

**PERTH AND KINROSS COUNCIL****Strategic Policy and Resources Committee****23 September 2015****CORPORATE CHARGING POLICY****Report by the Head of Finance****PURPOSE OF REPORT**

This report outlines an updated Corporate Charging Policy for Perth and Kinross Council.

**1. BACKGROUND**

- 1.1. On 23 April 2014 the Strategic Policy and Resources Committee considered the Audit Scotland Charging for Services report (Report No. 14/171 refers). This report recommended that the Council's Corporate Charging Policy was updated to ensure that it remained fit for purpose in light of the key messages set out within the Audit Scotland report and noted that the Scrutiny Committee had agreed that Charging for Services was the topic of the Fifth Scrutiny Review.
- 1.2. The Fifth Scrutiny Review: Charging for Services was approved at the meeting of the Scrutiny Committee on 11 February 2015 (Report No. 15/65 refers).
- 1.3. The report presented the key findings of the Scrutiny Committee's work and identified ten recommendations for improvement which included that -  
  
*"The Corporate Charging Policy is revised to serve as an overarching document, providing a clear link between Corporate Objectives and Service Charging Policies."*
- 1.4. The Council then endorsed these ten recommendations at its meeting of 25 February 2015 (Report No. 15/65 refers).
- 1.5. The purpose of this report is to seek approval of an updated Corporate Charging Policy for use by all Services across the Council as they monitor and develop charges in the future.

**2. CORPORATE CHARGING POLICY**

- 2.1 The proposed updated Corporate Charging Policy is set out in Appendix 1.

- 2.2 The updated Corporate Charging policy has been developed to ensure consistency across the Council whilst still allowing Services the flexibility to shape their approach / policy to meet the needs of their customers.
- 2.3 The updated Policy sets out:
- The key principles underpinning the policy;
  - The charges within scope of the policy;
  - The process to be undertaken in carrying out annual reviews of individual charges.
- 2.4 The Council has also recently approved a revised approval process for charges (Report No. 15/276 refers). In future Services will submit their proposed list of charges to themed Committees in January / February of each year in advance of setting the budget in February. This will provide Committees with an opportunity to examine Service proposals and approve charges subject to final approval by the Council in setting the Revenue Budget.

### 3. CONCLUSION AND RECOMMENDATIONS

- 3.1 It is recommended that the Committee approve the revised Corporate Charging Policy attached at Appendix 1.

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#### Approved

Name	Designation	Date
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## 1. IMPLICATIONS, ASSESSMENTS, CONSULTATION AND COMMUNICATION

<b>Strategic Implications</b>	<b>Yes / None</b>
Community Plan / Single Outcome Agreement	None
Corporate Plan	Yes
<b>Resource Implications</b>	
Financial	Yes
Workforce	Yes
Asset Management (land, property, IST)	Yes
<b>Assessments</b>	
Equality Impact Assessment	Yes
Strategic Environmental Assessment	Yes
Sustainability (community, economic, environmental)	Yes
Legal and Governance	None
Risk	None
<b>Consultation</b>	
Internal	Yes
External	None
<b>Communication</b>	
Communications Plan	None

### 1. Strategic Implications

#### 1.1. Corporate Plan

- 1.1.1. The Council's Corporate Plan 2013 – 2018 lays out five outcome focussed strategic objectives which provide clear strategic direction, inform decisions at a corporate and service level and shape resources allocation. They are as follows:

- (i) Giving every child the best start in life;
- (ii) Developing educated, responsible and informed citizens;
- (iii) Promoting a prosperous, inclusive and sustainable economy;
- (iv) Supporting people to lead independent, healthy and active lives; and
- (v) Creating a safe and sustainable place for future generations.

- 1.1.2 This report relates to all of these objectives.

### 2. Resource Implications

#### 2.1. Financial

- 2.1.1. There are no direct financial implications arising from this report other than those reported within the body of the main report.

## 2.2. Workforce

- 2.2.1. There are no direct workforce implications arising from this report other than those reported within the body of the main report.

## 2.3. Asset Management (land, property, IT)

- 2.3.1. There are no direct asset management implications arising from this report other than those reported within the body of the main report.

## 3. **Assessments**

### 3.1. Equality Impact Assessment

- 3.1.1. Under the Equality Act 2010, the Council is required to eliminate discrimination, advance equality of opportunity, and foster good relations between equality groups. Carrying out Equality Impact Assessments for plans and policies allows the Council to demonstrate that it is meeting these duties.
- 3.1.2. The information contained within this report has been considered under the Corporate Equalities Impact Assessment process (EqIA) and has been assessed as **not relevant** for the purposes of EqIA.

### 3.2 Strategic Environmental Assessment

- 3.2.1 The Environmental Assessment (Scotland) Act 2005 places a duty on the Council to identify and assess the environmental consequences of its proposals.
- 3.2.2 The information contained within this report has been considered under the Act. However, no action is required as the Act does not apply to the matters presented in this report.

### 3.3 Sustainability

- 3.3.1 Under the provisions of the Local Government in Scotland Act 2003 the Council has to discharge its duties in a way which contributes to the achievement of sustainable development. In terms of the Climate Change Act, the Council has a general duty to demonstrate its commitment to sustainability and the community, environmental and economic impacts of its actions.
- 3.3.2 The information contained within this report has been considered under the Act. However, no action is required as the Act does not apply to the matters presented in this report.

#### **4. Consultation**

##### **4.1 Internal**

- 4.1.1 The Chief Executive and all Executive Directors have been consulted in the preparation of this report.

#### **2. BACKGROUND PAPERS**

- 2.1 No background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) were relied on to any material extent in preparing the above report.

#### **3. APPENDICES**

Appendix 1 – Corporate Charging Policy



## Corporate Charging Policy

### Aims of the Policy

This charging policy has been developed to ensure consistency while also allowing Services the flexibility to shape their approach / policy to meet the needs of their client groups.

Its key aims are:

- To create a co-ordinated approach to charging that is applied across all Services.
- To outline the key principles for charging by the Council.
- To define the charges covered by the charging policy.
- To set out an annual review process for all discretionary charges.
- To promote “Payment at Point of Sale” wherever possible across the Council.

The Council will operate an effective and efficient collection system. The methods of paying charges will be made clear on each invoice and the procedures for recovering fees will be governed by the Council’s “Sundry Debt Recovery Process”.

### Key Principles

All fees and charges should cover the full cost of providing the service (including overheads), except for those goods or services explicitly set out as exceptions. The provision of subsidies should be a conscious choice.

All discretionary fees and charges will be set in line with the approved individual charging policy for the relevant service and should fall into one of the following categories:

<b>Charging Strategy</b>	<b>Objective</b>
Commercial Charges	The Council aims to cover the cost of providing the service and make a surplus
Full Cost Recovery	The Council aims to recover the costs of providing the service from those who use it
Subsidised	The Council wishes users of the service to make a contribution to the costs of providing it. This might meet a service objective or allow competition with other providers
Free	The Council chooses to make the service available at no charge to meet a service objective
Statutory	Charges are determined in line with legal requirements

Services should consider people on low incomes and balance the need to recover costs with the challenges of poverty and social exclusion that might exist across the Council area.

Where charges are not made for a service, or are reduced below full cost recovery level, the reasons for this should be reconsidered as part of the annual review process to ensure that significant income is not being lost.

Charging should contribute towards the achievement of the Council's priorities.

The policy should be simple and easy to apply without generating material extra cost to the Council.

Charges should be reviewed on an annual basis, using clear and transparent evidence and knowledge to set the level of charges.

Methods of recovery of all fees and charges should be efficient; in order of preference:

- Payment before or at the point of service delivery, "Payment at Point of Sale".
- Paid in full through the Council's Sundry Debt Recovery Process.
- Paid through a Direct Debit arrangement via the Council's Sundry Debt Recovery Process.

A clear audit trail of correspondence with each customer is required for all charges that are raised in order to secure formal court action should this be required.

The Council's Sundry Debt Recovery Process is available on the Council's intranet.

#### Charges Covered by the Policy

All discretionary charges will be covered by this policy. If a Service believes that a specific charge should be exempt from this policy or should adopt a different approach to concessions then a clear case for exemption should be submitted for approval by the Executive Officer Team and the Head of Finance and then the relevant themed Committee. This should outline:

- The reason for the exemption.
- The benefits of an exemption.
- The likely impact of an exemption.
- A commitment to review the exemption annually.
- Any other relevant, necessary information.

Concessions may be given in the case of services fulfilling an important social benefit or in the case of charges designed to achieve a particular policy. The Scheme of Administration also provides discretion to the Executive Director (Education and Children's Services) to determine requests for lets, including free lets or lets at reduced charge of educational facilities.



Concessions will not be given for services of a commercial nature. Any subsidised charges should only apply to individuals or voluntary / charitable organisations and not businesses.

### Annual Review

All charges will undergo an annual review (where information is available). The annual review process will be completed in time to influence the annual revenue budget process. In addition any proposal to vary charges within year (excluding the revenue budget process) requires approval of the appropriate themed Committee and the Strategic Policy and Resources Committee where the proposal results in a budget adjustment.

The annual review process may consider the following factors:

- Views of stakeholders and local service users
- Previous year's income
- Trends in user demand and the impact of any increase or reduction in charges in the previous year
- Inflationary pressures
- The potential to move to Payment at Point of Sale
- The value and volume of previous year's income that has been written off
- Council priorities
- Council revenue budget and savings targets
- The need for investment in a Service
- Customer survey results and market intelligence including benchmarking
- The likely impact of any increase or reduction on customers, particularly any vulnerable groups
- Any alternative charging structures
- Apply, where appropriate, the current minimum invoice value to all non-statutory charges.

Existing charges should be reviewed, including any charges where the full cost is not recovered. The reasons why the full cost is not recovered must be reviewed annually. In addition any service where no charge is levied, but there is the possibility a charge could be made must be reviewed annually.

The annual review process should be a robust process that explores the rationale behind the level of each charge ensuring that the Council's charges reflect its policies and priorities. It should be based on knowledge and understanding of the impact of charging levels on different groups of customers. The review process should also ensure that the Council is raising the maximum amount of revenue possible, while also protecting the needs of the most vulnerable groups.

The Corporate Charging Policy itself should also be subject to review on a regular basis to ensure it remains up to date and relevant.

VAT should be applied at the appropriate rate based on the goods or services being provided by the Council.

