

<b>MERSEYSIDE FIRE &amp; RESCUE AUTHORITY</b>			
<b>MEETING OF THE:</b>	<b>POLICY &amp; RESOURCES COMMITTEE</b>		
<b>DATE:</b>	<b>25/03/2021</b>		<b>CFO/008/21</b>
<b>PRESENTING OFFICER:</b>	<b>CHIEF FIRE OFFICER</b>		
<b>RESPONSIBLE OFFICER:</b>	<b>IAN CUMMINS</b>	<b>REPORT AUTHOR:</b>	<b>IAN CUMMINS</b>
<b>OFFICERS CONSULTED:</b>	<b>IAN CUMMINS – TREASURER RIA GROVES - SOLICITOR</b>		
<b>TITLE OF REPORT:</b>	<b>CHARGING POLICY</b>		

<b>APPENDICES:</b>	<b>APPENDIX A:</b>	<b>CHARGING POLICY (FINPOL01)</b>
	<b>APPENDIX B:</b>	<b>SCHEDULE OF FEES &amp; CHARGES (2021/22)</b>
	<b>APPENDIX C:</b>	<b>DRAFT ‘CHARGING POLICY’ FORM OF WORDS FOR THE WEBSITE</b>

### **Purpose of Report**

1. To request that Members approve the proposed overarching Charging Policy (FINPOL01) for the Authority and instruct Officers to ensure their respective functional areas implement the policy and seek to maximise the recovery of income from the permitted but limited range of discretionary fees and charges, as appropriate.

### **Recommendation**

2. That Members;
  - a. Approve the overarching Charging Policy (FINPOL01) for the Authority; and
  - b. Instruct Officers to ensure the ‘Charging Policy’ is adhered to;
  - c. Note that the charges will be uplifted annually as outlined in the policy and details about the charges will be included with each annual budget report for consideration.

### **Introduction and Background**

3. The Authority may only charge for services as permitted under s.18A Fire and Rescue Services Act 2004. The Authority has the power to charge a person or organisation for any such authorised action taken by the Authority on a cost recovery basis only and, while charging for services in line with this freedom, the Authority cannot make any profit.
4. The Service currently has an approved Schedule of Fees and Charges (for 2021/22) as per the Financial Regulations, other than for Commercial Training, and it is set out in Appendix B. This is consistent with the obligation to set the amounts to be charged. The Authority has discretion to charge different amounts

in different circumstances or choose not to charge at all so long as it does not make a profit.

5. The Service raises approximately 1,000 sales invoices per year for fees, charges, contributions and rent. This equates to income of approximately £2.5m (of which £0.040m relates to special service charges) and helps balance the annual budget. Any loss or reduction in the amount of budgeted income would require compensatory savings to be made elsewhere to balance the budget.
6. Consequently, given the current (and ongoing) financial challenge it is imperative that income streams are maximised in those areas for which there is a legal basis for charging. Moreover, there is an obligation to charge so the Authority does not become the 'supplier of choice' where businesses take advantage where services are provided 'free of charge' in direct competition with business organisations which results both in the loss of business for them and a potential "state aid" challenge.
7. It is anticipated that by reinforcing the need to apply existing agreements and SI(s), so they are applied consistently across all functions and Service locations, could have the potential to recover more income while allowing the Authority to operate more equitably with businesses across Merseyside.
8. However, a weakness has been identified in that the Authority has no formally published 'Charging Policy'. This weakens its position if disputes are raised by customers (often by private landlords or small businesses) since they can legitimately claim that they are not aware of the basis for the charges applied. This can be easily remedied by approval of the 'Charging Policy' (set out in Appendix A) and making these details publically available via the website. The proposed form of words for the website (set out in Appendix C) will also act to explain and demonstrate transparency in:
  - a. The types of services that are chargeable;
  - b. How the charge is calculated;
  - c. How services can be obtained \ requested;
  - d. The billing process;
  - e. The payments process; and
  - f. Disputes
9. Details about each of these elements within the proposed 'Charging Policy' are set out below.

#### The Types of Services that are Chargeable

10. The Authority will charge for the charges it is entitled to levy. These discretionary fees and charges are as permitted under the relevant legislation.
11. The Authority is only able to seek to recover costs from the person who may be charged within the legislation. If a business chooses to pass on a charge that will be a private matter between them and the third party.
12. The list of items for which charges are currently made, together with the rates that will be applied in 2021/22, is set out in Appendix B.

## How Charges are Calculated

13. In broad terms charges are calculated using the following model:
- a. Apply the prevailing hourly rate of staff involved in the activity for which charges are to be made.
  - b. An overhead rate must be applied on top of the employee costs to cover indirect costs.
  - c. All other direct costs associated with the service provided should be reclaimed (e.g. supplies, equipment, travel costs and external support etc.)
  - d. The calculation of costs will be validated by a member of the Finance Department's Accounting Team before it is implemented.
  - e. Other than Fire Safety Equipment, the rates for 2021/22 are those approved for 2020/21, increased in line with the Firefighters pay award (2%).
  - f. Ex-Directory Lines (i.e. Automatic Fire Alarms) have been increased in line with the Consumer Price Index (0.8%).
  - g. Reinforcing Moves (Section 13 and 16 Charges) must be agreed with neighbouring authorities at the NW Regional Board
14. Directors \ Area Managers are ultimately responsible for the management and implementation of discretionary fees and charges in a way that is consistent with the Charging Policy and associated Service Instructions. Any new or review of charges (outside the agreed annual uplift) in their respective area will be shared with Finance to validate the proposed charging figure. Any new charges would then be incorporated into the Charging Policy (and any associated Service Instructions) so customers can be referred to it via the Authority website.

## How Services can be Obtained \ Requested

15. Services can be obtained \ requested using the following contact details:

	Type of Service	Function	Contact
a.	Commercial Training	Training & Development Academy	0151-296-5041
b.	Conference Facilities	Strategy & Performance (Service HQ)	0151-296-4000
c.	Special Services	Fire Control	Ring Number 999
d.	Incident Reports \ Interviews (Videos \ Photographs)	Strategy & Performance (Service HQ)	0151-296-4425
e.	Private Hydrants \ Dry Riser Tests	Water Section (Service HQ)	0151-296-4511
f.	Fire Safety Equipment	Fire Service Direct (Service HQ)	0800-731-5958
g.	Explosive Licences \ Amendments	Protection	0151-296-4625

h.	Petrol Certificates	Protection	0151-296-4625
i.	Cadet Uniforms	Prevention	0151-296-6451
j.	Automatic Fire Alarms	Operational Preparedness	0151-296-4531
k.	Reinforcing Moves	Finance	0151-296-4210
L.	Events	Ops Planning	0151-296-4920

### The Billing Process

16. In compliance with Financial Regulation 4.35(a), sales invoices should be raised to secure pre-payment where possible to remove the necessity for subsequent credit control activity. Pre-payments should always be possible for planned events (i.e. commercial training) given the need to book resources to deliver the activity for which a charge is to be made.
17. Where that is not possible, a properly completed Sales Invoice Request Form (SIRF) must be sent to the Finance Department within 35 days of goods \services being provided. All customers are allocated payment terms of up to a maximum 30 days. This term may be reduced where appropriate to secure pre-payment in line with FR4.35(a) or where mutually agreed. Consequently, all sales invoices are required to be paid within 30 days of the invoice date (or lesser date where appropriate).
18. In considering charging arrangements Directors \ Area Managers and Heads of Department are required to be mindful that when a SIRF is issued, that initiates a chain of events that should enable payments to be made but, where amounts remain unpaid, could result in legal action being taken to recover the amounts owed. That is why it is important to be able to demonstrate clarity and transparency in the charges that apply but also the legal basis for it.

### The Payments process

19. Payments should typically be made electronically, either by BACS transfer (where large payments are made) or by Credit\Debit Card for all other payments. The Authority's online payment solution ensures payments can be made quickly and securely. Payment details are set out in the sales invoices sent to customers. In addition, Credit\Debit Card payments can be collected by calling the contact details referred to in paragraph 16 above.
20. Where payments are made late (i.e. typically, after 30 days from date of our official invoice, in accordance with the provisions set out in the Late Payment of Commercial Debts (Interest) Act 1998, customers may be charged interest of 8% above the commercial rate.
21. Where a customer is also a supplier to the Authority, if amounts due remain unpaid by their due date, the Authority may seek to set off the value of amounts owed to the Authority by the supplier.

22. The Authority reserves the right to pursue legal proceedings to recover any outstanding costs owed.

### Disputes

23. The Authority would only charge a customer for its service in accordance with its powers. The 'Charging Policy' gives customers' assurance that there is a legal basis for every charge. Charges are consistent with the requirement that the Authority cannot make any profit from the services it charges for.
24. However, in the event the customer believes there is a legitimate dispute this must be registered in writing within 14 days of the date of our official invoice. Disputes may be emailed to [income@merseyfire.gov.uk](mailto:income@merseyfire.gov.uk).
25. Although disputes will be reviewed on a case by case basis the customer will be expected to demonstrate and or evidence on what basis they are submitting a legitimate legal challenge to the charges.

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### **Equality and Diversity Implications**

26. This report brings current arrangements under one proposed policy document and therefore an EIA is not required.

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### **Staff Implications**

27. There are no direct staffing implications arising from this report.

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### **Legal Implications**

28. The Authority's powers to charge for incidents are derived from the Fire and Rescue Services Act 2004. The Fire and Rescue Services (England) Order 2004 was implemented as a result thereof detailing the authorised charges fire and rescue services can make for actions they have undertaken.
29. The Authority does not charge for incidents beyond its legal powers. Any potential new charges the Authority may seek to introduce would need to be subject to consultation further to the enactment of the Localism Act 2011.
30. Any charges issued that remain outstanding will be dealt with accordingly within the debt recovery process

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### **Financial Implications & Value for Money**

31. The Service raises approximately 1,000 sales invoices per year and this can equate to income of £2.5m and this is assumed within the current approved Budget. Any loss or reduction in the amount of budgeted income (both generated and successfully recovered) would require compensatory savings to be made elsewhere to balance the budget.

32. It is anticipated that by reinforcing existing rules, and so they are applied consistently across all functions and Service locations, could have the potential to legitimately recover more costs while allowing the Authority to operate more equitably with businesses across Merseyside.
33. Value for Money will be derived from maximising the use of currently available resources together with their associated skills to secure income that the Authority is legally entitled to recover.

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### **Risk Management, Health & Safety, and Environmental Implications**

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34. Currently, there is reputational risk arising from the fact that the Authority has no formal 'Charging Policy'. Consequently, customers are generally unaware that Fire Services are legally entitled to levy charges; which services are chargeable; the value of those charges and how those charges are calculated.
35. The approval of Charging Policy (FINPOL01 (set out at Appendix A) with details about that published on the Authority's website (as set out at Appendix C) will mean that customers can be directed to that webpage if they query a charge or where disputes are raised about the legitimacy of the invoice for charges they have received.
36. There are no direct Health & Safety implications arising from this report.
37. There are no direct environmental implications arising from this report.

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### **Contribution to Our Mission: *Safer Stronger Communities – Safe Effective Firefighters***

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38. Our communities benefit greatly from the range of 'non-emergency' services the Authority provides and this contributes to making them both safer and stronger consistent with our mission, including:
  - a. Commercial training ensures businesses across Merseyside (and beyond) are better placed to tackle fire relate incidents at source in the protection of life and property;
  - b. The range of Fire Safety products sold allows the Service to take fire prevention directly into the homes of our community and has contributed to the reduction in fire calls that has enable more preventative activity than would otherwise have been the case;
  - c. Attendance at the limited range of 'Chargeable Special Services' enables businesses to benefit from the resources that the Service is able to mobilise but by charging for them for the bespoke provision ensures other businesses are not unduly disadvantaged by a 'competitor' providing the same service 'free of charge';

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### **BACKGROUND PAPERS**

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<b>SI0773</b>	Charging for Services of the Fire & Rescue Authority
<b>SI0803</b>	Special Service Incidents
<b>SI0881</b>	Consultation and Engagement Framework

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## **GLOSSARY OF TERMS**

<b>SIRF</b>	Sales Invoice Request Form
<b>MFRA</b>	Merseyside Fire & Rescue Authority