

Report of:	Executive Member for Finance and Governance Interim Director of Finance (s151 Officer)
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Submitted to:	Executive
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Date:	21 November 2023
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Title:	Fees and Charges Review 2023/24
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Report for:	Decision
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Status:	Public
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Strategic priority:	All
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Key decision:	Yes
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Why:	Decision will have a significant impact in two or more wards
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Urgent:	No
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Why:	
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Executive summary

The first quarter's monitoring position reported on 23 August 2023 identified a forecast overspend for 2023/24 of £11.563m. A separate report to this Executive highlights an updated forecast overspend of £8.556m as at Quarter Two as a result of management action and spending controls.

A key driver of the forecast overspend is due to the challenging financial and economic climate that the Council continues to operate within and the stubbornly high level of inflation. This has significantly increased the costs of service delivery including energy, utilities, fuel, and food, and also staff costs as a result of the national pay award which has recently been agreed for all local government employees for 2023/24.

The Council has also incurred significant increased costs from external service providers in areas such as adult's and children's social care, transport provision for children and adults, waste disposal, and temporary accommodation for homeless people.

Local authorities received no government support towards the cost of inflationary pressures for 2023/24, which have continued to exceed the expectations at budget setting. The Council last increased its fees and charges for discretionary services in November 2022. In order to recoup some of the costs of service provision, a review of the fees and

charges the Council levies for a range of services has been undertaken and it is proposed to increase fees and charges in line with inflation for a range of services with effect from 1 December 2023. The relevant fees are outlined in paragraphs 7 to 12 and summarised in Appendix 1. Further details are set out in Appendix 2.

It is estimated that £0.116m of additional income will be achieved from the increases by the end of 2023/24.

The fees for land charges services have not been increased since 2017 and it is therefore proposed that fees are increased from 1 December 2023 as outlined in paragraphs 13 to 18 and detailed in Appendix 3. It is estimated that £5,000 of additional income will be achieved from the increase in land charges by the end of 2023/24.

That the Executive:

- **Approve** the proposed fees and charges increases for a number of services from 1 December 2023 as summarised in Appendix 1 and detailed in Appendix 2.
- **Approve** the proposed increases in fees for land charges services from 1 December 2023 as detailed in Appendix 3
- Note that a full detailed fees and charges review for all discretionary services is being undertaken as part of the 2024/25 budget setting process and future increases will fall in line with the annual budget process thereafter.

Purpose

1. The purpose of the report is for Executive to approve the proposed fees and charges increases from 1 December 2023 outlined in this report following a review of fees for a range of services, and note the impact on each Directorate's forecast position. This review results in an uplift for inflation incurred since the last increase in November 2022. A full fees and charges review is being undertaken as part of the 2024/25 budget setting process.

Background and relevant information

2. The Council's scheme of delegation gives the Executive collective responsibility for financial management and budget monitoring with budgets delegated to Directors for operational and strategic decision making.
3. Executive will recall the first quarter's monitoring position reported on 23 August 2023 identified a forecast overspend for 2023/24 of £11.563m, and a separate report to this Executive highlights an updated forecast overspend of £8.556m as at Quarter Two.
4. A key driver of the forecast overspend is due to the challenging financial and economic climate that the Council continues to operate within and the stubbornly high level of inflation. This has significantly increased the costs of service delivery including energy, utilities, fuel, and food, and also staff costs as a result of the national pay award which has recently been agreed for all local government employees for 2023/24. The Council has also incurred significant increased costs from external service providers in areas such as adult's and children's social care, transport provision for children and adults, waste disposal, and temporary accommodation for homeless people.
5. Local authorities received no government support towards the cost of inflationary pressures for 2023/24 which have continued to exceed the expectations at budget setting. The Council last increased its fees and charges for discretionary services in November 2022. In order to recoup some of the costs of service provision, a review of the fees and charges the Council levies for a range of services has been undertaken and it is proposed to increase fees and charges in line with inflation for a range of services with effect from 1 December 2023. The relevant fees are outlined in paragraphs 7 to 12 and summarised in Appendix 1. Further details are set out in Appendix 2.
6. It is also proposed that the fees for land charges services the Council provides are increased from 1 December 2023 as outlined in paragraphs 13 to 18 and detailed in Appendix 3. These fees were last increased in 2017.

General Fees and Charges increases

7. It is proposed that going forward from 2024/25 budget setting, that Fees and Charges will be increased annually as part of the budget setting process and incorporated into the Council's decisions in February each year in line with the prevailing inflation rate determined by the s151 Officer.
8. A full review of fees and charges for discretionary services is being progressed as part of the 2024/25 budget setting process and this will consider the potential effect of increases in fees and charges upon demand for services. This review will feed into the 2024/25 budget setting with the effects of the review being included as part of the budget

report to Executive and Council in February 2024. This review will be undertaken in conjunction with external consultants as detailed in the Governance Improvement: Next steps – Resourcing the Financial Recovery and Resilience and Cultural Transformation programmes report to Executive on 19 July 2023.

9. For the majority of services the last increase in Fees and Charges applied was from 1 November 2022 with the full year effect of this being built into the 2023/24 budget setting. However, due to the level of inflation continuing to exceed budget forecasts, it is necessary to recoup some of the costs of service provision by applying an inflationary uplift to Fees and Charges from 1 December 2023. No increase has been applied to services where it is not possible to increase fees and charges due to them being set by legislation or where significant notice and consultation is required, or to any services where applying the increase would materially adversely affect demand for services and income generated.
10. The proposed increase in Fees and Charges has been calculated by the average increase in the consumer price inflation (CPI) rate from November 2022 to that forecast for the end of October 2023. This has resulted in an average increase of 8.6% being proposed, taking account of the need to round certain fees and charges for ease of charging and collection.
11. Details of the areas of Fees and Charges proposed to be increased from 1 December 2023 are summarised in Appendix 1 with the detail of the increases for each area contained in Appendix 2. A cautious approach has been taken to estimate the potential additional income that can be achieved in the remainder of 2023/24 considering the achievability of each increase, the consultation required and any statutory constraints, and any adverse effect on demand. It is estimated that £0.116m of additional income will be achieved by the end of 2023/24. Table 1 below shows by Directorate the estimated additional income from the fees and charges implementation and shows a revised forecast position for 2023/24 if the additional income is realised.

Table 1 - Summary by Directorate of additional income from fees and charges increase from 1 December 2023 and effect on Q2 forecast variance

All Directorates	2023/24 Q2 Forecast variance £m	2023/24 Additional Fees & Charges Income £m	2023/24 Effect on forecast variance £m
Adult Social Care	1.676	(0.002)	1.674
Public Health	0.000	0.000	0.000
Children's Care	3.172	(0.000)	3.172
Education & Partnerships	1.943	(0.012)	1.931
Regeneration	(0.396)	(0.024)	(0.420)
Environment & Communities	0.737	(0.062)	0.675
Legal & Governance	0.004	(0.012)	(0.008)
Chief Executive	(0.012)	0.000	(0.012)
Finance	(0.147)	(0.004)	(0.151)
Total Directorates	6.977	(0.116)	6.860
Central Budgets	1.579	0.000	1.579
Total Budget	8.556	(0.116)	8.439

12. An impact assessment has been completed to assess the proposed Fees and Charges increases (see Appendix 4). It found that there were no concerns that the fee increases could result in disproportionate adverse impact on groups or individuals because they hold one or more protected characteristics.

Land Charges

13. Land charges have not been increased since 2017 and were excluded from the report to Executive in October 2022 and the budget report to Council in February 2023, which incorporated a fee increase across the majority of the services the Council provides.

14. The land charges searches are carried out by the Legal Practice Team in Legal Services, who undertake the administration, co-ordination, and application of the searches to ensure timely deadlines are met. The fees set in 2017 do not reflect the increase in staff costs and inflationary costs incurred since 2017 and as such do not reflect the cost of service provision.

15. Whilst it is difficult to say what the impact would be on income due to factors such as numbers of people purchasing property either residential or commercial or the extent of searches being undertaken by individuals, it is noted that the cost of providing the service is chargeable to meet the staffing costs and other associated costs of the provision.

16. It is therefore proposed that the fees are increased from 1 December 2023 as shown in Table 1 in Appendix 3. It should be noted that a fee income increase above inflation is proposed in order to account for the lack of increases over preceding years since 2017. Table 2 in Appendix 3 shows a comparison of the current and proposed fees from 1 December 2023 for Middlesbrough compared to the fees charged by neighbouring local authorities.

17. The estimated rise in income from the proposed increase in fees is likely to be in the region of £15,000 per annum and £5,000 for 2023/24 for the period from 1 December 2023, when taking the average income over the last 3 years.

18. It should be noted that fee income fluctuates from year to year. It should also be noted that HM Land Registry are carrying out an exercise to move some searches online by 2025 which will reduce fee income for the Council, however there will still be a requirement to carry out some searches within the local authority. Legal Services has the fee income target against its budget for Land Charges.

What decision(s) are being recommended?

That the Executive:

- **Approve** the proposed fees and charges increases for a number of services from 1 December 2023 as summarised in Appendix 1 and detailed in Appendix 2.
- **Approve** the proposed increases in fees for land charges services from 1 December 2023 as detailed in Appendix 3
- Note that a full detailed fees and charges review for all discretionary services is being undertaken as part of the 2024/25 budget setting process and future increases will fall in line with the annual budget process thereafter.

Rationale for the recommended decision(s)

19. To enable the effective management of finances, in line with the Council's Local Code of Corporate Governance, the Scheme of Delegation and agreed corporate financial regulations.
20. To contribute to the significant additional costs the Council is incurring during 2023/24 as a result of the high levels of inflation that persist in the economy. This will contribute to meeting the cost of provision and support the reduction of the forecast overspend reported in the Revenue and Capital Budget – Forecast Outturn position at Quarter Two 2023/24 report to this Executive.

Other potential decision(s) and why these have not been recommended

21. To not propose the increase in fees and charges from 1 December 2023 will mean that the Council will not be covering the cost of service provision for these discretionary services and this adversely impacts its financial position. A range of measures are being taken to mitigate the in year overspend in order to protect the Council's level of revenue reserves which are at a critically low level.

Impact(s) of the recommended decision(s)

Legal

22. The proposed recommendations are consistent with and will promote the achievement of the Council's legal duty to achieve Best Value.

Strategic priorities and risks

23. Without adequate financial control, there is a risk that resources will not be aligned to corporate priorities.
24. External financial and economic uncertainty give rise to budget sensitivities and cost fluctuations that might not currently be foreseen but arise during the remainder of this year.

Human Rights, Equality and Data Protection

25. The Public Sector Equality Duty (PSED) (as set out in the Equality Act 2010) places a statutory duty on the Council in exercising its functions, to have regard to the need to:
 - eliminate discrimination, harassment and victimisation;
 - advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and
 - foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
26. Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:

- remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic;
- take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it; and
- encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.

27. The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation. Where proposed decisions may be relevant to one or more of these protected characteristics, the Council is obliged to assess the impact. If there is judged to be an adverse impact on these characteristics that is relevant to the duty above steps are taken to consider whether it can be avoided or mitigated. Where it cannot be avoided or mitigated, a decision can only be taken if it can be justified.

28. An impact assessment has been completed to assess the proposed Fees and Charges increases (appended to this report at Appendix 4). It found that there were no concerns that these could result in disproportionate adverse impact on groups or individuals because they hold one or more protected characteristics.

Financial

29. Financial implications are included in the main body of this report, with additional income of £0.116m being estimated to be received in 2023/24 for discretionary fees and charges increases for a range of services from 1 December 2023. There is also additional estimated income of £5,000 in 2023/24 from the proposed increase in fees for Land Charges from 1 December 2023.

Actions to be taken to implement the recommended decision

Action	Responsible Officer	Deadline
Implement the proposed increases to fees and charges outlined in this report	Each Director	1 December 2023
Undertake a detailed fees and charges review as part of the 2024/25 budget setting process	Interim Director of Finance	31 January 2024

Appendices

1	Summary of proposed Fees and Charges increases from 1 December 2023
2	Detail of current and proposed Fees and Charges increases from 1 December 2023
3	Details of proposed increases for fees for Land Charges services from 1 December 2023
4	Impact assessment of proposed Fees and Charges increases

Background papers

Body	Report title	Date
Council	Revenue Budget, Council Tax, Medium Term Financial Plan, and Capital Strategy 2023/24	27/2/23
Executive	Revenue and Capital Budget – Forecast Outturn position as at Quarter One 2023/24	23/8/23
Executive	Medium Term Financial Plan (MTFP) Refresh 2024/25 to 2026/27	23/8/23
Executive	Revenue and Capital Budget – Forecast Outturn position as at Quarter Two 2023/24	21/11/23

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