

## **FEES AND CHARGES 2022/23**

### **1. Summary**

- 1.1 The need to generate funds locally, at the point of service delivery rather than from local or national taxation, has been a trend encouraged by Central Government for a number of years. This has been demonstrated by a continued reduction in Revenue Support Grant. Furthermore, the launch of the CIPFA Financial Resilience Index in December 2019 ranks those authorities as lower risk that are able to provide higher levels of locally generated sustainable income. A key element of resilience and sustainability is the lack of reliance on external funding, and income generated from fees and charges is a way to achieve this. The Council is able to raise income from a number of sources and this report identifies the areas for charging and includes details of the individual fees and charges proposed.

For 2021/22 the Council had a gross budget of £1.588bn offset by an income budget of £706.770m and funding resources of £881.420m. A proposed gross budget for 2022/23 of £1.645bn including an income budget of £696.970m and funding resources of £948.110m which is funded by Council Tax, Localised Business Rates, Revenue Support and Top up Grant, Other Specific Grants and Contributions and Fees and Charges. Fees and Charges contribute to the Council's ability to provide a diverse range of services.

As the government continues to reduce central funding so the reliance on local resources increases. The Council provides a diverse range of services, and it is important that it is clear on how the services it provides are funded. This will allow it to not only set fair charges for users when it is appropriate to do so but also to make a clear case for additional funding where the cost of key statutory services cannot be met by locally raised taxes. For non-priority services, there will be a need to cover the full cost of the service by charges if the service is to continue in the longer term. This in turn will allow the Council to allocate a reducing net budget to priority services which the Council has a duty to provide.

This report recommends the level of fees and charges to be applied in 2022/23 and a full schedule of 2022/23 charges is contained in Appendix G.1.

### **2. Risk Assessment and Opportunities Appraisal**

3. Income is a key part of the Council's financial strategy. The identification of additional income across the Council provides opportunities to remove the Council's reliance on other forms of funding, some of which we are unable to control. The key risks associated with income generation relate to the potential for under-recovery through a number of factors such as elasticity of demand, changing economic circumstances and emergence of competition. Growth in the reliance of

income from fees and charges heightens this risk. Consideration of new charges will take into account the requirements of the Human Rights Act, any necessary environmental appraisals, the need for Equalities Impact Needs Assessments and in some cases any necessary service user feedback.

#### **4. Financial Implications**

- 3.1 The Council's proposed 2022/23 gross revenue budget includes £696.970m of income, of which £104.110 relates to specific grant income which is generally known and fixed. The balance can vary significantly for a number of factors, and as demonstrated by reductions in income received overall during the pandemic and requires careful management and monitoring throughout the year. Variations in income can significantly affect the Council's financial position. By detailed consideration of income streams and factors which affect the levels of income the Council receives, the risk of significant budget variations caused by a shortfall in income levels will be reduced.

#### **5. Climate Change Appraisal**

- 5.1 Service areas will review for any impact on Climate Change when any new Fees and Charges are set.

#### **6. Background**

- 6.1 The financial landscape for local authorities continues to be very challenging for 2022/23. To meet the challenges of reduced government funding and additional service pressures the Council needs to continue to explore all options to reduce net expenditure, by both reducing gross expenditure and/or increasing income.
- 6.2 The Council has the power to charge for some services under various legislation dating back many years. The Local Government Act 2003 provides clarity over charging powers and is clear that a local authority can charge for discretionary services on the basis of recovering the full costs of providing the service but that it should not make a profit year on year. The same Act also covers local authority's power to trade whereby a profit/surplus can be made as long as trading is carried out through a company. This report concentrates on charging for some services. A key point is that charges should be set at the right level to balance the subsidy between service user and taxpayer.

The current Medium Term Financial Strategy (MTFS) covering the next three years does not specifically identify additional income from fees and charges in future years in all cases. A focus for the MTFS has been the shift in Council priorities, becoming a more commercial organisation, with a greater reliance on savings proposals being built around innovation and raising income. Some proposals identified within the MTFS may include a combination of increased efficiency and increased income generation.

To enable services to continue to be delivered in the medium to long term both alternative delivery mechanisms and revised charging strategies will need to be explored. Increases in charges may deliver additional savings or offset existing service pressures. An increase in individual fees and charges does not necessarily create additional funding beyond the current approved budget.

63 As central government funding continues to reduce, the Council is striving to become more commercial and generate income from fees and charges.

## 7. 2022/23 Income Budgets

7.1 The Council's proposed gross revenue budget for 2022/23 is £1.645bn. This budget is part funded by government grants and other income such as fees and charges to give the Council's net budget of £948.110m which is funded by formula grant and council tax. A large proportion of the income funding the Council's gross budget comes from national government in the form of specific and/or ringfenced grants.

7.2 The total gross income for the Council is shown in Table 1 below.

**Table 1: 2021/22 Gross Income and 2022/23 Proposed Gross Income**

	2021-22 Revised Budget	2022-23 Proposed Budget
	£m	£m
RSG (including returned amounts)	33.620	34.630
Top up Grant	158.100	158.100
Business Rates	44.370	57.160
Council Tax and Collection Funds	551.440	572.440
New Homes Bonus	2.420	2.470
Improved Better Care Fund	45.530	47.150
Social Care Support Grant	41.940	57.100
Capital Receipts	4.000	6.000
Services Grant	0	13.062
<b>Total level of resource</b>	<b>881.420</b>	<b>948.110</b>
Specific Grants	110.620	104.110
<b>Other Income</b>	<b>596.150</b>	<b>592.860</b>
<b>Total Gross Budget</b>	<b>1588.190</b>	<b>1645.080</b>

Other Income is broken down further in Table 2.

**Table 2: Categorisation of “Other Income”**

	2021-22 Revised Budget	2022-23 Proposed Budget
	£m	£m
Other Grants and Contributions	150.360	104.740
Fees & Charges	225.540	254.620
Internal Recharges	216.390	220.160
<b>One off use of Resources</b>	<b>3.860</b>	<b>13.340</b>
<b>Total Other Income</b>	<b>596.150</b>	<b>592.860</b>

73 The income figure shown above for fees and charges can be further categorised into income arising from fees and charges for the provision of services which can be set at the discretion of the Council (discretionary) and income where the levels are set by statute or restricted by regulations or guidance. The latter includes planning fees, which are set at a statutory level and other fees, the level of which must follow statutory guidance (for example charges for residential accommodation which are governed nationally).

74 The report, although detailing all fees and charges in Appendix 3, concentrates on discretionary income areas where there is a decision to be made by the Council on the level of charge.

## 8. 2022/23 Fees and Charges Analysis

81 The proposed fees and charges within this report are set to generate additional funds of circa £1.5m in 2022-23. £1m of this has been factored into the MTFs as additional income generation savings within Adult Social Care. The remaining £0.5m reflects standard inflationary increases already factored into the budget. Further work on commercialisation will take place in 2022-23 and will be the subject of a further report at budget setting time for 2023-24.

82 The detailed fees and charges by service area are provided in Appendix G.1. The statutory income in Adult Services mainly relates to charges to service users that are set by individual assessments and are governed by the Care Act 2014. The rates for social care are usually published in late February or early March. The DHSC circular also determines the Personal Expenses Allowance for service users in a residential care setting, and the capital threshold that determines whether the Council is required to assist in funding a service user’s care and support. Following its publication, the Council will be in a position to determine its Minimum Income Guarantee for 2022/23, and the Adult Social Care Charging and Financial Assessment Policy will be updated accordingly.

83 The majority of the remaining statutory income is in Growth, Environment and Transport. This relates to income primarily in Highways & Transport (highways

development control and New Road & Street Works Act).

84 For discretionary income, more detail on individual services is provided in Appendix G.1 The Council generates discretionary income from contracts for the provision of specific services e.g., scientific services. The main areas where the Council has discretion to agree fees and charges outside of any contract or service level agreement are:

- Car parking
- Highways Services
- Cultural services
- Music Service
- Domiciliary Care services

Please see Appendix G.1 for full detail.