

Lancaster City Council | Report Cover Sheet

Meeting	Cabinet	Date	18/1/2022		
Report of	Head of Financial Services				
Purpose of Report					
To consider the annual review of fees and charges for 2022/23					
Key Decision (Y/N)	Y	Date of Notice	13/12/2021	Exempt (Y/N)	N

Report Summary

The report asks Members to endorse the Fees and Charges Policy for 2022/23 and also to consider a range of charging options as deemed appropriate to the service area.

Recommendations of Councillors

- (1) That Cabinet endorses the Fees and Charges Policy as set out at Appendix A, and during 2022/23 as part of the mid-year budget strategy review determines whether any other areas of income generation be explored further for 2023/24 onwards.
- (2) That Cabinet note that a car parking tariff review will take place and a further report will be presented to Cabinet outlining future options, as reported as part of the current 2022/23 budget setting process.
- (3) That Cabinet endorses the freezing of Salt Ayre Leisure Centre prices, as reported as part of the current 2022/23 budget setting process with the exception of retail-led activities.
- (4) That Cabinet endorses the freezing of garden waste collection charges, as agreed by Cabinet on 27th October 2020.
- (5) That Cabinet endorses the annual review of Mellishaw Park pitch fees in line with RPI, as prescribed by the Mobile Homes Act 1983.
- (6) That Cabinet endorses the return to applying inflationary increases to fees and charges across all remaining areas as appropriate, as reported as part of the current 2022/23 budget setting process.
- (7) That Cabinet endorses the implementation of the new charges in respect, as reported as part of the current 2022/23 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
<p>The proposed increases are considered to be fair and reasonable; generally, equality considerations are provided for within the attached policy.</p>	
Details of Consultation	
<p>Lancaster BID, Morecambe BID, Chamber of Commerce. A summary of the proposals shall be sent to each of the above.</p>	
Legal Implications	
<p>Local authorities have a variety of powers to charge for specific statutory services.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p>	
Financial Implications	
<p>As set out in the report and further detailed financial implications are included in the relevant appendices. With regard to Salt Ayre Leisure Centre and car parking proposals, these are subject elsewhere to agreement by Cabinet and Council. Any further proposals to increase fees would require further consideration and would need to be fed into the budget process as appropriate.</p>	
Other Resource or Risk Implications	
<p>None specifically arising from this report.</p>	
Section 151 Officer's Comments	
<p>The s151 Officer has been consulted and has no further comments.</p>	
Monitoring Officer's Comments	
<p>The Monitoring Officer has been consulted and has no further comments.</p>	
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Links to Background Papers

None

1.0 GENERAL POLICY

This report sets out the proposed fees and charges framework for 2022/23. The current policy was last considered by Cabinet at its meeting on 19 January 2021 and a copy is attached at **Appendix A**. No substantive updates of the policy are being proposed at this stage.

1.1 In terms of fee increases, traditionally as part of the annual budget process all relevant fees and charges are increased by inflation for the following year, in line with the annual inflationary review. However, in light of the pandemic, an inflationary freeze on fees across all areas was agreed by Cabinet for 2021/22 and this was included in setting the 2021/22 budget. It is now proposed to return to applying inflation with the exception of the following areas :-

- Car Parking
- Salt Ayre Leisure Centre
- Garden Waste
- Mellishaw Park

More details surrounding these areas are included within section 2 of this report.

1.2 In support, **Appendix B** provides a listing of the General Fund fees and charges for 2020/21 actuals, the 2021/22 original budget and the 2022/23 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 £19.23M next year. Of this total, around £8.81M 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.

1.3 From Appendix B, it can be seen that between 2021/22 and 2022/23 gross income from comparative fees and charges is expected to increase from £14.05M to £17.50M, representing an increase of £3.44M or 24.5%. It should be noted that a number of income budgets were significantly reduced in 2021/22 due to the pandemic and where appropriate these have now been returned to pre-pandemic levels when formulating the draft 2022/23 revenue. 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.

1.4 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.

- 1.5 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 2022/23 onwards, on top of those already included.

2 OTHER SPECIFIC CHARGING CONSIDERATIONS

2.1 Communities and Environmental: Car Parking

Effectively managed car parking makes a significant strategic contribution to the wider climate change mitigation, transport management, regeneration and public realm objectives for the district. Much work has taken place to review the Council's wider parking policies and the charging structure that underpins them. The options arising from this review will be shared with stakeholders over the next few weeks and will be separately considered by Cabinet at its meeting of 8th February 2022. The potential impact on the budget of the different options have been modelled.

2.2 Communities and Environmental: Salt Ayre Leisure Centre

Salt Ayre provides a wide range of leisure, sports and community services that are valued by resident. In order to ensure the range of services can continue to be providing that income is required to offset the net operating cost of Salt Ayre Leisure Centre. Income of £2.78M is included in the draft revenue budget for 2022/23. As part of the budget setting process, there is a specific budget proposal relating to realising additional income at the centre equating to £234K in 2022/23 rising to £510K in 2023/24 and future years. The estimate for 2022/23 has been prudently calculated paying particular attention to the road back to recovery following the pandemic. No significant changes are proposed to the fee structure as the majority of improved projections are volume related and this would undoubtedly assist in growing and protecting the client base. However, retail-led activities e.g. the spa facility and the café are excepted to this and general inflation is proposed in this instance. This is ultimately a positive situation and if approved, the revenue budget will be updated to include the additional income and will be monitored closely via the Council's usual corporate monitoring arrangements.

2.3 Communities and Environmental: Garden Waste

Due to changes made by Lancashire County Council (as the waste disposal authority) in March 2016 the Council approved the proposal to introduce an opt-in subscription service for the collection of garden waste. A number of other Councils in Lancashire took a similar decision, as have many Councils nationally.

The Council 27th October 2020 (minute 71 refers) approved the freezing of inflation for the next two financial years on the subscription of £40 per annum. Following that decision, retention levels of 100% for subscriptions, and a further 10% new subscribers have been gained over the previous two years leading to increased income of £86K against 2019/20 levels. It is viewed that initially this was largely due to the pandemic and the initial period of lockdown but now given that this has continued, it is hopeful that the client base has been protected. As we enter into the final year of the price freeze, this area will be reviewed in 2022/23 alongside the exploration of introducing automatic renewal for future years.

2.4 **Communities and Environmental: Mellishaw Park**

Ownership of the site transferred to the Council with effect from 25th November 2020. The Mobile Homes Act 1983 allows the site owner to propose new pitch fees which may increase (or reduce) by no more than the change in RPI since the last review date. Therefore, it is proposed to annually review charges in line with RPI using September as the annual base month which is consistent with the HRA applying CPI to social rents. This proposal will be communicated to tenants through the usual channels. For reference the currently weekly pitch fee for Mellishaw is £75.17 collected for 48 weeks. September RPI is 4.9% so the increase will take it to £78.85 (an increase of £3.68).

3 **NEW CHARGES**

3.1 **Economic Growth & Regeneration: Building Control Additional Charges**

The Planning and Place Service charges fees for building regulation work. Unlike planning application fees, which are set nationally, local authorities can choose the level of fees for the building regulation services that they provide.

Whilst it is proposed to maintain much of the existing fee schedule, the supplementary charges for service provision have been revised into different categories and have been expanded into a greater number of categories. This would align Lancaster broadly with other district local authorities. The proposed charging will be on a commercial basis and full details can be found at **Appendix C**.

3.2 **Economic Growth & Regeneration: Planning Pre-Application Advice**

The Planning and Place Service already offers a chargeable pre-application advice service. As part of the Service Review, the Service has been discussing revised advice with some service users. The proposed new service provides a more flexible advice service for users (more options to choose in terms of how a developer wants to receive their advice). The proposed changes will also aim to reduce waiting times for receiving advice by two weeks. The proposed charging will be on a cost recovery basis and full details can be found at **Appendix C**.

4 **OPTIONS AND OPTIONS ANALYSIS**

4.1 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.

4.2 With regard to charges in general, inflation has been applied and the impact has been fed into the draft general fund budget for 2022/23. 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.

4.3 With regard to other specific considerations, these have been fed into the draft revenue

budget where appropriate and will seek to update the net financial position when agreed as part of the budget setting process.

- 4.4 The introduction of the new regeneration and planning charges are subject to Member agreement and as such are included as a recommendation within this report.