

**Report to:** Place Scrutiny Committee

**Date of meeting:** 28 November 2024

**By:** Chief Finance Officer

**Title:** Fees and Charges Report

**Purpose:** To update Place Scrutiny Committee on fees and charges income under the remit of the Committee

**RECOMMENDATIONS**

**1) Place Scrutiny Committee is recommended to note the financial information on fees and charges income, the mechanism for reviewing fees and charges and the ongoing work to maximise fees and charges income.**

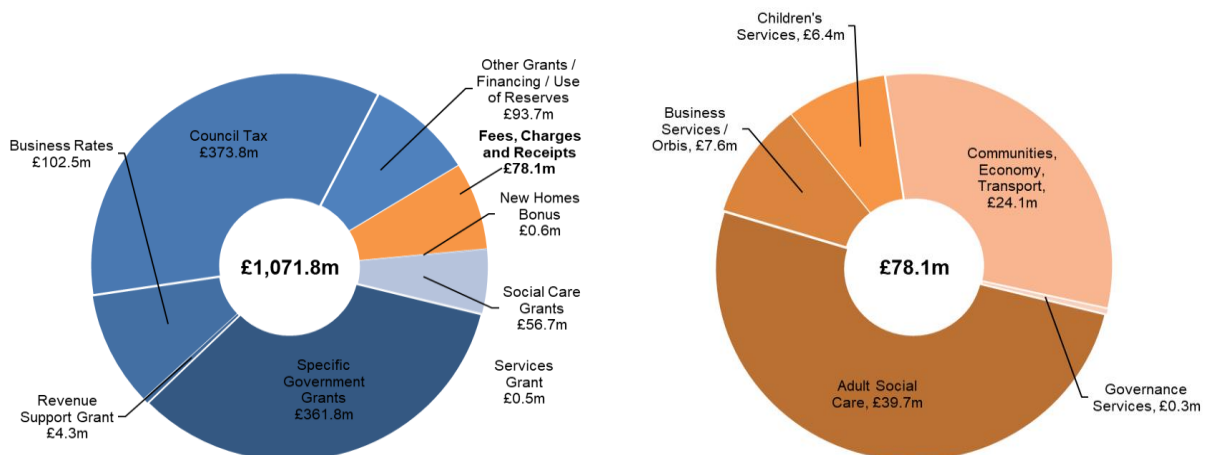
**1 Background**

1.1 Scrutiny Committee has asked for a report outlining financial information on the fees and charges income for the services within the remit of the Committee, the mechanisms for reviewing fees and charges to ensure they cover costs, and whether there are opportunities to use increases in fees and charges income to support service activity.

1.2 East Sussex County Council provides certain services to the public for which it has the ability and is expected to make a charge – either under statutory powers (set by the government) or discretionary (set by the Council). These charges form part of funding of the Council’s gross revenue budget.

1.3 For 2024/25, the Council approved a gross budget of £1,071.8m, of which £78.1m is funded from fees and charges – or 7.28% of the gross budget. The graphs below set out how the gross budget is funded for 2024/25 and how budgeted fees and charges are split between departments:

**Gross Budget: Sources of Funding and Departmental Breakdown of Fees and Charges 2024/25 (£m):**



## 2 Supporting information

### ***Fees and Charges: Place Scrutiny***

2.1 The budgeted income from fees and charges for Business Services (BSD), Communities, Economy & Transport (CET), and Governance Services (GOV) totals £32.0m. A breakdown by department and whether ESCC has discretion on the level of fee or charge set is shown in the table below:

Department	Fees and Charges Budget		
	Discretionary	non-Discretionary	Total
	£'000	£'000	£'000
Business Services	7,561	-	7,561
Communities Economy & Transport	11,565	12,540	24,105
Governance Services	318	-	318
<b>Total</b>	<b>19,444</b>	<b>31,988</b>	<b>31,984</b>

2.2 For the purposes of this analysis, discretionary means that the charge is set by the Council and not set by government, other external bodies or frameworks.

2.3 More detail on discretionary CET and GOV fees and charges can be found in the latest published list of discretionary fees and charges for ESCC, set out in Appendix 1.

2.4 BSD fees and charges include: external services to schools for Property, IT&D, HR&OD and Finance; rental income; rents lettings and licences; catering; and training courses. Note that BSD charges are generally either subject to a separate contractual arrangement, which can be commercially sensitive, or levied internally. As such, they are not published on the Council's list of discretionary fees and charges.

2.5 CET fees and charges cover a range of services, including: fees for registrations, archives and records; parking charges; and library fees. Non-discretionary charges include highways; planning applications; and sale of electricity & recycling raised via the joint waste disposal contract.

2.6 GOV fees and charges include: legals fees; communications; and school appeals.

### ***Mechanism***

2.7 Fees and charges are reviewed annually as part of the Reconciling Policy, Performance and Resources (RPPR) process. Departments are required to benchmark against income from other authorities and ensure where possible fees cover costs incurred to deliver services. The approval of Fees & Charges that are not set by government, other external bodies or frameworks is delegated to the Chief Finance Officer, with a requirement to report to Cabinet and Full Council those set at a level above a pre-set threshold (usually based on inflation).

2.8 Any subsequent amendments are approved as they arise during the year and are reported to Cabinet and Full Council as part of quarterly monitoring.

2.9 In recent years, the Council has sought to maximise income from fees and charges to mitigate the emerging financial challenge. During Spring 2024 an exercise was undertaken to review all fees and charges on a line-by-line basis and ensure that they had been increased where appropriate.

2.10 In addition, a proposal was put forward for all fees and charges to be increased by 4% on their 2023/24 levels, unless there was a strong reason why doing so would be detrimental to the Council's position. For example, if such a rise would breach a statutory limit, or that likely loss of income from reduced demand would be greater than that of the price increase. This approach is being taken forward as part of 2025/26 budget setting and maximising income from fees and charges remains a key objective in addressing the scale of the financial challenge.

### **Challenges**

2.11 There are several reasons why it may be detrimental or not possible to the Council to increase a fee or charge in line with inflation and/or increases in cost. Key factors are set out below:

- **Legislation.** ESCC may be limited in its ability to increase fees or charges by legislation and/or statutory limits. An example of this is planning applications, which are set nationally.
- **Market Factors.** If increasing a fee were to result in a significant loss of demand, then it may be uneconomical to do so. This is particularly true where alternative provision is available, such as IT services to schools.
- **Cost of living.** The Council may wish to avoid putting additional financial pressure on residents as the effects of the cost-of-living increases have endured.

## **3. Conclusion and reasons for recommendations**

3.1 East Sussex County Council provides certain services to the public for which it has the ability and is expected to make a charge. The Council has sought to maximise income from fees and charges and continues to review individual each charge annually as part of the RPPR process.

3.2 The Place Scrutiny Committee is recommended to note the contents of the report.

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