

Committee(s):	Date(s):
Epping Forest Consultative Epping Forest and Commons	10 10 2018 19 11 2018
Subject: Epping Forest Licence, Produce and Sports Charges (SEF 40/18)	Public
Report of: Colin Buttery - Director of Open Spaces & Heritage	For Decision
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Summary

This report updates your Committee on the performance of charges levied for licenced activities, produce sales and formal sports in the last full financial year 2017/18.

In 2017/18 the licensing of activity on Forest land raised a total of £222,659 of which £147,347 was mixed regulatory licences, £45,664 was from fairs and circuses and £27,288 from photography and filming

The sale of produce raised a total £22,756 while the licensing of Horse riding raised £12,119.

Charges for formal sports across 2017/18 raised a total of £336,537 with Association Football income in 2017/18 totalling £64,929 and earnings from Golf reaching £271,608.12 .

Proposals are presented for a price increase of 2%* in line either with the Consumer Price Index predictions for 2019/20 or otherwise increased due to benchmarking and reviewing in line with market competition.

Recommendations

Consultative Committee Members are asked to support:

- The proposed charges for 2019/20
- Continued subsidy for association football

Main Report

Background

1. The use of Forest Land for siting of equipment or for certain activities requires a licence. The charges made for licences seek to recover the out of pocket expenses incurred by the City of London in administering and enabling the activity and for reinvestment in to the management of the Forest in accordance with the City of London financial regulations.
2. Licences are administered through a steering group of officers to ensure that all relevant sections and staff are consulted before a decision is made and to ensure there is an equitable decision-making process for any customer
3. All licences are considered with due regard to the Conservators' duties under the Epping Forest Act 1878 and 1880.
4. By-products of land management activity include beef, venison and wood. These are sold both as wholesale and retail products with the income re-invested in to the management of the Forest.

Current Position

5. Licensing activity on Forest Land raised £222,659.73 in 2017/18
6. The income from Forest produce in 2017/18 has provided a steady income with minimal outlay totalling £22,756 comprising:

Produce	Income
Venison	£12,047
Beef	£ 2,529
Hay	£ 479
Wood	£ 7,700

7. Horse Riding licences brought in an income of £12,119.
8. The regulatory licences achieved £147,347.24, with an additional £45,664 from fairs and circuses and £27,288 for photography and filming.
9. The end of the football season for 2017/18 achieved a total income of £64929.10.
10. Golf income achieved a total gross income of £271,608.12. This is broken down as:

Green Fees	£237,779.46
Equipment Sales	£8,890.89
Drinks Sales	£5596.81
Equipment Hire	£19340.96

11. This was the second year of management in house. Income was increased this year compared with 2016/17 by around £10,000. The end of year net profit figure was £28,381.

Options

12. Three options as outlined in Appendix A are offered for your committee's consideration:
 - 12.1 Option 1 – To increase produce and licence and football charges at the forecast Consumer Price Index figure of 2%. It is proposed that the licence fee for horse riding be increased by RPI of 0.7% which is the maximum permitted under the Additional Byelaws for the Regulation of Horse Riding. Increases are shown in Appendices A and C. **This is recommended.**
 - 12.2 Option 2 - To keep charges as they are. This would be in effect a price cut whilst inflationary increases would still apply to our own expenses. **This is not recommended.**
 - 12.3 Option 3 - To increase charges above inflationary levels. Charges have been increased by 10% over the last few years and are now at the market level. Increasing charges above market level could make our products less saleable. **This is not recommended.**

Proposals

Licencing Applications

13. A new licencing application form and scheme of charges was agreed at the Epping Forest and Commons Committee in November 2017. This has proved very helpful over the last year with clarification for users in what charges are applicable and what conditions need to be met. The improved administrative system has allowed officers to ensure the appropriate licences and charges are administered in an equitable and transparent manner. All the licencing information, pricing, terms and conditions are publicly available on the website.

Football charges

14. Football on Wanstead Flats remains popular with similar levels of play maintained each year. Prices have been amended in recent years to better benchmark with other local providers and reach the market levels. Wanstead Flats remain the cheapest pitches to hire in the area.
15. Appendix C outlines the current season charging at neighbouring football sites compared with Wanstead Flats. It also proposes a small uplift in the hire charges for 2019/20 in line with CPI. The season has previously been sold as 32 weeks. This has been reduced to 28 weeks as teams do not require 32 weeks and an associated saving can be made on staffing costs.

Golf fees

16. Golf fees and charging have been amended in this financial year ensuring that players obtaining annual discounts pay in advance fully to ensure they benefit. This has improved forecasting and cashflow. The course remains good value

in comparison with local competition, as shown in the benchmarking exercise in Appendix D and a price increase is not recommended this year in order to remain competitive.

17. Golf has made an increase in income over the last financial year, with better weather than the previous year and fully open and growing facilities in the adjoining café and cycle hire also attracting customers.

Corporate & Strategic Implications

18. These charges support the Corporate Plan Policy Priority KPP2 'Implement the City Corporation's Service Based Review delivery programme' and KPP5 'enhance the ability of our leisure facilities to generate additional income in order to maintain quality of content in an era of reduced resource'

Implications

Financial

19. City of London Financial regulations provide that 'When determining fees and charges to persons or external organisations, all departments should recover full costs, or submit reasons to the appropriate service Committee when that objective is not met.'
20. Full cost recovery on football charges cannot be achieved while major Local Authority providers continue to subsidise the provision of football. The City Corporation has achieved parity on charges but is unable to recover the full cost of providing this service.

Legal

21. Horse riding on Epping Forest is regulated under sections 9 and 10 of the City of London (Various Powers) Act 1990 and by the Additional Byelaws for the Regulation of Horse Riding allowed on 14 May 2003. The Conservators may make reasonable charges for the riding or exercising of horses, by reference to the reasonable cost of the maintenance of ways designated for horses, and the reasonable cost of providing the regulatory regime. Any increases to the charges are limited to no more than the increase in the Retail Prices Index for the period that has elapsed since the charges were last fixed. The Conservators shall take all reasonable steps to notify the public of the revised charges not less than fourteen days before they take effect.
22. Section 33(1)(i) of the Epping Forest Act 1878 empowers the Conservators, "To fell, cut, lop and manage in due course the timber and other trees, pollards and underwoods, and to sell and dispose of the timber cuttings and loppings, and to receive the proceeds..."
23. Trading that is carried on by a charity in the course of carrying out a primary purpose of the charity is known as "primary purpose trading". Trading that is ancillary to a charity's primary purpose is also legally part of a charity's primary purpose trading. The sale of produce as a by-product of land management activities by the Epping Forest charity would therefore constitute primary purpose trading. This means that the charity may trade more or less

freely in pursuit of its charitable objectives. Profits may be exempt from tax if entirely used to support the charity's aims, and there is no requirement to set up a subsidiary trading company.

24. In its role as trustee of the Epping Forest charity the City, acting by the Conservators, is under a fiduciary duty to act exclusively in the best interests of the charity. This will normally mean obtaining the best price for produce that can be achieved in the market. However, it may be appropriate in some cases to donate produce, or sell it at a discount, where this is an effective way of using the charity's resources to further its charitable purposes or is otherwise in the charity's best interests.

Events and Activities

25. Section 33(1)(xiii) of the Epping Forest Act 1878 empowers the Conservators to set apart such parts of the Forest as they think fit for the use of the inhabitants to play at sports. Section 76(1)(b) of the Public Health Acts Amendment Act 1907 allows the Conservators to set apart any such part of the Forest as may be fixed for the purpose of any game or recreation, and to exclude the public from the part set apart while it is in actual use for that purpose; and under section 56(5) of the Public Health Act 1925 the Conservators may charge reasonable sums for the use thereof. Under section 8 of the City of London (Various Powers) Act 1977 the Conservators may (subject to certain constraints) provide parking places for vehicles and make reasonable charges for their use.

'Works' licences

26. The granting of personal licences does not constitute alienation of Forest Land for the purposes of the Epping Forest Act 1878 and is not therefore prohibited so long as the Forest is preserved. Regulating such temporary uses is considered to be the best way of preserving the Forest and avoids any possibility of any prescriptive rights being acquired. As above, the Conservators must generally ensure that any licence granted is on the best terms reasonably obtainable for the Epping Forest charity, or is otherwise in the charity's best interests.

Property

27. Licensing various 3rd party temporary activities that the City is willing to permit upon the Forest should ensure that the City retains full and proper control of the Forest and able to prevent misuse.

Conclusion

28. The City of London Epping Forest continues to provide excellent value for money recreational opportunities. The charging proposals ensure that as a charity our expenses incurred due to third party use of our land are recouped and reinvested in to the maintenance of the Forest.

Appendices

- Appendix A – Current and proposed licence charges
- Appendix B – Golf Course Green Fees Price Comparison
- Appendix C - Football benchmarking and proposed fee increases

Background Papers:

Epping Forest Licence and Produce Charges 2018/19 November 2018.

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