



Bristol City Council - Fees and Charges Review

October 2023

Final



Bristol City Council – Fees and Charges

Introduction

- ▶ In EY's capacity as Strategic Finance Partner to Bristol City Council (BCC), we have undertaken a review of targeted areas within the Council's fees and charges landscape with the objective of achieving a revenue increases to contribute to the Council's 23/24 financial position. Following discussions with business partners, directors and service leads, and a review of all relevant data sources, a short list of services in scope was determined.
- ▶ In our initial report, a number of recommended opportunities were provided to target the £500k income generation. Following a secondary round of engagement, these opportunities have been revised. These revisions, and the key discussion points arising from the meetings are noted in the following slides.
- ▶ These proposals seek to ensure a more effective mechanism of cost recovery for the Council, in line with the considerations set out in the Localism Act 2011 with respect to commercial activity. None of these services are perceived to be offering a subsidy in line with the definition provided in the Subsidy Control Act 2022.
- ▶ Throughout the discussions with Service Leads and Directors, a number of common themes were observed, summarised below:
 1. **Throughout engagement with Services, there was a consistent sentiment to deliver increases in income where possible:** Despite challenges faced by the Services, there was a distinct agreement that, where possible, fees and charges should be raised to help generate revenue.
 2. **The 5% threshold on price uplifts in year:** The threshold applied to price rises and the need to go through Cabinet approval is limiting Services from operating in a more dynamic commercial way. The impact of this threshold has been significant in the current year, where CPI has consistently been higher than 5%, and therefore Services have faced greater budgetary pressures. It is recommended that these thresholds are amended so that they are derived in line with inflation and thereby granting more power to services to uplift where appropriate.
 3. **Many of these services are facing challenges in meeting existing income targets:** There were a number of concerns raised by Services about the existing challenges in meeting current income targets, as well as other financial challenges that the services are exposed to. There was a service-wide concern around how any additional income may be treated, citing that increases in income may lead to increased targets, therefore, not helping with in year forecasted deficits. A decision is required about how additional income should be treated in services with deficit pressures. It should be noted that in many cases, services felt that the increases in fees was part of the annual service income plan already but due to point to above, had become undeliverable in year creating a pressure.
 4. **There is a requirement for a more formal means of submitting and appraising investment opportunities:** Service Leads noted that the process of requesting capital funding for investment in the Service should be a formal process, where Services can prove the investment will support in generating more income and importantly return for the Council. This would need to be combined with a more rigours framework to monitor and ensure benefits realisation.

Bristol City Council – Fees and Charges

Introduction

▶ Following engagement with Services and Directors, the following income opportunities were determined across FY23/24 and FY24/25.

	Recommended Opportunities	Revenue Potential (£)	
		FY23/24	FY24/25
Cemeteries and Crematoria	▶ 4-13% uplift in fees from January 2024.	Lower limit (4%): 44,210 Upper limit (13%): 143,683	Lower limit (4%): 132,630 Upper limit (13%): 431,050
Bristol Operations Centre	▶ Implement internal charging for BNet at the earliest possible date. ▶ Increase all internal and external fees by 10% in FY24/25.	To be concluded upon finalisation of recharge policy	191,400
Markets	▶ Increase income targets by 5% in FY23/24 from January 2024. Income is expected to be generated through price increases or other forms of commercial incentives over the Christmas period. ▶ Increase income targets by 10% in FY24/25.	7,170	51,179
Venues and Events	▶ Increase <i>average</i> prices across cafés and kiosks by 10% from January 2023.	51,000	No impact assumed, noting intent for concession model in FY24/25
Register Office	From January 2024: ▶ Increase event booking fee from £30 to £50. ▶ Increase premise licence from £1,500 to £2,500.	15,000	45,000
	Total	117,380 (Lower Limit) 216,853 (Upper Limit)	420,209 (Lower Limit) 718,629 (Upper Limit)

Bristol City Council – Fees and Charges

Income Opportunity Analysis – Cemeteries and Crematoria

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		FY23/24	FY24/25
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Existing Financial Performance					Existing Fees and Product Volumes																																																
<table border="1"> <thead> <tr> <th rowspan="2">£'000s</th> <th colspan="2">Income</th> <th rowspan="2">Costs</th> <th rowspan="2">Surplus (Deficit)</th> </tr> <tr> <th>Fees and Charges</th> <th>Other</th> </tr> </thead> <tbody> <tr> <td>FY22/23</td> <td>4,210</td> <td>-</td> <td>2,054</td> <td>2,156</td> </tr> <tr> <td>FY21/22</td> <td>4,013</td> <td>28</td> <td>2,140</td> <td>1,901</td> </tr> </tbody> </table> <p>► The Council generated £4m in fees and charges revenue from the service in the last financial year, whilst costs were around £2m. With other income, the service generated a surplus of £2m.</p> <p>► Primary cost drivers relate to salaries, making up over £1m of the total costs, and grounds maintenance. BCC are obliged to maintain burial sites that are no longer in use.</p>					£'000s	Income		Costs	Surplus (Deficit)	Fees and Charges	Other	FY22/23	4,210	-	2,054	2,156	FY21/22	4,013	28	2,140	1,901	<p>There are a number of sub-services within Cemeteries and Crematoria, we have performed price elasticity analysis on the top three highest volume sub-services.</p> <table border="1"> <thead> <tr> <th colspan="2"></th> <th>Exclusive rights of burial (Bristol resident)</th> <th>Cremated remains plot</th> <th>Cremation of a person 18+</th> </tr> </thead> <tbody> <tr> <td colspan="2">Current prices</td> <td>1,750</td> <td>1,180</td> <td>1,080</td> </tr> <tr> <td rowspan="2">Historical price</td> <td>FY22/23</td> <td>1,650</td> <td>1,125</td> <td>1,030</td> </tr> <tr> <td>FY21/22</td> <td>1,550</td> <td>1,080</td> <td>965</td> </tr> <tr> <td rowspan="2">Historical volume</td> <td>FY22/23</td> <td>118</td> <td>566</td> <td>3,150</td> </tr> <tr> <td>FY21/22</td> <td>141</td> <td>659</td> <td>3,044</td> </tr> </tbody> </table> <p>► Charges were raised by 5% on 1st April 2023.</p> <p>► Historical pricing and volume analysis shows across burials, prices increased by an average of 5%, and volume dropped by 17%, however this is attributed to a constraints in burial space. In contrast, cremation fees increased by 6% but volume increased by 3%.</p>						Exclusive rights of burial (Bristol resident)	Cremated remains plot	Cremation of a person 18+	Current prices		1,750	1,180	1,080	Historical price	FY22/23	1,650	1,125	1,030	FY21/22	1,550	1,080	965	Historical volume	FY22/23	118	566	3,150	FY21/22	141	659	3,044
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Benchmarking Sub-service Fees

Cremation fee



- The cremation fee in Bristol is slightly more than in Manchester and Liverpool but lower than in Bath and Birmingham. The current cremation fee is consistent with the service offered by a private sector provider (Westerleigh).

* It is noted that various services are provided by the councils. The fee of £1,080 for Bristol CC includes 45 minute slots and 30 minute service. The fee of £1,591 for Bath and NE Somerset includes £1,041 (30 minute service) and £424 (Attended direct cremation), £1,257 for Birmingham CC included £833 (Cremation fee for 19+) and £424 (Use of Crematorium Chapel).

Bristol City Council – Fees and Charges

Income Opportunity Analysis – Bristol Operations Centre

	Recommended Opportunities	Revenue Potential (£)	
		FY23/24	FY24/25
Bristol Operations Centre	<ul style="list-style-type: none"> ▶ Implement internal charging for BNet at the earliest possible date. ▶ Increase all internal and external fees by 10% in FY24/25. 	[Pending conclusion of recharge policy]	191,400

Existing Financial Performance

£'000s	Income			Costs	Surplus (Deficit)
	Fees and Charges (External Income)	Fees and Charges (charged to the HRA)	Other (charged to the GF)		
FY23/24 forecast	825	1,165	1,405	3,706	(312)
FY22/23	780	1,043	994	3,304	(488)

- ▶ In FY22/23, the service had a deficit of £488k. The largest costs faced by the service are salary based, with £2.6m of the total £3.3m (81%) relating to salaries.
- ▶ Other significant costs relate to the maintenance, repair and management of corporate assets for public space CCTV, BNet duct and fibre and other IT.
- ▶ The budgetary position for FY23/24 shows a reduction in the service deficit, likely to be due to the increased fees in the year but no significant increases in costs.

Sub-service Financial Performance

Emergency Control					Civil Protection Team					Other		
£'000s	Income			Costs	£'000s	Income			Costs	£'000s	Other Income	Other Costs
	External income	Internal income	Other			External income	Internal income	Other				
FY23/24 forecast	807	1,165	1,204	2,843	FY23/24 forecast	18	-	-	279	FY23/24 forecast	201	584
FY22/23	769	1,043	994	2,724	FY22/23	11	-	-	394	FY22/23	-	187

- ▶ There are two subservices within the Operations Centre; **Emergency Control and Civil Protection Team** (consisting of the provision of telecare and CCTV management). The remaining income and costs (denoted above as “other”) relate to BNet and the Director of Management and Place salary and other associated costs.
- ▶ Of the £2.8m in total income in FY22/23, £780k relates to fees and charges received for services to external customers, and £1m relates to recharges for the provision of internal support for emergency control services provided internally within Council properties. In general, external customers pay a higher fee for the service.

Bristol City Council – Fees and Charges

Income Opportunity Analysis – Markets

	Recommended Opportunities	Revenue Potential (£)	
		FY23/24	FY24/25
Markets	<ul style="list-style-type: none"> ▶ Increase income targets by 5% in FY23/24 from January 2024. ▶ Increase income targets in FY24/25. 	7,170	51,179

Existing Financial Performance

£'000s	Income		Costs	Surplus (Deficit)
	Fees and Charges	Other		
FY22/23	529	7	491	45

- ▶ The total income received by the markets relates to licencing fees for St Nicholas Market and Markets charter operators. Business rates are paid for by traders separately to the council's Revenue's team. Wi-Fi, water, security and waste services are currently included within all license fees. The market holders in the covered market and Glass Arcade pay for their energy directly with providers. The energy costs in The Exchange Hall are met centrally as they cannot be separated from wider council uses.
- ▶ Around £422k of the total £529k received in fees and charges in the prior year relates to the indoor market stalls. The remaining £106k relates to other fees received, including for the outdoor market space, where there is greater scope for increased fees.
- ▶ Total costs for the service were £491k in FY22/23, therefore the service ended the last financial year with a small net surplus due to staffing vacancies, which impacted team capacity and therefore income.
- ▶ In assessing price and volume data provided by Service leads, in the current financial year there are six vacant stalls. These are vacant due to renovations which will not be completed until FY24/25, the lost revenue from these stalls totals £38k in 2023/24. The vacancy rate in FY23/24 is lower compared to FY21/22 with a few tenancies starting in July 2023.

Bristol City Council – Fees and Charges

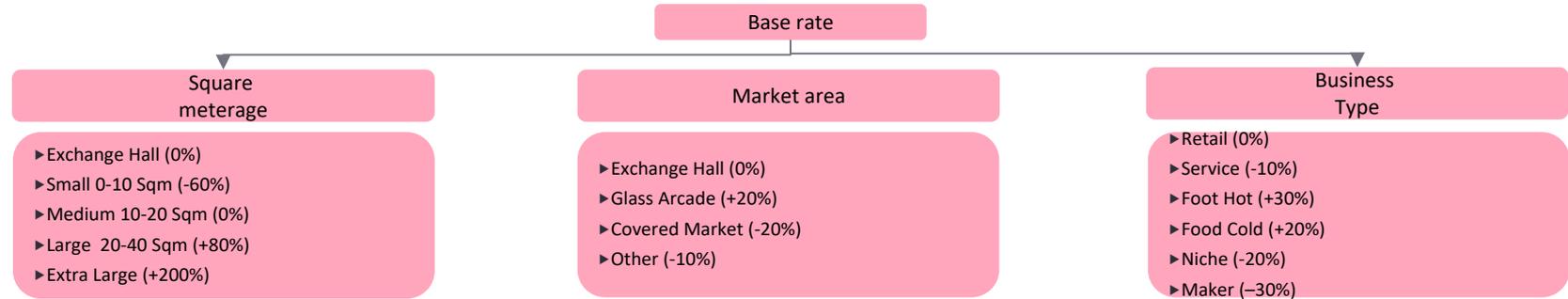
Income Opportunity Analysis – Markets

Existing Fees and Product Volumes

		Base rate per sq./m per annum	Average Storage fee
Price	FY23/24	£349	£937
	FY22/23	£333	£893
Volume (% of stalls occupied)	FY23/24	90%	100%
	FY22/23	89%	100%

► Historically, charges have not been increased since pre-Covid (given a freeze applied during the pandemic). However, in the latest financial year, charges were raised by 5% to reflect wider Cabinet inflation policies.

► The current market fee for incoming indoor stalls are calculated by using the base rate shown in the above table and adjusted by three other factors: Square meterage, Market area and Business Type with various % shown as below flowchart. Other fees are historic in line with previous agreements.



► There are a number of empty stalls in the current year (that cannot be filled due to demolition in advance of renovations) which will impact total revenue generated.

► Around £25k of revenue per year was attributable to the car park at St Mary le Port adjacent to St Nicholas' market. The loss of this car park (due to redevelopment) will impact total revenue targets going forward.

Bristol City Council – Fees and Charges

Income Opportunity Analysis – Venues and Events

	Recommended Opportunities	Revenue Potential (£)	
		FY23/24	FY24/25
Venues and Events	► Increase <i>average</i> prices across cafés and kiosks by 10% from January 2023.	51,000	[Assumed no impact given concession]

Existing Financial Performance

Historical financial performance at service level

£'000s	Income		Costs	Surplus (Deficit)
	Fees and Charges	Other		
FY22/23	2,915	803	2,871	847
FY21/22	2,434	815	2,418	831

FY22/23 financial performance at sub-service level

FY22/23	Income from fees and charges
Café & Kiosks	1,701,378
Ashton Court Estate	534,319
Engagement Programming	454,141
City Hall Venue Hire	140,527
Pavilion Venue Hire	80,300
Old Council House Venue Hire	3,881
Golf	339
Total	2,914,885

- The total income received by the service relates to provision of venues and event spaces, as well as cafes and kiosks across Bristol.
- The table shows the significant majority of income in the last financial year was derived from cafes and kiosks (£1.7m), which is due to the increase in footfall after Covid, and a further £534k was driven by income associated with Ashton Court Estate, which is driven by the car park (£235k), Golf admission fee (£128k) and Rental income (£155k).
- Café & Kiosks are currently either run by the Council directly or via concession stands. The fees for the Council run café are linked to certain KPIs, for example the gross profit to be around 17%. For concession stands, a 3-year fixed fee contracts are signed and will be renewed by 1st April 2024. There are empty pitches available.
- Engagement Programming relates to the fees charged for events and the fees are split between the Event team (15%) and the Parks or Harbour team (85%).

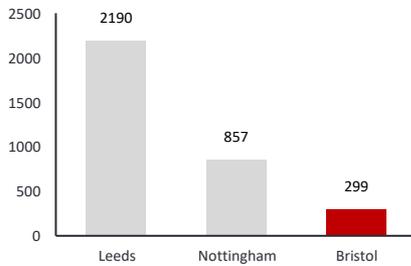
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Income Opportunity Analysis – Venues and Events

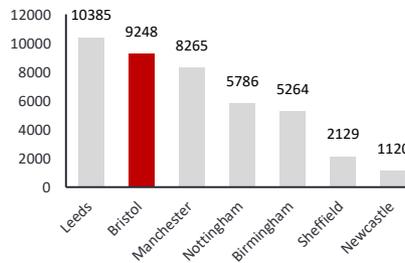
Core Cities Benchmarking (Revenue Outturn data £'000s)

- ▶ Benchmarking analysis was performed for the wider “Cultural and Related Services” service using revenue outturn data. The data shows service income per capita in Bristol is around average when compared to other English Core Cities.
- ▶ At a sub-service level, Bristol achieved more income from fees and charges than most core cities from museums and galleries, but less than average in theatres, community centres and parks.

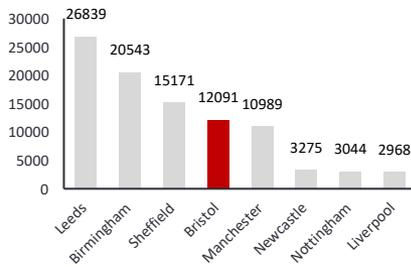
Community Centres and Public Halls



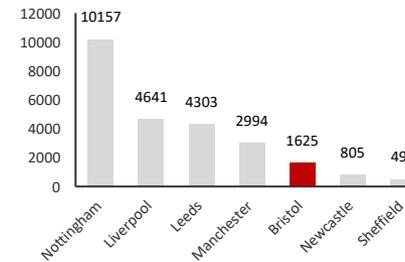
Museums and Galleries



Theatres and Public Entertainment



Parks and Open Spaces



Service Income per Capita

