

Classification Open	Date: March 2011	Decision Maker: Cabinet Member for Children's Services
Report title:	Children's Services – Fees and Charges 2011/12	
Ward(s) or groups affected:	All	
From:	Strategic Director of Children's Services	

RECOMMENDATION

1. That the Cabinet Member agrees the proposed non-statutory fees and charges for 2011-12 as set out in Appendix 1.

BACKGROUND INFORMATION

2. This report sets out proposals for the fees and charges to be set for Children's Services for 2011-12.
3. The Medium Term Financial Strategy (MTFS) 2011-12 – 2013-14 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.
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 MTFS.
5. The Council's constitution requires that all fees and charges increases are agreed by the relevant Cabinet Member through an Individual Decision Maker (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. There are no Children’s Services charges that 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.
 10. A full list of non-statutory fees and charges to be approved are shown in Appendix A.
 11. It is proposed that for 2011-12 the majority of fees and charges within Children’s Services are increased to at least the inner London average. Where this would lead to an unreasonable increase in charges in the first year, it is proposed that the increase be phased over two years. Where fees are already set at the Inner London average current, no inflationary increase will be applied in line with the MTFS.

Early Years Service

12. For 2009-10 it was agreed that the fees structure for the Early Years Service should be altered to introduce an element of means testing so that those more able to afford the full cost fees are charged accordingly. Two ‘bands’ were agreed charging varying amounts dependent on whether parental earnings were above or below the threshold for Working Family Tax credits.
13. It was agreed that charges for the lower band should be set at £205 for 2009-10. This was equal to the maximum level of tax credits that a family could claim. Charges for the higher band were set at £215, equal to the 2008-09 rates inflated by 4% as directed by the Councils Medium Term Financial Strategy. These higher charges have only been applied to new users of the service from 2009-10. The charges were set by reference to benchmarking data regarding the charges made in other Inner London boroughs. It should be noted that the current charges remain in line with benchmarking data. Charges relating to children already in provision were not increased.
14. A charge of £5 per hour for ‘extended hours’ was also agreed to reflect the high cost of early and late provision.
15. It is expected that by now the majority of the users will now be charged at the higher rates. The fact that the higher charges are only being levied in respect of new users of the service means that the full financial impact of the new regime

will be achieved in 2011-12.

16. As the current charges remain in line with the benchmarking data, it is proposed that no further increases are made to charges for the Early Years Service for 2011-12.

Youth Service

17. Fees and charges within the Youth service consist of entrance fees and subscriptions at Youth Centres, plus gym hire and minibus hire. The Youth Service delivers to a Council priority group of users. There is a high sensitivity to prices amongst young people in Southwark.
18. For this reason, admission fees at Youth Clubs were not increased in 2010-11.
19. As part of the review of youth service, it is expected that mini bus hire service will be discontinued from 1 April 2011.
20. It is proposed for 2011-12 that all other charges for the Youth Service are retained at current level.

After School and Holiday Club Service

21. Fees and charges are made for holiday play schemes and for daily after school child care. The service operates a policy of charging affordable, flexible and sustainable fees to working parents, many of whom may be entitled to child tax credits.
22. A programme of transferring the after school clubs to the management of the schools is now underway. Half of the clubs will be transferred by September 2011, with the remaining clubs planned for March 2012.
23. In setting fees for 2010-11 account was taken of the following benchmarks which showed that the level of Southwark charges was below the Inner London average. Benchmarking for this service has been undertaken by the Daycare Trust, as a number of services within inner London have been transferred to external providers and schools, the information is less relevant.

	2010-11 LBS CHARGES	INNER LONDON AVERAGE 2008-9
After School Club	£28	£40
Holiday Club – Normal Day	£48	£57.60
Holiday Club – Extended Day	£56	£68.25

24. Benchmarking data for 2009-10 now shows the following position with regard to the 2010-11 charges levels, those set for 2010-11 and the Inner London average:

	2010-11 LBS CHARGES	PROVISIONAL 2011-12 CHARGES	INNER LONDON AVERAGE 2009-10
After School Club	£28	£30	£32*
Holiday Club – Normal Day	£48	£52	£62.70
Holiday Club – Extended Day	£56	£61	No longer available

* The Inner London average charge for After School Clubs is now based on provision of 15 hours. This has been scaled back to reflect the fact that Southwark's charges are based on provision of 12.5 hours.

25. In 2010-11, fees at after-schools clubs were increased by 3.7%. No significant impact on take-up of the service has been reported.

Play Service

26. Fees and charges are made for the following services:
- Hire of the Mobile Play Unit
 - Use of the Kart Track at Burgess Park
 - Membership and loan charges at Toy Libraries
 - Hire of facilities (super inflatables, badge making equipment, music equipment)
 - Hire of specialist workers (e.g. face painters, sports coach)
27. The increases proposed for the services provided by Play better reflect the commensurate commercial rates charged. Due to the loss of grant subsidy, the services provided by the mobile play unit will need to be self financing by the end of the summer programme. Some packages have an increased fee, due to an increase in the service offered. (e.g. additional staff provided, delivery included).

Toy Library

28. The Toy Library Service only generates a very low level of income per year (£8k to date in 2010-11). In 2009-10 yearly membership charges were increased for organisations and out of borough residents, but were not increased for Southwark based residents and childminders. This was not changed in 2010-11.
29. No increases in these charges are recommended for 2011-12 because this service is subject to review.

Resource Implications CS0130

30. Decisions taken in 2009-10 with regard to charges for the Early Years Service will have generated additional income to the Children's Services budget of some £78,400 in 2010-11. This should remain the same in 2011-12.
31. The proposed increases in charges set out in this report for the After Schools Service should generate further increases in income of £29,100 in 2011-12.
32. Any additional income generated as a result of the increased charges levels are built in to the Children's Services department revenue budget proposals.

Community Impact Statement

33. 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 the proposed increases has been considered by managers when setting the level of fees and charges.
34. Users of the Early Years and After Schools Services are able to access the Working Families Tax Credit to offset the financial impact of the charges made by the Council in these areas. Officers continue to work proactively with parents to ensure maximum take-up of this entitlement. Parents in receipt of Income Support are not charged for After Schools provision.

Consultation / Notification of fee increases

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

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Strategic Director of Communities, Law & Governance

36. The Cabinet Member for Children's Services is asked to approve the 2011-12 non-statutory fees and charges as outlined in this report. The recommendations will take effect on 1 April 2011 if approved.
37. 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.
38. 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.
39. The approval sought under this report is a matter reserved to the Cabinet Member for individual decision making under paragraph 3, Part 3D of the Constitution and is therefore within the remit of the Cabinet Member for Children's Services.

Finance Director

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

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Budget Documents	160 Tooley Street London SE1 2TZ	020 7525 5059

APPENDICES

No.	Title
Appendix 1	Children's Services - Proposed Charges 2011-12

AUDIT TRAIL

Lead Officer	Romi Bowen, Director of Children's Services	
Report Author	Fay Hammond, Children's Services Departmental Finance Manager	
Version	Final	
Dated	22 March 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	No
Date final report sent to Constitutional Team	23 March 2011	