

Business Case

To support better spending and investment decisions and better procurement

All Portfolios – Increase in Fees & Charges by 5%

**SINGLE STAGE BUSINESS CASE - LOW VALUE AND RISK
(£0 TO £250K VALUE OF PROCUREMENT)**

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Organisation:	Resources Department

	Name	Signature	Date
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Reviewed by:	Rhian Hayden		
Approved by:	Rhian Hayden		

1.	INTRODUCTION
	<p>The purpose of the Business Case is to provide options for increasing income for 2024/2025 onwards (as part of the council’s Bridging the gap programme) in support of attaining a balanced budget.</p> <p>This business case will propose increasing discretionary Fees & Charges by a minimum of 5%.</p>
2.	THE CASE FOR CHANGE
	<p>The current economic climate is challenging for both the public and private sector as the cost of living crisis continues into 2023 with inflation remaining high at 6.7% (September 2023), higher than anticipated pay costs, increased borrowing costs, increased energy and fuel costs, all continuing to put pressure on budgets and the cost of delivering services to our residents.</p> <p>The Council has significant financial challenges over the next few years in delivering services to meet the needs of residents. The Council’s Medium Term Financial Strategy 2024/2025 to 2028/2029 indicates a budget gap of £34m over the 5-year period, with an estimated funded gap of £10m in 2024/2025.</p> <p>Across the Council service delivery methods are being reviewed including, staffing structures, external costs to identify budget cuts to contribute to mitigating the Council’s budget gap.</p> <p>The Council has previously agreed a policy of full cost recovery therefore all fees & charges must be reviewed on a regular basis to ensure where appropriate the costs of providing the services are reflected in the fees & charges agreed and implemented.</p> <p>For 2024/25 employee costs are expected to increase by at least 5% with other costs anticipated to increase by an average 4% (CPI assumption MTFs). Given these estimated higher costs of delivering services to the public, where charged income levels should be considered / revised.</p>
3.	OPTIONS ANALYSIS
3.1	Main options
	<p>The budget assessment of income generated from all Fees & Charges for 2023/2024 is £14.5m and this includes:</p> <ul style="list-style-type: none"> • £10m from Discretionary Fees & Charges • £4.2m from fees & charges set nationally (e.g., Planning & Building Control Fees, Fixed Penalty Notices, Fairer Charging etc) • £0.2m from Consortia arrangements

	<p>Option 1 – Do not increase discretionary Fees & Charges for 2024/2025.</p> <p>The assumption in the Medium-Term Financial Strategy (MTFS) is to increase all income budgets by 4% in line with the assumption for inflation. This will increase income budgets by £0.6m.</p> <p>If individual discretionary fees & charges are not increased by a minimum of 4% there is a risk that this will result in a cost pressure in 2024/2025 as fees & charges will not increase in line with budget targets.</p> <p>Option 2 – Increase discretionary Fees & Charges by 4% in line with the assumption within the Medium-Term Financial Strategy</p> <p>Increasing all discretionary fees & charges by 4% should generate the income required to meet the proposed income budgets for 2024/2025, however will not generate additional income to contribute to the current identified budget gap within the MTFS.</p> <p>Option 3 – Increase discretionary Fees & Charges by 5% (as a minimum)</p> <p>This proposal is to increase discretionary charges by an additional 1% over and above the assumption within the MTFS. This option would deliver an increase in income of approximately £100,000 and would include increasing internal SLAs (with Schools, Corporate Landlord etc) by 5%.</p> <p>Risks identified for Options 2 and 3:</p> <ul style="list-style-type: none"> • Demand may drop off when prices are increased resulting in lower income levels being generated and budget cost pressures emerging as a consequence. • Increasing the costs to both external and internal customers resulting in increased pressures facing schools and other budgets. • Schools may consider withdrawing from the SLAs. <p>Mitigating Actions:</p> <ul style="list-style-type: none"> • Regular monitoring of fees and charges should identify cost pressures as they emerge and allow actions to be put in place to address the cost pressure.
3.2	Recommended option
	To be determined as part of consideration and engagement process.
3.3	Sources and assumptions

	An analysis of income budgets and forecast income (at quarter 2) have formed the basis of the calculations within this proposal.														
4.	PROCUREMENT ROUTE														
	Not relevant at this point.														
5.	FUNDING AND AFFORDABILITY														
	<p>If approved the financial impact on the funding gap in relation to the above options would be:</p> <ul style="list-style-type: none"> - Option 1 Will increase the budget gap identified in the MTFS by £0.6m - Option 2 No financial impact on the budget gap identified in the MTFS. - Option 3 Increased income and a reduction in the budget gap of £0.1m <table border="1" data-bbox="454 824 911 1167"> <thead> <tr> <th>Year</th> <th>Potential Income Generation</th> </tr> </thead> <tbody> <tr> <td>2024/2025</td> <td>£0.1m</td> </tr> <tr> <td>2025/2026</td> <td>£0</td> </tr> <tr> <td>2026/2027</td> <td>£0</td> </tr> <tr> <td>2027/2028</td> <td>£0</td> </tr> <tr> <td>2028/2029</td> <td>£0</td> </tr> <tr> <td>Total</td> <td>£0.1m</td> </tr> </tbody> </table>	Year	Potential Income Generation	2024/2025	£0.1m	2025/2026	£0	2026/2027	£0	2027/2028	£0	2028/2029	£0	Total	£0.1m
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6.	DELIVERY ARRANGEMENTS														
	Council will consider Fees & Charges as part of the budget setting process and the review of the Fees & Charges Register for 2024/2025.														