

Brighton & Hove City Council

Children, Young People & Skills Committee

Agenda Item 45

Subject: Families, Children and Learning Fees and Charges 2023/24

Date of meeting: 9 January 2023

Report of: Executive Director Families, Children and Learning

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Ward(s) affected: All

For general release

1. Purpose of the 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 Committee agrees that the implementation of new fees & charges rates is as soon as practicably possible

2.2 That Committee agrees the position on fees charged for nurseries as detailed in section 3.22.

2.3 That Committee agrees the position on fees and charges for Childcare Workforce Development as detailed in section 3.25.

2.4 That Committee agrees the position on fees and charges for the Early Years Quality Improvement Programme as detailed in section 3.30.

2.5 That Committee note the position on the charges for school meals as detailed in section 3.31 - 3.37.

2.6 That Committee agree the position on fees and charges for Adult Education Courses as detailed in section 3.38 – 3.42.

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 9 February 2023 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 and background information

- 3.1 As part of the budget setting process Executive Directors are required to agree 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 the achievement of the Council's corporate priorities. The council's Corporate Fees & Charges Policy requires that all fees and charges are reviewed at least annually and should normally be increased in line with the cost of providing the service to maintain income in proportion to the net cost of service. The Corporate Fees & Charges Policy also stipulates that increases above or below a 'corporate rate of inflation' should be approved by committee. However, it should be noted that the corporate rate of inflation (3%) is not a default rate of increase and is a planning assumption only, set early in the financial year, and should not therefore determine actual increases which should normally reflect current inflation rates and cost increases to ensure that income is maintained in proportion to expenditure.
- 3.2 If the proposed fees & charges recommended in this report are not agreed, or if the Committee wishes to amend the recommendations, then the item will normally need to be referred to the Policy & Resources Committee meeting on 9 February 2023 to be considered as part of the overall 2023/24 budget proposals. This is because the 2023/24 draft and final budget proposals are developed on the assumption that fees and charges are agreed as recommended and any failure to agree, or a proposal to agree different fees and charges, may have an impact on the overall budget proposals, which means it would need to be dealt with by Policy & Resources Committee as per the requirements of the constitution. However, this does not fetter the committee's ability to make recommendations to Policy & Resources Committee.
- 3.3 In response to Recommendation 2.7 of the Targeted Budget Management (TBM) 2022/23: Month 7 (October) report to Policy and Resources committee on the 1 December 2022, the actions that the Families, Children and Learning Directorate have been taking and plan to take to support the in-year budget position are as follows:
- 3.4 All vacancies are scrutinised to determine whether or not they can be filled through redeployment, covered by alternative arrangements (e.g. increasing part-time hours, overtime or acting positions), delayed or left unfilled. However, the directorate has a wide range of exemptions for care workers and social work staff to maintain statutory services, which means that there are limitations to the level of impact this measure can have.
- 3.5 The Executive Director for Families, Children and Learning sent a message to all staff on the 29 November requesting that all non-essential spend stop.

- 3.6 All care packages are appropriately reviewed and authorised and, in particular, high-cost packages are being kept under review and alternative solutions sought wherever possible. For example, a very high-cost case was resolved through being able to return a child in care to his parents who live abroad. As discussed below, a higher but reasonable level of risk within the home is also being managed to contribute to demand management and avoid much higher costs being incurred.
- 3.7 Recovery measures have been identified and further options are regularly explored by the Directorate Management Team. At present measures totalling £0.173m have been identified and are contributing to a reduced TBM forecast.
- 3.8 However, the situation across FCL is very challenging and the current projected position is an overspend of £3.173m. In particular, the key significant cost pressures are as follows:
- £1.154m on Children’s Social Care Services;
 - £0.791m on Adult Learning Disabilities Community Care;
 - £0.320m on in-house disability provision;
 - £1.213m on Home to School transport.
- 3.9 As noted, there are estimated recovery measures totalling £0.173m. These, together with other variances of £0.132m resulted in the forecast overspend of £3.173m overspend as at Month 7.
- 3.10 The post pandemic period has seen children with increasingly complex needs as well as problems in foster care recruitment causing an acute sufficiency issue making placing children in families either in-house or with external providers very difficult. This has inevitably led to increasing numbers of children being placed in residential homes or very expensive semi-independent placements. In order to manage these demands the Directorate is managing a higher but reasonable level of risk at home. The number of resident Children in Care (CIC) has reduced although the number of Unaccompanied Asylum-Seeking Children has increased, accounting for 15% of our CIC numbers.
- 3.11 The number of care leavers requiring financial support for accommodation has been steadily rising over the last 12 months. As at 31 October 2022 there were 143 care leavers in receipt of financial support compared with 118 at the same time last year – a rise of 21%.
- 3.12 For Adults with Learning Disabilities, the 2022/23 community care budget allowed a 2% across the board fee uplift to all providers across all care types. However, due to recent events such as the increase in the cost of living and the higher than anticipated increase in the living wage there have been strong representations from providers for an additional uplift in 2022/23. The forecast allows for a further uplift of 2% in fees across all providers (this equates to approximately £0.650m) and this is a significant reason for the predicted overspend on this budget. However, the 2022/23 savings target of £0.926m within the Adult LD community care budget is

anticipated to be fully achieved through the specific savings strategies set out in the 2022/23 corporate budget proposals.

- 3.13 The overspend on the Home to School Transport budget is as a result of increased demand; increased numbers of children requiring single occupancy journeys; settings outside of the city being named in Education, Health and Care Plans; and increased contract prices on routes which accommodate dual placements, part-time timetables, alternative provision and post 16 provision. Local driver, vehicle passenger assistants, and vehicle shortages and increased fuel costs are resulting in the service receiving fewer and more costly bids on routes. These shortages are not unique to Brighton and Hove, they are being seen across the country and a benchmarking exercise is underway to ascertain the scale of the problem by the DfE who have declared that nationally Home to School Transport is at significant risk of failure due to these unprecedented issues. There is increasingly less capacity in the local system to meet increasing demand, not just in the numbers of children requiring transport but the nature of the transport requirements.
- 3.14 Given the demand led nature of the services within FCL; the statutory ratios for staffing within which the Nurseries and Care Homes operate; and the critical role of the Council as corporate parents it is not possible to cease spend in the majority of service areas. However, the effective management of increased levels of risk within the home is ensuring that the service is contributing to the challenge of managing the budget position as much as possible.
- 3.15 Nurseries
- 3.16 Part of the council's early year's strategic action plan 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)
- 3.17 The nurseries provide free part-time early education places for low-income families of two-year olds and for three & four year olds, and childcare that parents pay for. All the nurseries are based in buildings owned by the Council.
- 3.18 The Council subsidy for the nurseries in 2022/23 was £907k, which includes £150k of pressure funding. The highest permanent 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

- 3.18 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. The council is funded at an hourly rate of £5.57 per hour. This is the lowest rate in the south east and is significantly below the national average of £5.83. The average rate for local authorities in the south east is £5.93. Rates for 2023/24 are likely to be published in December 2022.
- 3.19 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 gross rate for Brighton & Hove is £4.76 per hour which is significantly below the national average of £5.15. The average rate in the south east is £5.11. These figures refer to the total rate paid to the local authority and include inclusion funding and central costs. The council is passing on at least 95% of its funding allocation to childcare providers, with an average hourly rate of £4.58. This is less than the average fee that parents pay for childcare.
- 3.20 Rates for 2023/24 are likely to be published in December 2022.

Nursery Fees

- 3.21 The existing fee policy for the Council nurseries is:
- £5.83 for all ages of children
 - £2.57 for lunches and teas. Breakfast and snacks are included in the hourly rate. Parents can choose to bring a packed lunch
- 3.22 The proposal is to increase fees by 3.0%. This is in line with the expected corporate rate of inflation of 3.0%. The proposals are to:
- Increase the standard hourly rate of £5.83 for all ages of children to £6.00. This is a 17p per hour increase.
 - Increase the cost of meals by 8p to £2.65 per meal for lunch or tea by the inflation rate of 3%.
- 3.23 Coram Family and childcare publish an annual childcare cost survey. The 2020 Survey included average costs for 25 and 50 hours of childcare for children under two, two-year-olds and three & four year olds. The amounts for the south east for children attending 25 hours a week were:

	25 hours	Hourly rate
Children under two	£147.06	£5.88
Two-year olds	£143.10	£5.72

Three- and four-year olds (based on 10 hours in addition to 15 hours free childcare)	£55.56	£5.55
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Note. These figures are the same as in last year's report as they haven't published a 2021 survey yet.

3.24 There is a range of help from the Government for parents with childcare costs in addition to the free early year's 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 9.2).

Childcare Workforce Development

3.25 It is proposed that charges for early years and childcare providers for childcare training should increase by 3%, rounded to the nearest pound:

Training	Brighton & Hove	Providers outside of B&H
Full day face to face	£68	£108
Half day face to face	£45	£76
Full day online	£32	£64
Half day online	£17	£32
Safeguarding face to face	£22	£43
Safeguarding e-learning	£20	£38
E-learning	£11	£22
Job advertisement	£74	£130

3.26 The increase in charges is being kept to a minimum, because of the limited ability of early years providers to pay for training.

3.27 A fall in applications for training as a result of a price increase would have a negative impact on income generation. We want providers to continue to access our high-quality training programme in order to maintain the quality of early years provision in the city.

3.28 The national increase in funding for three & four year olds for 2021/22 was 1.3%. We are awaiting information on funding for providers for 2022/23 which should be published by December 2022. Costs for providers continue to rise including National Insurance and minimum wage increases. Income from parental fees may be lower because of changed working patterns as a result of Coronavirus.

3.29 Benchmarking of training costs 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.

Early Years Quality Improvement

- 3.30 There is a charge of £150 per module for early years providers completing the Quilt quality improvement programme. This charge is waived for providers with a large number of disadvantaged children to support closing the gap between these children and their peers.

School Meals

- 3.31 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 outlined 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, City Academy Whitehawk and Moulsecoomb Primary provide meals, including free meals to entitled pupils, through their own individually negotiated contracts.
- 3.32 The charge for school meals in primary schools is due to increase by 5p per meal to £2.25 from 1 January 2023. The price was last increased in April 2018. The 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 2023 for implementation from 1 August 2023, and will be based on the April 2023 indices detailed below:
- 3.33 The meal price will be varied in line with the following two indices:
- Food element
Annual movement in the Retail Price Index (all items) as published by the Office for National Statistics. (Food CHBA)
 - 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).
 - 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.
- 3.34. 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.
- 3.35. 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 2022/23, this will be mitigated through the use of the free school meals supplementary grant.

- 3.36. The decision for the price to be increased for all meals served from January 2023 instead of September 2022 was to try to maintain numbers of children choosing to have a school lunch during the period of economic uncertainty and cost of living pressures and to support families. The majority of income from school meals is now funded from Free School Meals charges made to schools for children where guardians are in receipt of a qualifying benefit and grant funding provided to cover the provision of UIFSM.
- 3.37. The increase in contract meal prices from August 2022 was much higher than in previous years. Schools have therefore been advised of the impact on charges for meals provided for FSM and UIFSM pupils and the move from the current £2.20 to £2.25 for cash paying customers from January 2023.

Adult Education Courses

- 3.38. Pound Plus is a term used by the Education and Skills Funding Agency to describe additional income or added value generated by providers of adult education over and above the core Adult Education Budget. It is important because generating additional income allows us to maximise the value of public investment and is used increase the service we can provide to residents.
- 3.39. All courses are funded by the Education and Skills Funding Agency. In order to receive this money, we must ensure that public funding is focused on people who need it most, those least likely to participate in learning. We therefore collect fees from people who can afford to pay, unless otherwise prescribed by the ESFA, and use these to extend provision to those who cannot. In addition, we will look to increase the value of funding received for Community Learning using the principles of Pound Plus by working closely with partners to access free or reduced cost resources.
- 3.40. As part of our 'Pound Plus' commitment, the Adult Education Hub will fully waive fees for evidenced unemployed learners in receipt of one of the following benefits or on a low income:
- Job Seekers Allowance
 - Employment Support Allowance
 - Income Support
 - Earning Less than £18,525
- 3.41. Other learners may also be exempt from fees that meet the ESFA funding guidance. These may include full time carers of adults, refugees and asylum seekers
- 3.42. For those that can afford to pay and do not meet any of the above the rate of £5 per hour will be charged for the 2022/2023 academic year.

4. Analysis and consideration of alternative options

- 4.1 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.

5. Community engagement and consultation

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

6. Conclusion

- 6.1 As part of the budget setting process, the Committee are asked to note and agree to changes to fees and charges.
- 6.2 There are proposed changes to nursery fees, workforce training, and the Quality Improvement Programme and updates on school meal and adult education courses.
- 6.3 If the proposed fees & charges recommended in this report are not agreed, or if the committee wishes to amend the recommendations, then the item will normally need to be referred to the Policy & Resources Committee meeting on 9 February 2023 to be considered as part of the overall 2023/24 budget proposals.

7. Financial implications

- 7.1 The total Families, Children and Learning fees and charges budget for 2022/23 is approximately £2.2m excluding schools.
- 7.2 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 +3.0% should normally be applied to all council income budgets as a minimum. However, this rate is set early in the year, as part of the Medium-Term Financial Strategy, and may not match current inflation rates. Fees & Charges should therefore take into account current rates of inflation and be uplifted accordingly to ensure income is maintained as a proportion of the net cost of service wherever possible. Constitutionally, increases above or below the corporate rate of inflation must be approved by the relevant service committee or Policy & Resources Committee and can result in additional contributions toward either the cost of services and/or 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 proposals for the relevant service and will be incorporated within the revenue budget report to Policy & Resources Committee and Budget Council in February 2023. Income from fees and charges is monitored as part of the Targeted Budget Monitoring (TBM) process.

Name of finance officer consulted: Louise Hoten Date consulted: (01/11/22)

8. Legal implications

8.1 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.

Name of lawyer consulted: Serena Kynaston Date consulted 14.11.2022

9. Equalities implications

9.1 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 & 4 year olds and eligible two year olds. The entitlement for 3 & 4 year olds with working parents is 30 hours (term time only).

9.2 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 on Universal Credit are entitled to claim 85% of childcare costs. Parents on higher incomes may 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 £2,000. Parents can then use this money to pay their childcare provider.

9.3 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.

10. Sustainability implications

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

11. Other Implications

Social Value and procurement implications

11.1 Social Value is about securing maximum impact on local priorities from all public investment. The city seeks to maximise social value by focusing particularly on strengthening communities through collaborative working across the public, private and community and voluntary sectors.

11.2 The School Meals Service provides significant funding in the order of £3.5m pa to the local and wider economy through its school meals contract. The

contract requires employers delivering services on the council's behalf to pay the Living Wage Foundation Living Wage.

Crime & disorder implications:

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

Public health implications:

- 11.4 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.

