

Report of: Executive Member for Finance, Planning and Performance

Meeting of:	Date	Agenda Item	Ward(s)
Executive	24 November 2022		All
Delete as appropriate	Exempt	Non-exempt	

General Fund Fees and Charges Review

1. Synopsis

- 1.1. This report proposes in-year increases to fees and charges across a variety of General Fund (GF) functions. This is due to the context of significantly high inflation and the resultant increased costs of service provision.
- 1.2. The report seeks approval for the GF fees and charges increases from 1 January 2023. This will replace the usual annual uplift at 1st April for many charges.
- 1.3. The 2022/23 budget report proposed that discretionary fees were uplifted by 2% unless a variation was agreed. This was the Government's target inflation rate at that time and was considered a prudent assumption. Over recent months, inflation has been approximately 10%, ranging either slightly above or slightly below this level. This means that for many charges for discretionary services, the cost of providing these services is not being fully recovered from those using them.
- 1.4. The price rises described within this report are much more significant than in previous fees and charges reviews. This reflects the underlying rate of rise of input prices and enable the services within scope to operate within the high inflation economic environment.
- 1.5. Based on the policy, the GF discretionary fees and charges for the 1 January 2023 increase are set out at **Appendix A1-5**.

2. Recommendations

- 2.1. To agree the fees and charges policy and the GF fees and charges detailed at **Appendix A1-5**.

3. Fees and Charges Policy

- 3.1. Some fees and charges are prescribed by statute and are not within the council's power to vary locally; others are discretionary and are set as part of the annual budget setting process.
- 3.2. In setting the fees and charges policy, consideration is given to the current level of inflation in the economy as well as the level of inflation expected to prevail over the forthcoming financial year.
- 3.3. The most widely used measure of inflation is the Consumer Price Index (CPI). CPI inflation is currently at 10.1% (September 2022 CPI) and was at an average of 10% over the

previous two months. It is proposed that all fees and charges are increased by the average 10% from 1 January 2023, unless otherwise stated.

- 3.4. Possible reasons for variation from the standard uplift include separate council policy, cost recovery, price elasticity of demand, benchmarking with alternative providers, and rounding for efficiency of collection.

4. Environment Directorate

- 4.1. The Environment Directorate fees and charges in the schedule at **Appendix A** gives rise to additional income and this in part supports the delivery of 2022/23 budget savings or will contribute additional income to the 2023/24 GF budget. This is with the exception of:
 - **GLL charges.** These are included within the schedule at **Appendix A** but they do not give rise to a GF saving as GLL receive the income from which they pay Islington the rent/fee specified in the contract. GLL are also looking to increase fees in April 2023, which will be included in the council's main budget report
 - **Cemeteries charges** - these are included in the schedule at **Appendix A** but they do not give rise to a GF saving as the charges income is ringfenced.
- 4.2. All fees and charges across the Environment directorate were subject to review to assess where it was practical and justifiable to increase as part of the in-year review. As a result, based upon current income/activity levels this would generate an additional £500k per annum. The Registrars include additional charges for ceremonies that are booked to take place in the 2023/24 and 2024/25 financial years to account for future years' increased costs.

5. Parking Charges

- 5.1. A fundamental review of parking has been undertaken with the objectives to change driver behaviour and make the parking scheme more consistent and easier for residents and other users to understand.
- 5.2. In seeking to change resident and visitor behaviour in pursuit of the Council's ambition to be net zero carbon by 2030, the Parking Service has undertaken a fundamental review of all parking charges that the Council is able to determine. This excludes the value of Penalty Charge Notices (PCNs) issued for parking and traffic contravention which the Council does not set. The financial implications of this review are also accounted for within the 3-year MTFS savings. A number of these financial implications are being brought forward into the 2022/23 in-year fees and charges review for implementation in earlier 2023.
- 5.3. The following proposals have been developed as a result of the fundamental review process:

Introduce a 7-tier hierarchy charging model for all Electric Vehicles (EV)

- 5.4. The banding is based on the battery contributing to CO2 emissions. It has been proven that EV vehicles release pollutants into the atmosphere, they are utilising road and kerb space, contributing to wear and tear of the highway, congestion and can be involved in road incidents. Research indicates that the size of the battery is directly connected with other factors such as the size of the vehicle, associated size of tyres and brakes (and

particulate pollution released from such) as well as the life-time emissions of the vehicle from the battery manufacture, charging and recycling.

Review of banding

- 5.5. To align with the EV 7-tier banding, it is proposed that all other permit types for vehicles with internal combustion engines (ICE) change from the current 13 bands to a 7-band system, including an increase to the current diesel surcharge from £138.50 to £160. This will simplify the current permit tariff.

Introduce charges for multiple vehicle ownership for all permit types

- 5.6. It is also proposed to introduce additional charges for multiple vehicle ownership. This is common practice in other Local Authorities, and the aim is to discourage households from owning multiple vehicles. It is proposed that we charge an additional £100 for a second permit, £200 for a 3rd, £300 for a 4th, £400 for a 5th and £500 for a 6th. This would also apply to business and universal permits although business permits are capped at a maximum of 2 per business.

Introduce a minimum permit charge of £100 for a petrol vehicle and £50 for an electric vehicle

- 5.7. It is proposals to introduce a minimum permit charge of £100 for internal combustion engine (ICE) vehicles and £50 for EV's recognising that all vehicles utilise road space, contribute to congestion, wear and tear of the highway whilst also causing some level of emissions.

Increase the fuel surcharge for visitor e vouchers and charge the highest petrol price for paper visitor vouchers

- 5.8. There is a further proposal to increase fuel surcharges for visitor e-vouchers. The surcharge for diesel vehicles would increase from 50p per hour to £1 per hour. The surcharge for petrol vehicle is currently 20p per hour and it is proposed this is split into three emission-based categories to align with the Pay and Display petrol fuel surcharge. The charges would be 40p, 50p or 60p per hour depending on the emissions emitted. It is proposed to increase the paper visitor vouchers to align with the highest petrol vehicle charge as we do not know what vehicle they are being used in because they are sold in advance, and therefore we cannot apply an emission-based tariff. This will equate to £1.80 per hour.

Increase suspension parking charges

- 5.9. An increase in suspension charges from the current 1st day charge of £222 to £250 for non-residents generally utility companies and £107 to £125 for residents, with subsequent day charges increased from £34 to £40, yellow line waivers from £68 to £80 and skip permissions from £68 to £80.

Increase the fuel surcharge for permission to park (tradespeople) vouchers

- 5.10. It is proposed to increase the fuel surcharge for Permission to Park permits, these are for tradespeople (plumbers, electricians etc) carrying out works to Islington addresses.

Remove the surcharge for resident permit purchased in durations of less than 12 months

- 5.11. It is proposed to remove the surcharge applied for resident parking permits purchased in durations of less than 12 months. Currently residents pay a higher unit charge for purchasing monthly, quarterly and six-monthly permits and it is considered this penalises those that can least afford it. It is proposed a monthly permit will cost a twelfth of the value of an annual permit. Refunds will only be issued for whole months remaining.

Standardised pay and display charging within Controlled Parking Zones (CPZs).

- 5.12. It is proposed to introduce a standardised pay and display model within each of the 26 Controlled Parking Zones (CPZs). Currently tariffs range from £2.50 to £6.35 per hour, in some instances there are three different hourly rates on the same street. It is proposed that the tariffs are standardised within each CPZ based on the highest current tariff within the zone. If the highest tariff is £2.50 all hourly tariffs in that zone become £2.50, if the highest tariff is £6.35 all tariffs in the zone become £6.35. The aim of this proposal is to distribute the demand for parking more evenly within the zone, eliminate confusion for motorists and reduce congestion from the more popular lower cost streets.

Increase pay and display fuel surcharges

- 5.13. Increase the existing fuel surcharge for pay and display tariffs for both diesel and petrol vehicles to discourage non-essential car journeys and switch to more sustainable modes of travel. The current surcharge per hour for diesel is £5.10 it is proposed to increase this to £6.50. Petrol fuel surcharge per hour increases are as follows; 1-185 g/km £1.05 to £2, 185 – 225 g/km £2.10 to £2.50, 225+ g/km £3.15 to £3.75.

Motorcycle bay pay and display charging

- 5.14. It is proposed to introduce a new charge of £1 per day for motorcycles parking in any of the 1200 specified motorcycle spaces within the authority, the charge will be for a session between midnight and 23:59. This proposal supports the councils NZC ambitions, encouraging residents to utilise other more active and sustainable modes of travel. All vehicles large or small contribute to air quality, road danger and traffic congestion and this proposal supports the council's wider environmental priorities and objectives in terms of air quality, road danger reduction and increasing walking, cycling and public transport.

Increase the electric vehicle pay and display charge

- 5.15. It is proposed to increase the concession rate on pay and display parking for electric vehicles (EV) from 20p to £2. The current concession has increased demand for short stay spaces by three-fold. This has led to increased congestion on the borough roads creating wear and tear on the highway and some degree of emissions.

Arsenal Event Day charging

- 5.16. Event Day charging to be introduced to discourage visitors from utilising their private motor vehicles when visiting the Emirates stadium on event days. This will promote the use of public transport and reduce congestion whilst also improving air quality. The current parking charges average £3.69 per hour, this charge will rise to £12.50 during event day-

controlled hours only. Event day resident e-visitor vouchers, to increase from £1.20 to £4 per hour (60p to £2 for concessionary groups) during event day-controlled hours only, this will help prioritise space availability to resident permit holders over event visitors. There is evidence of visitor vouchers being re-sold on third party websites such as yourparkingspace.com and e-bay. It is expected that this proposal will reduce the misuse of visitor vouchers. Paper vouchers will not be valid during additional event day-controlled hours as they will be comparatively cheaper and therefore not achieve the disincentive and desired environmental benefits.

New infrastructure suspension discount

- 5.17. Islington is committed to working with partners, agencies, and companies to help deliver new, major infrastructure projects in the authority that benefit Islington residents either by way of personal residential benefit, business investment or transport infrastructure. It is recommended that we offer a discretionary, discount rate of 25% for the suspension of bays on the public highways to achieve project delivery in a timely and cost-effective way securing wider benefits to residents, this would not include general maintenance or the upgrading of infrastructure that is no longer fit for purpose due to general wear and tear.

6. Implications

Financial Implications

- 6.1. The table below sets out the estimated forecast budgetary impact of the parking proposals. These figures include assumptions on behavioural change as a result of the price increases. This additional income is ringfenced within the Parking Account (which is used to fund investment in road infrastructure, accessible transport and concessionary fares).

Permit Type	Additional Income (£m)
EV Hierarchy	0.030
Resident Permits	4.688
Increase in Diesel Surcharge	Incl. in Resident Permits
Multiple Permit Charges	0.065
Minimum Permit Charge £100 (ICE)	0.356
Minimum Permit Charge £50 (EV's)	0.001
Business Permits	0.011
Business EV Permit	0.039
Universal Permits	0.472
Universal EV Permit	0.090
Business Vouchers	Nominal
E Visitor Voucher Fuel Surcharge	0.438
Suspensions	0.065
Permission to Park (Trades Permit)	0.097
Standardised Charging (Pay and Display)	0.685
Short Stay Pay and Display Fuel Surcharge	0.779
Electric Vehicles Pay & Display	0.188
Motorbike Parking	0.065
Arsenal Match Day Parking – Short Stay	0.161
Arsenal Match Day Parking - Vouchers	0.079
Total	
(Inclusive of attrition)	7.894

- 6.2. It is expected that all of the non-parking related charges will generate additional income in the region of £500k. This will benefit the GF and support the delivery of Council Services.

Legal Implications

- 6.3. Some services the council provides are mandatory and governed by specific legislation whilst other services provided are discretionary. Discretionary Services are those which the council is permitted to provide but not required to provide.
- 6.4. The Council has a general power to charge a person for discretionary services under Section 93 of the Local Government Act 2003 ("LGA 2003") and under the power of general competence found in Section 1 of the Localism Act 2011 ("LA 2011").
- 6.5. The overall position on charging is that the Council must not charge for a service if legislation prohibits it from doing so. If legislation requires the Council to provide a service and to charge for it then we are required to do so. In the absence of specific powers or prohibitions on charging for services, the Council may use the powers in either s93 of the Local Government Act 2003 or s1 of the Localism Act 2011 to make charges for discretionary services. The Council cannot use these powers to make a profit, however the Council can legitimately recover a modified form of total cost that includes overheads.

Environmental Implications

- 6.6. The charges described within the Parking section of this report are intended to reduce air pollution, congestion and wear and tear of our transport infrastructure. Through the increased charges the Council is disincentivising damaging activity and raising additional income to invest in more sustainable modes of transport and to the restoration and improvement of infrastructure.

Equality Impact Assessment

- 6.7. A full EQIA is required which directorates have developed. This is attached at Appendix B.

Appendices:

- **Appendix A1 – General Fund Sales, Fees and Charges - January 2023 Increase**
- **Appendix A2 – Registrars Fees and Charges – January 2023 Increase**
- **Appendix A3 - GLL Activity Prices – January 2023 Increase**
- **Appendix A4 – GLL Memberships – January 2023 Increase**
- **Appendix A5 – GLL Trampoline Prices – January 2023 Increase**
- **Appendix B and B1-5 – Full Equalities Impact Assessment**

Background papers: None

Responsible Officer:

Dave Hodgkinson - Corporate Director of Resources

Report Authors:

Tony Watts – Strategic Finance Manager - MTFS

Lucy Crabb – Deputy Finance Manager - MTFS

Legal Implications Author: Peter Fehler – Director of Law and Governance