

**Fees and Charges Review – 2013/14
04 December 2012**

Report of Head of Resources

PURPOSE OF REPORT				
To consider the annual review of fees and charges for 2013/14.				
Key Decision	X	Non-Key Decision		Referral from Cabinet Member
Date of notice of forthcoming key decision		5 November 2012		
This report is public				

RECOMMENDATION OF COUNCILLOR HAMILTON-COX

- (1) To be brought forward at the meeting (in respect of car parking).

RECOMMENDATION OF COUNCILLOR LEYTHAM

- (2) That the Environmental Health and Private Sector Housing fees in Appendix D be increased by 2%.

RECOMMENDATION OF COUNCILLOR SANDS

- (3) That the charges for Salt Ayre Sports Centre, Community Pools, Williamson Park, Parks and Recreation Grounds and the Platform be increased in line with the proposed percentages (rounded to nearest £0.10) and arrangements as set out in Appendix E.

RECOMMENDATION OF COUNCILLOR HANSON

- (4) Members consider the introduction of charging for all cycle lockers.

RECOMMENDATION OF COUNCILLOR BRYNING

- (5) That Members approve the Fees and Charges Policy as set out at Appendix A, and indicate whether there are any other areas of income generation that require further consideration, other than those included in the recommendations above.

1 INTRODUCTION

1.1 General Policy

- 1.1.1 This report sets out the proposed fees and charges increases for 2013/14 for a number of service areas. In previous years these were reported to and considered by Members in isolation, however it is now felt more appropriate to combine such reports and consider them as a whole in conjunction with the Fees and Charges Policy. The policy was initially reported to Members at their meeting on 06 December 2011 and a copy is attached at **Appendix A**; Members are now asked to approve it formally.
- 1.1.2 In addition, attached at **Appendix B** is a full listing of all the general fund fees and charges for 2011/12 actuals and 2012/13 and 2013/14 estimates. This shows that the total income generated from fees and charges is now projected to be £9.37M next year, although this report is only concerned with inflationary increases in respect of £4M of that total. The majority of the remaining income relates to statutory fees, commercial charges, general cost recovery or fixed contracts (ie trade refuse collections). As such these income areas allow for little or no discretion in setting fee increases.
- 1.1.3 That said, certain areas, such as Building Control, should have their fees reviewed annually to ensure the function breaks even on a rolling basis. Officers are due to report to the Budget and Performance Panel in respect of this service area and it was also an action to be taken forward in approving the current year's budget. Similarly, reviewing any charging / sponsorship opportunities for the Lancaster Fireworks Event was an approved action for this year, as was reviewing the provision of waste bins and boxes – this latter point has been the subject of debate for a number of years.
- 1.1.4 In seeking approval for the overall policy, Cabinet is also requested to indicate whether there any other specific areas for income generation that it wishes to consider in developing its budget proposals. These may relate to existing fees and charges, potentially new areas, or proposals for changing the assumed annual inflationary increase.
- 1.1.5 In general terms, as part of the current budget process all relevant fees and charges have been increased by 2% in line with the provisional annual inflationary review. This represents an aggregate of a range of inflation increases covering employees, energy, repair and maintenance and general supplies and services. After setting this figure, however, the Bank of England issued an inflation update in November, which reported that the Consumer Price Index (CPI) had risen to 2.7% in October but was forecast to reduce back down to 2% by the end of 2013. Members could propose to increase fees and charges generally by more than 2% in light of the current CPI forecast, if they so wished. Given expected financial pressures, officers would advise against proposing to lower this general % increase - such a proposal would need to go forward to Council, as part of Cabinet's overall budget proposals.

1.2 Specific Fees and Charges

- 1.2.1 Members are now asked to consider various specific fees and charges increases to achieve the draft budget forecasts for 2013/14. If any recommendations do not meet the draft budget assumptions then savings elsewhere within the budget will need to be identified or a growth item submitted to Full Council in February for approval.

However, Members should be aware that the timing of growth approvals may cause operational difficulties in terms of the statutory notice periods required to implement new charges by 01 April 2013.

1.2.2 In order to assist the decision making process the report will be structured into four main areas as follows:

- Environmental Services - Car Parking
- Health & Housing
- Wellbeing
- Regeneration & Planning – Cycle Parking Lockers

1.1.1 These will set out the key considerations for Members in context of the latest budget projections and list the relevant options, options appraisal and officer recommendations either in the body of the report or in the appendices. It is important to remember that income budgets have been set based on the best information available at this time, but also that the impact of the current economic climate could continue to adversely affect income generation.

2 ENVIRONMENTAL SERVICES – CAR PARKING

2.1 Background

Parking fees and charges are reviewed annually to ensure the Council meets its transportation and budget commitments. Last year Members approved retaining the existing permit charges but increasing pay and display charges as follows:

Increase the Evening Charge from £1.20 to £1.40

Increase Short Stay Up to 2 hours from £2.00 to £2.20

Increase Short Stay Up to 3 hours from £2.70 to £2.80

Increase Short Stay Up to 4 hours from £3.40 to £3.50

It was originally proposed to increase the up to 1 hour charge on all car parks from £1.20 to £1.30, however this was on the basis that Lancashire County Council applied the same increase to on-street pay and display charges. Despite initial indications that this would be proposed their final recommendations did not include this, therefore this option was not finally recommended at Lancaster City Council.

For information, we maintain a differential in the up to 1 hour charge between off-street and on-street (this being the higher) to encourage greater use of car parks and to discourage customers from driving around the limited number of on-street parking spaces looking for a space and adding to congestion and increasing pedestrian safety issues.

2.2 Influencing Factors for 2013/14

There are a number of issues that need to be taken into account when looking at parking during 2013/14 and future years. These include major works being undertaken by United Utilities, Cabinet's recent decisions about the future of the Festival Market, the Portas Pilot and the Morecambe Area Action Plan.

United Utilities – Major works are going to be undertaken in Lancaster city centre, between February 2013 and November 2014, to improve bathing water quality. These works will affect Wood Street car park and access to and from St Nicholas Arcades car park will also be affected during some phases of the works. The impact of these works is likely to be significant and there is the potential for Lancaster’s retailers to be affected.

Portas Pilot – the Pilot is looking at specific initiatives to bring extra trade into Morecambe Town Centre and there may be requests for cheaper or free parking to support these initiatives.

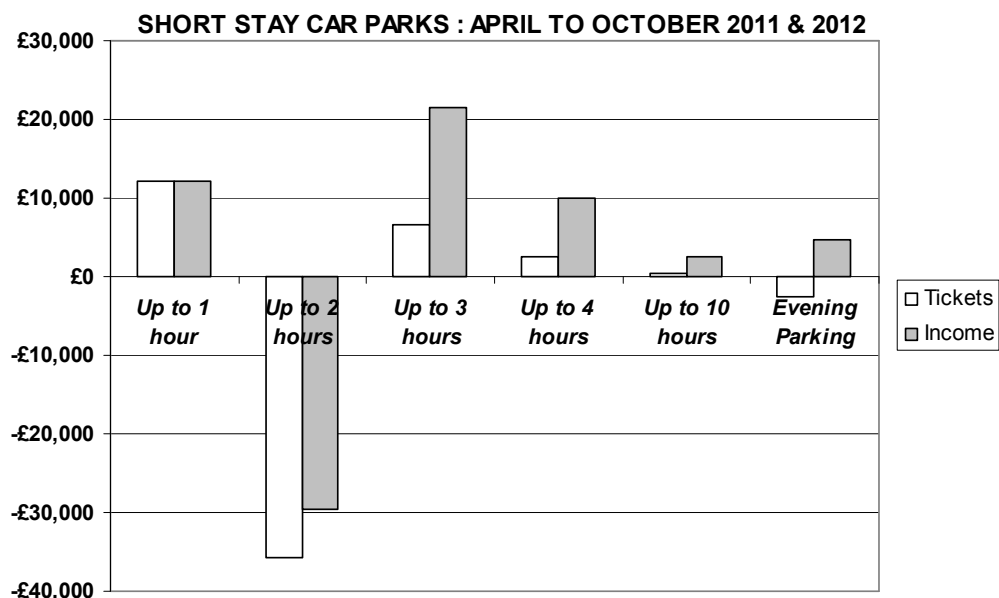
Morecambe Area Action Plan (MAAP) - The First Draft MAAP now out for consultation considers provision of both on and off street parking in Central Morecambe and identifies many issues and suggests that changes are required to parking provision and in management to support the regeneration of the centre.

Besides these issues we also need to be looking further forward and considering the potential impact of the Duchy of Lancaster’s plans for the castle as well as the impact of development of the canal corridor.

2.3 Current Usage and Financial Position

2.3.1 Usage Update

In terms of the number of cars using pay and display car parks, the overall level has dropped by 2.3% when comparing April to October figures for 2011 and 2012, however actual income has increased by 2%. The main reason is because there has been a shift on short stay car parks from parking up to 2 hours to parking for either 1, 3, 4 or 10 hours, so whilst the overall number of cars parking has dropped, the period being parked for has increased. The following graph shows this in more detail.



It is clear therefore that whilst usage in simple car number terms can reduce, the actual income generated can increase.

2.3.2 Financial Position

The financial position at the end of 2011/12 as shown in the following table was £53K more than the revised estimate. This is due to income being an average of nearly 4% per month down on target for the first 8 months prior to the Revised Budget being set and this was then followed by an improved position during the remaining 4 months.

	2011/12 Estimate	2011/12 Revised	2011/12 Actual	Variance on Revised
Fees	£2,065,900	£1,979,900	£2,037,851	+\$57,951
Evenings	£84,800	£93,600	£91,403	-\$2,197
Permits	£239,800	£161,500	£158,864	-\$2,636
TOTAL	£2,390,500	£2,235,000	£2,288,118	+\$53,118

The current 2013/14 Draft Budget outlined in the table below assumes that income across the three headings will continue at the same level as projected for 2012/13, i.e. Fees and Evening income will remain the same and permits will reduce by £5,000 each year. An inflationary increase of 2% has also been added in line with the Council's existing policy on fees and charges.

	2012/13 Estimate	2012/13 Revised	2013/14 Estimate	Inflation Included
Fees	£2,032,900	£2,032,900	£2,073,600	£40,700
Evenings	£106,400	£106,400	£108,500	£2,100
Permits	£146,100	£141,100	£144,300	£3,200
TOTAL	£2,285,400	£2,280,400	£2,326,400	£46,000

The annual review needs to consider options for covering additional inflationary increases of £46,000 across the above headings.

2.4 Proposal Details

The proposals are to focus on day time pay and display charges as evening charges were increased in April 2012 and permit income has been reducing in recent years.

2.5 Details of Consultation

The local Chambers of Commerce and of Trade, the Federation of Small Businesses and Morecambe Town Council have been consulted over the pay and display options included in the report and their comments will be made available at the meeting.

On-Street pay and display charges are the responsibility of Lancashire County Council and officers have asked the County Council to consider increasing these charges for 2013/14 to allow the City Council to review its up to 1 hour charges as part of this review. An increase in on-street charges to maintain the differential charges is also a key element of the wider management of parking and traffic. At the time of finalising this report a response has not been received from the County Council.

2.6 Options and Options Appraisal

All options and relevant analysis are set out in **Appendix C**.

2.7 Officer Preferred Option

Option 1(a) is the officer preferred option as this limits increases to one tariff and the estimated additional income of £46,000 would meet the budgetary target. However, this option should be linked to a positive response from the County Council to raise the on-street charges otherwise car park charges would be higher than on-street charges and this would not maintain the required differential as outlined in this report.

In the event of the County Council not increasing their charges the officer preferred option would be Option 1(b). This would result in a budgetary shortfall of approximately £12,500. Increasing the long stay charges even higher to meet this shortfall would require significant increases that are not considered to be acceptable. As a result further savings would need to be identified or a growth item submitted to meet the shortfall. This can only be addressed as an when the County Council approve their charges for 2013/14.

3 HEALTH & HOUSING

3.1 Proposal Details

Set out in **Appendix D** are the current charges and options for increases for 2013/14. The charges are rounded to the nearest 10p. The proposals take account of the Council's stated intention to try to protect the most vulnerable in our community by keeping increases to a reasonable level and retaining the reductions for those in receipt of council tax /housing benefit. This has been balanced against the need to generate additional income.

3.1.1 Pest Control Fees

The pest control fees were increased last year by 5% on the previous year. Our current fees remain affordable and competitive but any further large increases could deter the public from seeking expert advice. This can lead to people carrying out their own DIY treatments, which may have serious health and safety implications. It also allows pest problems to escalate to a point at which the Council is forced to intervene, by which time treatment is more difficult, more labour-intensive and more costly.

3.1.2 Cemetery Fees

Neptune Baby and Young Child Memorial Garden.

As in previous years, uptake of memorial options in this area has been limited. It is again proposed therefore that the fees for burial options, cremated remains, memorial plaques and associated extras be retained at the same level as last year.

3.1.3 General Fees & Charges

Most of the fees and charges covered in this report relate to the provision of statutory services. The following table shows which services are statutory and which are discretionary

	Statutory	Discretionary
Cemeteries	✓	
Dog Warden Service (except sale of dog bags)	✓	
Pest Control		✓
Health & Safety	✓	
Port Health	✓	
Private Water Supplies	✓	
Accredited Property Scheme		✓
Immigration Inspection Charges		✓

Although the majority of services provided are statutory, the council does have flexibility in setting fees for these services. Our research has shown that our fees are comparable with other neighbouring authorities.

For the discretionary services, the council is at discretion to set its own level of fee provided that the fees remain competitive and affordable to retain customers. The pest control service is estimated to operate at a loss of £89,600 inclusive of recharges, and £20,800 excluding recharge in 2013/14, based on the latest draft budget which includes an inflationary increase of 2%. If Option 2 (5% increase) is approved the deficit will be reduced by £3,300.

3.2 Financial Position

The following table shows the overall impact of the proposals:

	2013/14 Draft Budget (Including 2% inflation) Option 1 £	2013/14 Projected Increase of 5% Option 2 £
Cemeteries	261,600	269,500
Dog Warden Service	5,200	5,400
Pest Control	113,400	116,800
Private Housing	7,100	7,300
Public/Port Health	31,400	32,300
	418,700	431,300

The table shows that Option 1 is in line with the current draft budget including the 2% inflationary increase, whereas Option 2 would generate a further £12,800 more than this.

3.3 Options and Options Appraisal

Option 1 is the officer preferred option. Last year fees were increased by more than inflation and it is felt inappropriate to do so for a second year, therefore the basic inflationary increase of 2% is being proposed.

4 WELLBEING

4.1 Proposal Details

Set out in **Appendix E** are the current charges and proposed increases for 2013/14. The charges are rounded to the nearest 10p where appropriate. The setting of charges within each facility is very much demand led and as such is a simple flat inflationary increase does not always work. Indeed, there is evidence to suggest that certain activities would suffer a dramatic reduction in throughput and therefore income if increases were applied.

Appendix E sets out a range of price increases which will generate the overall 2% inflationary increase already built into the draft budget for 2013/14. The range of increases are based on officers knowledge of market demand and supply, factors such as inflation and VAT and the need for the Council to operate services which provide value for money. The prices are the maximum charge and officers retain the flexibility to reduce charges in line with market demand or specific schemes such as the £1 swim sessions at Salt Ayre Sports Centre

4.2 Financial Position

The table below shows the overall impact of the proposals:

	2013/14 Draft Budget (Including 2% inflation) £	2013/14 Draft Budget with Proposed Increases £
Platform	34,100	34,600
Community Pools	352,400	355,500
Salt Ayre Sports Centre	842,400	853,900
Rec Grounds / Open Spaces	16,500	16,500
Williamson Park	155,100	153,200
	1,400,500	1,413,700

Overall, if the proposed increases are approved they will generate £13,200 more than the draft budget which equates to an average increase of almost 3%.

The opportunity to increase prices above inflation for certain activities enables officers to maximise the potential income generation on those activities and at the same time enables price freezes on other activities that would otherwise see a drop in customer demand.

4.3 Health and Wellbeing Benefits

Salt Ayre Sports Centre is the main revenue earning facility within Community Engagement and is integral to the Health and Fitness Referral programme offered by the Active Health Team which provides all surgeries within the district the opportunity to “refer” patients for sport and physical activity exercise as part of a health improvement scheme.

Access to facilities at Salt Ayre and the Community Pools continues to provide opportunities for people to participate in sport and physical activities at reduced rates without requiring a membership fee. In addition, all facilities are integral to work with partner agencies such as the Police and County Council when offering diversionary activities particularly for children and young people. Various schemes are in place which are aimed at encouraging people who may not normally access opportunities

to sport and physical exercise to take part in activities in a safe and controlled manner.

4.4 Officer Preferred Options

The proposed increases are those set out in Appendix E and are the officer preferred option. These will generate more than the overall 2% inflationary increase by some £13,200.

5 REGENERATION & PLANNING : CYCLE PARKING LOCKERS

5.1 Proposal Details

In 1999 Cabinet recommended that cycle lockers be provided free of charge in order to support cycling in the district. In addition, this would ensure members of the public received the same benefits as City Council staff who benefited from free cycle lockers.

Details of the current cycle locker provision for the public is attached at **Appendix F** together with the advantages and disadvantages.

Further issues are that open access lockers have been tried in the public domain at various sites in Lancaster city centre and Carnforth station with little success. A variety of locking mechanisms were also tried without success - coin operated versions were vandalised, and use of the lockers was abused as they were not being used for their intended purpose.

In addition, the alternative of Sheffield stands are readily available (capacity is saturated at Lancaster station but there is capacity in and around the city centre). However, cyclists often cite these as being barely adequate in terms of being theft or vandalism proof.

If such issues are to be overcome or at least improved then financial investment will be required. As a starting point it would therefore seem appropriate to consider the introduction of charging for cycle lockers to generate income to contribute to the investment required.

5.2 Officer Preferred Option

At present there is no officer preferred option other than to ask Members to consider whether charging for cycle lockers should be introduced, and if so officers be instructed to set out the investment requirements needed, to develop the process and fee structure and report back in due course.

6 CONCLUSION

The officer preferred options set out in this report will exceed the required inflationary increases already built into the 2013/14 draft budget. They take on board the need to generate income in line with the requirements of the Medium Term Financial Strategy and the Fees and Charges Policy, whilst endeavouring to ensure customer demand for services is not adversely impacted upon.

RELATIONSHIP TO POLICY FRAMEWORK

Fees and charges form an integral part of the budget setting process, which in turn relates to the Council's priorities. Under the Medium Term Financial Strategy (MTFS), income generation is a specific initiative for helping to balance the budget.

CONCLUSION OF IMPACT ASSESSMENT

(including Health & Safety, Equality & Diversity, Human Rights, Community Safety, HR, Sustainability and Rural Proofing)

The proposed increases are considered to be fair and reasonable.

LEGAL IMPLICATIONS

Legal Services have been consulted and have no observations to make on this report.

FINANCIAL IMPLICATIONS

Detailed financial implications are set out in the body of the report.

In summary, the officer preferred options will generate an additional £13,200 over and above the current 2013/14 draft budget. However, if the County Council do not increase their on-street parking charges in line with Lancaster's off-street increase then there will be a budget shortfall of £12,500 with regard to parking, as explained in section 2.7. Members do have the option, as part of their budget proposals, to offset this shortfall against the additional income generated by Community Engagement or require further savings to be identified. A decision on the County Council charges is not expected until the new year.

OTHER RESOURCE IMPLICATIONS

Human Resources / Information Services / Property:

None.

Open Spaces:

None specifically, other than income generation as referred to in the report.

SECTION 151 OFFICER'S COMMENTS

The Section 151 Officer has been consulted and she has no further comments, other than highlighting that this report is in her name – in her capacity as Head of Resources.

DEPUTY MONITORING OFFICER'S COMMENTS

The Deputy Monitoring Officer has been consulted and has no further observations to make.

BACKGROUND PAPERS

None

Contact Officer:

Andrew Clarke

Telephone: 01524 582138

E-mail: aclarke@lancaster.gov.uk

Ref: