

# Brighton & Hove City Council

## Culture, Heritage, Sport, Tourism & Economic Development Committee

## Agenda Item 48

**Subject:** Fees and Charges 2024-25

**Date of meeting:** 18<sup>th</sup> January 2024

**Report of:** Executive Director, Economy, Environment & Culture

**Contact Officer:** Name: John Lack  
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**Ward(s) affected:** All

**For general release**

### **1. Purpose of the report and policy context**

1.1 The purpose of this report is to set out the proposed 2024/25 fees and charges for the service areas covered by the Culture, Heritage, Sport, Tourism & Economic Development Committee, in accordance with corporate regulations and policy.

### **2. Recommendations**

2.1 That Committee agrees the proposed fees and charges for 2024/25 as set out within the report.

2.2 That Committee agrees the proposed fees and charges in paragraphs 3.4 - 3.15 relating to Pre-Application Advice, Planning Performance Agreements and S106 Deed of Variation, to be implemented with immediate effect in the current financial year 2023/24 allowing for lead in time to update systems, charging methods and notice periods.

2.3 That Committee delegates authority to the Executive Director of Economy, Environment & Culture (in relation to paragraphs 3.4 - 3.30), to change fees and charges as notified and set by central Government during the year.

Note: If the above recommendations are not agreed, or if the committee wishes to amend the recommendations, then the item will need to be referred to the Strategy, Finance & City Regeneration Committee meeting on 8<sup>th</sup> February 2024 to be considered as part of the overall 2024/25 budget proposals. This is because the 2024/25 budget proposals are developed on the assumption that fees and charges are agreed as recommended and any failure to agree, or a proposal to agree different fees and charges, will have an impact on the overall budget proposals, which means it needs to be dealt with by Strategy, Finance & City Regeneration Committee as per the requirements of the constitution. This does not fetter the committee's ability to make recommendations to Strategy, Finance & City Regeneration Committee.

### **3. Context and background information**

- 3.1 As part of the budget setting process Executive Directors are required to agree changes to fees and charges through relevant Committee Meetings. The management of fees and charges is fundamental both to the financial performance of the City Council and the achievement of the Council's corporate priorities. The council's Corporate Fees & Charges Policy requires that all fees and charges are reviewed at least annually and should normally be increased in line with the cost of providing the service to maintain income in proportion to the net cost of service.
- 3.2 The Corporate Fees & Charges Policy also stipulates that increases above or below an agreed 'corporate rate of inflation' should be approved by committee. However, it should be noted that the corporate rate of inflation (3.5% for 2024/25) is not a default rate of increase and is a financial planning assumption only, set early in the financial year, and should not therefore determine actual increases which should normally reflect current and projected inflationary cost pressures to ensure that income is maintained in proportion to expenditure.
- 3.3 The committee are advised that if the proposed fees & charges recommended in this report are not agreed, or if the committee wishes to amend the recommendations, then the item will normally need to be referred to the Strategy, Finance & City Regeneration Committee meeting on 8 February 2024 to be considered as part of the overall 2024/25 budget proposals. This is because the 2024/25 final budget proposals will have been developed on the assumption that fees and charges are agreed as recommended and therefore any rejection or amendment of the proposed fees and charges may have an impact on the overall budget proposals, which means it would need to be dealt with by Strategy, Finance & City Regeneration Committee as per the requirements of the constitution. However, this does not fetter the committee's ability to make alternative recommendations to Strategy, Finance & City Regeneration Committee.
- 3.4 It is not always possible when amending fees and charges to increase by the exact inflation figure due to rounding. As a result, some fees and charges are rounded for ease of payment and/or administration.

#### **City Development and Regeneration**

- 3.5 It is proposed that all fee increases proposed in this section will be implemented as soon as possible after 1<sup>st</sup> February 2024 for all new applications, subject to necessary lead times to update systems and the relevant web pages.

#### **Pre-Application Planning Advice Service**

- 3.6 The Planning Service provides a fee paying advisory service to applicants who want to submit their potential ideas for development for a formal view from a planning officer prior to making an application. The demand for this

service has slowly recovered to pre-pandemic levels and is offered on householder, minor and major proposed developments. The recent changes to the national planning application rates may also see more demand for this service from potential applicants.

- 3.7 It is proposed to increase all existing Pre-Application Planning Advice Service fees and charges by the corporate rate of inflation of 3.5%.
- 3.8 Full details of the existing Pre-Application Planning Advice Service fees are set out on the council’s website: [Pre-application planning advice service types \(brighton-hove.gov.uk\)](https://www.brighton-hove.gov.uk/pre-application-planning-advice-service-types)
- 3.9 It is also proposed to create a further service, follow up written advice on minor and householder applications, where the work is currently provided as part of the existing fee. This typically covers potential applicants who have made changes to their proposals following our advice and want confirmation that the type or extent of changes made are sufficient. The charges proposed are below and are likely to generate an additional £0.003m per annum:

Table 1: Proposed Fees for Follow Up Written Response

<b>Category – Follow Up Written Response</b>	<b>Fee Rate (excluding VAT)</b>
Minor (a): : five to nine residential units or between 500m <sup>2</sup> to 999m <sup>2</sup> for commercial developments	£150.33
Minors (b): one to four residential units or commercial development up to 499m <sup>2</sup>	£123.69
Small scale e.g. an advertisement, air conditioning units, a small extension to commercial space	£44.26
Householders	£29.48
Householder – Listed Building	£93.02
Listed Buildings & Conservation Areas	£63.55

- 3.10 If additional consultees are also required to comment on the revisions, these will be subject to additional charges at the relevant hourly rate.

Planning Performance Agreements

- 3.11 The Planning Service provides an optional Planning Performance Agreement (PPA) fee paying service on complex minor and major planning applications. The number of agreements successfully entered into in recent years has fallen in line with the reduction of major planning applications received, due to the lack of development opportunities, the property market and increasing development costs. Applicants entering into a PPA are still required to pay the nationally determined planning application fee, which increased by 35% in December 2023 (adding approximately £0.007m to a typical 42 apartment block application.)
- 3.12 A sample benchmarking exercise of the current BHCC fees has been undertaken against 7 unitary and London borough councils who provide PPA services on a schedule of rates (Appendix 1). This shows that the current BHCC rates are substantially higher than all of the sample apart from

Westminster Council and the City of London Corporation, where developments are significantly different to those undertaken in Brighton and Hove. This, and the planning fee increase, makes securing voluntary PPA opportunities challenging, although the removal of the right to a second free application following a refusal may help in selling the service. PPA's represent a high value/low volume part of the Planning Service income (£0.161m/8% of the 23/24 budget) but, with only limited opportunities, it is important to keep charges realistic to ensure the income target is achieved (an underperformance of £0.062m/38% is forecast for 23/24). It is therefore proposed not to increase the current fee rates for 2024/25.

- 3.13 The service estimates the standard corporate inflation this will have a pressure of £0.006m which needs to be balanced against the risk of not being able to achieve the income target. This will also be mitigated through the additional income that will be generated by introducing a new charge for varying S106 agreements (see below) and for follow up written advice on pre-applications (see above).

#### S106 Deed of Variation – Fee Schedule

- 3.14 An applicant may consider it necessary to seek to vary a S106 agreement outside of a S73 planning application, typically where circumstances such as development viability have changed substantially since the original grant of permission, but where no material amendments are proposed to the development itself. The Planning Service does not currently charge a fee for this work, which requires consultation with appropriate services and determination of a planning officer's report by the Planning Committee. In such circumstances the council proposes to implement the following fees for handling any request received from 1st February 2024 to vary an existing S106 agreement:

Table 2: Proposed Fees for Variation to S106 Agreement

Scale of Development	Proposed Fee (excl VAT)
Requests to vary S106 agreements associated with Householder Developments	£655.00
Requests to vary S106 agreements associated with Small Scale Developments (Development that creates up to 499m <sup>2</sup> of new floorspace or up to 4 residential units.)	£1,795.00
Requests to vary S106 agreements associated with Medium Scale Developments (Development that creates between 500m <sup>2</sup> and 999m <sup>2</sup> of new floorspace or between 5 and 9 residential units.)	£3,542.00
Requests to vary S106 agreements on Major and Large-Scale Developments (Development that create s between 1,000m <sup>2</sup> or more of new floorspace or 10 or more residential units.)	£5,160.00

- 3.15 The fees are not inclusive of the council's legal costs, which will be separately calculated by our solicitors and will be payable on completion of a deed of variation or closure of the solicitors file where a deed of variation is not entered into. They also do not include any third party specialist advice

that the council may reasonably need to procure to independently assess the proposed variation (such as viability advice). Where third party specialist advice is required, it will continue to be the expectation that the applicant will meet the costs incurred by the council.

- 3.16 The planning committee determined six deed of variation applications in the last 12 meetings, so it is anticipated that this could generate an additional £0.020m of income annually. This is likely to continue in future years as they usually relate to changes to the mix or on site provision of affordable housing, which legally continues to be secured through S106 agreements.

#### Building Regulations Applications Fees

- 3.17 The building control service is provided in commercial competition with privately owned approved inspectors, who have traditionally delivered the more lucrative major developments in the city. However, following the Grenfell tragedy, the majority of these schemes are now authorised direct by the Health & Safety Executive, under their role as Building Safety Regulator.
- 3.18 This has resulted in the private companies changing their business strategy and they are targeting the smaller commercial and domestic work that has been our main market. This has seen our market share of building control work in the city falling in the first 8 months of 2023/24 from 57.47% to 54.73% ((2.44%). However, in addition to falling market share, the current economic climate is also reducing the size of the market, with fewer developments being undertaken. In the same period, the total fees received by the service reduced from £722,770 to £493,537, a reduction of £229,233 (31.7%).
- 3.19 Although it is not possible to benchmark fees against the private sector, a benchmarking exercise against other south east unitary councils was undertaken in March 2020. This exercise recommended an average increase in fees of 21% to bring the service more in line with our most expensive neighbouring unitary council, Medway. Further increases of 12% have been applied over the last two years and an exercise to benchmark the 7 most frequently commissioned project categories now indicates that we are already charging on average 8.9% more than Medway (Appendix 2).
- 3.20 A combination of a sustained reduction in available work, high existing fee levels when benchmarked with other councils and a reducing market share, results in a recommendation not to increase building control fees this year. This will help the service meet it's income requirements and the standard corporate inflation of £0.034m will be addressed through service restructuring.
- 3.21 Full details of the existing building control fees are set out on the council's website: [Building regulations application fees \(brighton-hove.gov.uk\)](https://www.brighton-hove.gov.uk/building-regulations-application-fees)

#### **Seafrost**

- 3.22 There are a range of fees and charges linked with the Seafront including licences for beach huts, beach chalets, boats and boat lockers, volleyball court hire, Volk's Railway and the Bandstand. The proposals detailed below identifies the introduction of a beach hut transfer fee payable by the owner on the sale of a beach hut and licence fees for newly built chalets. The proposed charges for the Seafront for 2024/25 are included in **Appendix 3**.
- 3.23 Following agreement at Culture, Heritage, Sport, Tourism and Economic Development Committee on the 9<sup>th</sup> November 2023, new licence terms come into effect from 1<sup>st</sup> April 2024 including a transfer fee equivalent to the greater of 10% of the sale price or 4 times the licence fee.
- 3.24 14 new beach chalets have been built in Saltdean which all have an electrical supply and access to water. The chalets are built from a robust composite material which is able to withstand the harsh marine environment. The proposed licence fee of £2,000 inclusive of VAT reflects their new condition, amenities and lower maintenance responsibilities for the chalet users. The licence agreements are for a fixed-term of 5 years and will be offered to those currently on the waiting list for Saltdean chalets. The new fee will now form part of seafront fees and charges in the annual report to CHSTE Committee.
- 3.25 It is proposed to increase all other Seafront fees and charges by the corporate rate of inflation of 3.5%.

#### **Tourism and Venues**

- 3.26 It is proposed that the £1.50 levy placed on every ticket purchased at the Brighton Centre is increased to £2.00. This could yield additional income in the region of £0.025m per annum.
- 3.27 It is proposed to increase all other Brighton Centre and VisitBrighton fees and charges by the corporate rate of inflation of 3.5%. In addition, officers retain delegated authority to negotiate the most appropriate fees & charges for specific commercial arrangements.
- 3.28 The proposed fees and charges are set out in **Appendix 4** and **Appendix 5**.

#### **Outdoor Events**

- 3.29 It is proposed to increase all Outdoor Events fees and charges by the corporate rate of inflation of 3.5%. In addition, officers retain delegated authority to set income targets with Sussex Film Office to maximise income potential.
- 3.30 The proposed fees and charges are set out in **Appendix 6**.

### **4. Analysis and consideration of alternative options**

- 4.1 The proposed fees and charges in this report have been prepared in accordance with the council's fees and charges policy and form part of the

proposed budget strategy. They take account of the requirement to increase by the corporate inflation rate of +3.5% (unless otherwise stated) and consideration has been given to other factors such as statutory requirement, cost recovery and prices charged by competitor / comparator organisations.

## **5. Community engagement and consultation**

- 5.1 The consultation and community engagement undertaken in relation to the licence for beach huts was set out in full in the report to this Committee on 9 November 2023.

## **6. Conclusion**

- 6.1 Fees and charges are considered to be an important source of income in enabling services to be sustained and provided. A wide range of services are funded or part funded by fees and charges including those detailed in this report. The overall budget strategy aims to ensure that fees and charges are maintained or increased as a proportion of gross expenditure through identifying income generating opportunities, ensuring that charges for discretionary services and trading accounts cover costs, and ensuring that fees and charges keep pace with price inflation and/or competitor and comparator rates.
- 6.2 Fees and charges budgets for 2024/25 are assumed to increase by a standard inflation rate of +3.5% with the exception of those listed within this report. The council's Corporate Fees and Charges Policy requires that all fees and charges are reviewed at least annually and should normally be increased by either; the standard rate of inflation, statutory increase or increases in the costs of providing services.

## **7. Financial implications**

- 7.1 The fees and charges recommended in this report have been reviewed in line with the Corporate Fees & Charges Policy and all relevant regulations and legislation. The anticipated recurring financial impacts of fee changes will be reflected within service revenue budgets. Increases to meet the corporate rate of inflation of 3.5% are normally applied to all council income budgets as a minimum but fees & charges should normally be set to recover costs and/or maintain income in proportion to expenditure. Increases above or below the corporate rate of inflation require approval by the relevant service committee or Strategy, Finance & City Regeneration Committee and can result in additional contributions toward the cost of services and/or corporate and service overheads. This can also result in the achievement of a net budget saving to the council. Where this is the case, this will be reflected in Budget proposals for the relevant service and will be incorporated within the revenue budget report to Strategy, Finance & City Regeneration Committee and Budget Council in February 2023. Income from fees and charges is monitored as part of the Targeted Budget Monitoring (TBM) process.

Name of finance officer consulted: John Lack Date consulted: 21/12/2023

## **8. Legal implications**

- 8.1 The council needs to establish for each of the charges imposed both the power to levy charges of that type, and, where applicable, the power to set the charge at a particular level. In some cases the amount of the charges is set by Government. In other cases where a figure is not prescribed, for example the general power to charge for discretionary services under the Local Government Act 2003, the amount that can be charged is restricted to cost recovery. In some prescribed cases, legislation enables the Council to set charges at a commercial rate. In all cases the council must act reasonably and ensure that any statutory requirements which govern the particular charge are complied with.

Name of lawyer consulted: Elizabeth Culbert Date consulted 04/01/2024

## **9. Equalities implications**

- 9.1 Management of fees and charges is fundamental to the achievement of council priorities. The council's fees and charges policy aims to increase the proportion of costs met by the service user. Charges, where not set externally, are raised by corporate inflation rates unless there are legitimate anti-poverty considerations.

## **10. Sustainability implications**

- 10.1 There are no direct sustainability implications arising from the recommendations in this report.

## **11. Other Implications**

- 11.1 There are no other significant implications arising from the recommendations in this report.

## **Supporting Documentation**

### **1. Appendices**

1. PPA Benchmarking Exercise
2. Popular Building Control Categories Benchmarking Exercise
3. Proposed Seafront Fees & Charges 2024/25
4. Proposed Room Hire Fees and Charges 2024/25
5. Proposed Visit Brighton Fees and Charges 2024/25
6. Proposed Outdoor Events Fees and Charges 2024/25

### **2. Background documents**

1. None