



REPORT TO: POLICY AND RESOURCES COMMITTEE ON 29 OCTOBER 2019

SUBJECT: CHARGING FOR SERVICES

BY: DEPUTE CHIEF EXECUTIVE (ECONOMY, ENVIRONMENT AND FINANCE)

1. REASON FOR REPORT

- 1.1 To ask the Committee to agree the default increase for fees and charges for Council services for 2020/21.
- 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 increase for charges for Council services for 2020/21 is 5%;**
- (ii) requests Moray Integration Joint Board (MIJB) to recommend charges for services delivered under the aegis of MIJB; and**
- (iii) re-affirms 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 28 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 increased annually.
- 3.3 An annual uplift 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 For the last two years, the default annual uplift has been set at a level equating to a general inflation uplift at one of the government's recognised measures of inflation. As part of the budget setting process in those years, a number of individual charges were increased at a rate above the official rate of inflation. However, in past years, a general above inflation uplift has been proposed as a budget saving.
- 3.5 One of the approaches which the Council has taken to protect services in a time of decreasing core funding from Scottish Government has been to ensure that the Council maximises its income. A strand to that approach is seeking to ensure that – where possible and appropriate – service users pay for the cost of service delivery. This principle is enshrined in the Council's Charging Policy.
- 3.6 Another factor to be considered when setting the rate of charges for 2020/21 is that the salary increases for both teachers and other staff agreed for 2019/20 were 3% - above the rate of inflation as measured by Consumer Price Index (CPI), (latest measure released September 2019 - 1.7%); CPIH (latest measure released September 2019 - 1.7%), and Retail Price Index (RPI), currently 2.6%. Pay inflation is an important measure for the Council as around 50% of the Council's revenue expenditure is on wages and salaries.
- 3.7 In order to protect the Council's financial position and in accordance with the Income Generation stream of the Council's Improvement and Modernisation Programme it is recommended that the default increase for charges which are within the Council's control is 5%.
- 3.8 The Council budgets to generate income of £12 million from charges for services, of which £1.8 million is retained by the MIJB. Almost £2 million is budgeted to be generated by charges set by Scottish Government or otherwise outwith the Council's control. Based on a budget of £8 million for charges within the Council's control, as a rule of thumb, income might be expected to increase by £80,000 for every 1% increase in charges. This needs to be caveated however.
- 3.9 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. For example, uptake of school meals is known to be price sensitive, and services where the Council is effectively competing with the private sector need to be aware of the external market place. 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 individual charges.

- 3.10 Since April 2018 the Council has a socio-economic duty and requires to consider how any of its 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.
- 3.11 A comprehensive list of the charges proposed for 2020/21 will be reported to this Committee in January 2020 for consideration and approval.
- 3.12 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

There are no equalities implications arising from this report.

(h) Consultations

CMT, Heads of Service, the Commercial/Marketing Officer and the Equalities Officer have been consulted in the preparation of this report.

5. CONCLUSION

5.1 A default uplift of 5% should protect the council's real income from charges and contribute towards the savings which the Council has to make for 2020/21, subject to any impact on demand.

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

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Background Papers:
Ref: LP/LJC/