

Lancaster City Council | Report Cover Sheet

Meeting	Cabinet	Date	19/1/2021
Report of	Head of Financial Services		
Purpose of Report			
To consider the annual review of fees and charges for 2021/22			
Key Decision (Y/N)	Y	Date of Notice	18/12/2020
		Exempt (Y/N)	N

Report Summary

The report asks Members to endorse the Fees and Charges Policy for 2021/22 and also to consider the freezing of charges across all areas.

Recommendations of Councillors

- (1) That Cabinet endorses the Fees and Charges Policy as set out at Appendix A, and during 2021/22 as part of the mid-year budget strategy review determines whether any other areas of income generation be explored further for 2022/23 onwards.
- (2) That Cabinet endorses the freezing of charges across all areas, and notes the areas of significant reduction, as reported as part of the current 2021/22 budget setting process.
- (3) That Cabinet endorses the implementation of the new charges in respect, as reported as part of the current 2021/22 budget setting process.

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(s) where applicable

Climate	Wellbeing & Social Value
Digital	Health & Safety
Equality	Community Safety

The proposed increases are considered to be fair and reasonable; generally, equality considerations are provided for within the attached policy.

Details of Consultation

Lancaster BID, Morecambe BID, Chamber of Commerce. A summary of the proposals shall be sent to each of the above but given the positive nature of the proposals, no return comments are expected.

Legal Implications

Local authorities have a variety of powers to charge for specific statutory services.

The Local Government Act 2003 also provides a power to charge for discretionary services. Authorities are under a duty to secure that, taking one year with another the income from charges for these services do not exceed the cost of provision.

The power to charge for discretionary services is therefore on a cost recovery basis only and is not available if there is a statutory duty to provide the service or if there is a specific power to charge for it or if there is a prohibition on charging.

Additionally, the Localism Act 2011 provides local authorities with the general power of competence that confers on them the power to charge for services but again subject to conditions/limitations similar to those noted above.

Where authorities have a duty to provide a statutory service free of charge to a certain standard, no charge can be made for delivery to that standard, however delivery beyond that point may constitute a discretionary service for which a charge could be made.

Financial Implications

As set out in the report and further detailed financial implications are included in the relevant appendices. With regard to car parking and garden waste proposals, Cabinet have proposed the freezing of inflationary increases, which is still subject to agreement by Council. Any proposals to increase fees would require further consideration and would need to be fed into the budget process as appropriate.

Other Resource or Risk Implications

None specifically arising from this report.

Section 151 Officer's Comments

The s151 Officer has been consulted and has no further comments.

Monitoring Officer's Comments

The Monitoring Officer has been consulted and has no further comments.

Contact Officer	Andrew Kipling
Tel	01524 582143
Email	akipling@lancaster.gov.uk

Links to Background Papers

None

1.0 GENERAL POLICY

- 1.1 This report sets out the proposed fees and charges framework for 2021/22. The current policy was last considered by Cabinet at its meeting on 11 February 2020 and a copy is attached at **Appendix A**. No substantive updates of the policy are being proposed at this stage, although it is re-iterated that linked to Cabinet's corporate planning and budget proposals, a more focused approach on commercialisation is being adopted. As the emerging strategy develops, then it is expected that there will

be a need to update the policy in due course to inform future income generation and charging.

- 1.2 In terms of fee increases, traditionally as part of the annual budget process all relevant fees and charges would be increased by inflation for the following year, in line with the annual inflationary review. However, largely due to the pandemic 2020/21 has been a totally indifferent year and key areas of income have been subject to government support equating to 75% of lost revenue, once a 5% relevant budget deduction has been applied. For information we expect to receive in the region of £3.91M of government support for the 2020/21 financial year and the draft budget revenue budget for 2021/22 has been prepared on the basis that it will end on 30th June 2021.
- 1.3 In light of the pandemic it is proposed that an inflationary freeze on fees across all areas is applied in 2021/22. This will create further strain on the revenue budget but the client base is considered to be extremely fragile at the moment. Temporary base budget reductions have prudently been included in key areas such as car parking and Salt Ayre Leisure Centre as they are not expected to return to pre-pandemic levels for budgetary purposes until 2022/23.
- 1.4 In support, **Appendix B** provides a listing of the General Fund fees and charges for 2019/20 actuals, the 2020/21 original budget and the 2021/22 latest draft budget. This shows that the total estimated base income to be generated from fees and charges (including rents) is now projected to be £14.67M next year. Of this total, around £5.9M is generally inflation-linked. The majority of the remaining income relates to statutory fees, commercial charges, general cost recovery and fixed contracts, e.g. trade refuse. As such these income areas allow for little or no discretion in setting fee increases (aside from any consideration of market share etc). Furthermore, certain fees such as various licensing fees cannot by law be set by Cabinet.
- 1.5 From Appendix B, it can be seen that between 2020/21 and 2021/22 gross income from comparative fees and charges is expected to decrease from £15.81M to £14.67M, representing an decrease of £1.87M or 7.2% in light of the freeze and temporary base reduction as discussed in section 1.3. Whilst this does not take account of any associated expenditure linked to service provision, it does highlight that income generation is a significant contributor to the Council's net position, thereby helping to reduce service subsidisation and protect other service provision.
- 1.6 Where fees and charges are to change in line with policy and/or the budget, these will be amended through existing Officer delegations and therefore no Cabinet decision is required – and so no detail is provided within this report. It should be noted that in exercising their delegated authority, Officers may well consider groupings of charges for similar or related activities and within those groupings, they may vary individual fees (or concessions) above or below inflation, for example – but as long as in totality, it is reasonable to assume that the relevant income budget will be met and the variances do not go against any other aspect of policy, then no Cabinet decision is required.
- 1.7 Cabinet is requested to indicate whether there are any other specific areas for income generation that it wishes to consider as part of its budget development, primarily for 2020/21 onwards, on top of those already included.
- 1.8 From an Officer perspective, there are three charging matters (Car Parking, Garden

Waste and Salt Ayre Leisure Centre) that require further expansion of detail, and these are set out in section 2, together with summary details of a new charge to be introduced within the Housing Improvement Agency.

2 OTHER SPECIFIC CHARGING CONSIDERATIONS

2.1 Communities and Environmental: Car Parking

Car Parking is a key area of the Council's fees and charges contributing £3.25M to the approved revenue budget for 2020/21. However, the pandemic has resulted in reduced usage and the latest projections report a projected outturn of £1.637M and the loss is offset by £1.09M of government support. It cannot be assumed that this will be continued beyond June 2021, therefore the base budget for 2021/22 has temporarily been lowered to £2.41M before returning to pre-pandemic levels with effect from 2022/23. It should be noted that the estimate for 2021/22 is purely speculative at this juncture and will be subject to additional monitoring arrangements in 2021/22, being reported as appropriate.

2.2 Communities and Environmental: Salt Ayre Leisure Centre

Income is pivotal to the net operating cost of Salt Ayre Leisure Centre and £2.63M is included in the approved revenue budget for 2020/21. However, the pandemic has resulted in reduced usage and the latest projections report a projected outturn of £342K and the loss is offset by £1.46M of government support. It cannot be assumed that this will be continued beyond June 2021, therefore the base budget for 2021/22 has temporarily been lowered to £1.91M before returning to pre-pandemic levels with effect from 2022/23. It should be noted that the estimate for 2021/22 is purely speculative at this juncture and will be subject to additional monitoring arrangements in 2021/22, being reported as appropriate.

2.3 Communities and Environmental: Garden Waste

Cabinet, 27th October 2020 (minute 71 refers) approved the freezing of inflation for the next two financial years. Following last year's decision to offer the same price for a subscription in order to retain client base levels in 2020/21, retention levels for subscriptions were 100%, and a further 6% new subscribers were gained leading to increased income of £55K against the original projection. It is viewed that this is largely due to the pandemic and the initial period of lockdown but now it is hoped that through service delivery and a freeze on the charge level, that the client base can be protected. This area will be reviewed in 2021/22 alongside the exploration of introducing automatic renewal for future years. The decision to freeze represents an estimated reduction of £19K in assumed inflation, however with subscription levels increasing, the base budget has been increased by £34K against the previously approved position for 2021/22 and therein exceeds the amount required.

2.4 Communities and Environmental: Housing Improvement Agency (HIA)

On the 31st March 2020 Lancashire County Council terminated the collaboration agreement with the city council to deliver Core HIA Services. This service had enabled the city council to provide discretionary HIA type services to vulnerable elderly and disabled residents, including a handyperson service. Most districts have handyperson

services available to residents, the majority of which are delivered through HIA's. The Handyperson service in Lancaster is free of charge for the first two hours of labour. To be eligible, services users must be over 65, or disabled, with no member of the household in any form of paid employment.

The HIA are looking to introduce charging for a limited number of new HIA type services. It is intended that the income generated through these new services will enable existing services to remain available free of charge for the most vulnerable residents. Full details of the proposed charge can be found at **Appendix C**.

3 **OPTIONS AND OPTIONS ANALYSIS**

- 3.1 The attached policy remains substantively unchanged and it is considered that it remains fit for purpose (at least in the short term) and it adequately covers Cabinet's budget proposals. As such, no options are presented and Cabinet is simply requested to endorse the policy, with a review being undertaken next year.
- 3.2 With regard to charges in general, it is proposed to freeze charges for the forthcoming financial year and the impact has been fed into the draft general fund budget for 2021/22. Should Members wish to apply inflation, further work to determine charging levels would need to take place and be fed into the budget setting process as appropriate.
- 3.3 The introduction of the new Housing Improvement Charge is subject to Member agreement and as such is included as a recommendation within this report.