

Item No.	Classification: Open	Date: 20 March 2013	Decision Taker: Cabinet Member for Children's Services
Report title:		Annual Fees and Charges for non-statutory children's services 2013/14	
Ward(s) or groups affected:		All	
From:		Strategic Director of Children's and Adults Services	

RECOMMENDATION

1. That the Cabinet Member agrees the proposed non-statutory fees and charges for 2013/14 as follows:
 - Childcare provision, effective from 1 July 2013;
 - All other increases, effective from 1 May 2013.

BACKGROUND INFORMATION

2. This report sets out proposals for the fees and charges to be set for Children's Services for 2013/14.
3. The Medium Term Resource Strategy (MTRS) 2012/13 to 2013/14 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 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. 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 2013-14

10. In 2013/14 it is proposed that the majority of fees and charges would be:
- Subject to inflationary increases of 2.6% (based on RPI);
 - Further, where possible, fees would reflect inner London average rates (where available).
- The childcare provision in the four Centres has been subject to a specific fees structure review.
11. A full list of non-statutory fees and charges to be approved are shown in Appendix 1. The following sections set out the approach taken for the Fees and Charges proposals within Children’s Services.

Early Years Centres

12. 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.
13. In 2012-13, the current 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.
14. A consultation on the fees policy was undertaken during November 2012 which has influenced the revised fee policy. Other factors that have influenced the revised rates are: a review of market rates and charging structures for the provision of nursery day care; a review of the of the costs of the childcare provision; and the principle of continuing to provide childcare at a reduced cost

for lower income families and the saving requirement to reduce the current level of subsidy to this discretionary service.

15. The key features of the proposed fee structure are set out in the table below.

Current Policy	New Policy	Existing Children
Two day rates: <ul style="list-style-type: none"> • 8 hour day • 10 hour day (additional cost) 	A single day rate, up to 10 hours a day in line with market trend	Two day rates to continue until March 2014 for existing children.
Two fee bands: <ul style="list-style-type: none"> • Standard Rate • Reduced rate for families eligible for childcare element of Working Tax Credit (WTC) 	Three fee bands: <ul style="list-style-type: none"> • Standard Rate • Reduced rate for families claiming Child Benefit at the full or reduced rate (i.e. neither parent/guardian earns more than £60,000) • Further reduced rate for families eligible for childcare element of Working Tax Credit (WTC) or Universal Credit. 	The three fee bands will apply to existing children.
Second child discount where both children are aged under three of 20%.	No change. Second child discount where both children are aged under three:, maintained at 20%.	Second child discount where both children are aged under three:, maintained at 20%.
The fee policy applies equally to Southwark residents and non-Southwark residents.	That the subsidised childcare does not apply to non Southwark residents, and therefore Band 3 would apply.	For existing users of the childcare provision, the three fee bandings will apply for non Southwark residents for the duration of their use of the childcare.
Term time childcare is offered for 3-5 year olds, where a retainer of £50 is paid during school holidays.	Term time only childcare places will no longer be part of the core offer from the centres.	For existing users of the childcare provision, the current arrangements will continue.

16. The new Fees are set out in full in the attached Appendix. The key fee increases are set out below for information:

Families eligible for WTC - increase of £5 a week or 2.4%

For children 3-5, once the Free Entitlement to Early Education is applied, this increase is reduced to £2 a week

Families not eligible for WTC but eligible for Child Benefit – increase of £10 a week or 4.7%

For children 3-5, once the Free Entitlement to Early Education is applied, this increase is reduced to £7 a week

Standard rate – increase of £20 a week or 9.3%

For children 3-5, once the Free Entitlement to Early Education is applied, this increase is reduced to £12 a week

17. As part of the expanded two year old offer, the Centres will also be offering free places for 15 hours per week to two year old children who meet the eligibility criteria applied to Free School Meals.
18. The current total parental income from childcare fees for the four centres in 2011-12 was £866,602. The impact of the changes in fees is difficult to predict as the number of families eligible for band 2 is not known, however, it is hoped that this will generate additional income of £46,000.

Youth Centres

19. 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.
20. For this reason, admission fees at Youth Clubs were not increased in 2012-13 and it is recommended that the admission fees at the Youth Centres remain unchanged in 2013-14. The income for Youth Service was £59,474 in 2011-12; and this is predicted to be static in 2013-14.

Damilola Taylor Centre

21. Charges for services available in the Damilola Taylor Centre have remained static for 3 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 in September 2013. The income for the Centre in 2011-12 was £13,579; this is not expected to materially change during 2013-14.

Belair Recreation Rooms

22. 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

23. 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
24. 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 MTRP, 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 4.5% 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

25. Charges for services available in the Bellenden Old School have remained static for the 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 2011-12 was £43,952; this is not expected to materially change during 2013-14.

Policy implications

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

Community impact statement

27. 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.
28. In considering the impact of the childcare fees for parents accessing the Council run childcare services an additional fee band will mitigate the impact of the fee increases for families 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

29. Notice of one month is generally given in respect of proposed increases in Children's Services department fees and charges.
30. For the childcare provision at the four centres, there will be at least two months notice period to enable parents to plan for the increased charges; the revised fees will be effective from 1 July 2013.

Resource implications

31. 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

32. 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

33. A consultation on the principles of the fees for childcare provision was carried out from 30 November 2012 to 14 January 2013 seeking their views in advance of revising the fees policy. The consultation sought views on the principles on the revised fees policy, whether a low income subsidy should be provided for residents of Southwark only, the continuation of the second child discount and whether the council should introduce an extra income band to the fees structure.
34. Of the written responses received there was a clear steer (66% in favour) to: provide low income subsidy rates for Southwark residents only; continue to offer a second child discount and introduce an additional income band into the fee structure. These have been included in the proposed fee structure outlined above.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Legal Services

35. The Cabinet Member for Children's Services is asked to approve the 2013/14 non-statutory fees and charges as outlined in this report. The recommendations will take effect on 1 May 2013 if approved.
36. 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.
37. 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	Fay Hammond 020 7525 2684

APPENDICES

No.	Title
Appendix 1	List of proposed fees and charges for children's services - 2013/14

AUDIT TRAIL

Lead Officer	Romi Bowen, Strategic Director of Children's and Adults Services	
Report Author	Nicholas Ajaegbu, Children's Services Departmental Finance Manager	
Version	Final	
Dated	20 March 2013	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments included
Director of Legal Services	Yes	Yes
Strategic Director of Finance and Corporate Services	Yes	Yes
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team	19 March 2013	