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Item

Public



Fees and Charges Pricing Policy

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1. Synopsis

A new corporate fees and charges policy will help ensure effective and consistent management of discretionary service charges across the Council, supporting financial stability and sustainability aligned to Council priorities.

2. Executive Summary

- 2.1. To ensure the Council's financial stability and onward journey to sustainability it is necessary for a corporate approach to be taken towards the effective management of fees and charges for the Council's chargeable services. The report introduces a corporate fees and charges policy, applicable to all discretionary services where a charge can be made. This will help ensure the Council maximises opportunities to generate income where appropriate and in turn enables financial resources to be utilised more effectively, to support service delivery and ultimately the Council's priorities.
- 2.2. This policy will be subject to annual review to ensure it continues to reflect the needs and aspirations of the Council. The setting of fees and charges will be incorporated into the annual Medium Term Financial Strategy and budget setting timetable and a further report with details of the 2026/27 fees and charges amounts will be presented to Council in February 2026.

- 2.3. The overall aim of the fees and charges policy is to ensure that fees and charges are set within a framework of value for public money for all our residents and businesses. It allows the council to have a properly considered, consistent and informed approach to all the fees and charges it levies for its discretionary services. This will in turn support the Council's journey towards financial sustainability and the delivery of the Council's priorities.
- 2.4. The policy introduces a consistent, organisation-wide framework for setting, reviewing, and managing all council fees and charges for discretionary services. Its core objective is to move towards Full Cost Recovery as the default position for discretionary services, thereby enhancing the financial sustainability of services in the context of the declared financial emergency (Sept 2025).
- 2.5. The Council does not have full discretion for all fees and charges as some are set nationally, whilst others are governed by certain restrictions, for example inflationary increases only. The Council does, however, have powers to charge for some services under various legislation dating back many years e.g. 1949 Prevention of Damage by Pests Act. The Local Government Act 2003 provides clarity over charging powers and is clear that a local authority can charge for discretionary services based on recovering the full costs of providing the service but that it should not make a profit year on year. The same Act also covers a local authority's power to trade whereby a profit/surplus can be made if trading is carried out through a company. This report concentrates on charging for discretionary services. A key point to note is that charges should be set at the right level to balance the subsidy between service user and taxpayer.
- 2.6. The policy includes consistent principles:
1. **Cost Recovery as Default** – Users of discretionary services should normally pay the full cost of the service, unless a subsidy is approved for policy reasons.
 2. **Transparency** – Charges and the reasons behind them should be clear to service users and decision-makers.
 3. **Affordability and Accessibility** – Fees must not create unnecessary barriers, and concessions should be targeted to those who most need them.
 4. **Consistency** – Similar services should be charged on the same basis across the Council.
 5. **Regular Review** – All discretionary fees and charges should be reviewed at least annually, with changes linked to the budget cycle.
 6. **Market Awareness** – Benchmarking against other councils and providers to ensure charges are competitive and justifiable.
 7. **Legal Compliance** – All charges must be in line with statutory powers and restrictions.
 8. **Value for Money** – Fees and charges should contribute to efficient, sustainable services.

These principles ensure that fees are:

- Fair and transparent for service users
- Aligned with our corporate priorities and statutory duties
- Set at a level that supports the financial sustainability of services
- Applied consistently across the organisation

2.7. The setting of fees and charges will be incorporated into the annual Medium-Term Financial Strategy (MTFS) and budget setting timetable in line with the annual process. Incorporating these reviews into the service/financial planning process will also permit consideration of cross-cutting issues and impacts in the context of wider policy objectives. This policy will form the basis of the Council's fees and charges calculations for consideration each year, prior to the formal approval of the MTFS at full Council in February. Table 1 below shows the total fees & charges income included within the original 2025/26 budgets of £103.86m and the split between discretionary and non-discretionary amounts.

	2025/26		
	Total	Discretionary	Non-Discretionary
Total Fees and Charges	£103.86m	£55.12m	£48.74m
% split		53.07%	46.93 %

Table 1: 2025/26 Total Fees and Charges as approved in February 2025.

2.8. As can be seen from the table above, there is a slightly higher proportion of income raised from discretionary fees and charges, totalling £55.12m. Table 2 below shows the main services areas making up most of this discretionary total.

Service Area	£m
Shire Services	5.93
Work Placement	3.29
Corporate Landlord	10.02
Car Parking	7.00
Theatre Services	6.34
Waste Management	5.90
Finance & Technology	1.75
Registrars & Coroners	1.05
Other*	13.85
Total Discretionary Income	55.12

Table 2: Breakdown of 2025/26 discretionary fees and charges income

* A further breakdown can be found in Appendix 1 Fees & Charges 2025/26 Council February 27th 2025

2.9. The policy attached at Appendix 1 details the principles and process for the calculation of fees and charges. Officer responsibilities are also set out for Service Directors and Service Managers, alongside the governance requirements.

2.10. The standard assumption is that all fees and charges will be increased in line with CPI (a national inflation index that excludes mortgage costs) although some prices are subject to other indexation or must reflect changes to the underlying cost base that may be above or below this average inflation. In setting the level of fees and charges, the Council will have regard to the following principles:

- The level of fee set by statute
- Recovery costs and overheads
- Comparison with commercial offers
- Benchmarking with other councils
- Impact on behavioural change, including avoiding perverse incentives
- Considerations around pricing strategies and elasticity (for example, by setting fees too high, demand for the service may reduce. Equally setting fees too low may create unsustainable service demand)

2.11. The Council will also have regard to the Public Sector Equality Duty (PSED) placed upon us by the Equality Act 2010

3. Recommendations

- 3.1. It is recommended that Cabinet Members:
- a. Consider the Fees and Charges Policy attached at Appendix 1
 - b. Recommend to Council the approval and adoption of the Fees and Charges Policy for 2026/27 and incorporation into the Medium-Term Financial Strategy and budget setting process in February 2026.

Report

4. Risk Assessment and Opportunities Appraisal

- 4.1. The introduction of the fees and charges policy provides an opportunity to maximise income generation for the Council where applicable and ensure a consistent and transparent approach.
- 4.2. User demand for services may be affected by pricing, it will be necessary therefore to monitor service usage closely to ensure appropriate action, in line with this policy is taken where necessary to address any adverse effect.
- 4.3. Given that there are likely equality and health and wellbeing impacts arising from the introduction of this policy an ESHIA has been carried out at this stocktake point. This is attached in the appendices.
- 4.4. At this stage the impacts are considered to be neutral to low negative for people in the protected characteristic groupings of age and disability as defined by the Equality Act 2010. The Council also considered impacts are likely to be neutral to low negative in regard to people in our additional local grouping of social inclusion, given access to service challenges across our large rural county. These impacts will be kept under review along with reference to good practice elsewhere and ongoing engagement across services.

4.5. Risk table:

Risk	Impact	Likelihood	Mitigation Strategy
R1: Public/Political Backlash: <i>Increased visibility of fees, particularly those moving to full cost recovery, could lead to adverse public reaction and political challenge at a sensitive time during the financial emergency.</i>	High	Medium	Implement clear communication strategies (Transparency Principle), providing at least one month's notice, and clearly articulating the policy reasons (subsidies) for services that remain below full cost recovery.
R2: Legal Challenge (Ultra Vires Charging): <i>The Council is legally restricted to recovering only the cost of providing a discretionary service. Errors in cost calculation (e.g., including non-allowable costs or making a profit) could lead to a Judicial Review, requiring refunds and generating adverse publicity.</i>	High	Low	Mandatory use of the Cost Recovery Calculator , which is signed off by the relevant Finance Business Partner, to ensure only legally recoverable direct, indirect, and overhead costs are included in the charge.
R3: Non-Compliance Across Services: <i>Services may lack the time or expertise to use the Cost Recovery Calculator or fail to complete the mandatory annual review, leading to inconsistent pricing and unrecovered costs.</i>	Medium	Medium	Finance/PMO team to provide ongoing training and support on the costing tool and review process. Auditing of compliance to be integrated into the budget preparation timeline to ensure accountability.
R4: Reduced Accessibility/Demand Impact: <i>Moving services to full cost recovery or increasing fees too quickly could create unnecessary barriers, particularly for vulnerable groups, leading to a reduction in service demand.</i>	High	Medium	Carry out ESHIAs where proportionate in regard to fee changes. Concessions/subsidies will be targeted and budgeted to account for impact upon people in protected characteristic groupings.
R5: Impact on Rural Communities/Market Failure: <i>Implementing uniform fees may disproportionately affect isolated and/or rural areas of Shropshire, where lack of local alternatives or increased travel costs makes the Council service the only viable option, potentially risking an implicit market failure.</i>	Medium	Medium	Where appropriate, the policy allows for differential charging based on geographic location or specific community need to maintain accessibility, subject to a robust assessment by the Service Manager and review by the Portfolio Holder.

5. Financial Implications

5.1. Shropshire Council continues to manage unprecedented financial demands, and a financial emergency was declared by Cabinet on 10 September 2025. The overall financial position of the Council is set out in the monitoring position presented to Cabinet on a monthly basis. Significant management action has been instigated at all levels of the Council reducing spend to ensure the Council's financial survival. While all reports to Members provide the financial implications of decisions being taken, this may change as officers and/or Portfolio Holders review the overall financial situation and make decisions aligned to financial survivability. All non-essential spend will be stopped and all essential spend challenged. These actions may involve (this is not exhaustive):

- scaling down initiatives,
- changing the scope of activities,

- delaying implementation of agreed plans, or
- extending delivery timescales.

5.2. The adoption of the Fees and Charges Pricing Policy is fundamental to mitigating the Council's critical financial risk and forms an essential part of the medium-term financial strategy.

5.3. The policy will drive a rigorous, evidence-based approach to income generation across the entire organisation. Specifically, it has the following financial implications:

5.3.1. **Protecting the Budget:** By mandating an annual review and the use of the Full Cost Recovery Principle as a default, the Council will systematically ensure that discretionary services do not leak budget through unintentional subsidies or failure to capture real operating costs (direct, indirect, and overheads).

5.3.2. **Maximising Revenue Potential:** The unified framework enables Services to confidently and compliantly set charges that maximize revenue potential, helping to close the budget gap and support the overall financial sustainability of the Council.

5.3.3. **Governance and Audit:** The policy enhances financial governance by standardising the consultation, approval, and publication of charges, reducing risks associated with non-compliant or arbitrary fee setting.

6. Climate Change Appraisal

The Fees and Charges Pricing Policy is a corporate governance document focused on financial principles, processes, and legislative compliance.

6.1 Expected Outcome: No Effect.

6.2 Energy and fuel consumption, Renewable energy generation, Carbon offsetting or mitigation: There is no direct effect on these areas, as the policy itself is purely procedural and financial. Any changes to fees and charges that do have a physical or operational impact (e.g., changes to parking fees, waste charges) will require a separate, mandatory climate change appraisal summary to be completed at the point of service charge implementation, as required by the Council's standard reporting procedures.

6.3 Climate change adaptation: The policy indirectly supports the ability to fund future adaptation strategies by ensuring the Council's financial resources are maximized and protected.

7. Background

7.1. The Council currently faces critical financial challenges, making the maximisation of legitimate and compliant income streams a non-negotiable component of its financial recovery plan.

- 7.2. Historically, the approach to setting and reviewing fees and charges has been highly decentralised, leading to inconsistency. This has resulted in an added pressure on the Council's budget.
- 7.3. The Fees and Charges Pricing Policy has been developed to introduce clear guidance and a consistent standard for services to follow, requiring mandatory annual reviews and the application of full cost recovery principles unless an explicit, policy-driven decision is made to subsidise. The policy, which supersedes all previous guidance, has been subject to review by the Transformation & Improvement Scrutiny Committee prior to this Cabinet submission.

8. Additional Information

Statutory and Discretionary Charges Legislation

- 8.1. Statutory services are those services that an authority is mandated to or has a duty to provide, fees and charges in respect of these services are either set by Government or based on full cost recovery.
- 8.2. The Local Government Act 2003 provides a general power to charge for discretionary services (services that an authority has the power, but is not obliged to, provide). Additions or enhancements to mandatory services above the standard that an authority has a duty to provide may be provided as discretionary services.
- 8.3. The Council may generate income from the public through charging and trading for services that exceed the statutory requirements or are added value optional services, such as pre-application planning advice.
- 8.4. In general terms, the Council may not make a profit on its charging activities or subsidise other services and cannot charge for services that customers do not choose to use. A profit may be defined as a surplus received in excess of the full cost of delivering the service. Full cost includes all direct costs, such as pay and materials, and also indirect costs including overheads such as finance, accommodation, HR and IT.
- 8.5. In accordance with the Localism Act 2011 and 'general powers of competence' contained within it, the Council may trade in any eligible service permitted by the Council's constitution. If, however, the Council wants to make a profit it must conduct this commercial activity via a separate company. Any such company must comply with competition law and standard trading legislation; however, services can be traded within the public sector environment, without resorting to a company.

9. Conclusions

The Council faces critical financial pressures which necessitate the immediate and rigorous application of best practice in income generation. The Fees and Charges Pricing Policy provides a consistent framework to address historical inconsistencies and ensure transparency on the basis for fees and charges. Its adoption will embed the principle of Full Cost Recovery as the default, ensure

legal compliance across all service areas, and provide the transparency necessary for effective financial planning and decision-making. Approval of this policy is therefore essential to strengthen the Council's financial sustainability and mitigate its overarching financial risks.

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)

[Fees and Charges report 2025/26 Council February 27th 2025](#)

Local Member:

Appendices

Appendix 1 - Fees and Charges Policy

Appendix 2 – ESHIA re-pricing