

## **JOINT SCRUTINY COMMITTEE REPORT**

Date Written	6 <sup>th</sup> April 2016
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Service Area	Finance
Committee Date	20 <sup>th</sup> April 2016

*To: Chair, Ladies and Gentlemen*

### **MTCBC Change Programme – Projects Report 5**

#### **1.0 SUMMARY OF THE REPORT**

- 1.1 The Medium Term Financial Plan 2016/17 to 2019/20, approved by Council on 23<sup>rd</sup> March 2016, indicated required budget reductions of £4.079 million for the 2016/17 financial year to be identified through the Council's Change Management Programme.
- 1.2 The Council's Change Management Programme identified additional income generation through service cost recovery as one of the work streams tasked with addressing the Council's required budget reductions over the medium term.
- 1.3 PricewaterhouseCoopers' 'Operating Model Assessment' delivered on behalf of the Council indicated the potential for £2 million budget savings to be identified by following the principles of service cost recovery.
- 1.4 An Income Management and Cost Recovery Policy with supporting principles has been developed based on the concept of service cost recovery and optimisation of income generation (Appendix 1).
- 1.5 The Chartered Institute of Public Finance and Accountancy has issued practical guidance in respect of the flexibility allowed in adopting the service cost recovery principle for discretionary services.
- 1.6 New income opportunities of £611,000 have been identified for 2016/17 (subject to public consultation where appropriate) with detailed business cases developed, with a further £227,000 already implemented as part of the tactical 'quick win' immediate

opportunities exercise approved by Council 28<sup>th</sup> October 2015. These new income opportunities were recommended for approval by Cabinet of 20<sup>th</sup> April 2016.

## **2.0 RECOMMENDATION(S)**

- 2.1 The Cabinet recommended Income Management and Cost Recovery Policy attached as Appendix 1 be considered.
- 2.2 The Cabinet recommended additional income generation opportunities of £611,000, attached as Appendices 2 and 4, be considered.
- 2.3 The Cabinet rejected income generation opportunities attached as Appendices 3 and 5 be noted.

## **3.0 INTRODUCTION AND BACKGROUND**

- 3.1 The Medium Term Financial Plan (MTFP) 2016/17 to 2019/20, approved by Council on 23<sup>rd</sup> March 2016, indicated required budget reductions of £4.079 million for the 2016/17 financial year and a projected £20.302 million for the 4 year period of the MTFP, to be identified through the Council's Change Management Programme.
- 3.2 The '*Operating Model Assessment*' report to Cabinet on 3<sup>rd</sup> June 2015 advised that PricewaterhouseCoopers (PwC) were commissioned to work with the Council for a 12 week period to deliver an Operating Model Assessment (OMA) with the objective being a transformational approach to delivering Council services within a framework of reducing budgets but better services, that is 'better for less'.
- 3.3 The '*Implementing Immediate opportunities and Strategic Partnership Engagement*' report to Cabinet on 3<sup>rd</sup> June 2015 identified opportunities arising from the OMA for developing and implementing a programme of transformation focusing on the delivery of the Council's priorities whilst securing financial stability.
- 3.4 Council of 9<sup>th</sup> September 2015 ('*Strategic Partner Appointment*') approved the appointment of PwC as the Council's Strategic Partner, allowing the outcome of the OMA to be developed for immediate implementation, encompassing the financial years 2016/17 and 2017/18, with anticipated budget savings of £11.3 million. This Council wide transformational programme would be delivered across the following work streams outlined in the OMA:
  - Customer Offering
  - Procurement
  - Back Office Support Services
  - Strategic Support Services
  - Income
  - Outcome Focused Redesign

- 3.5 Cabinet of 21<sup>st</sup> October 2015 (*Strategic Partner – Commencement of Projects: Customer Offering and Procurement*) approved the recommendation for PwC, as Strategic Partner, to lead on the Customer Offering and Procurement work streams. The Council would lead on the remaining work streams as part of an integrated transformational change programme.

#### **4.0 OPERATING MODEL ASSESSMENT (INCOME WORK STREAM)**

- 4.1 Within the OMA, PwC has estimated potential budget reductions of £2 million to £3 million in respect of the income work stream. The approach taken was to compare the Council's cost recovery through income generation against other Local Authorities in Wales by interrogating the statutory Revenue Outturn return for 2013/14 submitted by all Welsh Local Authorities to the Welsh Government.
- 4.2 The PwC analysis included in the OMA concluded that that the Council recovered 11% of its gross expenditure for 2013/14 through income generation. Against gross expenditure of £154 million this equates to income of £16.9 million. The average cost recovery for Welsh Local Authorities was 13% and if applied to the Council would result in additional income of approximately £3 million. It should be noted that the OMA excluded income received from Governmental Grants.
- 4.3 The Council has applied PwC's cost recovery/income generation methodology to the 2014/15 Revenue Outturn return, being the most recent submission since the results of the 2015/16 exercise will not be nationally available until October/November 2016 following the annual closure of accounts process. The exercise excluded income generated from leisure and cultural services owing to the formation of the Merthyr Tydfil Leisure Trust in 2015/16, with the Trust responsible for its own income policy and decisions in respect of income generation.
- 4.4 The 2014/15 analysis indicated that the Council recovered 10.59% of its controllable gross expenditure for 2014/15 through income generation. Against gross expenditure of £145.8 million this equates to £15.4 million. The average cost recovery for Welsh Local Authorities was 12.18% and if applied to the Council would result in additional income of £2.3 million.
- 4.5 Since the statistical returns reflect local demographics, corporate priorities, customer demand and income policies of each local authority, it is understood that the high level comparisons allow questions to be asked rather than definitive judgements to be made in respect of income generation performance. In addition the reliability of the data should be treated with an element of caution owing to the potential for inconsistency between local authorities in the completion of the statistical returns, even allowing for prescriptive guidance notes.

#### **5.0 INCOME MANAGEMENT POLICY / PRINCIPLES**

- 5.1 The proposed Income Management and Cost Recovery Policy is attached as Appendix 1 and has been developed in line with the following principles:

- The Council, subject to market conditions, should aim to maximise income from fees and charges
- All Council services in receipt of an income stream should aim, where appropriate, to be fully cost recovering (including central establishment costs) by 2017/18, unless conflicting with corporate policies and strategies
- Decisions to subsidise services should be agreed by Cabinet only if a clear link to corporate priorities is demonstrated
- Benchmarking and service comparisons should be undertaken against other Local Authorities, and if appropriate the private and third sectors, to assist with informing decisions in respect of full cost recovery.
- Decisions in respect of fees and charges should not be limited to annual review but instead reviewed whenever circumstances dictate in complying with the aim of full cost recovery and optimisation of income generation
- Any concessionary scheme should be based on ability to pay with the approach applied consistently and transparently across all Council services
- A single, consistent method for calculating total cost should be determined and adopted, ensuring a corporate approach to income management
- The corporate governance in respect of assessing proposals for fees and charges be provided by the Budget Board
- All fees and charges should be readily available to the customer, including availability of information on the Council's corporate website, with responsibility for updating information on all access channels lying with service managers
- Cost effective and efficient income collection channels should be in place, including payment in advance for Council services (where appropriate)

5.2 It should be noted that full cost recovery may be achieved through either additional income generation or cost reduction or a combination of the two approaches.

5.3 In line with the income management principles, the income and service cost recovery work stream implementation model has the following characteristics:

- Identify gross expenditure of service area
- Identify total cost of service area, including central establishment expenses
- Identify total income received through fees and charges
- Identify total Governmental grant income received
- Establish net expenditure of service area, being the additional cost required to be recovered to satisfy the full cost recovery principle
- Where appropriate, establish whether opportunities for additional Governmental grant exist
- Establish whether existing income from fees and charges is governed by statutory or discretionary charging mechanisms:
  - If statutory – is the Council charging at the statutory level?
  - If statutory – where upper and lower thresholds exist, is the Council charging at the maximum statutory level?
  - If discretionary – to achieve full cost recovery what would be the required increase in fees and charges?
  - General – benchmark existing and proposed fees and charges against other Local Authorities
  - General – explore potential for new income generation opportunities

- Assess implications on customer demand and ability to pay of proposed revised fees and charges, including equality impact assessments
  - If revised fees and charges supported, undertake a consultation process with customer
  - If current customer base is low and/or the impact of increased charging is to reduce customer base below optimum service level, then value for money and service cost recovery questions should be considered in determining whether the service is discontinued
  - Where full cost recovery not possible through increased income generation, assess whether cost of service can be reduced to achieve full cost recovery objective
- 5.4 The final two bullet points of paragraph 5.3 clearly identify an overlap between the income and service cost recovery work stream and the outcome focused redesign work stream and demonstrates the importance of an integrated Transformational Change Programme.
- 5.5 The Chartered Institute of Public Finance and Accountancy's (CIPFA) *'Practical Guide for Local Authorities on Income Generation'* suggests that Local Authorities are not exploiting the flexibility provided in charging for discretionary services, since the cost of provision for each 'kind of service' can be recovered. CIPFA's guidance provides flexibility for fees and charges to be set at greater than the service cost recovery level for specific service functions to achieve full cost recovery for a range of like services. This is subject to benchmarking comparisons, corporate priorities, customer impact and political appetite.

## **6.0 INCOME/SERVICE COST RECOVERY**

- 6.1 The budget reduction target for the Income generation/service cost recovery change programme work stream is £2 million and is derived from the high level Revenue Outturn analysis as outlined in Section 4 of this report.
- 6.2 Proposals for additional income by applying the income policy and principles to all services currently generating an income stream together with identifying additional opportunities for new income generation were considered and debated at a Cabinet Workshop held on 6<sup>th</sup> April 2016.
- 6.3 The proposals recommended to Council for approval, identifying new additional income opportunities of £611,000, are outlined in Appendix 2 with detailed business cases supporting the additional income opportunities included as Appendix 4. The proposals are exclusive of the £227,000 additional income opportunities already implemented following Council approval on 28<sup>th</sup> October 2015 (*'Identification of Immediate Budget Saving Opportunities'*). It should be noted that certain proposals are subject to public consultation.
- 6.4 Included as Appendices 3 and 5 are summaries and detailed business cases, respectively, of those proposals not recommended to Council for approval following the Cabinet Workshop on 6<sup>th</sup> April 2016.

- 6.5 The proposals are recommended for approval to Council by Cabinet of 20<sup>th</sup> April 2016, subject to the considerations of this Joint Scrutiny/Audit Committee of 20<sup>th</sup> April 2016.
- 6.6 Further opportunities for income generation and/or service cost recovery will be presented to Cabinet, and recommended to Council for approval, once identified and detailed business cases completed.

## **7.0 FINANCIAL IMPLICATIONS**

- 7.1 The Change Programme's 'Income and Service Cost Recovery' work stream is tasked with identifying £2 million savings for the period 2016/17 to 2017/18.
- 7.2 Additional income opportunities of £227,000 have already been implemented following Council approval and included in the MTFP 2016/17 to 2019/20.
- 7.3 Further income opportunity proposals of £611,000 have been identified subject to Joint Scrutiny/Audit Committee considerations and public consultation, where appropriate.

**GARETH CHAPMAN**  
**CHIEF EXECUTIVE**

**COUNCILLOR PHIL WILLIAMS**  
**CABINET MEMBER FOR GOVERNANCE**  
**AND CORPORATE SERVICES**

<b>BACKGROUND PAPERS</b>		
<b>Title of Document(s)</b>	<b>Document(s) Date</b>	<b>Document Location</b>
Operating Model Assessment (exempt)	Cabinet 3 <sup>rd</sup> June 2015	Finance Department
Implementing Immediate Opportunities and Strategic Partner Engagement (exempt)	Cabinet 3 <sup>rd</sup> June 2015	Finance Department
Strategic Partner Appointment (exempt)	Council 9 <sup>th</sup> September 2015	Finance Department
Revenue Outturn Return 2014/15	9 <sup>th</sup> September 2015	Finance Department
Strategic Partner Commencement of Projects: Customer Offering and Procurement (exempt)	Cabinet 21 <sup>st</sup> October 2015	Finance Department
Identification of Immediate Budget Saving Opportunities (exempt)	Council 28 <sup>th</sup> October 2015	Finance Department
MTCBC Change Programme – Projects Report 5	Cabinet 20 <sup>th</sup> April 2016	Cabinet agenda/Finance Department
Practical Guide for Local Authorities on Income Generation		Finance Department
<b>Does the report contain any issue that may impact the Council's Constitution?</b>		<b>No</b>

***Consultation has been undertaken with the Corporate Management Team in respect of each proposal(s) and recommendation(s) set out in this report.***



# **INCOME MANAGEMENT AND COST RECOVERY POLICY**

April 2016



## 1. Introduction

Over the past decade, there have been a number of national policy drivers encouraging greater use of charging and more commercial activity within local government. The key pieces of legislation relating to charging and trading for local authorities are contained in the Local Government Act 2003, as follows:

- Section 93 contains powers for all local authorities to charge for discretionary services however the income from charges must not exceed the costs of provision.
- The total cost of provision consists of all expenditure required to deliver the service including central overheads
- Welsh Government guidance on the Act states, *“Any over or under recovery that resulted in a surplus or deficit of income in relation to costs in one period should be addressed by an authority when setting charges for future periods so that over time income equated to costs”*
- Section 95 permits local authorities to engage in commercial trading activity for all services and to generate surpluses through trading companies

## 2. Purpose and Scope

The purpose of this policy is to establish a corporate framework within which fees and charges are levied by the Council, are agreed and regularly reviewed by determining general principles by which the Council will operate.

The policy will apply to any service that the Council has a power and discretion to provide to the community or has statutory duty to provide and has discretion to set a charge. All services must comply with this policy when determining and reviewing charges.

The scope of this policy includes:

- Income generated from fees and charges to the public, business and other organisations
- Statutory and discretionary services where charging is permissible
- Internally and externally traded services and services externalised to a third party

The following sources of income are out of scope of this policy:

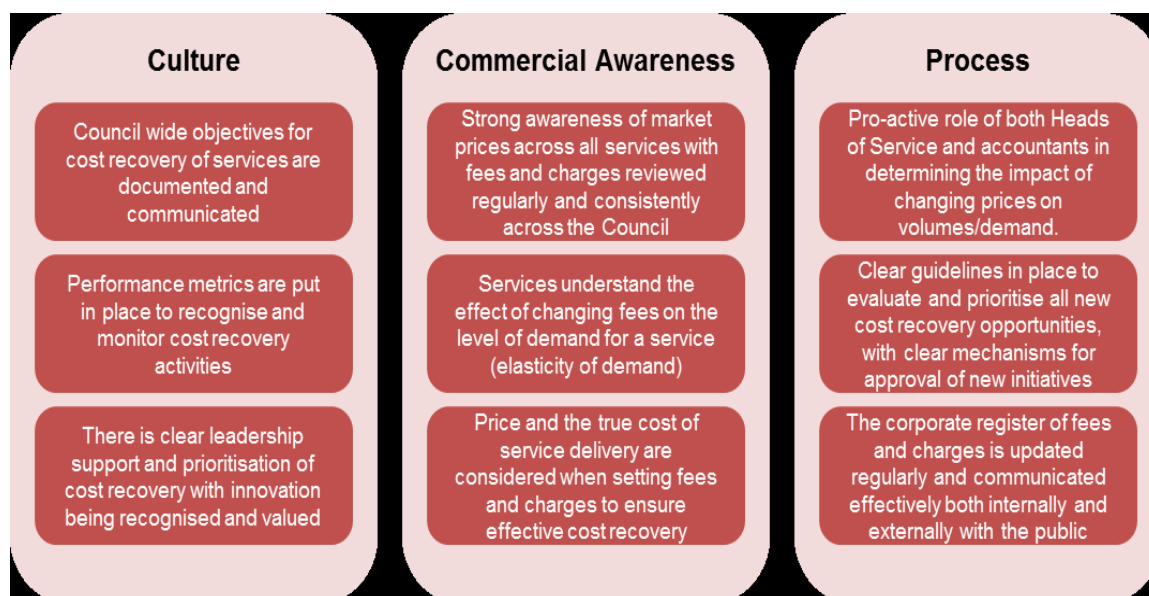
- Revenue Support from central government (including specific grants), although grant income needs to be taken account of when calculating cost recovery
- Council Tax
- Investment Income
- Receipts from asset disposals
- Fees and charges fixed by statute or outside the Council’s control

## 3. Service Cost Recovery

### Cost Recovery Principles

The Council in striving to deliver services in the most cost effective way will manage cost recovery transparently thus informing effective decisions ensuring income generation decisions are strategic, rational and consistent.

The following cost recovery principles are recommended to direct the management of all income generation activity across the Council.



### **Rationale for Charging**

The rationale for charging is based on the following principles:

- Promote efficiency – through reducing demand (where appropriate) and distributing services according to willingness to pay, promoting user ownership
- Promote fairness – by placing the burden on the user rather than the general taxpayer
- Discourage illegal and anti-social behaviour – through use of penalty charges

### **Ability to Charge**

The Council is subject to a number of requirements and constraints in relation to charging, including legal, operational and political considerations, as follows:

- The Council must have the legal power to charge for a service or alternatively there must be no legal barriers to charging
- The amount of revenue raised by a charge must be sufficient to meet the costs of implementation and enforcement of a new service
- If a charge is implemented for an existing service, total cost recovery should be targeted, although it is acknowledged that for some services only a contribution to total cost recovery will be achieved
- A mechanism for implementing and enforcing a charge must exist and should be well tested beforehand
- Users can only be compelled to pay for a service if those who do not pay can be excluded from consuming the service
- The impact of charging on market efficiency should be considered

## **Fees and Charges Guidelines**

The following guidelines should be used to ensure that fees and charges for services are set appropriately to maximise cost recovery, whilst recognising the value delivered to citizens and the ability of citizens to make payment:

- The level of charges should be compared with those of other public, private and third sector services to ensure they reflect current market level
- Charges should be informed by data and intelligence on current and potential service users and customers in order to understand the nature of supply and demand and forecasting techniques used to model projected future income
- The impact of charges on specific groups of users and the wider population needs to be fully understood to ensure continued access to services and management of unintended consequences
- The total cost of delivering a service needs to be understood in order to provide a basis for pricing decisions and efficient management of the service with, including accurate data on volumes of units and unit costs
- Where charges are introduced for discretionary services without resulting in full cost recovery, decommissioning of the service should be considered

## **Subsidy and Concessions**

A decision to subsidise a service requires a clear and transparent rationale and should be supported only where the service provides measurable benefits to the customer or encourages additional service demand. The financial impact of any subsidy decision at both service and corporate level is required to be identified and actively managed and reviewed.

In deciding to subsidise services provided by other suppliers on a fully commercial basis, professional legal advice is required to establish whether the decision breaches competitive rules.

Concession schemes need to be applied consistently and transparently across all Council services and only if the following criteria are satisfied:

- Promote equity and increase access to services
- Based on ability to pay
- Result in savings for the Council in other service areas
- Are targeted at specific individuals and/or households

Management and enforcement of all concession schemes need to address the following criteria with the impact monitored, regularly reviewed and evaluated:

- Eligibility
- Nature of the concession
- Rationale
- Services Affected
- Responsibility for Managing
- Business Rules
- Impact on administration costs and cost effectiveness

## **Administration of Fees and Charges**

The basic principles of administering fees and charges are as follows:

- Wherever reasonable, charges shall be collected either in advance or at the point of service delivery
- Administration costs should not exceed potential income
- Charges shall be easy to understand and administer
- Charges shall be transparent and well promoted to service users
- In cases of non-payment, customers shall be liable for the additional costs of enforcement and advised accordingly

## **4. Income Management and Governance**

### **Income Management and Service Cost Recovery Principles**

A number of principles are proposed for the corporate management of income across the Council as follows:

- The Council, subject to market conditions, should aim to maximise income from fees and charges
- All Council services in receipt of an income stream should aim, where appropriate, to be fully cost recovering (including central establishment costs) by 2017/18, unless conflicting with corporate policies and strategies
- Decisions to subsidise services should be agreed by Cabinet only if a clear link to corporate priorities is demonstrated
- Benchmarking and service comparisons should be undertaken against other Local Authorities, and if appropriate the private and third sectors, to assist with informing decisions in respect of full cost recovery.
- Decisions in respect of fees and charges should not be limited to annual review but instead reviewed whenever circumstances dictate in complying with the aim of full cost recovery and optimisation of income generation
- Any concessionary scheme should be based on ability to pay with the approach applied consistently and transparently across all Council services
- A single, consistent method for calculating total cost should be determined and adopted, ensuring a corporate approach to income management
- The corporate governance in respect of assessing proposals for fees and charges be provided by the Budget Board
- All fees and charges should be readily available to the customer, including availability of information on the Council's corporate website, with responsibility for updating information on all access channels lying with service managers
- Cost effective and efficient income collection channels should be in place, including payment in advance for Council services (where appropriate)

### **Income Management Cycle**

The principles and guidelines of income management and service cost recovery can be defined within a five stage annual cycle linked to the Council's existing strategic and financial planning cycles, as follows:

<b>Phase</b>	<b>Key Actions</b>
<b>Identify</b>	<ul style="list-style-type: none"> <li>○ Establish baseline position in terms of income generation and cost recovery for all Council services, including income strategy, current fees and charges, subsidies and concessions, cost recovery performance and governance and management</li> <li>○ Confirm national legal and policy framework, key local strategies</li> <li>○ Gather market intelligence in respect of demand and supply</li> </ul>
<b>Analyse</b>	<ul style="list-style-type: none"> <li>○ Review Council's income and cost recovery performance against policy</li> <li>○ Identify opportunities for generating income and improving service cost recovery</li> <li>○ Develop high level business cases, challenge and sign off</li> <li>○ Undertake market assessment</li> </ul>
<b>Prepare</b>	<ul style="list-style-type: none"> <li>○ Set corporate income/recovery targets and cascade</li> <li>○ Establish required governance and management arrangements, assign individual responsibilities</li> <li>○ Begin implementation of business cases, new pricing structure, internal and external consultation, communications</li> </ul>
<b>Implement and Manage</b>	<ul style="list-style-type: none"> <li>○ Implement actions to improve cost recovery</li> <li>○ Manage benefits and risk</li> <li>○ Monitor impact</li> <li>○ Monitor developments in legislation, policy, legal precedents</li> <li>○ Gather customer data</li> <li>○ Monitor market developments, including range of suppliers, services, prices</li> <li>○ Regular reporting on progress against income targets</li> <li>○ Identify further income opportunities, develop business cases, seek required approvals</li> </ul>
<b>Review</b>	<ul style="list-style-type: none"> <li>○ Review cost recovery performance for whole council, departments and individual services, including benchmarking with other councils</li> <li>○ Establish whether individual income targets have been met</li> <li>○ Evaluate impact of fees and charges</li> <li>○ Consider decommissioning discretionary services failing to fully cost recover</li> <li>○ Identify cost pressures</li> <li>○ Identify market developments in respect of demand and supply</li> <li>○ Identify changes in local and national policy and legislation</li> <li>○ Develop income strategy and targets for following year</li> <li>○ Review charges for following year</li> <li>○ Develop business cases, obtain sign off</li> </ul>

## **Fees and Charges Register**

The fees and charges register is a key document for the Council and the following steps should be followed in ensuring the register remains up to date, accurate and a meaningful tool for both officers and customer:

- A lead officer is identified for coordinating the fees and charges register
- Each specific income source within the register is allocated a service owner
- Each service owner is responsible for reviewing their respective fees and charges on an annual basis

- The lead officer liaises with service owner to identify any omissions
- Ongoing collaboration between lead officer and service owners with annual review and twice yearly reporting to ensure accuracy

### **Ongoing Governance**

It is proposed that the Budget Board provides the governance arrangements for the income management and service cost recovery in respect of assessing:

- Proposals for fees and charges
- Proposals and implications for service cost recovery
- Performance against approved income targets
- Implications of under or over recovery of income in the context of service cost recovery
- Impact on the customer and service demand
- Whether service should be discontinued

It is proposed that the Budget Board be supported by an officer Income Group led by the Chief Finance Officer, responsible for the following:

- Assessing new initiatives, amendments to current fee structures and changes to policy
- Maintaining the corporate fees and charges register
- In-year monitoring of income generation
- Assessing income practices within the Council
- Deciding which income opportunities should proceed to the development of business cases
- Accepting, rejecting or otherwise amending business cases
- Producing monthly income generation progress reports to Budget Board
- Where appropriate, escalating potential issues to the Budget Board

## **5. Cost Recovery Definitions**

**A Service** – a level of activity at which a charge is made

**Total Cost** – all expenditure required to deliver a service, including central overheads

The Chartered Institute of Public Finance and Accountancy defines total cost as *“expenditure required to deliver the service or activity, including all costs arising in other departments and internal recharges”*. This comprises:

- Employee costs
- Premises related expenditure
- Transport related expenditure
- Supplies and services
- Third party payments
- Transfer payments
- Support services
- Capital charges
- Impairment

**Statutory Service** – a service which a local authority is legally required to provide

There are a wide range of statutory requirements and permissions in relation to charging for statutory services including:

- A requirement to provide free of charge
- A requirement to levy a fixed charge, for example planning application fees
- Permission to levy a maximum charge
- Permission to recover the full costs of providing a service, for example building control fees
- Permission to recover or over-recover full costs provided that income is ring-fenced for improvement of specific services, for example certain types of parking income must be re-invested in transport

**Discretionary Service** – a service which a local authority may decide to provide or not

**Subsidy** – setting of a charge at below unit cost

**Cross-Subsidy** – charging below unit cost for a given service as a result of charging above unit cost for another service

**Concession** – a charge for a service which the Council has decided to set at below unit cost of delivering the service in order to promote take up amongst particular individuals

**Proposed Income Generation/Service Cost Recovery Budget Reduction Opportunities**

Ref.	Directorate	Service	Opportunity	Proposed Saving £'000
1	Place and Transformation	Registrars - Approved Premises Fees	Option to increase fees in line with the median of benchmarked Local Authorities.	-2
2	Place and Transformation	Waste Management - Clinical Waste Collections	Full cost recovery of the clinical waste collection service. Current fee has not been revised since 2009/10. Proposal will mean 45% increase from £21,612 to £31,376.	-10
3	Place and Transformation	Communications - Contact Magazine	Contact magazine should be fully cost recoverable through combination of increased income and reduced expenditure. Additional income stream relates to advertising.	-4
4	Place and Transformation	Environmental Health - Default Works	Options to achieve full cost recovery. Currently direct cost are charged but not indirect costs such as an administrative charge. Review ongoing.	0
5	Place and Transformation	Environmental Health - Dog Warden	Increasing fees for dog warden services from £20 handling fee to £50 as in benchmarked Local Authorities.	-1
6	Place and Transformation	Waste Management - Green Bulky Waste	Full cost recovery for green bulky waste collections results in increase in charge from £20 per collection (£10 concession charge) to £50 per collection (equivalent to benchmarked Local Authorities)	-3
7	Place and Transformation	Housing	Utilisation of Renewal Areas Tenants Contribution Earmarked Reserve. Historic practice whereby administration fee has been held in a earmarked reserve whilst it should have been included as a revenue budget income stream.	-150
8	Place and Transformation	Engineering and Highways	Increase Land Drainage costs since no increase since 2009. Increasing charge to £50k will result in full service cost recovery.	-5
9	Place and Transformation	Corporate Services - Lifeline (Peace of Mind)	Increase fee on renewal from £2 to £2.50 per week, assuming 10% reduction in customers	-17



**Proposed Income Generation/Service Cost Recovery Budget Reduction Opportunities**

Ref.	Directorate	Service	Opportunity	Proposed Saving £'000
10	Place and Transformation	Corporate Property and Estates	Increase charges for Street Numbering and Naming. £3k is required to achieve full cost recovery although current activity suggests £750 feasible.	-1
11	Place and Transformation	Orbit Business Centre	Income from new lease agreements in achieving full cost recovery	-25
12	Place and Transformation	Corporate Services - Printing Section	It is believed that an increase in fees and charges of 10% will not adversely impact customer demand. Other income generating opportunities are also currently being explored.	-2
13	Place and Transformation	Finance - Procurement	Rebate resulting from increase use of purchase cards	-25
14	Place and Transformation	Engineering and Highways	Charge for street activities currently not charged	-15
15	Place and Transformation	Licensing - Taxi Licensing	Increase Driver's fees and Vehicles fees as per Wales Licensing Technical Panel toolkit	-9
16	Place and Transformation	Waste Management - Trade Waste	Increase charging schedule by 15% in refuse collection whilst applying a price freeze in recycling collections.	-41
17	People and Performance	Day Services	Further full cost recovery of meals within the Health Park - Cabinet 16 December 2015	-6
18	People and Performance	Day Services	Increased charges at Day Centres in line with full cost recovery principle - Cabinet 16 December 2015	-10
19	People and Performance	Accommodation (Homes for the Elderly)	Increased charges at Day Centres in line with full cost recovery principle - Cabinet 16 December 2015	-205
20	People and Performance	Independent Domiciliary Care	Increased charges for non -residential social services	-30
21	People and Performance	Independent Domiciliary Care	Residential charges within independent sector	-50
			<b>Total</b>	<b>-611</b>

**Rejected Income Generation/Service Cost Recovery Budget Reduction Opportunities**

Ref.	Directorate	Service	Opportunity
1	Place and Transformation	Environmental Health - Animal Impounding	Full cost recovery of service with majority of expenditure in respect of central establishment expenses.
2	Place and Transformation	Bereavement Services/Grounds Maintenance	Increase fees and charges for Bereavement Services by 15.82% to contribute towards Grounds Maintenance's costs for grass cutting at all cemeteries.
3	Place and Transformation	Grounds Maintenance - Bowls Pavilion	Introduce charge for Bowls Pavilions. £5k charge per club is being proposed (excluding Cyfarthfa Park since managed by Leisure Trust). Full cost recovery would mean £16,183 per annum per club for all 5 clubs.
4	Place and Transformation	Planning and Building Control	Full cost recovery of the Building Regulations Service, resulting in average increase in fees of 8%.
5	Place and Transformation	Waste Management - Bulky Waste	Full cost recovery for bulky waste collections leading to 200% increase in fee to £45 per collection placing Council top of benchmarking group
6	Place and Transformation	Transport	Increase departure charges for bus operators for use of Merthyr Tydfil Bus Station from £0.24 to £0.35 to achieve full cost recovery departure. Still significantly below benchmarked Local Authorities.
7	Place and Transformation	Corporate Services - CCTV	Reduce current manned service to unmanned service leaving camera footage still available to be accessed.
8	Place and Transformation	Corporate Services - Car Parking	Introduce charging at Units 3, 4, 5 and 20 to be consistent with Civic Centre.
9	Place and Transformation	Grounds Maintenance - Sports Fields	Full cost recovery principle would mean fees increased from £2,000 flat charge to £4,845. More realistic solution would be to increase charges whilst reducing expenditure.