

## Non Key CAMBRIDGE CITY COUNCIL

Record of Executive Decision

### REVIEW OF SHOPMOBILITY HIRE CHARGES AND ANNUAL MEMBERSHIP

**Decision of:** **Councillor Blencowe.** Executive Councillor for Planning Policy and Transport

**Reference:**

**Date of decision:** 28/08/18 **Recorded on:** 28/08/18

**Decision Type:** Non Key

**Matter for Decision:** Reduction in charges for ShopMobility annual membership and scooter hire

**Why the decision had to be made (and any alternative options):** Charges for ShopMobility for annual membership fee and daily scooter/wheelchair hire were part of the council's 2018 budget and were introduced on 8<sup>th</sup> May 2018. As was stated in February 2018 and at subsequent council meetings, the new charges were accompanied by a commitment to monitor the effect of the charges on usage.

The monitoring report, based on the sound evidence provided by three months data has indicated a 65% reduction in usage of the services over the period to date against a forecast change of 20%.

The Council has considered the options to address this and has decided to make the change rather than delay, reducing charges from the 1<sup>st</sup> September, requiring an out of cycle decision to address user needs.

The decision will be reported in October to the Planning and Transport Scrutiny Committee.

**The Executive Councillor's decision(s):** To introduce revised charges at half the original level from the 1<sup>st</sup> September of:

- Annual membership - £20 ex VAT. £24 incl VAT
- Membership hire charge - £2.50 ex VAT. £3 incl VAT
- Non Member - £5 ex VAT. £6 incl VAT

Registered disabled users are not liable to VAT, so the vast majority of ShopMobility payments, over 80%, will be at the exclusive of VAT.

**Reasons for the decision:** As set out in the briefing paper from the Head of Commercial Services

**Scrutiny consideration:** The Chair and Spokespersons of Planning and Transport Scrutiny Committee were consulted prior to the action being authorised

**Report:** A briefing note detailing the background and financial considerations is attached.

**Conflicts of interest:** None known

**Comments:** This decision will be reported to the Planning and Transport Scrutiny Committee on 2 October 2018.  
Briefing Note - Urgent Decision - Review Of ShopMobility Hire Charges And Annual Membership

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## **BRIEFING NOTE - URGENT DECISION - REVIEW OF SHOPMOBILITY HIRE CHARGES AND ANNUAL MEMBERSHIP**

### **Background to 16th January 2018 Environment Scrutiny Committee Decision**

In 2016 Cambridgeshire County Council withdrew their contribution of funding for the Cambridge City Council ShopMobility services. The value of this was £49,500. The City Council covered the shortfall for 2 years, but there was a need to consider alternative forms of funding to continue the service at the level provided, given the council's finances and the ending of core Government grant in 2019.

The full range of ShopMobility services that Cambridge City Council offers includes escorted shopping trips, Dial-a-Ride bus stop pickups and use of mobility scooters and wheelchairs. There are also two sites within the city centre which customers can choose from. It is rare for ShopMobility suppliers to provide such a range of services, especially across two sites due to the running costs. This wide range of services directly affects the cost of running the service.

The Environment Scrutiny Committee on 16th January 2018 considered the following options to cover the loss of contributions from Cambridgeshire County Council:

**Option 1** Do nothing whilst maintaining current services and subsidising the full cost of £165,000 from the General Fund

**Option 2** Create income of £47,800 from the introduction of an annual membership fee and hire charge for equipment to cover shortfall in funding from County whilst maintaining free shopping escorts and bus stop and Dial a Ride collection services – funding requirement from General Fund of a cost of £117,200.

The Executive Councillor's decision was **Option 2**. To introduce an annual membership fee & hire charge for equipment. This would allow the full range of services to be maintained whilst potentially covering the shortfall in funding from Cambridgeshire County Council.

The introduction of an annual membership fee and per-use hire charge brought the Council into line with the vast majority of other Shop-mobility services. There was a proposal to reduce the hire charge for members likely to use the service more regularly.

The National Federation of Shop-mobility supported this approach as a way of sustaining services.

### **The Introduced Charges**

**The current charges introduced on May 8<sup>th</sup> 2018 included the following:**

Membership charge £40 ex VAT. £48 incl VAT

Members hire charge £5 ex VAT. £6 incl VAT

Non-members hire charge £10 ex VAT. £12 incl VAT

(Please see earlier note that the vast majority of users, over 80%, are not required to pay VAT.)

The charge levels were established following engagement with the National Federation of Shopmobility and research into ShopMobility service charges across the UK. This was used, along with calculations based upon usage figures and running costs.

The charges were set at this level to contribute to the continued full range of ShopMobility services.

It was forecast that the charges may result in a potential change in usage of around 20%. However, it was agreed from the start of charging that usage would be monitored from the change to review the actual impact of the change on users.

Those who have already paid the £40 membership fee will be credited the difference when it is reduced to £20 - in effect giving them 8 free uses.

## **Review of Usage**

The review of the usage carried out by the team found that the ShopMobility service was been accessed 556 times over the period 8<sup>th</sup> May to 1<sup>st</sup> August 2018, the period of the new charges. In the same three months in 2017 8<sup>th</sup> May to 1<sup>st</sup> August 2017 the service was used 1622 times. The change reflected a 1066 or 65% reduction in use of the service compared with the same period last year.

## **Revenue and Overall Cost to Council**

In revenue terms, the service income was £6690 to the end of July vs a budget YTD of £15,040, which is a variance of £8,350, and it is projected that revising the charges will increase use of the service.

The result will therefore be to strike a fairer balance between users and the overall financial cost of service provision to the Council. In consequence, the City Council is effectively taking over a significant part of the funding contribution that the County Council previously provided, in addition to continuing the base annual funding of £115,000/year that it invested in ShopMobility before and after the County Council cut its annual £49,500 contribution.

## **Options Appraisal**

Following reporting of the usage data a review was carried out during which the following options were considered.

### **Option 1 - Do Nothing**

This option has been discounted as it would have no effect on the reduction in usage of the service, and not recognise the negative impact of seeking to match the loss of county council contribution fully from user charges.

### **Option 2 - Return to a Free of Charge Service**

This option has been discounted as the General Fund would have fund the full service operational cost of £165,000. This option had already been challenged prior to the introduction of the charges as there is a need to consider alternative forms of funding to continue the service at the level provided, given the council's finances and the ending of core Government grant in 2019.

### **Option 3 - Reduce the Service Hire Costs by 50%**

This is the preferred option, while also restating the clear commitment to users of the scooter hire that the full level of service will be maintained as a 6 day per week facility at Grand Arcade and 7 day service at the Grafton, the same service level before the County Council ended its £49,500 contribution.

The 50% level of charging is judged to be more appropriate and fairer for users, allowing service users including those who are disabled to access the service in greater numbers and having a positive effect on their access to the city centre and quality of life.

It is deemed to best balance the needs of the users with the need to achieve a contribution to the funding of the service to ensure there is no diminution in scooter hire services or availability for users.

### **Decision**

The proposed decision is therefore to introduce revised charges from 1<sup>st</sup> September 2018 of:

Annual membership - £20 ex VAT. £24 incl VAT  
Membership hire charge - £2.50 ex VAT. £3 incl VAT  
Non Member - £5 ex VAT. £6 incl VAT

You can hire or lease eligible goods VAT-free if you are registered disabled, which has been applied in vast majority of the hires since the introduction of a charge.

The new charges are proposed at a 50% reduction of the current charges. The level of charging is judged to be more appropriate in relation to demand, and in view of further consideration being given to the needs of service users, allowing the disabled to access the service in greater numbers and having a positive effect on their quality of life.

This level of charging is deemed to best balance the needs of the user with the need to contribute to the funding of the service. Charging is set at a level that is forecast to have an immediate and positive effect on usage.

### **Budgetary Implications**

ShopMobility charges form part of the overall revenue target for Parking Services.

The approx. effect of the new charges is shown below. These figures are the predicted in-year income and forecast in a 20% reduction in usage from previous years.

There remains a predicted underachievement in the region £20,000-£25,000. However the reduced charge may increase usage and offset to some degree any underachievement.

Membership income	£1,500 ex VAT
Hire Charge Income	£26,500 ex VAT
Total	£28,000 ex VAT

As there is no revision of budgets within the financial year any shortfall will need to be

funded from the FY18/19 Parking Services budgets. For this year the predicted underachievement against original budget targets is projected to be funded from within existing budgets.

As part of the annual budget setting cycle for 2019/20 ShopMobility income on the new charge level in the current year will be reviewed against target, and consideration taken of the need for a budget proposal to cover the reduced income expectation for the following year.

### **Why is an Out-of Cycle Decision Deemed Necessary?**

The committee paper dated 16<sup>th</sup> January 2018 set out a commitment to monitor the effect of the charging scheme on ShopMobility usage.

The usage of the ShopMobility service has seen a significant decrease since the introduction of the charging scheme. This has indicated that users of the service are not willing to pay charges set at this level, therefore the review should be brought forward.

The council has taken the view that the statistical base of three months data was a sound base for review, and it is appropriate in light of the data to effect an immediate and positive change to charging. An Out-of Cycle decision is deemed necessary rather than delaying the matter a month more, or for a decision at the next committee. A new level of charging should be brought forward as soon as possible and at a more appropriate level, allowing the disabled to access the service in greater numbers and having a positive effect on their quality of life.

The reduction in usage and the change to reduce the charge has meant that the service is now unlikely to achieve its revenue target for this financial year. There may, however, be an increase in revenue with the new charging scheme brought in from 1<sup>st</sup> September.

### **Officer Contacts**

James Elms - Head of Commercial Services

### **Appendix 1**

#### **Overview of Service Provision**

Parking Services provides a ShopMobility service from offices at the Grand Arcade and Grafton Centre.

The Grand Arcade office is open Monday to Saturday from 10am until 5pm. The Grafton Centre mirrors those hours and is additionally open on Sundays between 11am and 4pm.

Currently the core ShopMobility service is provided by two permanent members of staff working 56 hours per week. There is also a volunteer working two 4 hour days per week.

The service provides the hire of mobility scooters and wheelchairs. The team also collects customers from the nearby Dial-a-Ride drop off locations for both offices. Shopping escorts are provided from the Grand Arcade only.

Staff from Parking Services provide assistance over seven days and wholly run the service at weekends however the service is reduced to the hire of scooters and wheelchairs only.

Shopping escorts, bus stop and Dial-a-Ride collections are not provided over weekends.

Customers of this service also receive 3 hours free parking and have a separate car park at the office in the Grand Arcade.

The peak operating times of the ShopMobility service are Monday to Friday.

Customers do not have to be registered disabled or be entitled to a blue badge to access the service.