



City of Westminster

Cabinet Report

Meeting: Cabinet

Date: 16 December 2024

Classification: Part Exempt

Appendix 2b is marked as exempt from disclosure by virtue of the Local Government Act 1972, Schedule 12A, Part 1, paragraph 1, in that it contains information relating to an individual and paragraph 3 in that it refers to the financial or business affairs of others (including the authority holding that information).

Title: Fees and Charges Review 2024/25

Wards Affected: All

Key Decision: Yes – significant impact

Financial Summary: Budgeted income from fees and charges for 2024/25 is £155m. 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 £2.738m additional income in a full year and £0.058m in 2024/25.

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 2024/25 is £155m. 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 2024 Consumer Price Index (CPI) annual increase of 1.7% is being used as the measure of inflation as it is approximately one year since the last increase in fees and charges were applied.
- 1.5. The majority of uplifts are greater than inflationary increase as they are a result of a commercial analysis of markets and considerations around recovery of costs. 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 fees are included within this report, at paragraph 5.01 – 5.25.

2. Recommendations

It is recommended that Cabinet:

- 2.1. Approve the changes to fees and charges as outlined in **Appendices 2a to 2d** of this report.
- 2.2. Approve that authority be delegated to the Executive Director for Finance and Resources to make minor or technical adjustments to any fees and charges in year, in consultation with the relevant Cabinet Member.
- 2.3. Approve the unchanged 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 2025 at the earliest.

4. Background, including Policy Context

- 4.1. The budget for fees and charges in 2024/25 is £155m. 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 unchanged and 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, taking one financial year with another, should not exceed the cost of provision.
 - 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 as early as practicable.
- 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. Last year a 6.7% inflationary rise was applied to the majority of the fees and charges in order to keep up with cost inflation. However there were a number of above inflation increases applied including Cemeteries (8.8%) and Planning (8.2%).
- 4.4. Inflation has fallen over the last year with the CPI annual increase reaching 1.7% in September. September CPI tends to be the trigger for cost inflation on contracts across the Council. This ensures that cost recovery can be largely maintained.
- 4.5. Both the Bank of England and The Office for Budget Responsibility (OBR) are forecasting inflation to rise to around 2.5% by the end of the year, however the impact of global events make absolute forecasts difficult.
- 4.6. The full year impact of the proposed changes to Council fees and charges is an increase of £2.738m (compared to an increase of £7.829m last year).
- 4.7. A full list of the proposed fees and charges is set out in **Appendix 2a – 2d**.

5. Proposed Changes to Fees and Charges

All increases by inflation of 1.7% and above are detailed below.

Commercial Waste

- 5.1. 7.3% increase proposed. This is to cover the additional cost of service provision to fully offset the 3% average inflationary pressure on the relevant contracts along with an additional upcoming cost pressure on waste

treatment. Overall impact is £1.35m (£800k to cover additional upcoming pressure on waste treatment)

- 5.2. In order to arrive at contract prices, categories of services have been reviewed independently, taking into account how competitive the price is and individual cost drivers.

City Promotions, Events & Filming

- 5.3. An average increase of 3.82% is proposed. The majority of fees have incurred an above inflation increase except for qualifying charity and community groups which remain the same to support local area groups. The rationale behind the remaining above inflation increases is to compensate for qualifying charity and community groups. Overall impact is £0.027m.

Local Land Charges

- 5.4. A 3.01% increase proposed. Demand in this area has fallen due to a number of economic factors such as high interest rates, the cost-of-living crisis and uncertainty within the property market. Overall impact is £0.049m.

Discretionary planning fees

- 5.5. An Average increase of 13.24% is proposed. The majority of fees have had an inflationary increase applied. Areas where an above inflation increase is proposed include medium, major and large- scale pre-applications which have incurred an increase of between 15-90%. Additionally, minor and major Planning Performance Agreements (PPAs) and varying S106 agreements on all developments have incurred a 10% increase. The above inflation increase has been applied following a benchmarking exercise to compare charges with other London local Planning Authorities. Overall impact is £0.330m.

Building Control

- 5.6. Proposed average increase of 26.35% is proposed. Significant changes within the Building Control service following the implementation of the Building Safety Act 2022 have resulted in additional workload and costs, including additional staffing and a necessity for all building control staff to be licensed and registered with the Building Safety Regulator. In order to ensure that the service is recovering the full cost of its fee earning services through the charges set, fees have been increased by up to 28%. Overall impact is £0.202m.

Legal Charges

- 5.7. Proposed increase of 2% proposed on average. Only the Up Front Fee of £250 has not been increased as this is the maximum the authority are legally permitted to collect. Overall impact is £0.015m.

Leisure

- 5.8. 4% increase proposed. This proposal applies to all charges except those relating to 'Health and Wellbeing' which are to be frozen. Income is received as part of contract with Everyone Active. A 30% discount has been applied to school swim lane bookings and the discount to school activities has been increased from 25% to 30% to support young people's access to swimming and other activities. The above inflation increase of 4% will go towards mitigating reduced income of discounts.

Sayer's Croft

- 5.9. 4% increase proposed. The rationale behind this increase is to achieve a cost recovered position and to continue the standardization of discounts offered to Westminster schools and groups. The proposed increase in fees for Non-Westminster customers will better position Sayers Croft alongside its commercial competitors while achieving a cost recovered position. Overall impact is £0.055m.

Food Hygiene Rating

- 5.10. 2.86% increase proposed. This uplift is based on the staff cost change in the 2024/25 pay offer. Overall impact is £0.001m.

Highways

- 5.11. Proposed average Inflationary increase of 2% proposed. Some items are incurring no change, whilst others it is proposed they increase by more than 2% as they have not been reviewed in recent years. There have also been a number of structural changes that have taken place which see the deletion of charges, replaced by a single new charge. Overall impact is £0.238m.

Cemeteries

- 5.12. 8% increase proposed. The proposed changes are necessary to ensure that the cemetery services remain financially sustainable while continuing to provide high-quality services to the community. The proposed uplift in fees reflects pricing for equivalent services across other London Boroughs. Overall impact is £0.024m.

Bulky Household Waste

- 5.13. 6% increase proposed. A benchmarking exercise was undertaken, measuring bulky waste charges for all London councils. The current Westminster bulky waste collection charge is £34 and it is proposed that Westminster raise the charge to £36 which will match the current median average fee across London. Overall impact is £0.008m.

Registrars

- 5.14. An average increase of 7.17% is proposed. The registration Service sets fees to enable full cost recovery at Council owned premises. Fees for registration

Service are set two years in advance, with financial years 2024/25 and 2025/26 set in 2023/24. Setting fees in advance is necessary to allow pre-bookings for ceremonies and offers customers the assurance of a price certainty. This is necessary to cater for advanced ceremonial bookings. Overall impact is £0.258m.

Automatic Public Conveniences

- 5.15. 60% increase proposed. This price increase applies to toilets once they have been fully refurbished, offering visitors and residents public conveniences fit for a modern city. The current price has remained the same since 2012 and the cost of maintaining these sites continues to rise along with the cost of the refurbishment programme. This increase is required to reflect the cost of providing the service. Furthermore, the proposed charge (80p) is in line with the British Toilet Association advice of up to £1. Overall impact is £0.130m

HMO Licensing

- 5.16. 1.99% increase proposed. This is based on staffing cost changes post the current pay offer. There is no financial impact for 2025/26 as the majority of licenses are due to be renewed in 2026/27, when the new HMO license scheme is proposed to commence which is subject to member approval.

All increases below inflation of 1.7% are detailed below

Libraries

- 5.17. An average increase of 1.4% is proposed. The rationale behind this proposal includes a response to the continuing cost of living challenges, community and staff feedback, evolving operational growth and economic demands. The goal is to ensure the long-term sustainability of the service while maintaining accessibility and fairness for all customers. Overall impact is £0.008m.

Paid for Parking

- 5.18. No changes proposed mostly due to the introduction of EBC charging regime in April 2024. The scheme is set to be reviewed 12 months after set up, therefore, an increase in charges in a short time since implementation is not seen to be justified. It should also be noted that WCC are in the process of moving to end-user charging, whereby the transactional costs currently paid by the Council will be passed to the end-user, therefore increasing the cost to the customer by approximately 20-30p in April 2025.

Parking Permits – Trade and Resident

- 5.19. No changes proposed. Trade Permits changed alongside Pay to Park on 8th of April 2024 and Resident Permits were changed in June 2024, to reflect EBC changes. The service consider there is no business justification to increase these charges at this stage.

Suspensions and Dispensations

- 5.20. The charging model for kerbside permissions (Suspensions, SYL dispensations and special permissions) has remained under review, with the intention to adopt Highways' "Traffic Sensitive Streets" (TSS) model approved in 2023. Implementation was rephased to allow for the Parking systems changeover in 2023 and the introduction of the emissions-based charging initiatives for resident parking and pay-to-park in 2024, and is now expected to take effect in 2025 outside of this review.

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

Adult Education

- 5.21. Setting of fees and charges for Adult Education services is delegated to the WAES Board. Decision taken in February 2023 to not increase fees for academic year 2024/25.

Licensing

- 5.22. Licensing 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. Licensing Committee is due to meet in January. A 2% increase is estimated, to be decided upon in January.

Penalty Charge Notices

- 5.24. Penalty Charge Notices are a statutory charge set centrally, they are currently under review by London Councils, however there are indicative outcome dates of reviews as of yet.

Planning Fees

- 5.25. Planning application fees are statutory and are set nationally by Government via the Town and Country Planning Act. (Fees for Applications, Deemed Applications, Requests and Site Visits).

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.
- 6.2. 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.

- 6.3. An estimated £2.8m additional income will be generated in 2025/26 as a result of the F&C uplifts, which is included within the MTFP.
- 6.4. For 2024/25 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. This also includes timelines to update systems utilised to collect income or for individuals to use services. It is estimated that the part year impact would be an increase in income of £.058m. The table below shows a summary of impact across the main service areas.

Fee	Average Uplift (%)	2024/25 Q4 Impact (£m)
City Promotions, Events & Filming	3.82	0.002
Local Land Charges	3.01	0.008
Road Management & CCP	2.00	0.047
Total		0.058

- 6.5. The table below shows the comparative increases across the services between the years. Whilst the changes implemented last year increased income from fees and charges by £7.829m overall, this year the changes result in additional income of £2.738m. Main reasons for reduction in estimated income are fees tracking inflation have decreased from last year (CPI inflation in September has fallen from 6.7% in 2023 to 1.7% in 2024). In addition, no fee uplifts have been made for parking charges this year, parking income making up around £5m of estimated additional income in 24/25.

Fee	2024/25 % change	2024/25 est. Impact (£m)	2025/26 % Change	2025/26 est. Impact (£m)
Kerbside Permissions	-	-	0.00	0.000
Kerbside Permissions Traffic Sensitive Streets	0.00	0.500	0.00	0.000
Parking Permits (Trade EBC)	-	0.090	0.00	0.000
Parking Permits (Residents EBC)	-	0.840	0.00	0.000
Pay to Park (EBC)	-	3.680	0.00	0.000
Commercial Waste	10.00	1.000	7.30	1.350
Licencing & PPL	4.00	0.200	2.00	0.042
Cemeteries	8.80	0.026	8.00	0.024
Bulky Household Waste	6.80	0.015	6.00	0.008
Road Management & CCP	6.80	0.763	2.00	0.238
Local Land Charges	7.98	0.126	3.01	0.049
Building Control	6.80	0.035	26.35	0.202
Planning	8.20	0.199	13.24	0.330
Sports & Leisure	7.80	-	4.00	-
Sayers Croft	6.80	0.101	4.00	0.055
City Promotions, Events & Filming	10.00	0.120	3.82	0.027
Legal	6.80	0.051	2.00	0.015
HMO licences	4.18	-	1.99	-
Food Hygiene	-	-	2.86	0.001
Libraries –Venue & Events Hire	6.80	0.041	1.40	0.008

Registrars	11.00	0.143	7.17	0.258
Public Conveniences	-	-	60.00	0.130
Total		7.829		2.738

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. Emissions Based Charging is to be reviewed in April 2025, following a full year of implementation.

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:

Anthony Lineker, Finance Manager, Strategic Projects and
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APPENDICES

- **Appendix 1** - Fees and Charges Policy
- **Appendix 2a** – Building Control 2024/25
- **Appendix 2b** – EXEMPT Commercial Waste 2024/25
- **Appendix 2c** – Long List of Fees and Charges 2024/25
- **Appendix 2d** – Parking Fees 2024/25