

Item No.	Classification: Open	Date: 15 February 2011	Decision Taker: Cabinet Member for Culture, Leisure, Sports And The Olympics
Report title:		Adult Learning Service – fees and charges 2011/2012	
Ward(s) or groups affected:		All	
From:		Strategic Director of Environment & Housing	

RECOMMENDATION

1. That the Cabinet Member agrees the proposed non-statutory fees and charges for 2011/12, with an implementation date of August 1, 2011 and is notified of the indicative non-statutory fees and charges for 2012/13 and 2013/14.

BACKGROUND INFORMATION

2. The Medium Term Resources Strategy (MTRS) 2010/11 – 2012/13 and the corporate income policy require that:
 - Fees and Charge 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.
3. 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.
4. 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

5. 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

6. 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.
7. This report only seeks approval for fees and charges for which there is discretion or where fees are capped, although, all fees and charges are included in the Appendices for information.
8. In arriving at the proposed fees and charge levels, consideration has been given to a number of factors, including; volume assumptions, benchmarking data (see Appendix 2), 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.
9. Table 1 (see paragraph 16) details the total income expected to be generated from non-statutory fees and charges. A full list of non-statutory fees and charges to be approved are shown in Appendix 1. There are no statutory fees and charges within the Adult Learning Service.
10. It is proposed that fees within the service be increased by varying degrees in 2011/12. These increases are discussed in greater detail in paragraphs 12 to 14.

PROPOSED FEES FOR 2011/12

11. The planned increase in crèche fees is 20% for 2011/12, as they have not been increased for a number of years and at the current £5 an hour are very low when compared to the cost of providing the service. The primary Skills Funding Agency grant is for adult learning- the SFA only contributes a nominal £15k per annum towards childcare. This would pay for the day care of 2 or 3 children only. Day care provision currently costs the Adult Learning Service about £85k per year, which means that provision is heavily subsidised. This is clearly not sustainable and therefore income from this service has to be increased. This approach is also the approach the SFA takes; it expects the childcare service to be run on a cost recovery basis.
12. The standard course fee for courses subsidised by the SFA is to be increased by 2.8%, from £3.60 per hour to £3.70 per hour. For the remaining 3 fee types it is recommended that there is no increase. Two of the fees (the means tested concessionary fee and the registration fee) directly affect deprived students, and the third fee was introduced as a new fee in 2010/11- based on learner feedback received it is recommended that this fee remain unchanged. Some providers, for example, Morley college have concessionary rates for a select number of courses only. Southwark adult learning service offers concessionary fees for all its courses. The final fee type, namely Skills for Life course fees are fully subsidised by the SFA and thus free.

13. An attempt was made to produce benchmarking data, but it was found that fee structures at the various institutions involved with adult learning differ radically. As an example, whilst Southwark has one standard concessionary fee, Lewisham Community College has separate concessionary fees for non accredited, accredited level 1 and accredited level 2 courses.

Resource Implications

14. Table 1 show the budgets and projected out turn for 2010/2011 and the anticipated income levels for 2011/2012 arising from the proposed fees and charges increases.

Table 1 – Adult Learning Service budget and actual income figures

Income area	2010/11 Budget	2010/11 Projected outturn	2011/12 Proposed budget	Average increase in income	Comments
	£	£	£	%	
- Adult Learning	49,896	50,000	50,894	2.0%	

15. As can be seen in Table 1 actual income for 2010/11 is forecasted to be in line with the budget target.
16. There are no staffing implications to be considered.

Community Impact Statement

17. One of the key considerations in arriving at the proposed levels was the price sensitivity i.e. the impact that increases will have on customers’ ability to pay and the take-up of services. In addition, concessionary fees apply for community groups, the young, the elderly, and for those on means tested benefits. Obviously, all this needs to be balanced with the Council’s MTRS, as outlined in paragraph 5 and the requirement to increase fees and charges year on year

Consultation / Notification of fee increases

18. Consultation is not required on the above fees and charges. However, formal notification of price increases is required. Once approved, notification of fee increases will be published through the appropriate channels.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Communities, Law & Governance (SB022011)

24. The Cabinet Member for Culture, Leisure, Sports and the Olympics is asked to approve the 2011/12 non-statutory fees and charges as outlined in this report. The recommendations will take effect on 1 August 2011 if approved.

25. Section 93(1) of The Local Government Act 2003 enables the Council to charge for providing discretionary services. The power in the Act is subject to the requirement that the authority are not prevented from charging for the services elsewhere in legislation. The Strategic Director of Communities, Law & Governance is not aware of any specific legislative provision which would prevent the Council relying on these powers to charge.
26. The power to charge for a service under the Act is also subject to the duty to make sure that taking one financial year with another, the income from charges made from a service does not exceed the cost of the provision of the service.
27. The Council is, therefore allowed to set the level of the charge for each discretionary service that it thinks fit and considers reasonable, subject to those charges not exceeding the costs of the provision.
28. The report confirms how the legal requirements for consultation on the proposed fees and charges and notification of any proposed increases are to be complied with. Officers should ensure that all forms of notification explain how and to whom any complaints or queries should be made.
29. 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.
30. 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.

Finance Director (Env/ET/060111)

31. This report seeks authority for approving the fees to be charged by the Adult Learning Service in 2011/2012. It is only concerned with fees and charges where the Council has discretion about the level to be charged.
32. The current Medium Term Resources Strategy (MTRS) states that discretionary fees and charges are to be increased to a level that is equal to the most appropriate London average, except where this conflicts with Council policy or would lead to adverse revenue implications.
33. The Adult Learning Service is proposing to increase current fees and charges by an average of about 2%. As these increases will not lead to adverse revenue implications, this proposal is in line with the MTRS .

APPENDICES

No.	Title
Appendix 1	Detail of proposed Adult Learning fees 2011/12 to 2013/14

AUDIT TRAIL

Lead Officer	Gill Davies, Strategic Director Environment & Housing	
Report Author	Adrian Whittle, Head of Culture Libraries Learning and Leisure	
Version	Final	
Dated	15 February 2011	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments included
Strategic Director of Communities, Law & Governance	Yes	Yes
Finance Director	Yes	Yes
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Officer	15 February 2011	