



REPORT TO: POLICY AND RESOURCES COMMITTEE ON 2 OCTOBER 2018

SUBJECT: CHARGING FOR SERVICES

BY: CORPORATE DIRECTOR (CORPORATE SERVICES)

1. REASON FOR REPORT

- 1.1 To ask the Committee to agree the default inflation increase for fees and charges for Council services for 2019/20.
- 1.2 This report is submitted to Committee in terms of Section III (B) (48) of the Council's Scheme of Administration relating to the setting of charges.

2. RECOMMENDATION

2.1 It is recommended that the Committee:-

- (i) agrees the default inflation increase for charges for Council services for 2019/20 is 3%; and**
- (ii) requests Moray Integration Joint Board (MIJB) to recommend charges for services delivered under the aegis of MIJB.**

2.2 It is recommended that the Committee reaffirms the current policy of permitting circus lets only if the circus concerned is a member of the Association of Circus Proprietors.

3. BACKGROUND

- 3.1 The current Charging for Services Policy was approved by this Committee on 24 October 2017 (paragraph 8 of the minute refers).
- 3.2 Under this Policy, an annual revision of charges is required. In order to preserve the Council's financial position, charges within the control of this Council are generally inflated annually.
- 3.3 An inflation increase cannot be applied to all charges. Some charges levied by the Council for services provided:
- are set by statute, some are limited by statute and some have the method of calculation prescribed by statute.
 - are impractical to increase by inflation on a year-on-year basis, typically small charges and those collected by coin-in-the-slot

machines where the cost of re-calibrating the machines outweighs any increased income which would be generated.

- 3.4 A variety of inflation measures are calculated and reported monthly by the Office of National Statistics (ONS). Although widely referred to and recognised, the Retail Price Index (RPI) is no longer an official statistic. It is still calculated as it is frequently used in transportation contracts and rail fare increases, and in salary negotiations. It currently stands at 3.2%. The government's preferred measure of inflation for some years has been the Consumer Price Index (CPI). The Bank of England target for inflation is 2%. CPI is currently (August 2018, released 19 September 2018) 2.7%. As of April 2017, the preferred measure is CPIH, a variant of CPI which includes the cost of mortgages and Council Tax. Currently CPIH is 2.4%. The main measures of inflation have been just under 3% for much of this year and it is recommended that this is used as the default inflation rate when reviewing charges for 2019/20.
- 3.5 The income generated by charges for services is around £8 million, of which £1 million is retained by the MIJB. Based on that budget, as a rule of thumb, income might be expected to increase by £70,000 for every 1% increase in charges. This needs to be caveated however.
- 3.6 Increasing prices only increases the income to the Council if usage of services remains buoyant. It is known that, generally speaking, increasing prices depresses uptake of services, more so for some services than for others. Understanding the impact of pricing on uptake of services is the first stage towards developing a more commercial approach to charging for council services, and will be taken into account when reviewing charges.
- 3.7 Since April 2018 the Council has a socio-economic duty and requires to consider how any decisions would impact on poverty and inequality. To fulfil this duty an Equalities Impact Assessment will be prepared prior to recommending any specific amendments to charges for council services.
- 3.8 A number of budget proposals as reported to Council on 26 September 2018 (at the time of writing the draft minute was not available) involve increasing charges. The impact of these will be excluded from the savings anticipated to be generated by general uplift, which will be calculated by the accountancy service following approval of the inflation rate to be used for 2019/20 by this Committee and incorporated in the overall budget for 2019/20 to be considered by Council in February 2019.
- 3.9 A comprehensive list of the charges proposed for 2019/20 will be reported to this Committee in February 2019 for consideration and approval.

- 3.10 The Council has the statutory duty of setting charges for and contributions towards social care services. The income generated from these charges is included within the MIJB funding envelope. As the level of charges has an impact on the income to the MIJB and a potential impact on the uptake of services it is considered appropriate that the MIJB recommend to the Council what charges/contributions should be set for social care services.

4. SUMMARY OF IMPLICATIONS

(a) Corporate Plan and 10 Year Plan (Local Outcomes Improvement Plan (LOIP))

The levying of charges for Council services is an essential component of delivering Council priorities on a sustainable basis.

(b) Policy and Legal

There are no legal implications arising from this report, which is in accord with the Council's policy for Charging for Services.

(c) Financial implications

Levying charges for services forms an important part of the Council's strategy for balancing its annual budget, by generating an amount of income from service users.

(d) Risk Implications

There are no risk implications arising directly from this report. There is always a risk that service usage drops if charges are increased.

(e) Staffing Implications

There are no staffing implications arising directly from this report. Increasing charges collected by direct debit entails workload for the Payments Section.

(f) Property

There are no property implications arising from this report.

(g) Equalities/Socio Economic Impact

The Equalities Officer has been consulted in the preparation of this report. There are no equalities implications arising from this report.

(h) Consultations

CMT and the Equalities Officer have been consulted in the preparation of this report.

5. CONCLUSION

5.1 A default uplift of 3% should protect the council's real income from charges, subject to any impact on demand.

5.2 The MIJB should have a strategic role in setting charges for social care.

Author of Report:
Background Papers:
Ref:

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