

Subject: Children's Services Fees and Charges 2015/16
Date of Meeting: 12 January 2015
Report of: Executive Director of Children's Services
Contact Officer: Name: Louise Hoten **Tel:** 29-3440
Email: louise.hoten@brighton-hove.gov.uk
Ward(s) affected: All

FOR GENERAL RELEASE

1. SUMMARY AND POLICY CONTEXT:

- 1.1 The purpose of the report is to review the Children's 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 charges for Childcare Workforce Development as detailed in section 3.4 be agreed.
- 2.3 That the position re Children's Centres as detailed in section 3.5 be agreed to not introduce charging for some Children Centre activities.
- 2.4 That the position on fees and charges for the Music and Arts Service as detailed in section 3.6 and Appendix 1 be agreed.
- 2.5 That the position on the charges for school meals as detailed in section 3.7 be noted.
- 2.6 That the position on fees charged by the Portslade Sports Centre as detailed in section 3.8 and Appendix 2 be noted.

3. RELEVANT BACKGROUND INFORMATION/CHRONOLOGY OF KEY EVENTS:

- 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, in particular making better use of public money. The recommendations agreed by this Committee will be subject to whatever is agreed re fees & charges in the budget report presented to Policy & Resources Committee on 12 February 2015 and then by Budget Council on 26 February 2015.

3.2 There are several distinct areas of fees and charges income for Children's Services, some of which are consulted upon with other bodies such as the Music Trust. The recommendations above reflect the areas that need approval and those that are for noting.

The Council's Corporate Fees & Charges Policy requires that all fees and charges are reviewed at least annually and should normally be benchmarked and increased by either: the standard rate of inflation, statutory increases, or actual increases in the costs of providing the service as applicable.

3.3 Nurseries

3.3.1 There are six Council run nurseries in the City: Bright Start, Cherry Tree, Acorn, Roundabout, Jumpstart and Sun Valley. All the nurseries are subsidised by the Council. The aim is to reduce the subsidy over time and part of the strategy to achieve this is to ensure fees cover costs.

3.3.2 The existing fee policy is to charge £4.84 an hour, £48.40 per day, at nurseries who provide 3 meals and 2 snacks a day and £4.63 an hour, £46.30 per day, for nurseries who provide breakfast, tea and 2 snacks. In nurseries where lunch is not provided parents supply the food. These rates do not cover the full cost of the meals provided.

3.3.3. The proposal for 2015/16 are to:

- Increase the fees by 2% in line with inflation;
- Charge for the full cost of meals by introducing one daily rate of £47.30 for all children, which is an increase of £1.00 per day for children who are currently charged the lower rate and £1.10 reduction for children paying the higher daily rate. This new rate will only include breakfast and snacks. Where children have lunch and or tea supplied by the nursery there will be an additional charge, £2.00 per meal, increasing the overall cost by £1.90 (excluding inflation) if children have 2 meals at present. This proposal covers the cost of the meals supplied.
- Introduce a new hourly rate of £5.00 for children who attend one to four hours a day in addition to their free childcare.
- Retain a half day rate, which currently is either £24.20 or £23.15 and this will change to £25.00 taking into account the changes above. Meals can be purchased in addition to this fee.
- It is accepted practice for nurseries to charge a higher rate for a smaller number of hours. The proposal is to increase the hourly rate to a more realistic level of £5.00 an hour. It is estimated that this increase will impact on approximately 35% of the families using the nurseries.

It is estimated that the increased revenue from these proposals will amount to some £100,000 across the city.

3.3.4 All 3 and 4 year olds in the city are already entitled to 15 hours a week, 38 weeks a year of free childcare funded from the Dedicated Schools Grant. A significant change from September 2014 is that two year olds from low income working families are eligible for free childcare in addition to those on out of

work benefits. The Government has estimated that 916 two year olds will be eligible from January 2015.

The national eligibility criteria are for two year olds to be entitled to 570 hours free childcare over the year are:

- If their families are claiming out of work benefits including Income Support and Income Based Jobseekers Allowance.
- if their families receive Working Tax Credits and have annual gross earnings of no more than £16,190 a year as assessed by HMRC
- if they have a current statement of special educational needs (SEN) or an education, health and care plan
- if they attract Disability Living Allowance
- if they have left care through special guardianship or through an adoption or residence order

Parents with low incomes can claim the childcare element of the Working Tax Credit. This pays for childcare costs of up to a maximum of 70% of £175 a week for one child or £300 for two or more.

3.4 Childcare Workforce Development

3.4.1 Charges for childcare providers to access the childcare training programme were introduced last financial year. The costs were £30 per person for a full day, £20 for half day training course and £100 for paediatric first aid training. These fees will increase to £50 for a full day and £30 for a half day and will stay the same for first aid. For childcare providers outside of the city, the charges rise to £80 (from £60) and £50 (from £40) per person for full and half day courses. Safeguarding and equalities training are currently offered at no cost to childcare providers in the city. There is also a charge for childcare providers to advertise in the weekly job vacancy list which will increase from £50 to £60 per job. This list is advertised on the Council's website. Again, this will continue to be offered to childcare providers outside of Brighton & Hove at a charge of £100 per job.

3.5 Children's Centres

3.4.1 A consultation on charging for some children's centre groups took place between July and September. The consultation explained that the council would get less funding from central government. Rather than stop services the proposal was to charge £3 for open access drop in sessions such as Baby Groups and Stay and Play Groups. It was estimated that charging for these services would generate £23,000 for a full year. A total of 535 people responded to the consultation with 27% agreeing with the proposal and 65% disagreeing. 80% thought £3 a session was too much and 59% did not agree that using Parent Pay was a good idea. A copy of a summary of the consultation responses is attached – Appendix 1

3.4.2 A consultation is taking place on changes to children's centre services which will reduce the number of open access drop in groups across the city and therefore the potential income from charging. It is therefore proposed not to charge for Children's Centre groups.

3.6 Music & Arts

- 3.6.1 The Music Service charges a range of fees and charges depending on the service provided. These fees are set in order to balance the budget, taking into account inflation, savings targets and market conditions. Equal access to music services is encouraged by offering subsidies of 80% to families receiving Child Tax Credit (entitlement to free school meals) and 100% to families on Income Support.
- 3.6.2 The budget strategy for 2015/16 proposes that the service loses £68k of its Council funding. As a result fees would increase by an average of 5%, the 100% subsidy category for music tuition reduced to 80% (500 pupils receive this subsidy) alongside amending the present service offer and developing further charging to schools. The increase in fees and reduction in level of subsidy could impact on access to learning for pupils with parents/carers on low income and other CYP in challenging circumstances as well as overall pupil numbers. The Local Authority also receive the Arts Council Music Hub Grant (£245k) but no information has been received for 2015/16 other than there will be a grant and an up-dated business plan will need to be submitted.
- 3.6.3 A schedule of the current fees and charges are attached for information at Appendix 2

3.7 School Meals

- 3.7.1 The charge for school meals is inflated annually in accordance with the inflation factor in the school meals contract as detailed below. The current contract started on 1st August 2011 for a period of 4 years with an opportunity to extend up to 24 months. All schools agreed to the contract exercising the 2 year extension period during a recent consultation. Schools may choose to buy into the contract or make their own school meals arrangements. All secondary schools and academies within the city provide meals, including free meals to entitled pupils, through their own individually negotiated contracts.
- 3.7.2 The current charge for school meals in primary schools has remained at the 2010 price of £2.10 for children and £2.50 or £2.08 excluding VAT for adults. The School Food Plan highlights the importance of encouraging adults to eat with children. In line with the contractual arrangements the price will be reviewed on 1st August 2015. Any change to price will be based on the April 2015 indices and agreed prior to the end of the academic year for communication to schools and parents. Selling prices would increase at the start of a new academic year.

The Meal prices will vary in line with the following two indices:

(a) Food element

Annual movement in the Retail Price Index (all items) as set out in the Consumer Price Indices published by the Office for National Statistics (Ref Table 24 Food CHBA)

(b) Labour element

The Management fee price will vary in line with the annual movement in the Retail Price Index (all items) as set in the Consumer Price Indices published by the Office for National Statistics (Ref Table 24 All Items RPI CHAW).

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

- 3.7.3 Under the current contractual arrangement there is a low fixed cost in the form of a management fee and a higher variable cost for each meal served, whereas the previous contract had a very high fixed cost and a low variable cost per meal. Under the previous contract the Council retained a much greater amount of the risk. The current arrangement transfers more risk to the contractor and means that the contractor is more inclined to increase sales as we have seen with this 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 growth in take up of school meals and the introduction of central government grant funded Universal Infant Free School Meals. There are strong incentives for the contractor to grow the service and these are supported by successful partnership working with the local authority, which was recognised last year in a national award.

3.8 Portslade Sports Centre

- 3.8.1 At P & R Committee in July approval was given to undertake a procurement process to seek an external operator to manage the Centre from 1st April 2015. If an external contractor is appointed the fees and charges will be set by the contractor.

- 3.8.2 Portslade Sports Centre currently review their fees and charges annually with regard to target income budgets, inflation and competitors' prices. They were previously approved by the Principal of the Academy or Head of Education Planning & Contracts, usually in July for implementation in September. For the next academic year in September 2015 the position will need to be reviewed to agree who approves the fees and charges following the awarding of the contract.

- 3.8.3 At Portslade Sports Centre day membership fees (£1.00) are waived for the unemployed or those on Income Support. Concessions are also offered for Senior Citizens and in some cases for the over 50's. In addition 16-19 year olds with special needs who have a Compass Card receive free use of the gym.

- 3.8.4 A schedule of the current fees and charges is attached at Appendix 3.

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 Children's Services fees and charges budget for 2014/15 is approximately £4m excluding schools.
- 5.1.1 As a start point for the budget process, income budgets are increased by inflation, currently 2.0%, to produce a target income budget. Budget Holders then review their fees and charges with a view to ensuring that the target budget is achieved and where possible exceeded.
- 5.1.2 The Music Service has a target income budget of £856,000 which it will aim to achieve when reviewing the fees and charges for approval by the Music Trust in due course. If savings of £68,000 are made the revised income target will be £924,000. The Trust will need to decide to increase fees to this level or reduce areas of expenditure.

Finance Officer Consulted: Louise Hoten

Date: 18/11/2014

Legal Implications:

- 5.2 Children's 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.

Lawyer Consulted: Natasha Watson

Date: 28/11/2014

Equalities Implications:

- 5.3 Equal access to nursery care 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.

In addition from September 2014 two year olds from low income working families are eligible for the same amount of free childcare in addition to two year olds from families on out of work benefits.

- 5.3.1 Equal access to music services is encouraged by offering subsidies of 80% to families receiving Child Tax Credit (entitlement to free school meals) and 100% to families on Income Support.

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 From a public health perspective, if proposed increases were above inflation level for some sports and leisure facilities in the city, particularly in areas of health inequalities, disadvantaged groups may be less likely to be able to access affordable physical activity, sport and leisure. Any likely adverse impact on the health and well-being of these groups should be considered.
- 5.7.1 The opportunity to receive a free school meal 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're entitled to, really will make a difference to their ability to learn and succeed.

Corporate / Citywide Implications:

- 5.8 The services included in this report are available across the city and concessionary prices are offered where possible to encourage those most disadvantaged to make use of these services.

6. EVALUATION OF ANY ALTERNATIVE OPTION(S):

- 6.1 Not applicable

7. REASONS FOR REPORT RECOMMENDATIONS

- 7.1 To agree and/or note the Children's Services Fees and Charges for 2015/16.

SUPPORTING DOCUMENTATION

Appendices:

1. Children's Centres Charging Consultation
2. Music and Arts Fees and Charges
3. Portslade Sports Centre Fees and Charges

Documents in Members' Rooms

None

Background Documents

1. Fees and Charges Analysis – 2014/15

