cost recovery or net income. Levels of subsidy vary substantially between councils for the same services [EXHIBIT 14]. Fieldwork revealed that these differences were not the result of careful debate about where subsidy should be focused and when users should pay. Instead they were a legacy of the inconsistent approach to charging that characterises most councils.

56. As councillors rarely debate the question of subsidy and who should pay, charges are more likely to reflect a council’s history than its current objectives and priorities. The failure to review the balance between subsidy and charges leads councils to inadvertently subsidise low-priority target groups or services, at the expense of priority services and users [BOX C].
**EXHIBIT 14**

The balance between ‘user pays’ and subsidy

Different councils choose to provide very different subsidies for the same service, with wide variations in the level of subsidy for different services within councils.

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**BOX C**

An unintended subsidy?

The gross cost of the leisure service in one metropolitan district council is £2.8 million. Income from fees and charges is £600,000, so the service is subsidised by £2.2 million.

…but who pays?

There are only 10,000 regular users – 4 per cent of the population. So taxpayers are shouldering 79 per cent of the cost of a service which few of them use.

…and who benefits?

Regular users (the 90 per cent who use the service once a week) are subsidised to the tune of £225 per user a year. Some heavy users (five times a week) receive a subsidy worth £1,125.

and what about ability to pay?

Low income users only account for 3 per cent of use. So, the subsidy benefits middle- and high-income users. Is this what the council intended?

*Source: Audit Commission fieldwork*
Connect charges with council objectives

57. The power of charging to help to deliver corporate and service priorities was described in Chapter 1. To unlock this power, however, it is necessary to identify which objectives can be supported by charges, and to make sure that explicit connections are made between these objectives and action on charges.

58. Most councils view charges as a way to generate income, with their annual review of charges driven by the budget. It is somewhat surprising then, to find that few councils set clear financial objectives. Fieldwork interviews revealed that while objectives such as covering costs or increasing income were implicit or assumed, they rarely figured in the charging decision. Less than 43 per cent of the decisions reviewed identified clear financial objectives. However, some authorities have begun systematically to map their existing objectives and review whether the charging objectives were being met or whether they are in need of revision.

59. Charging is not just about income, however. As well as its power to target subsidy and raise resources, charging has the power to affect the way that services are delivered. It can facilitate or deny access to services, change resident and user behaviour, or enable service managers to develop and improve the service in response to users. The examples of best practice in Chapter 1 show that charging can cut to the core of a number of the key, cross-cutting policy issues that are currently at the top of many council agendas:

- social inclusion;
- improving town centres;
- protecting the environment;
- encouraging sport for all; and
- improving access to services for disabled people.

60. The fieldwork examined 32 council strategies for cross-cutting issues to see whether the connection had been made with charges. The findings were disappointing. Just 11 strategies made a clear link with charging, of which only 5 had clear evidence of action on charging issues [EXHIBIT 15]. Little progress had been made on joining up corporate objectives with charging. Project managers of these corporate priorities were often left ‘out of the loop’ on charging matters. Many of the lead officers interviewed as part of the study did not see, let alone contribute to, committee reports and charging reviews that were relevant to their project. Charges seemed to be considered only in a reactive way. For example, a number of town centre managers become involved in debates on car park charges only when they are called upon to deal with retailers who are angered by a price increase.
EXHIBIT 15
How well joined up is charging with cross-cutting issues?
While some cross-cutting issues make minor reference to pricing, few have made links with the pricing process or show evidence of action.

Source: Audit Commission fieldwork and VFM audits – review of 32 cross-cutting strategies, 1999

61. Without the direction that explicit connections between corporate objectives and charges can provide, service managers are left to guess at how best to turn corporate policies into practice – assuming that they are aware of them at all. This failure to join up results in a fragmented and sometimes contradictory approach to charging. This is clearly demonstrated in the failure of many councils to join up social exclusion and anti-poverty strategies with concessions [BOX D, overleaf].

62. Getting the best out of charging is not just about making a link with corporate objectives. As an integral part of service management, reviewing charges can contribute both resources and otherwise improve services in line with objectives. But, the reactive, budget-driven approach to charges taken by most authorities means that charges often become divorced from service management. Consequently, service managers view charges as a negative imposition from the corporate centre, usually associated with budget cuts. Even if they wanted to make better use of charges, inappropriate controls from the corporate centre can leave service managers with limited room for manoeuvre.
Concessions

One area where councils have made a start in linking charging to policies is in using concession schemes to promote access to services for low income groups. However, the full potential of using concession policies to deliver corporate anti-poverty/social exclusion objectives is often missed. Concessions are typically managed on a departmental basis, with each department devising its own solution to charging those on low incomes. They may make decisions that make sense at an individual departmental level, but the total picture can be one of considerable confusion for the user trying to claim a concession. In many authorities, low-income users are given the ‘run around’: having to visit a wide range of departments (or even sections within departments); providing different evidence of eligibility for each concession; and being confronted by different sets of rules and forms for each service.

There is little evidence of proper consideration of issues such as affordability and access. For example, most authorities offer a concession to low income adults for leisure centres, but very few consider the issue of granting concessions to children in low income families. As a result, the price of a family swim for a low-income family is much the same as for a more affluent family in many authorities, and can be as high as £7 for a family of two adults and two children. Few monitor the take-up of concessions, and so they have little idea of how well concession schemes are promoting access to facilities.

The pattern of departmental concessions was examined at Oldham Metropolitan Council by Sarah Pearson and Peter Alcock of Sheffield University in June 1995 (Ref. 2). What emerged was an inconsistency across the Council in terms of eligibility criteria and application mechanisms, leaving the citizen with a rather confused picture of what concessions he/she is eligible for and how to claim them. Alcock and Pearson uncovered two fundamental weaknesses with the Council’s arrangements.

First, although the authority had a strong commitment to delivering concessions to low income groups, there was no shared vision of who those groups were. As a result, user-groups could be eligible for a concession in one department but not in another, without any logical basis for the distinction. For example, pest control concessions were available to those on income support but not for those on family credit; while concessions on music tuition were available to those on family credit but not to those on council tax and housing benefit.

Second, the whole system was administratively wasteful. In all, the authority ran nine of its own means tests, four alone in the Education Department. Similar evidence of waste has been uncovered by other authorities that take a ‘bird’s eye’ view of their concessions. One London borough has estimated that, of the 800 questions that are asked of low income groups in means tests across all departments, 200 are duplicates of questions asked elsewhere in the authority.

Source: Audit Commission fieldwork
Set out what charges need to deliver

However, clear and powerful the connection is between objectives and charges, councils can get the best out of charges only by translating corporate and service objectives into specific target outcomes. These targets provide a template for charge design and provide a benchmark against which to measure the impact and success of the charge.

Less than half of the reports surveyed had set financial or policy objectives for charges [EXHIBIT 11, p22]. Those objectives that did exist were not developed further into measurable targets. Often financial targets were simply extra income targets in response to the current budget crisis rather than a consideration of what income charges should yield in the long term. The level of surplus required was rarely specified or scrutinised. Even when objectives referred to specific target groups, targets for the level of access and take-up of services were rarely specified. This last finding is confirmed by a survey of 291 leisure contracts by the Sports Council [EXHIBIT 16].

EXHIBIT 16
Are objectives turned into measurable targets for ‘target groups’?

Although most leisure contracts identify the ‘target groups’ for whom access to leisure facilities should be protected, very few actually set measurable targets for participation by priority target groups.

A similar picture can be seen in councils’ management of their concession cards and leisure cards. Research by Loughborough University into 211 leisure cards showed that 66 per cent of schemes have no specified performance targets. The survey further showed that only 56 per cent of authorities monitor the take-up of the card by designated target groups, and only 39 per cent of authorities monitor the use of cards at council facilities. Since the fundamental objective of concession cards is to encourage access to facilities, the failure to monitor access means that the performance of card schemes cannot be evaluated. One fieldwork site planned to re-launch its leisure card, but a committee report acknowledged that because the previous scheme had not been monitored, it was difficult to predict the effects of the proposed changes to the scheme.

The findings set out in this chapter paint a picture of charges isolated from the key considerations of service management:

- isolated from the corporate and service objectives which should drive the delivery of public services; and
- isolated from users – councils commonly fail to monitor user views or evaluate the effect of past charging decisions.

Given this situation, it is no wonder that the management of charges is either neglected or budget-driven, that decisions are made based on myths and supposition, and that as a result, resources are wasted and opportunities are missed.
Overcoming the barriers

68. A significant range of problems and barriers was identified in Chapters 1 and 2. Overcoming them in order to join up charging is evidently not going to be easy. However, the best councils have started to overcome these problems. An analysis of how they have made progress highlights six critical success factors [EXHIBIT 17].

69. These critical success factors send a clear message to councils that they must move away from the current isolated and narrow approach to charging to a more joined-up approach which links all the key issues involved in charging:

- joining up at the corporate level to produce clear objectives and targets for charging; and,
- evaluating and monitoring the effect of charges both to provide feedback within the charge-setting process and to inform the corporate level debate.

Together, these combine to produce the ‘charging cycle’, which provides a systematic process that councils can use to release the full potential of charging [EXHIBIT 18, overleaf].

70. Chapter 3 looks in more detail at how councils can achieve a joined-up charging cycle and get the best out of charges.

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EXHIBIT 17
Success factors that will help councils overcome the barriers

Barriers to effective charging can be overcome by achieving critical success factors.

<table>
<thead>
<tr>
<th>BARRIERS</th>
<th>CRITICAL SUCCESS FACTORS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Controversy of debate</td>
<td>Innovative charge design</td>
</tr>
<tr>
<td>Charge management isolated</td>
<td>Set targets for charges</td>
</tr>
<tr>
<td>No clear objectives</td>
<td>Improve and inform decision making</td>
</tr>
<tr>
<td>Don’t understand users and the market</td>
<td>Establish clear principles for charging</td>
</tr>
<tr>
<td>Little awareness of the power of charging</td>
<td>Integrate charging with service management and corporate objectives</td>
</tr>
<tr>
<td>Poor quality decision making</td>
<td>Build an understanding of users and markets</td>
</tr>
</tbody>
</table>

Source: Audit Commission
The charging cycle

Clear principles and objectives for charging, together with an effective feedback loop that feeds on monitoring the impact of charges, combine to produce a joined-up charging cycle.

Source: Audit Commission
Releasing the Power of Charging

In order to exploit the positive potential of charges, councils need to refocus their attention on charges and address the success factors that characterise the best councils.
Charges can be a powerful way for councils to deliver some of their top priorities. But the study findings show that they are not getting the best out of charging. There are some substantial barriers in the way. Further analysis identified the key success factors that explain how the best councils have dealt with those barriers [EXHIBIT 19]. This chapter takes the six stages of the charging cycle in turn and shows how councils can achieve the key success factors, drawing on best practice examples.

**EXHIBIT 19**

**Getting the best out of charging – key success factors**

The charging cycle can be used as a route to achieve the key success factors.

- Formulate targets for charges: define what ‘success’ is in terms of charging
- Establish clear principles for charging: Which services? Which users? What levels of subsidy?
- Make informed decisions: weigh up options and check fit with corporate and service objectives
- Design tariffs to deliver the charging targets
- Integrate charging into service management: make the link with corporate and service objectives
- Inform the process: learn about users and markets by monitoring and evaluating the impact of charges

**Source:** Audit Commission
The charging cycle provides councils with a flexible framework that they can adapt to their own priorities and circumstances. However, if councils are to get the best from charging they may have to make a significant shift in their organisational culture and values. Two cultural success factors recur throughout this chapter as common threads in the successful management of charges; they are not optional:

- an outward focus to understand users’ needs and behaviour; and
- the integration of charges into the management of corporate and service priorities.

This chapter will demonstrate how the concept of target groups can be used to facilitate this cultural shift.

Clear principles for charging need to be established by councils if they are to overcome the barrier of the controversy that dominates the wider charging debate. These principles should:

- set out the circumstances in which charges are acceptable;
- establish the basis for setting charges; and
- identify which groups of service users should be subsidised through exemptions or reduced charges.

The principles are best captured as a small number of basic, corporate principles. These do not need to be complicated. In fact, the more general and overarching they are the better, as they will be relevant to all services. [CASE STUDY 1, overleaf]; imposing narrow constraints could impede creative approaches to charging for specific services or corporate projects.

In order to set these principles, judgements need to be made about how to reconcile different priorities and objectives. Therefore, the active engagement, involvement and commitment of councillors are essential. Otherwise, when more specific proposals come to service committees, councillors are likely to return to the debate about the underlying principles.

These corporate principles will help to tackle the problems of inconsistency in charging approaches between different services and departments. However, with over 600 charges in place for council services, it is important to develop additional, more specific principles for particular client groups or services – for example, on concessions, or charges to young people, or the elderly. The judgements needed to establish these principles would best be dealt with by the service or cross-cutting committee that oversees the particular service, client groups or corporate projects.
However, if committees are to answer the questions about who should pay, who should be subsidised, and which services should levy a charge, they need the analysis, information and understanding that can come only from a significant and challenging review. The review could take the form of:

- a service-level review – either of a whole service or of charging in particular;
- a review of a specific corporate policy (such as town centre regeneration or social exclusion); or
- a fundamental council-wide review of all charges.

**CASE STUDY 1**

**Kirklees corporate charging policy**

Kirklees Council’s corporate charging policy is a model of simplicity, having just three principles. These principles are clear and simple, and would leave no service manager or committee in doubt as to the parameters within which they are free to develop more specific principles for their services or client groups. A particular strength of these principles is that they make clear the requirement for the annual review of charges, and specify what the purpose of that review is.

The corporate principles are that:

- All fees and charges should aim to cover the full cost of the service (including a share of central costs and a forecast for the effects of inflation) except where the Programme Area Committee determines that the level of charges shall be varied in line with specific factors.
- Wherever possible, people on low incomes should be charged less to counter the regressive nature of local taxation.
- Where charges are not made for a service, or are reduced from full cost recovery level, the reasons should be reconsidered as part of the annual review to ensure that they remain valid and that significant income is not being foregone.
78. Such reviews can require significant resources (although they can also deliver significant benefits), so it makes sense to focus on those areas where the greatest benefits are thought to lie. To avoid wasting effort on issues that are irrelevant or beyond their powers, councils should ensure that they understand the national legal framework for charging. As Chapter 5 will show, the legal framework can be a source of confusion and ambiguity, so it may be necessary to take legal advice to ensure that the review’s parameters are clear and lawful. In practice, reviews can be conducted in many different ways [CASE STUDIES 2 and 3, overleaf].

CASE STUDY 2

Establishing principles for charging – anti-poverty and concessions

Hammersmith and Fulham Council’s review of its anti-poverty strategy established three areas where charging had a key role to play in assisting anti-poverty objectives:

- ensuring that those on low incomes have equal access to public services;
- increasing social, cultural and civic involvement by widening access to social, leisure and cultural services; and
- maximising income and reducing expenditure for low-income groups.

A review of charging mapped concessions across the Council and explored which groups were eligible for which concessions in different departments. It found wide variations across departments and pointed to the need for a more corporate approach focused on users instead of departments.

Clear principles for charging were then developed to provide a consistent framework across the Council which addressed the needs of target groups, and to ensure that charging practices fitted wider policy objectives.

Three basic principles were established:

- to protect services which are free at the point of use;
- to protect low income residents; and
- to develop standards and procedures for introducing charges.

And there were clear criteria for deciding which services should be free at the point of use:

- services which are used equally – for example, refuse collection;
- services where it is difficult to establish the beneficiary, for example, respite care;
- services where charging would be inefficient – that is, where costs would outweigh the income; and
- services where charging would be counterproductive, for example, where users would switch to other services or stop using a service.
...councils can take the opportunity provided by a review to challenge some of the myths and dogma that characterise the charging debate.

### CASE STUDY 3

Consulting with residents in Cheltenham.

Cheltenham Borough Council had to make cuts of £1.5 million out of its net revenue spend of £12.5 million. It launched a consultation exercise to find out what changes should be made to its spending. It asked people what they thought about the level of council tax and whether user charges were appropriate.

Focus groups discussed what changes should be made to the Council’s current spending and charging profile. These were complemented by a questionnaire that was completed by 1,400 residents.

Some of the views of the focus groups posed a radical challenge to the way the Council’s money is raised and spent:

- the level of expenditure on leisure services was questioned; and
- there was no desire to raise council tax.

The focus groups argued for an increase in charging in several areas:

- an increase of up to 20 per cent in car park charging to raise additional income of £400,000 a year; with increases to target long-stay parking;
- a preparedness to introduce charging at the civic amenity site to save the facility; and
- support for higher charges in leisure.

79. These examples show how councils can take the opportunity provided by a review to challenge some of the myths and dogma that often characterise the charging debate. In the spirit of best value, councils can ask users what they really think; challenging old assumptions that it is wrong to charge for some services, and questioning the principles behind different concessions.

80. Within these reviews one question can cause particular difficulty: ‘Who should pay for services and who should be subsidised?’ The answer requires judgements to be made about who benefits from the service. Is it the individual service user or the wider community? In the light of that judgement, what is the right balance between ‘user pays’, and ‘taxpayer subsidises’? This is a difficult issue that lies at the centre of the controversial charging debate. But, it does not have to be out of bounds for the review. Lessons learned from New Zealand show that there is a practical way to deal with the issue [CASE STUDY 4].
CASE STUDY 4

From ‘who benefits?’ to ‘who pays?’ – the New Zealand experience

Legislation introduced in 1996 obliged each authority to draw up ten-year financial plans within which the ‘user pays’ principle is paramount. Councils are obliged to consider who benefits from each of their activities and assess the extent to which particular activities convey a benefit to the public at large or to particular individuals. They use the classification:

- general benefits to the entire community – which should be principally funded by taxation;
- direct benefits to identifiable groups – funded jointly between taxation and users; and
- negative effects – funded as much as possible from users (for example, polluter pays). Where a degree of private benefit is identified, councils are required to consider whether a specific user charge would be appropriate.

The process by which ‘who benefits?’ maps to ‘who pays?’, for the case of Environmental Health Services, is shown below.

Source: ‘Phoenix Rising’ – (Ref. 9).
Joining up objectives with charging

81. If councils want to tap the potential of charges, then it is essential that they identify the connections between the top priorities of the council and charges. Otherwise, charges will continue to be developed in isolation and their potential to help deliver council priorities will remain untapped. Some councils are beginning to ‘join up’ charges with corporate and service objectives [CASE STUDY 5].

82. How do such councils overcome departmentalism and failure to join up? Difficulties in making connections between different services and the corporate centre often stem from the lack of recognition by different managers that their actions have a knock-on effect on others. Best practice councils have solved this problem and taken a major step forward by talking about the problem in terms of who was affected by the charge. This provides them with a common language of ‘target groups’. A target group is a group of current or potential service-users, or people and organisations affected by a service or project in any way. They are often non-users.

CASE STUDY 5

Joining up town centre management

As part of its budget strategy in 1996, Oxford City Council asked car park managers to make savings, or find extra income, amounting to £150,000. The savings option proposed was that the charge collection system in the main shoppers’ car park, which allowed car park users to pay on exit, should be abandoned (thus providing a saving on staff and equipment) and be replaced with a ‘pay-and-display’ system which would mean shoppers would have to estimate in advance how long they would stay when they arrived at the car park.

Consultation with the retailers co-ordinated by the city centre manager revealed that retailers were not happy. They thought the proposal would reduce the amount of time their customers spent shopping. After discussion, a compromise was agreed between the car parking manager, the city centre manager and retailers, whereby the extra £150,000 would instead be funded by an increase in the long stay tariffs. As a result, the Council found the £150,000 it needed, retailers retained the ‘pay-on-exit’ system and shoppers – a key target group of the Oxford city centre strategy – were protected.

Other councils are going even further. One study site, for example, has set up a ‘City Centre Company’ with responsibility both for city centre issues and for the management of city centre car parks, and with objectives including ‘to implement and promote a revised, customer-focused car park charging structure’.
This simple shift of emphasis from services onto users can bring the debate about charges into sharp focus. The language of target groups facilitates a meaningful discussion between different parts of the council and outside organisations, who all share an interest in that target group. Thinking about target groups encourages managers to begin to look closer at users and to build up an understanding of how users react to prices and other factors. Target groups can then be used to join up charges and objectives [EXHIBIT 20].

All councils offer concessions of various sorts, which can provide an excellent starting point to develop a more joined-up approach to charging [BOX E, overleaf]. Leading edge authorities are moving beyond this to properly join up charging and the key policy priority of social exclusion.

### EXHIBIT 20

**Using target groups to join up objectives and charging**

Target groups provide a powerful way to navigate the charging debate.

<table>
<thead>
<tr>
<th>OBJECTIVE</th>
<th>TARGET GROUP</th>
<th>POWER OF CHARGING</th>
</tr>
</thead>
<tbody>
<tr>
<td>Develop town’s nightlife as part of the town centre strategy</td>
<td>Evening visitors</td>
<td>Generate funds to invest in lighting for a safe environment</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Adjust evening parking prices to ensure available spaces at an appropriate price</td>
</tr>
<tr>
<td>Prevent abuse of public toilets</td>
<td>Vandals</td>
<td>End casual access to facilities by providing a physical and financial barrier to entry</td>
</tr>
<tr>
<td></td>
<td>Drug abusers</td>
<td>Generate funds for investment in security</td>
</tr>
<tr>
<td>Make best use of swimming facilities at off-peak times</td>
<td>Unemployed</td>
<td>Extra off-peak concessions to make access affordable when target groups want to use the services</td>
</tr>
<tr>
<td></td>
<td>Retired</td>
<td>Promotional special offers to encourage a shift in demand</td>
</tr>
<tr>
<td></td>
<td>Shift workers</td>
<td></td>
</tr>
<tr>
<td>Keep the environment attractive by reducing illegal dumping</td>
<td>Potential dumpers</td>
<td>Pitch the price and service quality to ensure price of skips and waste disposal does not deter use</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Generate funds to invest in ‘community skips’ schemes</td>
</tr>
</tbody>
</table>

*Source: Audit Commission fieldwork*
A number of authorities have devised corporate concession policies to promote a consistent and rational approach. Authorities such as Hammersmith and Fulham, Chorley and Oldham carried out reviews which formed the basis for policy decisions by councillors, using a council-wide examination of concessions to help deliver anti-poverty policy aspirations.

### Stages in developing a corporate concession framework

<table>
<thead>
<tr>
<th>STAGE</th>
<th>DESCRIPTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Intelligence gathering</td>
<td>Mapping who gets concessions and how across each department (‘Concession mapping’), collecting usage and take-up information in order to build up an understanding of the current position, often undertaken by the Welfare Rights Officer.</td>
</tr>
<tr>
<td>2 Evaluation</td>
<td>Critical examination of current practices by a cross-departmental group of officers, looking for anomalies in eligibility and delivery, inefficient mechanisms – for example, excessive means testing.</td>
</tr>
<tr>
<td>3 Policy decisions</td>
<td>Members and officers set out a framework concessions policy – who gets concessions and how.</td>
</tr>
<tr>
<td>4 Implementation</td>
<td>Putting in mechanics for delivery, relevant officers determining appropriate action at the service level.</td>
</tr>
<tr>
<td>5 Follow up</td>
<td>Evaluation of outcome, revisiting the concessions mapping and looking at effects on take-up of concessions and usage of services.</td>
</tr>
</tbody>
</table>

As a result, they have clarified: who gets concessions, who their target groups are, and which national benefits should automatically entitle the recipient to a Council concession. Once the principles have been established, these authorities have adopted a range of approaches to deliver concessions in a joined-up way. For example, Oldham developed a ‘one-stop-shop’ for all of the Council’s concessions – completion of one form now entitles eligible users to the full range of the Council’s concessions.

Source: Audit Commission fieldwork
Services have as much to gain as corporate projects from joining up charging with objectives. A number of councils have used charging to increase net income in order to invest in improving services, for example, to increase the security of car parks, or to upgrade equipment to ensure cleaner emissions from crematoria.

Leading-edge councils are taking joining up a step further by linking charging with related areas of service strategy. For example, they are using market mapping and market research to develop a strategic response to commercial competition, or linking charging to marketing by combining promotional pricing with direct marketing. The achievement of integration need not always entail a searching review. For example, when potential customers of Chorley Borough Council’s main leisure centre used to ask about gym facilities in the past, they were directed upstairs and left to investigate facilities for themselves. Now they are escorted around the new state-of-the-art fitness suite and introduced to the different membership scheme options. In this way they see charging and service presented as a whole.

**Setting targets for charges**

Chapter 2 showed that without specific targets for charges it is impossible to design charges that will deliver a council’s objectives. How can councils translate their service and corporate objectives into meaningful targets for charging? Once again, the answer comes from turning the focus of councillors and managers on to target groups.

**EXHIBIT 21**

**Using target groups to produce charging targets for ‘Sport for All’ objectives**

Thinking about target groups can uncover the issues that charging can help to tackle, and point the way to clear charging targets.

<table>
<thead>
<tr>
<th>TARGET GROUP</th>
<th>ISSUE</th>
<th>CHARGING TARGETS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employed residents</td>
<td>Unable to use facilities due to opening times</td>
<td>Set up ‘early bird’ sessions priced to at least cover marginal costs</td>
</tr>
<tr>
<td>Non-residents</td>
<td>To target subsidy on local council tax payers</td>
<td>Non-residents to pay full cost where possible</td>
</tr>
</tbody>
</table>
| Peak time users  | Ensure turnover at peak times and priority access to key target groups (eg new users) | Encourage heavy-users to use off-peak times
Greater throughput of users
Clubs to pay extra when using facilities at peak times |

*Source: Audit Commission fieldwork*
Once a council has identified the objectives which charging can help to deliver, and has translated them into specific and measurable targets for charging, it has a clear template for getting the best out of charging. The Leeds Transport Strategy provides an excellent example of how councils can integrate charging with corporate and service objectives in order to define and deliver meaningful targets for charges [CASE STUDY 6].

CASE STUDY 6

From strategy to action – The Leeds Transport Strategy

Faced in 1990 with forecasted traffic growth of 60 per cent by 2001 and increases in air pollution of 70 per cent, Leeds City Council realised that action was required.

The formulation of the Leeds Transport Strategy, and, in particular, the role parking was to play within it, began with an analysis which identified a number of problems: commuters using on-street and short-stay parking designated for shoppers; inadequate provision for disabled drivers; poor compliance with on-street controls; and, poor design of car park tariffs contributing to congestion (key on-street prices were cheaper than off-street). It also recognised that the majority (80 per cent) of parking in the city’s central business area was outside their control.

Following widespread consultation with politicians, the public and retailers the strategy was established. Other key strategies were taken into account, including the city’s plan for development, disabled people, the environment and the city centre. The strategy also recognised the Transport Policies and Programme (TPP) bid, which itself recognises ‘parking charges are one of the most effective demand management tools available to local authorities’.

Action and results

Within this framework a number of major actions have been taken: prices for commuter parking have been increased annually by 12–18 per cent; controls have been introduced for all on-street parking; the level of parking supply has been cut (to enable use of bus corridors); enforcement has been improved; and better use is made of ‘maximum length of stay’ restrictions. Even the design of the city centre maps has been improved (see extract) – using price as a ‘carrot’ to encourage the use of less popular car parks.

A few tips can make parking quicker and easier

Short Stay Parking

At busy shopping times (Saturdays especially) the most popular car parks (right in among the shops) fill up quickly; so instead of queuing (and holding up other drivers), save yourself time and trouble by coming early or parking just a bit further out: most outer car parks are only a 5 minute walk from the shops (and tend to be cheaper too).
From strategy to action – the Leeds Transport Strategy

Leeds Transport Strategy

The Leeds Transport Strategy sets out the strategic vision for the way in which transport is to be managed in the city, including the aim to ‘discourage peak hour car journeys [and] …deliver major investment in public transport’. It sets out how this is to be achieved using a co-ordinated ‘package’ approach, encompassing the management of the road network, the city centre (including parking), accessibility issues, public transport, park and ride, and the use of road corridors. It sets out the role of parking in this strategy in a Parking Plan.

Parking Plan

Recognises that ‘adequate and sensibly-priced car parking is critical to all aspects of the city centre. Accordingly management and pricing policies must ensure that available spaces are used effectively to meet the needs of short-stay parkers, visitors to the city and workers who need a car’. Its key objectives are to ‘improve the supply and quality of shorter-stay parking for shoppers, business and leisure visitors’ and to ‘manage and control the growth of long-stay commuter parking’. The plan sets out the following targets for charges...

Targets for Charges

- Commuter parking to be commercially priced and unsubsidised
- Ration on-street spaces by price to ensure that these spaces are used by ultra-short-stay drivers for whom the walk from the nearest off-street car park is proportionately too far
- Encourage increased short-stay use of off-street car parks in and around the city centre
- Deter commuter use of short-stay spaces
- Reserve additional spaces in off-street car parks for orange badge holders
- To raise revenue to meet annual budget requirements

Using this approach – joined-up with strategic plans, informed by proper analysis of the problem, and which identifies a number of key target groups – the city has been able to meet the key aims of its parking plan: investing to improve the design and security of its car parks and cutting peak time traffic flows by 8 per cent.

Clear targets for charging allow councils to monitor and evaluate the impact of charges. They tell councillors and managers what ‘success’ will look like when charges are introduced or revised. The information and understanding which come through monitoring provide the essential link between the different stages of the charging cycle so that, at last, the charge-setting cycle of ‘design-decide-monitor’ can function. The information which flows from monitoring shows whether or not the charge is doing its job and whether the charge needs to be revised. The knowledge accumulated regarding the impact on target groups, costs and income provides councillors with the information they need to make decisions on charges.

Monitoring needs to provide the council with an understanding of how users (especially target groups) behave and how markets operate. Such monitoring does not have to be complicated or to involve expensive market research and consultants. Many authorities already collect useful information which will help them to see how users react to changes to charges or to the behaviour of competitors:

- as part of contract monitoring;
- through one-off surveys conducted as part of area regeneration projects;
- through a computerised leisure pass scheme which breaks down use by facility and time of day; and
- through print-outs on the length of stay from car park ticket machines which allow managers to analyse demand patterns, particularly peak and off-peak times.

Nonetheless, it will sometimes be necessary to use market research to probe aspects of user behaviour [CASE STUDY 7]. For example, to see how important price is in the context of other factors, to find out how much users value different aspects of a service, or to begin to understand how target groups behave and think.

Managers can gain insight into how, and why, users are behaving without resorting to formal or highly-structured market research. One town centre manager spent half an hour interviewing drivers and shoppers queuing for the local commercially operated car park to ask why they used it, rather than the cheaper and more convenient local authority car parks. The reasons given were better security and no risk of a penalty fine due to the pay-on-exit system. This information gave the manager an insight into how he could better meet user needs by investing income from higher charges in improvements to security and payment systems.

An important part of monitoring and evaluation is looking at what impact charges have had, and revisiting the targets that were set [CASE STUDY 8]. Are the targets still challenging? Are objectives being met? Is other information needed to give a rounded view of the impact?
CASE STUDY 7

Research into the views of museum visitors in Coventry

Coventry Leisure Services carries out annual market research on at least one element of the service. In 1998, the Museums Service commissioned market research from the Heart of England Tourist Board in order to gain a better understanding of both users and non-users and to deploy this information to bring about more effective strategic management of marketing and pricing. The research was carried out by interview, 209 on-street interviews with non-users, and interviews with 518 users at the museums, with the following objectives:

- to understand the market profile and the various target groups that make up each segment of the market;
- to understand the extent of public awareness of the Museums Service;
- to understand the motivations and underlying attitudes of users; and
- where target groups are identified, to profile for each group.

The research gave the Museums Service many valuable insights into their user base, such as:

- the market segments into residents (75 per cent), day visitors (18 per cent) and overnight visitors (8 per cent). However, although overnight visitors may appear to be the smallest target group, they are nevertheless an important source as they tend to visit museums more regularly than other groups;
- almost all visits to museums are ‘secondary’ visits to Coventry, with the primary reason for the visit being to shop;
- the primary reasons for visiting museums is for enjoyment or for special events, with educational reasons being mentioned by only 9 per cent of visitors;
- price is not a major barrier to visiting – with only 13 per cent of respondents mentioning it as a factor in the decision to visit;
- 66 per cent of all respondents felt that the museums promote themselves poorly, and very few respondents had heard of all of the Council’s museums; and
- the most important factor that would encourage further visits would be special events and, for more overnight visitors, better information and publicity.

This research provided the service with a solid foundation for planning and developing its service and charging strategies together.
Good information allows managers to do more than just evaluate the impact of charges and develop a better understanding of users and markets. It is vital to the design of charges. Knowledge about target groups opens up a range of different charging-design options.

For example, the charge can be designed to target specific users [EXHIBIT 22].

Managers can use a simple checklist of questions to decide whether or not differential pricing might have something to offer. It is likely to be useful if the following conditions can be met (Ref. 5):

- target groups respond differently to prices;
- pricing mechanisms exist which would allow the manager to target that group; and
- the resulting charging structure is practical (not too confusing, prone to fraud or expensive to administer).

The power of pricing mechanisms can be used to design charges which meet the charging targets [BOX E, overleaf; CASE STUDY 9, p56].

### CASE STUDY 8

**Reviewing charging targets in Swansea**

The City and County of Swansea’s Performance Plan contains targets for its leisure service which cover income, subsidy, usage and quality. These targets are reviewed and revised each year.

<table>
<thead>
<tr>
<th>Target</th>
<th>Description</th>
<th>Last year’s target</th>
<th>This year’s target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income</td>
<td>Income level</td>
<td>£340,100</td>
<td>£370,700</td>
</tr>
<tr>
<td>Subsidy Cost</td>
<td>per population</td>
<td>£1.32</td>
<td>£1.22</td>
</tr>
<tr>
<td></td>
<td>Cost per user visit</td>
<td>£1.20</td>
<td>£0.98</td>
</tr>
<tr>
<td>Staff cost</td>
<td>per user visit</td>
<td>£1.24</td>
<td>£1.16</td>
</tr>
<tr>
<td>Usage</td>
<td>No of visits</td>
<td>255,994</td>
<td>285,492</td>
</tr>
</tbody>
</table>

### Designing the charge

94. Good information allows managers to do more than just evaluate the impact of charges and develop a better understanding of users and markets. It is vital to the design of charges. Knowledge about target groups opens up a range of different charging-design options. For example, the charge can be designed to target specific users [EXHIBIT 22].

95. Managers can use a simple checklist of questions to decide whether or not differential pricing might have something to offer. It is likely to be useful if the following conditions can be met (Ref. 5):

- target groups respond differently to prices;
- pricing mechanisms exist which would allow the manager to target that group; and
- the resulting charging structure is practical (not too confusing, prone to fraud or expensive to administer).

96. The power of pricing mechanisms can be used to design charges which meet the charging targets [BOX E, overleaf; CASE STUDY 9, p56].
Using differential pricing for target groups

An understanding of target groups opens up a range of different charging design options.

<table>
<thead>
<tr>
<th>CHARGING TARGET</th>
<th>TARGET GROUP</th>
<th>CHARGE DESIGN</th>
</tr>
</thead>
</table>
| Encourage longer stays when tourists visit the town | Tourists | Introduce different rates in car parks near tourist attractions  
Target special rates at tourists (eg afternoon and evening rates, special all-day rates after 10 am) |
| Obtain income from those non-payers in library car park | Users dropping off books | Use special ‘very short stay’ tariffs – ie tariffs for stays of 10 or 20 minutes |
| Prioritise access to limited cemetery plots on residents | Non-residents | Introduce premium pricing for burial of non-residents |
| Home care charge structure to protect poorer clients | Low income users | Use means-tested charging structure to ensure charges do not push users below income support level |
| Recover costs when issuing licences | Businesses | Base the charges on accurate costs, including relevant overheads and charge to relate to the actual cost of staff time and consumables |
| Recover as much of the costs of collecting bulky waste as possible without increasing dumping | Residents | Implement a steady increase in charges up to cost, monitored to ensure dumping does not reach unacceptable levels |

Source: Audit Commission fieldwork
The ‘shapes’ of car park tariffs can be used as a stimulating way to gain insight into a range of charging issues: income generation; target groups and policy objectives; occupancy and demand levels; affects on users (for example, encouraging turnover of spaces in busy car parks); competition (by superimposing the graphs for various car parks); and the level and design of tariffs. They are particularly useful for challenging assumptions about the effect of different tariffs. The idea is simply to plot the charge for a stay (on the vertical axis) against the length of stay (on the horizontal axis) and look at the results.

<table>
<thead>
<tr>
<th>TARIFF</th>
<th>NOTES</th>
</tr>
</thead>
<tbody>
<tr>
<td><img src="image1" alt="Graph" /></td>
<td><strong>This is a simple flat rate tariff (same price for any length of stay)</strong>&lt;br&gt;Used in commuter car parks. Also used in car parks where the method of payment does not allow any flexibility over payment.&lt;br&gt;This simple tariff is suitable for use in long-stay car parks. (If a car park is full of all-day stayers the tariff shape is less relevant)...</td>
</tr>
<tr>
<td><img src="image2" alt="Graph" /></td>
<td>... but if a commuter car park does not fill up, then the council might increase use and income by making the excess spaces available to shoppers at less than the full day rate.</td>
</tr>
<tr>
<td><img src="image3" alt="Graph" /></td>
<td><strong>This is a flat rate tariff with a maximum length of stay</strong>&lt;br&gt;This tariff shape is typical of shoppers, car parks with a simple method of payment or little enforcement and when demand levels are low. The maximum stay prevents any use by commuters.&lt;br&gt;Councils rarely properly review at what level maximum lengths of stay should be set (for example – what about shoppers who accidentally stay three-and-a-half hours and end up paying penalty rates?).</td>
</tr>
</tbody>
</table>
This shows a constant charge per hour, with a maximum length of stay

This approach is often used by authorities in main shopping car parks. Used to prevent any use by commuters while maximising income and encouraging turnover of spaces.

However, commercial operators do not have any ‘maximum stay’ times – if a customer is prepared to pay then they can stay as long as they want. This approach suits councils who are focused on income generation.

This is a constant charge per hour (£X for 1 hour, £2X for two hours…)

Close variants on this shape are often used by commercial car park operators. This approach is likely to maximise income, especially if demand levels are high (it does not give any time away free – in terms of income generation it makes little sense to charge the same for four hours as for three). It also encourages turnover of spaces – an important consideration in busy car parks.

This tariff is a mix of the above approaches: constant charge per hour up to three hours; four hours same as three hours; jump to the high level after four hours.

It is often used by authorities in main shopping car parks. It attempts to make shoppers stay longer, and to charge a penal rate to longer stayers (rather than a maximum length of stay).

But it is questionable whether this tariff shape achieves its objectives. A charging review should challenge whether: ‘the fourth hour is free to encourage longer stays’. How much income is forgone because of this? Is there any evidence it works? Why penalise those staying five hours? Also: Why should seven or eight hour stayers get the cheapest parking (on a charge per hour basis)?

Source: Audit Commission fieldwork
CASE STUDY 9

Pricing to target groups in leisure

The Oxford Slice Card is a neat example of how one tariff tool can be priced for a range of target groups and segment the market. The card works on two dimensions. First, a range of discounts is available to four of the Council’s target groups (low income groups, students, juniors and older people). Second, the card acts as a quasi-membership scheme for other users – who pay a monthly fee, with different rates paid for access to swimming, to skating and to all facilities. The card looks the same, regardless of whether the user receives a discount or not. As a result, a single card is used as a passport to differential discounts for a wide range of target groups in a non-stigmatising way, while at the same time providing a membership scheme which is attractive to other users.

<table>
<thead>
<tr>
<th>SLICE</th>
<th>GROUP</th>
<th>DETAIL</th>
<th>CHARGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bonus slice</td>
<td>Low income</td>
<td>Access to all facilities at reduced rates</td>
<td>£2 initial fee</td>
</tr>
<tr>
<td>Student slice</td>
<td>Students</td>
<td>Access to all facilities at reduced rates</td>
<td>£4 per academic year</td>
</tr>
<tr>
<td>Aqua slice</td>
<td>All Junior/OAP</td>
<td>Free access to swimming, sauna, squash and badminton</td>
<td>£14 per month £10 per month</td>
</tr>
<tr>
<td>Active slice</td>
<td>All Junior/OAP</td>
<td>Free access to all except skating</td>
<td>£24 per month £14 per month</td>
</tr>
<tr>
<td>Cool slice</td>
<td>All Junior/OAP</td>
<td>Free access to all facilities</td>
<td>£30 per month £22 per month</td>
</tr>
</tbody>
</table>
Another powerful charging-design tool is promotional pricing. This uses short-term changes in charges targeted at a specific group to experiment on the impact of charges. It is also a good way to acquire high quality information about how users behave. Some of the options within promotional pricing include: varying the packaging of the service, direct marketing, targeted advertisements and money-off vouchers [EXHIBIT 23].

If charge design is to deliver the targets that are set, managers responsible for pricing need to be given sufficient freedom to experiment with charges. After all, it is service managers who are closest to the frontline, in daily contact with users and the operation of the market. Without sufficient flexibility, managers will be unable to deliver the benefits sought. Corporate controls on charging need to be reviewed to ensure that they do not unnecessarily limit the freedom to experiment of managers who are responsible for pricing.

EXHIBIT 23

The use of promotional pricing to deliver charging targets

Different types of promotional pricing allow councils to target changes to charges in order to meet objectives for specific target groups.

<table>
<thead>
<tr>
<th>TARGET GROUP</th>
<th>OBJECTIVE</th>
<th>PROMOTIONAL PRICING METHOD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ethnic groups</td>
<td>Access to council facilities where</td>
<td>Adverts in specialist press, including special offers</td>
</tr>
<tr>
<td></td>
<td>under-represented</td>
<td></td>
</tr>
<tr>
<td>Low income adults</td>
<td>Encourage take-up of concession card</td>
<td>Leaflets sent with council tax benefit mailings</td>
</tr>
<tr>
<td>Non-users of sports facilities</td>
<td>Introduce to facilities</td>
<td>Special offers linked to national sporting occasions (eg Wimbledon)</td>
</tr>
<tr>
<td>Christmas shoppers</td>
<td>Build up evening trade in run up to Christmas</td>
<td>Short term promotional pricing – free parking at targeted times</td>
</tr>
</tbody>
</table>

Source: Audit Commission fieldwork
Making the charging decision

...councillors need an informed analysis of the likely consequences of charging decisions

99. The study findings have shown that decision-making on charges in most councils is weak. As a result, the power of charging to help deliver council objectives is neglected. In order to make better decisions, councillors need an informed analysis of the likely consequences of charging decisions. If a council works through the preceding five stages in the 'charging cycle' [EXHIBIT 18, p36] they will have assembled the right information to support decision-makers.

100. By focusing charge design at target groups, managers are able to join up the charging cycle from principles to objectives, from objectives to targets, and from targets to charges. Management information and an understanding of users and markets are used to inform each stage of the cycle. As a result, councils are able to move from the current position, where most of their charging decisions are made in the dark, to a situation where they can take decisions in the knowledge of their likely impact. The cycle of poor decision-making based on myths and departmentalism is broken [CASE STUDIES 10 and 11].

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CASE STUDY 10

Informed decision-making 1: when deciding whether to charge

In 1995, Chester City Council debated whether to introduce a charge at the Grosvenor Museum. The report that was submitted to the Leisure Committee shows how a balanced and well evidenced committee report can inform the debate:

- the pros and cons of charging were put forward in terms of extra income and a more ‘valued’ service against likely customer resistance;
- evidence on the level of likely customer resistance was presented based on a customer survey carried out by North West Tourist Board the previous summer, and a museums survey recently carried out by Leicestershire County Council;
- detailed income projections were presented, modelled to include customer resistance and the granting of concessionary tickets; and
- three options for the way forward were presented to councillors, each of which was costed.

In the end the Council decided not to charge, but the decision was based on an informed debate of the issues and the evidence, as well as political judgement – an example of political judgement backed up by detailed consideration. A similar exercise was repeated in 1997 as part of the budget-setting process.
The six stages of the charging cycle provide a practical way for councils to get the best from charges. The best practice examples show that it can, and is, being done. Taken as a whole, it still may look like a significant burden of additional work. Is it realistic to expect councils to tackle yet another issue when they are already reeling under the demands of government’s wide-ranging and often radical agenda for local government?

Chapter 4 will show how councils can integrate charging with their new best value duties. The issues and challenges raised as councils work through the charging cycle can provide a powerful catalyst for a searching best value review.

Do councils have the time?

CASE STUDY 11

Informed decision-making 2: ensuring a consistent approach

As part of its charging policy, Bristol tries to ensure that all committees debate charging with an appropriate level of information, so that proper comparisons can be made between charged services across the Council. In order to assist this process, the Council developed an information template to be used by all committees. The elements that had to be included in all reports, in a set common template, were as follows:

- Current year charge
- Proposed charge
- Percentage increase
- Estimated income
- Estimated costs
- Income as a percentage of expenditure
- Subsidy/surplus per user
- Reason for subsidy (if there is one)
- Analysis of the impact of the proposed charge

101. The six stages of the charging cycle provide a practical way for councils to get the best from charges. The best practice examples show that it can, and is, being done. Taken as a whole, it still may look like a significant burden of additional work. Is it realistic to expect councils to tackle yet another issue when they are already reeling under the demands of government’s wide-ranging and often radical agenda for local government?

102. Chapter 4 will show how councils can integrate charging with their new best value duties. The issues and challenges raised as councils work through the charging cycle can provide a powerful catalyst for a searching best value review.
Moving Forward with Best Value

Councillors and officers have much to gain by responding to this challenge. They should take the opportunity provided by best value reviews to make the best use of charges to deliver local priorities, improve services and generate income.
Many councils may be attracted by the power of charging, but will ask the question ‘how can we tackle charging as well as all the other plans, reviews and changes we have to manage at the moment?’ This chapter looks at three practical opportunities which councils can take to start getting the best out of charges. It also shows how they can use charging as a catalyst for best value reviews.

The extent to which people are prepared to pay for a service can be an excellent indicator of the value they place on that service. Councils are required to carry out a programme of searching best value reviews of all their services over a five-year period. These reviews have to encompass the ‘4Cs’ of best value:

- challenge why and how each service is being provided or if it should be provided at all;
- compare their performance with other authorities and relevant outside organisations across a variety of indicators;
- consult with local taxpayers, service-users and the business community, in particular, as regards performance targets; and
- embrace fair competition as a means of securing efficient and effective services.

Councils can use the opportunity of best value reviews to help them get the best out of charging. The questions raised by each stage of the charging cycle will provide a challenging kick start to any best value review:

- Why are we providing this service at all?
- Who benefits from the service, individuals or the wider community?
- Why do we subsidise it? What are we trying to achieve by subsidising it?
- How much do residents and businesses value the service and how willing are they to pay for it?

The Audit Commission’s recent publication Better by Far: Preparing for Best Value explained how councils could best approach best value reviews. It concluded that although there is no one right way to carry out a best value review, councillor involvement is essential to its success. As the questions posed by the charging strike at the core of what a council is trying to achieve, its values and its culture, councillors will rightly want to be empowered to shape and challenge the way charging is handled within best value reviews.

These are questions which councillors should be asking at each stage of the charging cycle. But, how will councillors know which stage their council is at? When is the right time to ask these questions? There are three possible openings for councillors to seek information, and provide political leadership on charges:
External Auditors are carrying out a value for money audit looking at charges during 1999. If the council has signed up to this audit, they will find the report from the auditor a good starting point.

Alternatively, councillors might commission a short corporate review to establish where the council is, and use this as a launch pad for tackling charging.

Even in the absence of any corporate work, councillors can use the opportunity provided by the programme of best value reviews to make sure that the key charging questions are asked and answered as part of each best value review.

Councillors can use these opportunities, and learn how they relate to the different stages of the charging cycle in a number of ways [EXHIBIT 24].

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**EXHIBIT 24**

**Staying in control of charging – Key questions for councillors**

Councillors can test the effective functioning of the charging cycle using key questions.

- Where are we now? How significant is charging? How do we approach charging? How do we compare?
- What principles are right for our council? When should we charge? Which services should be subsidised? Who should we charge? Who should be exempt?
- Which corporate and service objectives can charging help deliver? Is charge management integrated with service management?
- Are objectives turned into meaningful targets for charges?
- Are our charges meeting their targets? How do service users and non-users react to our charges? What are our competitors doing?
- Are our charges designed so that they produce the benefits we want, and have the right impact on our target groups?
- Are our decisions well informed? Do they fit with the corporate and service objectives?

Source: Audit Commission
Preparing the ground

There is much that council managers can usefully do before best value reviews begin. Firstly, they need to make sure that they understand their current position.

For many councils this need involve no new work. External auditors are carrying out a value for money audit during 1999 that will provide the answers to most of these questions, illustrated by more detailed work on the top six charging services [EXHIBIT 25].

EXHIBIT 25
The structure of the VFM Audit
The findings of the VFM audit will provide a good foundation for further work.

Policy context
- Are there clear objectives?
- Are they reviewed, what drives the review?
- Is charging joined up?
- Are exemptions and concessions clear and consistent?
- Is the impact of charges monitored and evaluated?

Market intelligence
- Do they know who uses their services?
- Are user and non-user reactions to charges assessed?
- Are target groups identified and monitored?
- Have any competitors been identified?
- Is their behaviour monitored?

Charge design
- Is charge design used to its full potential?
- Are there bargains or missed opportunities?
- Is charge design based on good use of market intelligence?

Financial context
- How important is charging income?
- Which services provide the income?
- What are the trends for charges?
- What is the spread of subsidy?
- What informs decisions?
While the VFM audit is one way to establish a firm foundation, councils may find that they need to complement that review with a limited corporate review to address the following questions.

- What is our current position?
- How important is income from fees and charges?
- Do we review charges regularly?
- What drives our charging decisions?
- Do we have clear principles to guide charging decisions?
- Are these translated into a framework for specific services?
- Are we clear about our approach to exemptions and concessions?
- Does the pattern of subsidy match our priorities?

At the heart of the charging cycle are the stages, which run from ‘joining up objectives with charging’ to ‘monitor and evaluate’. These stages turn objectives into practical actions by developing the right charges for specific services and target groups. This part of the charging cycle sits comfortably within any service- or client-focused best value review. But managers do not need to wait for the best value review to start realising the full potential of charging. The more thoroughly they have tackled these questions before the best value review reaches their services, the quicker and more effective those reviews will be.

Whether before, or during, a best value review, managers of a service will want to ask the questions set out in the checklist below [EXHIBIT 26] and make sure that they have evidence to back up their conclusions.
A charging checklist for officers

Officers should scrutinise current practices against the charging cycle.

- Are the links made between the power of charging and our top corporate and service objectives?
- Have we established where we can make the best use of charging to deliver those objectives?
- Are objectives translated into targets for charges that paint a clear picture of ‘success’?
- Are trade-offs between objectives identified and resolved?
- Is the performance of charges vs. targets evaluated?
- Is best use made of existing information?
- Is there sufficient understanding of the users?
- Is there sufficient understanding of target groups?
- Is there a complete picture of competition?
- Is there sufficient time, information and direction?
- Is differential pricing used to target groups?
- Is there adequate understanding of likely user reaction to charges?
- Does the expected impact fit with service and corporate objectives?
- Are options presented?
- Is the potential impact of charges assessed?
- Are the target groups clear?
- Are clear targets set?
- Do reviews cover all charges?

Source: Audit Commission
Chapter 3 provides practical examples and guidance on how to tackle each part of the charging cycle, but there are some tips from best practice councils which will help corporate policy units as well as service managers to get the best from the opportunities provided by the audit, a corporate review, or their own preparations for best value in their service [EXHIBIT 27].

**Barriers to beacons**

Chapters 2 and 3 show that there are significant benefits on offer to councils if they improve their management of charging within the existing legal framework. However, there is clear evidence that the legal framework for charging for council services is a substantial barrier to innovation and experimentation in the best councils. Chapter 5 looks more closely at the nature of this barrier and asks how it can be overcome.

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**EXHIBIT 27**

**Tips for effective charging reviews**

Lessons learned from best-practice councils.

- Make sure councillors are involved because there are important political judgements to be made.
- Aim to produce a small number of basic corporate principles which are relevant to most services, but avoid narrow, over-prescriptive principles which will impede experimentation and creativity.
- Clarify any local uncertainties about the legal framework for charging.
- Don’t be too ambitious. Focus on top priority services and policies where there is most to gain and charging looks to have most to offer.
- Use the idea of ‘target groups’ to produce specific objectives with clear outcomes. This will ensure a user focus and help guide each stage of the charging cycle.
- Learn from and build on existing best practice in the authority.

Source: Audit Commission fieldwork
Removing National Barriers

The current legal framework for council charges is complex and confusing. It is open to differing interpretations, it can stifle innovation and is a considerable barrier to councils getting the best out of charges. It is timely to review this framework, and to look to provide the best councils with freedom to improve and innovate.
Many search hopefully for logic in the current framework, but few find it.

A logical framework?

115. ‘It’s crazy; we can decide whether or not to provide this service, but we’re not allowed to decide whether or not to charge for it.’ This cry of frustration is often the first reaction of newly elected councillors when they hear the council solicitor explaining the legal framework for charging. Many search hopefully for logic in the current framework, but few find it. The situation seems little changed since 1909, when the *Minority Report of the Royal Commission on the Poor Laws* found ‘...a chaotic agglomeration of legal powers, conferred on different authorities at different dates, for different purposes.....[which] proceed upon no common principle’ (Ref. 4).

116. A wide variety of additional powers and restrictions on local authority charges have continued to be introduced since 1909, ranging from mandatory free provision to substantial local discretion. The result is the complex picture of differing degrees of national control over council charges which was shown in Chapter 1 [EXHIBIT 8, p14].

117. Is there a consistent logic behind whether or not councils have the power to charge? What were successive governments trying to achieve through these controls? For services which can only be provided by local government, and for those which users have no choice but to use them, there is a sound argument to be made for controlling charges – for example, land charge searches. Such standard charges produce consistency across the country. This thinking clearly underpins many of the controls of charges for statutory services.

118. However, for the many discretionary services that councils provide, logic is harder to find. Why is it that a council has a statutory power to decide whether or not to close down a service but is not allowed to decide whether or not to introduce charges for that service? The study has failed to unearth even the most half-hearted explanation, although it is clear that this is the effect of the law as it stands.

119. This situation seems counter to the spirit of the current Government’s agenda on modernising local government: ‘Strong local financial accountability means that local people can have an impact on their council’s spending and taxation decisions. Those decisions need to be open and understandable’ (Ref. 11). Charges can be a very effective means of sharpening this accountability.

120. Are the complaints from councils just an excuse for their failure to get the best out of charging? After all, Chapter 2 showed that there are large variations in performance between councils that cannot wholly be explained away by the nature of the national framework. An example from the fieldwork suggests there is substance in these complaints [BOX 6].
This example shows how national controls can have a powerful, but unintended, impact on an issue that few people would think requires close government control. In this case, the controls have led to lower quality services, and the loss of income. In other circumstances, the controls have had the odd affect of discouraging councils from reviewing their costs or from raising extra income. For example, when national controls limit charges to the recovery of costs only, any increase in income (which might result from reduced costs or increased income through service expansion and enhancement) has to be passed on to the user in the form of lower charges. For councils who are already recovering the full costs, this is a major disincentive to making further advancements in efficiency and improvement.

BOX G

Spending a penny

A council in an area popular with visitors and tourists had invested heavily in raising the quality of its public conveniences, providing such facilities as baby changing facilities, attendants and improved access for disabled people. The Council subsequently won the coveted ‘loo of the year’ award.

Income from charging was used to fund the cost of improving and maintaining the service. Over £210,000 a year was raised towards the cost of the service by charging for entry at a small number of conveniences in the most touristed locations of the City. Of their 32 conveniences, only 5 made charges.

But in 1995 the Council was reported to the district auditor for making a charge to men for the use of conveniences which included urinals and cubicles. Under Section 87 (3) c of the Public Health Act 1936, councils can charge for the use of public sanitary conveniences except urinals. This meant the Council was unable to charge for entry to the men’s toilets.

However, under Section 29 (1) of the Sex Discrimination Act 1975, it is illegal to charge women for obtaining a similar service to men. So the Council could no longer charge for entry to women’s toilets. In the face of clear legal advice the Council discontinued its charges. Planned service improvements, for example, to install special lighting to prevent abuse of the facilities by intravenous drug users have had to be put on hold. Yet other authorities still charge.

Source: Audit Commission fieldwork

121. This example shows how national controls can have a powerful, but unintended, impact on an issue that few people would think requires close government control. In this case, the controls have led to lower quality services, and the loss of income. In other circumstances, the controls have had the odd affect of discouraging councils from reviewing their costs or from raising extra income. For example, when national controls limit charges to the recovery of costs only, any increase in income (which might result from reduced costs or increased income through service expansion and enhancement) has to be passed on to the user in the form of lower charges. For councils who are already recovering the full costs, this is a major disincentive to making further advancements in efficiency and improvement.
Currently, the main hope for councils who want to experiment with new charges is to obtain an order under section 150 of the Local Government and Housing Act 1989. Section 150 allows the Secretary of State to make an order which would remove limits on discretionary charges. However, this is a time-consuming business with a separate order needed for each application. There have been very few orders since the Act was passed. The lack of freedom to introduce new charges and vary existing charges is a significant problem at a time when best value should encourage local councils to challenge and innovate in service development [BOX H].

The fieldwork for this study has revealed that the meaning of the differing controls is ambiguous, leading to quite different interpretation by one council as compared to another. One authority will charge for entry to its public conveniences, while another will not. The absence of guidance on which costs may be included in the calculation of cost recovery means that some authorities are probably making significant profits, while others may be losing legitimate income because they took a more conservative view on allowable costs.

The fact that practices vary substantially between councils only adds to the confusion of service-users, and makes a mockery of the controls themselves. The resulting necessity to seek counsel’s advice is probably not the best use of public money. Some councils choose not to seek such advice, assuming that no one will challenge their charges. Such complacency is not always well-founded. Seemingly reasonable charges have been challenged successfully at considerable cost to the public purse [CASE STUDY 12].

BOX H

A barrier to innovation and efficiency?

Recent examples of proposals to experiment locally using charges, which have failed to get a positive response under Section 150, include:

- setting up a self-financing licensing scheme for ‘approved car traders’;
- charging for CCTV services;
- using charging and the new licensing regime to move the cost of non-compliance and enforcement away from tax payers, and onto those who breach conditions; and
- charging for the use of the highway for events.

Source: Audit Commission fieldwork
This situation raises a number of challenging questions for government:

- Are all existing government controls over the power to charge, and level of charge, necessary to protect the wider public interest?
- Will the public receive a more efficient and responsive service as a result of national controls?
- Why can’t adequate accountability for the cost and quality of services be achieved at the local level?

These contradictions, confusions and challenges are not new. User charges have been the subject of serious attention in past reviews of local government finance. Layfield (1976) considered ‘that there may well be scope for financing a bigger share of local government expenditure from charges (recommending) that there should be a review of both central and local policies towards charging for local services’ (Ref. 12).

The Layfield Report proposed a wholesale review of the national framework for charging along the following lines:

- identify the users of the service, the extent of their use and their ability to pay;
- clarify whether the charge relates to a service of national importance or whether councils should choose whether to promote or restrict its provision; and
- look at the tax implications of subsidising charges set at levels lower than their costs, considering the acceptability of charges.

CASE STUDY 12

The costs of challenge

The London Borough of Richmond suffered a costly legal challenge when a developer sought a judicial review of the legality of a £25 charge for pre-planning application advice. The judge held that they had the power, the court of appeal dismissed an appeal by the developers, but the House of Lords unanimously allowed the appeal with costs. The House of Lords concluded that although the charge was ‘reasonable in both its incidence and its amount’, it was not lawful. This challenge cost the Council over £50,000 in legal fees (Ref. 11).

The decision also had the effect of curtailing other possible income streams to local authorities generally. Council lawyers are now often required to consider legislation in detail in areas where charging powers are not clear-cut, to ascertain if a power to charge can properly be implied, in the light of this decision.

How government can remove the barriers

These contradictions, confusions and challenges are not new. User charges have been the subject of serious attention in past reviews of local government finance. Layfield (1976) considered ‘that there may well be scope for financing a bigger share of local government expenditure from charges (recommending) that there should be a review of both central and local policies towards charging for local services’ (Ref. 12).

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- identify the users of the service, the extent of their use and their ability to pay;
- clarify whether the charge relates to a service of national importance or whether councils should choose whether to promote or restrict its provision; and
- look at the tax implications of subsidising charges set at levels lower than their costs, considering the acceptability of charges.
The review never happened and as a result many of the anomalies present in the system twenty years ago persist. The recent consultation paper on local government finance was totally silent on the issue of user charges, as was the White Paper on local government. Perhaps the shadow of that mother of all user charges – the community charge – continues to be cast across the issue. If councils are to meet their duties under best value, they need continued movement from government to take away barriers and provide incentives.

There are steps that government could take, which would remove these barriers to councils getting the best out of charging. The government could sweep away most of the existing confusion and barriers to innovation by making a generic order under Section 150 to provide a power to charge for all discretionary services. There is a compelling logic for adding a power to decide whether or not to charge for that service, to the existing local authority power to decide whether or not to provide a service at all. This approach would allow government to retain existing controls over charges for mandatory services, as well as for any specific discretionary services.

This generic order would provide positive help in the short-term to forward-thinking councils. However, if no action is taken in the longer-term to tackle the inconsistencies in the underlying framework, then the pattern of ad hoc changes and tinkering will continue for another 100 years. This could be dealt with by government undertaking a deeper fundamental review of the whole approach. A methodology introduced by the New Zealand Government could offer a sound basis for the systematic review of all charges. It provides a robust basis for making judgements on the extent to which services should be funded through taxation rather than user charges [CASE STUDY 4, p43].

The financial freedoms soon to be on offer to beacon councils as part of the best value regime show that the Government has started to break down some of the barriers to the provision of responsive and efficient local services. If councils are to unlock the full potential of charging, the Government must finish the job.
The Price is Right?

For councillors

1. Find out what approach is taken to charges in the council and ask ‘are we getting the best from charges?’
2. Establish clear principles to guide charges in the council.
3. Question whether there are clear objectives and targets for specific charges, and whether the success and impact of charges is monitored and evaluated.
4. Use the opportunity of best value reviews to ensure that charges are considered as an integral part of the review and planning of services.

For council managers – at the corporate centre and in service departments

5. Use the charging cycle as the framework for the management of charges, and compare the existing approach to charges with best practice.
6. Identify where there is potential to make better use of charges to meet top council priorities.
7. Concentrate the council’s efforts on the most important charging services and highest priority corporate objectives.
8. Identify clear objectives and associated targets to guide the development of specific charges.
9. Build up an understanding of users and markets to get the best out of tariff design.
10. Provide decision makers with enough information about the impact of charges on service and financial objectives to allow them to make informed decisions about charges.
11. Use the opportunity of best value reviews to ensure that charging questions are dealt with as an integral part of service development and review.

For government

12. Encourage innovation and best practice by providing councils with a power to charge for all discretionary services.
13. Undertake a fundamental review of the existing legal framework for charges to ensure it is consistent and logical.
Appendix 1

Advisory group

Invaluable assistance, advice and support came from the study’s advisory group:

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Sheffield Business School

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Mr Alan Smith
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Ms Penny Wakefield
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Mr John Foster
Audit Commissioner

Sir David Williams
Audit Commissioner

Sir Peter Kemp
Audit Commissioner

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Appendix 2

Authorities visited during the study

Many authorities assisted with this study. Those to whom full site visits were made are listed below:

Bristol City Council
Chorley Borough Council
Coventry City Council
Great Yarmouth District Council
Kirklees Metropolitan Council
London Borough of Hammersmith & Fulham
North Tyneside Council
Oldham Metropolitan Borough Council
Oxford City Council
Rotherham Metropolitan Borough Council
Southampton City Council
Stevenage Borough Council
The City and County of Swansea
References


### INDEX

**Ability to pay**  
Box C

**Access to services**  
27, 64, 65; Box D

**Accountability**  
119, 125

**Administrative costs**  
42

**Annual reviews of charges**  
35–8, 54;  
*Case Study 1*

**Anti-poverty strategies**  
25, 61;  
*Case Study 2; Box E*

**Audit Commission**  
39, 106

**Barriers to charging**  
34, 36, 53,  
68–70, 114; Box H

**costs of legal challenge**  
*Case Study 12*

**government review necessary**  
126–31

**legal framework**  
19, 78, 114, 115

**national barriers**  
115–27

**success factors**  
68–9, 71

**Benchmarking**  
50, 63

**Best practice**  
20, 82, 101, 113

**Best value, duty of**  
32, 33, 44,  
102, 122, 128, 131

**Best value reviews**  
20, 34, 59, 104–13

**‘4Cs’ of best value**  
104

**councillor involvement**  
106–7

**preparation for**  
108–13

**Better by Far: Preparing for**  
*Best Value (Audit Commission)*  
106

**Bristol Council**  
*Case Study 11*

**Budget-driven charges**  
31, 36, 38, 40,  
58, 62, 67

**Caring services**  
10, 32

**Cemeteries**  
41; Box A

**Charge setting**  
37–51

**basis of charges**  
12

**complexity**  
3, 15–19, 31

**constraints**  
19, 98, 116

**creative techniques**  
27, 74

**design of charges**  
48–51

**informed approach**  
43–7

**subjective nature**  
11

**user confusion**  
13–14, 32

**variations**  
35; Box A

**see also Charging cycle; Charging decisions**

**Charging cycle**  
69–70, 89, 100

**six stages**  
71, 89, 99, 101,  
107, 111, 113

**success factors**  
72

**Charging decisions**  
37–42, 58, 66,  
99–100;  
*Case Study 10, Case Study 11*

**information available**  
40, 41,  
48, 100;  
*Case Study 10, Case Study 11*

**Charging-design options**  
48, 49,  
51, 94–8

**Cheltenham Borough Council**  
*Case Study 3*

**Cheltenham and Fulham Council**  
*Case Study 2; Box E*

**Chester City Council**  
*Case Study 10*

**Chorley Borough Council**  
86

**Community care**  
6

**Community charge**  
128

**Competition**  
43, 46, 49, 50, 104

**Complexity of charging**  
3, 15–19, 31

**Computerised systems**  
45, 90

**Concession cards**  
65

**Concessions**  
22, 25, 27, 50, 79,  
84;  
*Box D; Case Study 2*

**joined-up approach**  
*Box E*

**Consultation exercises**  
*Case Study 3*

**Controversy over charges**  
3, 8–14, 31

**Corporate priorities**  
25

**Corporate review**  
107

**Cost recovery**  
42

**Council tax**  
1, 4, 5, 8

**Council-wide review**  
77

**Counsel’s advice**  
124

**Coventry City Council**  
*Case Study 5*

**Coventry Leisure Services**  
*Case Study 7*

**Crematoria**  
41, 85

**Cross subsidies**  
22

**Cross-cutting policy issues**  
59, 60

**Demand for services**  
27–8

**Departmentalism**  
82, 100

**Design of charges**  
48–51

**Direct marketing**  
86, 97

**Disabled people**  
6, 11, 59;  
*Case Study 8; Box G*

**Discounts**  
27, 41

**Elderly people**  
6, 11

**Eligibility criteria**  
27; Box D

**Environmental Health Services**  
*Case Study 4*

**Evaluating effect of charges**  
47–8, 69,  
89–94, 111

**Excessive demand for services**  
28

**External auditors**  
107, 109

**Focus groups**  
45; *Case Study 3*

**Free access facilities**  
23, 26, 33; *Box B*

**Government responsibility for local charges**  
1, 9, 19, 126–31

**Hammersmith and Fulham Council**  
*Case Study 2; Box E*

**Heart of England Tourist Board**  
*Case Study 7*

**Home care services**  
Preface, 13, 54

**Improvement of services**  
23–4

**generating income**  
26

**Income from fees and charges**  
4–7; Box C

**loss of potential income**  
41, 42, 50,  
121, 123
new sources 8
sums raised 4–7; Box C
uses 23–4
Income generation 26
Inflation 38, 48, 51
Investment in improved facilities 23

Joined-up charges 25, 34, 60, 61, 68, 69, 81–6, 111

corporate concession policies Box E

Kirklees Council, corporate charging policy Case Study 1

Land charge searches 117; Box A
Layfield Report (1976) 126, 127
Leeds Transport Strategy 88; Case Study 6
Legal framework for council charges 19, 78, 114, 115
Leicestershire County Council Case Study 10
Leisure cards 5, 25, 50, 86; Box C, Box D; Case Study 3, Case Study 9
competition 46
Lobbying groups 8, 9
Local Government and Housing Act 1989 122, 129; Box H
Logic of charging 117–25
London Borough of Richmond Case Study 12
Loughborough University 65
Low income families 13, 41, 50; Box C, Box D; Case Study 1, Case Study 2

Management information 37, 100
Mandatory charges 19
Market conditions 45, 46, 51
Market intelligence 37

Market mapping 86
Market research 43, 86, 91–2; Case Study 7
Mencap 13
Minority Report of the Royal Commission on the Poor Laws (1909) 13, 115
Money-off vouchers 97
Monitoring effect of charges 45, 47–8, 66, 69, 89–93, 111
Moral questions 10
Museums Service Case Study 7

National control over local government 19, 115–27
National framework for charging 34
New Zealand 80, 130

Objectives of charging 15–17, 52–70, 81–6
connection with charges 40, 52, 57–63, 85
joining up charges and objectives 60, 69, 81–6, 98, 111
overcoming barriers 68–70
target outcomes 63–5
see also Barriers to charging; Principles of charging
Oldham Metropolitan Council Box D
Oxford City Council Case Study 5
Oxford Slice Card Case Study 9

Parking charges 5, 6, 25, 45, 50, 60 Box B; Case Study 3, Case Study 6
commercial competition 46, 49, 92
commuter parking Case Study 6
on-street parking 54; Case Study 8
‘pay and display’ systems 90; Case Study 5
‘pay on exit’ systems 92
season tickets 41
security of car parks 11, 25, 85, 92
tariff ‘shapes’ Box F

Personal social services 5, 6
Pest control concessions Box D
Power of charging 2, 20–30, 71
communicating a message 29–30
delivering corporate priorities 25, 32
government controls 125, 129
improving services 23–4, 59, 103, 114
managing demand for services 27–8
potential benefits 29–30
targeting of subsidy 22
Pricing mechanisms 49, 95, 96
Principles of charging 52-6, 73–80, 110; Case Study 1, Case Study 2
establishing principles 73–80
Private sector 16
Promotional pricing 86, 97
Public conveniences 123; Box G
Public Health Act 1936 Box G
Public transport 46

Retailers 60; Box B; Case Study 5
Revenue support grant (RSG) 1
Review of charges, need for 31–4, 62, 77, 78
Royal Commission on Long Term Care 33

Service managers 61–2, 95, 98, 112, 113
Service strategy 86
Service-level review 77
Sex Discrimination Act 1975 Box G
Social exclusion 25, 54, 61, 84
Sports Council 64
Subsidy levels 55
Subsidy targeting 20, 22, 42, 55, 56, 73, 80; Box C
Surveys of service users 44, 45
Swansea Performance Plan Case Study 8
Swimming charges 41, 50; Box A, Box D; Case Study 9
INDEX

T

Take-up of services and benefits 25, 27, 64
Target groups 56, 64, 65, 72, 82, 83, 87–91, 100; Case Study 2, Case Study 6
  for concessions Box E
differential pricing 94–6
  in leisure Case Study 9
research into views of 91–3; Case Study 7
  Targeting of subsidy 18, 22; Case Study 8
Targets for charges 52, 87–8
Taxpayers’ subsidy 3, 14, 55, 80

U

Under-priced services 26, 32, 41, 50
User charges for services 4, 20, 21, 126–30
  sums raised 4
User confusion over charging 13–14, 32
‘User pays’ principle 3, 19, 80; Case Study 4

V

Value for money audit (1999) 109, 110
Vandalism 23
Variations in charges 12–14, 120; Box A
The Audit Commission has produced a number of reports covering issues related to fees and charges, looking both at specific services and at corporate structures.

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