

**PERTH AND KINROSS COUNCIL SCRUTINY COMMITTEE**



**FINAL REPORT – 28 JANUARY 2015**

**SCRUTINY REVIEW**

**CHARGING FOR SERVICES**

**2014**

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### Membership of the Scrutiny Committee during the period of the review:

- Councillor A Stewart (Convener)
- Councillor B Vaughan (Vice Convener)
- Councillor R Brock
- Councillor D Cuthbert
- Councillor D Doogan
- Councillor A Munro
- Councillor A Younger

## FOREWORD BY THE CONVENER

As convener of the Scrutiny Committee I would like to introduce this report on the fifth Scrutiny Committee Review of Charging for Services and acknowledge the time given by the Scrutiny Committee members in carrying out the review. I wish to thank all the elected members and officers who participated in the review and acknowledge the support provided by officers from the Chief Executive's Service, Education and Children's Services, Housing and Community Care and The Environment Service in supplying information.

Scrutiny reviews are an important element of the overall approach to governance and improvement at Perth and Kinross Council. The Scrutiny Committee carries out these reviews to support improvement, stimulate change and improve performance across the Council. We select topics based on the potential for the review to result in recommendations for change that will deliver measurable improvements.

Topics for review may be identified by considering: audit reports; performance management reports; information gathered via surveys and feedback mechanisms; issues raised by representative groups e.g. community councils, resident groups and community groups; issues raised by partner organisations; complaints; and issues raised directly by the public.

This year we have welcomed the opportunity to conduct a review of how the Council charges for services. In doing so we have made a number of recommendations which we believe would improve the effectiveness of the Council's management of charges.

**Councillor Alexander Stewart**  
**Convener, Scrutiny Committee**

# 1 SUMMARY

## 1.1 KEY FINDINGS

1.1.1 The Scrutiny Committee recognises that charging for Services is an important issue. Last year Audit Scotland published a national report on this subject and the Scrutiny Committee felt it pertinent to conduct a local review to explore the issues relevant to Perth and Kinross Council. The Committee selected charging for services as the topic area for its fifth scrutiny review and this report presents the key findings of the Scrutiny Committee's work, as well as ten recommendations for improvement.

## 1.2 Perth and Kinross Council's Corporate Charging Policy Framework

1.2.1 Perth and Kinross Council has a Corporate Charging Policy in place, but it has not been reviewed since 1998 and is not widely used or referred to by Council officers or elected members. There is an opportunity to review this document to ensure it is relevant in the current financial environment and provides an overarching framework for service level charging policies. The Scrutiny Committee recommends that:

- The Corporate Charging Policy is revised to serve as an overarching document, providing a clear link between Corporate Objectives and Service Charging policies
- Council Services should ensure clear charging policies are in place across all key chargeable Council areas
- Committee reports related to charging should refer to the Corporate Charging Policy and relevant Service Charging Policy
- The Council's charging policies should be published online to provide a transparent charging policy framework accessible to members of the public
- The Council's Charging Policy framework should include arrangements for the examination of charges as part of the contract monitoring and reporting arrangements for ALEOs

## 1.3 Setting Charges through the Council's Budget Process:

1.3.1 Elected members make decisions about charging for Services through the Council's budget setting process, but the lack of detailed information on charges makes it difficult for Councillors to understand the significance of these decisions. The Council's Financial Regulations requires Executive Directors to submit a revised scheme of charges to the relevant Council Committee for detailed consideration. Enforcing this requirement across all Council Services would go some way to strengthening the role of Councillors in setting charges. The Scrutiny Committee recommends that:

- The requirement within the current financial regulations for Services to submit a revised scheme of charges annually to the relevant themed committee(s) should be enforced

## **1.4 Understanding and Reviewing the Impact of Charging Decisions**

1.4.1 There is clear evidence that the Council takes into account the potential impact of charges on service users and makes adjustments accordingly, but this information is not consistently presented in reports to Committees. Where possible, Services should assess and monitor the impact of charges on Service users and include this information in Committee reports on charging. The Scrutiny Committee recommends that:

- Services should monitor the impact of Service charging and report information annually to the relevant themed Committee
- Each Service should consider adopting a rolling programme approach to conducting strategic reviews of Council charging schemes to provide an in-depth examination of service charges

## **1.5 Learning from Benchmarking and Our Customers**

1.5.1 Benchmarking and consultation are important mechanisms for understanding the wider impact of charges on service users and how this compares with other local authority areas. Where available, this information should be included within Committee reports on charging to enable elected members to take a rounded view of officer proposals. The Scrutiny Committee recommends that:

- Reports to Committee on Service Charges are explicit about consultation which has taken place with Service Users and include benchmarking information, where available
- Charging information is available online and linked together in one place

## 2 BACKGROUND

- 2.1 The Scrutiny Committee has a wide range of responsibilities. It reviews the performance of Services and the Council and considers the effectiveness of Council policy and its implementation. The Committee also conducts a self-determined programme of scrutiny reviews. The Committee may make recommendations to Council on policy development and/ or implementation as part of a Scrutiny Review process; but it does not approve policy and does not take decisions about the operation of Council Services.
- 2.2 To date, the Committee has undertaken four reviews:
- Implementation of grounds maintenance policy (findings reported to the Scrutiny Committee on 16 September 2009);
  - Integration of policy in respect of the More Choices, More Chances policy area (findings reported to the Scrutiny Committee on 23 February 2011);
  - Learning from Complaints and Customer Feedback (findings reported to the Scrutiny Committee on 28 March 2012); and
  - Member Officer Groups (findings reported to the Scrutiny Committee on 27 November 2013).
- 2.3 The Scrutiny Committee wrote to elected members and the Council's Executive Officer Team inviting expressions of interest for the fifth Scrutiny Review in December 2013. Members of the Scrutiny Committee met on Friday 21 March 2014 to consider these and also revisited the nominations received for the last review. A scoring system was used for topic selection and it was agreed that the topic of the fifth review would be Council Charging for Services.
- 2.4 The decision to review this area follows publication of Audit Scotland's Charging for Services Report in October 2013 which highlights the importance of local authority charging. The purpose of the review is to examine the issues highlighted within Audit Scotland's report and to work together with officers and elected members to consider best practice and explore opportunities for improvement.

## 3 TERMS OF REFERENCE

### 3.1 OBJECTIVES

- 3.1.1 To examine the issues highlighted within Audit Scotland's report on charging by working together with officers and elected members to consider best practice and explore opportunities for improvement. Key areas of interest are:
- Conduct a self assessment of the Council's current practice in charging for Services against the cycle for managing charges contained in [Audit Scotland's Charging for Services Report](#);
  - Undertake a mapping exercise of the Services that the Council has discretion to charge for and the Services it is currently charging for;
  - Work with elected members and Council officers to examine the effectiveness of the Council's current Corporate Charging Policy; and
  - Explore best practice in terms of clarity and transparency of charging for Services and to identify opportunities for improvement and benchmarking.

### 3.2 SCOPE

- 3.2.1 The review included all discretionary charges. The review did not cover statutory charges (charges set by outside bodies e.g. General Registrar of Scotland), council tax, non-domestic rates, grants or methods of paying for charges.

### 3.3 METHODOLOGY

- 3.3.1 The Scrutiny Committee followed the scrutiny review methodology as set out in the Guide to Scrutiny at Perth and Kinross Council. As part of our investigation we gathered evidence in a number of ways: we conducted a desk top analysis of available information; we gathered evidence from Service Financial Controllers and Service Managers; and we conducted a survey with elected members. We also researched what is happening in other local authorities, both nationally and internationally, to identify any learning points and good practice.
- 3.3.2 Our research has helped build a picture of the present position in terms of how the Council currently manages charging for Services. This report considers what issues exist and examines any barriers to more effective working. We have also highlighted areas of good practice which provide important learning points that are transferable across all Council Services.
- 3.3.3 Towards the end of the review, we brought together the Service Financial Controllers to discuss our key findings and the Committee's proposals. These have also been discussed with the Head of Legal Services and Head of Democratic Services.
- 3.3.4 The complete Terms of Reference are contained in Appendix 1 to this report.

## 4 REVIEW FINDINGS

### 4.1 PERTH AND KINROSS COUNCIL'S CHARGING POLICY FRAMEWORK

#### Audit Scotland Key Messages

- Councils should have clear policies in place for charges and concessions.
- Councillors should take a lead role in determining charging policies.






Source: Charging for Services: are you getting it right? Audit Scotland, October 2013

- 4.1.1 The Committee was encouraged that, whilst Audit Scotland has reported that most Councils only have charging policies in place for individual Services, Perth and Kinross Council has a Corporate Charging Policy which has been in place for a number of years. The policy was introduced in 1998 in light of the constrained resources available to the Council, recognising the importance of maximising income from charges. In line with the principles set out by the Chartered Institute of Public Finance & Accountancy (CIPFA), the policy states that all local Services should be charged at full cost, including an apportionment of overheads, unless there are good reasons to the contrary.
- 4.1.2 In order to ensure that the Corporate Charging Policy remains relevant and fit for purpose, in April 2014 the Strategic Policy and Resources Committee approved a [proposal](#) to review the policy. To support this work, the Committee considered the effectiveness of the current policy document which involved carrying out a survey with elected members, seeking the views of Service financial controllers and reviewing examples of other Councils' Corporate Charging Policies.
- 4.1.3 The Committee found that the current corporate charging policy is not widely used by Councillors and Council Officers. A survey conducted with Councillors indicated that whilst 87% of respondents<sup>1</sup> were aware that the Council had a charging policy, no one was able to say when they had last referred to it. The Committee notes the document is not available on the Council's website or intranet making it difficult to access by members of the public, Councillors and officers. Financial controllers were aware that a policy existed but in practice it is the Council's budget setting process which directs how Services set charges. The Committee is of the view that the current Corporate Charging Policy is dated and difficult to follow and therefore does not provide a useful basis for decision making. The survey conducted with Councillors confirmed that 100% of the respondents<sup>1</sup> agree that it is important the Council has a charging policy in place.
- 4.1.4 In exploring best practice, the Committee considered the examples cited by Audit Scotland within the Charging for Services; Are you getting it right Report, including Highland Council's Corporate Charging Policy. The Committee also looked beyond these cases, particularly at English Councils where information about charging policy frameworks is much more readily available online than in Scotland. Exhibit 1 highlights some good practice examples which the Committee hopes will be useful to Council finance colleagues in the revision of the Corporate Charging Policy.

<sup>1</sup> Survey conducted with elected members in June 2014. Total number of respondents = 16.



## Exhibit 1

	The Committee liked Oxfordshire's clear and concise Corporate Charging Policy and the inclusion of roles and responsibilities.
	Birmingham's Corporate Charging Policy includes a section on reviewing charges with a checklist of areas for consideration. It also has a useful flowchart illustrating the Council's charge setting process.
	The Committee was interested in the newly developed charging policy following the reform of Scottish Fire and Rescue Services and found it to be a very user friendly document.
	Devon does not have an overarching Corporate Charging Policy, but the Committee liked the way the Council presented the Service Charging Policies per directorate together on the web to give a clear sense of the Council's overall charging framework.
	The Committee was pleased with the content of Highland Council's Corporate Charging Policy, in particular the checklist for considering information on service users and also the requirement for transparency when amending charges other than by inflation.

- 4.1.5 The Committee also examined the Council's charging policy framework at a Service level and found that service charging policies are not in place across all chargeable service areas and are not in a consistent format. The Committee identified Housing and Community Care's Contributions Policy for Non-Residential Care Services as a good example of a detailed service charging policy which is easily accessible on the Council's website. The policy is consistent with COSLA and Scottish Government guidance on charging for Non-residential care and support services. Education and Children's Services has a Maximising Resources Policy Statement which is also published online. The policy states that opportunities for generating income will be maximised by the Service. But the Committee felt that there was scope to include more specific information about the Service's approach to charging within this document.

4.1.6

### Good Practice

*Housing and Community Care has a Charging and Contributions webpage <http://www.pkc.gov.uk/carecharges> which includes links to national guidance on setting charges, The Service Contributions Policy, Care Charging Statement 2013/14 and information on how to request an income maximisation check from the Welfare Rights Team.*

The Committee is clear that the overarching principles provided by a revised Corporate Charging Policy will ensure greater cohesion between service charging policies. Detailed service charging policies should be in place across all service charging areas to ensure policies for charging and for concessions are consistent and integrated. The framework should also detail how Services adherence to the policies will be monitored and how frequently the documents will be reviewed. Clear communication and accessibility will be key to ensuring the successful implementation of these policies and that they are embedded within the Council's governance and scrutiny framework.

- 4.1.7 The Committee notes that the Council's current charging policy framework does not include arrangements for considering charges with the Council's Arm's Length External Organisations (ALEOs): Live Active Leisure and Horsecross. The Scrutiny Committee continues to develop its role in scrutinising ALEO performance, for example a presentation was made by Live Active Leisure to the Scrutiny Committee on the organisation's performance management processes earlier this year. The Committee believes that arrangements going forward should also include the scrutiny of charges to ensure they are consistent with the strategic objectives of the Council and Community Plan/ SOA. Such arrangements should recognise the independent status of these organisations.
- 4.1.8 As public service reform and the integration of health and social care progresses, the relationship the Council has with partner organisations will become increasingly important as will the need for robust governance and scrutiny frameworks.

#### **Section 4.1 Summary of recommendations**

- i) The Corporate Charging Policy is revised to serve as an overarching document, providing a clear link between Corporate Objectives and Service Charging policies;
- ii) Council Services should ensure clear charging policies are in place across all key chargeable Council areas;
- iii) Committee reports related to charging should refer to the Corporate Charging Policy and relevant Service Charging Policy;
- iv) The Council's charging policies should be published online to provide a transparent charging policy framework accessible to members of the public;
- v) The Council's Charging Policy framework should include arrangements for the examination of charges as part of the contract monitoring and reporting arrangements for ALEOs;

## **4.2 SETTING CHARGES THROUGH THE COUNCIL'S BUDGET PROCESS**

### **Audit Scotland Key Messages**

- Councils should consider charging as part of their overall financial management. Councils should understand the contribution that charges make to their overall financial position and the extent to which individual services are subsidised. This can help Councils to target subsidy to priority areas.
- Councillors should be involved and consulted over the design of charges and concessions.

Source: Charging for Services: are you getting it right? Audit Scotland, October 2013

- 4.2.1 The budget setting process is the Council's main vehicle for making decisions about charging which ensures that charging is considered as part of the Council's overall financial management approach. From the Annual Revenue and Capital Budget volume, the Committee was able to quantify the contribution that charges make to the financial position of the Council and the income raised from charges over the last ten years.

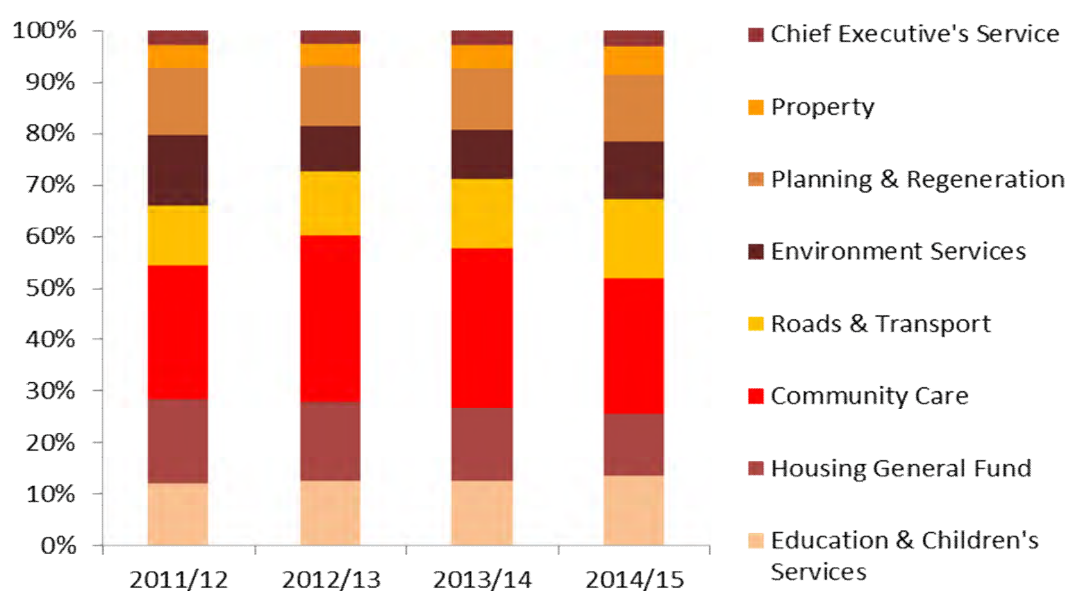
## Exhibit 2

Up until 2012/13, income from fees and charges was growing in comparison to income from Council tax, partly due to the Council tax freeze in 2008/09. Since 2012/13, welfare reform has resulted in a reduction in income because Services are unable to recover some funding. This is in line with the national position.



## Exhibit 3

The Council's income from fees and charges shows that, in the main, income sources by Service remain fairly consistent with welfare reform having an impact from 2012/13.



- 4.2.2 Elected members provide direction on charging priorities by approving the annual budget process, but the Committee would like to see Councillors have a stronger role in setting charges. There was a shared frustration amongst members of the Scrutiny Committee that they were being asked to make decisions about charging through the budget process without adequate information. For example, being asked to approve blanket rises in charges (e.g. 5% increases) across all Council Services without knowing what impact that will have on individual services.
- 4.2.3 As a result, Councillors reflected that they didn't feel involved in setting charges. A survey of elected members indicated that 69% of respondents<sup>2</sup> did not feel that they had enough opportunities to provide direction over Council aims and priorities for charges. The Committee received feedback from Councillors that the budget papers provide little information on impact and Council aims and priorities for charges are not always made clear. The Committee notes that decisions on charging are taken mainly through the budget process which it considers to be lengthy and complex. As a result of the volume of information being covered during the budget process, the Committee feels that charging is not subjected to the same scrutiny and challenge as it would be if dealt with separately. The Committee acknowledged that further information will be provided by Council officers on request, but that the difficulty for Councillors is not always knowing what to ask for.
- 4.2.4 Members of the Committee feel that the lack of detail on charging for services in the budget process leaves Councillors without a good grasp of what services the Council charges for, what are statutory charges and what are discretionary. Section 9 of the Council's Financial Regulations requires Executive Directors to review the levels of charges to the public at least annually and submit the revised 'Scheme of Charges' to the relevant Council Committee for detailed consideration. However, in recent years Services have gradually moved away from the practice of reporting to themed committees in detail once the budget is approved. Only Housing and Community Care consistently take service charges to Housing and Health Committee for detailed consideration following approval of the annual budget.
- 4.2.5 Although no longer submitted to Committees, the Scrutiny Committee learned that all Services do maintain a detailed register/ scheme of charges which clearly set out the different services which are charged for and where charges are set by statute, in line with statutory guidelines or at local discretion. With the exception of Housing and Community Care, this information is not publicly available, although Education and Children's Services do publish on eric.
- 4.2.6 Whilst, in the main, decisions about charging are made as part of the budget process the Committee is also aware that there are examples of where Council Services have taken papers to Committee seeking a decision outwith the budget

#### Good Practice

*In November 2013 the Environment Committee considered a report setting out detailed proposals to amend the charges and charging criteria for events and football pitch bookings on parks and greenspace in Perth and Kinross. The report clearly sets out the key aims of the proposals as well as the expected impact of the charges including anticipated income, contribution to Council objectives and impact on key stakeholders.*

<sup>2</sup> Survey conducted with elected members in June 2014. Total number of respondents = 16.

process on a specific charge. For example, the Environment Service submitted a paper to the Environment Committee seeking approval to amend the charges and the charging criteria for events and football pitch bookings on parks and greenspace in Perth and Kinross, to ensure consistency of charging across the area; to ensure commercial events are charged according to their use of greenspace sites; and to simplify the charging arrangements for football pitch bookings.

4.2.7 The Scrutiny Committee felt that this is the type of detail that is missing from the budget process and that should be made available to elected members when making decisions about significant changes to charging. The survey to elected members confirmed that in making informed decisions about charges, Committee Reports should include information on:

- Whether charges are statutory or discretionary
- Full costs of services and likely income
- Information on charging options
- The effect of charges on service users, where available
- Details of monitoring information

#### **Section 4.2 Summary of recommendations**

- vi) The requirement within the current financial regulations for Services to submit a revised scheme of charges annually to the relevant themed committee(s) should be enforced;

### **4.3 UNDERSTANDING AND REVIEWING THE IMPACT OF CHARGING DECISIONS**

#### **Audit Scotland Key Message**

- Charges can be used to influence behaviour to help meet Councils' objectives. They should not be seen solely as a means to generate income.
- Councillors should regularly review charges to ensure that they are appropriate and meet their intended objective.

Source: Charging for Services: are you getting it right? Audit Scotland, October 2013

4.3.1 Council Services explained to the Committee the process that they go through when designing a new charge or changed charge. The Service carefully considers the potential impact of the charge, including any unintended consequences, as part of the development stage. Unintended consequences are risk assessed and where the impact is considered too great, the Service will consider other options. For example, last year within Education and Children's Services the increase of 5% was not applied to three Service areas where the Service Manager made a business case for not making the increase as it would likely have a negative impact on service delivery. The Committee was pleased to see the evidence of this process taking place, but felt that it would be useful to have this information when being asked to make decisions about charges. Nonetheless, it is clear that Services do consider the impact of charging when designing and setting charges. The Committee was keen to understand how Services monitor the actual impact that the approved charging decisions have had on Council Services and in meeting Corporate Objectives. The Committee found that there is limited formal monitoring but Services advised that service uptake and service withdrawals are carefully scrutinised when a charge is first changed or introduced.

- 4.3.2 An example of how a Service has used monitoring information to measure the impact of a charge, or in this case not charging, is the 'Free from Two' initiative. The scheme offered free parking in Perth City centre car parks and town centre car parks in Blairgowrie; Crieff; Dunkeld and Pitlochry from 2pm on Thursdays and Fridays from 29 November 2012 to Friday 25 January 2013. In order to understand the impact of the initiative, the Council monitored specific footfall data for between 2 pm and 6 pm in respect of the three Thursdays leading up to, and the Thursday immediately after, Christmas. See Exhibit 4 below.

#### Exhibit 4

The table below summarises comparative footfall figures for 2010 through to 2012.

Week 1		Week 2		Week 3		Week 4	
06/12/2012	1825	13/12/2012	2488	20/12/2012	2469	27/12/2012	4413
08/12/2011	1172*	15/12/2011	2836	22/12/2011	4362	29/12/2011	4268
09/12/2010	3007	16/12/2010	3574	23/12/2010	4857	30/12/2010	4212

Source: Parking Services Update, Enterprise and Infrastructure Committee, August 2013

Note \* On 8 December 2011 a significant storm hit central Scotland

- 4.3.3 The report concluded that the data showed no clear trend reflected in the footfall figures with the exception of a consistently high footfall in the week immediately after Christmas, possibly associated with the traditional sale period. It was not possible to record comparative statistics for footfall numbers in the town centres included in the initiative. There was no ticketing information for car park usage during the period 2pm – 6pm on the days of the Free from Two initiative as car park users were not required to display a valid ticket. There was also no requirement to undertake enforcement activity in the Council car parks during the period of the initiative. Accordingly, there was no statistical information and limited anecdotal information to assess what the impact of the initiative was on the uptake of car parking and, by extension, the potential impact on visitor and retail customer numbers.

#### Good Practice

*The 'Free from Two' initiative is a tangible demonstration of the Council's commitment to supporting local retailers and the local economy. The scheme, which was piloted in 2012 and repeated in 2013 and 2014, aims to boost festive footfall in town centres across the Perth and Kinross area. It supports the Council's objective 'Promoting a prosperous, inclusive and sustainable economy' by supporting local businesses and the economy in general.*

- 4.3.4 The Scrutiny Committee found this to be a good example of where a Service has attempted to gather information specifically to test the impact of a new parking strategy. It also highlights the types of issues a Service may face in attempting to do so and the Committee acknowledges that assessing the impact or charges and intended influence on behaviour can be complex. It may not always be possible to draw clear conclusions from the data available and professional knowledge and experience should also be applied in making decisions which are intended to deliver improved outcomes for communities.

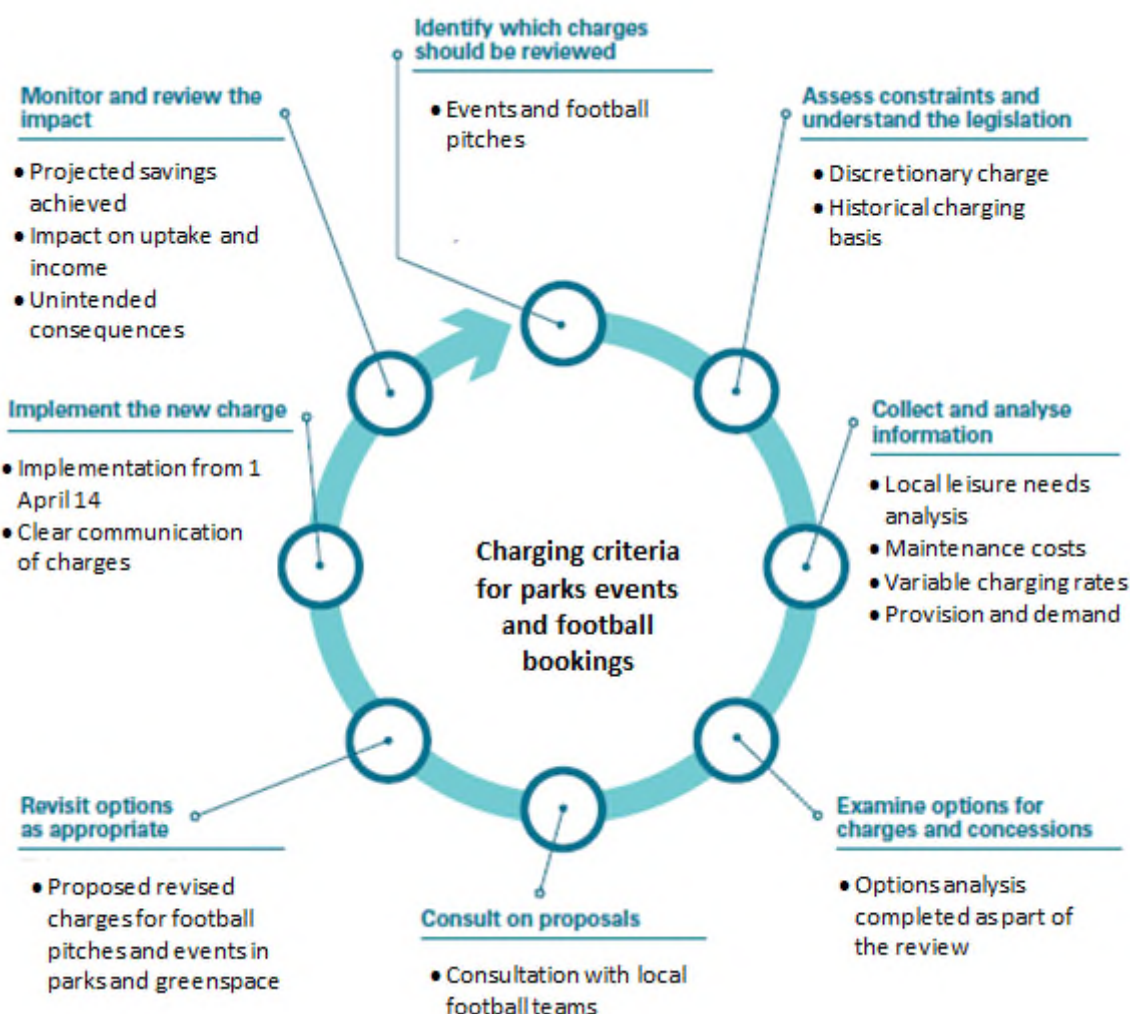


4.3.5 The Committee was encouraged by the quality of the reports presented to Committee on charging for parks events and football pitches and free parking with regard to setting out options and outlining the impacts on service provision. Whilst the Committee is satisfied with the recommendation made in Section 3.2 of this report that Services should submit charging schemes to themed Committees for annual approval, the Committee believes that there is scope to undertake more strategic reviews of charging. These reviews should focus on the impact on the delivery of Council objectives, views of service users and identify options for improvement. For example, the Committee discussed the potential value of reviewing community campus charges. Music tuition was also an area that featured in the Committee's discussions throughout the review and the Committee was interested to hear that Education and Children's Services are in the early stages of a review of Instrumental Music Services.

4.3.6 The diagram below illustrates how the 'Cycle for Managing Charges' published within Audit Scotland's Charging for Services: Are you getting it right report was applied for the review of charging criteria for parks events and football pitches. The Committee agreed that this would be a useful tool in carrying out any indepth review of charges.

### Exhibit 5

Audit Scotland's Cycle for Managing Charges: Charging criteria for parks events and football Pitches



- 4.3.7 The Committee proposes that the Council should consider adopting a rolling programme approach to planning strategic level reviews of charges which have the most significant impact on the delivery of Council objectives. The table below has been created for illustrative purposes only and uses Housing and Community Care Services as an example of how a rolling programme could look to ensure Council Services are reviewed in a systematic, phased way.

#### Exhibit 6

Rolling Review of Service Charges	2014/15	2015/16	2016/17	2017/18	2018/19
<b>Housing and Community Care</b>					
Social Care Residential services					
Social Care Non-Residential					
Rechargeable Repairs					
Temporary Accommodation					
Garden Maintenance Scheme					
Communal Heating					
Heating & Lighting					
Caretaking					
Stair Lighting					
Council House Rents					

Note that the table above has been created for illustrative purposes only

#### Section 4.3 Summary of recommendations

- vii) Services should monitor the impact of Service charging and report information annually to the relevant themed Committee;
- viii) Each Service should consider adopting a rolling programme approach to conducting strategic reviews of Council charging schemes to provide an in-depth examination of service charges;

## 4.4 LEARNING FROM BENCHMARKING AND FROM OUR CUSTOMERS

#### Audit Scotland Key Message

- Charges for Services vary markedly between Councils, reflecting local circumstances and policy priorities. This may be appropriate but Councils should be aware of any significant differences in their charges.
- Councils must also understand the views of people who use services and should be transparent in how they set charges and be able to explain their decisions to the public.

- 4.4.1 The Scrutiny Committee understands that benchmarking is an important tool used by the Council to identify the differences in charges that users experience across Scotland. Services regularly benchmark with other Councils on a formal and informal basis. For example, the Council is a member of COSLA Social Care Charging Community of Good Practice, The Scottish Housing Best Value Benchmarking Network and the HouseMark Benchmarking Network. These are long standing groups which meet on a regular basis to



explore the differences in charging between Councils. The Council also participates in benchmarking activities on a short term basis for a specific purpose. For example, Perth and Kinross Council is currently represented on the COSLA Non-Residential Charging Working Group and Charging for Residential Accommodation Guidance Review Group which have been established for a finite period of time and involve benchmarking local implementation of national changes. Further examples include benchmarking activity around school lets carried out by the former School Lets MOG and annual benchmarking with Tayside Contracts on charging for school meals. Benchmarking is also a key stage of the Council's methodology for conducting Best Value Reviews and Transformation Projects. For example, the Council benchmarked with our comparator local authorities as part of the Best Value Review of Commercial Waste. The Scrutiny Committee would like to see benchmarking information included in charging reports, where available, to ensure that elected members and Council Services understand the differences in local authority charging and can identify and act on any areas for improvement.

- 4.4.2 Incomes may appear small in terms of the budget but the Scrutiny Committee realises that charges have a significant impact on users and therefore it is important that the Council engages with them to understand their views. Service users consultation takes place across Council Services in a range of ways to gauge customer satisfaction and gather feedback on different issues. Customer complaints are also monitored by Council Services to identify areas for improvement. The Committee considered two recent examples of where customer consultation has been carried out with service users specifically on charging: Local football teams in Perth were consulted on charges for football pitch bookings on parks and greenspace in Perth and Kinross in late 2011; and tenants are consistently consulted on rent charges.
- 4.4.3 The Committee was impressed with the Council's commitment to tenant participation in Perth and Kinross and how tenants' views help Housing and Community Care Services make decisions on issues like rent levels, and how they spend rent money on improving tenants' homes. Working with tenants, the Service has developed a Tenant Participation Strategy which reinforces the Council's commitment to consulting tenants on rents and service charges. Effective implementation of the strategy is secured through a number of working groups. For example:

**The Tenant Participation Strategy Monitoring Group** meets on a quarterly basis to monitor the implementation of the Tenant Participation Strategy Action Plan and advises on improvements;

**The Tenant Participation Forum** meets every 2 months and is open to all tenant and resident association representatives and registered interested persons. It is the mechanism for people and housing staff to discuss emerging issues, engage in wider consultation on the activities of staff working groups, share information and agree together action; and

**Strategic Tenant Engagement in Annual Rent Setting Review Group** was set up as result of listening to concerns from tenants about levels of engagement in the annual rent setting process.

## 4.4.4

**Good Practice**

*The Council's Tenant's Participation Strategy sets out 16 Scottish Social Charter Outcomes which includes a commitment to set rents and service charges in consultation with tenants. A number of working groups help ensure implementation of the strategy by creating links between tenants and Council officials. Housing and Community Care Services also issue regular Tenant Participation Update bulletins to tenants and residents updating them on the progress of the strategy and other relevant tenant participation work.*

The Committee examined the practice of other Councils in consulting Service users on charging. Examples from two Councils in particular stood out to the Committee, Oxfordshire County Council and Sandwell Council in England. Oxfordshire County Council has a Consultations page on its website which details and publishes the results of past consultations. The Committee considered the web page very useful in providing members of the public with a 'go to' section of the website for all Council consultation information. It was noted that Perth and Kinross Council has a similar web page which lists current and past consultation events and exercises. Oxfordshire County Council conducted a consultation on their Adult Social Care Contributions Policy in June/August 2013. The website includes full details of the consultation including the consultation document, online questionnaire, details of public meetings, consultation findings and the

revised policy document following the exercise. The Committee felt that the availability of this information enabled Oxfordshire County Council to clearly demonstrate how it has taken into account the views of service users on charging in this area and should be considered as an example of best practice by Perth and Kinross Council.

- 4.4.5 The Committee also liked the way Sandwell Council consulted the public on its Community Infrastructure Levy (CIL) charging schedule. The Community Infrastructure Levy is a planning charge, introduced by the Planning Act 2008 as a tool for local authorities in England and Wales to help deliver infrastructure to support the development of their area. Although CILs do not exist in Scotland, the Committee felt that the way in which the document explains the link between changes in charging and costs, funding and gaps in relation to future need was useful and could be relevant to how the Council considers setting out charges for members of the public and elected members in future. See Exhibit 7 below.

**Exhibit 7**

Extract of Sandwell Council's public consultation on its Community Infrastructure Levy (CIL) charging schedule.

**Library Aggregate funding gap:** The table below shows the infrastructure required as a result of future development, the costs to meet existing shortfalls and future need, the committed and projected funding and the aggregate funding gap.

Project	Costs (£m)		Funding		Funding gap (future need)	
	Existing shortfall	Future need	Committed Funding	Projected funding	After Committed (Comt)	After Comt & Projected
Additional library provision	0.0	2.4	0.0	0.0	2.4	2.4
<b>Total</b>		<b>2.4</b>			<b>2.4</b>	<b>2.4</b>


- 4.4.6 The Committee has highlighted these examples of best practice in customer consultation to demonstrate what can be done. However, the Committee also recognises that it is not always practical or cost effective to undertake full customer consultation in respect of charging for services on every occasion. Thus the importance of understanding the impact of charging decisions through other ways, as covered in section 3.3.
- 4.4.7 It is always extremely important to communicate service charges to Service users in a clear and transparent way. The Committee looked at many examples, both internally and externally, of how charges are communicated to members of the public. Perth and Kinross Council publish service charges in a range of ways including on the Council's website, within newsletters and leaflets. See Exhibit 8 for example of Kids Club and wraparound services.
- 4.4.8 The Committee accepts that the medium and format of communications should be tailored to the needs of the audience and that these will vary for different customer groups. But the Committee felt that there would be merit in creating a web page which would provide links to the various charges. Similar to the approach of Devon Council described in Exhibit 1, the advantage would be that members of the public would have a single point of reference for all Council service charges. This would be particularly advantageous for families accessing more than one payable service. It would also serve to provide an overview of the Council's charging framework for elected members, Council officers, external inspectors and any other interested parties. This approach could be developed still a step further to build on the current practice of producing individual service registers, as discussed at para 3.2.5, to develop a Council wide Register of Charges which would publish all Council charges in a single document on an annual basis. The Committee highlights the Sunshine Coast Council Fees and Charges Register as a good example of this approach.

#### Good Practice

*Early Education & Childcare Strategy Team produce an information leaflet for parents and carers on fees for kids clubs as well as methods of payment. The leaflet is available from reception areas and can be downloaded from the Council's website which has a dedicated page explaining Kids Club and Wraparound Care Service Charges. Both sources include advice on getting help with costs and the childcare voucher scheme.*

## Exhibit 8

Extract from Perth and Kinross Council's web page and leaflet explaining Kids Club and Wraparound Care Service Charges.



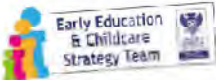
[Report it](#)[Pay for it](#)[Apply for it](#)[Maps](#)[Have your say](#)

### Kids Club and Wraparound Care Service Charges

#### How much does it cost?

Charges are set annually, with changes effective from 1 July each year, and reflect local childcare charges. This year there has been no increase and charges for the period 1 July 2014 to 30 June 2015 are as follows:


Cost Basis	Cost
Kids Clubs After School Session	£9.25 for first child in family £8.80 for second or further children from the same family
Wraparound Care	£9.75 - Session One £9.25 - Session Two
Holidays and In-Service Days	£18.80 - Up to 5 hours £21.00 - Up to 7 hours £23.20 - 7 hours plus
Annual Registration Fee	£13.00 for one child £20.00 for two or more children from the same family



**Kids Clubs**

Information for  
Parents and Carers

Fees and  
Methods of Payment  
2014 / 2015

Parents and carers can make payments at the service or by telephoning the Childcare Strategy Team to pay by debit or credit card. Further details, including information on the Loyalty Scheme, are given in the  [Kids Clubs Fees and Payments Information leaflet \[83kb\]](#).

#### Can I get help with the costs?

As the services are registered with the Care Inspectorate parents may be eligible for help with costs through the Childcare Element of the Working Tax Credit which, depending on income, could cover up to 70% of childcare costs.

### Section 4.4 Summary of recommendations

- ix) Reports to Committee on Service Charges are explicit about consultation which has taken place with Service Users and include benchmarking information, where available; and
- x) Charging information is available online and linked together in one place.

## 5 SUMMARY OF RECOMMENDATIONS

5.1 The Scrutiny Committee recommends that:

- i) The Corporate Charging Policy is revised to serve as an overarching document, providing a clear link between Corporate Objectives and Service Charging policies;
- ii) Council Services should ensure clear charging policies are in place across all key chargeable Council areas;
- iii) Committee reports related to charging should refer to the Corporate Charging Policy and relevant Service Charging Policy;
- iv) The Council's charging policies should be published online to provide a transparent charging policy framework accessible to members of the public;
- v) The Council's Charging Policy framework should include arrangements for the examination of charges as part of the contract monitoring and reporting arrangements for ALEOs;
- vi) The requirement within the current financial regulations for Services to submit a revised scheme of charges annually to the relevant themed committee(s) should be enforced;
- vii) Services should monitor the impact of Service charging and report information annually to the relevant themed Committee;
- viii) Each Service should consider adopting a rolling programme approach to conducting strategic reviews of Council charging schemes to provide an in-depth examination of service charges;
- ix) Reports to Committee on Service Charges are explicit about consultation which has taken place with Service Users and include benchmarking information, where available; and
- x) Charging information is available online and linked together in one place.

5.2 We request that a full progress report on the implementation of these recommendations is made to the Scrutiny Committee in twelve months.

## 6 CONCLUSION

- 6.1 Charges are an important source of income for Perth and Kinross Council and a means to help achieve our local outcomes. The Scrutiny Committee has welcomed the opportunity to review the Council's arrangements for planning, setting, monitoring and reviewing Service charges. The Committee's overall conclusion is that the Council has firm foundations in place for the effective management of charging for Services. This includes a Corporate Charging Policy, service charging policies and registers, evidence of impact analysis, benchmarking and consultation with members of the public on charging. However, the Committee believes that there are several opportunities to improve these arrangements and to ensure consistency across all Council Services. In arriving at this conclusion, the Committee considered a wide range of evidence from Services and also examples of good practice from other Councils. The recommendations made within this report are intended to support the Council and Services to improve the management of service charges.

**COUNCILLOR ALEXANDER STEWART  
CONVENER, SCRUTINY COMMITTEE**

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Date of report: 8 January 2015

### SCRUTINY COMMITTEE

#### REVIEW OF CHARGING FOR SERVICES

#### SCOPE AND TERMS OF REFERENCE

##### **Background and Rationale**

The Council's charging policy framework exists to ensure that the Council takes due cognisance of the impact of charging upon the demand for its Services. In addition it is intended that charges are periodically and comprehensively reviewed to ensure that the Council's income from charging is maximised.

The Scrutiny Committee's decision to review this area follows publication of Audit Scotland's Charging for Services Report which highlights the importance of local authority charging. While charges for Services make up **a relatively small** part of the Council's income, they can be very significant to the people who use our Services.

The purpose of the review is to examine the issues highlighted within Audit Scotland's report by working together with officers and elected members to explore best practice and opportunities for improvement.

##### **Objectives of the Review**

- Conduct a self assessment of the Council's current practice in charging for Services against the cycle for managing charges contained in Audit Scotland's Charging for Services Report;
- Undertake a mapping exercise of the Services that the Council has discretion to charge for and the Services it is currently charging for;
- Work with elected members and Council officers to examine the effectiveness of the Council's current Corporate Charging Policy; and
- Explore best practice in terms of clarity and transparency of charging for Services and to identify opportunities for improvement and benchmarking.

##### **Scope of the Review:**

###### **What will be included?**

The review will include all discretionary charges.

###### **What will not be included?**

The review will not cover statutory charges (charges set by outside bodies e.g. General Registrar of Scotland), council tax, non-domestic rates, grants or methods of paying for charges.

### **Who will be involved?**

- Scrutiny Committee
- Elected members across Council Committees and MOGs
- Officers across Council Services
- Financial Controllers
- Democratic Services
- Colleagues from best practice Councils
- Colleagues from external organisations where relevant

### **Methods that will be used to undertake the review?**

The research methodology agreed is:

- Desk top analysis of existing information
- Benchmarking visits – if required
- Focus groups with elected members
- Focus groups with officers
- Discussions/ interviews with external representatives e.g. colleagues from other Councils and external organisations where relevant
- Presentations of information as required

### **Evidence Required**

- Corporate Charging Policy
- Service Charging Reports
- Audit Scotland Charging for Services Report
- Inspection reports
- Evaluation of member and officer experiences
- Evaluation of impact and evidence of good practice

### **Resources Required**

- Member time out with Committee to attend review meetings and participate in research and consultation
- Officer time (The Environment Service, Education and Children's Services, Housing and Community Care and the Chief Executive's Service)



## APPENDIX 2

### BENCHMARKING

Organisation	Document title and hyperlink
<b>Corporate Charging Policies</b>	
Highland Council	<a href="#">Corporate Charging Policy</a>
Sandwell Council	<a href="#">Charging Policy for Non-Residential Social Care services for adults</a>
Greater Wellington Regional Council	<a href="#">Resource Management Charging Policy</a>
Oxfordshire County Council	<a href="#">Corporate Charging Policy</a>
Scottish Fire and Rescue Services	<a href="#">Charging Policy</a>
Birmingham City Council	<a href="#">Corporate Charging Policy</a>
East Ayrshire Council	<a href="#">East Ayrshire Budget-Setting Process</a>
<b>Service Charging Policies</b>	
Devon County Council	<a href="#">Charging Policies for Each Directorate</a>
PKC – Housing and Community Care	<a href="#">Charging and Contributions</a>
Five Islands School – Isles of Scilly	<a href="#">Charging Policy</a>
East Ayrshire Council	<a href="#">Social Work Services Charging Policy</a>
<b>Monitoring Frameworks</b>	
Transport for London	<a href="#">Impacts Monitoring</a>
Department for Environment Food and Rural Affairs	<a href="#">Implementation &amp; Monitoring Plan for a new charging regime for CITES licenses</a>
<b>Registers of Charges</b>	
Lake Macquarie City Council	<a href="#">Revised Fees and Charges</a>
Sunshine Coast Council	<a href="#">Fees and Charges Register</a>
Registers of Scotland	<a href="#">Fees and Charges Register</a>
<b>Charging Guidance</b>	
COSLA	<a href="#">Charges Applying to Non-residential Social Care Services</a>
Department of Health	<a href="#">Fairer Charging for Home Care and other non-residential Social Services</a>
Institute of Public Administration	<a href="#">Using fees and charges - cost recovery in local government</a>
HM Treasury	<a href="#">Managing Public Money</a>
<b>Best Value</b>	
Scottish Local Government Benchmarking	<a href="#">Local Government Benchmarking Framework</a>
Southampton City Council	<a href="#">Benchmarking Services Report</a>
Victorian Auditor-General's Office	<a href="#">Fees and Charges - cost recovery by local government</a>
<b>Reviewing Charges</b>	
East Renfrewshire Council	<a href="#">East Renfrewshire Charge Review Programme</a>
Islington Council - Housing & Adult Social Services	<a href="#">Overview Committee Recommendations Action Plan</a>
<b>Member Scrutiny</b>	
North Lanarkshire Council	<a href="#">Options Appraisal and Charging Proposals</a>
St Albans City & District Council	<a href="#">Housing Services - Resident Scrutiny Review</a>
<b>Consulting with Service Users</b>	
East Renfrewshire Council	<a href="#">East Renfrewshire Theatre Users Group</a>
Wolverhampton City Council	<a href="#">Income Generation</a>
Oxfordshire Council	<a href="#">Adult Social Care Contributions Policy</a>
Kent County Council	<a href="#">Young Persons Travel Pass</a>
Perth & Kinross Council	<a href="#">Financial Assessment</a>
West Lothian Council	<a href="#">West Lothian Council Concessions Scheme</a>

### PERTH & KINROSS COUNCIL

### STRATEGIC POLICY & RESOURCES COMMITTEE

28 OCTOBER 1998

### CORPORATE CHARGING POLICY

#### Report by Director of Finance

This report outlines a proposed Corporate Charging Policy for Perth & Kinross Council. Approval is sought to set charges for Council services at a level sufficient to recover full cost (unless exempted) and for delegated authority to increase charges annually by the headline movement in the retail price index (unless exempted).

## 1. RECOMMENDATIONS

The Committee is requested to:

- 1.1 Note the contents of the report
- 1.2 Approve the setting of charges for Council services at a level sufficient to recover the full cost of providing the service, unless exempted on policy grounds through prior approval by committee or following the budget review process. (as set out in section 4.1 of the report).
- 1.3 Delegate to the Director of Finance and the appropriate Service Directors authority to approve an annual increase in all charges for Council services in line with the movement in the headline retail price index (as set out in section 4.2 of the report.) Any exception to this policy would be considered as part of the budget review process.
- 1.4 Approve the use of a standard format for all reports which deal with charging for Council Services (as set out in section 4.3 and Appendix A of the report.)

## 2. INTRODUCTION

The Accounts Commission is currently undertaking a national study on charging for Council Services. The aim of the study is to examine Council's management of charges and to produce a national report toward the end of 1998.

The first stage of the study involved local authorities completing a questionnaire on current charging practices, accompanied by fieldwork visits, in the autumn of 1997. The outcome of this survey was published by the Accounts Commission in March 1998 in a bulletin entitled "The Challenge of Charging." This bulletin was supplemented by the release in April 1998 of information sheets summarising data collected during the initial survey of local authority charges in 14 selected services (including charges in respect of school lets, school meals, parking, property enquiries, libraries, museums and galleries.)

In terms of income generation, Perth & Kinross Council's charges for the services examined by the Accounts Commission compare favourably with those of other local authorities. At the time of the survey (autumn 1997), the level of the Council's charges for the services concerned were generally in the top 25 – 30% of all the local authorities sampled. Any comparison between local authority charges must, however, also consider differences in the nature of the service provided and the effect of local geography and demographics on the cost of service provision.

The focus of the Accounts Commission study, however, is on the management of charges. As less than a quarter of the Councils surveyed in the autumn of 1997 operated a corporate charging policy, the Accounts Commission suggested that there is currently scope in many Councils to adopt a more structured approach to charging. The Accounts Commission has argued that such an approach would enable a Council to:

- Explain to the public the basis of its charges and demonstrate that it has a fair and consistent approach to charging
- Set charges which support its Service objectives
- Set charges at levels which optimise service use and income
- Identify where the greatest capacity to raise income lies

In its submission to the Accounts Commission, Perth & Kinross Council confirmed its intention to develop a corporate charging policy during the course of financial year 1998/99. This report sets out the proposed framework for the Council's corporate charging policy. The policy is intended to provide a structure for the consideration of current and future charges for Council services and should be viewed as a key element in the development of Policy Led Budgeting within the Council.

### **3. ANALYSIS OF CURRENT CHARGES FOR COUNCIL SERVICES**

#### **3.1 Survey of Current Charges**

In preparation for the development of a corporate charging policy, an internal survey was conducted of all the Council's current charges for services. Data was collected on 48 areas of Council charging which are cumulatively budgeted to generate approximately £11 million of income in 1998/99.

The survey was conducted by issuing a questionnaire which sought to identify the financial and policy considerations underlying current Council charges as well as the collection arrangements and level of customer consultation under-taken. I am indebted to all the staff involved for their co-operation in this exercise.

This is, however, the first time that such a comprehensive survey has been undertaken within the Council and the responses, summarised below inevitably reflect a degree of estimation and interpretation in the completion of the questionnaire.

#### **3.2 Level of Discretion**

The questionnaire identified 10 areas (21% of sample) where the Council is obliged to charge in accordance with nationally agreed scales (e.g. Planning Application & Building Warrant Fees.) Such charges, being determined nationally, are clearly out-with the scope of the corporate charging policy.

For residential & nursing care, which represent the largest source of charge income for Perth & Kinross Council, although the Council may determine the level of charge it is statutorily obliged to levy a charge.

### 3.3 Recovery of Cost

The questionnaire identified 23 areas (48% of sample) where Council charges in the current financial year are intended to recover the full cost of providing the service concerned.

Whilst this represents a significant proportion of the services the Council currently charges for, the budgeted income from such charges in 1998/99 (£1.1million) represents only 10% of the total estimated income from charges detailed in the questionnaire.

Charges were increased in 1998/99 for 17 of the 38 services identified in the survey (45%) where charging levels are entirely at the Council's discretion. The 17 services where charges were increased, however, account for approximately £9.2 million or 84% of the total estimated income from charges detailed in the questionnaire. On average the Council's charges were increased by 3-5% in 1998/99, broadly in line with the inflationary pressures experienced by the services concerned.

### 3.4 Policy Objectives

The Key Themes, as set out in the Corporate Plan, recognise the Council's obligations to provide quality and effective services aimed at benefiting the individual and the wider community as a whole. Socio-economic and demographic factors therefore play a significant part in determining charging policy both in respect of services delivered to the individual (e.g. residential & nursing care, school meals) and services which support the local economy (e.g. car-parking, harbour) and promote the local quality of life (e.g. leisure & cultural facilities.)

In certain areas of activity (notably car-parking, refuse collection and property enquiry certificates) the Council is only one of several potential providers of the service and must consider its charging strategy in light of increasing market competition.

Summarising the returns, a number of differing policy objectives are therefore cited by services as governing their current level of charges:

- I. To promote access to and maximise the use of the service concerned
- II. To generate a contribution toward the cost of providing the service concerned *where it is considered inappropriate to charge full cost*.
- III. To recover the full cost of providing the service concerned.
- IV. To charge at a competitive market rate for the service concerned in order to maintain market share.
- V. To charge at a level aimed at managing demand for a particular service in accordance with Council agreed policy objectives (e.g. Perth Transport Plan)

It is essential to the development of a coherent corporate charging policy that:

- The policy objectives behind charges for Council services are in each case clearly defined
- The policy objectives behind charges are referenced in each case to the priorities set out in the appropriate Service Plan and are consistent with the Council's aims as set out in the Corporate Plan.

Establishing a clear link between charges for Council services and policy objectives is a key element in the development of Policy Led Budgeting within the Council. It is proposed to progress this issue through the development of a standard format for all charging reports.

### 3.5 Concessions / Subsidy

The majority of charges for Council services (52% of sample) are not set to recover the full cost of providing the service. The total cost to the Council in 1998/99 of not charging at full cost for its services is estimated at approximately £11.3 million (net of income from charges) of which £8.2 million relates to the provision of Residential & Nursing Care.

The net cost of providing these services is met through Revenue Support Grant and Council Tax income. The potential cost to the Council may, however, be in excess of the above figure as the information drawn from the questionnaires suggests further work requires to be under-taken in calculating the cost of subsidising demand driven services.

The Council currently operates a variety of concession schemes. Dependent on the service concerned, concessions are currently:

- Awarded universally at the point of service delivery to individuals meeting a specific criteria (e.g. public convenience charges)
- Awarded universally upon application to individuals / organisations meeting a specific criteria (e.g., school lets, leisure pass)
- Awarded in return for advance payment for a service (e.g. monthly car-parking tickets)
  - Awarded following an assessment of the individual's means (e.g. non residential & nursing care, school meals) *with due discretion applied to ensure that the individuals needs are addressed.*

The value of the concession offered varies from complete exemption as in the case of free school meals through to the sliding scale fees operated in respect of Social Work care services. The concessionary fare scheme and the leisure scheme both operate on the basis of issuing a pass at a nominal charge.

In developing a corporate charging policy it is essential that:

- the cost to the Council of current and proposed future concession schemes is identified
- the operation of concession schemes should be clearly linked to delivering the appropriate Corporate & Service Plan objectives
- all concession schemes should be reviewed on an annual basis to ensure that they are continuing to meet the appropriate Service Plan objectives

It is proposed to progress this issue through the development of a standard format for all charging reports.

### 3.6 Customer Consultation

The Council undertook a comprehensive public consultation exercise in the run-up to setting the 1998/99 budget, hosting some 17 public meetings throughout the Perth & Kinross area. Integral to this consultation was a discussion of proposed changes in charging levels for Council services. The effectiveness of this exercise was evidenced in, for example, the withdrawal of proposals to charge for school hostels following considerable public concern.

At the level of individual services, however, the position is more varied. In only 8 of the 48 charging areas analysed (17%) did individual services report that they directly consulted service users before varying charges in 1998/99. This position will undoubtedly improve as a result of the public consultation initiatives currently being progressed by the Council as part of its Best Value commitments. In common with the majority of Scottish local authorities, Perth & Kinross Council is, however, at an early stage in customer consultation in respect of the services it charges for.

In light of the restricted resources available to services, it is recognised that it is not always practical nor cost effective to undertake full customer consultation in respect of services on every occasion. It is, however, recommended that any amendments to charging policy take account of:

1. the potential impact of the change in charging on demand for the service either through
  - a sample survey of usersor where this is not considered practical
  - based upon the professional judgement and the experience of the service managers concerned
2. the potential "compounding effect" of increases in charges for a number of services upon a particular group of people (e.g. the elderly and low income families)

It is acknowledged that there may be limited statistical information currently available on the compounding effect of charges and again service managers will require to apply their professional judgement and experience in arriving at an assessment.

and, wherever practical

3. Service users should be given the maximum possible notice of any proposed change in charges or concession schemes prior to their implementation.

It is proposed to progress these issues through the development of a standard format for all charging reports.

#### **4. CORPORATE CHARGING POLICY**

##### **4.1 Principles**

The Corporate Management Team considered the Accounts Commission's findings on charging for Council services in July 1998. In light of the constrained resources available to the Council, the Corporate Management Team recognised the importance of maximising income from charges and agreed that all charges for services should be based upon the following principles set out by the Chartered Institute of Public Finance & Accountancy (CIPFA) :

"Unless there are good reasons to the contrary all local services should be charged at full cost including an apportionment of overheads and an acceptable degree of return on capital."

(CIPFA Financial Information Service)

I would therefore ask Committee to approve the setting of charges for Council services at a level sufficient to recover the full cost of providing the service, unless exempted on policy grounds through prior approval by Committee or following the budget review process.

As stated above, the term "full cost" is defined as constituting the direct cost of providing the service including the appropriate apportionment of management, administrative and support cost overheads net of any third party contribution.

#### 4.2 Review of Charges for Council Services

The review of charges for Council services has generally been undertaken as part of the preparation of the revenue budget. Whilst this process has successfully identified potential new areas for charging, the fact that only 45% of the charges identified in the questionnaire experienced a price increase in 1998/99 (ref. 3.3 above) suggests that this process has been less successful in encouraging a comprehensive review of existing charging levels.

To address this issue, I would therefore ask Committee to delegate to myself and the appropriate Service Directors authority to approve an annual increase in all charges for Council services in line with the movement in the headline retail price index .

It is proposed that the increase would be determined with reference to the movement in the headline retail price index from the previous April with the increase normally coming into effect from 1<sup>st</sup> April of the following financial year. In calculating the actual up-lift in charges, a degree of rounding may need to be applied.

I appreciate that there will be instances where Service Directors consider it inappropriate to uplift existing charges by the retail price index or, alternatively, where a greater percentage increase is proposed. To address this issue, I would therefore ask Committee to approve that all such potential exemptions should be referred for consideration as part of the budget review process.

#### 4.3 Standardised Reporting Format

The recent survey of charging policy within the Council in conjunction with the Accounts Commissions preliminary recommendations on charging for Council services have identified a number of key factors in developing a structured approach to charging.

In order to ensure that these factors are given due consideration , I would ask the Committee to approve the use of a standard format, as set out in Appendix A, for all future reports to service committees which deal with charging for Council Services .

### 5. CONCLUSIONS

Charges for services constitute a significant source of revenue income for the Council. Whilst there are well defined existing charging policies within individual services, there is a recognised need to establish an overall corporate charging policy to ensure:

- The Council's charging policy is consistent with its stated policy objectives and takes due cognisance of the impact of charging upon the demand for its services.
- The Council's charges are periodically and comprehensively reviewed to ensure that the Council's income from charging is maximised.

## 6. STRATEGIC AIMS

The introduction of the corporate charging policy is intended to support the sound financial management of the Council through enhancing the Council's income generation capacity.

The introduction of the corporate charging policy further assists the Council in meeting its Best value objectives by acting as an key element in the development of Policy Led Budgeting within the Council.

**A.R.McARTHUR**

**Director of Finance**

Contact Officer: Stewart MacKenzie, Team Leader Financial Policy & Planning Ext. 5531

Background Papers: 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.



**STANDARD FORMAT FOR CHARGING REPORT****ABSTRACT****1. RECOMMENDATIONS****2. CURRENT CHARGING POLICY**

- Nature and operation of current charge(s)
- Identify the policy context and objectives of the existing charging policy (where applicable) including reference to the appropriate sections of the Service Plan
- Identify the full cost of providing the service concerned both in terms of the current year's budget and the latest projected outturn (where applicable) *Detail on separate financial appendix*
- Identify the current charge(s) for the service concerned and the anticipated total revenue from the charge both in terms of the current year's budget and the latest projected outturn (where applicable) *Detail on separate financial appendix*
- Where charges do not recover full cost of service provision, explain policy rationale for this position and any prior Committee approval.

**3. PROPOSED AMENDMENT**

- Identify the rational for the introduction / amendment of charges and the policy objectives served by the proposals
- Identify the proposed new charge(s) and /or new level of charges and the anticipated total revenue from these charges at current prices. *Detail on separate financial appendix*

**4. CONCESSION SCHEME (where applicable)**

- Identify any concession schemes currently in operation in respect of the charges concerned, the policy objectives of the concession scheme, the estimated cost to the Council of operating the concession scheme , any amendment to that cost as a result of the charging proposals and the review period for the concession scheme. *Detail on separate financial appendix*

**5. SERVICE IMPLICATIONS & PUBLIC CONSULTATION**

- Estimate the effect on demand for the service of the charging proposals, any user consultation undertaken, any potential "compounding" effect identified in terms of recent increases affecting the same user groups and the mechanism and time scale for informing service users of the amendment to charges.

**6. CONCLUSION & STRATEGIC AIMS**

