

REPORT TO:	Executive Board
DATE:	5 July 2023
SUBJECT:	Kingfisher Caravan Park Annual Pitch Fee Increase, 2024.
PURPOSE:	To secure approval to increase the pitch fee and determine early/late/other fees at Kingfisher Caravan Park from 1 January 2024.
KEY DECISION:	N/A
PORTFOLIO HOLDER:	Councillor Richard Fry, Executive Member for Finance - Presented by Councillor Craig Leyland, Leader of the Council.
REPORT OF:	Andy Fisher, Assistant Director – General Fund Assets
REPORT AUTHOR:	Andy Fisher, Assistant Director – General Fund Assets
WARD(S) AFFECTED:	Ingoldmells.
EXEMPT REPORT?	No

SUMMARY

The licence agreements in place at Kingfisher Caravan Park provide for an annual review of pitch fees by giving one months' notice of a change in advance of the annual review date of 1 October each year. Notice to change the pitch fee for the period 1 January 2024 to 31 December 2024 must be sent to existing licensees by no later than 23 August 2023.

It is recommended that 50% of latest figure for the Retail Prices All Items Index available at the time of publication of this report, **5.67%** (rounded), be applied to current licence fees in accordance with these requirements as well as being applied to use and occupation damages. The latest figure of the Index, published on 21 June 2023 for May 2023 marks an **11.33%** increase above the index since May 2021 (337.1 – 375.3). (Source: <https://www.ons.gov.uk/economy/inflationandpriceindices/timeseries/chaw/mm23>)

In addition, it is recommended that the early payment discount introduced by the Council in 2019 be continued and set at £150 for pitch fees to licensees invoiced for 2024 and paid in full before 31 January 2024; and that a late payment fee of £150 be applied to any invoice issued in January 2024 and not paid in full by 1 March 2024. Early payment discounts will **not** apply to use and occupation damages.

RECOMMENDATIONS

That Executive Board determine:

1. To increase rents (and use and occupation damages) at Kingfisher Caravan Park by 5.67% for the period 1 January 2024 to 31 December 2024. 5.67% represents 50% of latest RPI monthly figure published by the Office for National Statistics at the juncture this paper was published (May 2022 – May 2023).
2. Where a licensee has no other outstanding debit on their account, the application of an early payment discount of £150 in respect of all pitch fees billed to licensees in January 2024 if paid in full by **31 January 2024**,
3. The application of a £150 late payment fee in respect of all pitch fees billed to licensees in January 2024 but not paid in full by **1 March 2024**,
4. Where a licensee has no other outstanding debit on their account, direct debit options will be offered but with no discount to the annual charge, and,
5. Where the Council levies 'use and occupation damages' against an occupier (ie where no formal licence has been entered into), no discounts will be available, direct debit payment options will not be offered, but the late payment fee will apply.

REASONS FOR RECOMMENDATIONS

As a key measure of consumer inflation, using the All Items Retail Prices Index as a basis for uplift is reasonable and proportionate as RPI increases are often the minimum increases applied to the Council's own costs.

An early payment discount model was agreed by the Executive in 2019, continuing such an offer, and not applying the full RPI increase demonstrates how much the Council values its loyal licensee customers.

OTHER OPTIONS CONSIDERED

1 – apply the full RPI increase of 11.33% - not recommended as an 11.33% uplift could really affect how affordable and viable it remains for some of the Council's loyal customers to stay on Park.

2 - use another consumer based index as the basis for increase – not recommended as Council cost increases are often based on RPI and RPI has been the base of previous increases.

3 – do not apply an increase – not recommended as Council costs will increase.

4 – do not offer an early payment discount against invoices raised in January 2024 and paid in full by 31 January 2024 – not recommended as withdrawing such an offer will affect the goodwill enjoyed with our licensees.

5 – do not apply a late payment fee – not recommended, such penalties are commonplace within the industry.

1. BACKGROUND

- 1.1. The licence agreements in place at Kingfisher Caravan Park provide for an annual review of pitch fees. On the Review Date, 1 October in each year, the Council is entitled to change the Pitch Fee. To change the Pitch Fee, the Council must give licensees at least one month's notice in writing before the Review Date of a change in the Pitch Fee. The Council is required to give a written explanation of the reasons for any increase which is proposed.

2. REPORT

- 2.1 Notice to change the pitch fee for the period 1 January 2024 to 31 December 2024 should be sent to existing licensees in good time and by no later than 23 August 2023.
- 2.2 It is recommended that 50% (5.67%) of the latest figure for the Retail Prices All Items Index available at the time of the decision be applied to current licence fees in accordance with these requirements. The latest figure of the index, published on 21 June 2023 for May 2023 marks an **11.33%** increase above the index since May 2022 (337.1 – 375.3). (Source: <https://www.ons.gov.uk/economy/inflationandpriceindices/timeseries/chaw/mm23>). The reason for applying such increase is to meet some of the increased costs the Council has and continues to experience to support to protect the Council's financial position.
- 2.3 It is further recommended to the Executive that subject to there being no outstanding debit on a licensee's account, the early payment discount introduced by the Council in 2019 be set at £150 for pitch fees invoiced in January 2024 and paid in full before **31 January 2024**; that a £150 late payment fee be levied in respect of all pitch fees billed to licensees in January 2024 but not paid in full by 1 March 2024; that where a licensee has no other outstanding debit on their account, direct debit options will be offered but with no discount to the annual charge, and, where the Council levies 'use and occupation damages' against an occupier (ie where no formal licence has been entered into), no discounts will be available, direct debit payment options will not be offered, but the late payment fee will apply.

3. CONCLUSION

- 3.1. The recommendations in this report represent a reasonable, justified and proportionate approach to Kingfisher Caravan Park pitch fee increases and associated discounts and late payment fees for 2024.

EXPECTED BENEFITS TO THE PARTNERSHIP

There are no direct benefits to the South and East Lincolnshire Councils Partnership as this paper is relevant only to East Lindsey District Council.

IMPLICATIONS

SOUTH AND EAST LINCOLNSHIRE COUNCIL'S PARTNERSHIP

NA.

CORPORATE PRIORITIES

STAFFING

NA.

CONSTITUTIONAL AND LEGAL IMPLICATIONS

The Council must follow the process set out within its licence terms in order to change the Pitch Fee on the Park, this report sets out the process and timing of that requirement.

DATA PROTECTION

NA

FINANCIAL

If the recommendations of this report are adopted, the financial implications of this decision would be that the pitch fee for a standard plot would increase in 2024 from £2,749.24 (plus VAT) to £2,905.12 (plus VAT), and a super plot from £3,025.81 (plus VAT) to £3,197.37 (plus VAT).

Late payment is normally minimal so the additional income potential is somewhat deminimus.

RISK MANAGEMENT

Given the general pressures within the economy for the Council and its customers, it is important to balance the financial pressures on both so it is important that increased fees for 2024 do not drive customers away but do not prejudice the Council; the recommendations set out within this report have been made to mitigate the financial risks to the Council and its customers. Any resultant risks will be managed in accordance with the Council's risk framework.

STAKEHOLDER / CONSULTATION / TIMESCALES

Consultation has been undertaken with the Portfolio Holder and Senior Leadership Team.

REPUTATION

Not effecting a full RPI increase should be positive for the Council's reputation as it balances its need to be commercial whilst demonstrating how it highly values its loyal customers.

CONTRACTS

Existing fixed period licences allow for an annual rent increase with the notice specified within this report. There is no identified impact on other goods, services and supply contracts.

CRIME AND DISORDER

None directly.

EQUALITY AND DIVERSITY/ HUMAN RIGHTS/ SAFEGUARDING

None directly.

HEALTH AND WELL BEING

None directly.

CLIMATE CHANGE AND ENVIRONMENTAL IMPLICATIONS

None directly.

LINKS TO 12 MISSIONS IN THE LEVELLING UP WHITE PAPER

MISSIONS	
This paper contributes to the follow Missions outlined in the Government's Levelling Up White paper.	
Living Standards	NA
Research and Development	NA
Transport Infrastructure	NA
Digital Connectivity	NA
Education	NA
Skills	NA
Health	NA
Wellbeing	NA
Pride in Place	NA
Housing	NA
Crime	NA
Local Leadership	Not effecting the full RPI increase demonstrates the Executive's strong leadership in supporting the Council's highly valued customers at the Park.

ACRONYMS

RPI – Retail Prices Index

APPENDICES

None

BACKGROUND PAPERS

RPI All Items Index -

<https://www.ons.gov.uk/economy/inflationandpriceindices/timeseries/chaw/mm23> .

CHRONOLOGICAL HISTORY OF THIS REPORT

This report has not been previously considered by a Council Body.

REPORT APPROVAL

Report author:	Andy Fisher, Assistant Director – General Fund Assets
Signed off by:	SLT, 26 June 2023.

Approved for publication:

Councillor Craig Leyland, Leader of the Council in the absence of Councillor Richard Fry – Executive Member for Finance