

## Fees and Charges Review – 2015/16 20 January 2015

### Report of Chief Officer (Resources)

PURPOSE OF REPORT			
To consider the annual review of fees and charges for 2015/16.			
Key Decision	<b>X</b>	Non-Key Decision	Referral from Cabinet Member
Date of notice of forthcoming key decision	03 November 2014		
This report is public.			

#### RECOMMENDATIONS OF CHIEF OFFICER (RESOURCES)

- (1) That the report be noted and the updated Fees and Charges Policy as set out at Appendix A be endorsed.
- (2) That Cabinet indicates whether it requires any other areas of income generation to be explored for future years.

#### RECOMMENDATIONS OF CHIEF OFFICER (ENVIRONMENT)

- (1) That for the reasons outlined in the report, Cabinet approves that off street pay and display and permit charges be frozen for 2015/16, subject to consideration by Council as part of the budget process.
- (2) That Cabinet considers whether it wishes to charge for off street car parking on public holidays in Lancaster from 2015/16.
- (3) That with regards to resident parking zones, it be noted that:
  - the cost of managing and administering them is broadly the same in each zone;
  - some of the older zones have, however, benefitted from a long period of no price increases;
  - in all the more recent zones the price of an annual resident permit is £40;and therefore to achieve consistency and to ensure that the cost of administering and managing the schemes is properly covered, it be approved that in zones where the charge is currently less than £40:
  - a) the charge for 2015/16 be increased by £5
  - b) that incremental increases of £5 be made in future years (until consistency is achieved); and

c) that Cabinet requests the County Council to amend the Traffic Regulation Order to achieve these changes.

(4) That Officers bring back a further report, following consultation, setting out how visitor parking should be best managed in the future.

## 1 GENERAL POLICY

1.1 The Council's general fees and charges policy was last considered by Cabinet a year ago and in broad terms, the main principles are still considered relevant. During the last year, however, the Authority has adopted new Financial Regulations and also the Scheme of Delegations to Officers has been updated. The Fees and Charges Policy required updating to reflect these governance changes and the new draft is included at **Appendix A** for Cabinet's endorsement.

1.2 In support, **Appendix B** provides a listing of the General Fund fees and charges for 2013/14 actuals and 2014/15 and 2015/16 estimates. This shows that the total income generated from fees and charges (including rents) is now projected to be £10.4M next year. Of this total, around £4.3M 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. Furthermore, certain fees such as licensing fees cannot by law be set by Cabinet.

1.3 In general terms, as part of the current budget process all relevant fees and charges have now been increased by 1.5% for next year, in line with the annual inflationary review. Given expected financial pressures, proposing to lower this general % increase is advised against – in any event such a proposal would need to go forward to Council, as part of Cabinet's overall budget proposals.

1.4 Taking account of the comments above, no other options for the general policy update are presented. Cabinet is requested to indicate, however, whether there are any other specific areas for income generation that it wishes to consider. These may relate to existing fees and charges, potential new areas, or proposals for changing the assumed annual inflationary increase.

1.5 The nature and work involved in developing any such ideas would determine the timescales for potential implementation (i.e. if complex proposals were to be developed, implementation for April 2015 would not be possible, but simple proposals may well be deliverable for then). It is highlighted that Officers already have plans in place to undertake more fundamental reviews of charging for some activities, for example events/room hire, but these will not be ready for 2015/16 budget setting as other work takes priority. Instead, they will come forward for 2016/17, as part of the wider organisational development and change programming proposals.

## 2 SPECIFIC CHARGING MATTERS

2.1 Chief Officers have reviewed the fees and charges within their service areas, together with any associated concessions, and any proposals that differ to the general policy principles outlined above, or are otherwise outside of the budget, are set out for consideration in the later sections of this report.

2.2 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, unless any unusual circumstances justify otherwise. 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.

- 2.3 Should Cabinet support any options contained later in this report that do not meet the draft budget assumptions, then they would need to go forward as growth, for consideration as part of Council's budget proposals. However, Members should be aware that in some instances the timescales for gaining Council approval may cause operational difficulties for implementing any new charges by 01 April 2015, taking account of any statutory notice periods required.

### 3 ENVIRONMENTAL SERVICES

#### 3.1 Car Parking

This is the only area in which a number of options are presented and therefore for clarity, full information is included in **Appendix C** to this report. Cabinet is requested to read the Appendix carefully, in reaching its decisions.

#### 3.2 Waste Bins and Boxes

- 3.2.1 Over the years, there has been much debate regarding whether to introduce some form of charge in relation to the provision of waste bins and boxes.
- 3.2.2 The most recent decision of Cabinet taken in July 2014, (minute 26 refers), was that (1) to (17) of the updated waste/recycling collection policies be approved and with regard to item (18), the subsidised service/usage charge, this should continue as described in the policy (appended to the minutes) until further clarification be sought on the possibility of house builders being required to provide bins as part of the planning process. Cabinet are reminded that currently householders moving into properties without bins and boxes are expected to make a contribution which goes towards the costs of delivery, procurement, administration etc. Cabinet asked for information on whether developers could be required to provide bins / boxes as part of the planning process.
- 3.2.3 In terms of researching this, it is clear that many Councils have in place arrangements whereby for new developments, the cost of provision of waste receptacles is mainly covered by the developer. There is, however, no consistency as to the basis on which this is done from Council to Council.
- 3.2.4 Clearly to avoid challenge in the future however it is important that an Authority approaches this there is a sound, justifiable and legal basis for so doing.
- 3.2.5 The Officer view in this Authority is set out below:
- Under law, Local Planning Authorities (LPAs) cannot put a planning condition on a permission saying that the developer must make a financial contribution for bins and boxes.

What they can do is insist on a financial contribution from a developer through a Section 106 Legal Agreement, such as for bins and boxes. Some Councils have

this as a priority instead of affordable housing or seeking contributions to open space provision.

- Any such contribution must be to deliver essential infrastructure to “mitigate the impact of unacceptable development to render it acceptable in planning terms”, however - and therein lies a fundamental problem with requiring contributions towards items such as bins and boxes.
- Tariff-style contributions (i.e. for every new proposed dwelling the developer should contribute ‘£x’ towards bins and boxes) must always be tested. The tests are:
  1. Is the contribution necessary to make the development acceptable?
  2. Is the contribution directly related to the development?
  3. Is it fair and reasonable in terms of scale and in terms of what it would provide for?
- Government advice (paragraph 004 NPPG - National Planning Practice Guidance) then says that any contribution request must be evidenced and then justified. This means that it is unacceptable to introduce a general tariff style charge – a “site-specific” case (Paragraph 006 NPPG) must be evidenced and made for every request for a contribution from each housing development. A similar example already exists, for affordable housing - when an affordable housing contribution is sought on each housing development, it is evidenced by whether there is a shortfall of affordable housing within that specific area. If there isn't a shortfall, such as in areas of Morecambe, or if there are other competing issues that take priority, such as the lack of existing school places, then other demands may take priority.
- So if a contribution is going to be requested (e.g. as a consultee on a planning application), then documentary evidence would need to be provided in each case.
- Furthermore Government are still applying pressure to LPAs in respect of renegotiating planning obligations. Whilst the residential market has definitely picked up, we are still advised that if development proposals stall because of s106 requests then they should be renegotiated.

3.2.6 Therefore, Officer advice is that:

- a tariff style imposition would be difficult to defend if challenged.
- Officers could, as consultees, request a contribution to bins and boxes on every development application. The case would have to be tailored to each and every development and would need to be justified. This would require significant officer time.
- Officers could, as consultees, request a contribution to bins and boxes on specific development applications, based on particular issues. This could lead to accusations of inconsistency etc.
- Alternatively, Cabinet could decide to provide bins and boxes without charge. Many developers as a matter of course request bins and boxes for their developments and accept the charge, however.

3.2.7 Taking into account all the above points, no other options are presented and unless Cabinet indicates otherwise, the status quo (i.e. the existing charging policy) will be maintained.

### **3.3 Other Environmental Services Activities**

- 3.3.1 All other Environmental Services fees and charges will be set in line with policy and budgetary requirements, under delegated authority.

## **4 HEALTH & HOUSING (including Sport & Leisure)**

- 4.1 This service generates income from a wide range of functions and activities. Although the majority are provided statutorily, the council does still have flexibility in setting fees for these services, and in the past research has shown that fees are comparable with other neighbouring authorities.
- 4.2 For the discretionary activities, the Council is free to set its own level of fee, provided that they remain competitive and affordable to retain and attract customers.
- 4.3 In previous years, predominantly the focus of any review has centred on cemeteries and pest control, with the aim of increasing income above inflation where considered possible.
- 4.4 With this in mind, for next year there are no specific new charging policy proposals being put forward. Officers will increase fee levels as appropriate, to cover inflationary targets, and any existing concessions will be maintained appropriately.
- 4.5 This applies to Sport and Leisure also, but Cabinet will note that a separate report elsewhere on the agenda seeks approval to seek a development partner to invest and improve Salt Ayre facilities. Given the current position, it makes sense to hold off from doing any more fundamental review of charging until the outcome of that initiative is known.

## **5 GOVERNANCE**

- 5.1 This service has a limited range of functions through which income can be generated, and for areas such as licensing the fee levels are driven by statute – either in monetary value terms or through financial constraints, such as being non-profit making. As stated earlier, such licensing fee setting is not a matter for Cabinet, but nonetheless any financial impact must be reflected within the budget.
- 5.2 Accordingly, the outcome of the latest review of taxi and other miscellaneous licensing fees is scheduled for consideration by the Licensing Regulatory Committee on 12 February, prior to Budget Council. Fees for licences within the remit of the Licensing Act Committee are set by central government.
- 5.3 Any other changes on fees will be actioned by Officers, either to take account of statutory requirements, or to cover inflation.

## **6 REGENERATION AND PLANNING**

- 6.1 The most significant income generator within this area is planning fees; these are still determined by central Government.
- 6.2 In terms of discretionary fees, charging for pre-planning advice has now been introduced on a cost-recovery basis. Income of £24K has been assumed within the budget from next year, subject to review in a year's time. It may well be the case that demand for the service increases, and so income would increase further subject

to the demand being manageable within existing staff resources.

- 6.3 There are no other fees and charges for Cabinet's consideration within this service area.

## 7 RESOURCES

- 7.1 Resources also has a number of fees and charges, which are driven by a combination of factors.
- 7.2 The bulk of charges are relatively minor in nature and increases will be effected using Officer delegations, to reflect inflationary pressures. There is one notable budgetary change, however, and this relates to the charges levied in relation to the recovery of local taxation.
- 7.3 The Council has comprehensive arrangements in place for the collection of council tax and business rates, but unfortunately in a number of cases there is the need to issue a summons, to take court action to gain a liability order.
- 7.4 Under Council Tax Regulations, authorities are entitled to recover their reasonable costs involved in gaining such liability orders. Recently a London authority had its basis for charging challenged, and this is now being taken up through judicial review. Its charges are much higher than those being charged by many authorities including the City Council (£125 for the London authority, as compared with a combined total charge of £92 locally), but nonetheless, with ongoing efficiencies being implemented within the Revenues Shared Service now is an opportune time to review income levels; furthermore Lancashire Authorities are seeking to adopt a consistent methodology for the county as a whole. Separately, the number of summonses issued and liability orders sought in any one year can fluctuate significantly. Taking account of all these factors, the income budgets for court costs recovery have been reduced by £130K per year, to around £300K. Actual fee levels will be finalised in due course, under delegated authority.
- 7.5 Given that the recovery of costs is driven primarily by Regulations, no alternative options are presented.

## 8 CONCLUSION

The officer preferred options set out in this report would generate a net cost of between £13K and £18K depending on the option approved for bank holiday parking. However, in general, the setting of fees and charges 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. Further relevant extracts and comments are included under the Financial Implication section below.

## **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; generally, equality considerations are provided for within the attached policy.

## **LEGAL IMPLICATIONS**

The Fees and Charges Policy and the recommendations set out in this report take account of any statutory or other legal restraints, thus minimising the risk of any legal challenge.

## **FINANCIAL IMPLICATIONS**

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

Although the vast bulk of fees and charges will be increased by inflation or other policy driven measures, the specific issues and options presented in this report will add pressure to the revenue budget of up to £18K, depending on what options are taken forward regarding car parking.

Any such pressures will need to be reflected within Cabinet' budget proposals.

In terms of revenues court costs recovery, changes are needed to ensure that charges meet statutory requirements going forward.

For the car parking proposals, the Council has discretion in setting the relevant fees, but any proposal not to cover inflationary assumptions would, in effect, constitute budget growth.

Cabinet is reminded of the existing approved Medium Term Financial Strategy (MTFS), however:

### ***Growth***

*Growth will only be considered if it meets either of the following conditions:*

- *it is needed to meet statutory service standards;*
- *it is essential to meet a key objective within the Council's final Corporate Plan for 2015/16 onwards, for which there are no alternative providers or sources of funding available; and*

*sufficient progress will need to be made in adopting plans for addressing the medium term budget deficit, so as to consider any growth proposal affordable and sustainable in the medium to long term. This applies particularly to any recurring or high cost one-off growth proposals.*

Based on the information available, the Officer preferred options for off street car parking generally would not meet either of these conditions. Furthermore, Cabinet will see from the budget report elsewhere on this agenda that the estimated savings requirements for years beyond next year are still huge, and are expected to increase further from 2018/19.

At present therefore, the s151 Officer's provisional advice is that any recurring growth is currently unaffordable and unsustainable in the medium to longer term, but there may be scope for some limited redirection of resources, as long as more savings can be identified.

Ultimately, should the car parking proposals be supported, these would require a change to the MTFS for consideration at Budget Council.

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

None specifically. Any ICT implications arising for mobile phone parking will be addressed as part of that project.

**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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