

Report to:	Cabinet	05 December 2023
Lead Cabinet Member:	John Williams - Lead Cabinet Member for Finance	
Lead Officer:	Peter Maddock - Head of Finance	

Proposed Fees & Charges 2024/2025

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 2024 (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 £333,000 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 2024 (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 2024/2025.

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 01 November 2023, the MPC voted to maintain the Bank Rate at 5.25%.
6. Twelve-month CPI inflation fell to 6.7% in September, below expectations. CPI inflation will remain above the 2% target but is expected to continue to fall sharply due to lower energy, core goods and food price inflation.
7. The cost of living has been rising in the UK and across the world markedly over the past year, particular food, and energy prices. This is partly in response to the conflict in Ukraine and global recovery from the coronavirus (COVID-19) pandemic though this should begin to ease in 2024 but will not fully be over until wages catchup for all households.
8. UK Gross domestic product (GDP) is expected to have been flat in quarter three 2023 though is expected to grow by 0.01% in quarter four, weaker than projected previously.
9. Following the Russian invasion of Ukraine, CPI inflation peaked in the fourth quarter of 2022 at its highest rate in around 40 years. The increase was driven primarily by higher gas prices feeding into sharp rises in domestic energy bills, alongside higher fuel prices and global goods inflation. Inflation is expected to fall rapidly and then oscillate around 0 per cent from mid-2024 to mid-2026 as energy bills fall back and some global supply pressures reverse. However, this does seem rather optimistic in the current climate.
10. The most recent CPI quarterly indices are shown in the table below:



11. 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 2.5% uplift for fees and charges where possible is recommended with effect from 1 April 2024. It is worth noting that failure to increase fees and charges by 2.5%, where possible, does add to the funding gap.

Medium Term Financial Strategy (MTFS) – Context of Review

12. 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 2024

13. 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 2.5% 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.
14. 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.
15. The report details, at **Appendix A**, the current charges that are applied, the proposed variations and the resulting proposed charge from 1 April 2024. 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.
16. 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.

17. In the following areas fees have been revised:

- (a) Waste and Environment: During 2023/24 the waste and environment fees were increased by an average of 5%. For 2024/25 it has been decided not to use a one approach fits all for fees and charges but rather on an individual basis. Therefore, fees and charges within Waste and Environment have been analysed against other comparatives and where deemed appropriate have been increased between 2.5% to 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 2024/25 it is not deemed appropriate to increase fees for Sports Camp due to the ongoing 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) 2024/25 will begin to see the introduction of charges for the hire of rooms at the temporary Northstowe Community building. The proposed charges vary from £6 to £52 depending on the type of room hire.
- (d) Land Charges: Fees for 2024/25 have been adjusted to ensure the costs of delivering the Land Charges service are covered. This resulted in an average increase of £11.85 for each specific enquiry, and steeper rises applied to some commercial searches.
- (e) Planning: Officer time for discretionary services, including Pre-application work and Planning and Performance Agreements (PPAs) have been increased for 2024/25 based on full recovery of the cost of delivering the agreed work.
- (f) Planning application fees will increase by 35% for major applications and 25% for all other application fees with effect from 06 December 2023 as agreed by Central Government. From thereon, application fees will rise annually on 01 April 2025 in line with inflation, with a 10% cap and a three yearly review.
- (g) Housing: Traveller site plot rentals will rise in line with the housing social rents, a 7.7% increase. (Rent rises are normally in line with CPI measure of inflation). From October 2022 a flat rate charge of £60 / night was charged for Bed and Breakfast accommodation, this remains unchanged for 2024/25.
- (h) Other: In many cases fees are set by statute and the necessary provision is specified in the schedule of fees and charges. Where applicable fees and charges have been increased by the recommended uplift of 2.5%.

Options

18. While the Council could choose to do so, the option of not adopting the revised fees and charges from 1 April 2024 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

19. 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 and Fraud Risk

20. In considering the preparation of the 2024/2025 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 2.5% 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.

21. The income from the proposed charges will be included in the draft Revenue Budget to be submitted to the Cabinet at its February 2024 meeting.

22. There are no fraud risks identified as a result of this report.

Legal

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

Risks / Opportunities

24. 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

25. None, except budget holders.

Background Papers

- Medium Term Financial Strategy – Cabinet: 07 November 2023
- Budget Reports – Report to Council: 21 February 2023

Appendices

Appendix A: Schedule of Fees and Charges: 2024/2025

Appendix B: Schedule of Fees and Charges: 2024/2025 (Sensitive data)

Report Author:

Farzana Ahmed – Deputy Head of Finance
E-mail: farzana.ahmed@scambs.gov.uk