

EAST RENFREWSHIRE COUNCIL

AUDIT AND SCRUTINY COMMITTEE

16 January 2014

Report by Clerk

NATIONAL EXTERNAL AUDIT REPORT

CHARGING FOR SERVICES: ARE YOU GETTING IT RIGHT?

PURPOSE OF REPORT

1. To provide information on the Accounts Commission Report *Charging for Services: Are You Getting it Right?*

RECOMMENDATION

2. It is recommended that the Committee considers the report.

CHARGING FOR SERVICES: ARE YOU GETTING IT RIGHT?

3. A copy of the Accounts Commission report *Charging for Services: Are You Getting it Right?* has already been circulated to all Audit and Scrutiny Committee Members. The report is the sixth in a series of publications prepared by the Commission on *How Councils Work* which draw on existing audit work to identify common themes and aim to stimulate change and improve performance.

4. The Members who are leading on the review of this particular report are Councillor Wallace and Councillor Grant. In accordance with arrangements established by the Committee for dealing with national audit reports, the Head of Revenue has provided comments on the report. A copy of the feedback received from him is attached to this report (see Appendix).

RECOMMENDATION

5. It is recommended that the Committee considers the report.

Local Government Access to Information Act 1985

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Background Papers:- Accounts Commission Report *Charging for Services: Are You Getting it Right?*

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AUDIT SCOTLAND – CHARGING FOR SERVICES: ARE YOU GETTING IT RIGHT?

INTRODUCTION

1. Audit Scotland produced the sixth report in a series of reports looking at how councils work, entitled Charging for services: are you getting it right? on 31 October 2013. The report acknowledges that charges for services are an important source of income over which councils have control or influence.

REPORT

2. The main areas of study on which the report is based are:-

- The types of services for which councils can charge, the contribution charges make to a council's overall budget and the extent to which councils have clear policies for charging.
- Examples of good practice including understanding costs and getting the views of people who use the services.
- Provision of a guide to managing charges.

3. Audit Scotland commented that the proportion of income councils collect from charges is increasing at the same time as the proportion of income they collect from council tax is declining. Across Scotland, income from charges as a percentage of council tax income has increased from 40% in 2000/01 to 57% in 2011/12. The East Renfrewshire equivalent figure in 2011/12 was slightly under 20%. Per capita income from charges varies from around £100 in East Dunbartonshire to over £300 in Shetland. In East Renfrewshire charges are around £110 per person which is the fourth lowest in Scotland. This figure includes sports centre income which is excluded for most other councils who operate recreational trusts or similar arrangements.

4. The report suggests that councils should have a clear basis for their charges and Case Study 1 of the report commends the service charge review programme in East Renfrewshire as an example of a structured approach to reviews.

5. It says "The council has a rolling three-year programme of service charge reviews. This requires major charging areas to fully cost the services they provide at least once in each three-year period. Charges are calculated on an appropriate basis such as full-cost recovery, part-cost recovery, or contribution to revenue. This allows councillors to consider levels of service subsidy. In the interim two years, charges are adjusted according to the guidance issued by the director of finance. This includes taking into account the impact of price changes on demand levels and competitor prices".

6. East Renfrewshire Council is also quoted as an example of good practice in consulting service users. "East Renfrewshire Council consulted a theatre users' group over its charges for theatre lets. This group was not able to pay in advance so the council agreed to take payment once the theatre group had received its ticket sales income".

7. The final part of the report provides a guide to important issues which should be considered by both councillors and officers when reviewing charges. Prior to next year's charging review exercise this will be discussed at a meeting with service charging coordinators and finance business partners for all services and any agreed improvements to East Renfrewshire charging procedures will be adopted.

CONCLUSION

8. Audit Scotland has produced a report which studies councils' approaches to reviewing service charges which are becoming an increasingly important source of council income. East Renfrewshire Council's approach was commended as an example of a structured approach to reviewing charges and its consultation of service users was also used as an example of good practice. The report's recommendations will be discussed with departmental charging coordinators and any agreed improvements will be included in the Council's approach to its 2015/16 charging exercise.

David Miller
Head of Revenue Services
23rd December 2013