

**CYNGOR SIR POWYS COUNTY COUNCIL**

**AUDIT COMMITTEE**  
**5<sup>th</sup> April 2017**

**REPORT AUTHOR:** **David Powell, Strategic Director – Resources**

**SUBJECT:** **WAO Report on Charging for services and generating income by local authorities**

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**REPORT FOR:** **Information**

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**1.0 Summary**

- 1.1 An update has been requested by the Audit Committee on compliance with the recommendations identified within the national report by Wales Audit Office (WAO) on Charging for services and generating income by local authorities.
- 1.2 As part of the review WAO carried out the following to inform their report:
- Review of literature – a wide range of documents and media including Welsh Government policies, local authority plans and strategies for income generation in all 22 local authorities;
  - Data and statistical analysis – a wide range of online performance indicator and budget data was collated and analysed;
  - Local authority fieldwork – six local authorities were visited including Powys County Council. During the visits WAO interviewed a range of Members and Officers;
  - Surveys – a range of online surveys were undertaken. Chief Finance Officers from all 22 local authorities responded to the survey.

**2.0 Background**

- 2.1 The report by WAO outlines the key principles of a strategic approach to setting, increasing or introducing charges for local authority services, and includes key issues to consider in setting up a Local Authority Trading Company (LATC).
- 2.2 All councils are increasingly targeting income as a means of meeting reducing government grant.

**3.0 Findings**

- 3.1 The report issued by WAO is a generic national report, with findings from across all authorities incorporated into one central document. There is also a number of recommendations included within the report. These recommendations are applicable to all 22 local authorities, as well as some recommendations being assigned to Welsh Government and the Welsh Local Government Association (WLGA).
- 3.2 Overall the report concludes that **despite raising more money from charging, authorities are not pursuing all options to generate income because of weaknesses in their policies and in how they use data and information to support decision making.**
- 3.3 The legal basis for setting and managing charges is complex and lacking clarity. The report noted authorities are not always strategic in their approach to charging: -

- Authorities are aware of the broad legal restrictions in place when reviewing charges, but many have not addressed these opportunities and risks in developing policies to generate income;
  - The Localism Act 2011 in England has encouraged authorities to develop commercial vehicles as a means of generating income, but this power does not exist in Wales which limits opportunities;
  - National charging regimes often do not reflect the true cost of running services;
  - A wide range of payment options for collecting charges are available and are mostly offered;
  - Authorities are beginning to develop corporate wide strategies for managing charges, but progress has been slow.
- 3.4 Approaches to generating income vary, and whilst there are opportunities to increase revenue, local authorities need to balance these aspirations with the ability of their communities to pay more: -
- There is a mixed picture in how well Welsh authorities generate income from charges;
  - Welsh authorities are not generating as much income from charges as counterparts in England and Scotland;
  - Local authorities need to consider how best to balance generating income with the communities' ability to pay more for services;
- 3.5 Authorities do not effectively evaluate charges to fully understand their impact and inform appropriate responses: -
- Long established governance and accountability systems are not always agile or robust enough to support good decision making when reviewing charges;
  - Limitations in the quality, detail and range of information used by authorities affects their ability to maximise the benefits of increasing or introducing charges;
  - Authorities do not hold sufficiently detailed or accurate information to understand the true cost of providing services;
  - Forecasting the likely level of income from changing charges is inconsistent;
  - Identifying the potential impact of increasing or introducing charges is not robust.

#### **4.0 Progress**

- 4.1 The Income and Cost Improvement Board has recently been re-established, and its Terms of Reference have been updated. The re-established Board is chaired by the Head of Financial Services and it has created an action plan which encompasses the recommendations made within the report. In addition, it will also further develop the ongoing strategy to deliver the proposed income targets for future years.
- 4.2 The Board will provide challenge to perceptions over the achievability of income improvement opportunities, and will support and monitor the implementation of approved income improvement business cases, along with monitoring in-year performance against income targets.
- 4.3 The Board will report to Management Team, Cabinet and Finance Scrutiny Panel. Updates on progress of delivery of the recommendations are also reported via the regulatory tracking process.

#### **5.0 Statutory Officers**

- 5.1 The Strategic Director, Resources (S151 Officer) has made the following comment:

“The Strategic Director Resources (S151 Officer) welcomes WAO’s national report as it is timely and covers areas that the Council can develop in order to ensure income generation makes a contribution to meeting the financial challenge.”

5.2 The Solicitor to the Council (Monitoring Officer) has commented as follows:

"I have nothing to add to the report".

**6.0 Future Status of the Report**

6.1 Not applicable

<b>Recommendation:</b>	<b>Reason for Recommendation:</b>
That Audit Committee notes the progress made in the reinstating of the Income and Cost Improvement Board, and its response to the recommendations made by WAO.	To promote and develop income generation across the Council.

<b>Relevant Policy (ies):</b>	
Within Policy:	Y

<b>Relevant Local Member(s):</b>	<b>Not Applicable</b>
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<b>Person(s) To Implement Decision:</b>
<b>Date By When Decision To Be Implemented:</b>

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