

The background of the slide features a large, light blue watermark of the City of Vancouver's coat of arms. The crest is a shield divided into four quadrants. The top-left quadrant shows a sailing ship on wavy lines representing water. The top-right quadrant shows a stag's head with large antlers. The bottom-left quadrant shows a beaver. The bottom-right quadrant shows a grizzly bear. Above the shield is a crown with four maple leaves. A banner at the bottom of the shield contains the motto "A NE FOR A".

Agenda Item 9

Fees & Charges – Concessions

Falkirk Council

Title: Fees & Charges – Concessions
Meeting: Falkirk Council
Date: 25 September 2019
Submitted By: Director of Corporate & Housing Services

1. Purpose of Report

- 1.1 This report sets out actions taken following the budget report to Council on 27 February 2019 where it was requested that a report be presented to Council in September on the implementation of proposals for fully developed concessions for 2020/21.

2. Recommendations

2.1 Council is asked to:-

- 1. Agree to extend the entitlement for free school meals, breakfast clubs and music tuition as detailed in Sections 4.2-4.4, from April 2020.**
- 2. Note that proposals for extending concessions managed by Falkirk Community Trust will be considered as part of the Business Plan process for the 2020/21 budget.**
- 3. Note that proposals for extending concessions managed by the Integration Joint Board will need to be considered alongside the charging review.**
- 4. Note that although the scope for increasing concessions for charges managed by other Council Services is minimal, this will reviewed further as part of the budget process.**

3. Background

- 3.1 The Executive in October 2018 agreed to a Corporate Charging and Concessions Policy. This Policy set out a number of key aims and principles, including ensuring there is a consistent approach to applying concessions.
- 3.2 Concessions are a means for the Council to offer a discount on the standard charge to targeted individuals or groups. The level of discount can range from providing the service free to a percentage reduction or discount on the standard charge. Increasing the numbers

entitled to concessions and the level of concessions offered, aligns with the Council's priority of reducing the impact of poverty on children and their families.

- 3.3 To ensure a degree of consistency the policy noted that for any new charges, free concessions will be available to all customers who are in receipt of means tested income related state benefits. For existing charges in place before the approval of the Policy, the eligibility and level of concessions offered were to be reviewed by Services. If there are reasons that free provision is not possible, this should be clearly justified as part of the Equality and Poverty Impact Assessment and approved by Members.
- 3.4 Given the Policy was applied as part of the 2019/20 budget process for the first time, the Council at its meeting in February 2019 requested that there should be a report back to Council in September with proposals for fully developed concessions for 2020/21.

4. Considerations

Children's Services

- 4.1 As part of the budget process for 2019/20 it was proposed not to change the eligibility for free provision for free school meals and breakfast clubs as they are assessed in line with national standards. In addition there is also universal free entitlement to school meals for all children in primary 1-3. However, to fully align with the Policy, consideration should also be given to extend free entitlement to those children whose families are in receipt of housing benefit, council tax reduction and pension credit.
- 4.2 Based on current claimant data free school meal entitlement could be extended to c700 children across both primary and secondary schools. This would provide an annual saving of between £390 and £480 for parents of a child in primary and secondary schools. Based on current uptake of free school meals the full year cost to the Council would be c£306,000.
- 4.3 For breakfast clubs there is currently a reduced rate of £0.75 per breakfast for those in receipt of housing benefit and council tax reduction. Extending the concession to free entitlement would save parents £140 per child. To facilitate this potential increase in demand the Service estimates that it would require c£25,000 of additional resources to meet additional food and staff costs and to offset any loss in income.
- 4.4 In March 2019, Members agreed to remove the reduced concessionary charges for music tuition and offer the service free to those pupils who are entitled to free school meals. Alignment with the Policy would extend free provision to those in receipt of the means tested benefits noted at para 4.1. It is estimated that the cost, by way of loss of

income is c£6,000 over a full year, however Children's Services may also require additional resources and musical equipment if demand exceeds existing capacity.

- 4.5 The Council is in the process of phasing in the introduction of 1,140 hours of universal free childcare for some 2 and all 3 to 5 year olds. This will be fully implemented by 2020/21. Once this expansion programme is completed in August 2020 it is proposed that we give further consideration to aligning the policy to extend this free entitlement to all 2 year old children whose families are in receipt of council tax reduction or housing benefit from August 2021. Based on current claimant data this would extend free care provision to a further 60 children.
- 4.6 Other than the charges detailed above, the only other fees and charges managed by Children's Services are school and community lets. Ideally these charges and concessions should be aligned to those managed by Falkirk Community Trust. It is proposed that this will be reviewed alongside the Trust business planning arrangements for the 2020/21 budget.

Falkirk Community Trust

- 4.7 The Trust undertake a general review of its charges each year, which takes into account consultation with relevant groups of staff, reference to customer feedback and any relevant information from other comparable services. However, there remains a focus on the generation of additional income. The 'price point' for Trust services has proved to be a vital part of their marketing strategy and whilst work continues to ensure that prices are not a 'barrier to participation', the Trust continues to strive to increase the amount of income generated to reduce its reliance on Council support, through increased levels of income.
- 4.8 Their annual charges review process adheres to a set of 'key principles' which are shown below: -
- FCT 'charges' should not be seen by potential customers as a 'barrier to their participation'.
 - Concessionary charges should ensure that those who can least afford to pay for our services are supported the most.
 - FCT charges should be easily accessible and simple to understand.
 - The timing of the introduction of any revised charge should consider the impact this will have on customers.
 - Charges can be flexible with the ability to offer promotional discounts at appropriate times to actively promote new services or boost falling attendances.
 - Charges will be levied which fully consider local competitors and neighbouring Trusts' and Local Authorities' charges.
 - Charges will enable improved levels of income generation, where market rates and the ability of our customers to pay, allow.

- 4.9 Their annual review is set against the Trust's performance, the on-going reduction to the Trust's allocation of funding from the Council, an increasing number of competitors in the marketplace, a desire from the Council to maintain their prices at relatively low levels and of course the current condition of Trust operated facilities.
- 4.10 One of their key objectives is in ensuring that customers perceive the services that they deliver to represent good 'value for money'. To ensure the Trust supports those in the community with the greatest needs, the Trust continues to place a strong emphasis on ensuring that the concessionary charges established within their concessionary 'Go Card' scheme are set at realistic and affordable levels.
- 4.11 There is an ongoing review of their 'Go Card' concessionary categories and charges, in relation to the anticipated changes as a result of the introduction of the U.K.'s national 'Universal Credit' scheme. The Trust is aware of the Council's 'concessionary charges policy' and its principle of enabling free use of services to those who can least afford such services. The Trust currently offers a range of concessionary discounts on its services that ranges from approximately 30 % to 75%. However, little is offered on a 'free' basis. Extending free concessions will remove a barrier to accessing these services for people on low incomes, although there is no guarantee that it will prove effective in increasing attendances or improve the general health and well-being of the local communities
- 4.12 To align with the Trust's governance and Business Plan arrangements, the introduction of further concessions will be considered as part of the budget arrangements for 2020/21, which will have to take into account the loss of income. The income generated from the Trust's Go Card scheme was £200,000 in 2018/19, although this includes age related and student concessions.

Social Work Services

- 4.13 The Health and Social Care Partnership is drafting a delivery plan setting out a series of projects which will help the Integration Joint Board (IJB) to deliver the vision and outcomes of the Strategic Plan. One of the key workstreams is a review of Assessment and Care Management, as set out in the IJB's business plan for 2019/20. This significant review of practice and process is expected to take 12 to 18 months to deliver. The implementation of the new social work information system will complement the review and help to drive improvements in practice.
- 4.14 The delivery plan includes a review of the charging practice and policy. This is scheduled to be complete, with a revised policy in place by April 2021. In the intervening period, a focus will be given to ensuring the infrastructure is in place to implement the revised charging policy. This will include staff training and development, and configuration of the new system. An update on this work will be provided by the end of the calendar year.

Other Services

- 4.15 For Corporate and Housing Services and Development Services the scope for extending concessions is minimal, primarily as they are business focused and not suitable for applying the Council's concessions policy. However there are a few charges, such as the small handyperson service, special uplift arrangements and blue badge applications, that still need to be reviewed and it is proposed that these are addressed during the 2020/21 budget process.
- 4.16 It should also be noted the Scottish Government recently introduced a new benefit to help low income families meet the costs of a funeral. The payment will be delivered by Social Security Scotland and replaces the Funeral Expenses Payment previously operated by the Department of Work and Pensions. A follow-up report on this will be given to the Executive before the end of 2019.

5. Consultation

- 5.1 Appropriate consultation on fees and charges will be undertaken as part of the Council's budget process.

6. Implications

Financial

- 6.1 Improving the eligibility and level of concessions for existing charges may lead to a reduction in income and increased cost.
- 6.2 If agreed by Members, extending free concessions for school meals, breakfast clubs and music tuition will cost £337,000 over the full year. This would increase the budget gap within the Medium Term Financial Plan and have to be financed by savings elsewhere within the overall Council's budget for 2020/21.

Resources

- 6.3 Children's Services may also require additional resources and musical equipment if demand for music tuition exceeds existing capacity.

Legal

- 6.4 No legal implications arise from the report recommendations.

Risk

- 6.5 Extending free concessions removes barriers to accessing services but may not lead to increased use of services.

Equalities

- 6.6 A consistently applied concessionary policy will help to mitigate the impact of increasing or new charges. All changes to fees and charges are subject to an Equality and Poverty Impact Assessment

Sustainability/Environmental Impact

- 6.7 A sustainability assessment was not required.

7. Conclusions

- 7.1 The Corporate Charging and Concessions Policy sets out a number of key aims and principles, including ensuring there is a consistent approach to applying concessions.
- 7.2 Concessions ensure that access to services is not denied to people on low incomes. The availability of concessions was improved by clearly aligning the eligibility criteria to means tested income related state benefits. In accordance with the Policy, concessions could be extended in 2020/21 for school meals, breakfast clubs and music tuition. The associated costs though would have to be compensated by savings elsewhere within the Council's budget for 2020/21.
- 7.3 Extending concessions for other services will be considered as part of the budget process for 2020/21, in particular those services provided by Falkirk Community Trust.

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Appendices

Appendix 1 Corporate Charging and Concessions Policy

List of Background Papers:

The following papers were relied on in the preparation of this report in terms of the Local Government (Scotland) Act 1973:

- Corporate and Housing Services Files

Corporate Charging and Concessions Policy

Aims of the Policy

This charging policy has been developed to ensure consistency and create a co-ordinated approach to charging and concessions that is applied across all Services.

Its key aims are:

- To outline the key principles for charging by the Council.
- To define the charges covered by the charging policy.
- To ensure there is a consistent approach to applying concessions.
- To set out an annual review process for all discretionary charges.

The Council will operate an effective and efficient income collection system for those charges not paid at, or before, the point of service delivery. The methods of paying charges will be made clear. The procedures for recovering fees and charges raised by invoices will be governed by the Council's "Sundry Debt Recovery Process".

Key Principles

All fees and charges should cover the full cost of providing the service (including overheads), except for those goods or services explicitly set out as subsidised or free. The provision of subsidies should be a conscious choice.

All fees and charges will be set in line with the approved charging policy and should fall into one of the following categories:

Charging Category	Objective
Commercial Charges	The Council aims to cover the cost of providing the service and make a surplus
Full Cost Recovery	The Council aims to recover the costs of providing the service from those who use it
Subsidised	The Council wishes users of the service to make a contribution to the costs of providing it. This might meet a service objective or allow competition with other providers
Free	The Council chooses to make the service available at no charge to meet a service objective
Statutory	Charges are determined in line with legal requirements

Services should consider people on low incomes and balance the need to recover costs with the challenges of poverty and social exclusion that might exist across the Council area.

Where charges are not made for a service, or are reduced below full cost recovery level, the reasons for this should be reconsidered as part of the annual review process to ensure that significant income is not being unduly lost.

Charging should contribute towards the achievement of the Council's priorities.

Charges should be reviewed on an annual basis, using clear and transparent evidence and knowledge to set the level of charges.

Methods of recovery of all fees and charges should be efficient; in order of preference:

- Payment before or at the point of service delivery, "Payment at Point of Sale".
- Paid through a Direct Debit arrangement via the Council's Sundry Debt Arrangements.
- Paid in full through the Council's Sundry Debt Recovery Process.

A clear audit trail of correspondence with each customer is required for all charges that are raised in order to support formal court action should this be required.

The Council's Sundry Debt Recovery Process is available on the Council's intranet.

VAT should be applied at the appropriate rate based on the goods or services being provided by the Council.

Charges and Concessions Covered by the Policy

All charges and concessions will be covered by this policy. If a Service believes that a specific charge or concessions should be exempt from this policy then a clear case for exemption should be submitted for approval by the Service Director to the Chief Finance Officer and then Elected Members. This should outline:

- The reason for the exemption.
- The benefits of an exemption.
- The likely impact of an exemption.
- A commitment to review the exemption annually.
- Any other relevant, necessary information.

Concessions

For any new charges after the 16 October 2018 free concessions will be available to all customers who are in receipt of the means tested income related state benefits detailed below. Any exceptions would have to be justified as part of the Equality and Poverty impact Assessment and approved by Members.

- Income Support
- Income-based Job Seekers Allowance
- Any Income related element of Employment and Support Allowance
- Child Tax Credit but not Working Tax Credit, with an income of less than £16,105
- Both maximum Child Tax Credit and maximum Working Tax Credit with an income of less than £6,514
- Universal Credit with a monthly earned income of not more than £610
- Pension Credit
- Housing Benefit
- Council Tax Reduction

For existing charges, the eligibility and level of concessions offered will be reviewed. If there are exceptions or reasons that free provision is not possible, this should be clearly justified as part of the Equality and Poverty Impact Assessment and approved by Members.

Further concessions may also be given in the case of services fulfilling an important social benefit or in the case of charges designed to achieve a particular policy.

Concessions will not be given for services of a commercial nature. Any subsidised charges should only apply to individuals or voluntary / charitable organisations and not businesses.

Annual Review

In line with the Council's Financial Regulations (section 11) all charges will undergo an annual review (where information is available). The annual review process will be completed by Chief Officers in consultation and agreement with the Chief Finance Officer and completed in time to influence the annual revenue budget process. In addition any proposal to vary charges within year (excluding the revenue budget process) requires approval of Council where the proposal results in a budget adjustment.

The annual review process should consider the following factors:

- Council priorities
- Views of stakeholders and local service users
- The Equality and Poverty Impact Assessment
- Existing and any new legislation covering the charges raised
- Previous year's income
- Trends in user demand and the impact of any increase or reduction in charges in the previous year

- Inflationary pressures
- The potential to move to Payment at Point of Sale
- The value and volume of previous year's income that has been written off
- Council revenue budget and savings targets
- The need for investment in a Service
- Customer survey results and market intelligence including benchmarking where feasible
- The likely impact of any increase or reduction on customers, particularly any vulnerable groups
- Any alternative charging structures and national guidance (i.e. COSLA's guide for non-residential social care charging)
- Apply, where appropriate, the current minimum invoice value of £10 to all non-statutory charges.

The reasons why the full cost is not recovered for services provided must be reviewed annually. In addition any service where no charge is levied, but there is the possibility a charge could be made must be reviewed annually.

The annual review process should be a robust process that explores the rationale behind the level of each charge ensuring that the Council's charges reflect its policies and priorities. It should be based on knowledge and understanding of the impact of charging levels on different groups of customers. The review process should also ensure that the Council is raising the maximum amount of revenue possible, while also protecting the needs of the most vulnerable groups.

The Corporate Charging Policy itself should also be subject to review on a regular basis to ensure it remains up to date and relevant.