

Title: Fees and Charges 2025/26  
Lead Officer: Tony Sidhu (01926 456810)  
Portfolio Holder: Councillor Chilvers  
Wards of the District directly affected: All

<b>Approvals required</b>	<b>Date</b>	<b>Name</b>
<b>Portfolio Holder</b>		Councillor Chilvers
<b>Finance</b>	30/09/24	Steven Leathley
<b>Legal Services</b>		
<b>Chief Executive</b>		Chris Elliott
<b>Director of Climate Change</b>		
<b>Head of Service(s)</b>	03/10/24	Andrew Rollins
<b>Section 151 Officer</b>	03/10/24	Andrew Rollins
<b>Monitoring Officer</b>		Graham Leach
<b>Leadership Co-ordination Group</b>		
<b>Final decision by this Committee or rec to another Cttee / Council?</b>	Recommendation to: Council on 27 November 2024 from Cabinet	
<b>Contrary to Policy / Budget framework?</b>	No	
<b>Does this report contain exempt info/Confidential? If so, which paragraph(s)?</b>	No	
<b>Does this report relate to a key decision (referred to in the Cabinet Forward Plan)?</b>	No	
<b>Accessibility Checked?</b>	Yes	

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## Summary

The report details the proposals for discretionary Fees and Charges in respect of the 2025 calendar year. It also shows the latest Fees and Charges 2024/25 income budgets, initial 2025/26 budgets and the actual out-turn for 2023/24.

## Recommendation(s)

- (1) That Cabinet recommends to Council the Fees and Charges proposals set out in Appendix A to the report, to operate from 2 January 2025 unless stated otherwise.
  - (2) That Cabinet recommends to Council the changes proposed by Everyone Active to the core products and prices from January 2025, in line with the agreed contract.
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## 1 Reasons for the Recommendation

1.1 The Council is required to update its Fees and Charges in order that the impact of any changes can be fed into the setting of the budget for 2025/26. Discretionary Fees and Charges for the forthcoming calendar year must be approved by Council.

### 1.2 Fees and Charges Guidelines

- 1.2.1 In accordance with the Financial Strategy and Code of Financial Practice it is appropriate to consider certain other factors when deciding what the Council's Fees and Charges should be:
- The impact of the Fees and Charges levels on delivery of the Council's Corporate Strategy.
  - The level of prices the market can bear including comparisons with neighbouring and other local authorities.
  - The level of prices to be sufficient to recover the cost of the service and the impact on Council Finances, where this is not the case.
  - The impact of prices on level of usage.
  - The impact on the Council's future financial projections within the Medium-Term Financial Strategy.
  - Ensuring that fees, in particular those relating to licensing, reflect the current legislation. The regulatory manager has to ensure that the fees charged should only reflect the amount of officer time and associated costs needed to administer them.
  - Whether a service is subject to competition from the private sector, such as Building Control. This service has to ensure that charges set remain competitive within the market.
  - Income generated from services including Building control, land charges and licensing is excluded from the Medium-Term Financial Strategy and is managed through ring-fenced accounts, due to the legislation and criteria under which they operate.
  - Management of the Council's Leisure Centres is by Everyone Active. The contract definition states that 'The Contractor shall review the core products and prices in September of each year and submit any proposed changes to the Authority for approval (the "Fees and Charges Report")'. RPI from June is used to set the core fees and charges in agreement with the Councils designated officer, the Sports and Leisure Manager. RPI in

June 2024 presented an annual inflation rate of 2.9%. Appendix C outlines the core fees.

- 1.2.2 An assumption underpinning the Council’s Medium Term Financial Strategy (MTFS) is that Fees income will be increased by 10% per annum until 2027/28. Managers have been challenged on ensuring income maximisation and cost recovery where appropriate, and have provided commentary on the rationale behind some of the charges highlighted in Appendix B.
- 1.2.3 As part of a review into the longer term viability of this assumption within the MTFS first introduced at Budget setting 2023/24, an external review of our fees and charges was commissioned in May 2024.
- 1.2.4 The review has been carried out by Commercial Gov, and has focused on 10 key areas of Fees and Charges. The findings of the review have been shared with service managers.
- 1.2.5 The review by Commercial Gov has been assessed by service managers, with either the recommendations implemented in full, or reasoning provided as to why adopting these as outlined is either not viable or recommended.
- 1.2.6 Commercial Gov benchmarking indicated that while a 10% increase in fee income could be achieved for 2025/26 (if all recommendations were adopted), ongoing increases of 10% per annum thereafter would be increasingly difficult to deliver. Commercial Gov’s recommended approach for future years would see the Council adopt a fees and charges policy which tracked more closely to CPI. This indicates a substantial a gap that will need to be addressed in the context of the MTFS as part of the 2025/26 budget process.
- 1.2.7 In addition to the work carried out by Commercial Gov, historical fees and charges data has been analysed to see:
- Whether prior year targets have been achieved in setting budgets,
  - How actual income generated compares with the original budget set
  - How the budget target compared with CPI
  - How significant new fees introduced (such as green waste charging) impacted upon the delivery of budget target and actual income received.
- 1.2.8 Appendix D provides a summary of this analysis, covering the period 2019-20 to 2024-25. From the summary, in years where a fee target was set at a level above CPI, unless there was a significant new charge introduced, the budget approved fell short of the target. However, the budget set was always above that year’s CPI.

	<b>19/20</b>	<b>20/21</b>	<b>21/22</b>	<b>22/23</b>	<b>23/24</b>	<b>24/25</b>
CPI	2.40%	1.70%	0.50%	3.10%	10.10%	6.70%
MTFS target	2%	3.00%	15.00%	15.00%	15.00%	10.00%
Budget Increase	4.00%	5.14%	5.58%	3.33%	27.65%	8.02%
Budget Increase (exc. significant new charges)	4.00%	5.14%	5.58%	2.51%	8.75%	8.28%

1.2.9 However, in all years the actual income generated from fees and charges on general fund services fell short of the budget set.

	<b>19/20</b> <b>£'000</b>	<b>20/21</b> <b>£'000</b>	<b>21/22</b> <b>£'000</b>	<b>22/23</b> <b>£'000</b>	<b>23/24</b> <b>£'000</b>
Budget	7,058	7,421	7,835	8,096	10,334
Actual	6,647	6,584	7,545	7,561	9,973
Variance	-5.83%	-11.27%	-3.70%	-6.60%	-3.50%
Variance (excluding significant new charges)	-5.83%	-11.27%	-3.70%	-15.22%	-3.73%

1.2.10 It should be noted that the period covered by this review includes years where there was a direct impact from COVID-19. The Council's response to the pandemic, driven by the loss of significant income sources (at times due to national policy such as lockdowns), can be seen in the fee targets set (15%) and the fall in actual income received (in 2020/21 and 2021/22).

1.2.11 With inflation (CPI) in August 2024 at 2.2%, with a national target of 2%, this reinforces the Commercial Gov benchmarking data that a year on year 10% increase would be unlikely to be achieved.

1.2.12 Importance should therefore be placed on how service demand and delivery is maximised to achieve the MTFs assumptions rather than on a reliance of above inflation fee increases, which may not even be possible for fees regulated by cost recovery or those set within a competitive commercial environment. Cabinet expects proposals to continue to come forward to the Change Programme to deliver services in a way that delivers better outcomes and value for money for the public.

## **2 Alternative Options**

2.1 The alternative options would be to either:

2.1.1 Leave all fees and charges at 2024 levels, or increase at a reduced level. This would increase the level of savings to be found through the Change Programme over the next five years unless additional activity could be generated to offset this.

2.1.2 Implement all Commercial Gov recommendations in full. The proposals put forward by the review suggested that £599k of additional income could be achieved in 2025/26 just from the areas reviewed. £104k of this income was previously not factored into the 10% assumption within the MTFs.

2.1.3 Increase at a level higher than proposed in the report. Excessive increases could deter usage where the take up is discretionary. Customers may choose to use the service less frequently or use an alternative supplier where one is available.

2.1.4 The judgement and expertise of managers was taken into consideration when assessing the two options presented in 2.1.2 and 2.1.3. In some instances, it was deemed that the options were unrealistic and may ultimately result in income reducing due to competition or reduced customer retention. Where

possible, managers have used the insights and information proposed by Commercial Gov to propose different approaches to achieving the same or similar levels of income, and these have been included within the proposals.

- 2.2 All of the above are considered not to be realistic options given the increased cost of delivering some services, the current position of the Financial Strategy, and the level of savings required.

### **3 Legal Implications**

- 3.1 The fees proposed in the report are set in line with current legislation where applicable.

### **4 Financial Services**

- 4.1 As part of the Budget setting process for 2023/24, a target of 10% was agreed in respect of additional income generated from discretionary fees and charges for 2023/24, and thereafter up to 2027/28 within the Medium-Term Financial Strategy (MTFS). Consequently, Budget Managers have been tasked with seeking to achieve this increase on charges within the Council's control to set. Some fees and charges are subject to legislation which dictates what value can be charged, and therefore may not have been able to be considered for increases as part of this process. These have been set in accordance with such legislation and service knowledge provided by the managers. Further, in some instances, service managers have proposed smaller increases or even fee reductions where necessary to maximise income generation through increased demand. Such decisions are intended to contribute towards the Council addressing the deficit position as presented in the latest (MTFS).
- 4.2 As a result the fees and charges outlined in Appendix A, the report presents an overall forecast increase in General Fund income of £699,900, or 7.56% when compared to the latest forecast income for 2024/25. Amounts totalling £933,000 were originally factored into the MTFS as at 2024/25 Budget Setting. This excludes the additional income from certain ring-fenced charges (Building Control, Licensing and Land Charges).
- 4.3 Appendix A also outlines an increase in income within the Housing Revenue Account of £16,000, or 2.45%. This will be factored into the HRA budgets and Business Plan.
- 4.4 The revenue effects of the proposed Fees and Charges are summarised in the following table (ring fenced accounts have been removed):

<b>General Fund Services</b>	<b>Actual 2023/24 £ '000</b>	<b>Forecast 2024/25 £ '000</b>	<b>Proposed 2025/26 £ '000</b>	<b>Change 2024/25 - 2025/26 %</b>
Safer Communities, Leisure & Environment Services	107	118	123	13.25%
Customer & Digital Services	31	61	69	13.22%
Housing – GF	295	197	228	51.23%
Neighbourhood & Assets	7,665	8,312	9,002	5.39%
Place, Arts & Economy	443	572	537	-0.74%
<b>Total General Fund Services</b>	<b>8,542</b>	<b>9,260</b>	<b>9,960</b>	<b>7.56%</b>
<b>Housing Revenue Account</b>	<b>587</b>	<b>652</b>	<b>668</b>	<b>2.45%</b>

4.5 A breakdown of the key drivers of the 2025/26 Fees and Charges is provided in Appendix B to the report.

4.6 As noted in section 4.2, the budgeted fee income is £233,100 less than that assumed within the MTFS. This will therefore have an adverse impact upon the Council being able to set a balanced budget for 2025/26, without having to deliver further efficiencies through the Change Programme. It will also likely necessitate the use additional reserves in the short term while further schemes are developed. The MTFS last approved in February 2024 indicated that £2.4m would be required from reserves to balance the budget.

4.7 The current forecasts for 2024/25 and 2025/26 will be further reviewed as part of the Budget setting process (Report due February 2025). Managers will also continue to review their projections for reporting within the quarterly budget monitoring reports.

## **5 Corporate Strategy**

5.1 Warwick District Council has adopted a Corporate Strategy which sets three strategic aims for the organisation.

5.2 Delivering valued, sustainable services. Setting the fees and charges for the upcoming year is an integral part of the budget setting process for the Council. Discretionary fees are a key income stream for the Council, and one that it has the most control over. Other funding sources, such as those delivered through the Local Finance Settlement, have not kept pace with increased service cost and demand. Fees and charges forms one strand of the Change Programme approved by Council in March 2024.

5.3 Low cost, low carbon energy across the district.

5.4 Creating vibrant, safe and healthy communities of the future.

## **6 Environmental/Climate Change Implications**

6.1 Not applicable.

## **7 Analysis of the effects on Equality**

- 7.1 The impact of Fees and Charges (and possible increases) are assessed by Service Area managers, with concessions offered in some areas to ensure all residents can access these services, if required. In particular, a number of fees are set with the purpose of supporting community activity. Considerations have been made to protect vulnerable and protected groups, keep prices competitive, or keep prices in-line with neighbouring authorities.

## **8 Data Protection**

- 8.1 Not applicable.

## **9 Health and Wellbeing**

- 9.1 Some fees and charges are linked to health and well-being activities. Fees proposed have been considered in conjunction with the service areas to ensure any negative impacts are minimised, and mitigations such as those outlined in 7.1 are in place if required.

## **10 Risk Assessment**

- 10.1 Increasing prices could deter usage where the take up is discretionary. Customers may choose to use the service less frequently or use an alternative supplier where one is available.
- 10.2 A 10% increase had been assumed within the Council's MTFS for increases to discretionary fees and charges for 2025/26, and thereafter up to 2027/28. With inflation (CPI) in August at 2.2%, with a national target of 2%, an importance should be placed on how service demand and delivery is maximised to achieve the MTFS assumptions rather than on a reliance of above inflation fee increases, which may not even be possible for fees regulated by cost recovery or those set within a competitive commercial environment.
- 10.3 Future social and economic changes cannot be foreseen. In recent years, we have seen significant events such as COVID-19, and the cost of living crisis underpinned by high inflation and interest rates have significant impacts upon some of the fee generating services. Further pressures within the wider economy may result in a decline in the Council's income, which if not replaced, would have implications for the MTFS. It will be important for the Council to identify opportunities that could also generate additional income.
- 10.4 Managers will review activity levels over the next few months, with any revised forecasts being built into the Final 2025/26 Budgets presented to Members in February 2025. Budgets are monitored and reviewed by Managers on at least a monthly basis throughout the year, with formal reports to Cabinet on a quarterly basis.

### **Background papers:**

Fees and Charges 2024/25 (Cabinet 02 November 2023 – Item 4) to Council 15 November 2023

Q1 Budget Report 2024/25 (Cabinet 04 September 2024 – Item 7) to Council 02 October 2024

### **Supporting documents:**

WDC Code of Financial Practice