

# LONDON BOROUGH OF CROYDON

<b>REPORT:</b>	<b>Cabinet</b>	
<b>DATE OF DECISION:</b>	<b>4<sup>th</sup> December 2024</b>	
<b>REPORT TITLE:</b>	<b>Fees and Charges 2025-26</b>	
<b>CORPORATE DIRECTOR:</b>	<b>Jane West Corporate Director of Resources and Section 151 officer</b>	
<b>LEAD OFFICER:</b>	<b>Allister Bannin, Director of Finance (Deputy S151)</b>	
<b>LEAD MEMBER:</b>	<b>Cllr Jason Cummings, Cabinet Member for Finance</b>	
<b>KEY DECISION?</b>  KDN – 1124CAB	<b>Yes</b>	<b>REASON:</b>  Key Decision – Decision incurs expenditure, or makes savings, of more than £1,000,000 or such smaller sum which the decision-taker considers is significant having regard to the Council’s budget for the service or function to which the decision relates.
<b>CONTAINS EXEMPT INFORMATION?</b>	<b>No</b>	<b>Public Grounds for the exemption: N/A</b>
<b>WARDS AFFECTED:</b>	<b>All</b>	

## 1 SUMMARY OF REPORT

- 1.1 This report details the proposed changes to fees and charges across the Council for the financial year 2025-26.
- 1.2 Fees and charges detailed in this report generally fall into two broad categories:
  - Discretionary - those set at the discretion of local authorities, for example venue charges and commercial waste collection.
  - Statutory/Regulatory - those prescribed by government statute, for example planning fees and charging for residential adult social care.
- 1.3 Cabinet should be aware that many regulatory functions have statutory fees which are set or required to be considered by the relevant regulatory committees as they are precluded from being executive functions.
- 1.4 The level of inflation (CPI 2.3% at April 2024) along with rounding the charge to the nearest 5p, 10p, etc for practical purposes have been key factors in determining the recommended changes. Other factors such as service demand, the projected cost of providing the different services, benchmarking with other

local authorities and the impact of general economic factors including cost of living on the Council's residents have also been considered.

## **2 RECOMMENDATIONS**

For the reasons set out in the report and its appendices, Executive Mayor and Cabinet is recommended to:

- 2.1 Have due regard to the equalities impact assessment in Appendix 2 in making the decisions set out in these recommendations.
- 2.2 Approve the fees and charges as set out in Appendix 1 to the extent that they fall within the authority of the Executive to determine.
- 2.3 Approve delegation for further in-year amendments to fees and charges for the financial year 2025-26, to the relevant Corporate Director following consultation with the relevant Cabinet Member and the Executive Mayor.

## **3. REASONS FOR RECOMMENDATIONS**

- 3.1 Fees and charges are reviewed annually as part of the Council's budget setting process. This ensures that they are set at the appropriate level for the prevailing economic conditions and represent good practice in terms of the Council's aim to provide value for money.

## **4. BACKGROUND AND DETAILS**

- 4.1 The Council provides a wide range of services to residents and businesses. For some of these the Council is entitled to make a charge. Reasons for making a charge include:
  - There is a statutory charge - for example, planning fees and licensing fees.
  - It is the Council's policy to recover its costs in relation to the discretionary or incidental provision of goods or services provided so that they are not funded by the council taxpayer.
  - It may be the Council's policy to partially subsidise a service to encourage take-up (e.g. sports) or to support a policy objective (e.g. bulky waste collections to reduce fly tipping).
  - There is an existing market that would be distorted if the Council did not charge the market rate - for example, trade refuse collection - although charges are still subject to the cost recovery basis set out in statute.
- 4.2 Like other businesses, the Council's costs are affected by economic conditions (including inflation), demand and supply factors. It is good practice for the Council to review its charging policies and the level of charges annually to ensure that they stay relevant and reflect the Council's underlying costs.

- 4.3 The Council is required to ensure that the income from charges does not exceed the costs of provision as this would be contrary to the statutory basis which permits the Council to charge in relation to discretionary or incidental services.
- 4.4 Fees and charges are reviewed annually as part of the Council's budget setting process. This is to ensure that they are set at the appropriate level for the prevailing economic conditions and represent good practice in terms of the Council's aim to provide value for money. The level of inflation (CPI 2.3% at April 2024) along with rounding the charge to the nearest 5p, 10p, etc for practical purposes have been key factors in determining the recommended changes. Other factors such as service demand, the projected cost of providing the different services, benchmarking with other local authorities and the impact of general economic factors including cost of living on the Council's residents have also been considered.
- 4.5 Appendix 1 details the proposed changes to fees and charges for 2025-26. Please note that this is not an exhaustive list of all fees and charges. For example, property rental income and facilities management and utilities cost recharges are excluded.
- 4.6 In relation to fees and charges which relate to non-executive functions, separate approvals will be sought from the relevant Committees or officers. For example, planning fees which are approved by the Director of Planning and Sustainable Regeneration. There are also officer delegations in place from the relevant regulatory committees in relation to certain highways charges (skip licences, scaffolding licences, etc).
- 4.7 Licensing and regulatory related fees are non-executive functions and are reserved for consideration by non-executive committees of the Council. The new proposed licensing fees and charges will be presented to Licensing Committee in early 2025.
- 4.8 For Building Control fees there is existing delegation to the Head of Building Control in the Sustainable Communities, Regeneration and Economic Recovery (SCRER) directorate Scheme of Management for "Authority to modify the Charges Scheme to ensure recovery of the proper costs incurred in performing the Council's building control functions under the Building (Local Authority Charges) Regulation 2010". These fees are therefore excluded from the schedule and officers will ensure that the fact that we have produced a charges scheme will be publicised before any changes come into effect, in line with the regulation.

## Principles

4.9 The following principles have been applied in developing charging policies and setting recommended price levels:

- Charging policy will be one of the following:

Charging Policy	Description
Statutory	The price or price formula is determined by the government
Full cost recovery	The price is set to fully recover direct costs and overheads of the services or goods provided
Subsidised	The price is set at a level below full cost recovery for policy reasons
Market price	The price is determined by the market (although the Council is constrained to a maximum of full cost recovery)

- Charging policies should be reviewed and the level of income maximised in each case within the statutory and policy constraints.
- All new opportunities to charge for Council goods and services should be identified and put into effect.
- It is recognised that some prices are statutory and cannot be changed. Consideration should be given to whether the volume of sales could be influenced to increase or decrease in each case to improve the overall position.
- Full cost recovery means that the price should factor in direct costs, indirect costs such as management, training, etc and central overheads such as facilities, IT and legal services.
- Pricing structures should be simple. Requirement for complex calculation or costing should be removed wherever possible.
- Charges should be 'price pointed'. i.e. rounded to a figure that is easy to remember for customers and to administer. This reflects private sector practice and meets customer expectations.
- There should be transparency concerning charges and the reason for any subsidy. Standard fees and charges should be published on the Council's website.
- Fees and charges should be collected in advance or at point of sale wherever possible. The Council should not offer credit terms (i.e. issue a 30 day invoice

after the service has been provided) unless this is required by law or there is a competitive market that operates on that basis.

## **5 ALTERNATIVE OPTIONS CONSIDERED**

5.1 Whilst the changes to existing and the introduction of new fees and charges follow a review of the current charging regime, other alternatives can be adopted by Members if they so wish. The financial impact of any alternatives will be reflected in the Council's Medium Term Financial Strategy (MTFS).

## **6 CONSULTATION**

6.1 Where changes to individual fees and charges require consultation, this will be carried out.

## **7 CONTRIBUTION TO EXECUTIVE MAYOR'S BUSINESS PLAN**

7.1 The annual review of fees & charges supports the Executive Mayor's Business Plan 2022-2026 objective one "The Council balances its books, listens to residents and delivers good sustainable services".

## **8. IMPLICATIONS**

### **8.1 FINANCIAL IMPLICATIONS**

8.1.1 All directorates have undertaken a review of their fees and charges as part of the annual budget setting process. In general, fees and charges recover some or all of the costs of providing services. This generates income which reduces the cost of services borne by council taxpayers and can also be used to achieve other strategic objectives, such as encouraging the use of particular services. A decision to charge for, or subsidise, services needs to be based on rational consideration.

8.1.2 In general, it is proposed that discretionary fees and charges are increased by a minimum of inflation, unless there is a compelling reason for not increasing at all or increasing by a lesser or greater amount.

8.1.3 The total amount of income generated through fees and charges will depend on price as well as activity. The MTFS currently assumes fees and charges income increases within the General Fund totalling c£1m which contribute towards meeting the overall budget gap.

- 8.1.4 If it is decided not to increase charges in line with inflation, this will generally have the impact of increasing the level of subsidy provided by the Council to service users and alternative savings will need to be found to cover the General Fund budget gap. Once a decision is made to freeze charges, it is difficult to recover the lost income without increasing costs by more than inflation in a future period. The financial implications of freezing charges can therefore be regarded as permanent.
- 8.1.5 Income from fees and charges is subject to risk in relation to other national and local demand factors (e.g. the buoyancy of the local economy) as well as supply factors such as the level of cost inflation. The budget proposals for 2025-26 reflect a prudent view on the level of income generated through fees and charges.

Comments approved by Allister Bannin, Director of Finance (Deputy s151 Officer).

## **8.2 LEGAL IMPLICATIONS**

- 8.2.1 Where the relevant statute sets out a fee or charge for the service in question, the Council does not have a discretion to alter that and nothing within this report will permit such a change.
- 8.2.2 Where the Council is providing a statutory service which the Council is mandated to provide or which the Council has a duty to provide, this is not subject to an authority to charge unless this is set out in the relevant statute and accordingly such matters are not covered by this report or any associated charging policy.
- 8.2.3 There are specific powers to charge for services detailed throughout local government legislation, for example section 19 of the Local Government (Miscellaneous Provisions) Act 1976 permits charging for the use of leisure and recreational facilities and section 38 of the 1976 Act permits entering into agreements with other persons to make full use of local authority computers and equipment. However, specific powers are usually subject to parameters which the Council is required to adhere to in charging for such matters.
- 8.2.4 The Local Government Act 2003 ("the 2003 Act") introduced a general power to charge for the provision of any discretionary service where the power to charge is not covered by other legislation. The discretionary charging powers do not apply to services which an authority is mandated or has a duty to provide. However, councils can charge for discretionary services (that is, services they have power to provide but are not obliged or have a duty to provide by law). In order to do so, the recipient of the discretionary service must have agreed in advance, to pay for the provision of such services. The 2003 Act power cannot be used where charging is prohibited or where another specific charging regime applies. Charging is limited to cost recovery and statutory guidance outlines how costs and charges should be established. In setting the proposed fees, the Council is required to have regard to this guidance.
- 8.2.5 The Council may be able to rely on the subsidiary powers under Section 111 of the Local Government Act 1972 to authorise the provision of a service to facilitate the discharge of a specific function. Where it does so, the Council may under section 93 of the Local Government act 2003 charge for that function related service.

- 8.2.6 In relation to utilisation of the general power of competence in the Localism Act 2011 ("LA 2011"), these charging provisions follow, very closely, the requirements of the 2003 Act to allow local authorities to charge up to full cost recovery for discretionary services. These provisions operate alongside rather than replace the Local Government Act 2003 powers.
- 8.2.7 The power to charge under the LA 2011 is subject to a duty to secure that, taking one financial year with another, the income from charges does not exceed the costs of provision. As with the 2003 Act powers, charging for things done in exercise of the general power of competence is not a power to make a profit from those activities.
- 8.2.8 In relation to fees pertaining to Allotments, the Council must ensure that the relevant statutory provisions pertaining to the Allotment Acts are complied with, in particular in relation to Section 10 of the Allotments Act 1950. The provisions of Section 10 must be taken into account, and the Council must also carry out some kind of valuation exercise.
- 8.2.9 With regard to the Edited Electoral Register the Council must ensure that the provisions of the Representation of the People (England & Wales) Regulations 2001 - which set out, among other matters, the fees which may be charged regarding the edited register - are complied with.
- 8.2.10 Finally, where the introduction of new/altered fees or charges requires consultation and/or engagement with affected users to have been undertaken prior to the proposed changes, officers will need to have satisfied themselves that the appropriate actions have been taken prior to bringing forward these proposals for Members' consideration. Where notice or publication of changes to charges is required in respect of any fees/charges under specific legislative or common law requirements, officers will ensure that the appropriate notices have been published in accordance with the relevant requirements.

Comments approved by the Principal Lawyer, Corporate Law and Litigation, on behalf of the Director of Legal Services and Monitoring Officer, 13.11.2024.

### **8.3 HUMAN RESOURCES IMPLICATIONS**

- 8.3.1 There are no immediate Human Resources implications arising from this report.

Comments approved by Gillian Bevan, Head of HR Business Partnering on behalf of Dean Shoesmith, Chief People Officer, 5 November 2024.

### **8.4 EQUALITIES IMPLICATIONS**

- 8.4.1 Under the Public Sector Equality Duty of the Equality Act 2010, decision makers must evidence consideration of any potential impacts of proposals on groups who share the protected characteristics, before decisions are taken. This includes any decisions relating to how authorities act as employers; how they develop, evaluate and review policies; how they design, deliver and evaluate services, and also how they commission and procure services from others.

- 8.4.2 Section 149 of the Act requires public bodies to have due regard to the need to:
- eliminate unlawful discrimination, harassment, victimisation and any other conduct prohibited by the Act;
  - advance equality of opportunity between people who share a protected characteristic and people who do not share it; and
  - foster good relations between people who share a protected characteristic and people who do not share it.
- 8.4.3 Protected characteristics defined by law include race and ethnicity, disability, sex, gender reassignment, age, sexual orientation, pregnancy and maternity, and religion or belief.
- 8.4.4 Having due regard means there is a requirement to consciously address the three tenets of the Equality Duty within decision-making processes. By law, assessments must contain sufficient information to enable the local authority to show it has paid 'due regard' to the equalities duties; and identified methods for mitigating or avoiding adverse impact on people sharing protected characteristics. Where a decision is likely to result in detrimental impact on any group with a protected characteristic it must be justified objectively.
- 8.4.5 Like many local authorities, Croydon Council utilises Equality Impact Assessments (EQIA) to have due regard to the requirements of the Equality Act. An EQIA has been completed for the proposed changes in fees and charges and is attached to this report.
- 8.4.6 In summary, the EQIA has identified that whilst some of the changes may have an impact, this impact is considered to be minimal. The proposed changes are, in the majority, in line with the CPI inflation rate of 2.3% in April 2024. The EQIA also recognises that the wider economic context, with inflation at historically high levels, may impact residents.
- 8.4.7 Although the impact of changes to the Council fees and charges is considered to be low, the EQIA outlines a number of mitigations that the Council has in place to support residents with fees and charges, many of which provide a positive benefit to protected characteristic groups. A selection of examples from the full EQIA include:-
- There are discounted rates for all leisure centre activities for Croydon residents with disabilities. If a disabled person needs a carer with them in order to access leisure centre services, the carer is entitled to free entry.
  - Croydon Council Leisure Centres offer discounted rates for residents Seniors 60+ years and Juniors 4-15 years.
  - Croydon Council Money Advice Service for advice on paying your bills and debt worries. All advice is independent and confidential.
- 8.4.8 It should be noted that there are a small number of fees and charges that the council is the sole provider for. It is not possible for residents to access services from an alternative commercial supplier. It should also be noted that one household may be affected through paying several fees for a range of services and/or have multiple protected characteristics within the household.



8.4.9 As set out elsewhere in the report, the change in fees and charges contributes to the Council's budget for delivering services to residents. If these are not increased the resulting financial pressures could lead to service reductions which could impact on residents more than the proposed fee changes.

8.4.10 Finally, the EQIA highlights the importance of service departments collecting and using data on their service users to identify the impact on protected characteristic groups. This is an area for improvement and a project is underway with the support of the Head of Profession for Data interpretation, business analytics and insight and the Equalities Manager, reporting to the Corporate Management Team and the Equality, Diversity & Inclusion Board.

Comments approved by Ken Orlukwu, Senior Equalities Officer, on behalf of Helen Reeves, Head of Strategy & Policy, 09/10/2024.

## **9 APPENDICES**

Appendix 1: Fees and Charges Schedule 2025-26

Appendix 2: Equalities Impact Assessment (EQIA)

## **10 BACKGROUND DOCUMENTS**

10.1 None.