

REPORT TO: Cabinet

MEETING DATE: 17 January 2023

BY: Executive Director for Council Resources

SUBJECT: Review of Charging Policy

1 PURPOSE

- 1.1 To agree the updated charging policy attached at Appendix 1.

2 RECOMMENDATIONS

- 2.1 Cabinet is recommended to:
- i. Note the proposed changes to the Council's charging policy, attached at Appendix 1 and detailed within the covering report.
 - ii. Agree that the updated policy attached at Appendix 1 be adopted with immediate effect, and that this version will replace the previous iteration of the policy adopted in 2019.

3 BACKGROUND

- 3.1 The Council's current policy on charging was last updated in 2019 and makes a commitment to review the Charging Policy every three years as a minimum. Cabinet has responsibility for approval of the policy and for overseeing the effective management of charging by Council officers. This report documents the outcomes of the review of the Charging Policy, which officers have undertaken, and seeks Cabinet's approval for the revised policy, which is attached at Appendix 1.
- 3.2 The Council is able to recover the costs of providing certain services through making a charge to service users. For some services, this is a requirement and charges are set out in statute, and in other areas the council has discretion to determine whether charging is appropriate, and the level at which charges are set. The policy attached at Appendix 1 relates to services for which the Council has discretion to set a charge and to set the level of the charge. It should be noted that a separate policy exists for non-residential social care charging.

- 3.3 During the coming years, it is likely that the use of charging will become an increasingly important consideration for the Council's medium term financial strategy, as pressures on the revenue budget limit the extent to which subsidisation of discretionary services is feasible. Recovering the costs of these services from users where possible helps to ensure sustainability of the council's offer to residents and businesses, beyond the statutory minimum.
- 3.4 It is recommended that the following overarching principles should apply for the consideration and review of all current and future fees and charges levied by the council:
- Fees and charges should support the improvement of services, and the delivery of the Council's corporate priorities, as set out in the strategic plan;
 - Where appropriate, fees and charges should seek to maximise cost recovery and income generation, to the extent that the Council's legal powers permit, providing that this would not present any conflict with the Council's strategic objectives.
 - Where a subsidy or concession is provided for a service, this must be targeted towards the delivery of strategic priorities, for example, by facilitating access to services.
 - The process for setting and updating fees and charges should be administratively simple, transparent and fair, and for budgeting purposes, income projections must be robust and rational.
- 3.5 The review of the Charging Policy concluded that the current policy is largely designed to accommodate this, and as such, the changes which are proposed do not represent a fundamental change of direction. A summary of the key changes is provided below:
- Introduction of overarching principles to be adopted when reviewing existing charges or considering the establishment of a new charge.
 - Clarification of the process for reviewing charges, with the intention of linking this to the budget setting process going forwards.
 - Flexibility with regard to inflationary increases, enabling Heads of Service to consider the impacts of inflation over a period of more than one year.
 - Strengthening the requirement for Heads of Service to work in consultation with the Chief Finance Officer and Head of Finance when reviewing and setting charges.
 - Insertion of a requirement for Heads of Service to advise Cabinet members of any changes to existing charges.
 - Clarification around eligibility for subsidies for external organisations and elected representatives.

3.6 The revised policy at Appendix 1 to this report incorporates these changes and Cabinet is asked agree that the updated policy be adopted with immediate effect, meaning that this version will replace the previous iteration of the policy adopted in 2019.

4 POLICY IMPLICATIONS

4.1 The Charging Policy constitutes a significant aspect of the Council's medium term financial strategy. As no fundamental changes to the existing policy are being proposed, this report does not have any specific policy implications at this stage.

5 INTEGRATED IMPACT ASSESSMENT

5.1 The subject of this report has been considered and given there is no change in policy direction, there is no requirement to undertake any further impact assessment.

6 RESOURCE IMPLICATIONS

6.1 Financial – as described above and in the supporting appendices

6.2 Personnel - none

6.3 Other – none

7 BACKGROUND PAPERS

7.1 None.

Appendix 1 – Charging Policy, November 2022

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East Lothian
Council

Charging Policy

Version 4, November 2022

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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
 - Parking
- 1.4 When charges are being considered services fall into one of three categories:
1. 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)
 2. 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)
 3. 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, booking a Council venue etc).
- 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 a separate Non-Residential Social Care Charging Policy aligned to this Charging policy is in place. The application of these policies bring greater clarity to the process of setting charges and will therefore assist the Council in achieving its corporate objectives. This policy does not apply to Council-owned community

centres which are leased to voluntary management committees who can set their own charges. However, it is expected that the charges for use of these facilities would broadly mirror the Council's charging policy to support fairness and equity of access across the county.

- 1.6 Many factors affect the level of charges, including:
- Historical, political, legal and financial considerations
 - Strategic priorities and the objectives of the service area for which the charge is being considered.
 - 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
 - Full cost recovery
 - 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, visitors, 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 that an appropriate balance is achieved between income generation and delivery of service priorities.

- 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 cost 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 customer access 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 The following overarching principles apply for the consideration and review of all current and future fees and charges levied by the council:

- Fees and charges should support the improvement of services, and the delivery of the Council's corporate priorities, as set out in the strategic plan;
- Where appropriate, fees and charges should seek to maximise cost recovery and income generation, to the extent that the Council's legal powers permit, providing that this would not present any conflict with the Council's strategic objectives.
- Where a subsidy or concession is provided for a service, this must be targeted towards the delivery of strategic priorities, for example, by facilitating access to services.
- The process for setting and updating fees and charges should be administratively simple, transparent and fair, and for budgeting purposes, income projections must be robust and rational.

2.4 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.

2.5 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 unless the Council has endorsed a policy of partial cost recovery i.e. has agreed to subsidise a chargeable service.
3. Benchmark our charges against charges set by other Scottish local authorities, with particular reference to the Scottish average charge for the service.

- 2.6 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. Even where charges are set nationally, there is much that the Council can do to improve income performance, including:
- Ensuring service users are assessed where appropriate 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.
- 2.7 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, and widening, access to services.
- 2.8 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, the Council Plan, the Council's Financial Strategy and to national and local outcomes.
- 3.2 **National Outcome**
Our public services are high quality, continually improving, efficient and responsive to local people's needs.
- 3.3 **Local Outcome**

Growing our Capacity – to deliver excellent services as effectively and efficiently as possible within our limited resources. The Council Plan includes a commitment that the Council will continue to strive to maximise its 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 has been delegated to the Cabinet.
- 4.2 Under the Scheme of Delegation, Heads of Service have responsibility for setting charges in consultation with the Chief Finance Officer and Head of Finance. 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/Head of Finance 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 1.

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 the Council's objectives. Where a full cost recovery approach is not pursued, this decision should be documented and kept under regular review.
- 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 Where possible the charge should be made at the point of sale/ delivery of the service. 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 Appendix 2 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 fair and appropriate methodology for establishing and setting individual charges should be determined in accordance with the principle of ensuring that fees and charges support the improvement of services, and the delivery of the Council's corporate priorities, as set out in the strategic plan.
- 6.3 Heads of Service, working in conjunction with the Head of Finance and Chief Finance Officer, will have the discretion to determine the most appropriate method for calculating charges for services within their remit. Full cost recovery is encouraged and it is expected that in the majority of cases this will be the most appropriate approach to determining charges. 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 indirect costs and 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.

Existing Charges

- 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 3) 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.

Reviewing existing charges

- 6.6 Heads of Service have responsibility for reviewing charges in their service areas. Charges should be reviewed by, as a minimum, on an annual basis as part of the budget setting process in order to ensure that charging levels are maintained and to assist in the service and financial planning process.
- 6.7 Heads of Service should work with the Chief Finance Officer / Head of Finance to ensure that the annual review of charges is undertaken with reference to inflation where appropriate. Where inflation is not an appropriate indicator of price rises, the level of charge can be varied in line with other specific factors. This policy recognises that inflation will impact different services in different ways meaning that it may not always be appropriate to apply a uniform level of annual increase across all charges in percentage terms.
- 6.8 The costs of implementing changes may mean that it is not practical to amend charges on an annual basis. Where this applies, it is reasonable for Heads of Service to consider applying larger increases on a less frequent basis, ensuring that the impact of inflation is offset over this period.
- 6.9 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.
- 6.10 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.

6.11 In reviewing existing or setting new charges, any relevant government guidance relating to the service making the charge shall be followed.

6.12 When reviewing or setting 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
- Benchmarking against charges made by other local authorities, with particular reference to the Scottish average charge for the service.
- The impact of inflation on the cost of service delivery.
- The impact on service viability.
- The merits of introducing surcharges or varying certain charges, for example at weekends, public holidays, by type of event, alcohol, music etc. with reference to the aims of this policy.

Appendix 3 provides some suggested questions to assist with the annual consideration of charges.

6.13 The cost of changing charges 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
- IT systems' updating of charging modules
- Administration and finance time.

6.14 If, after a review of charges is carried out, a decision is made not to charge for a service or where a reduced rate is being charged (i.e. the income from a service does not meet its costs) 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.

6.15 Charges must be balanced against participation targets to ensure price increases do not impact on overall income.

6.16 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.

- 6.17 Legal and financial advice should be obtained when new charges or revisions to existing charges are being considered.
- 6.18 Heads of Service will ensure that Cabinet members are advised of any proposed variations to existing charges. The finance service will work towards ensuring that a full list of fees and charges will be presented as part of the formal budget process in advance of commencement of financial year.

New Charges

- 6.19 In line with the policy aims, charges should be introduced when the assessed income or other contribution to policy objectives is greater than the cost of charging. Heads of Service shall be responsible for ensuring that this is kept under regular review, and proactively identifying opportunities for introducing new charges where appropriate, in line with the principles of full cost recovery and “the user pays.”
- 6.20 Proposals to introduce new charges should be considered as part of service planning and should be based on robust evidence, incorporating the anticipated financial impact of introducing the charge, as well as the potential impact on demand for the service. Proposals should also be accompanied by an Integrated Impact Assessment.
- 6.21 Where possible, proposals for introducing new charges should be considered as part of the budget setting process and members shall be consulted on the introduction of new charges.
- 6.22 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 full cost of providing the service (in line with full cost recovery principles) and the estimated income from the charge
 - The proposed charge
 - Details of any proposed subsidies, concessions or exemptions, with details of justifications and how they link to the Council’s priorities
 - 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).

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, or exempt specific categories of service users or events from particular charges.
- 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 equitable manner.
- 7.4 In offering discounts in relation to particular activities or customer groups criteria should be applied which are 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 Appendix 4 sets out the discount/ subsidy to be applied to different categories of organisations, events or activities. The need for consistent application of the 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 THIS POLICY

- 8.1 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 by the Service Manager Corporate Finance and agreed by the Chief Financial Officer in consultation with Council Management Team. It will be updated to take account of changes in legislation, service improvements or changes to the Council's Financial Regulations.

Appendix 1: Key Roles and Responsibilities

Stakeholder	Key Roles & Responsibilities
Council	<ul style="list-style-type: none"> 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. Responsible 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, working in conjunction with the Chief Finance Officer and Head of Finance. 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. Ensure that the customer or service user is provided with written details of the conditions pertaining to the charge for which they are liable. This should include the policy on cancellations and refunds where applicable.

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 2 – 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 3: Charging Policy Objectives 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 and the average charge set by Scottish local authorities? • 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?

		<ul style="list-style-type: none"> • Is it possible to charge on a full commercial basis and if so has the loss of income from not charging on a full commercial basis been evaluated? • 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	
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.	

Appendix 4: Discount / Subsidy for Organisations, Events & Activities

Category	Description of Organisation, Event or Activity
<p>Category 1: East Lothian Council Owned & Managed Activities or Events</p>	<p>0% of Fee Charged The Council wishes to make the service fully available, and requests. No contribution to the costs of delivering the service within this category.</p> <p>If space, facilities or services are required for the undertaking of the council's own activities or events, then no charge will be made other than services that are normally recharged to service budgets.</p> <p>This includes active schools sessions and other healthy/active lives programmes managed by the council, but does not include other activities or programmes supported but not managed by the council. Full subsidy is only available for other events or activities if the Service Level Agreement (contract) in place has agreed terms of full discount. Official Armistice Day Commemorations shall also receive category 1 subsidies.</p> <p>Parent/Teacher Associations and Parent Councils will fall within category 1 for the use of school facilities during normal operational hours, but will be considered under categories 2 - 4 for all other/ additional services and provisions.</p> <p>There may be occasions when external organisations will benefit from free use of council facilities through participation in an event or meeting hosted by the Council. For the avoidance of doubt, bookings made by council officers on behalf of external organisations will be charged at the appropriate booking fee, less any applicable discounts.</p> <p>Accommodation for the purpose of facilitating face to face surgeries will be available to elected representatives, MPs and MSPs free of charge in any building that is open and staffed for another. However, if the required accommodation is in a particular building or at a particular time where that building would not otherwise be open, the Council will impose a charge for the booking to cover the cost of staffing, heating and cleaning for that period.</p>
<p>Category 2: Voluntary & Charity Organisations/ Events</p>	<p>Maximum 50% Subsidy of Full Charge The Council wishes to make the service widely available, but still requires a fair contribution to the costs of delivering the service within this category.</p>

This rate of charge should be applied to charities and voluntary organisations where the primary purpose of the organisation is to provide events, activities or services for the benefit of: the whole community, young people, vulnerable or disadvantaged people for free or at very limited charge.

Examples of voluntary and charitable organisations but are not limited to:

- Mental health support groups
- Poverty Action Groups
- OAP Organisations
- Children's Playgroups/Youth Clubs/Young People's Organisations
- Support Groups (e.g. Alcoholics Anonymous, Single Parents, Carers)
- Festival/Gala Day Organisations
- Community Councils
- Parent Councils and PTAs

Examples of such events or activities but are not limited to:

- Community sport days
- PTA fund raising events
- Public firework displays
- Public holiday celebrations
- Children's Playgroups/Youth Clubs/Young People's Support activities & meetings
- Community Support Group events & meetings
- Free Entry Rural or Town Festivals/Galas
- Community Council Meetings/Public Events

To receive the subsidised rate events and activities should not include free hospitality, gifts or prizes to organisers, service providers, stand holders, invited guests or competitors, other than the provision of soft drinks & light refreshments. Nor should the event provide significant profit making opportunities to any business or operation, including not-for-profit trading organisations. The event should also be significantly managed, operated and staffed by volunteers and have no political affiliations.

Category 3: Non-Profit Making, Faith Based Groups, Enthusiast, Hobbyists or Active Recreation

Maximum 25% Subsidy of Full Charge

The Council wishes to make the service available, and is prepared to **discount the service to a limited degree** to support within this category.

This rate of charge should be applied to organisations that operate on a non-profit making basis and where their activities are of a general recreational nature, as distinct from a charitable cause or a specific social need or community service. Organisations in this category will

	<p>normally comprise individuals who give their time on a voluntary basis.</p> <p>These events and activities should have no or very limited commercial or financial benefit to the organisers, stand holders or service providers, but are not hosted as a charitable or community wide activity or fundraiser. Often these events or activities are run for the benefit, special interest, or aims of their members and participants or for a segment of the community, rather than having broad, whole community participation.</p> <p>Examples of such events or activities but are not limited to:</p> <ul style="list-style-type: none"> • Specialist interest rallies or hobbyist activities & events • Recreational walking groups • Flower & produce shows • Adult & youth sporting events and sports training of a non-professional nature • Amateur Drama, art or performing art activities and events • Historical re-enactments • Commemorative parades other than for Armistice Day • Not for Profit training and learning events • Craft or social groups <p>To receive the subsidised rate the event should not include free hospitality, gifts or prizes to organisers, service providers, stand holders or invited guests, other than the provision of soft drinks & light refreshments. The event should also be significantly managed, operated and staffed by volunteers and have no political affiliations.</p>
<p>Category 4: Commercial & Social Enterprises</p>	<p>100% of Fee Charged The Council wishes to make the service available, but does not wish to allocate its own resources to the service within this category.</p> <p>Events and activities that provide commercial benefit to a profit making business or an operation that is or has the potential to be self-funding and/or generate a surplus, including not-for-profit trading organisations and social enterprises. This includes any event/activity where there is a significant proportion of commercial benefit derived to the organisers or to those involved such as stand-holders, service providers, invited guests or competitors.</p> <p>It should also be applied to central and local government bodies and other public or statutory agencies; as well as individuals seeking space, facilities or services for the purpose of hosting private functions or for their private benefit.</p>

Examples of commercial events includes but are not limited to:

- Dance shows & other commercial performances
- Music or other festivals
- Trade stands, food markets or craft shows
- Art exhibitions (sales or reservations being taken)
- Fun fairs and circuses
- Trade promotions or product launches
- Temporary/pop-up eateries, galleries or shops
- Professional or Semi-Professional Sporting Tournaments

Examples of commercial organisers or beneficiaries includes but is not limited to:

- Any Limited Company, PLC, Sole-Trader, Partnership or CIC
- Other Local Authorities, Health Boards and other Public Bodies
- Dance, Drama or Music Schools, Tutors, Coaches or Performers
- Fairtrade Co-operatives and Other Co-operative Societies
- Market Operators and Stand-holders
- Fitness Instructors, Activity Coaches & Slimming Clubs
- Private Therapist, Life Coaches or Motivational Speakers
- Professional or Semi-Professional Sports Persons, Groups or Events
- Professional Musicians, Choirs, Orchestras, Pipe or Other Bands

Not all council services and facilities will be able to offer subsidised rates of charge. Some services such as Licence Fees require by law to be set at full cost for all applicants. There are other services, especially those associated with individual access (such as leisure facilities) that have different subsidy schemes. There are also a number of facilities that may not, for reasons of Best Value, be able to be subsidised under the guidance given above. However should a service manager be able to offer any discounted rates of charge for any services delivered to organisations, then it should fall within the guidance given above and not exceed the maximum % rates of subsidy. Authorisation is required by the relevant Head of Service when setting charge rates and available subsidies. The full charge for any service or facility should be set at not less than cost recovery.

