

CABINET

Fees and Charges Review – 2018/19 13 February 2018

Joint Report of Chief Officer (Resources) and Chief Officer (Environmental Services)

PURPOSE OF REPORT			
To consider the annual review of fees and charges for 2018/19.			
Key Decision	X	Non-Key Decision	Referral from Cabinet Member
Date of notice of forthcoming key decision	December 2017		
This report is public.			

RECOMMENDATIONS OF COUNCILLOR WHITEHEAD:

- (1) That Cabinet endorses the Fees and Charges Policy as set out at Appendix A, and during 2018/19 as part of the mid-year budget strategy review, determines whether any other areas of income generation be explored further for 2019/20 onwards.

RECOMMENDATIONS OF COUNCILLOR LEYSHON:

- (1) That Cabinet approves:
 - Option 1 – its preferred option for the general tariff increases outlined in Options 1A, 1B and 1C and Table A of the car parking report as set out at Appendix C on all main car parks in Lancaster and Morecambe and Williamson Park.
 - Option 2 – whether to introduce evening parking charges in Morecambe.
 - Option 3 – whether to consider its policy on free Christmas parking.
 - Option 4 – increase all car parking permits by 3%.
 - Option 5 – that formal management and parking charges are introduced on St George's Quay car park as outlined in Table C of the car parking report as set out at Appendix C, subject to being approved as part of Cabinet's budget proposals included elsewhere on the agenda.
 - Option 6 – that 7 designated car parking spaces are introduced on Cable Street

Car Park when the car park is extended, subject to being approved as part of Cabinet's budget proposals included elsewhere on the agenda.

- **Option 7 – that formal management of Friars Passage Car Park is reintroduced.**
- **That the Off Street Parking places Order is amended at the earliest opportunity to implement the changes outlined in Options 5,6 and 7.**

1 GENERAL POLICY

- 1.1 This report sets out the proposed fees and charges framework for 2018/19. The current policy was last considered by Cabinet at its meeting on 14 February 2017 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 expected that there will be a need to update the policy in due course to inform future income generation and charging.
- 1.2 In support, **Appendix B** provides a listing of the General Fund fees and charges for 2016/17 actuals, the 2017/18 revised budget and the 2018/19 current base budget. This shows that the total estimated base income to be generated from fees and charges (including rents) is now projected to be £14M next year. Of this total, around £5.4M 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 2016/17 and 2018/19 gross income from fees and charges is expected to increase from £11.6M to £14M, representing an increase of £2.4M or 21%. Whilst this does not take account any associated expenditure linked to service provision, it does highlight that the Council is continuing to increase significantly its income generation, thereby helping to reduce service subsidisation and protect other service provision. The majority of the forecast increase in income over the period quoted is still attributed to Green Waste charging and Salt Ayre Leisure Centre, resulting in significantly reduced subsidy in providing those services, but forecast income is increasing in many other areas too.
- 1.4 In terms of fee increases, generally as part of the budget process all relevant fees and charges will increase by 2.6% for next year, in line with the annual inflationary review.
- 1.5 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.

- 1.6 On top of such general increases, Cabinet has already identified a number of new charges or other charging changes as part of its budget proposals, which will be included elsewhere on the agenda. Those proposals now incorporate more outline information, in line with the fees and charges policy.
- 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 2019/20 onwards, on top of those already included.
- 1.8 From an Officer perspective, there is only one charging matter that requires Cabinet's consideration ahead of Budget Council, and this is set out below, together with other key points for information.

2 OTHER SPECIFIC CHARGING CONSIDERATIONS

2.1 Environmental Services: Car Parking

This is the only area in which a number of options are presented and therefore for clarity and to seek Cabinet's direction, full information is included in **Appendix C** to this report. This includes details of consultation.

2.2 Environmental Services: Green Waste

As previously reported to Cabinet on 04 October 2016, the pricing structure for opting into the green waste collection scheme was developed to maximise early uptake (during 2016/17) whilst retaining a balance between affordability for residents and meeting budgeted income targets for 2017/18 and 2018/19 – accordingly, the charge has already been determined for 2018/19. Actual take-up of the service has been less than anticipated, however, and so budgets have been reduced to reflect this. Going forward, a specific "trading" account for Green Waste will be established to determine whether charging is adequately covering associated costs, the outcome of which will determine any future pricing policy. It is likely therefore, that a report will need to be brought back to Members ahead of January 2019 to agree the charge for 2019/20 so that a seamless collection service can be provided.

2.3 Environmental Services: Bulky Waste

Charging for Bulky Waste will be amended through existing Officer delegations and it remains a subsidised service. In order to meet additional income from 2018/19 onwards as per Cabinet's budget proposals, a new pricing structure will need to be implemented from 1 April 2018. The new fees are still subject to agreement with the Council's delivery partner, but for information it is being recommended that they be increased to a £30 minimum charge for up to 4 items plus £8 for any additional item thereafter, compared with the current charge of £20 for up to 3 items plus £7 for any additional item. This is still considered to represent good value when compared with other alternatives, such as hire of a skip or cost of van hire and taking to the tip.

2.4 Regeneration & Planning: Extension of Charging for Planning Services

The most significant income generator within this area is planning fees. Government has recently implemented the planned 20% increase and this is reflected within Cabinet's budget proposals elsewhere on the agenda. Given that the additional income is ring-fenced, subject to Cabinet confirming its budget proposals recruitment

regarding key posts is to commence shortly, but clearly no offers of employment will be made until after Budget Council (and if any changes are made regarding the budget, these will be acted on accordingly).

In terms of discretionary fees, charging for pre-planning advice was introduced on a cost-recovery basis at the beginning of 2015. To be consistent, it is now proposed (as part of Cabinet's budget proposals) to extend charging for the provision of expert advice on the management of trees to avoid potentially negative planning application decisions to undertake work on protected trees. It is assumed that a further £5K per annum will be achieved through extension of charging for this advice. There is the inherent risk however, that the scheme will not prove popular, and that there will be limited, if any demand for this additional service, and so this will be reviewed again in a year's time to inform future budget levels.

2.5 Health and Housing: Taxi and other miscellaneous Licensing Fees

The outcome of the latest review of taxi and other miscellaneous licensing fees is scheduled for consideration by the Licensing Regulatory Committee on 22 March, to enable the new Principal Licensing Manager (in post from late January/early February) to be involved in the process. These fees are, as a matter of law, are not to be determined by Cabinet, although the budgeting implications of the Committee's decision, subject to how material they are, would need to be further appraised and fed into future financial monitoring reports to Cabinet as part of the Council's usual monitoring arrangements and if appropriate budgets be updated as part of the mid-year budget strategy review. Fees for licences within the remit of the Licensing Act Committee are set by central government.

2.6 Health and Housing: Disabled Facilities Grants (DFG's)

The Council currently does not apply VAT to its 18% administration fee for DFG's in line with VAT advice received a number of years ago, however following enquiries with other authorities it transpires that there is a mix of authorities who do apply VAT and others who are considering applying VAT going forward. A technical query raised by Bristol City Council to HMRC in 2013 argues that the administration fees should be treated as outside scope, however whilst under litigation, HMRC are advising that the administration fee should be standard rated. In order to be VAT compliant, therefore, the Council will need to charge 20% standard rated VAT on top of the administration fee it currently applies. As with the existing fee, this will also be top sliced from the grant made available.

2.7 Governance: Legal Fees

The Council is obliged to set its charges for legal fees on what is reasonable based on time spent and complexity, thereby reducing the risk of its legal fees being challenged should an application be made to the Legal Services Ombudsman to determine what was reasonable. However, current fees cannot be substantiated having been developed some time ago and not fully reviewed since. A benchmarking exercise recently undertaken by CIPFA, also found that Lancaster's fees were at the lower end of those benchmarked. Arrangements will be put in place during 2018/19 to undertake a comprehensive review of all legal fees and charges therefore, with a view to ensuring that fees remain appropriate, cover the costs of service provision, are applied in accordance with the Council's Fees and Charges Policy and can be appropriately substantiated if challenged.

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 Options regarding car parking charges are covered in Appendix C.

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

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

Detailed financial implications are set out in the relevant appendices, noting that for the car parking proposals, the Council has discretion in setting the relevant fees, but any proposal resulting in any shortfall in meeting the proposed inflationary increases would, in effect, constitute budget growth.

It should be further noted that Options 5 and 6 of the car parking proposals are also subject to being approved as part of Cabinet's budget proposals, included elsewhere on the agenda.

OTHER RESOURCE 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.

BACKGROUND PAPERS

None

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