

REPORT TO:	CABINET 17 May 2021
SUBJECT:	Fees and Charges 2021-22
LEAD OFFICER:	Chris Buss, Interim Director of Finance, Investment and Risk
CABINET MEMBER:	Councillor Stuart King, Deputy Leader (Statutory) and Cabinet Member for Croydon Renewal
WARDS:	All
SUMMARY OF REPORT:	
<p>This report requests approval by Cabinet of changes to fees and charges that are made in respect of goods and services supplied by the council to the extent that these fall within the authority of the executive to determine. Cabinet should be aware that many regulatory functions have statutory fees which are set or are required to be considered by the relevant regulatory committees as they are precluded from being executive functions. This represents the first phase of an ongoing review of fees and charges in relation to executive functions. Further reports will be brought to Cabinet as the review is concluded.</p>	
POLICY CONTEXT	
<p>Croydon Renewal Priorities</p> <ul style="list-style-type: none"> • We will live within our means, balance the books and provide value for money for our residents. • We will focus on tackling ingrained inequality and poverty in the borough. We will follow the evidence to tackle the underlying causes of inequality and hardship, like structural racism, environmental injustice and economic injustice. • We will focus on providing the best quality core service we can afford. First and foremost, providing social care services that keep our most vulnerable residents safe and healthy. And to keep our streets clean and safe. To ensure we get full benefit from every pound we spend, other services in these areas will only be provided where they can be shown to have a direct benefit in keeping people safe and reducing demand. <p>Actively setting fees and charges for some goods and services enables the council to deliver its Croydon Renewal priorities by generating revenue to pay for services, adjusting levels of fees and charges to ensure equality of access, managing demand, and providing services that otherwise would not be affordable given the council's means.</p>	

FINANCIAL IMPACT:

With the cost of providing charged-for goods and services going up due to inflation and other factors, the council needs to increase its charges by an equivalent amount to ensure it still continues to recover its costs. Approval of this schedule of fees and charges will result in an estimated overall increase in the council's anticipated income of £165,515 towards an overall budget target of £1m. This represents the increase needed to ensure proportional cost recovery is maintained in relation to the fees and charges in Appendix 1. This is subject to a number of assumptions and risks set out in the report. Further reports will set out changes to the levels of other fees and charges that will bring the council's income into line with the budget.

KEY DECISION REFERENCE NO.: This is not a key decision

The Leader of the Council has delegated to the Cabinet the power to make the decisions set out below:

1. RECOMMENDATIONS:

The Cabinet is recommended to

- 1.1 To approve the fees and charges set out in Appendix 1
- 1.2 Note that the charging policy for Adult Social Care has been amended with effect from 12 April 2021 under delegated authority as set out in paragraph 3.13 below.
- 1.3 To note that a report will be brought to Full Council reviewing the process and delegations for setting fees and charges.
- 1.4 To note that work is being undertaken to reconfigure the way fees and charges are presented on the council website so that they are presented in a user-friendly way that ensures they are easy to find in relation to each area of business and that enables customers to progress transactions easily.
- 1.5 To note that further increases to fees and charges will be brought forward for decision as proposals are developed.
- 1.6 To have due regard to the equalities impact assessment at Appendix 2 in making the decisions set out in these recommendations.

2. BACKGROUND

- 2.1 The council provides a wide range of services to residents and businesses. For some of these the council is entitled to make a charge. For others it is not permitted to do so. 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 tax payer – for example, collecting bulk waste from residential premises.
- 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.

2.2 Like other businesses, the council's costs are affected by demand and supply factors such as inflation. 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.

2.3 The council is required to ensure that, taking one year with another, 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.

3 METHODOLOGY

3.1 This review was carried out by updating the list of fees and charges from the last full review, which was carried out in 2018. The list was also compared with the lists of fees and charges from other councils to ensure it was comprehensive. The updated list in relation to the first phase of this review is attached at Appendix 1. This list does not represent the full range of fees and charges, but only those for which a proposal to increase has been received and a cabinet decision is required.

3.2 Cabinet will be aware that many regulatory functions have statutory fees which are set or are required to be considered by the relevant regulatory committees as they are precluded from being Executive functions. Further reports will come forward for decision to the relevant decision makers, as appropriate, as the remainder of the review is concluded.

3.3 The decision was taken to treat parking charges separately, and they are excluded from this review. Property rental income is also excluded. Licensing and regulatory related fees are non-executive functions and are reserved for consideration by non-executive committees of the Council. There are also officer delegations in place from the relevant regulatory committees in relation to certain highways charges (skip licences, scaffolding licences etc) and although considered as part of the review are not presented in this report for decision as they are non-executive functions.

- 3.4 The approach sought to collect full information about each fee and charge. In addition to the proposed 2021/22 level of charge, this included the name of the responsible officer, the level of the charge in each of the last two financial years, the volumes of sales, the budget, and importantly, the charging policy and credit policy. The opportunity was also taken to consider whether the charge could be paid easily online.
- 3.5 The proposals concerning the new level of charge for the 2021/22 financial year were discussed with the responsible officers to ensure that the charging policy was appropriate and the level of charge met statutory and policy requirements.

4 ISSUES

- 4.1 The Covid-19 pandemic had significantly affected many of the council's charged-for goods and services in 2020/21, with some activities being stopped completely due to lockdown restrictions. Estimating the demand for these goods and services in 2021/22 is challenging in the circumstances.
- 4.2 The review found that statutory fees and charges were up to date and effectively managed, although it was noted that in some cases the government had not reviewed the charge levels for some years and consequently the charges bore little relation to the costs of delivery, resulting in an unintended subsidy of the activity by the council that it has no power to affect.
- 4.3 There were areas of good practice in which charging policies had been well thought through and pricing calculations were up to date.
- 4.4 The council had no routine arrangements in place for a comprehensive annual review of fees and charges. The last time fees and charges had been comprehensively reviewed was in 2018.
- 4.5 Information about fees and charges on the council's website was in some cases out of date and difficult to find.
- 4.6 Some fees and charges were unnecessarily complicated, requiring manual pricing calculations or applying a sliding scale of charges for relatively small amounts.
- 4.7 Where the policy was to recover the full costs of the service, the calculation determining the price often did not include overheads as it should have, which meant that the council was unintentionally providing a subsidised service.
- 4.8 Information about the volume of sales was not readily available, making it difficult to check whether the budget was in line with [price x quantity of] sales. It was noted that the budget was frequently significantly out of line with actual income. In most cases this was attributed to top-down income target setting not resulting in changes to charging policy or prices that would deliver the

target. It was also found that in some cases budgets were not set up in a way that would enable the financial impact of levels of activity to be monitored.

- 4.9 There is no specific reference to fees and charges in the council's financial regulations and separate provisions are made in the departmental schemes of delegation for some matters but not all. In many cases officers were unclear about where the authority to change the charging policy or prices resided and what standards to apply. There are existing delegations of authority to officers from council committees to make the decisions in some areas.
- 4.10 There were some difficulties experienced in obtaining the information needed for the review internally.
- 4.11 Analysis of the coding of income suggests that in some areas income is miscoded – i.e. the actual receipts are not attributed against an income budget.
- 4.12 This report recommends a range of actions to address these issues.
- 4.13 The charging policy for Adult Social Care has been amended with effect from 12 April 2021 under delegated authority to ensure allowances used in the calculation of charges are in line with those as set out in the Department of Health Local Authority Circular 2021/22 - <https://www.gov.uk/government/publications/social-care-charging-for-local-authorities-2021-to-2022/social-care-charging-for-care-and-support-local-authority-circular-lacdhsc20211>. This ensures that those benefiting from the changes will receive them straight away. Under the Care Act, where a local authority has a full charging policy, following a Care Act assessment there is a statutory duty to undertake a financial assessment to identify the level of contribution to their care a resident must make. There are various allowance and discretions that can be applied on a case-by-case basis to ensure there is a fair and appropriate client contribution. An allowance is an amount of income that is ignored when calculating how much someone should pay towards the cost of their care. In relation to non-residential care costs there is a "Minimum Income Guarantee" (MIG) level. Under the Care Act 2014, charges must not reduce people's income below a certain amount but local authorities can allow people to keep more of their income if they wish. This amount is known as the MIG. The change made is to discount the additional premium of £19.70 per week for anyone in receipt of Enhanced Disability Premium or who would be if they were in receipt of income support. Each case is being reviewed individually and qualifying residents will be notified in writing of any change to their contributions.

5 PRINCIPLES

- 5.1 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.
- At the very least there should be an annual inflation increase in prices to reflect the underlying increase in the costs of providing the goods or services. Inflation will be calculated at 2% per annum. For example, in cases in which there has been no increase since 2018, the increase will therefore be 6%.
- 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 HR and Legal. Where this has not been the case the price will be adjusted accordingly.
- 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 web site.
- 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.

6 FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

6.1 Revenue and Capital consequences of report recommendations

6.1.1 The following table shows the value of fees and charges income by department excluding Parking, Education Department charges to Schools, Community Equipment Service, and Corporate Property rental income. These are excluded because the process for setting these charges is different.

6.1.2 The 2020/21 outturn is not yet available. It is expected to show very significant shortfalls in income from fees and charges in most areas due to the impact of the Covid19 pandemic. The outturn figures would not, therefore, provide a helpful comparison in relation to expectations for 2021/22 [however it should be noted that 75% of non-commercial income losses are recoverable from government Covid19 grant]. The table instead includes the 2019-20 outturn, which should offer a closer comparison.

Department	2019/20 Actual	2020/21 Budget	2021/22 Budget
	£m	£m	£m
Place (excluding parking income and corporate property rental income)	21.005	16.284	14.703
CFE (excluding income from schools)	0.183	0.226	0.226
HWA	52.864	46.353	48.859
Resources (excluding community equipment service)	7.305	3.998	5.246
Income from Fees and Charges	81.357	66.861	69.034

6.1.3 The table shows that the budgeted income for 2021-22 is set considerably below the level of income achieved for 2019-20 in most areas. While this may mean that budgets are generally set too low, it is not possible yet to draw that conclusion. At this stage of the process there is a low level of confidence in the accuracy of the budgeted figures as well as the accuracy of the outturn figures.

6.1.4 Analysis at a more detailed level shows significant variances in some areas. This may simply be due to budget alignment and miscoding, but it may also be due to genuine variances between budgets and actuals that potentially pose a risk to the council's budget position. A full review of these income budgets is required to ensure that the budget is robust and forecasting can be relied upon.

- 6.1.5 At a product line level, it is rarely the case that there is a one-to-one mapping with the income code. In the absence of data about sales volumes, which has proven very difficult to obtain, it has not been possible to conclude the review and further work is required that will be reported to Cabinet at a future date.
- 6.1.6 Further factors that will determine the level of sales are set out in the section on risk below, and these also may lead to significant changes in the levels of income received.
- 6.1.7 An overall increase of £2.173m is noted between 2020/21 and 2021/22 budgets. This represents an expected increase of 3.249% overall. However, this is principally the net result of changes to services.
- 6.1.8 Price increases shown in Appendix 1 will have a further effect on actual income as summarised in the following table, and further reports will be brought to Cabinet recommending changes to price levels in respect of other charges that will also increase income:

Summary of Appendix 1 Increases by Service and Product					
Department	Service	Income Budget (£)	Average Increase (%)	Increase in Income (£)	Notes
Resources	Legal & Democratic Services (Elections)	0	100	0	These products have to be available by statute but have low or nil demand
Resources	Address Management - street naming and numbering	161,000	4	6,440	Some charges increased by more than 4%
HWA	Adults - Telecare	Not available	2	10,000 (estimated)	Budget covers wider range of activity
HWA	Adults – Deferred Payment Agreement	Not available	2	10,000 (estimated)	Budget covers wider range of activity
HWA	Registrars	856,000	1.5	12,840	
HWA	Bereavement Services	2,733,000	1.5	40,995	
Place	Waste Management	506,000	7	35,420	
Place	Sports & Greenspaces	200,000	15	30,000	
Place	Community Safety & Protection - Auctions	Not available	1.19	0 (estimated)	Budget covers wider range of activity for which increases are subject to delegated decision arrangements
Children, Families and Education	Support to schools – non education services	Not available	2.5	20,000 (estimated)	Budget covers wider range of activity

6.2 Risks

6.2.1 The most significant risk facing the council in relation to fees and charges is the ongoing impact of Covid19. In financial year 2020/21 the council's income was significantly reduced by Covid19 due to closure of council operations such as leisure and sports facilities, libraries, and reduction in demand for council services – e.g. planning, enforcement, licensing. The council received compensation from the government for this loss of income in the form of grant income in 2020/21 at 75% of losses but whether there will be further compensation announced for 2021/22 is not known. It is not clear what the impact of Covid19 on council fees and charges will be in 2021/22 as this will be contingent upon government decisions about lockdown restrictions and the rate at which infection reduces due to the vaccination programme.

- 6.2.2 Income from fees and charges is also 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.
- 6.2.3 Government decisions concerning the level of statutory charges also represent a threat to income levels, particularly when there is no annual uplift to ensure charges keep pace with costs.

Approved by: Matt Davis, Deputy Section 151 Officer

7 LEGAL CONSIDERATIONS

- 7.1 The Head of Litigation and Corporate Law comments on behalf of the Director of Law and Governance that 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.
- 7.2 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 according such matters are not covered by this report or any associated charging policy.
- 7.3 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 those provisions are subject to parameters which the council is required to adhere to in charging for such matters.
- 7.4 The Local Government Act 2003 (“the 2003 Act”) introduced a general power to charge for the provision of any discretionary service. 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 published in 2003 https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/8310/151291.pdf outlines how costs and charges should be established and that guidance remains in force. In setting the proposed fees, the Council is required to have regard to this guidance.
- 7.5 A local authority may be able to rely on the subsidiary powers under section 111 of the LGA 1972 to authorise the provision of a service to facilitate the discharge of a specific function. If reliance were to be placed on this power, it

would be necessary to be satisfied that the function in question is incidental to the discharge of statutory functions of the Council. Where this is established, the local authority may charge under section 93 for that function-related service.

- 7.6 This power in relation to incidental services is subject to the restriction in S 93 that it cannot be used to raise income – i.e. you could not use it to generate a profit, but could rely on it to charge equivalent to the costs of provision of the “service” which is incidental to the statutory function.
- 7.7 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.
- 7.8 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.
- 7.9 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 Allotment Act 1950.
- 7.10 With regard to the Edited Electoral Register the Council must ensure that the provisions of the Representation of the People (England & Wales) Regulations (RPR) 2001 - which set out, among other matters, the fees which may be charged regarding the edited register - are complied with.
- 7.11 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.

Approved by Sandra Herbert, Head of Litigation and Corporate Law on behalf of the Director of Law and Governance & Deputy Monitoring Officer

8 HUMAN RESOURCES IMPACT

- 8.1 None.

9 EQUALITIES IMPACT

- 9.1 See attached equalities impact assessment at Appendix 2.
- 9.2 The charging policy for adult social care is the subject of a separate report and equality analysis and is out of scope for this report. Parking charges are also subject to separate analysis and decision-making, and out of scope for this report.
- 9.3 The fees and charges in Appendix 1 represent approximately one third of the total range of fees and charges the council makes. Further reports will be brought forward to Cabinet or through the relevant decision-making committees to deal with the remainder.
- 9.4 Where charges increase above the underlying wage inflation this may have a negative impact where the protected characteristic is associated with low income levels. However, there are no instances of this except for where prices are increased to 'catch up' when they have not previously been increased since 2018.
- 9.5 The key point in relation to the increases in fees and charges set out in this report is that the increases relate to inflation and are therefore neutral in terms of their effects upon protected groups.

Approved by: Yvonne Okiyo, Equalities Manager

10 ENVIRONMENTAL IMPACT

- 10.1 None

11 CRIME AND DISORDER REDUCTION IMPACT

- 11.1 None

12 DATA PROTECTION IMPLICATIONS

12.1 WILL THE SUBJECT OF THE REPORT INVOLVE THE PROCESSING OF 'PERSONAL DATA'?

YES – The processing of fees and charges involves the processing of customer data such as name, address, and the service required by the customer.

12.2 HAS A DATA PROTECTION IMPACT ASSESSMENT (DPIA) BEEN COMPLETED?

NO - not required as the arrangements for processing personal data in relation to fees and charges are not directly under review as a result of this report. Any process change resulting from the recommendations will be subject to a DPIA and the results will be reported as part of the decision-making process.

CONTACT OFFICER:	Chris Buss, Interim Director of Finance, Investment and Risk
APPENDICES TO THIS REPORT:	Appendix 1 – Croydon Council Fees and Charges 2021/22 Appendix 2 – Equality Analysis
BACKGROUND DOCUMENTS:	None