

MID SUFFOLK DISTRICT COUNCIL

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| TO: Cabinet | REPORT NUMBER: MCa/20/21 |
| FROM: Councillor John Whitehead, Cabinet Member for Finance | DATE OF MEETING: 4 January 2021 |
| OFFICER: Katherine Steel, Assistant Director, Corporate Resources | KEY DECISION REF NO. CAB251 |

FEES AND CHARGES 2021/22

1. PURPOSE OF REPORT

- 1.1 This report presents the 2021/22 proposed fees and charges for a range of services provided by the Council, including charges for services governed by statute and charges for discretionary services.
- 1.2 The approved fees and charges will be built into the draft 2021/22 budget.

2. OPTIONS CONSIDERED

- 2.1 The options that have been considered are;
 - a) To review and approve the proposed changes to the fees and charges for the forthcoming financial year (recommended) or,
 - b) To leave them at the current year's level

3. RECOMMENDATIONS

- 3.1 The proposed Fees and Charges for 2021/22 as shown in Appendix A be approved.

REASON FOR DECISION

To ensure that the Council achieves sufficient income and thereby reduces subsidy on non-essential services which may compromise the Councils ability to fund statutory services.

4. KEY INFORMATION

Introduction

- 4.1 Fees and charges are an important source of income to the Council, enabling important services to be sustained and provided. In 2021/22 Mid Suffolk's fees and charges will generate £4.5m, which is 14.2% of the Councils gross expenditure. In order to sustain the delivery of services in the future this revenue is essential.
- 4.2 One of the key themes in the medium-term financial strategy is income generation and to achieve a robust financial strategy. With reducing Government funding, the

stability and growth in the Councils fees and charges is a major part of delivering this strategy.

- 4.3 The Council provides a wide range of services for which it has the ability to make a charge – either under statutory powers (set by the Government) or discretionary (set by the Council). Fees and charges fall into three categories:
- 4.4 **Statutory prohibition on charging:** Local authorities must provide such services free of charge at the point of service. Generally, these are services which the authority has a duty to provide.
- 4.5 **Statutory charges:** Charges are set nationally, and local authorities have little or no opportunity to control such charges. These charges can still contribute to the financial position of the Authority. Income cannot be assumed to increase in line with other fees and charges.
- 4.6 **Discretionary charges:** Local authorities can make their own decisions on setting such charges. Generally, these are services that an authority can provide but is not required to provide.

5. IMPACT OF COVID19 ON SALES, FEES, AND CHARGES

- 5.1 The financial impact of COVID19 on the Councils finances has been an evolving picture throughout 2020/21. Government have responded by providing additional financial support to local authorities to help cover additional costs incurred and compensation for loss of income.
- 5.2 Government recognised that COVID19 had severely impacted local authorities ability to generate revenues in several service areas as a result of lockdown, government restrictions and social distancing measures, related to the pandemic. In August 2020 they responded by offering a new, one-off income loss scheme to compensate for irrecoverable and unavoidable losses from sales, fees and charges income generated in the delivery of services, during 2020/21. As part of the Spending Review announcements in November this scheme has been extended to the first quarter of 2021/22.
- 5.3 The scheme involves a 5% deductible rate, whereby authorities absorb losses up to 5% of their planned 2020/21 sales, fees and charges income, with Government compensating them for 75p in every pound of relevant loss thereafter. Commercial income was excluded from the definition of eligible losses.
- 5.4 For Mid Suffolk the position as reported in the quarter 2 financial monitoring was a projected loss of £1.3m. The full year forecast compensation from Government to cover this is estimated at £703k.
- 5.5 The main reductions in income streams are:
- **Trade and Garden waste**, all invoices and recovery action were put on hold at the start of the financial year due to COVID19. Some trade waste services continued but the garden waste service was suspended until the middle of May 2020. Invoice processing and recovery is now back to normal.
 - **Car parking machines** were disabled (covered) at the start of lockdown as was the case across the country with the service resuming at the beginning of

July 2020. The use of car parks has however continued to be negatively impacted.

- **Planning income** has been impacted due to a reduction in planning applications from April 2020 to September 2020, compared to the previous year.

5.6 These income streams have been reviewed as part of the 2021/22 budget setting and car parking is the only area the Council is anticipating seeing a continuation of a loss of income, and to that effect, have budgeted for a 30% reduction on the 2020/21 budget.

5.7 The position will continue to be monitored throughout the year through the monthly budget monitoring process and reported in the quarterly financial monitoring reports to Cabinet.

6. PROPOSED FEES AND CHARGES 2021/22

6.1 This report sets out the proposed fees and charges for 2021/22 for a range of services provided by the Council. The Council regularly reviews and revises its rates for fees and charges so that either all or a proportion of the cost of service provision can be met and built into the Revenue Budget accordingly.

6.2 The fees and charges set out in this report have been built into the Draft General Fund Budget 2021/22.

6.3 It should be noted that if the increases in charges are too high, income levels may drop due to customer resistance and affordability for the customer. Usage and uptake of services needs to continue at optimum levels to support funding of increasing service costs, including administration and contract uplifts where applicable. Failure to achieve sufficient income and thereby reduce subsidy on non-essential services may compromise the Council's ability to fund statutory services and savings may need to be made elsewhere in the budget to mitigate a loss of income.

6.4 The charges set out are inclusive of value added tax (VAT) at the current rate, where appropriate.

6.5 The total income from the proposed fees and charges for 2021/22 is £4.544m compared to £4.704m in 2020/21, a decrease of £160k or 3.4%. A detailed breakdown by service area can be found in Appendix B.

6.6 Service Managers have reviewed the fees and charges for their relevant areas and are confident that where changes are proposed these are reasonable increases in terms of benchmarking against others. The proposed detailed schedule of fees and charges for 2021/22 is shown in Appendix A.

6.7 The proposed changes for 2021/22 are summarised below;

6.8 Statutory Charges

Licensing

- Destruction of surrendered food certificates - 3% increase (£4)
- Sampling private water drinking supplies – 15% increase (£10)

- Food Hygiene Rating (FHRS) rescore visits – 3% increase (£3)
- Dangerous Wild Animal Licence - 3% increase (£10)
- Zoo licence – 3% increase (£16)
- Skin Piercing – 3% increase (£5)
- Private water supplies – sampling 21% increase (£13)

Green Environment

- Litter Bins and Dog Bins charge to Town and Parish Councils – 3% increase (£1.08 and £1.26 respectively)

6.9 Discretionary Charges

Household Waste

- Bulky Item Collections – 3% increase (£1.25)
- Larger Bins – 3% increase (£1.00)
- Replacement Missing Bins – 3% increase (£1.00)
- Additional Waste Sacks – 4% increase (£0.03)
- New Set Of Bins – 3% increase (£1.75)

7. LINKS TO JOINT CORPORATE PLAN

- 7.1 Ensuring that the Council makes best use of its resources is what underpins the ability to achieve the 6 corporate strategic priorities set out in the Corporate Plan, and ensuring the Council has a robust financial strategy. One of the key themes in the Medium-Term Financial Strategy is increasing the Councils income.

8. FINANCIAL IMPLICATIONS

- 8.1 The increase in fees and charges income will either have been included in the Draft General Fund budget 2021/22 as a saving or be used to offset the operational costs of the service, for example, the inflationary increases in running costs.

9. LEGAL IMPLICATIONS

- 9.1 Local authorities have a variety of powers to charge for specific statutory services set out in statute.
- 9.2 The Local Government Act 2003 also provides a power to trade and a power to charge for discretionary services, the latter on a cost recovery basis. The power to charge for discretionary services is not available to local authorities if there is a statutory duty to provide the service or if there is a specific power to charge for it or if there is a prohibition on charging.

- 9.3 Additionally, the Localism Act 2011 provides local authorities with a general power of competence that confers on them the power to charge for services but again subject to conditions/limitations similar to those noted above.
- 9.4 Where authorities have a duty to provide a statutory service free of charge to a certain standard, no charge can be made for delivery to that standard, however delivery beyond that point may constitute a discretionary service for which a charge could be made.
- 9.5 All items/services listed in the appendices are pursuant to a power to provide the relevant service whether it is provided because of a statutory obligation to do so, or on a discretionary basis where the authority is not obliged to provide the service but can choose to do so. In relation to the latter, an authority charging for such services would do so on a cost recovery basis, pursuant to the Local Government Act 2003/Localism Act 2011.

10. RISK MANAGEMENT

- 10.1 This report is most closely linked with the Councils' Significant Risk No.13 – We may be unable to react in a timely and effective way to financial demands and also Corporate Risk No. SE05 – if the Finance Strategy is not in place with a balanced position over the medium term the Councils will not be able to deliver the core objectives and service delivery may be at risk of not being delivered.
- 10.2 Other key risks are set out below:

| Risk Description | Likelihood | Impact | Mitigation Measures |
|---|-------------------|----------------|--|
| If the increases proposed adversely affect demand for the service, the Council may suffer a loss of income and will not recover the costs of providing the service. | Unlikely (2) | Noticeable (2) | Fees and charges will be monitored through the monthly budget monitoring |
| If Covid19 continues to impact on fees and charges income into 2021/22 and the Government does not extend its sales, fees, and charges scheme then the Council may suffer a loss of income. | Probable (3) | Bad (3) | Fees and charges will be monitored through the monthly budget monitoring |

11. CONSULTATIONS

- 11.1 The relevant Portfolio Holders and Councillors have been consulted on any significant areas of increase or change to fee and charges. The need for wider consultation when increasing fees and charges is reviewed by each Corporate Manager and relevant Assistant Director, none of the proposed increases in this report have resulted in a need for wider consultation.

12. EQUALITY ANALYSIS

12.1 An equality impact assessment will be undertaken by each Assistant Director for any significant changes within these fee and charges proposals.

13. ENVIRONMENTAL IMPLICATIONS

13.1 The use of fees and charges can influence behaviour that will in turn have a positive impact on the environment. Corporate Managers will consider this impact as part of their service strategies.

14. APPENDICES

| Title | Location |
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| Appendix A - Fees and charges schedule 2021/22 | Attached |
| Appendix B – Fees and charges by service 2021/22 compared to 2020/21 | Attached |

15. BACKGROUND DOCUMENTS

Draft General Fund Budget 2021/22 and four-year outlook

General Fund Financial Monitoring 2020/21 – Quarter 2 MCa/20/11