

Audit and Governance Committee
12 September 2014**6. SALES, FEES AND CHARGES****Recommendation**

1. The Head of Finance and Business Support recommends that the Committee:

a) notes the report; and

b) considers whether any further information and investigation is required.

Background Information

2. In May 2010 a review was commissioned to produce an "Income Diagnostic" report for the County Council. Whilst the Council receives income from a variety of sources, the report had a specific focus on income generated from sales, fees and charges.

3. A comparison was made of the level of income generated by Worcestershire County Council against other Counties. The conclusion was that although Worcestershire was performing better than average "it was not amongst the best performing authorities".

4. In 2008/09, the Council generated income of £58million through sales, fees and charges. The report indicated that if some service areas were to increase their income from sales, fees and charges to the level of the top performing quartile of counties there could be a resultant increase in income to the authority. If performance were to match performance of the top performance authorities, the potential additional income could be £11.1million. The largest potential area for gain in the Council was identified as social care, and "in particular services for older people". The Executive Summary of the report is shown as Appendix 1.

5. The findings in the report were established using the Revenue Outturn (RO) returns which are required to be submitted to the Department for Communities and Local Government on an annual basis. The returns contain detailed information on expenditure and income across the range of services.

6. The report noted that whilst the analysis gave a high level benchmark, there were assumptions that the RO returns had been consistently completed across authorities and that further analysis would be necessary to interpret the nature of any opportunity and how to achieve it.

7. Following the external report, approval was given at

Income Diagnostic report updated with 2012/13 data

Cabinet in October 2010 for a review of fees and charges. A cross Council group was established to review opportunities for further income generation. However, the conclusion was that there was minimum potential for further increases in income, mainly due to the fact that work was already taking place within directorates in this area.

8. Examples of work in the area of charging included:

- Review of adult social care charging to ensure that the full costs of services were recovered
- Reviews of charges in Development Control, Transportation Services, Home to School transport.

9. Local Authority charging is a complex area. Some charging regimes are mandatory and there is no scope for discretion. A particularly complex area is adult social care charging, where a high proportion of the income is mandatory in that the Council is under a duty to charge certain recipients of care (e.g residential and nursing care). Where the Local Authority is entitled to charge, there is a sometimes a statutory framework setting out the approach to be used which constrains the potential for discretion.

10. Since the initial income diagnostic analysis, various actions have been taken by directorates to increase income. This report gives the opportunity to review the findings of the initial report based on more recent data. It should be noted that the initial analysis included 34 authorities. However, this 2012/13 analysis is for 27 shire counties, which takes into account the local government reorganisation which took place in April 2009.

11. The initial report was a lengthy document, based on data from the 2008/09 RO returns. The most recent available information is based on the 2012/13 revenue outturn information.

12. Council Officers have completed a high level analysis of the overall level of income and major front line services, and the results are shown in graphs at Appendix 2.

Total Income

Total income generated through sales, fees and charges is £59.52million, as a percentage of total service expenditure is 7.71%, compared with 7.21% in 2008/09.

Education Services

Total income generated through sales, fees and charges as a percentage of total service expenditure is 5.68%, compared with 5.2% in 2008/09. Worcestershire's 2012/13 ranking is 6th highest out of 27 authorities. In 2008/09 it was 12th out of 34 authorities.

Adult Social Care

Total income generated through sales, fees and charges as

a percentage of total service expenditure is 10.92% compared with 10.3% in 2008/09. Worcestershire's 2012/13 ranking is 26th highest out of 27 authorities. In 2008/09 it was 19th out of 34 authorities.

Transport

Total income generated through sales, fees and charges as a percentage of total service expenditure is 10.82% compared with 6.68% in 2008/09. Worcestershire's 2012/13 ranking is 17th highest out of 27 authorities. In 2008/09 it was 22nd out of 34 authorities.

Planning and Development

Total income generated through sales, fees and charges as a percentage of total service expenditure is 19.4% compared with 30.4% in 2008/09. Worcestershire's 2012/13 ranking is 6th highest out of 27 authorities. In 2008/09 it was 2nd out of 34 authorities.

Cultural Services

Total income generated through sales, fees and charges as a percentage of total service expenditure is 11.03% compared with 12.9% in 2008/09. Worcestershire's 2012/13 ranking is 9th highest out of 27 authorities. In 2008/09 it was 11th out of 34 authorities.

Environmental Services

Total income generated through sales, fees and charges as a percentage of total service expenditure is 4.55% compared with 4.6% in 2008/09. Worcestershire's 2012/13 ranking is 16th highest out of 27 authorities. In 2008/09 it was 20th out of 34 authorities.

Summary

13. The high level analysis confirms that overall, the Council's percentage income as a proportion of total service expenditure has marginally increased since 2008/09.

14. There are instances in which the Council's ranking, when compared with other authorities, is lower than in 2008/09, which may warrant further investigation and discussion. For example, the ranking of Adult Social Care income has dropped from being ranked 19th out of 34 authorities to 26th out of 27 authorities. Should the percentage of income for adult social care rise to the median of 14.83%, income would be £7million higher. However, income from adult social care services is predominantly governed by legal frameworks, and will be influenced by the demographic of those receiving services.

15. Finally, the analysis purely from the RO returns should be viewed with some caution. There is the potential for inconsistent completion of returns and it is difficult to view income in isolation.

Supporting Information

Appendix 1 – Executive Summary 2008/09 report
Appendix 2 – Income Diagnostic 2012/13

Contact Points

County Council Contact Points

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List of Background Papers

In the opinion of the proper officer (in this case the Head of Finance and Business Support.) the following are the background papers relating to the subject matter of this report:

Income Diagnostic report May 2010

Cabinet report October 2010