



City of Westminster

Cabinet Report

Meeting or Decision Maker: Cabinet

Date: 12th December 2022

Classification: General Release

*Appendix 2 (B) Commercial Waste Fees
exempt from public disclosure*

Title: Fees and Charges Review

Wards Affected: All

**Cabinet Member/Lead
Member:** Councillor Boothroyd

Key Decision: Yes

Financial Summary: Budgeted income from fees and charges for 2022/23 is £130m. The income from fees and charges helps to manage demand and cover costs for providing services. Changes proposed to fees and charges are anticipated to deliver £6.220m additional income in a full year and circa £0.455m in 2022/23.

Report of: Gerald Almeroth, Executive Director of
Finance and Resources

1. Executive Summary

- 1.1. This report sets out the context for this year's annual review of fees and charges. A significant focus of the approach to fees and charges is full cost recovery, to ensure that charges remain in line with increases being experienced in the cost of delivering services.
- 1.2. Budgeted income from fees and charges for 2022/23 is £130m. This includes discretionary charges set by the Council through this annual review process and statutory charges set by statute.
- 1.3. The fees and charges review undertaken is in line with previous years approaches, proposing as a starting principle that all charges adopt an inflationary increase. This keeps fees and charges aligned with full cost recovery as much as is possible.
- 1.4. The September 2022 Consumer Price Index (CPI) annual increase of 10.1% is being used as the measure of inflation as it is approximately one year since the last increase in fees and charges were applied. This inflationary increase of 10.1% has been applied to all fees and charges where a standard inflationary rise is supported and appropriate.
- 1.5. In some exceptional cases it is recommended that a different approach is taken and fees and charges either reduce, remain the same or increase at a rate above or below inflation. In several cases the actual fee or charge is also rounded so as to simplify the fee structure and charging mechanism. Further detail of these exceptions is included within this report, at paragraph 5.10 – 5.19.

2. Recommendations

2.1. That Cabinet is recommended to:

1. Approve the changes to fees and charges as outlined in **Appendix 2** of this report
2. Approve that authority be delegated to the Executive Director for Finance and Resources, in consultation with the relevant Cabinet Member, to approve any changes required in light of consultation feedback.
3. Note the fees for which no increase is proposed for 2023/24. Details of these fees are included in **Appendix 2** of this report.
4. Approve the Fees and Charges Policy at **Appendix 1**.

3. Reasons for Decision

- 3.1. To agree the Council's fees and charges position and changes from 1 January 2023 at the earliest.

4. Background, including Policy Context

- 4.1. The budget for fees and charges in 2022/23 is £130m. Fees and charges are reviewed annually with a strong supporting link to the medium-term financial planning process. The Council's Fees and Charges Policy is attached at **Appendix 1**. The main points are as follows:
- Fees and charges will be reviewed annually as part of the budget setting process.
 - Income from charges for a service should not exceed the costs over a realistic period of time.
 - Fees and charges will be calculated on a full cost recovery basis. Any concessions will be specified and separately agreed.
 - Fees and charges will be approved or noted by Cabinet each year with implementation of those charges shortly thereafter.
- 4.2. Some fees and charges are set and amended by statute or through contractual arrangements and so do not require Cabinet decision. Examples include parking penalty charge notices and planning application fees. However, for the remaining fees and charges the Council has discretion to amend as appropriate.
- 4.3. For some services income received from fees and charges during 2022/23 continues to be affected by ongoing economic recovery following the pandemic. A smaller number of income streams continue to be experiencing reduced demand, such as commercial waste.
- 4.4. Last year a 3.1% inflationary rise was applied to the majority of the fees and charges, however there were a number of above inflation increases applied some parking charges including an increase in resident parking permits of 3.5%
- 4.5. This year, an inflationary assumption of 10.1% has been used and applied to fees and charges where a standard inflationary rise is supported unless the service is actively reviewing their pricing structures. Inflation has risen steeply over the last year with the CPI annual increase reaching 10.1% in September. The application of the annual inflationary increase (CPI) as at September 2022 is considered appropriate given the time that had passed since the previous increase to fees and charges.
- 4.6. The Office for Budget Responsibility (OBR) forecasts that inflation will remain high (around 8%) until the second quarter of 2023, when it will then start to return to the 2% target rate.
- 4.7. The full year impact of the proposed changes to Council fees and charges is an increase of £6.220m (compared to an increase of £3.592m last year).
- 4.8. A full list of the proposed fees and charges is set out in **Appendix 2**.

5. Proposed Changes to Fees and Charges

All increases by inflation of 10.1% and above are detailed below

Commercial Waste

- 5.1. Overall commercial waste charges will increase by an average of 10.9% (a range of 0 – 30% increase across the range of different bins/bags products). Overall impact is £1.1m.
- 5.2. As part of the overall uplift, mixed recycling will be increased by 5% whilst charges for paper/card, glass and food waste recycling to be frozen to encourage more customers to recycle and increase the council's recycling rates

Sayers Croft

- 5.3. Proposed increase 10.1% across the 23/24 Academic Year. 10.1% has been used as central inflationary figure but in line with strategic pricing direction at Sayers the actual price rises vary. Average increase for Westminster schools is 10.1% and for non-Westminster schools is 13.0%. Overall impact is £0.148m.

City Promotions, Events & Filming

- 5.4. Proposed up to 20% increases. Service have sought to apply increases proportionately across price points to ensure it continues to drive revenue and recover costs, but whilst trying to remain competitive. Overall impact is £0.070m

Local Land Charges

- 5.5. It is proposed that local land charges are increased by 10.1%. Overall impact is £0.130m.

HMO Licensing

- 5.6. HMO licences proposed to be uplifted by 48.7%. The proposed increase is to fully recover costs of enforcement and new fee structure would see fee charged, mid-range in comparison to other London boroughs. Overall impact is £0.271m.

Libraries

- 5.7. Proposed increases 10.1% and above. The service has undertaken a review that has resulted in the complete removal of some services and introducing new fees and charges. Overall impact is £0.054m

Discretionary planning fees

- 5.8. Proposed increases 10.1% - 25%. All fees are to be increased by at least 10.1%, but certain fees are to be increased by a greater % where market evidence demonstrates current fees are below the fee levels for comparative services (Planning Performance Agreements – PPAs, and larger Pre-Apps) or where there is development industry demand for appropriate resourcing of services (PPAs & Planning Resource Agreements - PRAs). Overall impact is £0.388m.

Building Control

- 5.9. All fees proposed to be increased by 10.1% and above. A revised pricing scheme is proposed from January 2023 for new work received under the Building Regulations and London Building Acts. The fees reflect the increase in costs since 2015. Overall impact is £0.050m

All increases below 10.1% are detailed below.

Legal Charges

- 5.10. A nil increase is proposed. Benchmarking data against other London Boroughs suggests that WCC is amongst the highest in terms of fees charged. The impact of not imposing a 10.1% increase would be approximately £73k of lost income, based on current budgets, for a full financial year.

Automatic Public Conveniences

- 5.11. Proposed nil increase as not cost effective to change the charging mechanisms. Income forgone from not uplifting by inflation is £1k.

Leisure

- 5.12. 7% - 9% is proposed for most Leisure-related Fees & Charges as part of the Leisure Service Contract. This has been reached in discussion with the contractor, balancing a commercial return and affordability for users. 11.7% is proposed for swim lessons, which are routinely inflated above the leisure average, and which maintain popularity still.

- 5.13. 0% is proposed for Health & Wellbeing fees & charges. This is a smaller set of activities which within the context of the contract are targeted to achieve specific outcomes, to incentivise people to keep active, rather than a commercial return.

Highways

- 5.14. A 5% increase is proposed in road management fees for 23/24. The majority of costs incurred to deliver these services are staffing related with WCC staff processing the charges. The 5% increase reflects an average 5% pay award increase across a range of grades. A 5% increase all fees would raise additional income of £0.490m. Impact of not increasing by full 10.1% inflation would be £495k of lost income.

Parking

- 5.15. Charges related to on street parking enforcement, permits and kerbside permissions are governed by the Road Traffic Regulation Act 1984. Under the governance of the act, the authority sets charges to sustain infrastructure around the flow of traffic and to keep roads clear, amongst other activities on the highway, and to cover the costs of providing the service. These are not set in relation to metrics around inflation or other revenue-related considerations.

Paid for Parking

- 5.16. An average increase of 8.8% across all zones is proposed. These increases are based on demand pressures arising from recent Occupancy Survey. Overall impact of this increase is £2.250m.

Trade Permits

- 5.17. An average increase of 8.8% is proposed, based on demand pressures arising from the Occupancy Survey, with an impact of £70k.

Resident Permits

- 5.18. A 5% increase is proposed. Increase is again based on occupancy survey which suggests that high demand is not consistent across the city and 5% increase is felt to encourage the use of more sustainable transport. The impact of the increase is estimated at £200k.

Kerbside Permissions (Dispensations and Suspensions)

- 5.19. A 5% increase is proposed. A higher increase is not felt to be sustainable as it has potential to encourage kerbside operators to operate without appropriate permissions. The impact of the increase is estimated at £850k.

The following fees and charges are set outside of routine annual cabinet agreement process.

Registrars

- 5.20. The Registration Service fees are set two years in advance, with financial years 2022/23 and 2023/24 set in 2020/21. However, 2024/25 fees and charges have been presented for consideration at **Appendix 2**.

Adult Education

- 5.21. Setting of fees and charges for Adult Education services is delegated to the WAES Board. Decision taken in Feb 2022 to not increase fees for academic year 2022/23

Licencing

- 5.22. Licencing fees are approved by the Licencing Committee, who are responsible for all matters relating to the discharge by the Authority of its licensing functions including determining fees and charges.
- 5.23. Licencing Committee agreed charges for 23/24 at its meeting on 23rd November 2022. Licencing fees have agreed to be increased by an average of 10.4%

6. Financial Implications

- 6.1. Full cost recovery for chargeable services is a key element of the Council's Fees and Charges Policy. This ensures that any increases in the cost of delivering chargeable services are reflected in the setting of fees and charges to avoid additional cost pressures on the council. Such pressures would be in addition to the pressures already being faced by the council in relation to reduced demand for its chargeable services as a consequence of the pandemic's impact on the local economy.
- 6.2. The application of a 10.1% inflationary rise across most fees and charges, results in total additional income of £6.220m in a full year. £6.2m is an average increase of 4.8% against the total fees and charges income, but if you exclude fees where these are set by other bodies or Central Government, then this increases to just over 6%.
- 6.3. For 2022/23 the level of benefit is less given that not all fees are planned to be introduced in this financial year due to considerations needed for the implementation of some fees. It is estimated that the part year impact would be an increase in income of £0.455m. The table below shows a summary of impact across the main service areas.

	% Change (Average uplift)	22/23 Q4 Impact £m
Building Control	10-20%	0.013

Land Charges	10.10%	0.022
Paid for Parking	8.80%	0.281
Kerbside Permissions	5.00%	0.106
Parking Permits (Trade)	8.80%	0.009
Parking Permits (Residents)	5.00%	0.025
Total		0.455

6.4. The impact of the changes to fees and charges proposes an increase of £2.628m from 2022/23. The table on the following page shows the comparative increases across the services between the years. Whilst the changes implemented last year increased income from fees and charges by £3.592m overall, this year the changes result in additional income of £6.220m. This is largely due to the higher inflation rate being applied across the board.

			Change between 22/23 - 23/24
	22/23	23/24	

	% Change	Est. annual Impact £m	% Change (Average uplift)	Est. annual Impact £m	Impact £m
Paid for Parking	3.50%	1.390	7-10%	2.250	0.860
Kerbside Permissions	3.10%	0.605	5.00%	0.850	0.245
Parking Permits (Trade)	3.50%	0.039	8.80%	0.070	0.031
Parking Permits (Residents)	-	-	5.00%	0.200	0.200
Commercial Waste	3.10%	0.425	10.90%	1.100	0.675
Bulky Household Waste	3.10%	0.004	0.00%	0.000	-0.004
Cemeteries	3.10%	0.008	-	n/a	-0.008
Licencing & PPL	0-3.10 %	0.058	10.40%	0.149	0.091
Road Management – (plus CCOP)*	3.10%	0.294	5.00%	0.490	0.196
Road Management - New Fees for 21/22*	New in 21.22	0.400	-	-	-0.400
New Highways Licences	New in 21.22	0.065	-	-	-0.065
Land Charges	7.00%	0.100	10.10%	0.130	0.030
Building Control	-	-	10-20%	0.050	0.050
Planning Fees	3.10%	0.104	18.20%	0.388	0.284
Leisure	3.10%	-	7-11%	-	-
Sayers Croft	6.90%	0.100	10.10%	0.148	0.048
City Promotions & Events	0.00%	-	10.10%	0.070	0.070
Legal	0.00%	-	0.00%	0.000	0.000
HMO licences	-	-	48.00%	0.271	0.271
Libraries –Venue & Events Hire	0.00%	-	11.10%	0.054	0.054
Total		3.592		6.220	2.628

*this includes uplifts for new fees introduced in 21/22

7. Legal Implications

- 7.1. Legal Implications are contained within the Fees and Charges Policy at paragraphs 1.3 and 1.4. This Policy can be found in **Appendix 1**.
- 7.2. 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.
- 7.3. The Cabinet has the authority under chapter 3 of the Council's Constitution to decide the recommendations in section 2 of this report.
- 7.4. The Council has a general power of competence under section 1 of the Localism Act 2011. This is the power to do anything an individual can do provided it is not prohibited by other legislation. The general power of competence expressly includes the power to do something for the benefit of the authority, its area, or persons resident or present in its area. The Council also has subsidiary powers under section 111 of the Local Government Act 1972 (LGA 1972) to authorise the provision of a service to facilitate the discharge of a specific function.
- 7.5. The Council has the power to charge for discretionary services under section 93 of the Local Government Act 2003 (LGA 2003). Discretionary services are those services authorised by statute that a local authority is not required to provide but may do so voluntarily (section 93(1)(a), LGA 2003). The Office of the Deputy Prime Minister (ODPM) has published guidance relating to charging for discretionary services entitled 'General Power for Best Value Authorities to Charge for Discretionary Services - Guidance on the power in the Local Government Act 2003' (2003 ODPM Guidance).
- 7.6. A recipient of the discretionary service must agree to its provision and cannot be required to pay for a service they do not wish to receive or use. Anyone who requires the service agrees to take it up on those terms. (section 93(1), LGA 2003). The section 93 charging power does not apply where there is a power to charge for a particular service elsewhere in other legislation or if other legislation expressly excludes an authority from charging (section 93(2) LGA 2003). Section 93 allows the Council to recover the costs of providing services or improvements to services that it might not otherwise be able to justify providing or be in a position to provide. The Council is under a general duty to secure that, from one financial year to the next, the income from charges for services does not exceed the costs of its provision. (section 93(3), LGA 2003).
- 7.7. There are no provisions within section 93 for calculating income and expenditure of discretionary charges. This is left to the Council's discretion. The 2003 ODPM Guidance suggests how income and expenditure should be calculated and suggests that a local authority in deciding on its methodology for assessing costs may find it helpful to draw on the Chartered Institute of Public Finance and Accountancy Best Value Accounting Code of Practice (Code). The

Council can set the level of charge for each discretionary service as long as the income from charges for each kind of service does not exceed the costs of its provision (section 93(5), LGA 2003). The Council does not have to recover the full costs of providing the service if there are policy reasons for limiting the charges in relation to a particular user of the service.

- 7.8. The Council has the power under section 19(1)(a) of the Local Government (Miscellaneous Provisions) Act 1976 (LGMPA 1976) to charge for the provision of recreational facilities and may charge whatever payment it considers to be appropriate. The Council also has the power under section 45 of the Road Traffic Regulation Act 1984 to charge for street parking.
- 7.9. In accordance with the above, the Council has the statutory power to charge the fees and charges outlined in Appendix 2.

8. Carbon Impact

- 8.1. Paper/card, glass and food waste recycling charges are to be frozen to encourage more customers to recycle and increase the council's recycling rates.

9. Equalities Implications

- 9.1. The Council must have regard to its public sector equality duty under section 149 of the Equality Act 2010. In summary section 149 provides that a Public Authority must, in the exercise of its functions, have due regard to the need to: (a) eliminate discrimination harassment, victimisation and any other conduct that is prohibited by or under this Act; (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and (c) foster good relations between persons who share a relevant protected characteristics and persons who do not share it.
- 9.2. Section 149 (7) of the Equality Act 2010 defines the relevant protected characteristics as age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, and sexual orientation.
- 9.3. The Council believes that these proposals do not adversely impact or unlawfully discriminate against any protected characteristics.

If you have any queries about this Report or wish to inspect any of the Background Papers, please contact:

Lyndsey Gamble, Strategic Finance Manager, Strategic Projects and Commercial

APPENDICES

Appendix 1 - Fees and Charges Policy

Appendix 2 - Proposed Fees and Charges by Service Area