

Subject:	Families, Children and Learning Fees and Charges 2020/21		
Date of Meeting:	13 January 2020		
Report of:	Executive Director Families, Children and Learning		
Contact Officer:	Name:	Louise Hoten / Caroline Parker	Tel: 29-3440 / 3587
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Ward(s) affected:	All		

FOR GENERAL RELEASE**1. PURPOSE OF REPORT AND POLICY CONTEXT:**

- 1.1 The purpose of the report is to review the Families, Children and Learning Services fees and charges in accordance with the corporate policy.

2. RECOMMENDATIONS:

- 2.1 That the position on fees charged for nurseries as detailed in section 3.3 be agreed.
- 2.2 That the position on fees and charges for Childcare Workforce Development as detailed in section 3.4 be agreed.
- 2.3 That the position on fees and charges for the Early Years Quality Improvement Programme as detailed in section 3.4.7 be agreed.
- 2.4 That the position on the charges for school meals as detailed in section 3.5 be noted.

Note: If the above recommendations are not agreed, or if the committee wishes to amend the recommendations, then the item will need to be referred to the Policy and Resources Committee meeting on 13 February 2020 to be considered as part of the overall budget proposals. This is because the budget is being developed on the assumption that the fees and charges are agreed as recommended and any failure to agree, or a proposal to agree different fees and charges, will have an impact on the overall budget, which means it will normally need to be dealt with by Policy and Resources Committee as per the requirements of the constitution. This does not prohibit the service committee from making alternative recommendations to Policy and Resources Committee.

3. CONTEXT/ BACKGROUND INFORMATION:

3.1 As part of the budget setting process Heads of Service are required to agree any changes to fees and charges through relevant Committee Meetings. The management of fees and charges is fundamental both to the financial performance of the City Council and also the achievement of the Council's corporate priorities. The recommendations agreed by this Committee will be subject to whatever is agreed regarding fees and charges in the budget report presented to Policy and Resources Committee on 13 February 2020 and then by Budget Council on 27 February 2020.

3.2 The council's Corporate Fees and Charges Policy requires that all fees and charges are reviewed at least annually and should normally be increased by either the corporate rate of inflation 2% or actual increases in the costs of providing the service. The corporate rate of inflation is applied to ensure that income is maintained in proportion to expenditure where annual inflationary cost pressures are experienced. The council's Standard Financial Procedures state that service committees shall receive a report from Executive Directors on proposed fees and charges variations above or below the corporately applied rate of inflation.

3.3 Nurseries

3.3.1 Part of the council's early year's strategy is to provide high quality childcare in the most disadvantaged areas to ensure local children can access provision. Council run full day care nurseries are:

- Acorn Nursery – North Portslade Children's Centre
- Bright Start Nursery – Old Slipper Baths (North Laines)
- Cherry Tree Nursery – Hollingdean Children's Centre
- Jump Start – Moulsecoomb Children's Centre
- Roundabout Nursery – Roundabout Children's Centre (Whitehawk)

There is also one sessional pre-school: Pavilion Pre-school – North Portslade

The Council also subsidises Tarnerland Nursery School to provide full day care in addition to free early education places.

3.3.2 The nurseries provide free part-time early education places for low income two year olds and three and four year olds and childcare that parents pay for. All of the nurseries are based in buildings owned by the Council.

3.3.3 The Council subsidy for the nurseries in 2019/20 is £554,000.

The total projected income for the all the nurseries in 2019/20 is just over £2.89 million:

- 35% fees from parents
- 46% dedicated Schools Grant (early years block) for the entitlement for 2, 3 and 4 year olds
- 19% council subsidy

3.3.4 The highest subsidies are for the nurseries in Whitehawk and Moulsecoomb where most children just take up their free childcare places and there are the highest number of funded two year olds. There are also more children with child protection plans and special educational needs and disabilities who need higher staff ratios.

Funding for free childcare places for 2, 3 and 4 year olds

3.3.5 Disadvantaged two year olds are entitled to 570 hours a year free childcare from the term after their second birthday and a key priority is to ensure there are sufficient high quality places for these children. Brighton and Hove is funded at an hourly rate of £5.20 per hour. This is the lowest rate in the south east. The highest is £5.88 and the average is £5.56. The Government has announced an increase of 8p per hour for 2020/21. This is a 1.5% increase.

3.3.6 All three and four year olds are entitled to 570 hours (15 hours a week, term time only) of free childcare. Funding is allocated by Government on a national formula. The rate for Brighton and Hove is £4.45 per hour which is significantly below the published national average of £4.88. The lowest rate in the South East is £4.30, the average is £4.80 and the highest is £5.79. These figures refer to the total rate paid to the local authority and include inclusion funding and central costs. The council is passing on 95% of its funding allocation to childcare providers, with an average hourly rate of £4.25, including additional support funding. This is less than the average fee that parents pay for childcare.

3.3.7 The Government published the national early years funding rates for 2020/21 in October 2019. The funding rate is being increased by 1.8% to £4.53. This is the first increase since 2016 and is well below the increase of 4.9% in the minimum wage this year.

3.3.8 The Council has repeatedly raised, with the Government, the issue of the low rate of early years funding for the city both through the city's MPs and directly with Ministers. Unfortunately the level of funding we receive compared to other areas has not increased.

Nursery Fees

3.3.9 The existing fee policy for the Council nurseries is:

- £5.57 for all ages of children (£5.50 for children attending Pavilion as the pre-school is based in a sports pavilion, sharing space with a football team. Typically sessional providers in shared buildings charge a lower rate).
- £2.30 for lunches and teas. Breakfast and snacks are included in the hourly rate. Parents can choose to bring a packed lunch

3.3.10 The proposal is to increase fees by the inflation rate of 2%. The proposals are to:

- Increase the standard hourly rate of £5.57 for all ages of children to £5.68. (£5.61 for children attending Pavilion). This is a 2% increase.

- Increase the cost of meals by 20p to a maximum of £2.50 per meal for lunch or tea where this is supplied by the nursery to reflect increases in costs from the supplier – an increase of 8%. This increase is due to an increase in the cost of food from the provider. The nursery meals contract is being re-tendered with a price range of between £2.30 to £2.45. The final cost will depend on the results of the re-tendering process.

3.3.11 Coram Children and Family (previously known as the Daycare Trust) publish an annual childcare cost survey. The 2019 Survey included average costs for 25 and 50 hours of childcare for children under two, two year olds and three and four year olds. The amounts for the south east for children attending 25 hours a week were:

	25 hours	Hourly rate
Children under two	£137.04	£5.48
Two year olds	£135.50	£5.40
Three and four year olds (based on 10 hours in addition to 15 hours free childcare)	£50.93	£5.09

3.3.12 There is a range of help from the Government for parents with childcare costs in addition to the free early years entitlement of 15 or 30 hours. Parents on Universal Credit can claim up to 85% of childcare costs and parents on higher incomes can apply for Tax Free Childcare which will pay 20% of their childcare costs (see paragraph 5.3.1). However parents report that they have concerns about the high cost of childcare in the city.

3.4 Childcare Workforce Development

3.4.1 It is proposed that charges for early years and childcare providers for childcare training are:

- £120 for paediatric first aid training
- £62 for full day training (£100 outside Brighton & Hove)
- £42 for half day training (£70 outside Brighton & Hove)
- £20 for safeguarding courses (£100 outside Brighton & Hove)
- £70 for a job vacancy advert (£120 outside Brighton & Hove)
- £140 for jobs plus service (£240 outside Brighton & Hove), which includes assistance with shortlisting and interviewing

3.4.2 The proposal is that these charges should stay the same as those agreed last year, with the exception of the charge of £20 for safeguarding courses, which is proposed in order to meet a proposed saving of £7,400 in the 2020-21 budget.

3.4.3 A fall in applications as a result of a price increase could reduce applications and have a negative impact on income generation.

- 3.4.4. Ofsted data shows that childcare providers in the city are high quality compared with the sector nationally and locally. This can partly be attributed to our offer of a high quality training programme and we want early years providers to continue to access this.
- 3.4.5 Early years providers have had no increase in government funding for the early years free entitlement for two, three and four year olds since 2017. The national increase is 1.8% for next financial year. Costs have gone up considerably with an increase in business rates, new pension contribution requirements and an increase in the minimum wage. A number of childcare providers in the city have become unsustainable and have closed.
- 3.4.6 Benchmarking with other local authorities is difficult because pricing is not easily available, and is not consistent. In addition some local authorities include training with a subscription for other services. However it is estimated that Brighton & Hove's charges are mid-range compared with others in the south of England.

Early Years Quality Improvement

- 3.4.7 It is proposed to charge early years providers £150 per module for completing our Quilt quality improvement programme. This charge will contribute to a proposed budget saving of £5,000 in the 2020/21 budget. Quilt modules have been free in the past.
- 3.4.8 There are currently 10 modules in the programme, and since 2018 thirteen early years settings and six childminders have completed some of these
- 3.4.9 Quilt is being revised and will be relaunched in April 2020. Charges for Quilt would be waived for early years providers who are less than Ofsted "good" as they would be delivered as part of an improvement plan. Charges would also be waived for early years providers with a high number of disadvantaged children.

3.5 School Meals

- 3.5.1 The cost of school meals to the local authority (schools) is inflated annually in accordance with the price review mechanism detailed in the school meals contract as detailed below. The current contract started on 1 August 2018 for a period of 4 years with an opportunity to extend up to 24 months. As a fully delegated service, schools may choose to buy into the contract or make their own school meals arrangements. All secondary schools and secondary academies within the city and the Bilingual Primary School and City Academy Whitehawk (since September 2019) provide meals, including free meals to entitled pupils, through their own individually negotiated contracts.
- 3.5.2 The current charge for school meals in primary schools has remained at £2.20, last increased in April 2018; the new contract requires the payment of the Living Wage (Living Wage Foundation) to employees.

Any decision to increase the selling price to parents will be made in June 2020 for implementation from 1st August 2020, and will be based on the April 2020 indices detailed below:

The meal price will be varied in line with the following two indices:

a) Food element

Annual movement in the Retail Price Index (all items) as published by the Office for National Statistics. (Food CHBA)

b) Labour element

The labour element will increase based on the percentage (%) annual movement as agreed by the Living Wage Commission for the UK Living Wage (outside of London).

c) Management Fee

The Management fee price will vary in line with the annual movement in the Consumer Price Index (all items) published by the Office for National Statistics.

As this is built into the contract terms and conditions, approval by the Children Young People & Skills Committee would only be sought if an increase exceeding inflation was being proposed.

3.5.3 Under the current contractual arrangement there continues to be a low fixed cost in the form of a management fee and a higher variable cost for each meal served, this ensures that the contractor should be more inclined to increase sales as we have seen with the previous contract.

This budget area is now operated in a way that the need to fulfil a shortfall would be most unlikely and this is being demonstrated through the current contract performance and the continued support of central government grant funded Universal Infant Free School Meals (UIFSM). There are strong incentives for the contractor to grow the service and these are supported by successful partnership working with the Council. The increased cost of free school meals has not been passed onto schools for the financial year 2019/2020, this will be mitigated through the provision, by the DFE, of the free school meals supplementary grant.

4 COMMUNITY ENGAGEMENT AND CONSULTATION

4.1 Budget holders with responsibility for specific fees and charges were consulted in the preparation of this report.

5. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

5.1 The total Families, Children and Learning fees and charges budget for 2019/20 is approximately £2.3m excluding schools.

5.1.1 The fees and charges recommended in this report have been reviewed in line with the Corporate Fees & Charges Policy and all relevant regulations and

legislation. The anticipated recurring financial impacts of fee changes will be reflected within service revenue budgets. Increases to meet the corporate rate of inflation of 2% are normally applied to all council income budgets to ensure income is maintained as a proportion of the net cost of service. Increases above or below the corporate rate of inflation require approval by the relevant service committee or Policy & Resources Committee and can result in additional contributions toward the cost of services and/or corporate and service overheads. This can also result in the achievement of a net budget saving to the council. Where this is the case, this will be reflected in 4-Year Budget Plan proposals for the relevant service and will be incorporated within the revenue budget report to Policy & Resources Committee and Budget Council in February 2020. Income from fees and charges is monitored as part of the Targeted Budget Monitoring (TBM) process.'

Finance Officer Consulted: Louise Hoten

Date: 12/11/2019

Legal Implications:

- 5.2 Families, Children and Learning Services are entitled to review fees and charges as set out in the report. At the time fees and charges are set they must be demonstrably fair and reasonable in all the circumstances. The report indicates the analysis against which the recommendations have been made and the obligations of the council in relation to the funding of free nursery places.

Lawyer Consulted: Serena Kynaston
2019

Date: 29 November

Equalities Implications:

- 5.3 Equal access to childcare is encouraged by ensuring that the nurseries all offer the universal free early years entitlement of 15 hours a week for all 3 and 4 year olds and eligible two year olds. The entitlement for 3 and 4 year olds with working parents is 30 hours (term time only).
- 5.3.1 Two year olds from low income working families are eligible for free childcare in addition to two year olds from families on out of work benefits. Parents with low incomes can claim the childcare element of the Working Tax Credit which pays for childcare costs of up to a maximum of 70% of £175 a week for one child or £300 for two or more. Parents claiming Universal Credit are entitled to claim 85% of childcare costs. Alternatively parents on higher incomes can apply for Tax Free Childcare. For every £8 a parent pays into their childcare account, the government will pay in an extra £2 up to a maximum of £2000. Parents can then use this money to pay their childcare provider.
- 5.3.2 Equal access to school meals is provided by all primary and special schools through participating in a citywide contract that is the same meal at the same price available to all pupils. The contract specifies that provision should be made for modified meals required on the grounds of cultural, religious or medical requirements.

Sustainability Implications:

5.4 There are no direct sustainability issues arising from this report.

Crime & Disorder Implications:

5.5 There are no direct crime and disorder issues arising from this report.

Risk and Opportunity Management Implications:

5.6 The services included in this report rely on being able to achieve their income targets in order to maintain the level of service provided.

Public Health Implications:

5.7 The opportunity to receive a free school meal or meal for no charge (UIFSM) is extremely important to a substantial number of children from low income families, for whom a school lunch may be the only balanced meal they will eat in a day. Research shows that when children eat better, they do better. Whether families are paying for school meals or are entitled to them for free, children are more likely to concentrate in the classroom in the afternoon after eating healthy school lunches in a pleasant environment. This also improves their health and their learning about making better food choices. Research also shows that children eligible for free school meals are less likely to: do well at school, continue into further education, or secure higher paid jobs. Therefore, ensuring that these children eat and gain the benefits of the free school meals they are entitled to, really will make a difference to their ability to learn and succeed.

6. EVALUATION OF ANY ALTERNATIVE OPTION(S):

6.1 Alternative options considered for the nursery fee increases included limiting the number of free hours that children can use each day and further increasing the hourly charge for the hours that parents pay for in addition to the free hours.

7. REASONS FOR REPORT RECOMMENDATIONS

7.1 To agree and/or note the Families, Children and Learning Services Fees and Charges for 2020/21.

SUPPORTING DOCUMENTATION

Appendices:

None

Documents in Members' Rooms

Nones

Background Documents

1. Fees and Charges Analysis – 2019/20

