Annex

Fees and Charges Policy

1. Introduction

Income from levying fees and charges for discretionary local public services forms a critical part of the Council's overall resources. The total level of charges levied by Cheshire East Council (CEC) makes up approx. 11% of the total income to the Council (2025-26 Budget Report), providing funds to meet the corporate objectives of CEC and reducing the amount required to be raised from Council Tax.

The purpose of this policy is to establish a framework and principles for setting, reviewing, and managing fees and charges for services provided by Cheshire East Council. The framework confirms the Council's overarching policy that charges for services should fully recover their costs, unless there is a specific decision by the authorised decision maker(s) to subsidise the charge to the payers. The application of this policy will ensure the Council has a consistent, fair, and transparent approach to all the charges that it makes for discretionary services.

2. Scope

This policy applies to:

- Discretionary services that the Council has the power to provide, but does not have a duty to provide and where charging is permitted under legislation;
- Statutory (non- discretionary services) which the Council has a duty to provide and where charging is permitted but where the level of charge is determined locally by the Council.

This policy does not apply to:

- Council Tax and Business Rates;
- Statutory services where the level of charge is determined nationally by central Government e.g. planning application fees;
- Contributions to the cost of care, as defined by the Care Act 2014 and other relevant legislation;
- Commercial property rents;
- Services provided to other public bodies under the Local Authority (Goods and Services) Act 1970, which permits the body providing the service to make a surplus.

3. Legal Framework

The Council's powers to charge are derived from:

- Local Government Act 2003 (Section 93) – allows charging for discretionary services on a cost recovery basis and for councils to trade and create a profit in activities on a commercial basis through a council owned company.
- Localism Act 2011 (Section 3) – General Power of Competence, enabling charging and trading where not otherwise prohibited.
- Local Authorities (Goods and Services) Act 1970 allows councils to provide services to each other and with other designated public bodies.
- Other relevant legislation specific to service areas.

In most circumstances, councils, when setting discretionary charges, are permitted to recover the full cost of providing the service. As levels of income are dependent on demand and therefore difficult to predict, the legislation permits councils to balance income and expenditure over a period of time (between 1-3 years). This allows councils to address any under or over recovery issues when setting charges for future years.

4. Charging Principles

The Council will apply the following principles when setting and reviewing charges:

Maximise income – where permitted by legislation, the Council will seek to maximise income from fees and charges to ensure that subsidies from Council Tax payers are kept to a minimum.

Full Cost Recovery - The default position is that charges for discretionary services should reflect the full cost of service, including overheads. It is only in limited circumstances, where demand for the service is elastic (i.e. where demand varies in line with price changes), that a full cost approach may not be possible.

Approval for subsidies - Where charges for discretionary services are set at a level below the cost of provision, then approval must be sought for this subsidy in line with the governance set out in this policy.

Subsidy reduction/removal – wherever possible subsidies for discretionary services should be reduced with the intention of removing all subsidies completely. Where there is a multi-year transition to full cost recovery, then this must be approved in line with the governance set out in this policy.

Benchmarking/comparisons - Charges for discretionary services should be benchmarked against other local authorities and, where the Council is operating in a competitive market, against other service providers.

Transparency - Charges must be clear, published, and communicated in advance to service users.

Annual Inflation uplift - where permissible, charges will be subject to an annual inflationary uplift, which will be set centrally. Fees cannot be frozen from one year to the next and any proposal to do so requires political approval. Where permitted by legislation, and where practicable, it is proposed that annual increases take effect from 1st January each year, starting from January 2027. This means that in 2026-27 there will be two inflationary linked increases – one taking effect from April 2026 and another from January 2027.

Annual Review – all charges must be reviewed each year as part of the annual budget setting process.

Payment - service users should pay in advance of service delivery unless there is a clear rationale for collecting the income in arrears.

5. Types of Charge and cost recovery approach

Type	Objective	Approver
Full Cost Recovery	The Council wishes to make the service generally available. The full cost of service provision is recovered and there is no subsidy.	In line with Finance Procedure Rules
Full Cost Recovery with concessionary discounts	The Council wishes to make the service generally available and is prepared to subsidise the service to ensure target groups such as young people/senior citizens have access at a reduced cost.	Corporate Policy Committee
Subsidised	The Council wishes to make the service generally available but has agreed that services users should not pay the full cost of providing the service. It will therefore be subsidised by council tax payers.	Corporate Policy Committee
Nominal	The Council wishes the service to be generally available but sets a small charge to discourage misuse.	Corporate Policy Committee
Statutory	Charges are set in line with statutory obligations and central government requirements.	N/A
Fully Funded	The Council has decided to fully fund the service which are provided free at the point of service.	Corporate Policy Committee

When calculating the total cost of delivering a service guidance is available from the Chartered Institute for Public Finance and Accountancy (CIPFA). This provides the ability to recover all the cost in the organisation, including a proportion of all central and unallocated overheads including democratic costs, depreciation interest, working capital costs and any pension back funding costs.

The main categories of costs to include in the calculation of total costs include:

Category of Cost	To include
Direct Service Costs	• Total salary costs of staff delivering the service (incl. oncosts) • Other service costs involved in delivering the service i.e. administration, and management
Corporate and Support Service costs	• Accommodation • ICT • Finance & Procurement • Legal • Audit • Democratic services • Communications • Transformation
Financial costs	• Depreciation • Interest on loans • Debt collection and bad debt write off

Differential service levels and pricing – where appropriate services should consider the merits of adopting differential charging to reflect those instances where the standard level of service is uplifted to an enhanced level.

6. Governance and Approval

The Council may wish to provide discretionary services with no charge or charge at a level that does not fully recover the cost of providing the service. This decision means that the Council has decided that general Council Tax payers should subsidise the provision of the service. Such a decision could be made in order to support the delivery of a key corporate policy or objective. All decisions to provide a subsidy and/or concessionary pricing for a discretionary service must be approved by Corporate Policy Committee . Where a subsidy has been approved, then the reason for the provision of the subsidy should be recorded and reviewed every three years.

Where Corporate Policy Committee does not approve a subsidy or concession, then the full cost of providing the service must be charged. If this makes the provision of the service unviable then it should cease to be provided.

Any proposal not to increase the charge year on year for a discretionary service in line with the corporately set inflation rate must also be approved by Corporate Policy Committee.

Any proposals to introduce new fees and charges should be considered by Corporate Policy Committee and take into account the outcome of any consultation and equalities and impact assessment.

Each year the full schedule of fees and charges will be presented to Council for approval as part of the Council's budget setting process. The final officer recommendations on all fees and charges will be made by the Executive Director of Resources.

7. Administration

Charges must be published and communicated clearly so that users of discretionary services are aware of the charges prior to ordering a service. VAT must be applied as required, with charges to members of the public quoted inclusive of VAT. It is expected that payment will be collected in advance off the service being delivered, unless there is a strong and explicit rationale for collecting the income in arears.

8. Review

Charges, and any decision not to charge, will be reviewed by services annually in sufficient time to allow the impact of any changes to be included in the budget setting process. All charges are expected to be increased by CPI unless there are exceptional reasons for not doing so and approval for this treatment has been secured in line with the governance set out in this policy.

In addition to this annual light-touch review of all charges, services should undertake a thorough review every three years; this review will provide assurance that all costs are still being recovered. The Finance service will advise on appropriate overheads and the full cost recovery position.

This policy will be reviewed at least every three years or as required by legislative changes or any other major change.

9. Recording of Fees and Charges

Services are expected to maintain a schedule of all fees and charges levied. This schedule should include and separately identify those charges that are set nationally. The schedule should include the date of the most recent date in-depth review and, where applicable, the date of the Corporate Policy Committee to approve a subsidy or concession.

The Council's complete schedule of fees and charges are reviewed each year as part of the Medium Term Financial Strategy process and the schedule will be published as part of the agenda pack for the Council's annual budget setting meeting in February of each year.