

CABINET

Corporate Fees & Charges 2023/24 17 January 2023

Report of Head of Financial Services

PURPOSE OF REPORT				
The report asks Members to endorse the Fees and Charges Policy for 2023/24 and also to consider a range of charging options as deemed appropriate to the service area.				
Key Decision	Y	Non-Key Decision		Referral from Cabinet Member
Date of notice of forthcoming key decision	12 December 2022			
This report is public				

RECOMMENDATIONS OF COUNCILLORS

- (1) That Cabinet endorses the Fees and Charges Policy as set out at Appendix A, and during 2023/24 as part of the mid-year budget strategy review determines whether any other areas of income generation be explored further for 2024/25 onwards.
- (2) That Cabinet endorses the freezing of car parking pay and display charges, for a further twelve month period.
- (3) That Cabinet endorses the increase of garden waste collection charges by £1 to £41 per annum.
- (4) 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 2023/24 budget setting process.
- (5) That Cabinet endorses the implementation of the new charge in respect of electrical vehicle recharging on off-street car parks, as reported as part of the current 2023/24 budget setting process.

1.0 Introduction

- 1.1 Charging for local services makes a significant contribution to council finances and can be used to influence individuals' choices and to bring benefits to local communities. Charges can be set to encourage and discourage people to use services and through concessions to pursue local objectives. Note that all fees and charges within this report are stated exclusive of VAT.
- 1.2 The level of income generated by fees and charges and in particular projected increases which the council can influence, form a key part of the council's financial planning and is therefore reflected in the Medium Term Financial Plan.

2.0 Proposal Details

2.1 GENERAL POLICY

This report sets out the proposed fees and charges framework for 2023/24. The current policy was last considered by Cabinet at its meeting on 18 January 2022 and a copy is attached at **Appendix A**. No substantive updates of the policy are being proposed at this stage.

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. It is now proposed to continue to apply inflation with the exception of car parking pay and display fees for which more details are included within section 3 of this report.

- 2.2 In support, **Appendix B** provides a listing of the General Fund fees and charges for 2021/22 actuals, the 2022/23 original budget plus mid-year review position and the 2023/24 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 £18.58M next year. Of this total, around £10.29M 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.
- 2.3 From Appendix B, it can be seen that between 2022/23 and 2023/24 gross income from comparative fees and charges is expected to increase from £18.27M to £18.58M, representing a moderate increase of £0.31M or 1.7%. It should be noted that a number of income budgets were significantly reduced in 2021/22 due to the pandemic and where appropriate were returned to pre-pandemic levels when formulating the 2022/23 revenue budgets. However, during the current financial year it has become clearly substantiated by monitoring processes in place that income levels are still suffering. The cost of living crisis has added a further burden to this area and the 2023/24 budgets have been projected with this in mind.

- 2.4 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.
- 2.5 Separate to the annual budgeting exercise, if there are any significant matters arising during the course of a year, such as in cost, market forces or service levels, which materially affect current service costs and revenues, then relevant fees and charges should be reviewed. If it is reasonable for them to be adjusted in year, to keep within the budget framework, then the Director or Chief Officer has delegated authority to do so, as long as any fee or charge under question was not explicitly approved by Members during the last budget process. Any such changes must be reported to Cabinet retrospectively as part of usual quarterly monitoring arrangements.
- 2.6 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 2023/24 onwards, on top of those already included.

3.0 OTHER SPECIFIC CHARGING CONSIDERATIONS

3.1 Communities and Environmental: Car Parking

Off-street car parking is a key Council area which is estimated to contribute a net amount of £2.04M towards the draft revenue budget for 2023/24.

Whilst being our largest source of income, it has been widely documented within the 2022/23 financial year that car parking is a critical area of concern in relation to fee charging.

As part of the review which formed the fee structure for 2022/23, it was recommended that prices were frozen for a two-year period, subject to a positive monitoring position.

However, since the implementation of the new fee structure in April 2022 the following has occurred :-

- Significant changes were made in-year to the tariff structure
- The return from pandemic measures has resulted in more people working from home
- Cost of living crisis has impacted on peoples habits and personal choices

Consequently, the latest projected shortfall against the approved budget is c.£500K and the original expectation of 2022/23 being able to be viewed as a

'baseline' year has not been realised.

On this basis it is suggested to freeze the current pay and display charges for a further twelve months with the expectation that 2023/24 becomes the 'baseline' year, which future decisions can be benchmarked against.

3.2 **Communities and Environmental: Garden Waste**

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, and the exit from pandemic measures being in place, retention levels have been consistent. The price freeze has now elapsed, and whilst this area should have been reviewed in 2022/23, a number of issues surrounding staffing and systems have resulted in the full review not taking place.

There are a number of issues surrounding waste collection at the moment, these include :-

- The anticipated release of Defra's response to the governments waste consultation from 2021 which includes proposals surrounding weekly food waste and free garden waste collection
- With regard to the cost of living crisis, this area of charging is considered extremely sensitive and any increase in price is likely to result in a reduced number of subscriptions, which would probably lead to the income target not being achieved
- Benchmarking data suggests that the current charge is the highest within all Lancashire Districts

On this basis it is suggested to increase the charge by a nominal amount of £1 to £41 for a period of twelve months and that a full review take place within the 2023/24 financial year.

3.3 **Outcomes Based Resourcing**

As part of the Outcomes Based Resourcing process (OBR), a number of areas are being considered with raising income levels over and above the inflationary expectations. These include :-

- Public Protection
- Pest Control
- Happy Mount Park (Splash Park)
- Public Conveniences
- Car Parking Permits
- Trade Waste
- Waste Collection
- Building Control
- Planning Pre-Applications

It should be noted that all the budgetary areas listed above already include inflation within their future year projections and the OBR amounts to be considered by Cabinet and subsequently Council, will be over and above these inflationary amounts.

3.4 As part of the OBR process, Cabinet have discussed the introduction of charging for the use of the electrical vehicle recharging devices located on our car parks. The proposed charging will be on a fair charging basis and full details can be found at **Appendix C**.

4.0 Details of Consultation

4.1 Lancaster BID, Morecambe BID, Chamber of Commerce. A summary of the proposals shall be sent to each of the above.

5.0 Options and Options Analysis (including risk assessment)

	Option 1: To support the inflationary increases/freezes as outlined in the report.	Option 2: To not support the inflationary increases/freezes as outlined in the report.
Advantages	This protects the client base in two of the Council's largest fee earning areas (parking and garden waste), especially in the current cost of living crisis whilst providing a fair percentage uplift in other areas.	There could be an opportunity to use fees and charges to contribute further to the general fund net position.
Disadvantages	The chance to increase fees and charges at above inflationary levels would be foregone.	The draft revenue budget has been prepared with the inclusion of the items raised in this report. Any further proposals would require further consideration prior to being fed into the budget process.
Risks	Cost of living and the return from the pandemic have reshaped people's habits. The income targets already set could in advance of projected spend 23/24, resulting in a shortfall within the accounts..	Increasing fees to higher than suggested levels would most likely result in resistance and potentially not achieve the targets originally set.

6.0 Officer Preferred Option (and comments)

6.1 The Officers preferred option is Option 1.

7.0 Conclusion

7.1 Fees and Charges are reviewed on an annual basis and as outlined within the report, significant factors have become apparent as to why differing treatment is required within a couple of areas. It is felt that the recommendations made are of a fair nature and in-line with the attached policy.

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

As set out in the report and further detailed financial implications are included in the relevant appendices. With regard to the fees and charges being considered as part of the Outcomes Based Resourcing process, 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.

OTHER RESOURCE IMPLICATIONS

Human Resources: No specific resource implications.

Information Services: No specific resource implications.

Property: No specific resource implications.

Open Spaces: No specific resource implications.

SECTION 151 OFFICER'S COMMENTS

The Section 151 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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