

REPORT TO: Cabinet

MEETING DATE: 13 January 2015

BY: Depute Chief Executive (Partnerships and Community Services)

SUBJECT: Charging Policy

1 PURPOSE

- 1.1 To present the Charging Policy to Cabinet for approval.

2 RECOMMENDATIONS

- 2.1 Cabinet approves the Charging Policy and notes that services will review charges taking into account the principles of the Charging Policy and the results of the benchmarking exercise.

3 BACKGROUND

- 3.1 Audit Scotland published a report in October 2013 entitled 'Charging for Services: are you getting it right?' The report found that few councils employed a consistent approach to charging for services. Audit Scotland also reviewed the overall contribution that charges make to the budget of each council. East Lothian Council was found to raise a relatively low proportion of its income from charging.
- 3.2 The Council Management Team considered the report, its findings and recommendations in January 2014. It noted the findings in relation to the differential levels of income raised from fees, charges and rents, and that the Council does not have a charging policy and a consistent approach to concessions.
- 3.3 The Council Management Team agreed to undertake a benchmarking exercise to compare the services for which charges are levied and the level of fees and charges. Also it agreed to develop a charging policy using the examples of good practice and the framework provided in the Audit Scotland report.

- 3.4 A report on the Audit Scotland report was presented to Audit and Governance Committee in January 2014 and the Committee noted the actions of Council Management Team and that a draft charging policy would be prepared for approval and would be used as the basis for a rolling programme of reviewing all Council charges.
- 3.5 This report presents a draft Charging Policy for approval and the results of the benchmarking exercise.

Charging Policy

- 3.6 East Lothian Council has not previously had a Council-wide charging policy. Individual services have set their own charges based on factors including: national guidance, legislation, consultation, benchmarking and the cost of providing the service. Although the Council's charges have been regularly reviewed, the absence of an overarching charging policy means that the principles for setting charges are not set out clearly and consistently.
- 3.7 The Charging Policy aims to address several potential problems. In the absence of a charging policy:
- Individual charges may contradict council priorities
 - Charges might impact disproportionately on a particular section of the community
 - The cost and practicality of collecting a charge may not be considered when deciding to charge (or in setting a charge)
 - Council taxpayers might end up subsidising service users or commercial organisations without good reason
 - The Council might contravene its legal obligations (e.g. regarding equality).
- 3.8 The Charging Policy is attached as the Appendix to this report. The Policy covers all fees and charges, excluding Council Tax, Non-domestic rates, fees determined by statute, Council House rents and rents from industrial and commercial land and property. The draft Charging Policy is complemented by the Adult Wellbeing Charging Policy which has been developed by a working group of council staff and voluntary sector representatives. This is aligned to and is an appendix to the Council Charging Policy.
- 3.9 The Charging Policy aims to improve the Council's financial position by maximising the income it receives from charging. However, the need to maximise income will also be balanced against the impact upon, or contribution of charges to, the Council's priorities and in particular to the need to take account of the needs of vulnerable groups through providing discounts, subsidies or concessions. The Policy also aims to ensure that any charges can realistically be collected and administered.

Benchmarking exercise

- 3.10 The Council has undertaken a benchmarking exercise to identify where individual charges differ in comparison to other councils. The benchmarking exercise covers all Council services. East Lothian has been benchmarked against six other councils – Midlothian, Scottish Borders, Clackmannanshire, Inverclyde, East Ayrshire and Argyll and Bute. More than 1,300 charges have been identified through the benchmarking exercise.
- 3.11 Benchmarking is complicated by the varying descriptions used by councils for specific charges. Councils also have discretion to levy charges over differing timescales and to offer discounts and concession schemes. Nonetheless, it is apparent that the charges levied in some areas differ quite considerably between councils.
- 3.12 The Table below provides some examples of services for which the level of charges differ significantly between East Lothian Council and the comparator authorities.

Service	East Lothian charge	Range among benchmarks
Taxi Driver Licence	£58	£58 - £95
Late Hours Catering Licence	£1116.50	£1116.50 - £465
Trade waste 1100 litre bin weekly collection	£945	£763.60 - £1,085.45
Burial interment fees	£588	£431 - £588
Provision of Temporary Traffic Regulation Orders	£120	£120 - £640

- 3.13 Some councils also charge for services that East Lothian Council has chosen not to levy a charge. Examples of services for which the Council does not levy a charge include instrumental music tuition, public conveniences, and on-street parking.
- 3.14 The full results of the benchmarking exercise have been reported to councillors via a Members Library Report.
- 3.15 Although charges differ between councils, it is not necessarily the case that East Lothian Council's charges are inappropriate. However, the apparent variation in fees and charges raises the question of why the charges differ. Further work should be undertaken by services to review their charges in line with the Council Charging Policy and taking account of the results of the benchmarking exercise.

4 POLICY IMPLICATIONS

- 4.1 Charges have the potential to positively or negatively impact upon the council's priorities. The establishment of the Charging Policy should help

to ensure that the impact upon priorities is considered as part of any decision regarding charging for services.

5 EQUALITIES IMPACT ASSESSMENT

- 5.1 An equality impact assessment has been carried out and has found no negative impacts.

6 RESOURCE IMPLICATIONS

- 6.1 Financial – none.
6.2 Personnel – none.
6.3 Other – none.

7 BACKGROUND PAPERS

- 7.1 Appendix: Charging Policy
7.2 Results of Charges Benchmarking Exercise; Members Library Report, December 2014
7.3 Charging for Services; report to Audit and Governance Committee, 21st January 2014

AUTHOR'S NAME	Paolo Vestri
DESIGNATION	Service Manager Corporate Policy & Improvement Manager
CONTACT INFO	pvestri@eastlothian.gov.uk
DATE	22 nd December 2014

East Lothian Council

Charging Policy

2015

FINAL DRAFT

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1 INTRODUCTION

1.1 Income from charges is one of the three major financing sources for local authority services. These three sources are:

- Grants from central government
- Local taxation
- Charges (including fees).

1.2 The Chief Financial Officer (CFO) has responsibility, under Section 95 of The Local Government (Scotland) Act 1973, for the proper administration of the financial affairs of the Council. One such area of administration is that relating to external charging for goods and services provided by the Council.

1.3 The Council raises charges to the general public or businesses for a range of goods or services such as:

- Trade and special waste collection
- Residential Care charges
- Burial charges
- Building inspection fees
- Hall and room hire
- School meals
- Administration charges
- Licensing fees

1.4 When charges are being considered services fall into one of three categories:

- Services for which there is a statutory prohibition on charges; i.e. the Council is not legally allowed to charge for that service (e.g. Personal Care)
- Services for which charges are set nationally; i.e. the Council has to set a charge and that charge is determined by the Scottish Government (e.g. planning fees)
- Services for which the Council has discretion as to whether a charge is set and the level at which the charge is set (e.g. care at home service).

1.5 The purpose of this policy is to set out the broad principles that govern charging for the third of these categories - **services for which the Council has discretion to set a charge and to set the level of the charge**. Due to the distinct nature of care services and the particular needs of the users of care services an Adult Wellbeing Charging Policy has also been developed and is aligned to and forms part of this Charging policy (see Appendix 1). The application of this policy will bring greater clarity to the process of setting charges and will therefore assist the Council in achieving its corporate objectives.

1.6 Many factors affect the level of charges, including:

- Historical, political, legal and financial considerations
- The cost and quality of the service
- Charges made by other councils and the private sector
- Users' ability to pay and their views on the service.

1.7 The basis of charging in the Council varies widely both by service area and within service areas. Methods include:

- Agreed rates
- Charges set following a consultation exercise
- Recommendations by a Director / Head of Service
- Nominal charge to cover part of the cost
- Historic cost plus inflation
- Percentage mark-up on cost
- Calculation of inflationary pressures combined with need to balance budget / meet income budgets.

2 POLICY AIMS

2.1 This policy applies to all areas of the Council that can apply charges to external service users, including residents, businesses and partner agencies. It excludes:

- Council Tax
- Non Domestic Rates
- Any charges determined by statute or otherwise outside the Council's control
- Council House Rents (the Council has a separate policy relating to the setting of Council House rents)
- Rent of industrial and commercial land and property

2.2 This policy has been prepared to:

- Establish broad principles to govern charging for those services where the Council has the discretion to set a charge
- Ensure officers are aware of their responsibilities when setting charges for their service areas
- Provide a framework within which to establish if a charge is generating full recovery
- Ensure that all opportunities for charging are identified and reviewed on a regular basis in all service areas

- Treat service users consistently and fairly across all Council services
- Determine the most efficient channel for charging for goods and services e.g. on-line charging / self billing / invoice etc
- Strike a fair balance between the financial needs of the council and the social needs of its customers.

2.3 It is the Council's policy that if a charge is levied for a service then service users should make a direct contribution to the cost of providing services at their point of use. When charges for services are reviewed it will be against this background and exceptions will only be considered on a case by case basis.

2.4 The Council's general approach to charging for services offered on a discretionary basis is to:

1. Make a charge but only where the assessed income (or other benefit) from charging is greater than the cost of charging.
2. Use a full cost recovery approach as the basis of charging where practical (see Section 6 below) unless the Council has endorsed a policy of partial cost recovery i.e. has agreed to subsidise a chargeable service.

2.5 The aim of the policy is to maximise the Council's income from charges, whilst recognising the need to ensure that some groups or individuals may require assistance to overcome disadvantage and a chargeable service will be subsidised (see Section 7 below). Even where charges are set nationally, there is much that the Council can do to improve income performance, including:

- Ensuring all service users are assessed and pay charges promptly.
- Having high quality transparent accounting and administration to recover a high proportion of income due on time.
- Maximising sundry debt income for the Council so that late and non payment are kept to an absolute minimum.

2.6 In addition to offering scope for the Council to manage its financial position, the charging policy can also help the Council deliver its policy objectives in many service areas and can play a significant role in other ways such as:

- Demonstrating the value of a service
- Contributing to the achievement of service and corporate objectives, by managing demand or promoting certain behaviours
- Discouraging abuse of a service
- Promoting and encouraging access to services.

2.7 The Council needs to be realistic in its charging policies and so needs to consider:

- The impact of charges on residents and service users
- The market within which it is operating when setting charges. Factors to be

considered include the extent to which there is private sector or third sector competition for the service and the level of charges made by neighbouring and other Councils

- The current economic environment locally and nationally
- Demand for the service
- Affordability to the customer.

3 LINKS TO CORPORATE PRIORITIES AND OUTCOMES

3.1 This Charging Policy is aligned to the Council's Vision and the Council Plan and to national and local outcomes.

National Outcome

Our public services are high quality, continually improving, efficient and responsive to local people's needs.

Local Outcome

Grow the Capacity of our Council – We will deliver excellent services as effectively and efficiently as possible within our limited resources.

4 ROLES AND RESPONSIBILITIES

4.1 Under the Council's Standing Orders and Scheme of Administration responsibility for determining Council policies such as the Charging Policy and the application of these policies has been delegated to the Cabinet.

4.2 Under the Scheme of Delegation Heads of Service have responsibility for setting charges. Charges should be set within the framework established by the Charging Policy and taking into account the budget agreed by the Council.

4.3 The Chief Financial Officer shall be responsible for maintaining a Council directory of charges listing all relevant charges and discounts or concessions and the arrangements to review charges.

4.4 Appropriate income budgets shall be set for each element of service activity for which a charge is levied. Where appropriate income from charges should be identified in the Council's Financial Plan.

4.5 The Council will produce and publish on its web-site an annual register of charges following the financial planning approval.

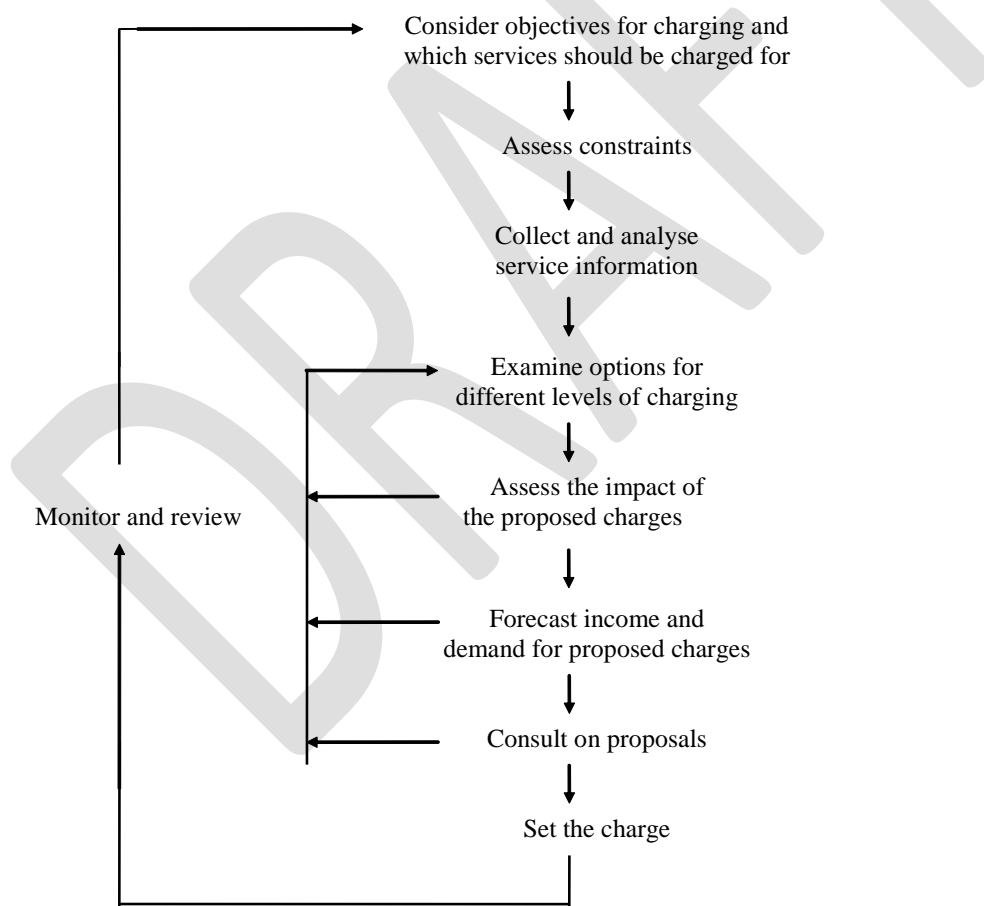
4.6 A detailed breakdown of roles and responsibilities can be found in Appendix 2.

5 CHARGING POLICY

- 5.1 Charges should be considered wherever it is legally and practically possible. The Local Government (Scotland) Act 2003 provides powers for local authorities to charge for discretionary services and enables full cost recovery. However the aim of the act was **not** to provide a new source of income for local authorities, but to encourage new and enhanced discretionary services that promote economic, social or environmental well-being.
- 5.2 Where a Council service is delivered to all residents or householders equally this is considered to be funded from Council Tax. In general, charges should be considered where only some members of the public benefit from the service provided. This policy is based on the assumption that “the user pays” and that in general non-users do not subsidise users through Council Tax. Service users should make a direct contribution to the cost of providing services at their point of use. When charges for services are reviewed it should be against this background.
- 5.3 The decision on whether to make a charge is not always within the control of the Council. Where it is, it is important that the implications of the charging decisions being taken are fully understood and the elected members have the appropriate information they need to make informed decisions.
- 5.4 It is the Council's policy that unless there is good reason why an exception should be made, a charge should be made for all discretionary services and statutory services where the Council has control, in accordance with this policy. Where charges for services are not made, or a full cost recovery approach is not used, then this should be justified and documented.
- 5.5 Charges implemented should be both lawful and in line with the Council's corporate strategy and priorities.
- 5.6 A review of market conditions should be undertaken and considered when setting and reviewing charges. The council will provide information and consult as appropriate on proposals to introduce charges or amend existing charges prior to the Council taking its final decision as part of the budget process.
- 5.7 The Council will not raise an invoice for a charge unless:
1. The charge has been set by the Council
 2. The charge could not have been obtained in advance
 3. The charge is collectable. Customers must be clearly aware they have a liability for the charge and where they fail to pay for charges they will then be liable for the additional costs of enforcement
 4. The charging department has evidence to support the raising of a charge (i.e. order, written contract, statutory obligation etc.).
- 5.8 The Council's charging policy also applies to one-off charges.
- 5.9 Appendix 3 provides details of the administration of charges

6 SETTING CHARGES

- 6.1 The Council will aim to maximise income from charges by ensuring, where practical, that charges to users reflect the full cost of the service provision, unless there is a case of a discount or concessions or where there are legal or contractual reasons.
- 6.2 A business case must be made to support the creation of any new charge for a Council service. The business case must include a calculation of the full cost of providing the service, including where practical and appropriate overheads and capital costs. Where appropriate the business case should be accompanied by an Equality Impact Assessment
- 6.3 A “staged approach” to external charging as recommended by the Accounts Commission is shown below:



- 6.4 Each Head of Service shall be responsible for setting the level of existing charges in their respective service area in line with this Charging Policy and taking into account the budget set by the Council.

- 6.5 The Accounts Commission has provided a useful check-list (see Appendix 4) for use by service managers in applying a systematic approach to setting and reviewing charges. The Finance service will support this process through the provision of advice and analysis relating to costs incurred in the discharging of services and income received.
- 6.6 Charges should be based on full cost recovery where practical. Full cost recovery means recovering the total costs of an activity, including the relevant proportion of all overheads (indirect costs). Each service has costs directly associated with it, such as the cost of staff or equipment (direct costs). It will also draw on the rest of an organisation's resources. For example, it may occupy corporate property, and draw resource from central functions such as Finance or, Legal services. Full cost recovery works on the premise that both direct costs and a relevant portion of overheads are integral to the delivery of a service. By calculating the full costs of a service, the Council can make more informed decisions about both managing the costs and allocating funding to recover them.
- 6.7 Proposals for introducing charges or for amending existing charges should be considered as part of the budget setting process. Reports containing proposals to levy new charges shall include the following information:
- The aim or objective of the charge and how it links to the Council's priorities
 - The basis of the charge, i.e. statutory or discretionary
 - The current year charge, the proposed charge and the percentage increase
 - Details of any proposed subsidies, concessions or exemptions, with details of justifications and how they link to the Council's priorities
 - The full cost of providing the service (in line with full cost recovery principles) and the estimated income from the charge
 - Whether the charge is being set net or gross of VAT
 - The date from which the new charge will be levied
 - Forecast surplus / subsidy (if applicable).
- 6.8 In setting charges, any relevant government guidance relating to the service making the charge shall be followed.
- 6.9 When setting or reviewing charges it is important to consider:
- The legal basis on which the charge is made
 - The reason for charging and the rationale for providing the service
 - The impact of charging on service users
 - Equalities impacts
 - Environmental impacts
 - Effects of charges on demand and on total income
 - Administration cost of raising and collection of the charge

- The relationship of the service to Council objectives
 - The wider market and what competitors or neighbouring authorities are charging.
- 6.10 The cost of changing charges can be considerable and should be factored into any evaluation when reviewing charges or considering new charges. These costs may include:
- Consulting users (sometimes a statutory requirement)
 - Publicising the changes
 - New stationery
 - Administration and finance time.
- 6.11 If the income from a service does not meet its costs or where a reduced rate is being charged the service is effectively being subsidised by Council taxpayers. Where this occurs it will be a conscious choice and should be consistent with Council objectives and this should be recorded in the relevant report or Council decision.
- 6.12 Charges must be balanced against participation targets to ensure price increases do not impact on overall income.
- 6.13 Commercial operators should pay the full cost of any service they receive from the Council. Services received by commercial organisations should not be subsidised by other users or Council taxpayers.
- 6.14 Legal and financial advice should be obtained when new charges or revisions to existing charges are being considered.

7 DISCOUNTS

- 7.1 There are those in our community who are disadvantaged and should be provided with assistance to overcome such disadvantage. The Council has a major role to play in this regard and there are areas where the Council can offer assistance, either because central government has dictated such a policy or because the Council believes it has a responsibility to meet such needs in the community.
- 7.2 Discounts (also known as subsidies or concessions) cover a wide range of differing situations. A discount can be a reduction in the cost or charge, the provision of a subsidy or grant to offset the full cost, or a discretionary rate offered to a selected organisation or group. For example, the Council may wish to apply a concession to a particular age group such as children or older people, or people in receipt of a welfare benefit.
- 7.3 Discounts are a cost to the Council, and as such need to be managed in a consistent manner and need to be applied to ensure the delivery of Council

services in an anti-discriminatory manner.

7.4 In offering discounts in relation to particular activities or customer groups a basis should be applied which is consistent with achieving the Council's overall objectives. The use of discounts to service users can be used to help to increase access to services by:

- Encouraging the use of services among particular groups of people
- Allowing continued access to services by people who are financially disadvantaged
- Reflecting different levels of need for the service amongst users.

7.5 The need for a clear policy on discounts will increase when the full cost recovery of a service provision is passed on to the customer. Blanket discounts should only be considered where the Council considers that the benefits to the community outweigh expenditure or loss of income. Specific points to consider when establishing or reviewing the level of any discount offered for a particular service include:

- Are we benefiting local residents?
- Can a discount policy contribute to wider policy objectives aimed at maximising access to services from disadvantaged groups?
- Is the policy to target specific groups with discounts still valid?
- To what extent is there evidence that the discount policy is successful in benefiting the target groups?
- Are there other groups that should be considered for discounts?

7.6 An assessment of the desirability of offering discounts (and the financial implications) needs to form part of the evaluation of an appropriate charge for a given service and should be considered as part of the business case or Equality Impact Assessment.

8 REVIEWING CHARGES

8.1 In order to ensure that charging levels are maintained and to assist in the service and financial planning process, charges should always be subject to an annual review in line with the categories set out in Appendix 4. Charges may be reviewed to reflect general inflation. Where inflation is not an appropriate indicator of price rises, the level of charges can be varied in line with other specific factors.

8.2 Reviews of all charges including consideration of current charges and the potential for new charges shall be undertaken as an integral part of the service planning and budget setting process each year.

8.3 Charges set outside the charging framework, such as one-off charges relating to

an event should also be reviewed in line with this Charging Policy.

- 8.4 A review of charges may be carried out for other than financial reasons; e.g. as part of a Best Value review of a service; as part of a review of how a service is meeting its objectives; as part of a process to manage demand or promoting certain behaviours, or to promote and encourage access to services.
- 8.5 When reviewing charges it is often useful to undertake a benchmarking exercise, which should take into account the history of charging in the local authorities, variations in service delivery expectations and political considerations.

9 REVIEWING THIS POLICY

- 9.1 We are committed to continuous improvement so it is inevitable that there will be changes to the way in which the Charging Policy is delivered. This policy will be reviewed every three years Service Manager Corporate Finance and agreed by the Chief Financial Officer in consultation with Heads of Service. It will be updated to take account of changes in legislation, service improvements or changes to the Council's Financial Regulations.

East Lothian Council

**Adult Wellbeing
Charging Policy**

2014

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1	INTRODUCTION
1.1	<p>Income from fees and charges is one of the three major financing sources for local authority services. Those three sources are: -</p> <ul style="list-style-type: none"> • Grants from central government • Local taxation • Fees and charges
1.2	<p>The Chief Financial Officer (CFO) has responsibility, under Section 95 of The Local Government (Scotland) Act 1973, for the proper administration of the financial affairs of the Council. One such area of administration is that relating to external charging for goods and services provided by the Council.</p>
1.3	<p>The Local Government (Scotland) Act 2003 provides powers for local authorities to charge for discretionary services and enables full cost recovery.</p>
1.4	<p>Consultation with the Chief Social Work Officer must take place to ensure statutory responsibilities are adhered to when formalising the Adult Wellbeing Charging Policy and when setting any specific charges.</p>
1.5	<p>The Adult Wellbeing Charging Policy takes account of the legislative framework for adult social care including</p> <ul style="list-style-type: none"> • Social Work (Scotland) Act 1968 • Community Care and Health (Scotland) Act 2002 • Mental Health (Care and Treatment) (Scotland) Act 2003 • Chronically Sick and Disabled Persons (Scotland) Act 1972 • Disability Discrimination Act 1996 • Human Rights Act 2000 • Equality Act 2010 • Adults with Incapacity (Scotland) Act 2000 • Adults Support and Protection (Scotland) Act 2007 • Welfare Reform Act (2012) • Social Care Self Directed Support (Scotland) Act (2014) • National Assistance Act (1948)

1.6	In exercising its discretion to charge for some Adult Wellbeing Services, the Council must comply with all relevant legislation and follow any statutory guidance governing the extent of its powers.
1.7	The development of this policy has taken account of best practice for the setting and implementation of Adult Wellbeing charges in a national context including CoSLA National Strategy & Guidance on charges applying to non-residential social care services, 2014/15 and the corporate Charging Policy for East Lothian Council.
1.8	<p>Fees and charges fall into three categories: -</p> <ul style="list-style-type: none"> • Where there is a statutory prohibition on charges • Charges that are set nationally • Charges that are set locally by authorities
1.9	East Lothian Council will charge for social work services only where it has a statutory power to do so.
1.10	The purpose of this policy is to set out the broad principles that govern charging for Adult Wellbeing services where the Council has discretion to set the charge. The application of this policy will bring greater clarity to the process of setting charges and will therefore assist the Council in meeting its statutory obligations and achieving its corporate objectives.
2	POLICY AIMS
2.1	Good practice for Councils suggests a default position of using a full cost recovery approach as the basis for discretionary charging where practical unless the Council has endorsed a policy of partial cost recovery, i.e. has agreed to subsidise a chargeable service.
2.2	The Adult Wellbeing Charges policy therefore aims to provide the basis upon which the Council will use discretion to decide against employing a full cost recovery approach for certain services.

2.3	In addition to considering the use of the Council's discretion in relation to setting charges in terms of policy based outcomes, the Council's general approach will be to make a charge only where the income from charging is greater than the cost of administering that particular charge.
2.4	The aim of the policy is to maximise the Council income, whilst recognising the need to ensure that some groups or individuals may require assistance to overcome disadvantage based on a scheme of defined and fairly applied discounts and levels of client contributions.
2.5	How decisions to charge or not charge are communicated is an important consideration. The policy will require the costs associated with providing Adult Wellbeing services to be calculated before a charge is levied in order to inform the decision making process. Where the conclusion is that no charge will be made for a particular service the Council may wish to consider how this is presented (e.g. 'free', 'priority service', 'free at the point of use', etc.) In doing so, the Council may wish to consider any description of the decision not to charge in relation to other Council services for which no charge is made to ensure that a consistent approach is taken (e.g., free entry to museums, refuse collection, health services, etc.).
3	LINKS TO CORPORATE PRIORITIES AND OUTCOMES
3.1	The East Lothian Single Outcome Agreement provides the framework for identifying the outcomes which the Adult Wellbeing Charging Policy contributes towards achieving.
3.2	The Adult Wellbeing Charging Policy is also aligned with the Corporate Charging Policy and the Council's Vision.
3.3	The Adult Wellbeing Charging Policy has the potential to impact in relation to a number of the outcomes defined by the East Lothian Partnership in the East Lothian Plan (2013).
3.4	The East Lothian Plan Single Outcome Agreement 2013-2023 has a single overarching priority which is to reduce inequalities both within and between our communities. There are three strategic objectives: sustainable economy - resilient people - safe and vibrant communities and ten high-level outcomes, each with contributory outcomes, which provide a clear vision for East Lothian.

3.5	<p>The ten East Lothian Outcomes 2013-2023 are aligned with the 16 National Outcomes (http://www.scotland.gov.uk/About/Performance/purposestratobjjs). The East Lothian Outcome Framework has identified contributory outcomes and outcome indicators to enable the East Lothian Partnership to monitor performance across the 10 high-level outcomes (http://www.eastlothian.gov.uk/downloads/file/7403/the_east_lothian_plan_single_outcome_agreement_2013-23).</p>
3.6	<p>Outcome 1: East Lothian has a growing sustainable economy.</p> <p>The Adult Wellbeing Charging Policy takes account of this outcome by recognising the need to avoid negatively impacting on the ability of an adult with a disability to become employed or to volunteer. The policy seeks to actively support achieving this outcome noting that achieving success may be due in part to the impact of the charging policy. How the charging policy relates to other factors contributing to the achievement of this outcome should be taken into account to ensure that service users are able to contribute positively to the local economy wherever possible.</p> <p>The Policy also recognises the economic impact associated with demand for services used by adults with a disability (eg. taxi services).</p>
3.7	<p>Outcome 2: The cycle of poverty is broken for individuals and families in East Lothian.</p> <p>The Adult Wellbeing Charging Policy will ensure that the ability to pay for services is assessed in relation to income to ensure charges are affordable for all and will contribute positively to the outcomes defined by the single outcome agreement. The policy will allow for the application of discounts and/or client contributions with a view to achieving the contributory outcome 'People are more financially capable and less financially excluded'. The provision of appropriate advice and support from licensed agencies such as Citizen's Advice Bureau and Lothian Centre for Inclusive Living will be signposted when the ability to pay Adult Wellbeing charges is financially assessed by the Council.</p>
3.8	<p>Outcome 3: Communities in East Lothian are able to adapt to climate change and reduced finite natural resources.</p> <p>Outcome 8: East Lothian has high quality natural environments</p>

	<p>Carbon emissions associated with journeys using motorised transport will be minimised wherever possible. Charging for Adult Wellbeing transport will seek to reduce carbon emissions overall with a view to achieving the contributory outcome 'Our use of finite resources is lighter as we change our patterns of consumption.'</p>
3.9	<p>Outcome 4: All of East Lothian's young people are successful learners, confident individuals, effective contributors and responsible citizens.</p> <p>Outcome 5: East Lothian's children have the best start in life and are ready to succeed'</p> <p>The Adult Wellbeing Charging Policy recognises the importance of transition from children's services and will seek to support the contributory outcome 'All children, including those at risk, looked after, or with a disability, make appropriate progress, taking into account their age, aptitude and abilities.' It also recognises that service users may be parents of dependent children and will seek to consider the impact on service users' children from charges. Children and young people can be carers of adults and the policy will aim to avoid any undue or unintended negative consequences for young carers.</p>
3.10	<p>Outcome 6: In East Lothian we live healthier, more active and independent lives'</p> <p>This outcome is central to the work of Adult Wellbeing and the Charging Policy seeks to ensure that it is achieved in the immediate, medium and long term. Key contributory outcomes include 'People are more physically active', 'Health is improving and the gaps in health inequalities are closing' and 'People are enabled to live at home and access opportunities in their communities for as long as possible'.</p>
3.11	<p>Outcome 7: East Lothian is an even safer place</p> <p>The consequences of applying the Adult Wellbeing Charging Policy must ensure that service users remain safe.</p>
3.12	<p>Outcome 9: Everyone in East Lothian has access to quality sustainable housing.</p>

	<p>Charging for Adult Wellbeing services associated with supporting people to live at home longer make a key contribution to achieving this outcome. The policy is particularly relevant for achieving the contributory outcome 'People with particular needs are able to access and sustain their choice of housing, including independent living, where appropriate.'</p>
3.13	<p>Outcome 10: East Lothian has stronger, more resilient, supportive, influential and inclusive communities.</p> <p>The Adult Wellbeing Charging Policy will provide service users with the opportunity to contribute positively to their community wherever possible and will seek to achieve the contributory outcome, 'People have the skills, confidence and capacity to make positive changes in their lives and their communities.'</p>
4	CHARGING POLICY PRINCIPLES
4.1	<p>The basic principles on which the Adult Wellbeing Charging Policy is based are as follows:</p> <ul style="list-style-type: none"> • Charges will be affordable and account will be taken of the ability of an individual to pay; • Charges will be easy to understand and administer; • Charges will be transparent and well communicated to service users; • The level of charging will not exceed the cost to the Council of providing the service; • The income or assessed benefit from charging will be greater than the cost of collection • The Council will aim to comply with all relevant national guidance including the CoSLA National Strategy & Guidance on charges applying to non-residential social care services; • The Council will aim to minimise the cost of collection;
	<p>Charges will be designed in the context of integrated health and social care with a view to ensuring that income achieved through charging for a service does not result in undue stress and/or a negative financial</p>

	consequence for services provided elsewhere.
5	TYPES OF SERVICES COVERED BY THIS POLICY
5.1	The scope of the policy extends to all types of care and associated ancillary services (eg. meals) provided by the Council.
5.2	The people who may be affected by this charging policy are adults over 25 and young people aged between 18 and 25. Where a charge is proposed for a specific group, eg. over 65s, this should be indicated when presenting charges for approval.
5.1	Charging for non-residential care services can be considered where the law allows the Council to do so. For illustrative purposes, examples of non-residential care services would include meals services, equipment charges and transport.
5.2	The legal basis for charging for residential services is the <i>National Assistance Act 1948</i> and the <i>National Assistance (Assessment of Resources) Regulations 1992</i> . Charging for residential care is based on the Scottish Government guidance on the legislation and the Department of Health's <i>Charging for Residential Accommodation Guide (CRAG)</i> .
5.4	Financial assessments for residential care will comply with the relevant legislation and regulations and will take account of national guidance.
5.4	It should be noted that some non-residential services in East Lothian are provided by third parties including, for example, the Day Centres. The charging policies of independent organisations are not covered by the Council policy.
6	PROCESS FOR REVIEWING OR INTRODUCING SPECIFIC CHARGES
6.1	The aims and objectives associated with the delivery of social care services are the primary concern when designing these services. When devising charges for social care services, the Council will aim to ensure that social care aims are not compromised.

6.2	The first step in creating a charge for any service should be to calculate the full cost of providing the service, inclusive of overheads and capital costs.
6.3	<p>Proposals on specific fees and charges will include the following information: -</p> <ul style="list-style-type: none"> • The aim or objective of the charge and how it links to the Council's priorities. • The basis of the charge, i.e. statutory or discretionary • The current year charge, the proposed charge and the percentage increase • Details of any proposed subsidies, client contributions or exemptions, with details of justifications and how they link to the Council's priorities • The full cost of providing the service (in line with full cost recovery principles) and the estimated net income from the charge • Forecast surplus / subsidy (if applicable) • Anticipated financial impact for the Council • Anticipated impact on individuals and communities with reference to the outcomes of the Single Outcome Agreement.
6.4	Where charges for a service do not cover the full cost of providing the service, the decision to forego income should be a conscious decision by the Council. When making proposals on fees and charges officers will need to ensure that the decision makers are be made aware of the reasons for foregoing income.
6.5	In addition to considering anticipated impact on individuals and communities when reviewing or introducing specific charges, proposals will require to be informed by an evaluation of the impact of charges to date. Further detail about the monitoring and evaluation process is outlined in section 9.
6.6	All changes to existing charges, the method of assessing the actual charge to be paid and any proposed new charges will be subject to a consultation process prior to approval. The outcome of the consultation process will be presented to inform the decision making process.

6.7	Consultation will take place with people using the services affected by the implementation of the specific charges and their carers.
6.8	The views of other stakeholders will also be taken into account.
6.9	All changes to existing charges and any proposed new charges will require the completion of an equalities impact assessment.
7	AFFORDABILITY AND ALLOWANCES
7.1	Assessment for affordability and allowances can result in a cost to the Council, and as such need to be managed in a consistent manner. The Council's Equality Officer should be consulted on the level of client contributions to ensure the delivery of Council services in an anti-discriminatory manner.
7.2	The basis on which affordability and allowances will be assessed will be defined when proposals are presented for approval. This will include reference to a range of issues including the sources of income and thresholds for capital that will be disregarded when calculating how much people should pay towards the cost of services they receive, any tapers and buffers, etc. and any other qualifying criteria informing the decision to waive or reduce a charge.
7.3	No charges will be made to service users with a DS1500 form who are receiving palliative care.
8	MONITORING THE IMPACT OF THE CHARGING POLICY
8.1	Evaluation of the impact of the Adult Wellbeing Charging Policy will inform the annual setting of charges. Evaluation criteria will include: <ul style="list-style-type: none"> • Impact on outcomes • Impact in relation to other policies • The income generated from charges • The best estimate of the full costs of collecting the charges • Any impact on expenditure due to charging (increase or decrease)

8.2	Views on the impact of the policy will be sought from users of the chargeable services and their carers and from local agencies supporting and advising service users on an ongoing basis. These views will be reported whenever a formal decision about specific charges is sought as outlined in section 6.
8.3	The reporting of views as noted above at 8.2 will be in addition to the statutorily required Equalities Impact Assessment noted at 6.9.
9	REVIEWING THIS POLICY
9.1	The Adult Wellbeing Charges Policy will be reviewed on a regular basis as required and all revisions to the policy will be subject to formal approval.
9.2	In addition to the process for reviewing or introducing specific charges outlined in section 6 of this policy, there will be a process for reviewing the policy.
9.3	Consultation will take place with service users and carers including feedback on the impact of the policy to date and consideration of any changes to the policy.
9.4	Performance data will be taken into account including the cost of providing services, income achieved and evaluation of the administrative procedures used.

Appendix 2: Key Roles and Responsibilities

Stakeholder	Key Role & Responsibilities
Council	Under the Council's Standing Orders and Scheme of Administration responsibility for determining the Council's Charging Policy and the application of the policy has been delegated to the Cabinet.
Cabinet	<ul style="list-style-type: none"> • Responsible for approving the Charging Policy and accountable for the effective management of charging by officers of the Council. • Responsible for approving any proposal to introduce a new source of income or new charges. • Responsibility for approving Licensing fees has been delegated to the Licensing Sub-Committee
Heads of Service including (s95 Officer)	<ul style="list-style-type: none"> • Responsible for setting specific charges within the framework established by the Charging Policy and taking into account the budget agreed by the Council • To be accountable for the effective management of external charging by Officers of the council. Ensure that Financial Regulations and the Scheme of Delegation in relation to the charging for goods and services are adhered to. • Ensure the parts of Policy that apply to their Service are correctly followed. • Proactively support the achievement of corporate targets for Charging. • Ensure that Service Managers are fully aware of their external charging responsibilities. • Ensure that relevant information on the cost of providing the service, the users of the service, and the income to be collected from the service are held by the service. • Ensure that employees involved in the charging process are appropriately trained and the quality of training is kept under continuous review. • Ensure appropriate benchmarking is undertaken to support charges being levied by the Council.
Chief Financial Officer	<ul style="list-style-type: none"> • Advising and providing guidance on setting the policy and ensuring that the policy is implemented. • Responsible for the proper administration of the financial affairs of the Council, one such area being external charging

	of goods and services provided by the Council.
Anyone that processes external charges	<ul style="list-style-type: none"> • Raise the charge on a timely fashion either prior to or immediately following the provision of the goods or service. • Ensure that charges raised are accurate and timely and that evidence to support the charge is retained for audit purposes.
Finance Service	<ul style="list-style-type: none"> • Invoice production and debt recovery, the provision of reports, reconciliations. • Liaison with service users in departments with regards to business processes, disputed invoices and recovering arrears. • Provide joint training along with Business Finance for users.
Customer/ Service User	<ul style="list-style-type: none"> • To make payment for goods and services received within the terms and conditions of the service provision.

Appendix 3: Administration of Charges

The basic principles of administering charges shall be:

- The most economic, efficient and effective method of external charging shall be used and shall comply with the Council's Financial Regulations.
- Wherever it is reasonable to do so, charges shall be collected either in advance or at the point of service delivery to minimise the risk of non-payment and to assist customers manage their liabilities to the Council.
- Providing goods and services before securing payment provides the potential to increase the value of debt outstanding and consequently places the Council at risk in terms of bad debt and potential write-off of bad debt.
- Only where it is considered unreasonable to demand payment in advance, or at the point of delivery, should income be collected by raising a formal debtor's account.
- Where credit is extended to customers, payment by direct debit should be promoted as the preferred method of payment.
- Charges shall be easy to understand and administer.
- Charges shall be transparent and well promoted to service users.
- Where customers fail to pay charges, they shall be made liable for the additional costs of enforcement. Customers must be clearly aware of this additional liability.

All external charges must be despatched within 5 days of the charge being incurred where practical. Charges raised erroneously, or raised not in accordance with this policy and found to be not collectable shall be cancelled immediately or a credit note raised (ensuring an audit trail) by the Sundry Accounts team. Charges raised erroneously shall NOT be written off to the Council's bad debt provision.

Where an incorrect charge to a customer has been made, the Department that originated the charge must inform the Sundry Accounts Team within 3 days of discovering the error and provide instructions as to how the error is to be resolved.

It is not acceptable for any department to raise an invoice and ask for collection not to be pursued.

The Council's standard terms require payments to be made within 30 days upon receipt of invoice and these terms apply to all external charges raised by all departments of the Council. Payment by monthly direct debit should be promoted as a preferred method of payment where appropriate and by agreement with the Sundry Accounts Team as part of an agreed instalment plan.

Where practical and legally allowable advance payment or payment at the point of delivery should be requested for goods and services to minimise the financial risk to the Council. Unless obliged to do so contractually, for example peppercorn rents, officers must not raise an invoice for a debt less than £10 as it is uneconomical to collect.

All departments have a responsibility to ensure income due from external charges is collected in a timely and efficient manner.

Charges should not be levied where:

- The administration costs associated with making a charge would outweigh any potential income.
- Income from external charges exceed the costs of provision of the service, taking one financial year with another.
- Making the charge for the service would be directly contrary to achieving one of the Council's corporate objectives.
- Where it would be counter productive, e.g. where it would result in a substantial reduction in usage of the service (unless that is the objective of the charge). However the use of price mechanisms to influence behaviour provides scope for development in the future.

Within the service and financial planning process, each charge should be identified to one of the following charging policy categories and the appropriate charging policy adopted.

Appendix 4: Charging Policy Objectives and Considerations Checklist

Charging Policy	Policy Objective	Points for Consideration
Full commercial	The Council seeks to maximise revenue within an overall objective of generating as large a surplus (or a minimum loss) from this service.	<ul style="list-style-type: none"> • Are the charges high enough for the business to be profitable? If not, consider whether we should be providing this service. • Are competitors charging similar prices? • Do we offer any premium in terms of service levels that customers would be prepared to pay more for? • How would changes in pricing structure affect demand for the service and potentially its profitability? • How does the proposed fee structure fit in with the long-term business plan for this service?
Full commercial with discounts	As above, but with discounted concessions being given to enable disadvantaged groups to access the service.	
Fair charging	The Council seeks to maximise income but subject to a defined policy constraint. This could include a commitment made to potential customers on an appropriate fee structure. Alternatively, a full commercial rate may not be determinable or the Council may be a monopoly supplier of services.	<ul style="list-style-type: none"> • How do our charges compare to other providers of similar services? • Has the loss of income from not charging on a full commercial basis been evaluated? • Is the policy constraint justifying this charging policy still valid?
Cost recovery	The Council wishes to make the service generally available, but does not wish to allocate its own resources to the service.	<ul style="list-style-type: none"> • Do charges recover the full costs, including overheads, capital charges, recharges and cost of collection? • Is it possible to charge on a full commercial basis and if so has the loss of income from not charging on a full

		<p>commercial basis been evaluated?</p> <ul style="list-style-type: none"> • Are members aware of the effect on demand for this service from this charging policy? • What would be the effect of changing the policy to a different one e.g. subsidised?
Cost recovery with discounts	As above, but the Council is prepared to subsidise the service to ensure disadvantaged groups have access to the service.	<ul style="list-style-type: none"> • Has the cost of the subsidy been evaluated? • What has been the impact on demand and on service levels from adopting this approach? • Does this approach fit in with the requirements of other funding streams i.e., grants? • Is this approach legally required? • Is there a problem of frivolous use of the service?
Subsidised	Council policy is to make the service widely accessible, but believe users of the service should make some contribution from their own resources. Could also be due to the adverse impact a cost recovery or commercial charging policy would have on other council services.	
Nominal	The Council wishes the service to be fully available, but sets a charge to discourage frivolous usage.	
Free	Council policy is to make the service fully available.	
Statutory	Charges are set in line with legal obligations	