

# CABINET

## Corporate Fees & Charges 2024/25 16 January 2024

### Report of Chief Officer (Resources)

PURPOSE OF REPORT				
The report asks Members to endorse the Fees and Charges Policy for 2024/25 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	8 December 2023			
This report is public				

#### RECOMMENDATIONS OF COUNCILLORS

- (1) That Cabinet endorses the Fees and Charges Policy as set out at Appendix A, and during 2024/25 as part of the mid-year budget strategy review determines whether any other areas of income generation be explored further for 2025/26 onwards.
- (2) That Cabinet endorses the increasing of selected car parking pay and display charges in line with those listed in Appendix C.
- (3) That Cabinet endorses the increase of garden waste collection charges by £4 to £45 per annum.
- (4) That Cabinet endorses the application of inflationary increases to fees and charges across all remaining areas as appropriate, as reported as part of the current 2024/25 budget setting process.
- (5) That Cabinet endorses the annual review of Mellishaw Park pitch fees in line with CPI, as prescribed by the Mobile Homes (Pitch Fees) Act 2023.
- (6) That Jubilee Court rents be set in accordance with the Policy Statement on Rents for Social Housing, as applied to HRA housing stock.

## 1.0 Introduction

- 1.1 Inflation means that the cost of delivering Council services has also increased. Charging for some local services, where appropriate, makes a significant contribution to council finances and the delivery of the Council Plan which in turn bring benefits to local communities. (Note that all fees and charges within this report are stated exclusive of VAT)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 2024/25. The current policy was last considered by Cabinet at its meeting on 17 January 2023 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, all relevant fees and charges have been reviewed and increase as appropriate. The larger income generation areas and new areas of charging are discussed further within section 3 of this report.

- 2.2 In support, **Appendix B** provides a listing of the General Fund fees and charges for 2022/23 actuals, the 2023/24 original budget plus mid-year review position and the 2024/25 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 £19.513M next year. Of this total, around £17.099M has been subject to increase as appropriate. The majority of the remaining income relates to statutory fees, commercial charges, general cost recovery and fixed contracts. 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 2023/24 and 2024/25 gross income from comparative fees and charges is expected to increase from £18.032M to £19.513M, representing an increase of £1.481M before increased expenses are deducted.
- 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 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 2024/25 onwards, on top of those already included.

### **3.0 OTHER SPECIFIC CHARGING CONSIDERATIONS**

#### **3.1 Communities & Leisure: Salt Ayre Leisure Centre**

Salt Ayre Leisure Centre generates a significant amount of income to support the net cost of its operation. The latest projected income figures available suggest that fees and charges income of £3.394M is expected in 2023/24. Targeted increases throughout the centre have been proposed which include the following areas :-

- Alignment of pricing for memberships, bringing prices in line for existing and new customers
- Introduction of 'premium' Spa and fitness membership – which will help to increase the average direct debit yield
- A full review of café pricing is undertaken to maintain gross profit margins whilst being realistic in customer expectations
- A full review of spa treatment pricing has been undertaken to bring pricing in line with competitors and maintain profit margins.
- Increasing in pricing of swimming lessons

It should be noted that nationally public leisure faces significant challenges due to the energy crisis and constraints surrounding employee costs. Therefore, Members should be aware that increasing fees does come with risk and these can be described as follows :-

- Price increase may result in a reduction in existing membership levels, resulting in a potential loss of income
- The centre is fundamentally dependant on a membership base of c.3,700 members. A risk in a decrease of new uptake of memberships – footfall may reduce considerably if residents do not have the disposable income to pay for the membership
- A drop-off in the volume of membership renewals resulting in lower income levels

- Secondary spend levels reduced which will affect income in all areas of the leisure due to reduction in footfall and disposable income

Any approved increases will be closely monitored during the usual corporate monitoring arrangements during 2024/25 and reported as appropriate.

### 3.2 Sustainable Growth: Car Parking

Off-street car parking is a key Council service which helps to support the council's statutory and discretionary services.

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. The decision to continue to support the freezing of prices into the second year was approved by Council as part of the 2023/24 budget setting process.

Now this timeframe has elapsed, various modelling has taken place by Members and Officers to increase the charges and the proposed new tariff structure can be found at **Appendix C**. The majority of tariffs have been set so that they fall below the level of the cumulative rate of inflation experienced over the past two years.

### 3.3 Environment & Place: Garden Waste

The current price of a subscription is £41 per annum and within the calendar year of 2023 there were just over 24,200 subscribers resulting in income of £0.995M towards the general fund's net financial position. Retention levels had a marginal increase following the previous £1 price increase.

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

- The government recently provided details of the waste strategy which includes proposals to introduce weekly food waste collection from April 2026. It also allows local authorities to carry on charging for garden waste collection.
- Increase in price can lead to a reduced number of subscriptions, which could possibly lead to the income target not being achieved
- The charge is a contribution towards the cost of providing the service: it does not represent full cost recovery. The costs of delivering the service eg staffing, fuel, vehicle maintenance have of course increased significantly.

On this basis it is proposed to increase the charge by an amount of £4 to £45. Assumptions with regards to overall impact of this in terms of subscription numbers have been included within the draft budget for 2024/25 and will be monitored closely throughout the financial year.

### **3.4 Housing & Property: Mellishaw Park**

The Mobile Homes (Pitch Fees) Act 2023 came into force on 2 July 2023. The Act changes the inflationary index for annual pitch fee reviews from RPI to CPI, allowing the site owner to propose new pitch fees which may increase (or decrease) by no more than the change in CPI since the last review date. Therefore, it is proposed that all future annual reviews are calculated in line with CPI, using September as the annual base month which is consistent with rent setting within the HRA. CPI as at September 2023 was 6.7%. Rents will be collected for 49 weeks in 2024/25, rather than the usual 48 weeks. This is due to the number of Mondays falling within the rent year. Guidance is currently being sought on assessing the pitch fee on the site linked to the ongoing redevelopment but will continue to be calculated at social rent levels.

### **3.5 Housing & Property: Jubilee Court**

Jubilee Court welcomed its first residents in April 2023, with apartments being let at social rents, as calculated using the formula set by government. This is a requirement of the funding received through the Rough Sleeper Accommodation Programme. As such, this is consistent with rent setting within the HRA, and it is proposed that annual rent increases follow the Policy Statement on Rents for Social Housing, last updated in December 2022. For 2024/25, the maximum increase under the Rent Standard is 7.7% (being CPI as at September 2023 of 6.7% plus 1.0%), meaning the average weekly rent will increase by £6.22 from £80.82 (52 week basis) to £87.04 (53 week basis). Rents will be collected over 49 weeks in 2024/25, rather than the usual 48 weeks. This is due to the number of Mondays falling within the rent year.

### **3.6 Venue Hire**

The operating model of The Platform, Storey Institute and Ashton Hall is currently being reviewed. Officers will need to be able to negotiate with a degree of flexibility when setting charges for the future and percentage uplifts could exceed the current recommended levels. This approach is intended to assist in reducing the net operating cost and again will be monitored closely throughout the financial year.

### **3.7 Outcomes Based Resourcing**

As part of the Outcomes Based Resourcing process (OBR) all service areas have been reviewed to consider both costs and income. areas . Charges for the following areas have been fundamentally reviewed and in some cases reset at a rate higher than inflationary expectation.

- Salt Ayre Leisure Centre (Soft Play)
- Happy Mount Park (Splash Park)

- Planning
- S106 Monitoring

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.

#### 4.0 Details of Consultation

- 4.1 This report forms part of the Council’s budget proposals which will be consulted on as part of that exercise. Specific elements of this report will also be shared with organisations that have a particular interest .

#### 5.0 Options and Options Analysis (including risk assessment)

	<b>Option 1:</b> To support the inflationary increases/freezes as outlined in the report.	<b>Option 2:</b> To not support the inflationary increases as outlined in the report.
Advantages	<p>Fees and charges contribute further to the general fund net position.</p> <p>Costs of delivering Council services have increased as has demand in some areas. Not increasing costs means that further pressure is created on the Council’s ability to deliver its core services.</p>	<p>Maintains the cost of services at 23/24 levels or at less than proposed in this report.</p>
Disadvantages	<p>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.</p>	<p>Costs of delivering Council services have increased as has demand in some areas. Not increasing costs means that further pressure is created on the Council’s ability to deliver its core services.</p>
Risks	<p>Increasing fees to higher than suggested levels would most likely result in further resistance and potentially not achieve the targets originally set.</p>	<p>Cost of living increases and the return from the pandemic have reshaped people’s habits. The income targets already set may not achieve projected levels in 23/24, resulting in a shortfall within the accounts.</p>

#### 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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