

<b>Report to:</b>	Cabinet	06 December 2021
<b>Lead Cabinet Member:</b>	John Williams - Lead Cabinet Member for Finance	
<b>Lead Officer:</b>	Peter Maddock - Head of Finance	

## Proposed Fees & Charges 2022/2023

### 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 2022 (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 £50,000 additional income will be attributed to the general fund. This estimation does not include planning fees.

### 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 2022 (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.**

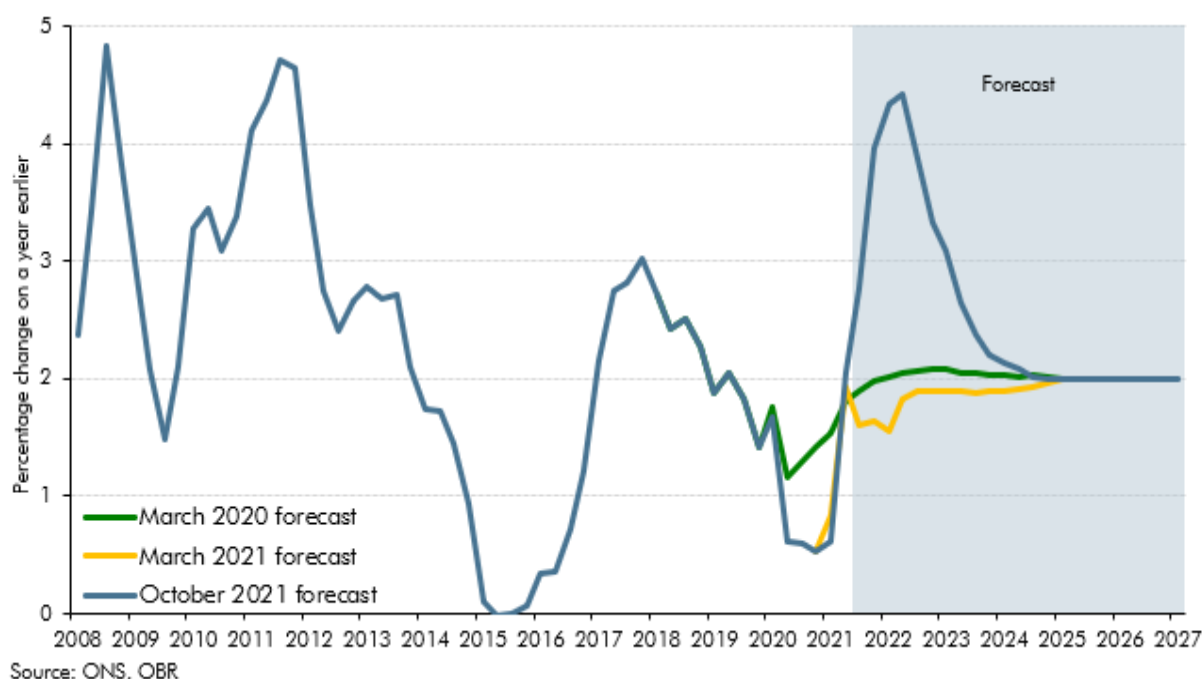
### Reasons for Recommendations

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 2022/2023.

## 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 02 November 2021, the MPC voted by a majority of 7-2 to maintain the Bank Rate at 0.1%.
6. The ongoing pandemic and economic situation has had an impact on the Council's planned income from sales, fees and charges. A support package was announced by the Government in July 2020 to help address spending pressures and in recognition of lost income. The scheme was extended into the first three months of 2021/22, whereby central government reimburse the Council for 75 pence in every pound of loss income. The aim is to help Councils respond to Coronavirus as part of a comprehensive plan to ensure financial sustainability for the future. The net budgetary impact will be assessed as part of the 2022/2023 budget setting process.
7. Both global and UK GDP has increased, although at a slower pace than projected. Growth is somewhat restrained by disruption in supply chains. Alongside the rapid pace at which global demand for goods has risen, this has led to supply bottlenecks in certain sectors. While bottlenecks will continue to restrain growth somewhat in the near term, global and UK GDP are nonetheless expected to recover further from the effects of Covid-19 (Covid).
8. UK GDP growth is expected to be relatively subdued. The pace of growth slows as potential supply growth eases back towards pre-Covid rates, and as higher energy prices and the fading of monetary and fiscal policy support temper demand growth.
9. Twelve-month CPI inflation fell slightly from 3.2% in August to 3.1% in September. CPI inflation is expected to rise to 4½% in November and remain around that level through the winter, accounted for by further increases in core goods and food price inflation. Wholesale gas prices have risen sharply since August. CPI inflation is now expected to peak at around 5% in April 2022, materially higher than initially expected as shown in the diagram below.



10. 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 fall back materially from the second half of next year.
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. In light of these predictions for inflation a 2.0% uplift for fees and charges where possible is recommended with effect from 1 April 2022. It is worth noting that failure to increase fees and charges by 2%, 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). It is also implicit that fees and charges should increase proportionately to the increase in the cost of providing services so that the net cost of services does not increase in real terms. 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 2022**

13. In determining the level of charges for 2022 it is proposed 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. 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 2022. 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 2021/22 the fees and charges set for the discretionary payments were unchanged to support the economic recovery of local residents and businesses from the effects of the Coronavirus pandemic. However, for 2022/2023 fees have been reviewed and some flat charges were introduced to simplify the charging structure. Although this has resulted in significant reductions in some areas the overall fee levels have increased.
  - (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 and have been restructured to improve ease of payment by applying a simple flat direct debit structure. Fees for Sports Camps have been increased by an average of 3% compared to 2020/2021.
  - (c) **Land Charges**: Fees for 2022/23 have been adjusted to ensure the costs of delivering the Land Charges service are covered. This resulted in an average increase of £11.10 for each specific enquiry, and steeper rises applied to some commercial searches.

- (d) Other: In many cases fees are set by statute and the necessary provision is specified in the schedule of fees and charges.

18. In addition, it should be noted the income generation opportunities for 2022/2023 arising from planning fees is currently under ongoing review.

19. It is proposed to retain administration charges relating to the Leasehold Housing at the current level.

## **Options**

20. While the Council could choose to do so, the option of not adopting the revised fees and charges from 1 April 2022 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 2022/2023 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 2.0% 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 2022 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**

- General Fund Medium Term Financial Strategy – Council: 23 February 2021
- Budget Reports – Report to Cabinet: 3 February 2021

## **Appendices**

Appendix A: Schedule of Fees and Charges: 2022/2023

Appendix B: Schedule of Fees and Charges: 2022/2023 (Sensitive data) – To Follow

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