

## Consultation on Removal of Low Value Coins

### Douglas City Council Response

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#### Question 1:

**Do you agree that 1p, 2p and 5p coins no longer have any real purchasing power?**

Yes/No

#### Question 2:

**Do you agree that some or all of the following coins should be withdrawn from circulation?**

1p only: Yes/No

2p only: Yes/No

1p and 2p only: Yes/No

1p, 2p and 5p coins: Yes/No

#### Question 3:

**Do you agree with the proposal to introduce rounding?**

Yes/No

Based on Total Bill rounding.

#### Question 4: **N/A**

**If you answered no to any of the previous questions, what are your main concerns if any or all of the low value coins are removed and rounding is introduced?**

**Select your 3 main concerns only:**

<b>Area of concern</b>	<b>Please rank your top three main concerns</b>
<b>Inflation – will prices go up?</b>	
<b>VAT – how will it be applied to a bill or a refund?</b>	
<b>Benefit Payments</b>	
<b>Pension Payments</b>	
<b>Bank and/or Post Office Savings Accounts</b>	
<b>Left over coins after a date of change</b>	
<b>Cost of stamps/postage</b>	
<b>Bill payments</b>	
<b>Wages</b>	
<b>Charity donations</b>	

**Question 5: If you have any ideas, observations, concerns or suggestions please enter them below:**

The Council is highly supportive of the proposed measure. Whilst the Council and its customers are not ready to move to a cashless society (and many of this Council's customers, due to their socio-economic standing, do not have access to digital transaction options), the removal of coppers and the 5p coin is arguably long overdue. With recent years' inflation, their value is so minimal, and the benefits of retaining these coins in circulation will be outweighed by the administrative cost of their handling.

The vast majority of the Council's transactions are fully digitised, so there will be no impact. This applies to wages and salaries paid, pension benefits paid, the payment of supplier invoices, and the recovery of amounts owing to the Council.

Only around 3% of the Council's income is collected through cash, with the use of direct debit, payments direct to the bank account and online payments much greater. Cash needs to remain an option, however, in order to protect the interests of the more socially and economically disadvantaged members of our community, a section of society that will be well represented within the Council's public sector housing tenants, who still regularly use the payments counter in the Town Hall. The older and more vulnerable within the population of social housing tenants do still rely on the use of physical cash, and the Council has a duty to protect their interests, in order that they are not financially excluded from society.

The proposals as they stand, however should not cause any great issue, given the lower value of the coins to be removed. Rounding will not be applied to social housing rents or rates payments, as these are statutory amounts that are payable, with the rents calculated based upon % increases determined at the political level by the Department of Infrastructure, and the rates calculated based on the rate to be applied by the Council and Manx Utilities to a Rateable Value for each property, which is then also added to the public sector housing rents. There is a high chance that there will be some resistance and DBC's view is if the law is passed, we may expect several queries that may increase our staff time dealing with the issues. If this progresses, there is need for clear communication to all the residents. DBC suggest the Department have a look at the social housing rent and round to the nearest 10 pence in the first instance before this is introduced.

Where the Councils' tenants do come to the Payments Counter to pay by cash, once the small coins are no longer legal tender, then they will just have small amounts in arrears or in advance on their rental account, which will simply be rolled forward to the next rental week. This should not be of any disadvantage to the tenants or ratepayers. If anything, the proposal should help encourage a greater take-up of direct debits and online payments, which is a more efficient and safe way of transaction for the Council, which should also help to reduce down fraud and money laundering risks.

There will be a small inflationary impact from the proposed measure, though that should be minimal, given the values involved, and the fact that digital transactions is now the norm anyway for many entities, including for the Council. And if the measure is based on Total Bill Rounding, then that will help to minimise the inflationary impact. The fuel prices at the forecourts have been operating in this way for years, and this has not caused any issues.

There may be some small impact upon the coin operated machinery at the Council's car parks and public conveniences, any cash payment machines would need to be programmed to reject 1, 2 and 5 pence coins. Public toilets are currently 20p but people can pay using different denominations so these will need to be re-programmed to reject 1p, 2p and 5p coins. The Council could have an issue with anything in fees and charges that is rounded to 5p For example – bin hire, library charges, pitch hire, hanging baskets, floral decorations, grave planting, trees and plaques, book of remembrance, memorial plaques, memorial plants, etc. Therefore the Council will require enough notice of it being implemented so that we could amend fees and charges to avoid anything that wasn't a multiple of 10 pence.

Some retailers will have concerns about the number of visitors from the UK carrying loose change in small denominations that are no longer valid tender here on the Island, but this can be largely dealt with information releases for those travelling by boat or plane and at the entry ports. This Island needs to introduce change where it is in its own interests, rather than to first wait for the changes to be implemented in the adjacent isle.

Mayoral charity impact – it is useful for fundraising activities to have small change, as people are more likely to donate this.