

## PORTFOLIO HOLDER – ENVIRONMENT & TRANSPORT

<b>DATE</b>	22 <sup>nd</sup> January 2024
<b>REPORT OF</b>	Councillor Stewart Swinburn, Portfolio Holder for Environment and Transport
<b>RESPONSIBLE OFFICER</b>	Carolina Borgstrom, Director for Environment, Economy and Infrastructure
<b>SUBJECT</b>	Review of Fees and Charges in Highways & Transportation.
<b>STATUS</b>	Open
<b>FORWARD PLAN REF NO.</b>	PHET 12/23/05

### CONTRIBUTION TO OUR AIMS

The recommendations within this report contribute to the strategic aims of the Council to promote a Stronger Economy and Stronger Communities and is directly linked to the priorities within the Outcomes Framework namely People in North East Lincolnshire:-

- **Sustainable & Safe** – All people in North East Lincolnshire live in a safe environment, can have their say about things that are important to them and participate fully in their communities.
- **Economic Recovery and Growth** – All people in North East Lincolnshire enjoy good health and wellbeing
- **Vitality & Health** – All people in North East Lincolnshire enjoy good health and wellbeing.

### EXECUTIVE SUMMARY

Fees and charges in Highways & Transportation have not been fully reviewed in recent years. A review of fees and charges ensures that the Council maintains its income base with rising costs, to support the provision of services within agreed budget envelopes.

The aim of the review is to achieve full cost recovery of discretionary services when appropriate, whilst still ensuring a free universal service offer in priority areas. Additionally robust management of the disruption caused by utilities will further benefit road users through better planning, coordination and monitoring of activities.

The revised fees and charges proposed within the report would benefit the Council in the delivery of its budget and medium-term financial plan and therefore contribute to both the delivery of a stronger economy and a stronger community. The fees and charges would also ensure that the Council can finance sufficient resource to licence and supervise that Highways work, such as utilities and other work is completed to a good standard. This will benefit business and residents by limiting disruption to the road network and will ensure network quality is maintained.

## **RECOMMENDATIONS**

It is recommended that:

That the revised schedule of Fees and Charges, as set out in Appendix 1 of the report, be approved for implementation from 1<sup>st</sup> April 2024.

## **REASONS FOR DECISION**

Approving the proposed revised Fees and Charges will enable Highways & Transportation to recover costs and this funding can be used to contribute to the budget available to deliver services, including essential licencing and inspection of private sector work on the road network. This will allow the service a sustainable budget to continue to provide a fit for purpose service available to all communities in North East Lincolnshire.

### **1.0 BACKGROUND AND ISSUES**

- 1.1 The proposals outlined within the report support the Council's key financial objective to commission services within the available budget envelope. The proposal further supports Highways & Transportation to continue to commission their statutory duties and also to offer optional additional services for those residents and businesses that wish to purchase such services.
- 1.2 The medium-term financial plan (MTFP) sets out the principle of recovery of costs associated with the provision of Highway & Transportation services. The introduction of new charges and increase in existing charges will contribute to the Council's financial sustainability.
- 1.3 The review has been completed using the following principles:
  - i. Following a previous decision in July 2023 to increase all fees by the accepted inflationary figure of 10.1% an initial fee uplift has been applied to all applicable fees. Exceptions are detailed within the report along with a proposal to address each fee specific full cost recovery.
  - ii. All charges which previously have not achieved full cost recovery will be reviewed in January 2024 with an aim of increasing the charge to a level whereby full cost recovery is achieved and implemented from April 2024.

- iii. An additional 5% uplift to all fees will be included to meet inflationary uplifts for the 2024/25 financial year.

1.4 Moving forward, it is proposed that Highways & Transportation conduct an annual review of fees and charges to ensure that the Council maintains its income base and, as a minimum, keeps pace with inflation. Exceptions to this annual uplift will be identified in the respective reports.

1.5 Street Works Permit schemes are intended to benefit the general public through minimising the inconvenience and disruption caused by road works to all road users. Under the Traffic Management Permit Scheme (England) Regulations 2007, NELC is able to recover full costs for operating a permit scheme. However, this process is carried out through a DfT prescribed cost benefit analysis process and is therefore exempt from annual inflationary based uplifts. Implementation is expected to be in April / May 2024 following the legislative industry consultation period. NB. Maximum charges are applied to each permit fee type by the DfT. These maximum charges cannot be exceeded, all permit schemes are not for profits undertakings and therefore only scheme costs can be recovered. The changes in permit fees following a review are provisionally set at the following levels however changes may be required following consultation should an industry objection be upheld.

Type 1 & 2 Roads		Type 3 & 4 Roads	
Advance Permit	From £36.33 To £101.00	Advance Permit	From £36.33 To £70.00
Minor Permit	From £36.33 To £65.00	Minor Permit	From £19.82 To £45.00
Standard Permit	From £72.67 To £130.00	Standard Permit	From £37.43 To £75.00
Major Permit	From £117.81 To £202.00	Major Permit	From £63.86 To £127.00
Immediate Permit	From £34.13 To £60.00	Immediate Permit	From £16.52 To £40.00
Permit Variation	No Change already at DfT Maximum Charge	Permit Variation	No Change already at DfT Maximum Charge

1.6 Section 50 Licence's allow the licensee to excavate within the highway and place utility apparatus such as sewer connections, water mains, gas electricity and communications within the highway under private ownership. The highway authority may recover costs through issuing a licence. Uplifting the current fee by the 10.1% inflationary increase does not reflect a full cost recovery position; therefore, a cost of £550 will be applied to better reflect the cost to the authority in issuing this licence. This will see in increase in costs of £287.5 per licence. This fee also includes the 2024/25 5% uplift to be applied from April 2024.

- 1.7 A Section 50 Amendment Licence allows the licensee to maintain their apparatus and excavate within the highway. A separate amendment licences is required for each time the apparatus requires maintenance. Uplifting the current fee by the 10.1% inflationary increase does not reflect a full cost recovery position; therefore, a cost of £350 will be applied to better reflect the cost to the authority in issuing this licence. This will see an increase in costs of £232.5 per licence. This fee also includes the 2024/25 5% uplift to be applied from April 2024.
- 1.8 A complete list of proposed charges for transportation related charges are provided in Appendix 1.

## **2. RISKS AND OPPORTUNITIES**

- 2.1 There are a range of reputational and financial risks which relate to operational services. These services are high profile, customer facing, and often subject to a high level of public and Elected Member scrutiny.
- 2.2 There are a range of commercial and cost recovery opportunities identified within the report, fees for these opportunities will be carefully reviewed to ensure any potential increases do not negatively impact on local residents or businesses.
- 2.3 By not implementing these inflationary and full cost recovery proposals, there is a risk to existing budgets and the council's overall financial position.

## **3. OTHER OPTIONS CONSIDERED**

The following options have been considered:

- 3.1 Retain current fees and charges. This option is not sustainable long term without further budget allocation, due to rising costs and already overstretched resources. If cost recovery cannot be achieved the Council would have to scale back some of these service provisions which would have negative impact on the quality and flow of the road network.
- 3.2 Cease providing/delivering any discretionary services. The services referred to in this report deliver a good value offer and choice to our residents and our partners.
- 3.3 Review fees and charges to improve cost recovery. This is the preferred option presented in this report and will ensure the Council maintains its income base with rising cost and achieve a better cost recovery of Highway & Transportation services to ensure a free universal service offer is maintained in all areas.

#### **4. REPUTATION AND COMMUNICATIONS CONSIDERATIONS**

- 4.1 There are potential reputational implications for the Council resulting from the decision to increase charges or to introduce new charges.
- 4.2 An engagement plan is under development with the Council's communication service, covering statutory communication, consultation as and information requirements.

#### **5. FINANCIAL CONSIDERATIONS**

- 5.1 The report clarifies the current fees and charges position and makes proposals to introduce new charges along with inflationary increases to existing charges to assist in achieving a balanced budget and sustainable medium term financial plan.
- 5.2 The table below provides a forecast of the additional income to be generated from the proposed fees and charges:

<b>PROPOSAL (Additional Income)</b>	<b>Total (£0)</b>
<b>Traffic</b>	
- Street Works Permits	£362k
- Section 50	£8k
- Section 50 Change	£2k
<b>Total</b>	<b>£372k</b>

#### **6. CHILDRENS AND YOUNG PEOPLE IMPLICATIONS**

These proposed fees and charges will have no impact on Children and young people.

#### **7. CLIMATE CHANGE AND ENVIRONMENTAL IMPLICATIONS**

These proposed fees and charges will have no impact on the Environment.

#### **8. CONSULTATION WITH SCRUTINY**

The principals of cost recovery for services were previously discussed at budget scrutiny and included discussion around achieving full cost recovery. The report is also listed on the Forward Plan circulated to allow further consideration by scrutiny on request.

## **9. FINANCIAL IMPLICATIONS**

- 9.1 The undertaking of an annual organisation wide uplift in fees and charges (where permissible by law) in line with the Consumer Prices Index (CPI) or any official index replacing it, formed part of the 2023/24 – 2025/26 Medium Term Financial Plan agreed by Council on 23<sup>rd</sup> February 2023. Further to this, fees and charges should also be set so as to enable full cost recovery to be achieved.
- 9.2 This report details proposed increased fees and charges to be applied from April 2024, and the forecast additional income generated as a result of these increases, which will help to support the revenue budget position within Highways and Transport.

## **10. LEGAL IMPLICATIONS**

The Council is able to make charges for discretionary and other services under a range of statutory provisions. This is permitted by s93 Local Government Act 2003 and further underpinned by the Localism Act 2011. Additionally other charges are enabled under the Local Authorities (Transport Charges) Regulations 1998, New Roads and Street Works Act 1991, Highways Act 1980 and Traffic Management Act 2004.

## **11. HUMAN RESOURCE IMPLICATIONS**

There are no direct HR implications.

## **12. WARD IMPLICATIONS**

The proposed fees and charges proposed in this report relate to services delivered in all Wards.

## **13. BACKGROUND PAPERS**

Not applicable.

## **14. CONTACT OFFICERS**

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**COUNCILLOR STEWART SWINBURN**  
**PORTFOLIO HOLDER FOR ENVIRONMENT AND TRANSPORT**

**APPENDIX 1: PROPOSED CHARGES FOR HIGHWAYS & TRANSPORTATION RELATED SERVICES**

<b>Item</b>	<b>Current Charge</b>	<b>Proposed Charge</b>	<b>Difference in Charge</b>
<b>Traffic</b>			
Street Works Permits	See Table 1.5	See Table 1.5	Various
Section 50 Licence	£262.50	£550.00	£287.50
Section 50 Amendment Licence	£117.50	£350.00	£232.50