

<b>Item No.</b>	<b>Classification</b> Open	<b>Date:</b> 17 June 2015	<b>Decision Taker:</b> Deputy Leader and Cabinet Member for Business, Employment and Culture
<b>Report title:</b>		Adult learning service - setting fees and charges for the period August 2015 to July 2016	
<b>Ward(s) or groups affected:</b>		All	
<b>From:</b>		Strategic Director of Environment & Leisure	

## RECOMMENDATIONS

1. That the Cabinet Member for Business, Employment and Culture approves the retention of the standard adult learning fees and charges and the childcare fees for academic year 2015/16 at the same level as for academic year 2014/15.
2. That the Cabinet Member approves an increase in the concessionary fees to £1.75 in academic year 2015/16 as a step towards reaching the inner London average in two years.
3. That the Cabinet Member notes that the implementation date for both recommendations is 1 August 2015 (start of academic year 2015/16).

## BACKGROUND INFORMATION

4. The medium term resources 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.
5. 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.
6. 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

7. Fees and charges are those charges where there is a schedule of rates for

services provided. There are various types, namely mandatory and discretionary, that is, 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 for the level of charges to be set
8. 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.
  9. This report only seeks approval for fees and charges for which there is discretion or where fees are capped.
  10. In arriving at the proposed fees and charge levels, consideration has been given to a number of factors, including volume assumptions, 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.

#### **PROPOSED FEES FOR 2015/16**

11. There are no statutory fees and charges within the adult learning service.
12. It is proposed that the standard course fees within the service are retained at the same level as academic year 2014/15 of £3.90 per hour. The standard fees are currently at the inner London average. It is recommended that the concessionary rate is increased incrementally to reach the inner London average in two years. The proposal is to increase the concessionary fees to £1.75 in academic year 2015/16 (and to £2.00 in the following year). This two staged increase in concessionary fees is recommended to make it easier for the most disadvantaged residents to continue to access the learning opportunities.
13. In recent years learner numbers have increased, with the service moving from a position where it was struggling to meet the funder's expectations to a stable performance position. The service has received an Ofsted (Office for standards in education) inspection judgement of "Good" with several areas of good practice including excellent value for money being identified. In view of the much more stable position of the service, and the significant improvement in quality and learner numbers, it is proposed to retain all adult standard learning fees and charges for 2015/16 at the same level as for 2014/15.
14. Nursery fees were increased by a significant 20% in 2011/12, and therefore it is recommended that the fee is not increased in 2015/16. Maintaining the current level of fees for child care will make it easier for residents to access learning and/or work. The current nursery fees are above the average for inner London Childcare providers.

**Table 1: Childcare fees benchmarking**

Provider	£ Per hour	£ Per week
Smart Kids-Peckham	6.50	215
Crystal Nursery Ltd. Southwark	6.50	250
Catch Them Young-OKR	4.50	190
LBS average	5.47	274
Thomas Calton	6.00	240
Overall Average	5.80	234

15. London benchmarking data suggests that fee structures may have local differences. Benchmarking has been carried out with like-for-like courses, and the data, where available, are shown in table 2:

**Table 2: Adult learning service benchmarking information 2014/15**

Provider	Southwark	Mary ward centre	Hackney Community college	Wandsworth	Westminster	Greenwich Community college	Tower Hamlets	Islington Council	Lambeth Council	Average
Standard fee (£)	3.90	7.35	6.00	4.00	6.30	5.50	2.20	0.00	0.00	3.70
Concessory Fee (£)	1.55	2.55	1.25	4.00	6.30	1.00	1.50	0.00	0.00	2.00

NB- Councils which state zero fees, provide most courses free of charge to eligible residents.

### Resource Implications

16. The adult learning service is funded solely by the Skills Funding Agency (SFA). Grant levels are expected to decrease in line with the national reductions in funding. Plans to manage the reduced funding allocation are in place. This is mainly through less funds being allocated to external partners. Costs are expected to remain at similar levels to the previous academic year with approximately 80% of eligible learners paying no fees due to their circumstances or the course they are taking. The SFA fully subsidises these courses.
17. For the remaining 20% there is a need to maintain affordability in order to sustain the number of learners. This ensures ongoing funding from the SFA as the grant received is linked to achieving a target number of learners each year.
18. This report proposes freezing the standard fees at 2014/15 levels to ensure income levels are maintained. This is expected to continue to generate annual income of £141,000 from fees contribution made by learners and parents/carers (of children in the nursery).

## **Community impact statement**

19. One of the key considerations in arriving at the proposed levels was the price sensitivity, that is, the impact that increases will have on learners' ability to pay and the take-up of services. In addition, concessionary fees apply for those who need them most. This includes: residents on means tested benefits including Job Seekers Allowance, working tax credit and council tax benefit. There is no adverse equalities impact arising from the report's recommendation.
20. There would, however, be an adverse impact on the most disadvantaged residents, if the London average was based on charging providers only and the authorities offering free courses were discounted. This would also lead to fewer residents accessing learning and not be in keeping with the council's fairer future for all promise.

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

21. Consultation is not required on the above fees and charges. However, formal notification of price levels is required. Once approved, notification of fee levels will be published through the appropriate channels including the course guide (brochure) and the council website.

## **SUPPLEMENTARY ADVICE FROM OTHER OFFICERS**

### **Director of Legal Services (SB)**

22. The Cabinet Member for Business, Employment and Culture is asked to approve the recommendations of this report. The recommendations will take effect on 1 August 2015, if approved.
23. 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 Director of Legal Services is not aware of any specific legislative provision which would prevent the Council relying on these powers to charge.
24. 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.
25. 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.
26. The report confirms that there is no legal duty to undertake consultation on the proposed fees and charges but that appropriate notification will be given. Officers should ensure that all forms of notification explain how and to whom any complaints or queries should be made.
27. 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.

28. In making such a decision, the council must ensure that it complies with the Public Sector Equality Duty imposed by the Equality Act 2010, which includes a requirement to undertake an equality analysis in order to demonstrate that it has had “due regard” to the implications of its decision and how that might affect different groups of people within the community. Whilst formal consultation is not required, paragraphs 10 and 19 set out the factors which have been taken into account in order to satisfy that statutory duty and to recommend the level of fees and charges which are to apply from 1 August 2015.

**Strategic Director of Finance and Corporate Services (E&L/15/006)**

29. The strategic director of finance and corporate services notes the recommendations in this report for non-statutory fees and charges for 2015/16, with an implementation date of 1 August 2015.
30. In the event that expenditure, grant funding or income levels change, the service will need to contain costs within budget or identify alternative sources of funding,

The report explains why the concessionary fees have been set below the most appropriate inner London average. The report also shows the standard fees to be comparable with average fees.

**BACKGROUND DOCUMENTS**

Background Papers	Held At	Contact
None		

**APPENDICES**

No.	Title
None	

**AUDIT TRAIL**

<b>Lead Officer</b>	Deborah Collins, Strategic Director of Environment & Leisure	
<b>Report Author</b>	Ian Smith, Head of Environmental Services	
<b>Version</b>	Final	
<b>Dated</b>	March 2015	
<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 for Finance and Corporate Services	Yes	Yes
<b>Cabinet Member</b>	Yes	Yes
<b>Date final report sent to Constitutional Team</b>	17 June 2015	