



## **FULL COUNCIL REPORT**

Date Written	10 <sup>th</sup> March 2020
Report Author	Steve Jones
Service Area	Finance
Exempt/Non Exempt	Non Exempt
Committee Date	25 <sup>th</sup> March 2020

To: Mayor, Ladies and Gentlemen

## **FEES AND CHARGES INFLATION POLICY**

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

- 1.1 In complementing the current '*Income Management and Cost Recovery Policy*' it is considered beneficial and prudent to encourage annual step increases in fees and charges, as the default position, rather than relatively significant increases implemented on an ad hoc basis following a service review.
- 1.2 It is proposed that all fees and charges be increased annually from the 1<sup>st</sup> April by the Consumer Price Index (CPI) rate of inflation advised by the UK Government's Office for National Statistics. To allow for timely formal notification of increases in fees and charges, the CPI projected at 1<sup>st</sup> January preceding the commencement of the new financial year should be applied.
- 1.3 For 2020/21 CPI is projected at 1.8% and is to be applied (where appropriate) to all fees and charges set at the discretion of the Local Authority.

### **2.0 RECOMMENDATIONS that**

- 2.1 The inflationary annual increase by the Consumer Price Index for those fees and charges falling within the discretion of the Council be approved.

### **3.0 INTRODUCTION AND BACKGROUND**

- 3.1 Council of 20<sup>th</sup> April 2016 approved the '*Income Management and Cost Recovery Policy*' based on the concept of service cost recovery and optimisation of income generation. The policy includes guidelines ensuring 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.
- 3.2 Fees and charges are defined as the cost incurred by the customer for the receipt of a specific service desired by the customer. For the financial year 2020/21 it is budgeted that the Council will receive circa £7 million of income through fees and charges from external customers.
- 3.3 In complementing the current '*Income Management and Cost Recovery Policy*' it is considered beneficial and prudent to encourage annual step increases in fees and charges, as the default position, rather than relatively significant increases implemented on an ad hoc basis following a service review. This proposal benefits the customer in that increases in fees and charges are incremental with less impact on the ability to pay whilst also benefitting the Council with a reliable income stream keeping abreast with inflation.

### **4.0 FEES AND CHARGES INFLATION POLICY**

- 4.1 It is proposed that all fees and charges be increased annually from the 1<sup>st</sup> April by the Consumer Price Index (CPI) rate of inflation advised by the UK Government's Office for National Statistics. To allow for timely formal notification of increases in fees and charges, the CPI projected at 1<sup>st</sup> January preceding the commencement of the new financial year should be applied.
- 4.2 For 2020/21 CPI is projected at 1.8% with all appropriate fees and charges inflated accordingly. For financial years commencing 2021/22 and beyond it is proposed that fees and charges be automatically increased by the CPI at 1<sup>st</sup> January preceding the commencement of the new financial year. The Chief Finance Officer will notify all service managers of the appropriate fees and charges increase to apply, by 31<sup>st</sup> January, prior to the commencement of the new financial year.
- 4.3 It should be noted that fees and charges statutorily set by Governmental bodies are excluded from this policy. Appendix 1 details those statutory fees and charges set nationally and those set locally at the discretion of the Council. Appendix 2 details those discretionary fees and charges set at the discretion of the Council. In addition Council Tax increases and Investment Income projections are outside the scope of this policy.
- 4.4 It is recognised that for some charges an increase at CPI would be insignificant, for example car parking charges. In these instances it is proposed that the expectation would be for total income from that service to be increased by CPI but with service managers given flexibility to determine the appropriate charging strategy.

4.5 Section 93 of the Local Government Act 2003 contains powers for all local authorities to charge for discretionary services, however the income from charges must not exceed the costs of provision. This applies 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.

## 5.0 FINANCIAL IMPLICATION(S)

5.1 It is anticipated that the additional income generated by application of the proposed inflation policy will not exceed £50,000.

## 6.0 INTEGRATED IMPACT ASSESSMENT

	Positive Impacts	Negative Impacts	Not Applicable
<b>1. Merthyr Tydfil Well-being Objectives</b>	4 of 4	0 of 4	0 of 4
<b>2. Sustainable Development Principles - How have you considered the five ways of working:</b> <ul style="list-style-type: none"> <li>• Long term</li> <li>• Prevention</li> <li>• Integration</li> <li>• Collaboration</li> <li>• Involvement</li> </ul>	5 of 5	0 of 5	0 of 5
<b>3. Protected Characteristics</b> <i>(including Welsh Language)</i>	0 of 10	0 of 10	10 of 10
<b>4. Biodiversity</b>	0 of 1	0 of 1	1 of 1

### Summary:

The main positive impact is the degree of certainty to the customer in that increases in fees and charges are incremental with less impact on the ability to pay. In addition it provides the Council with a reliable income stream keeping abreast with inflation.

The main negative impact is the requirement of all Councils to increase fees and charges in offsetting the increased cost of providing services.

**ELLIS COOPER  
INTERIM CHIEF EXECUTIVE**

**COUNCILLOR ANDREW BARRY  
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>
Income Management and Cost Recovery Policy	20 <sup>th</sup> April 2016	Council agenda and minutes / Finance Department
Office for National Statistics – Inflation and Price Indices	March 2020	<a href="https://www.ons.gov.uk/economy/inflationandpriceindices">https://www.ons.gov.uk/economy/inflationandpriceindices</a>
<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.***

**Statutory Fees and Charges - Revenue Budget 2020/21****Set Nationally**

Service	Description	Budget £'000
Trading Standards	Miscellaneous Licensing Fees	1
Licensing	Licensing Act 2003 Income	48
Licensing	Miscellaneous Licensing Fees	2
Environmental Protection and Housing	Air Pollution Subsistence Fees	7
Registrars	Certificate Income	108
Planning	Development Control Fees	192
Planning	Pre-application Fees	12
Planning	Monitoring of Mineral Sites	3
Revenues	Bailiff Services	329
<b>Total</b>		<b>702</b>

**Set Locally**

Service	Description	Budget £'000
MTCBC Homes for the Elderly	Residential Care Fee - based on Standard Charge model	717
MTCBC Group Home (Llysfaen Fach)	Residential Care Fee - based on Standard Charge model	18
Independent Domiciliary Care	Non-Residential Care Fee - at the maximum allowed by Welsh Government	936
Independent Residential Establishments	Residential Care Fee - set by an independent advisor as per charging guidance	1,645
Rights of Way	Land Search Fees	2
Licensing	Taxi Licensing Fees	53
Licensing	Gambling Act 2005 Income	8
Environmental Protection and Housing	Land Search Fees	2
Refuse Collection	Trade Waste Refuse Collections	217
Refuse Collection	Trade Waste Transfer Notes	18
Refuse Collection	Trade Waste Recycling Collections	40
Refuse Collection	Bulky Waste Collections	45
Engineering	Land Search Fees	9
Corporate Property and Estates	Land Search Fees	6
Planning	Land Search Fees	12
Building Control	Building Regulation Fees	119
Building Control	Land Search Fees	10
Parking Services	Parking Charges	602
Parking Services	Civic Parking Enforcement Fees	85
<b>Total</b>		<b>4,544</b>

**Discretionary Fees and Charges - Revenue Budget 2020/21**

<b>Service</b>	<b>Description</b>	<b>Budget £'000</b>
Integrated Children's Centre	Room Hire	51
Adult Community Learning	Course Fees	5
Outside / Community Based Activities	Room Hire	2
Orbit Business Centre	Room Hire	414
Environmental Health Operational Services	Pest Control Fees	13
Environmental Health Operational Services	Dog Warden Charges	3
Animal Impounding	Animal Impounding Charges	1
Food Safety and Prevention of Infectious Diseases	Food Hygiene Re-rating Fees	3
Registrars	Wedding Fees	42
Transport	Charges for Station Departures	38
Bereavement Services	Bereavement Fees	413
Grounds Maintenance	Chargeable Works	68
Grounds Maintenance	Sports Pitch Maintenance Charges	30
Grounds Maintenance	Millennium Park Income	13
Refuse Collection	Clinical Waste Collections	31
Refuse Collection	Bulky Green Waste Collections	3
Refuse Collection	Supply of Refuse Bins	20
Recycling Collection	Supply of Food Waste Bags to Trade	3
Highways Administration	Street Naming and Numbering	3
Highways Operational	Chargeable Works	120
Land Drainage	Chargeable Works	14
Traffic Management	Road Closures	18
Contact Centre	Replacement Bus Passes	3
Peace of Mind	Lifeline Charges - combination of agreements with customers and contracts with organisations	356
Legal	Charges for Legal Services	40
<b>Total</b>		<b>1,707</b>