

REPORT TO BUSINESS SERVICES COMMITTEE - 9 SEPTEMBER 2021

REVIEW OF THE CORPORATE CHARGING FRAMEWORK

1 Reason for Report/Summary

- 1.1 This report provides Committee with proposed revisions to the Corporate Charging Policy and supporting Framework following consultation with the Directorate Management Teams.

2 Recommendations

Committee is recommended to

- 2.1 Consider and comment on the proposed revision to the Corporate Charging Policy at Appendix 1;**
- 2.2 Approve the revised Corporate Charging Policy at Appendix 2; and**
- 2.3 Acknowledge the proposed revisions to the Corporate Charging Framework at Appendix 3 and note that the Head of Finance has the delegated power to make changes to the Framework, so far as these align with the Policy.**

3 Purpose and Decision-Making Route

- 3.1 Following an internal audit review of the Corporate Charging Policy and Framework, recommendations for improvement were considered by officers and revisions made following consultation with Directorate Management Teams. The proposed changes are now presented to this Committee for approval.
- 3.2 The Corporate Charging Policy was approved by Full Council on [11th February 2016](#). However, in terms of the Council's Scheme of Governance Business Services Committee is the Policy Committee with the delegation to consider all policy matters in relation to Finance. It is therefore appropriate that this Committee considers and agrees revisions to the Policy. The revised Framework which sits alongside the Policy is also presented for consideration and comment. This is an operational document, therefore approval to make the proposed changes is delegated to the Head of Finance.
- 3.3 In recognition of the council-wide application of the policy, consultation has been undertaken with the Chairs and Vice Chairs of the three other Policy Committees and Audit Committee. Feedback from that consultation will be reported verbally to Business Services Committee at the meeting, together with any changes to the proposed revisions which are considered necessary following consideration of the comments received.

4 Discussion

- 4.1 The Corporate Charging Policy and Framework was developed in 2016/17 using the principles agreed through a Scrutiny and Audit Investigation – “Charging for Services – Are you getting it right?” based on the findings of an [Audit Scotland report](#) of the same title.
- 4.2 The investigation recognised the value of fees and charges, and the significant contribution to the Councils overall income, therefore key to assisting with the balancing of the revenue budget on an annual basis. It was also acknowledged that without fees and charges, some services could not be provided.
- 4.3 The recent review found that the Policy and Framework was still appropriate and relevant. There were some points that required revision and clarification to prevent future confusion and possible non-compliance. The key changes are shown in **Appendix 1**.
- 4.4 The proposed revised Corporate Charging Policy is shown in **Appendix 2** and Corporate Charging Framework is shown in **Appendix 3**.
- 4.5 The revised Policy has been circulated to the Chairs and Vice Chairs of each Policy Committee and to the Chair and Vice Chair of the Audit Committee. A verbal update will be provided to Business Services Committee on the feedback received.
- 4.6 The Finance Service will continue to monitor the ease of application and workability of the Policy and Framework and will revise as and when required in accordance with Council Priorities, Directorate Plans, and with reference to the Council’s Medium Term Financial Strategy.
- 4.7 Finance is in the process of developing a “ready reckoner” within PowerBI, which will assist Services in determining the unit cost associated with the chargeable service and will allow for in year monitoring of the actual costs of service delivery. Once developed this will reduce the time-consuming exercise of developing the unit costs on a three-yearly basis, thereby allowing for greater focus on sensitivity analysis, customer engagement and benchmarking.
- 4.8 A template Report has also been created for services to use when presenting fees and charges to Policy Committees for Approval.
- 4.9 The Charging Framework requires that Directorates undertake a full review of charges every three years and an inflationary increase in the intervening years. Below is the current service/directorate status: -

Health and Social Care Partnership / IJB

Next full review required for implementation in 2021/22
Communities Committee 18 February 2021 agreed to dispense with the full review as required by the Framework and agreed to an inflationary increase.

Live Life Aberdeenshire

Pricing update provided to Communities 18 February 2021. Agreement that a full review would be undertaken for implementation in 22/23.

Infrastructure Services

IS Committee 11 March 2021 agreed to the deferral of full charging review. Revised date for submission January 2023 and implementation for Financial Year 2023/24.

Education and Childrens Services

ECS Committee 21 January 2021 agreed the interim review of charges for application in Financial Year 2021/22 and recognised the need for greater harmonisation between ECS and LLA charges.

Business Services

Registration fees will be submitted to Business Services Committee in 21/22.

Licencing fees agreed at the Licensing Sub-Committee Meeting on the 7th of February 2020, the next formal review of licencing fees is due to take place in 2023.

5 Council Priorities, Implications and Risk

- 5.1 This report helps deliver the Strategic Priority “Economy and Enterprise” within the Pillar “Our Economy”, and the underlying principles of having the right people, in the right place, at the right time and responsible finances.
- 5.2 The table below shows whether risks and implications apply if the recommendations are agreed.

Subject	Yes	No	N/A
Financial			X
Staffing			X
Equalities and Fairer Duty Scotland			X
Children and Young People’s Rights and Wellbeing			X
Health and Wellbeing			X
Town Centre First			X

- 5.3 An integrated impact assessment (IIA) is not required because this report seeks the acceptance of a proposal which does not have a differential impact on any of the protected characteristics.
- 5.4 There are no staffing or financial impact as a direct result of the change to the framework document. There may however be financial impacts because of the implementation of the framework, this will however be reported and considered by Policy Committees as and when the charging reviews become due.
- 5.7 The following Risks have been identified as relevant to this matter on a Corporate Level:

Budget Pressures ([Corporate Risk Register](#)).

The following Risk has been identified as relevant to this matter on a Strategic Level:

Balancing the Books ([Directorate Risk Registers](#)).

6 Scheme of Governance

- 6.1 The Head of Finance and Monitoring Officer within Business Services have been consulted in the preparation of this report and their comments are incorporated within the report and are satisfied that the report complies with the Scheme of Governance and relevant legislation.
- 6.2 The Committee can consider this item in terms of Section C 1.1 of the List of Committee Powers in Part 2A of the Scheme of Governance as it relates to resource matters (within agreed budgets) that have been delegated to the Committee.

Ritchie Johnson
Director of Business Services

Report prepared by Susan Donald, Corporate Finance Manager

List of Appendices

- Appendix 1 - Comparison between the 2017 Corporate Charging Policy and Framework and the 2021 proposed changes
Appendix 2 - Draft of Revised Corporate Charging Policy 2021
Appendix 3 - Draft of Revised Corporate Charging Framework 2021

Appendix 1: Comparison between the 2017 Corporate Charging Policy and Framework and the 2021 proposed changes.

Corporate Charging Framework 2017	Proposed Corporate Charging Policy and Framework 2017
<p>Introduction</p> <p>This is the Aberdeenshire Council’s Corporate Charging Framework. It has been developed using the principles agreed through the Scrutiny & Audit investigation titled ‘Charging for Services – Are you getting it right?’ which reviewed an Audit Scotland report of the same title.</p> <p>At present the fiscal restraint being experienced in the public sector means that all public sector bodies have to review their income levels. The Council receives its income from five main sources:</p> <ul style="list-style-type: none"> • Government Grants • Non Domestic Rates • Council Tax • Council House Rents • Fees and Charges <p>The first two income sources, highlighted above, are largely controlled by the Scottish Government. The Council Tax levels have been frozen for eight years, which limits the Council’s ability to manage this income source. The income collected from housing rents is ring fenced and must be spent on council housing.</p> <p>Fees and Charges contribute in the region of £40 million to the Council’s revenue budget and are set, managed and collected locally. It is essential that the fees and charges keep pace with</p>	<p>Introduction</p> <p>This policy sets out the general principles to be applied in relation to setting fees and charges for services provided by the Council and a Corporate Charging framework for determining charging levels, with due regard to Council’s priorities, objectives, demand for services and legislation.</p> <p>Fees and charges should be agreed as part of the medium-term financial strategy process.</p> <p>All services must adhere to this policy and the principles outlined.</p> <p>Aberdeenshire Integration Joint Board, in-line with the Public Bodies (Joint Working) (Scotland) Act 2014, operates several services through Aberdeenshire Council and NHS Grampian. The setting of charges is not delegated to the Integration Joint Board and remains a power held by Aberdeenshire Council</p> <p>An impact assessment will form part of the development and review of all proposed fees and charges set by the Council.</p>

<p>the cost of delivering local services to local people and that where a subsidy is provided this is regularly reviewed.</p> <p>By managing the fees and charges set the Council is able to continue to deliver services which otherwise would be unavailable to Aberdeenshire residents. Fees and charges underpin many of the activities which help to deliver the Council's strategic priorities and plans.</p> <p>This framework seeks to develop guidance which once adopted will allow fees and charges to be reviewed, set, collected and managed in a consistent and transparent manner across all Services of the Council.</p>	
<p>Charging Policy</p> <ul style="list-style-type: none"> • There must be an understanding of the policy intent of setting a fee or charge e.g., to either recover costs, manage demand, influence behaviour etc. • The basis for setting the fee or charge must also be understood i.e., is there statute underpinning or is it discretionary. • Fees and charges should be benchmarked against other public sector bodies and where appropriate the private and voluntary sectors. • Fees and charges should be agreed as part of the medium-term financial strategy process. • The cost of delivering the service should be calculated on a unit basis where possible. 	<p>Charging Policy</p> <p>This policy sets out the general principles to be applied in relation to setting fees and charges for services provided by the Council and a Corporate Charging framework for determining charging levels, with due regard to Council's priorities, objectives, demand for services and legislation.</p> <p>Aims</p> <p>The aim of this policy is to ensure that:</p> <ul style="list-style-type: none"> i. charges are levied on a clear and consistent basis across the Council's services. ii. the affordability of charges and possible concessions are considered iii. recovery of charges is carried out efficiently and effectively; and

- The reasons for not recovering the full cost must be known and approved by Councillors.
- Consultation should be undertaken with members of the public and other stakeholders when changing fees and charges. This should form part of the consultation process on the medium-term financial strategy.
- The ability of residents to pay and any concessions applicable should form part of the decision-making process.
- The cost of collecting the income will be considered during the review and where possible the income should be collected before delivering the service.
- There should be uniformity of fees and charges across Aberdeenshire for similar services where appropriate.

- iv. charges are imposed and implemented in line with Council priorities and policies.

The approval of fees and charges is set out in the [Scheme of Governance](#).

Principles

1. Fees and charges provide income to the Council and can be used to deliver services and Council priorities. The reason for the fee or charge (influence behaviour, manage demand, recover costs) and the basis on which it is levied should be transparent and must be considered against the Council's priorities and policies.
2. Statutory fees and charges may be out with the Council's control and will be charged at the appropriate rate.
3. Fees and charges should be agreed as part of the medium-term financial strategy process.
4. To demonstrate best value, fees and charges should be benchmarked against other public sector bodies and where appropriate the private and voluntary sectors
5. The fee or charge should reflect the full cost of delivering the service and should be calculated on a unit cost basis wherever possible.
6. Subsidised fees and charges or dispensation from full cost recovery must be approved by the relevant Policy Committee and the reason for doing so must be clearly stated.

7. Impact assessments must be completed to demonstrate that consideration has been given to the affordability of fees and charges for service users particularly in respect of those with protected characteristics, and the concessions that will be made available should be part of the decision-making process.
8. Consultation with service users should be undertaken when introducing new fees and charges or when undertaking a full review of existing charges.
9. The cost of collecting the income must be considered during the review and where possible the income should be collected through upfront payment.
10. Where services are charging for the delivery of similar services e.g., the letting of accommodation to community groups, consideration should be given to the feasibility of achieving parity of charges.
11. Services must consult with the Head of Finance prior to suspending charging or collection and they must consider mitigation action. Where the suspension of charging is to apply across Aberdeenshire the Chair, Vice Chair and Opposition Spokesperson of the relevant Policy Committee should be consulted. Any decision to suspend charging or collection for services must be reported to the relevant Policy Committee at the earliest opportunity.
12. The relevant Policy Committee should be advised of revised charges ahead of the annual budget setting process.

<p>The Framework</p> <ul style="list-style-type: none">• Every third year a full review of each fee or charge will be undertaken.• The fee and charge will be subject to an inflationary uplift in the years where a full review is not required. The Head of Finance will agree a suitable inflationary uplift to be applied.• Services will still be able to undertake additional reviews within the three-year period in order to address, technical or financial changes.• Any alterations to fees and charges other than a standard inflationary uplift will require service committee approval.• During the full review of each fee or charge the following information should be reported to committee:• The reasons why a fee or charge is being set (statute, cost recovery etc.),• The cost of providing the service (on a unit cost basis where possible),• Rationale for concessions,• Benchmarking where possible with three other organisations,• Feedback from the consultation process,	<p>Charging Framework</p> <p>The purpose of this framework is to support the Charging Policy and to provide a consistent approach when determining fees and charges.</p> <p>Determining which services should be charged for and why</p> <p>The requirement to charge for a service and what level the charge or fee should be set at, is in some cases set in statute. Similarly, there are some services which by law can't be charged for. When reviewing fees and charges, any legislation relating to the service must be considered, as it may dispense with the need for further work in setting or revising the fee or charge.</p> <p>Reviewing Fees and Charges</p> <ul style="list-style-type: none">• A full review of each fee or charge must be undertaken every three years.• In the financial years where a full review is not completed, an inflationary increase should be applied. The Head of Finance will provide services with the appropriate inflationary rate to be applied, based on the inflationary indices in September.• Services may wish to undertake additional reviews within the three-year period to address legislative, technical, or financial changes.
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- The implications of the proposed change on service users and other service providers,
- Implications on demand for the service,
- The method of collecting the charge.
- The service committee should agree the full fees and charges review in December/January, so that the budget can be adjusted and agreed at the Full Council Budget Meeting in February.

- Any change to fees and charges other than a standard inflationary uplift will require Policy Committee approval. (this will include the decision to dispense with the inflationary increase)
- During the full review of each fee or charge the following information should be reported to Committee:
 - The reasons why a fee or charge is being set (statute, cost recovery etc.)
 - The cost of providing the service (on a unit cost basis where possible)
 - Rationale for concessions and the estimated value of the discount
 - Outcome of the benchmarking exercise
 - Feedback from the consultation process
 - The implications of the proposed change on service users and other service providers
 - Implications on demand for the service
 - The method of collecting the charge
 - The level of risk that the council will carry if full cost recovery is not being sought
 - The estimated income value that is expected to be achieved for inclusion in the Medium Term Financial Strategy

The Policy Committee should agree the full fees and charges in sufficient time to allow for the committee decision to be reflected in the Medium Term Financial Strategy.

<p>Concessions</p> <ul style="list-style-type: none"> • Concessions should be considered on a charge-by-charge basis. • Ideally concessions should be triggered or evidenced by a gateway benefit (such as eligibility for Council Tax Reduction) or otherwise in response to social, economic, environmental, cultural, historical, or other policy driven criteria. • When considering eligibility for concessions, officers should highlight any other benefits or concessions which may be available to residents. • The rationale for applying any concessions should be provided to the relevant service committee. 	<p>Concessions</p> <ul style="list-style-type: none"> • The ability of residents to pay and any concessions applicable should form part of the decision-making process and should be considered on a charge-by-charge basis. • Concessions may be provided to support a Council Priority or Policy and may be in response to a social, economic, environmental, cultural, or historical criterion. • The rationale for applying any concessions should be provided to the relevant Policy Committee, with information on the estimated level of take-up and the estimated value of the discount applied. • Consideration should be given to the ease with which service users can evidence entitlement to a concession. • Where concessions are based on means testing, eligibility should be triggered or evidenced by a gateway benefit administered by the Council (such as eligibility for Council Tax Reduction). • When considering whether someone is eligible for concessions, officers should highlight any other benefits they may also be entitled to or sign post the availability of help and advice.
<p>Costs\Unit Costing</p> <ul style="list-style-type: none"> • In order to calculate the full cost of delivering a service the following costs should be included: 	<p>Calculating the cost-of-service delivery</p> <ul style="list-style-type: none"> • When calculating the full cost of delivering a service the following costs should be included:

<ul style="list-style-type: none"> ○ Service Staff and Operational Costs ○ Service Management and Administration, ○ Central Administration Costs (Support Services), ○ Capital Financing Costs (where appropriate). <ul style="list-style-type: none"> ● It is understood that assumptions may have to be made in calculating the unit costs and in some cases, it may be more appropriate to indicate the whole cost of the service/function against a number of charges rather than calculate an individual unit cost. ● The level of subsidy whether at a function or unit level must be provided to the service committee so they have all the information when making the decision. 	<table border="0"> <tr> <td style="padding-right: 20px;">Direct Costs</td> <td>direct employee costs</td> </tr> <tr> <td>Indirect Costs</td> <td>other employee costs, premises, transport, supplies and services, admin costs and third-party payments</td> </tr> <tr> <td>Overheads</td> <td>directorate, and admin and management support costs, financing costs (capital financing costs)</td> </tr> </table> <ul style="list-style-type: none"> ● The amount of overheads recovered as part of the charge should be in proportion to expenditure as compared to that of the total service/directorate. This recovery rate could be based on the proportion of overheads to direct costs and this % used as the recovery rate. ● If full cost recovery is not proposed by the Service, the level of subsidy whether at a function or unit level must be provided to the service committees to inform the decision-making process. 	Direct Costs	direct employee costs	Indirect Costs	other employee costs, premises, transport, supplies and services, admin costs and third-party payments	Overheads	directorate, and admin and management support costs, financing costs (capital financing costs)
Direct Costs	direct employee costs						
Indirect Costs	other employee costs, premises, transport, supplies and services, admin costs and third-party payments						
Overheads	directorate, and admin and management support costs, financing costs (capital financing costs)						
<p>Benchmarking</p> <ul style="list-style-type: none"> ● Benchmarking the proposed fees or charges against other organisations provides a clear picture of whether the level proposed is sustainable. ● In order to comply with this framework benchmarking should be undertaken against comparable charges/organisations where possible. ● One of the benchmarks should ideally be a neighbouring local authority, although this might not be possible in all instances. 	<p>Benchmarking</p> <p>Benchmarking the proposed fees or charges against other providers' such as local private providers or national comparisons with other local authorities will provide a guide for the setting of a fee or charge and will assist with the demonstration of best value as part of the three-year review and should be provided to assist with the decision making process for Committee.</p>						

<ul style="list-style-type: none"> • The other two benchmarks will be determined by officers. • Consideration should be given as to whether the private sector or voluntary sector would be suitable benchmarks. • Information on how the fee or charge ranks nationally would be a useful inclusion in the committee report if available. 	
<p>Collection of the Charge</p> <ul style="list-style-type: none"> • The most economic, efficient and effective method of charging should be used. • There is a clear preference to collect charges: <ul style="list-style-type: none"> ○ In advance of delivery of service, ○ At point of sale ○ By electronic means • The use of invoices to collect fees and charges should be minimised owing to the high cost of processing and the impact on the Council's debt. • Charges and concessions should be easy to understand and administer. 	<p>Collection of the Charge</p> <ul style="list-style-type: none"> • The most economic, efficient, and effective method of charging should be used, and services should consult with the Revenues Manager within Finance on the method of collection before introducing charges. • The collection methods in order of preference are: - <ol style="list-style-type: none"> 1. In advance of delivery of service, 2. At point of sale 3. By electronic means • The use of invoices should be minimised owing to the high cost of processing and the impact on the Council's debt.
<p>Process\Timescale\Format</p> <ul style="list-style-type: none"> • The following process\timetetable will be followed on a three year cycle a full review will be undertaken using the following process: 	<p>Timescale</p> <ul style="list-style-type: none"> • Services are responsible for ensuring that changes to fees and charges have been approved by the relevant Policy Committee for inclusion in the Medium Term Financial Strategy for the following year.

- August\September – Full review of fees and charges undertaken by services and reported to service committee for approval to consult,
- October\November - Consultation process with stakeholders undertaken on proposals,
- December\January— Results of consultation reported to committee and new charges approved,
- February – Full Council approves the budget including the forecast additional income from the new level of fees and charges.

- The fees and charges to be subject to full review will be timetabled as below:

Service	Full Review
Education & Children's Services	Year 1
Infrastructure Services	Year 2
Business Services/IJB*	Year 3

*Integrated Joint Board – Social Care Functions

- Appendix 1 of this report provides indicative pro-forma to report the results of the full review to the service committee.
- Appendix 2 contains a list of all the fees and charges currently raised by the Council.

- The revised fees and anticipated income levels will be included in the budget for Council approval in February/March
- The fees and charges will be subject to a full review in accordance with the timetable below:

Education and Children's Services Year 1
Infrastructure Services Year 2
Business Services Year 3
Aberdeenshire Health and Social Care Partnership Year 3

- Directorates / Services will provide the Head of Finance with a list of all fees and charges for publication on the Council's website.

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| <ul style="list-style-type: none">• Full Council – responsible for approving the corporate charging framework and the revenue budget.• Service Committees – responsible for reviewing and agreeing the triennial review along with any ad hoc reviews of specific charges.• Service Directors – responsible for following the corporate charging framework for the fees and charges under their services control.• Head of Finance – responsible for updating the corporate charging framework, maintaining a corporate register of all charges, agreeing the annual inflationary uplift to be applied and advising on the most efficient method of collecting the income.• Head of Customer Communication and Improvement – responsible for advising on an appropriate method of consulting on the proposed changes to the fees and charges.• Council Officers – responsible for ensuring that the income is collected and banked in a timely manner and that an appropriate audit trail exists to substantiate income collected by raising invoices.• Councillors – responsible for completing the self-assessment question from the Audit Scotland Report. | <ul style="list-style-type: none">• Full Council is responsible for approving the Council's Medium Term Financial Strategy• Policy Committees<ul style="list-style-type: none">○ responsible for approving existing charging levels and the introduction of new charges for the services that fall within their remits○ agreeing the triennial review along with any ad hoc reviews of specific charges• Directors and Heads of Service<ul style="list-style-type: none">○ responsible for adhering to the Corporate Charging Policy for the fees and charges under their services control○ responsible operational guidance for development and review of charges within their service○ responsible for reporting to committee on the achievement of the forecast income levels as part of the Financial Performance Monitoring• Head of Finance<ul style="list-style-type: none">○ responsible for updating the Corporate Charging Policy○ responsible for updating the framework to ensure it supports the achievement of the policy without further Committee approval○ maintaining a corporate register of all charges,○ advising of the inflationary uplift to be applied |
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- advising on the most efficient method of collecting the income
- support services in the development of operational guidance
- provide financial information, advice, and scrutiny on the calculation of charges
- Head of Customer and Digital
 - responsible for advising on an appropriate method of consulting on the proposed changes to the fees and charges
 - responsible for oversight of the online transactions through the corporate website
- Council Officers
 - responsible for ensuring that the income is collected and banked in a timely manner
 - responsible for ensuring an appropriate audit trail exists to substantiate income collected
- Councillors are responsible for scrutinising the setting of fees and charges through Policy Committees

APPENDIX 2: Draft of Revised Corporate Charging Policy

Draft
Corporate Charging Policy

Revised September 2021

Introduction

This policy sets out the general principles to be applied in relation to setting fees and charges for services provided by the Council and a Corporate Charging framework for determining charging levels, with due regard to Council's priorities, objectives, demand for services and legislation.

Fees and charges should be agreed as part of the medium-term financial strategy process.

All services must adhere to this policy and the principles outlined.

Aberdeenshire Integration Joint Board, in-line with the Public Bodies (Joint Working) (Scotland) Act 2014, operates several services through Aberdeenshire Council and NHS Grampian. The setting of charges is not delegated to the Integration Joint Board and remains a power held by Aberdeenshire Council

An impact assessment will form part of the development and review of all proposed fees and charges set by the Council.

Charging Policy

This policy sets out the general principles to be applied in relation to setting fees and charges for services provided by the Council and a Corporate Charging framework for determining charging levels, with due regard to Council's priorities, objectives, demand for services and legislation.

Aims

The aim of this policy is to ensure that:

- (i) charges are levied on a clear and consistent basis across the Council's services.
- (ii) the affordability of charges and possible concessions are considered
- (iii) recovery of charges is carried out efficiently and effectively; and
- (iv) charges are imposed and implemented in line with Council priorities and policies.

The approval of fees and charges is set out in the [Scheme of Governance](#).

Principles

13. Fees and charges provide income to the Council and can be used to deliver services and Council priorities. The reason for the fee or charge (influence behaviour, manage demand, recover costs) and the basis on which it is levied should be transparent and must be considered against the Council's priorities and policies.
14. Statutory fees and charges may be out with the Council's control and will be charged at the appropriate rate.

15. Fees and charges should be agreed as part of the medium-term financial strategy process.
16. To demonstrate best value, fees and charges should be benchmarked against other public sector bodies and where appropriate the private and voluntary sectors
17. The fee or charge should reflect the full cost of delivering the service and should be calculated on a unit cost basis wherever possible.
18. Subsidised fees and charges or dispensation from full cost recovery must be approved by the relevant Policy Committee and the reason for doing so must be clearly stated.
19. Impact assessments must be completed to demonstrate that consideration has been given to the affordability of fees and charges for service users particularly in respect of those with protected characteristics, and the concessions that will be made available should be part of the decision-making process.
20. Consultation with service users should be undertaken when introducing new fees and charges or when undertaking a full review of existing charges.
21. The cost of collecting the income must be considered during the review and where possible the income should be collected through upfront payment.
22. Where services are charging for the delivery of similar services e.g., the letting of accommodation to community groups, consideration should be given to the feasibility of achieving parity of charges.
23. Services must consult with the Head of Finance prior to suspending charging or collection and they must consider mitigation action. Where the suspension of charging is to apply across Aberdeenshire the Chair, Vice Chair and Opposition Spokesperson of the relevant Policy Committee should be consulted. Any decision to suspend charging or collection for services must be reported to the relevant Policy Committee at the earliest opportunity.
24. The relevant Policy Committee should be advised of revised charges ahead of the annual budget setting process.

APPENDIX 3: Draft of Revised Corporate Charging Framework

Draft
Corporate Charging Framework

Revised September 2021

Charging Framework

The purpose of this framework is to support the Charging Policy and to provide a consistent approach when determining fees and charges.

Determining which services should be charged for and why

The requirement to charge for a service and what level the charge or fee should be set at, is in some cases set in statute. Similarly, there are some services which by law can't be charged for. When reviewing fees and charges, any legislation relating to the service must be considered, as it may dispense with the need for further work in setting or revising the fee or charge.

Reviewing Fees and Charges

- A full review of each fee or charge must be undertaken every three years.
- In the financial years where a full review is not completed, an inflationary increase should be applied. The Head of Finance will provide services with the appropriate inflationary rate to be applied, based on the inflationary indices in September.
- Services may wish to undertake additional reviews within the three-year period to address legislative, technical, or financial changes.
- Any change to fees and charges other than a standard inflationary uplift will require Policy Committee approval. (this will include the decision to dispense with the inflationary increase)
- During the full review of each fee or charge the following information should be reported to Committee:
 - The reasons why a fee or charge is being set (statute, cost recovery etc.)
 - The cost of providing the service (on a unit cost basis where possible)
 - Rationale for concessions and the estimated value of the discount
 - Outcome of the benchmarking exercise
 - Feedback from the consultation process
 - The implications of the proposed change on service users and other service providers
 - Implications on demand for the service
 - The method of collecting the charge
 - The level of risk that the council will carry if full cost recovery is not being sought
 - The estimated income value that is expected to be achieved for inclusion in the Medium Term Financial Strategy

- The Policy Committee should agree the full fees and charges in sufficient time to allow for the committee decision to be reflected in the Medium Term Financial Strategy.

Concessions

- The ability of residents to pay and any concessions applicable should form part of the decision-making process and should be considered on a charge-by-charge basis.
- Concessions may be provided to support a Council Priority or Policy and may be in response to a social, economic, environmental, cultural, or historical criterion.
- The rationale for applying any concessions should be provided to the relevant Policy Committee, with information on the estimated level of take-up and the estimated value of the discount applied.
- Consideration should be given to the ease with which service users can evidence entitlement to a concession.
- Where concessions are based on means testing, eligibility should be triggered or evidenced by a gateway benefit administered by the Council (such as eligibility for Council Tax Reduction).
- When considering whether someone is eligible for concessions, officers should highlight any other benefits they may also be entitled to or sign post the availability of help and advice.

Calculating the cost-of-service delivery

- When calculating the full cost of delivering a service the following costs should be included:

Direct Costs	direct employee costs
Indirect Costs	other employee costs, premises, transport, supplies and services, admin costs and third-party payments
Overheads	directorates, and admin and management support costs, financing costs (capital financing costs)

- The amount of overheads recovered as part of the charge should be in proportion to expenditure as compared to that of the total service/directorate. This recovery rate could be based on the proportion of overheads to direct costs and this % used as the recovery rate.
- If full cost recovery is not proposed by the Service, the level of subsidy whether at a function or unit level must be provided to the service committees to inform the decision-making process.

Benchmarking

- Benchmarking the proposed fees or charges against other providers' such as local private providers or national comparisons with other local authorities will provide a guide for the setting of a fee or charge and will assist with the demonstration of best value as part of the three-year review and should be provided to assist with the decision making process for Committee.

Collection of the Charge

- The most economic, efficient, and effective method of charging should be used, and services should consult with the Revenues Manager within Finance on the method of collection before introducing charges.
- The collection methods in order of preference are: -
 4. In advance of delivery of service,
 5. At point of sale
 6. By electronic means
- The use of invoices should be minimised owing to the high cost of processing and the impact on the Council's debt.

Timescale

- Services are responsible for ensuring that changes to fees and charges have been approved by the relevant Policy Committee for inclusion in the Medium Term Financial Strategy for the following year.
- The revised fees and anticipated income levels will be included in the budget for Council approval in February/March
- The fees and charges will be subject to a full review in accordance with the timetable below:

Education and Children's Services	Year 1
Infrastructure Services	Year 2
Business Services	Year 3
Aberdeenshire Health and Social Care Partnership	Year 3

- Directorates / Services will provide the Head of Finance with a list of all fees and charges for publication on the Council's website.

Key Roles and Responsibilities

- Full Council is responsible for approving the Council's Medium Term Financial Strategy
- Policy Committees

- responsible for approving existing charging levels and the introduction of new charges for the services that fall within their remits
- agreeing the triennial review along with any ad hoc reviews of specific charges
- Directors and Heads of Service
 - responsible for adhering to the Corporate Charging Policy for the fees and charges under their services control
 - responsible operational guidance for development and review of charges within their service
 - responsible for reporting to committee on the achievement of the forecast income levels as part of the Financial Performance Monitoring
- Head of Finance
 - responsible for updating the Corporate Charging Policy
 - responsible for updating the framework to ensure it supports the achievement of the policy without further Committee approval
 - maintaining a corporate register of all charges,
 - advising of the inflationary uplift to be applied
 - advising on the most efficient method of collecting the income
 - support services in the development of operational guidance
 - provide financial information, advice, and scrutiny on the calculation of charges
- Head of Customer and Digital
 - responsible for advising on an appropriate method of consulting on the proposed changes to the fees and charges
 - responsible for oversight of the online transactions through the corporate website
- Council Officers
 - responsible for ensuring that the income is collected and banked in a timely manner
 - responsible for ensuring an appropriate audit trail exists to substantiate income collected
- Councillors

Responsible for scrutinising the setting of fees and charges through Policy Committees