

<b>Item No.</b>	<b>Classification:</b> Open	<b>Date:</b> 15 January 2014	<b>Decision Taker:</b> Cabinet Member for Children's Services
<b>Report title:</b>		Children's Services – Fees and Charges 2014/15	
<b>Ward(s) or groups affected:</b>		All	
<b>From:</b>		Strategic Director of Children's and Adults Services	

## RECOMMENDATION

1. That the Cabinet Member agrees the proposed non-statutory fees and charges for 2014/15 as follows:
  - No changes to the early years centre fee structure operational since 1 July 2013;
  - Continuation of transitional arrangements for children at the early years centres preceding 1 July 2013;
  - Increase the Youth and Play Services Fees in line with inflation.

## BACKGROUND INFORMATION

2. This report sets out proposals for the fees and charges to be set for Children's Services for 2014/15.
3. In accordance with The Medium Term Resource Strategy (MTRS) and the corporate income policy require that:
  - Fees and charges are increased to a level, at a minimum, that is equal to the most appropriate London average (e.g. inner London, family, groupings etc) except where this conflicts with council policy, would lead to adverse revenue implications or would impact adversely on vulnerable clients
  - Income generation is maximised by seeking income streams in line with council policies and priorities.
  - All fees and charges capped by statute are increased to the maximum level the cap allows.
4. Only where it can be demonstrated that adverse financial implications might arise or where increases are not considered realistic due to demand and local circumstances, can fees or charges increases be set at a lower level than that set by the MTRS.
5. The council's constitution requires that all fees and charges increases are agreed by the relevant Cabinet Member through an IDM report. An IDM report is also required where no increase or a reduction in fees and charges is proposed.

## **KEY ISSUES FOR CONSIDERATION**

6. Fees and charges are those charges where there is a schedule of rates for services provided. There are various types, namely mandatory and discretionary i.e. where the Authority must charge or where there is a choice of charging or not. Whether mandatory or discretionary, the charges will be either:
  - Fixed – where the level of charges is set by statute and the Authority has no discretion.
  - Capped – where a maximum level is set, generally by statute and so charges cannot be set above this level, or
  - Flexible – where there is full discretion on the level of charges to be set
7. Where the Authority has a choice about charging, any decision not to charge must be agreed by the relevant Cabinet Member. This will be reviewed annually and will be considered within the context of the overall budget position.
8. This report only seeks approval for fees and charges for which there is discretion. No Children's Services charges are fixed or capped.
9. In arriving at the proposed fees and charge levels, consideration has been given to a number of factors, including; volume assumptions, benchmarking data, market forces and sensitivity i.e. the impact that increases will have on its customers' ability to pay and the take-up of services. Another factor taken into account is that, whilst Southwark may have discretion over the level of fees set, in many cases, this is on a cost recovery basis or must have due regard to the cost of service and be reasonable. The cost of service provision has therefore, also been a consideration in arriving at the proposed fees.

### **Fees and Charges Proposals 2014-15**

10. In 2014/15 it is proposed that the majority of fees and charges would be:
  - Subject to inflationary increases of 2.7% (based on RPI);
  - Further, where possible, fees would reflect inner London average rates (where available).
11. The childcare provision in the four Centres has been subject to a specific fees structure review; implemented 1 July 2013; no inflationary increases are proposed this year. It is proposed that transitional support is continued for children that attended these Centres prior to the new fee structure being implemented.
12. A full list of non-statutory fees and charges to be approved are shown in Appendix A. The following sections set out the approach taken for the Fees and Charges proposals within Children's Services.

### **Early Years Centres**

13. There are four Early Years Centres – providing childcare for ages 0-5:

- Aylesbury
- Bishop's House
- Camberwell Grove
- South Bermondsey

This is a discretionary service.

14. In 2012-13, the previous fee structure was reviewed as part of a review of the operating model, staffing and fees of the four Centres, to meet significant budgets savings required of £800,000 over 2012-14. A consultation on the fees policy was undertaken during November 2012 which influenced the revised fee policy. This revised charging model was implemented from 1 July 2013. It is proposed to maintain the existing level of fees for 2014-15, in recognition that the new fee structure was implemented less than a year ago.
15. As part of this new charging model, in line with other providers, the EYC operate a single fixed daily fee model (covering up to ten hours available care) for all new children. For existing parents who previously utilised the eight hour daily rate (with flexibility to purchase additional hours) transitional arrangements will continue. From September 2014, these parents will also move to the single daily fixed fee model, however, increases per child will be limited to:
- £5 a week for Band 1
  - £10 a week for Band 2
  - £20 a week for Band 3

Each parent will be supplied with their new rate and the transitional rate by 31 March 2013; the transitional rate will be applicable from 1 September 2014 until 30 August 2015.

16. The fee structure is based on three bands as set out below.

<b>Fee Band</b>	<b>Definition</b>
Band 1	Lowest rate for Southwark families receiving support with childcare costs through Tax Credits or Universal Credit.
Band 2	Reduced rate for Southwark residents receiving child benefit payments but not receiving support with childcare costs through Tax Credits or Universal Credit
Band 3	Standard rate for non-Southwark residents, and for Southwark families either not receiving child benefit or paying the High Income Child Benefit Charge at the top rate (this applies to families where one parent is earning more than £60,000)

Further, the levels of fees are calculated to take into consideration the free entitlement for education for eligible two, three and four year old children; as set out in the Appendix.

## **Youth Centres**

17. Fees and charges within the Youth service consist of entrance fees and subscriptions at Youth Centres, plus gym hire. There are 9 Youth Centres based throughout the borough and one gym. Following the unrest in summer 2011 and the Council's community conversations it was identified that young people needed more things to do. Therefore, it is important that the fees

charged are not a barrier to young people accessing positive activities in Youths Clubs.

18. For this reason, admission fees at Youth Clubs were not increased in 2012-13 and 2013-14, however, it is proposed that for 2014-15 the admission fees will be increased by 2.7% inflationary rate in line with the MTRS. The income for Youth Service was £39,121 in 2012-13; and this is not expected to materially change during 2014-15.

### **Damilola Taylor Centre**

19. Charges for services available in the Damilola Taylor Centre have remained static for 4 years. In line with the MTRS, it is proposed that they are increased by the rate of inflation and rounded where necessary. It is not felt that these increases will significantly affect the demand for the services. There will be a review of charges when the centre is refurbished; the refurbishment is in progress at present. The income for the Centre in 2012-13 was £9,801; this is not expected to materially change during 2014-15.

### **Belair Recreation Rooms**

20. Charges for services available in the Belair Recreation Rooms have not been previously set out. This has now been set out in the appendix and prices are in line with benchmarking.

### **Play Service**

21. Fees and charges are made for the following services:
  - Easter and summer holiday play scheme
  - Use of the Kart Track at Burgess Park
  - Fees for badge machines
  - Hire of facilities (super inflatable, badge making equipment, music equipment)
  - Hire of specialist workers
22. The following changes are proposed for the Play Service:
  - Fees for the Easter & Summer holiday play scheme have been increased by inflation. In accordance with the MTRS, these rates have been benchmarked with local authorities. Historically, Southwark rates for holiday play schemes have been below other local authority rates, and therefore, an inflationary increase will bring our rates closer to the average.
  - The charge for provision of badge machines and cutter has increased by 4.3% as a result of an increase in material costs.
  - The cost for hiring super inflatable (bouncy castles) has increased in line with inflation.
  - The fee for hiring specialist workers (play-workers, face painters, sports coaches and musicians) has increased in line with inflation
  - Fees for using Burgess Park Kart track have been increased to reflect fuel and running costs. Burgess Park Kart track aims to fully recover its costs, and therefore, these price increases are required to achieve this.

## **Bellenden Old School**

23. Charges for services available in the Bellenden Old School have remained static for last few years. In line with the MTRS, it is proposed that they are increased by the rate of inflation and rounded where necessary. It is not felt that these increases will significantly affect the demand for the services. It is proposed to increase these by inflation. The income for the Centre in 2012-13 was £32,630; this is not expected to materially change during 2014-15.

## **Policy implications**

24. The proposed charges are in line with the MTRS to inflate fees by inflation and/or to recover costs.

## **Community impact statement**

25. The changes outlined in this report will affect those users currently paying for services (principally parents and carers), and the users of the service (young people within Southwark). The possibility that usage of services could decline as a result of any proposed increases has been considered by managers when setting the level of fees and charges.
26. In considering the impact of the childcare fees for parents accessing the Council run childcare services the banding system mitigates the impact where one family member is earning less than £60,000. Please note that Early Years Centres are able to access the Working Families Tax Credit to contribute to the costs of childcare for working parents and Officers continue to work proactively with parents to ensure maximum take-up of this entitlement.

## **Consultation / Notification of fee increases**

27. Notice of one month is generally given in respect of proposed increases in Children's Services department fees and charges.

## **Resource implications**

28. The proposed increases in charges set out in this report will generate moderate increases in income totaling in the region of £50,000.

## **Financial implications**

29. The proposals set out in this report have been drawn up in accordance with the Medium Term Resource Strategy agreed by Executive. The financial implications are as set out in the report.

## **Consultation**

30. A consultation on the fees policy was undertaken during November 2012 which has influenced the revised fee policy.

## SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

### Director of Legal Services

31. The Cabinet Member for Children's Services is asked to approve the 2014/15 non-statutory fees and charges as outlined in this report. The recommendations will take effect on 1 April 2014 if approved.
32. The approval of the fees and charges sought in this report is a matter reserved to the Cabinet Member for individual decision making in accordance with Part 3D paragraph 3 of the Council's constitution.
33. The proposed increases are intended to be consistent with the Medium term resources strategy and will apply to the existing non-statutory fees and charges subject to those charges not exceeding the costs of the provision.

## BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Medium Term Resources Strategy 2011-12 to 2013-14	Tooley Street	020 7525 2684

## APPENDICES

No.	Title
Appendix A	Children's Services - Proposed Charges 2014/15

## AUDIT TRAIL

<b>Lead Officer</b>	Romi Bowen, Director of Children's Services	
<b>Report Author</b>	Nicholas Ajaegbu, Departmental Finance Manager	
<b>Version</b>	Final	
<b>Dated</b>	15 January 2014	
<b>Key Decision?</b>	Yes	
<b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER</b>		
<b>Officer Title</b>	<b>Comments Sought</b>	<b>Comments Included</b>
Director of Legal Services	Yes	Yes
Strategic Director of Finance and Corporate Services	Yes	Yes
<b>Cabinet Member</b>	Yes	Yes
<b>Date final report sent to Constitutional Team</b>	15 January 2014	