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| 15 June 2023 | ITEM: 9 |
| Children's Services Overview and Scrutiny Committee | |
| Fees and Charges Review 2023/24 | |
| Wards and communities affected: All | Key Decision: Key |
| Report of: Accountable Assistant Director of Service: Michele Lucas - Assistant Director – Education and Learning | |
| Report of: Accountable Directors of Service: Sheila Murphy - Corporate Director of Children's Services | |
| This report is: Public | |

Executive Summary

As is well known the Council faces unprecedented financial challenges and is reviewing and revising all of its financial plans as a consequence. One element of this is income from Fees and Charges. This report begins to address that by:

- designing and proposing the adoption of a new Fees and Charges policy
- undertaking stage 1 of a three-part review of Fees and Charges
- arising from that recommending several increases in charges/new charges, effective from 1 October, to potentially generate £114k increase in income in a full year
- noting that subsequent stages will take this work further

1. Recommendations:

- 1.1 That Children's Overview and Scrutiny Committee note the proposed Fees and Charges policy, Appendix 1, in particular agreeing the commitment to full cost recovery and annual CPI inflation increases as the default.**
- 1.2 That Children's Overview and Scrutiny Committee note the proposed Fees and Charges increases for the material areas, Appendix 2.**
- 1.3 That Children's Overview and Scrutiny Committee note the proposed new Charges in section 8 of this report.**
- 1.4 That Children's Overview and Scrutiny Committee note the requirement for a further detailed review & analysis of remaining Fees and Charges by Quarter 4 2023/24.**

2. Background

Thurrock's financial position is exceptionally challenging as 35.2% of its 2023/24 budget, £180m, is financed by an indicative capitalisation direction. A non-recurrent form of potential exceptional funding which must be replaced by

asset or investment sales, reductions in the capital programme and revenue budget reductions (expenditure) or increases (income).

This report deals with the start of a Fees and Charges review which will assist in increasing the Council's income.

Due to the magnitude of the task, the review has been split into three Phases.

➤ Phase 1:

- create a new policy for Fees and Charges, enclosed as Appendix 1.
- begin the gathering of benchmarking data to start to enable Thurrock's charges to be compared against other local authorities, enclosed as Appendix 3a, 3b, 3c.
- identify material areas for Fees and Charges.
- analyse if inflation and/or other up-lifts have been applied to the Council's material income areas over the past 5 years to inform opportunities.
- investigate and propose immediate price increases for existing services.
- investigate any new charges which could be implemented by October 2023.
- explore the possibility of a semi-automated workflow process for Fees and Charges via Thurrock's embedded 4me system to add further transparency and improved reporting functionality to the process.

➤ Phase 2:

- review further Fees and Charges.
- analyse inflationary increases across all remaining Fees and Charges.
- begin implementation of the workflow system in 4me.
- further analysis of the benchmarking exercise to identify opportunities to expand Fees and Charges further, including any unique services Thurrock offer.
- support services to identify commercial opportunities.
- complete the annual Fees and Charges process with a paper to Cabinet in February 2024.
- implement increases for 1st April 2024.

➤ Phase 3:

- undertake a review of all service's financial recovery – identifying the cost recovery position, the financial opportunities, and the timescale to achieve completion of this.

3. Thurrock Fees and Charges Policy

A revised policy for Fees and Charges has been prepared and is enclosed as Appendix 1.

The policy deals with the following:

- sets out the purpose of the policy
- highlights the financial context of the Council
- explains why the Council levies Fees and Charges and factors that must be considered
- proposes a default approach to charging of full cost recovery and annual minimum inflationary increases
- highlights the categories of charge and the legal basis
- sets out roles and responsibilities
- also, the category of charge and the Council's commercial and pricing principles
- advises on the timetable for reviews
- notes key administration issues and
- sets out the basis for charging and cost calculation and provides a structured framework for future work in this area

4. Benchmarking Data

To enable a comparison of Thurrock's Fees and Charges against those of other boroughs initial data has been gathered. This requires much greater work including full reviews and business cases before any decisions are taken on the matters below, but it does provide a start for exploration. The high-level analysis indicates that:

- On average Thurrock have less Fees and Charges than those the Council benchmarked against as at 2022/23:
 - Thurrock - 1099
 - LBBD - 1209
 - Basildon - 1318
 - Havering - 1397
 - Medway - 1464
 - Southend - 1518

Please see Appendix 3a, 3b, 3c.

- This indicates that Thurrock has the potential to expand its Fees and Charges offering with a view to increasing Thurrock's income. Noting as above the need for full reviews and business cases in all instances. In addition, during the initial work the following have been identified as areas for further review. At this stage these are simply areas to be considered in the future:
 - Culture parks and outdoor spaces
 - Events and hiring
 - Exhibition spaces an area which Thurrock's comparable authorities charge for which Thurrock do not
 - It is also known from previous benchmarking exercises that Thurrock's registrars' services could be expanded to generate more income subject to appropriate investment.

This also confirms that in some areas Thurrock's charges are significantly less than that of its neighbouring boroughs. For example, Thurrock have the lowest cost Resident Parking Permit Prices of its comparative boroughs, by way of example for the 1st Resident Permit Thurrock the charge is £15, whereas Maldon charge £54, Brentwood and Basildon charge £34, Table 1 below. This matter will be explored further in stage 2.

Table 1 – Resident Parking Permit Comparison

| Residents Permits 22/23 | 1 st | 2nd | 3rd | Rank | % > TC |
|---|-----------------|-----|-----|------------|-----------|
| Thurrock (Agreed 23/24) | £15 | £15 | £15 | 1st | 0% |
| Southend | £15 | £25 | £50 | 2nd | 0% |
| Chelmsford | £26 | £26 | £26 | 3rd | 73% |
| Medway | £31 | £31 | £31 | 4th | 107% |
| Basildon | £34 | £34 | £34 | 5th | 123% |
| Brentwood | £34 | £34 | £34 | 6th | 123% |
| Havering | £35 | £60 | £85 | 7th | 133% |
| Rochford | £50 | £50 | £50 | 8th | 233% |
| Castle Point | £52 | £52 | £52 | 9th | 247% |
| Maldon | £54 | £54 | £54 | 10th | 260% |
| <i>Ranking based off 1st permit pricing</i> | | | | | |

There are other examples which will also be explored further in stage 2 of the review.

5. Material Income Areas

Budgeted total income for 2023/24 is £51.805m as per the budget report presented to Full Council on 1st March 2023. Of this income, £7.462m is due to be generated through the levying of Fees and Charges for council services. The material areas identified within this are set to contribute £4.242m (57%) of the budgeted Fees and Charges revenue:

Table 2 – Material Income Areas

| Key areas: | 2023/24 Indicative budget £'000 |
|--|------------------------------------|
| <i>Planning</i> | (1,180) |
| <i>Parking</i> | (523) |
| <i>Street works</i> | (480) |
| <i>Environment Enforcement</i> | (317) |
| <i>Licensing</i> | (314) |
| <i>Burials & Cemeteries</i> | (305) |
| <i>Registrar</i> | (303) |
| <i>Music Service</i> | (284) |
| <i>Theatre sales</i> | (269) |
| <i>Grangewaters Outdoor Education Centre</i> | (265) |
| Total of key areas | (4,242) |
| % Of 23/24 F&C budget | 57% |

Please see link below for full details:

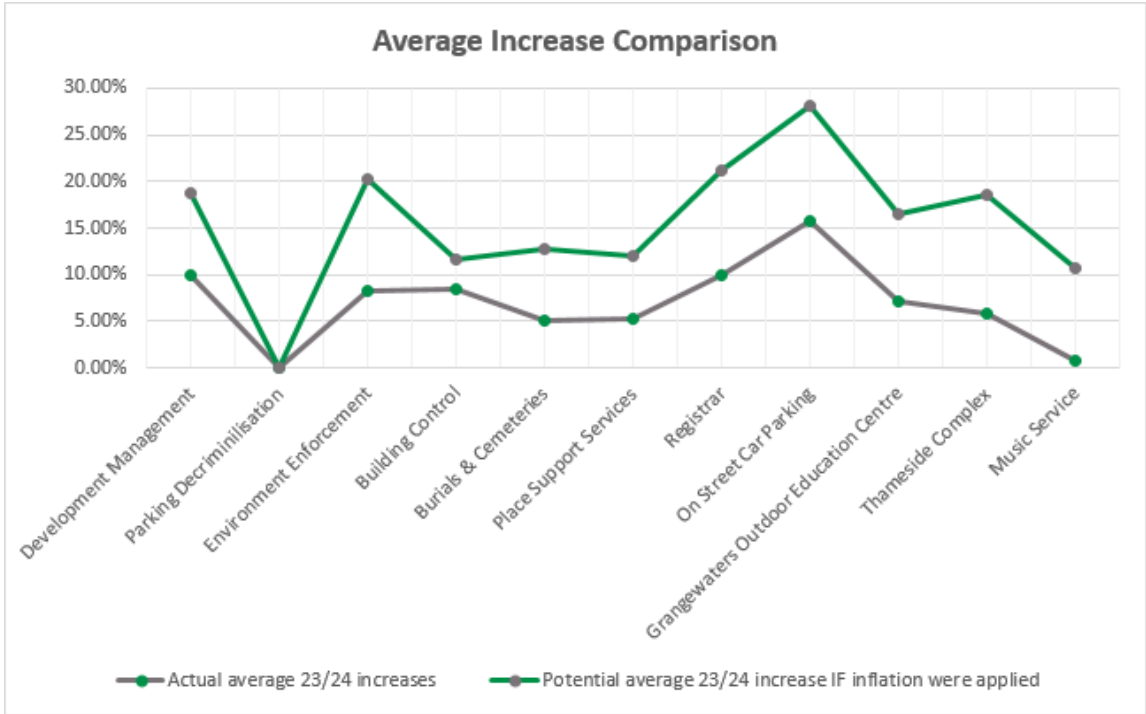
[\(Public Pack\)Item 16 - Appendix 2 - Budget Proposals 2023-24 Agenda Supplement for Council, 01/03/2023 19:00 \(moderngov.co.uk\)](#)

6. Inflation Comparator

After an assessment of the material areas over the past 5 years, it was identified that in some instances, the rate of inflation was not previously applied to each fee.

The review indicates that if these prices had increased at the rate of inflation over the past 5 years, income could potentially have increased for 9 out of the 10 areas (see graph 1 below) therefore potentially provided additional income. As a consequence of this, it is planned to address these issues further in the coming stage 2 of the review.

Graph 1 – Average Increase Comparison



7. Proposed Prices Increases

Using the above as a base, price increases are proposed in 8 of the 10 areas, via 153 fees which we are proposing to increase from 1st October. These increases range from £0.10p for additional parcels for personal searches, to £600 within pre-application fees. If demand remains unchanged, Thurrock services could potentially generate £37k for 2023/24, circa £74k full year effect.

The full list of suggested charges can be seen in Appendix 2.

8. Identifying Initial New Charges

As part of the review the following new fees were identified and are proposed to be implemented alongside the other increases:

- **Bikeability Level 3** – This will expand the service offering and promote the service beyond its current level, enabling schools to offer further development of skills, this can be advertised on Thurrock’s services to school’s website to encourage take up and could potentially generate income of £45 per pupil grant funding, plus £5 per pupil Thurrock charge. Currently it is estimated that 83 pupils can be trained in the next 6 months, providing an income generation of £4,150, however the more that are trained, the higher the yield; therefore, in future years the service will promote this in order to generate more income year on year.
- **Request for bus stop suspension** - This was previously capped at 2 days (£350), however whilst reviewing the fees, it was identified that in some instances bus stops were being decommissioned for 12+ months, it is now proposed that a monthly charge of £300 be applied. This should not only generate additional income but also incentivise third party utility companies to carry out the works in a timelier fashion, which will cause less disruption. A recent example of this is the latest suspension of Bus Stop 1 located at Grays station whereby C2C have requested to decommission Bus Stop 1 in order for them to carry out works to the station for approximately 14 months. This would equate to £4,200 of income compared to the previous capped charge of £350 giving us an increase of £3,850 for this one application.
- **Visitor Parking Vouchers** – Previously Thurrock gave the first 20x 5-hour visitor vouchers free of charge, this would equate to 100 hours of free parking, which is a value of £9 per household if charged at the existing 45p per 5 hours fee. As per previous years demand for visitor vouchers, the proposal is to no longer give the free 100 hours as this would generate additional income for the Council. This could potentially generate an additional £31,500 annually as previous year demand has shown a demand of 3,500 visitor vouchers.

In addition to the newly identified fees, other areas of potential opportunities and/or efficiencies will be explored subject to the preparation of full business cases/completion of ongoing work with other colleagues.

9. Continuous Improvement and Automation

The Business Development team have explored opportunities to improve the process of Fees and Charges and to date several improvements have been made which are:

- improved the calculations of the master data
- added change analysis
- identified statutory vs non-statutory and specifically those fees that can be increased.
- streamlined the communication process
- further engaged with services and finance officers
- raised the profile of Fees and Charges
- most importantly an increased understanding and in-depth knowledge of the complexities and legalities regarding Fees and Charges

The latest initiative is the implementation of a semi-automated workflow process for Fees and Charges via the Council's embedded 4me system. 4me is a CRM self-service change portal. This will enable the Council to attain further transparency, improve reporting functions and provide a superior audit trail whilst minimising the administration for Fees and Charges. This will allow for the automation of the approvals process and reduction in administrative duties when capturing updates from service areas within the annual process, via the use of an embedded approval hierarchy. The system will also capture any mid-year requests for amendments to fees and ensure they have gone through the correct approval process and generate reports and statistics whilst holding all this data securely in a central location minimising the risk of data corruption.

10. Conclusions

As a result of the Fees and Charges review – Phase 1, it has been identified that there is potential to generate in excess of £114k per annum, this was established by the proposed increases in the material areas and the identification of new charges. Given this additional income in the initial phase 1 of the review it is reasonable to conclude that there is potential to generate further income as part of Phase 2 by reviewing the remainder of the Fees and Charges and identifying further opportunities to expand Thurrock's fees and charges offering.

11. Reasons for Recommendations

The setting of appropriate Fees and Charges will enable the Council to generate essential income for the funding of Council services. The approval of reviewed Fees and Charges will also ensure that the Council is competitive with other service providers and neighbouring councils. The ability to vary charges within financial year will enable services to more flexibly adapt to changing economic conditions.

The granting of delegated Director authority will only apply to legal or regulatory changes. If there is a need to alter fees during the financial year to enable the Council to better respond to commercial challenges, additional reports may be brought to Cabinet for approval.

12. Consultation (including Overview and Scrutiny, if applicable)

Consultations will be progressed where there is a specific need. However, with regard to all other items, the proposals in this report do not affect any specific parts of the borough and have been seen via their retrospective Overview and Scrutiny committees and commentary is included within the Appendix of this report. Fees and Charges are known to customers before they make use of the services they are purchasing.

13. Impact on corporate policies, priorities, performance, and community impact

The changes in these Fees and Charges may impact the community; however, it must be taken into consideration that these price rises include inflation, and no profit will be made on the running of these discretionary services.

14. Implications

14.1 Financial

Implications verified by: **Jo Freeman**
Finance Manager

Thurrock's challenging financial position is set out in the opening paragraph of this report.

Budgeted income from fees and charges for 2023/24 is £7.462m. The income from fees and charges helps to manage demand and cover costs for providing services. Changes proposed to fees and charges set out in this report are anticipated to deliver an additional £0.114m in a full year. The total amount of income generated through fees and charges will depend on price as well as volume/service take up. Any changes to service delivery or use of assets will also impact the ability to realise the £0.114m in full.

14.2 Legal

Implications verified by: **Kevin Molloy**
Principal Solicitor Contracts Team

Section 93 of the Local Government Act 2003 ("LGA 2003") and guidance issued in 2003 pursuant to section 96(3) of the Act, empowers the Council to charge for discretionary services related to a Council function if the recipient of the service has agreed to its provision.

Discretionary services are those services authorised by statute that the Council is not required to provide but may do so voluntarily (section 93(1)(a), LGA 2003).

However, the Council cannot charge for mandatory services or services it has a duty to provide. Further, the section 93 charging power does not apply where there is a power to charge for a particular service elsewhere in other legislation (section 93(2)(a), LGA 2003).

The section 93 charging power cannot be used to charge for a service if other legislation expressly excludes an authority from charging (section 93(2)(b), LGA 2003). For example, the Education Act 1944 prohibits a local authority from charging for basic education; this prevents section 93 being used to circumvent a local authority's statutory duty to provide basic education for free.

The Council can set the level of charge for each discretionary service. However proposed charges must have regard to the 2003 statutory guidance. [General Power Best Value \(publishing.service.gov.uk\)](https://publishing.service.gov.uk)

Where the introduction of new fees and charges require consultation of affected service user this needs to be undertaken prior to the proposed changes taking effect and consultation responses considered as part of the decision-making process. Also, any relevant statutory provisions must be complied with prior to the introduction of new fees and charges.

The Council is under a general duty to secure that, from one financial year to the next, the income from charges for services does not exceed the costs of provision (section 93(3), LGA 2003). This approach allows a local authority greater flexibility to balance their accounts over a period of time and recognises the practical difficulties for a local authority in estimating the charges for a discretionary service at the outset.

The Council must offset any surplus or deficit in income because of any over or under recovery of charges when setting future charges for the discretionary service. This ensures that over time the income generated by the discretionary service equates to the cost of providing the service.

However, the Council does not have to recover the full costs of providing the service if there are policy reasons for limiting the charges in relation to a particular user of the service e.g., to the disabled, the unemployed or those in receipt of benefit. It must be able to justify its reasons for doing so.

Alongside the section 93 charging power, the general power of competence for local authorities under section 1 of the Localism Act 2011 (LA 2011) also confers a power on the Council to charge individuals for discretionary services. The section 1 charging power has similar requirements of the Section 93 LGA 2003 charging power as referred to above.

These charging powers are not intended to provide a new income stream for the Council and cannot be used to generate a profit. It does enable the Council to recover the costs of providing services or improvements to services that it might not otherwise have been able to justify providing or been able to provide. These powers also enable the Council to spread the cost of providing an existing service or a new discretionary service,

Taking the decision set the fees and charges is an executive function of the Council. The report to Cabinet supporting the recommended course of action should contain all the necessary and relevant information to enable members to take an informed decision on the proposed scheme and to satisfy themselves that the proposed charges are fair and reasonable.

In reviewing and setting fees and charges, the Council will need to have due regard to the Public Sector Equality Duty as set out in the Equality Act 2010.

The issuing of a s114 Notice by the Council's Chief Finance Officer (s151 Officer) means by law the Council must stop all expenditure with the exception statutory services and pre-existing commitments. The recommendations set out in the report contribute to the financial recovery of the Council.

14.3 Diversity and Equality

Implications verified by: **Roxanne Scanlon**
Community Engagement and Project
Monitoring officer

The Council is responsible for promoting equality of opportunity in the provision of services and employment as set out in the Equality Act 2010 and Public Sector Equality Duty. Decisions on setting charges and fees are subject to Community Equality Impact Assessment process and the Council's wider decision-making structures to determine impact on protected groups and related concessions that may be available. A CEIA has been completed to assess the impact of the changes detailed within this report.

Council's pay and display charges have been benchmarked to ensure they are either below or in line with other local authorities and are applied fairly and consistently across all car parks in Thurrock that are the subject of pay and display measures.

Council's overarching Parking Policy and Strategy and Parking Enforcement Strategy was the subject of consultation in November 2020, and each are the subject of Community Equality Impact Assessment. Feedback from this consultation and other individual projects is used to support ongoing monitoring and review of CEIA and the implementation of the related policy and strategies.

14.4 Other implications (where significant) – i.e., Staff, Health Inequalities, Sustainability, Crime and Disorder and Impact on Looked After Children

Not applicable

Background papers used in preparing the report (including their location on the Council's website or identification whether any are exempt or protected by copyright):

None

15. Appendices to the report

- Appendix 1 – Fees and Charges – Policy.
- Appendix 2 – Fees and Charges - Schedule of Material Areas - Proposed charges.
- Appendix 3a – Additional Data - Benchmarking Summary.
- Appendix 3b – Additional Data - Resident Parking Permit Comparison.
- Appendix 3c – Additional Data - Building Control Comparison.
- Appendix 5 – EIA (Equalities Impact Assessments) & Legal Commentary.