

**23 November 2020**

<b>Report of</b>	<b>Assistant Director, Corporate &amp; Improvement</b>	<b>Author</b>	<b>Paul Cook</b> <input type="checkbox"/> <b>505861</b> <b>Darren Brown</b> <input type="checkbox"/> <b>282891</b>
<b>Title</b>	<b>Fees and charges 2021-22</b>		
<b>Wards affected</b>	All		

## **1 Executive Summary**

- 1.1 The report sets out proposed fees and charges for 2021/22.

## **2 Recommended Decision**

- 2.1 To approve fees and charges for 2021/22 as set out in the Appendix to this report.
- 2.2 To approve the fees and charges setting mechanism for later years of the Medium-Term Financial Forecast as set out in Section 5.5 of this report.

## **3 Reason for Recommended Decision**

- 3.1 To respond to the significant budget gap created by corona virus lockdown and the associated recession and the impact of both on Council income
- 3.2 To make reasonable increases in fees and charges that help fund and support Council services.

## **4 Alternative Options**

- 4.1 Not to update fees and charges. This would reduce the funding available for Council services and necessitate additional savings or service reductions.

## **5 The impact of Covid-10 on sales, fees and charges and the Council's overall financial position**

- 5.1 Progress on the 2021/22 Budget and Medium-Term Financial Forecast was reported to 14 October 2020 Cabinet, taking account of Covid-19 and the resultant need to close the budget gap.
- 5.2 Sales, fees and charges are an important funding source for Council services. The 2020/21 budget for sales fees and charges is c£16m. This is comparable to the budgeted 2021/22 income from council tax, business rates and new homes bonus combined of £21m.
- 5.3 The Council is facing significant income losses in the current financial year (2020/21). The losses are currently forecast at £9m.

- 5.4 MHCLG is paying a special grant to councils in 2020/21 to help with their income losses. However, the grant does not cover all income losses. Colchester expects to receive just under £4m in income loss grant. The grant will be paid in 2020/21 only. The greater part of forecast income losses will need to be met from Council reserves.
- 5.5 The main income losses faced in 2020/21 are car parking income, commercial rents, and sport and leisure. This reflects reduced activity and closures in accordance with government requirements.
- 5.6 In 2021/22 it is forecast income losses will continue, in particular car parking income, commercial rents, and sport and leisure, although some areas such as licensing and bereavement services will be less affected. Total income losses are expected to be towards £3m. Although coronavirus and related economic uncertainty may add to this financial pressure and all losses will have to be funded by reserves and budget savings, unless additional government support is announced.
- 5.7 In the longer term the pace of economic recovery will be the predominant factor in determining sales fees and charges income.

## **6 Approach to setting fees and charges in 2021/22**

- 6.1 Given the challenging circumstances set out above, the Council must look carefully at sales, fees and charges in 2021/22 in order to protect essential services and help recovery.
- 6.2 The Council usually expects to maintain the real value of fees and charges, by allowing for inflationary pressures. But will ensure fees and charges remain good value to residents and competitive compared to neighbouring councils.
- 6.3 The uplift rate accordingly adopted as a 2021/22 guideline is 2.7%. This is the average rate of increase in the district council tax over the last 3 years. Standard inflation measures including price indices are not regarded as appropriate given the current exceptional economic situation. One of the main inflationary pressures faced by the Council is pay awards, but this is governed by different factors from sales, fees and charges.
- 6.4 Proposed fees and charges for 2021/22 are set out in the Appendix.

## **7 Service summary**

- 7.1 The following table sets out the main fees and charges service areas, an indication of the budgeted income rounded to the nearest £0.1m and a summary of the proposals for 2021/22

<b>Area and potential income</b>	<b>Summary of Proposals</b>
Civic Events	Charges increased in-line with corporate assumption as set out in report (2.7%)
Land Charges and Electoral Services (£0.3m)	Land charges are set on a cost-recovery basis as mandated by Government, No change to Electoral fees.
Sports Grounds, Beach Huts, Countryside Sites and Open Space Events (£0.4m)	Reviewed to ensure competitively set. Corporate uplift applied. Allotment charges and Beach Hut rents frozen.

Market, Street Trading (£0.1m)	Street Trading 2.7% increase, Market pitches unchanged to remain competitive.
Neighbourhood Staff	All charges reviewed and increased as needed to reflect cost of providing the service.
Street Naming and Numbering	All charges reviewed. New charges are being introduced for services delivered to Developers. Services (such as adding a name to a property) provided to individual residents will remain free of charge.
Museums (£0.5m)	All charges reviewed for competitiveness and increased for inflation where appropriate.
Visitor Information Centre	Guided tour charges increased to reflect living wage increase for tour guides, as well as ensuring charges remain competitive, whilst maximising income through tourism.
Private Sector Housing Services (£0.1m)	All fees and charges reviewed in line with corporate assumptions, maximising income where possible.
Planning Services (£1.2m)	Some planning fees for statutory are set by Government. Other charges increased, mindful of the marketplace and wider commercial property sector.
Building Control Service (£0.5m)	Charges subject to Building (Local Authority Charges) Regulations and CIPFA guidance set on a “cost recovery” basis and remain competitive. .
Parking Services (£4.0m)	Changes including some uplifts have been made to fees and charges as set out in the Appendix, but fees remain competitive.
Environmental Health and Licensing Services (£0.6m)	Environmental Health minor increases proposed. Licensing & Food Safety fees are cost-recovery with some small increases, while others have stayed the same.
Recycling and Trade Services (£0.6m)	New rates have been included to better reflect the customer base and to ensure that the service remains competitive.
Cemetery and Crematorium (£1.6m)	Charges increased in-line with corporate assumption as set out in report (2.7%)
Sport and Leisure (£5.5m)	All charges have been reviewed & new prices proposed considering market forces/demand. The overall average increase for 21/22 is around 2%. Lifestyle prices are not shown as they are commercially sensitive. A new range of charges will be introduced relating to the opening of the new Northern Gateway Sports facility.

7.2 The full schedule of proposed fees and charges is set out in the Appendix

## 8 Sales, Fees and Charges Consultation

8.1 Portfolio Holders have agreed the proposed fees and charges.

8.2 The budget strategy and timetable have ensured that information is available for scrutiny and input from all Members.

8.3 Budget workshops were held on 4 August 2020; 26 August 2020 and 5 October 2020 so that all members could share in the task of meeting the budget challenge.

## **9 Risk Management Implications**

- 9.1 Extensive modelling work has been undertaken to understand the impacts and variables arising from the crisis.
- 9.2 Income loss grant is paid by MHCLG in 2020/21 but there is no commitment that it will be paid in 2021/22.
- 9.3 Leisure and commercial income and the impact of sales fees and charges are very dependent on factors beyond the Council's control, on lock-down, the return of consumer confidence, and impacts due to the severity and duration of the macro-economic downturn and recovery.
- 9.4 Modelling has been undertaken with service managers to assess the potential range of impacts before adopting the proposals set out in the report.

## **10 Strategic Priorities and Recovery**

- 10.1 The New Strategic Plan considered by Cabinet in September 2020 sets out three key priorities against each of five thematic areas, reflecting Covid-19 recovery priorities and financial considerations given the budget constraints outlined in this paper.
- 10.2 Post-crisis recovery, for the Council, our customers, communities and businesses, is of critical importance. The charging proposals will allow recovery to continue whilst protecting funding for Council services.

## **11 Financial implications**

- 11.1 As set out in the report.

## **12 Environmental and Climate Change Implications**

- 12.1 All fees and charges are assessed for their likely environmental impact, reflecting the Council's commitment to be 'carbon neutral' by 2030. Environment and Climate Change is an essential cross-cutting theme in the Council's recovery planning and a core theme of the new Strategic Plan.

## **13 Equality and Diversity Implications**

- 13.1 Consideration will be given to equality and diversity issues in respect of fees and charges. This will be done in line with agreed policies and procedures including production of Equality Impact Assessments where appropriate.

## **14 Other Standard References**

- 14.1 There are no direct Publicity, Human Rights, Community Safety or Health and Safety implications as a result of this report.