

Review of Fees and Charges

Report by John Blair, Director Resources

1 Purpose of Report

To advise Council of the proposed revisions to Fees and Charges for 2014/15 as considered by Business Transformation Steering Group on 3 December 2013.

2 Background

2.1 As part of the Councils transformation programme, it was agreed to undertake a corporate review of Fees and Charges.

The Council has to date considered the following reports:

Date	Report	Agreed
25 Sep 2012	Review of Fees and Charges. Report by Director Corporate Resources	The Council agreed to combine the items and meantime to remit the matter for consideration at a seminar of the Council to which all members be invited
4 Dec 2012	Seminar of Midlothian Council	Minute of seminar submitted to Council on 18 December 2012 and that a detailed report be submitted to the Council meeting on 5 February 2013
18 Dec 2012	Review of Fees and Charges for Adult Services. Report by Director Communities and Wellbeing	To note the consultation. To introduce the proposed changes with effect from 1 April 2013 in respect of Community Alarm Service Telecare Care at Home Services
5 Feb 2013	Review of Fees and Charges. Report by Director Corporate Resources	To note the revised fees and charges and changes to timescales outlined.
5 Feb 2013	Commercial Waste Collection; Trade Waste Charges 2013/14. Report by Director Corporate Resources	To approve the revised Trade Waste Charging arrangements and the revised arrangements with effect from 1 April 2013.

2.2 Fees and Charges and the revision of Councils free lets policy, including Harmonisation of charges have been subject to discussion at the Strategic Leadership Group. Directors and Heads of Service have been asked to review charges and a composite list of charges, including the proposed percentage increase, where applicable, is attached at Appendix 1.

2.3 The Accounts Commission on the 31 October 2013, as part of their series of reports, *'How councils work: an improvement service for councillors and officers'* published a report entitled *Charging for services: are you getting it right'*. The report contains a number of key points for action, and recommends that councils consider these actions and use the checklists and questions in the report appendices to assess current working practices and to identify where there may be scope to improve.

Service Managers within the council, who levy and are responsible for fees and charges to customers, have been asked to review the Accounts Commission report and answer the questionnaire. These results will be analysed and will form the basis of a discussion document for the next Strategic Leadership Group.

The key facts and key messages from the Accounts Commission report are included at Appendices 2 and 3. Appendices 4 and 5 illustrate the Accounts Commission questionnaires for Councillors and for officers.

3 Report Implications

3.1 Resource

The following table summarises the anticipated full year additional income for 2014/15 together with the budgetary impact to the Council based on the proposed increases set out in Appendix 1.

Directorate	Service	Budget Impact for 2014/15	Additional Anticipated Annual Income
Resources	Commercial Operations		
	Burials	£10,500	£10,500
	Garden Maintenance	£0	£4,000
	Events/Allotments	£0	£200
	Travel & Fleet Services	£0	£100
	Waste Management	£17,000	£17,000
	Customer Services		
	Registrars	£5,000	£7,500
	Civic Government	£1,600	£3,700
	Property & Facilities Management		
	Sport and Leisure	£0	£88,000
	Snowsports Centre	£0	£2,600
	Total for Directorate	£34,100	£133,600
Health and Social Care	Adults and Community Care		
	Resources and Adult Care	£27,000	£27,000
	Housing & Community Safety		
	Environmental Health	£1,400	£1,400
	Total for Directorate	£28,400	£28,400
Education, Communities and Economy	Communities and Support		
	CLD	£0	£800
	Libraries	£1,800	£1,800
	Education	£0	£5,100
	Education Music Tuition	£5,500	£5,500
	Total for Directorate	£7,300	£13,200
	Grand Total	£69,800	£175,200

3.2 Risk

There is a risk that some individuals and groups may be impacted by increase fees. Work will be undertaken, in the form of consultation and linking in with other work programmes, e.g. review of grant funding, to ensure that these risks are minimised. Consultation will be undertaken on relevant changes to charges with appropriate groups. This approach is in line with the key messages from the Audit Commission report – *‘they (Councils) should be transparent in how they set charges and be able to explain their charging decisions to the public’* and *‘identifying charging options, assessing their impact on services and the people that use them’*. The early establishment of proposed increases in charges allows organisation to adapt and made the requisite arrangements.

3.3 Single Midlothian Plan and Business Transformation

Themes addressed in this report:

- ☐ Community safety
- ☒ Adult health, care and housing
- ☐ Getting it right for every Midlothian child
- ☐ Improving opportunities in Midlothian
- ☒ Sustainable growth
- ☒ Business transformation and Best Value
- ☐ None of the above

3.4 Impact on Performance and Outcomes

Under the Local Government in Scotland Act 2003, councils have a duty to provide Best Value in the service they deliver to their customers, within this duty, council are required to demonstrate sound management of their resources and to use review and option appraisal to deliver best value services. This report also takes on the key point and findings from the Accounts Commission report, "*Charging for services; are you getting it right*"? With the Council looking to review current charging practices and embed further the good work currently ongoing within the organisation.

3.5 Adopting a Preventative Approach

Not applicable

3.6 Involving Communities and Other Stakeholders

The proposals set out in this paper have been created in conjunction with representatives of all Council Directorates. It is anticipated that a further report on the findings and recommendations from the Accounts Commission report will be forthcoming. Service Directors will consult with relevant groups and organisations on the impact to the proposed charges where applicable.

3.7 Ensuring Equalities

Work requires to be undertaken to ensure that effected groups are consulted in relation to any proposed increases, and that the cumulative effect of such increases is considered for future price increases. The proposed increase to Land and Countryside Services was consulted on as part of the consultation was undertaken on the increase and introduction of new charges within Adult Services in 2012.

3.8 Supporting Sustainable Development

The development of a consistent approach to the consideration of charges ensures that the viability of service can be maintained.

3.9 IT Issues

IT issues in this report relate to the maintenance of the corporate database of charges. The updating and maintenance is reflected in the Resources Directorate work programme.

Directorate Directors require to ensure that arrangements are in place and the necessary resources available for updating and maintaining local systems such as invoicing databases.

It should be recognised at this stage, that work is progressing with various aspects relating to the manner in which payments are received, including channel shift i.e. moving away from billing and using alternative methods of payment, including on line and up front, there will be substantial IT implications, which will require to be addressed at that stage.

4 Recommendations

Council is requested to:

- a) Approve the proposed revisions to fees and charges
- b) Note the plans to consult with relevant service users;
- c) Consider the findings of the Accounts Commission report and request that a further report be brought back in the New Year.

Date 5 December 2013

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Background Papers:

Appendix 1 – Proposed fee increases

Appendix 2 – Key Fact from Audit Commission Report October 2013

Appendix 3 – Key Messages from Audit Commission Report October 2013

Appendix 4 – Audit Commission Questions for councillors

Appendix 5 – Audit Commission Questions for officers

Declaration Box

Instructions: This box must be completed by the author of the report. The box will be copied and saved by the Council Secretariat who will delete it from the report prior to photocopying the agenda.

Title of Report: Review of Fees and Charges

Meeting Presented to: BTB/BTSG

Author of Report: Lynne Barclay

I confirm that I have undertaken the following actions before submitting this report to the Council Secretariat (Check boxes to confirm):-

- ☒ *All resource implications have been addressed. Any financial and HR implications have been approved by the Head of Finance and Human Resources.*
- ☒ *All risk implications have been addressed.*
- ☒ *All other report implications have been addressed.*
- ☒ *My Director has endorsed the report for submission to the Council Secretariat.*

For Cabinet reports, please advise the Council Secretariat if the report has an education interest. This will allow the report to be located on the Cabinet agenda among the items in which the Religious Representatives are entitled to participate.

Likewise, please advise the Council Secretariat if any report for Midlothian Council has an education interest. The Religious Representatives are currently entitled to attend meetings of the Council in a non-voting observer capacity, but with the right to speak (but not vote) on any education matter under consideration, subject always to observing the authority of the Chair.

Extract from Accounts Commission Report October 2013

How councils work: an improvement series for councillors and officers. Charging for services: are you getting it right?

Key Facts



Extract from Accounts Commission Report October 2013

How councils work: an improvement series for councillors and officers. Charging for services: are you getting it right?

Key Messages

- 1 Councils should have clear policies in place for charges and concessions. They should regularly review charges to ensure that they are appropriate and meet tier intended objectives.
- 2 Councillors should take a lead role in determining charging policies. They should be involved and consulted over the design of charges and concessions.
- 3 Charges can be used to influence behaviour to help meet councils' objectives. They should not be seen solely as a means to generate income.
- 4 Councils should improve their use of cost information, including unit costs. This is essential for councils to design charges and understand the extent to which they will recover costs.
- 5 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. They should be transparent in how they set charges and be able to explain their charging decisions to the public.
- 6 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.
- 7 Many factors must be taken into account when designing charges. To assist in this, councils should follow the good practice set out in this report. This includes identifying charging options, assessing their impact on services and the people that use them, and making comparison with other providers.

Questions for councilors

Issue	Yes/No	Action
<ul style="list-style-type: none"> • Do you give strong direction over aims and priorities for charges (in areas where the council has discretion)? • Do you understand the non-financial contribution of charges, eg to behaviours and service uptake? • Do you get good information on costs including the costs of providing services and the contribution made from charges? • Do you know the extent to which services are subsidised across the council? • Are charges and concessions pitched at an appropriate level for people and businesses that use services? • Do you know where charges are used to generate extra income? • Are concessions taken up by the people they are aimed at? • Do officers provide you with sufficient guidance on options for using charges? • Do you understand the views of service-users and residents, and consult them over charges? • Are there areas where charges need to be reviewed? 		

Questions for officers

Issue	Yes/No	Action
<p>Charging policy</p> <ul style="list-style-type: none"> Do councillors give you a clear direction over charging priorities? Do you have clear policies in place for how charges should be applied – do these recognise the constraints and legislation that apply? Are corporate policy and guidelines adhered to by service directors/service providers? Is charging practice in arm's-length providers and contracted services consistent with the council's policy? 		
<p>Financial management</p> <ul style="list-style-type: none"> Do you understand the contribution that charges make to the financial position of the council? Do you understand how your charging practice compares with other councils? Do you understand unit costs, the extent to which costs are recovered by charges, and patterns of income from charges? Do you understand how services are subsidised and the extent to which charges recover costs? Do you have a register of charges across the council to help manage charges consistently? 		
<p>Setting charges</p> <ul style="list-style-type: none"> Do you fully assess charging options, in line with the good practice set out in this report? Do you have clear objectives for charging, such as to influence behaviour and service uptake, or to recover costs? Do you understand customer views and the likely impact of charges on service uptake and income overall? Is there evidence that charges are adversely affecting uptake or impacting on service users? 		
<p>Reviewing charges</p> <ul style="list-style-type: none"> Have you reviewed the council's overall approach to charging – what issues need to be addressed? Are there any charges that should be reviewed, eg that are inconsistent with other providers? Is there scope to generate more income from charges, for example by raising charges in line with the market? Have you consulted service users and council tax payers over charging? Do you make good use of available technology to make charging and concessions more efficient and user-friendly? 		
Concessions		

<ul style="list-style-type: none"> • Do you have corporate guidelines on how concessions should be applied? • Are these consistent with and linked to overall charging policies? • Are concessions applied consistently across services? • Is eligibility for concessions managed efficiently and shared across services? • Are concessions and the use of subsidy managed to ensure that services are financially viable? 		
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