

FEES AND CHARGES STRATEGY– 2023/24

1. Introduction

- 1.1 The Council provides a wide range of services to the local community and visitors for which it is able to make a charge – either under statutory powers (set by the Government) or discretionary (set by the Council).
- 1.2 Income from fees and charges is an important source of revenue for the authority.
- 1.3 The purpose of this Strategy, is to provide a framework and set out the key principles to be adopted in the annual review and setting of General Fund Fees and Charges. A similar strategy was produced in respect of last year. It is important for this Strategy to become embedded and linked to the Council's Medium Term Financial Strategy (MTFS). It should also compliment the Council's key objectives and priorities, i.e. as reflected in specific subsidies and concessions where there is a need to ensure comprehensive participation by the local community.
- 1.4 The main focus of this strategy is on discretionary charges, i.e. where the Council can exercise some degree of control. The aim is to ensure that the Council makes optimum use of its charging powers having regard to its core priorities and objectives. This will help to fulfil its place-shaping responsibilities.
- 1.5 It is imperative that we find an equilibrium between increasing our fees and charges to aid our services to deliver what they need to, whilst recognising that the wider, potentially, negative social and economic impact on our residents will be far greater over the next couple of years and needs to be taken into consideration.

2. Background and Context

2.2 Broadly, fees and charges fall into one of two categories:

- Non-discretionary (statutory) – these are set by the Government and include planning, licensing, etc.
- Discretionary (there is no legal obligation) – these are set by the Council in line with the current policy for services such as Leisure, Arts and Car Parking.

Each year, fees and charges are reviewed as part of the Council's budget setting process – usually to reflect an increase in line with RPI inflation.

Inflation Indices (last year and this):-

	July 2020	July 2021	June 2022	July 2022
RPI (%)	1.6	3.8	11.8	12.3

The current rate is 12.3% (July 2022), whilst CPI is 8.8% (July 2022)

2.3 Charges do more, however, than just raise income and lower the burden on the general council tax payer. They play a significant role in the achievement of a range of Council priorities from social inclusion to the contribution towards the health of the local community. In addition, they play a key role in:

- service delivery
- raising income and helping to deliver a balanced budget
- controlling access to services
- responding to competition – setting prices higher or lower than market rates,
- funding investment in new/existing services
- affecting (and influencing) public behaviour, i.e. to influence the level and timing of use, e.g. use of transport

2.4 Increasingly, there is a need to demonstrate the costs of chargeable services and the extent of any subsidy or concession.

3. Factors to consider when reviewing Fees and Charges

- Charges should be: fair and equitable; transparent, easy to understand; and applied consistently. In some circumstances, the Council will offer subsidies to all users or concessions to specific user groups where this is consistent with achieving its core objectives. However, it will not provide subsidy to commercial operators from the council taxpayer.
- Aligned with budget setting, the annual review of fees and charges is a focus on delivering service priorities and dealing with potentially sensitive or contentious issues. It may also help to close any funding gap.
- The appropriateness of charges should be regularly reviewed as part of a 3 year rolling programme (linked to the Medium term Financial Strategy and supporting strategies) in order to consider issues relating to cost recovery, income generation, concessions, etc.
- Where appropriate, specific strategies for significant income streams should be produced, e.g. car parking.
- Where appropriate, relevant partners and stakeholders should be consulted as part of any significant review of charges (e.g. structural review).

- Where necessary charges should undergo an equality and diversity impact assessment to ensure they fully comply with any legislative requirements.

4. Budgetary Principles

- Any fee or charge should look to cover the full cost of the service, including the cost of capital except where Members have agreed otherwise.
- Where less than full cost is being recovered, the justification for the decision is reviewed at least every 3 years to ensure it remains valid and that significant income is not being lost.
- Where there is a policy to provide a subsidy level or concession this should be clearly documented and the level of subsidy/concession calculated, together with the financial implications.
- Where increases to current charges are being proposed then income profiling models should be completed in order to accurately predict future income levels.
- Where leases contain rental profiles these should be documented and incorporated into the budget setting process.
- Where appropriate, benchmarking data from other providers of the service (including private sector) should be included in the service plan and explanations for significant differences should be provided. However, it should be recognised that local variations in charging is an inevitable consequence of flexibility to use charges in ways that meet local circumstances.
- As a minimum, once the charge has been set, it should be increased annually in line with inflation unless this conflicts with agreed policy.
- Material fluctuations in charges year on year (+/- 5%) will be highlighted as part of the annual review process.
- The setting of fees and charges should be made in accordance with the current VAT regulations.
- Where appropriate, the cost of administering the charge, including debt collection should be proportionate to the income generated.

5. Setting the Right Level and Structure of Charges

- 5.1 This is crucial because it has a significant effect on how well the Council achieves its financial, service and core objectives.

6. Annual Review

- 6.1 Fees and charges are reviewed annually by lead members at a joint meeting. The Constitution (Para 86, Part 8) allows for the approval of charges to be made by Directors or their nominees in accordance with Council policies and any criteria approved by Cabinet. The charges are thus determined in accordance with this strategy. There have been calls to review charges when setting the annual budget – but this is currently problematic where beach huts are concerned as they need to be determined well in advance of the annual renewal date in January of each year.