

## Corporate Fees and Charges Review – 2014/15 21 January 2014

### Report of Chief Officer (Resources)

PURPOSE OF REPORT				
To consider the annual review of fees and charges for 2014/15.				
Key Decision	<input checked="" type="checkbox"/>	Non-Key Decision	<input type="checkbox"/>	Referral from Cabinet Member
Date of notice of forthcoming key decision			18 December 2013	
This report is public				

#### RECOMMENDATION OF COUNCILLOR HAMILTON-COX

- (1) That based on the options outlined in the report, Members agree the proposed increases in car parking fees and charges.

#### RECOMMENDATION OF COUNCILLOR SMITH

- (2) That Members consider the introduction of charging for bins and boxes as set out in 2.11 of the report.

#### RECOMMENDATION OF COUNCILLOR LEYTHAM

- (3) That the Environmental Health and Private Sector Housing fees in Appendix D be increased by 2% with the exception of pest control fees where it is proposed to increase these by 5% as set out in the report and appendix.

#### RECOMMENDATION OF COUNCILLOR SANDS

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

#### RECOMMENDATION OF COUNCILLOR BRYNING

- (5) That Members note the Fees and Charges Policy as set out at Appendix A, subject to indicating 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 2014/15 for a number of service areas. The current policy was approved by Members at their meeting on 04 December 2012 and a copy is attached at **Appendix A**. No updates of the policy are being proposed.
- 1.1.2 In addition, attached at **Appendix B** is a full listing of all the general fund fees and charges for 2012/13 actuals and 2013/14 and 2014/15 estimates. This shows that the total income generated from fees and charges is now projected to be £9.7M next year, although this report is only concerned with inflationary increases in respect of £4.2M 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. Furthermore, certain fees such as licensing fees (including animal licensing in Health and Housing) cannot by law be set by Cabinet.
- 1.1.3 Cabinet is also requested to indicate whether there are 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.
- 1.1.4 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. 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 2014/15. 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 2014.
- 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 / Bins & Boxes
  - Health & Housing
  - Wellbeing
- 1.2.3 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 increased pay and display charges as follows:

**Increase the up to 1 hour charge on all Short Stay and Long Stay car parks from £1.20 to £1.30.**

The above increases were approved despite Lancashire County Council not increasing their on-street pay and display charges to maintain the differential charge. The differential charge is setting 1 hour and 2 hour on-street charges higher than the equivalent car parks charges. This is 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.

The current on-street and car park charges are set out below-

Parking Charge	On-Street	Car Parks
Up to 1 hour	£1.20	£1.30
Up to 2 hours	£2.00	£2.20

The County Council is now reviewing its on-street charges as part of its 2014/15 budget plans. It is understood that County is likely to recommend that its charges are increased to £1.40 for Up to 1 hour and £2.30 for Up to 2 hours. It is further understood that in recommending these increases, County has a preference for the City Council not to increase its Up to 1 hour charge on car parks (this is part of Option 2 later in this report). The differential charge would be introduced if County increase their charges as indicated and the City Council does not approve Option 2.

The County Council's 2014/15 budget plans will not be approved until after Cabinet has considered this report but Cabinet will be advised of the latest position at the meeting.

### 2.2 Influencing Factors for 2014/15

There are a number of issues that need to be taken into account when looking at parking during 2014/15 and future years. These include the ongoing United Utilities works around the Bus Station, the issues highlighted in the recently approved Draft Parking Strategy and the current usage information which is included in this report.

United Utilities – these major works to improve bathing water quality started in February 2013 and are likely to extend until November 2014. These works are affecting Wood Street Car Park and access to and from St Nicholas Arcades Car Park is also affected. The Council will be compensated by United Utilities for the loss of income from Wood Street Car Park.

Approved Draft Parking Strategy – the recently approved draft strategy includes the broad aim of ensuring that parking charges reasonably reflect the shopper and visitor experiences in the various centres, whilst ensuring that the parking account is not adversely affected by any changes. The main parking charges are broadly the same

in Lancaster and Morecambe with the following exceptions:-

- All day long stay charges are £6.00 in Lancaster and £3.20 in Morecambe;
- Lancaster has an additional 5 hour long stay charge of £3.70;
- the 1 hour charge at the Morecambe Festival Market Car Park is £1.00 rather than £1.30;
- evening parking charges only apply in Lancaster;
- parking is free of charge on designated bank holidays in Lancaster;
- reduced parking charges on Morecambe's outer car parks.

Although the final version of the strategy has yet to be approved Cabinet can consider whether the existing differences in charges are still appropriate and this report includes some options in relation to these differences. Also, this report includes the potential income that could be raised from increased charges and for information, this has been split this year between implementing the increases on all car parks or just in Lancaster or Morecambe.

## 2.3 Current Usage and Financial Position

### 2.3.1 Usage Position

As part of the monthly corporate monitoring of parking income usage is also monitored and the following table shows the latest position.

	Lancaster		Morecambe		
	Short Stay	Long Stay	Short Stay	Long Stay	TOTALS
<b><u>Last Full Year Comparison</u></b>					
2011/12	753,640	127,141	349,299	168,702	1,398,782
2012/13	724,664	134,927	339,874	157,398	1,356,863
<b>Variance</b>	<b>-3.84</b>	<b>6.12</b>	<b>-2.70</b>	<b>-6.70</b>	<b>-3.00</b>
<b><u>Recent 6 month comparison</u></b>					
2012/13	365,798	65,306	178,370	97,787	707,261
2013/14	335,329	73,553	171,326	98,150	678,358
<b>Variance</b>	<b>-8.33</b>	<b>12.63</b>	<b>-3.95</b>	<b>0.37</b>	<b>-4.09</b>

The above information confirms that overall usage is reducing with the exception of Lancaster's long stay car parks. The increased reduction in Lancaster's short stay car parks in 2013/14 is partly due to the closure of Wood Street Car Park next to the Bus Station and the revised traffic route arising from the United Utilities works that has affected St Nicholas Arcades Car Park.

In terms of individual tariffs it should also be noted that the most popular tariff in Lancaster is the 2 hour charge and in Morecambe it is the 1 hour charge. This highlights longer visit times in Lancaster compared with Morecambe and this can be taken into account when considering the charging options included in this report.

### 2.3.2 Financial Position

The 2014/15 Draft Budget outlined in the following table assumes that income across

the three parking income headings will be similar to 2013/14 and inflationary increases of 2.0% have been added to the 2013/14 base budgets in line with the Council's existing policy on fees and charges.

	<b>2013/14 Estimate</b>	<b>2013/14 Revised</b>	<b>2014/15 Estimate</b>	<b>Inflation Included</b>
Fees	£2,093,600	£2,070,600	£2,135,500	£41,900
Evenings	£108,500	£101,500	£110,700	£2,200
Permits	£144,400	£141,400	£147,300	£2,900
<b>TOTAL</b>	<b>£2,346,500</b>	<b>£2,313,500</b>	<b>£2,393,500</b>	<b>£47,000</b>

**The annual review needs to consider options for covering additional inflationary increases of £47,000 across the above headings.**

As previously mentioned the Council will be compensated for the loss of income from the closure of Wood Street Car Park in 2014/15.

## 2.4 **Proposal Details**

2.4.1 **Appendix C** includes specific proposals for Cabinet to consider.

2.4.2 Following Cabinet's approval of the review of the Management of Parks, Open Space and Public Realm parking charges at the two car parks at Williamson Park are to be included in the Council's Off-Street Parking Places Order and will then be reviewed annually as part of this process. Details and specific proposals are included in **Appendix C**.

## 2.5 **Details of Consultation**

The local Chambers of Commerce and of Trade, the Federation of Small Businesses, Lancaster BID team, Morecambe Town Council, Festival Market Traders, Friends of Williamson Park and Heysham Neighbourhood Council have been consulted over the pay and display options included in the report and their comments will be made available at the meeting.

As previously mentioned the County Council are reviewing their on-street pay and display charges and further information will be provided prior to Cabinet considering this report.

One request to review parking charges has already been received from the businesses on Marine Road Central between Pedder Street and Green Street. The businesses have highlighted that residents only on-street parking restrictions are in place in the streets leading of Marine Road and customers are reluctant to pay £1.30 to park in the car parks opposite their businesses for 1 hour. A 2 hour on-street limited waiting seasonal restriction is currently in place between Clarence Street and Green Street.

The businesses have asked the Council to consider providing free parking for the first hour on Marine Road No 3 Car Park. The financial implications of agreeing to this request are approximately £9K per annum but this does not allow for any transfer of any other 1 hour customers from other car parks.

The businesses have also asked the County Council to review the seasonal restriction and to consider making this an all year round restriction. This would

provide shorter term parking in winter to help the businesses and would avoid all day parking. The County Council is currently dealing with this request and will consult with the City Council.

## 2.6 Option and Options Appraisal

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

## 2.7 Officer Preferred Option

Were parking charges seen as purely a way of generating income for the Council then **options 2 and 4** combined would be recommended as the way forward. However, this Council's view of parking and charges is that when properly managed they contribute to the wider traffic management, regeneration and public realm issues within the District. This approach is set out clearly in the Council's Parking Strategy which is further emphasised in the revised Parking Strategy currently out for consultation. With this in mind, **Option 4** is the preferred option as it is the one that is most likely to effectively support the Council's priorities.

In addition, the following sub-options are the preferred options:-

Sub - Option 5 to introduce 24 hour parking charges in Lancaster

Sub - Option 6 to increase parking charges at Williamson Park and to remove the Annual Permit

Sub - Option 7 b) to increase all car park permits by 2.5%

Sub - Option 8 a) to introduce parking charges on Bank Holidays in Lancaster

Sub - Option 8 c) to increase the 1 hour charge on the Festival Market Car Park by 10p

Sub – Option 8 d) to increase parking charges on Morecambe's outer car parks

In total the officer preferred options would generate an additional £47,900 above the estimated income for 2014/15.

## 2.8 Alternative Payment Methods

### 2.8.1 Introduction

Many local authorities have implemented alternative payment methods for parking including making payment by mobile phone and installing pay and display machines that accept debit and credit cards. Installing Pay on Foot systems (pay when leaving) is also popular in larger car parks that allow this to be installed as part of the initial construction or where the car park has sufficient parking capacity to justify the need to have on-site staff available.

### 2.8.2 Payment by Mobile Phone

Officers have been investigating a suitable pay by phone provider and have received an acceptable proposal from one of the leading suppliers who provide this service to 97 local authorities. The service operates in the following way:-

***Customers initially register with the service provider and log their registration number and debit or credit card.***

***Customers then, and on subsequent occasions, enter the location code for the car park, confirm their registration number and purchase the amount of time required (the customer pays a 20p convenience charge for using the service).***

***Customers can choose to receive a text receipt at a cost of 10p although receipts are available free of charge on the service provider's web site.***

***Customers can choose to receive a text reminder at a cost of 10p to advise them their time is running out and giving them the option to purchase additional time and the customer pays a further 20p convenience charge.***

The advantages of the system are that customers do not need change when arriving at the car park and they can extend their parking time by purchasing additional time via the text reminder option; this can be done remotely avoiding the need to return to the car park.

The system can be introduced at minimal cost to the Council. The only costs are providing the Civil Enforcement Officers with web enabled mobile phones to access the service provider's web site to check the details of the payments made for individual locations. The other costs are associated with transaction charges for taking payment by debit and credit card and officers are investigating the most economical solution for these charges. The service provider allows the Council unlimited access to their fully automated web based system to track all parking transactions in real time.

#### **2.8.3 Payment by Pay and Display Machines accepting debit and credit cards**

The Council's existing pay and display machines cannot be upgraded to accept debit and credit cards. The cost of installing these machines on all car parks would require a substantial capital investment of approximately £200K. Although sales through debit and credit card could potentially be higher than mobile phone payments officers are investigating the exact costs of installing a limited number of these machines at busier car parks.

#### **2.8.4 Pay on Foot Parking Systems**

Pay on Foot was the subject of a report to Budget and Performance Panel in 2008. Again Pay on Foot is very expensive to install and can only be fitted to existing car parks where there is sufficient room for the payment machines, ticket issuing and acceptance machines and barriers; and adequate traffic lane space for vehicles entering and exiting the car park at peak times. Staff also need to be available on site to attend to any problems with the equipment and this would not be offset by the savings generated from not requiring enforcement staff.

#### **2.8.5 Officer Preferred Option**

To implement Payment by Mobile Phone as the most suitable alternative payment method, subject to addressing the ICT and banking arrangements.

#### **2.9 Charging for Bins and Boxes**

Council (27<sup>th</sup> Feb 2013) resolved that Cabinet give further consideration to charging for delivery of waste/recycling bins and/or boxes. A charge for delivery of bins and boxes to residents moving into houses that require them has recently been introduced. Cabinet are however requested to consider whether it is now appropriate to introduce a delivery charge for replacement bins and/or boxes to all householders. As discussed in previous reports on this subject the proposed delivery charge would be £15+VAT for replacement bins and £4+VAT for replacement boxes. Previous estimates indicate that the introduction of a charge for delivery of replacement bins and boxes for all would result in a net saving of around £80,000 per annum. If agreed work would then start to address the customer services /systems / IT aspects which in turn would inform the actual implementation date.

The budgets for 2014/15 onwards already include the additional income, in line with the original resolution, therefore if Members wish to withdraw from charging, then this would need to be reflected in Cabinet's budget proposals (for approval by Council).

### 3 HEALTH & HOUSING

#### 3.1 Proposal Details

Set out in **Appendix D** are the current charges and options for increases for 2014/15. 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

A review of pest control fees has been undertaken with the aim of making this discretionary activity as close to full cost recovery as possible whilst retaining fees at a level that is affordable for those citizens wishing to access the service. For this reason a fee increase of 5% is proposed for most pest control fees and this is shown in Appendix D. The exceptions to this are wasp treatments where the proposal is a 2% increase only as there is evidence that competitors are much cheaper than the council for this service and any further increase on the current price is likely to have an adverse impact on demand. It is further proposed that wasp treatments for commercial premises are set at the same price as domestic premises for the same reasons. In relation to moles and squirrel treatments, the proposal is to charge the full cost recovery on a case by case basis.

##### 3.1.2 HMO licence fees

House in Multiple Occupation (HMO) fees have been reviewed in line with Government legislation which dictates that the fee charged must only seek to recover the costs of processing an application. Good practice that has developed since licensing was first introduced has also been incorporated into the revised fee structure. This means that the standard fee for a licence has been kept down, but weighted costs have been applied to those applicants who cause the council more work, e.g. late applications, incomplete applications etc. The revised fees are based upon an application being complete and on time, which would include the majority of the licence holders in Lancaster. The revised fee structure is laid out in Appendix D which also includes the penalty fees mentioned above.

##### 3.1.3 General Fees and 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		✓
HMO fees	✓	

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 £98,500 inclusive of recharges, and £19,500 excluding recharge in 2014/15, 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 £3,000.

### 3.2 Financial Position

The following table shows the overall impact of the proposals:

	2014/15 Draft Budget (Including 2% inflation) Option 1 £	2014/15 Projected Increase of 5% Option 2 £
Cemeteries	265,000	272,800
Dog Warden Service	6,600	6,800
Pest Control	103,500	106,500
Private Housing	2,600	2,700
Public/Port Health	32,000	32,900
	<b>409,700</b>	<b>421,700</b>

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 £12,000 more than this.

### 3.3 Options and Options Appraisal

**Option 1** is the officer preferred option, with the exception of Pest Control fees (excluding wasps) where **Option 2** is the officer preferred option. This is to maintain a balance between cost recovery and affordability for users of the services.

## 4 WELLBEING

### 4.1 Proposal Details

Set out in **Appendix E** are the current charges and proposed increases for 2014/15. 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 2014/15. 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:

	<b>2014/15 Draft Budget (Including 2% inflation)</b> £	<b>2014/15 Draft Budget with Proposed Increases</b> £
Community Pools	355,300	359,100
Salt Ayre Sports Centre	890,800	896,500
Rec Grounds / Open Spaces	19,900	19,900
Williamson Park	160,600	163,100
	<b>1,426,600</b>	<b>1,438,600</b>

Overall, if the proposed increases are approved they will generate £12,000 more than the draft budget which equates to an average increase of 2.9%.

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 Wellbeing 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 £12,000.

### 5 CONCLUSION

The officer preferred options set out in this report will exceed the required inflationary increases already built into the 2014/15 draft budget by some £62,900. 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**

There are no legal implications arising this report.

**FINANCIAL IMPLICATIONS**

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

In summary, the officer preferred options will generate additional income of £62,900 (£47,900 for Car Parking, £3,000 for Health & Housing, and £12,000 for Wellbeing) over and above the current 2014/15 draft budget.

**OTHER RESOURCE IMPLICATIONS****Human Resources / Information Services / Property:**

ICT implications are as referred to in the report.

**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 Chief Officer (Resources).

**MONITORING OFFICER'S COMMENTS**

The Monitoring Officer has been consulted and has no further comments

**BACKGROUND PAPERS**

None

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