

Report to:	Cabinet	14 November 2022
Lead Cabinet Member:	John Williams - Lead Cabinet Member for Finance	
Lead Officer:	Peter Maddock - Head of Finance	

Proposed Fees & Charges 2023/2024 (Draft)

Executive Summary

1. To undertake the annual review and to determine the non-regulatory fees and charges to be set by the Council for the provision of services from April 2023 (unless otherwise stated), where the law allows a charge to be made.

Key Decision

2. Yes

This is a key decision as, if adopted, the revised fee scales will result in the authority receiving additional income from fees and charges, **it is estimated £** additional income will be attributed to the general fund.**

Recommendations

3. It is recommended that Cabinet consider the report and, if satisfied, to:
 - (a) Approve the fees and charges as detailed in Appendix A of the report to take effect from 1 April 2023 (unless otherwise stated) or the earliest feasible date thereafter.**
 - (b) Note the proposed variations to fees and charges in comparison to the prevailing inflation rate detailed in the report.**

Reasons for Recommendations

4. To ensure that the Council receives income from fees and charges where allowable to contribute to the funding of services, to enable discretionary services

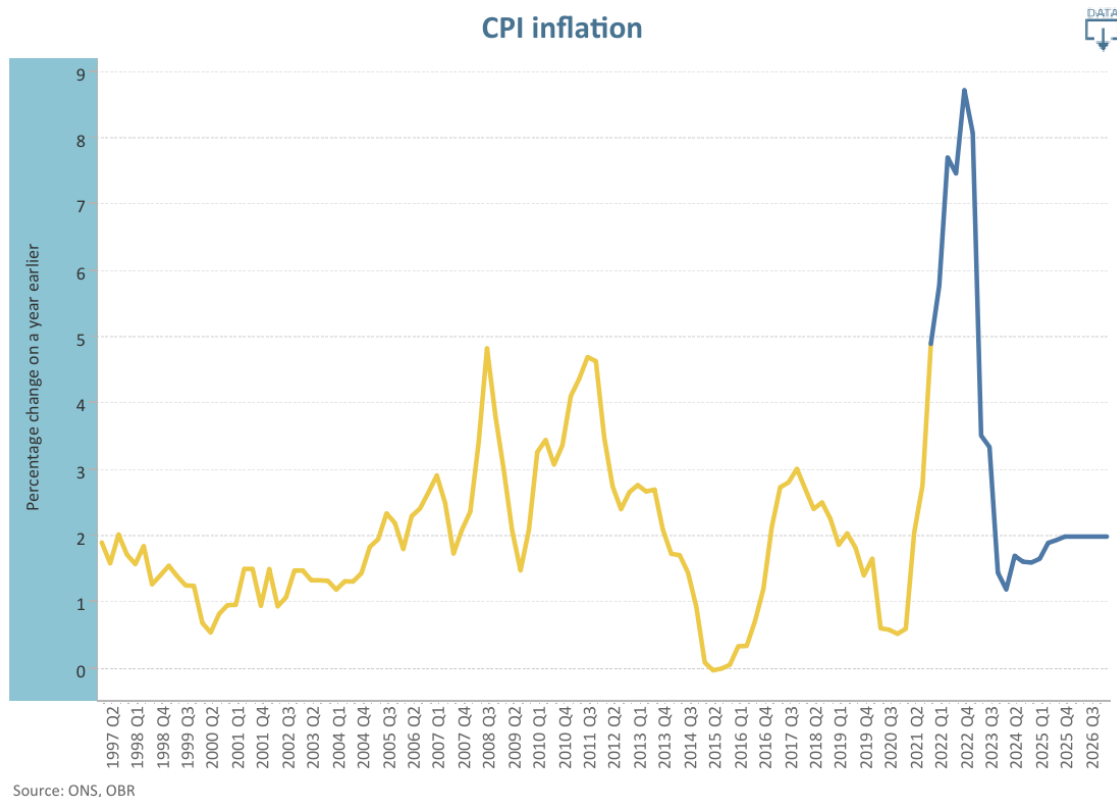
to be provided and to assist the Council in preparing its Revenue Budget for 2023/2024.

Details

Economic Context

5. In determining the fees and charges for services it is appropriate that some consideration is given to the wider economic context. The Bank of England's Monetary Policy Committee (MPC) sets monetary policy to keep inflation low and stable, which helps to sustain growth and employment; this identifies a target of 2% for the 12-month increase in the Consumer Price Index (CPI). At its meeting ending on 21 September 2022, the MPC voted to increase the Bank Rate by 0.5 percentage points, to 2.25%.
6. Since August, wholesale gas prices have been highly volatile, and there have been large moves in financial markets globally. Uncertainty around the outlook for UK retail energy prices has nevertheless fallen, following the Government's announcements of support measures including an Energy Price Guarantee. The Guarantee is likely to limit significantly further increases in CPI inflation and reduce its volatility.
7. Twelve-month CPI inflation fell slightly from 10.1% in July to 9.9% in August. Given the Energy Price Guarantee, the peak in measured CPI inflation is now likely to be lower than projected. Nevertheless, energy bills will still go up and, combined with the indirect effects of higher energy costs, inflation is expected to remain around 10% over the following few months, before starting to fall back.
8. The Government's Energy Price Guarantee will lower and bring forward the expected peak of CPI inflation. For the duration of the Guarantee, this might be expected to reduce the risk that a long period of externally generated price inflation leads to more persistent domestic price and wage pressures, although that risk remains material. While the Guarantee reduces inflation in the near term, it also means that household spending is likely to be less weak than initially projected.
9. UK Gross domestic product (GDP) is estimated to have grown by 0.2% in July 2022 following a fall of 0.6%. Looking at the broader picture, GDP was flat in the three months to July compared with the previous three months.
10. Following the Russian invasion of Ukraine, CPI inflation is expected to peak in the fourth quarter of 2022 at its highest rate in around 40 years. The increase is driven primarily by higher gas prices feeding into sharp rises in domestic energy bills, alongside higher fuel prices and global goods inflation. Inflation then temporarily falls below the 2 per cent target at the end of 2023 as energy bills begin to decrease.

11. The most recent CPI quarterly indices are shown in the table below:



12. The upward pressure on CPI inflation is expected to dissipate over time, as supply disruption eases, global demand rebalances, and energy prices stop rising. As a result, CPI inflation is projected to return to target at the end of 2025.
13. The general increases in costs have a direct impact on the Council's costs. The prevailing economic trend expressed through the CPI quarterly indices and the Bank of England's forecast for future inflation are both considered in proposing any increases in fees or charges. Considering these predictions for inflation a 5.0% uplift for fees and charges where possible is recommended with effect from 1 April 2023. It is worth noting that failure to increase fees and charges by 5%, where possible, does add to the funding gap.

Medium Term Financial Strategy (MTFS) – Context of Review

14. The approved MTFS identifies the commitment to explore income generating opportunities and to maximise income from fees and charges (where permitted to do so). The MTFS further emphasises that, in light of forecast savings targets, every effort will be made to increase annual income and reduce annual expenditure without materially reducing front line services provided by the Council.

Review of Fees and Charges: Effective from 1 April 2023

15. In determining the level of charges it is usual that increases in fees and charges should broadly reflect the prevailing trends in inflation except where there are regulatory requirements or a strong case for a higher or lower increase taking into account the requirement to maximise income. With the current cost of living crisis it is recognised that this should be tempered somewhat which is why 5% is felt more appropriate. In addition, specific circumstances such as the sensitivity of price increases on the demand for the service, or the current market rates for services have been considered.
16. There are also some charges which are required to reflect the cost of providing the service, and these prices have been adjusted accordingly. Taken together these issues have led to several proposals where no increase is proposed or where the proposed increase varies significantly from inflation. There are also some instances where charges are very small and the increase may, therefore, appear significantly higher or lower than inflation purely because of rounding the charge to the nearest appropriate amount.
17. The report details, at **Appendix A**, the current charges that are applied, the proposed variations and the resulting proposed charge from 1 April 2023. All fees and charges in the appendices are shown net of Value Added Tax (VAT). Where VAT applies to a charge then the gross charge including VAT is also shown. In some instances, VAT may or may not apply in respect of a particular service depending upon the recipient of the service or the purpose of the service. The Cabinet is invited to consider the various charges proposed.
18. In undertaking this annual review, Heads of Service have been encouraged to identify any scope to extend the range of fees and charges and, if so, the level of additional income that could be generated. If available, any trends on the demand for the service over time and/or sensitivity to changes in charging policy are provided.
19. In the following areas fees have been revised:
 - (a) **Waste and Environment:** During 2022/23 fees were reviewed and some flat charges were introduced to simplify the charging structure. Although this resulted in significant reductions in some areas the overall fee levels saw an increase. The proposed Fees within the waste and environment have been increased by an average of 5%.
 - (b) **Transformation:** Due to a statutory requirement, the first 4 sessions of physical activity programmes need to be offered free of charge. Thereafter they are charged according to the activity. In 2022/23 fees for Sports Camps were increased by an average of 3% compared to 2021/22. However, it is not deemed appropriate to further increase them in 2023/24 due to the national cost of living crisis. The programme was set up to be

run as grass roots activities which are affordable for residents within the district.

- (c) **Land Charges:** Fees for 2022/23 were adjusted to ensure the costs of delivering the Land Charges service were covered. This resulted in an average increase of £11.10 for each specific enquiry, and steeper rises applied to some commercial searches. It is not envisaged that land charges are further increased in 2023/24. This would help to avoid a volume increase in the public requesting the Council to carry out limited statutory searches which could become the preferred option should the discretionary fees be regarded as unaffordable.
- (d) **Planning:** Officer time for discretionary services, including Pre-application work and Planning and Performance Agreements (PPAs) have been increased for 2023/24 by 5% in line with the recommended uplift.
- (e) **Housing:** Leasehold Housing charges have not been adjusted from 2022/23. There are intentions to increase Traveller site plot rentals in line with the housing social rents. (Details of this increase will not be known until mid-October as it is dependent on September CPI). From October 2022 a flat rate charge of £60 / night will be charged for Bed and Breakfast accommodation.
- (f) **Other:** In many cases fees are set by statute and the necessary provision is specified in the schedule of fees and charges.

Options

20. While the Council could choose to do so, the option of not adopting the revised fees and charges from 1 April 2023 is not considered to be appropriate. The Council is required by law to set a balanced budget and the additional income from fees and charges contributes to this, albeit marginally. In determining the new fee scales, due regard has been given to the sensitivity of price increases on service demand.

Implications

21. In the writing of this report, taking into account financial, legal, staffing, risk, equality and diversity, climate change, and any other key issues, the following implications have been considered: -

Financial

22. In considering the preparation of the 2023/2024 Revenue Budget it is proposed that fees and charges should be increased where considered feasible, taking into account the prevailing market sensitivities and demand, in accordance with the

Council's stated intention of maximising revenue from fees and charges (including endeavours to maximise the recovery of costs incurred in providing discretionary services). The level by which it is proposed to increase fees and charges reflects the trends in inflation. Whilst it is proposed to apply a 5.0% increase for inflationary pressures in some areas, given the current economic climate there are a number of areas where this would be difficult to justify and, therefore, it is proposed that charges be left unchanged. It is worth noting that the failure to increase charges, where possible, will not contribute to the funding gap but this is not significant.

23. The income from the proposed charges will be included in the draft Revenue Budget to be submitted to the Cabinet at its February 2023 meeting.

Legal

24. The proposed charges have regard to the various statutory requirements regarding the Council's ability to set fees and charges.

Risks / Opportunities

25. The risk in setting any fee and charge is that it does not provide, due to change in usage, the projected income. A significant increase in charges may discourage the public from using a service resulting in an overall reduction in income. The income received is regularly monitored throughout the year as part of the Council's budget monitoring processes and any significant variation is reported to Cabinet.

Consultation responses

26. None, except budget holders.

Background Papers

- Medium Term Financial Strategy – Council: 23 September 2021
- Budget Reports – Report to Council: 22 February 2022

Appendices

Appendix A: Schedule of Fees and Charges: 2023/2024

Appendix B: Schedule of Fees and Charges: 2023/2024 (Sensitive data)

Appendix C: Schedule of Fees and Charges: 2023/2024 (Shared services, information only)

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