

**Subject:** Children's Services Fees and Charges 2014/15  
**Date of Meeting:** 13 January 2014  
**Report of:** Executive Director of Children's Services  
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**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 re Children's Centres as detailed in section 3.4 be agreed re consulting on introducing charging for some Children Centre activities.
- 2.3 That the position on fees charges for Childcare Workforce Development as detailed in section 3.5 be agreed.
- 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 noted.
- 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 in section 3.8 be agreed and the fees in Appendix 2 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.

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

### **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. The Council took over running the Sun Valley nursery (previously known as PACES nursery) in September 2013 to ensure that there are sufficient places for funded two year olds in Whitehawk. All the nurseries are subsidised by the Council. The budget proposals for 2014/15 include a saving of £48,000 from the overall subsidy. This will be achieved by a combination of reviewing the staffing structures to ensure that these are as efficient as possible and increasing the occupancy of the nurseries by offering more places to funded two year olds.

3.3.2 The existing fee policy is to charge £4.72 an hour for nurseries which provide food and £4.42 for those which do not. The proposal is to increase the fees by 2.5% for inflation. During the year the arrangements for providing food have been reviewed and all nurseries now provide breakfast and tea. The proposal is therefore to increase the lower level fees to recognise this. The higher rate will therefore increase to £4.84 an hour and the lower rate to £4.63. The lower rate includes an additional £1 a day for breakfast and tea.

3.3.3 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 2013 has been an increase in the number of 2 year olds who qualify for free childcare. From September 2013 two year olds from families on out of work benefits have been entitled to a free part time place (around 20% of two year olds). From September 2014 this entitlement will be extended to 40% of two year olds including those from low income working families. The national eligibility criteria are:

From September 2013

- if their families meet the eligibility criteria also used for free school meals
- if they are looked after by their local authority

From September 2014

- 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 Consultation on Charging for Children's Centres Activities**

3.4.1 There is a budget proposal to consult on introducing charging for some Children's Centre activities. The aim of the proposal is to ensure that all Children's Centres can remain open and to continue to offer the same services to parents by generating income. The alternative would be to reduce universal services. The statutory guidance on Children's Centres says that local authorities must ensure there is a consultation before making significant changes to the range and nature of the services provided through a children's centre and / or how they are delivered. The proposal is that this consultation would take place in the spring and report to the Children and Young People's Committee in the summer term. The consultation will consider the following points:

- Which groups will be charged for? This initial proposal is to charge for open access groups including stay and play groups run from Children Centre buildings. The Stay and Play groups are the most popular groups with some 4000 individual attendances each quarter. The next most popular activities are healthy child clinics which are primarily health services so it would not be appropriate to charge. The consultation will consider which other groups and activities should be included.
- Who to charge and how to ensure that children's centres continue to reach children and families who are at risk of poor outcomes? Health Visitors see and assess all families. Around 20% of families are assessed as needing some additional help. The proposal is that these families would not be charged. Parents on benefits could also be given free sessions (see the card option below).
- How much to charge – the consultation will include a number of options and ask parents how much they would be prepared to pay. For example a charge of £2.50 for universal parents attending open access stay and play groups could generate some £25,000 a year if numbers stayed the same.
- How to minimise administrative costs. Collecting cash takes staff time and there is a cost of £25 for each time money is collected. The aim is to look at options for a card which can be loaded with a number of sessions which universal parents can pay for and other parents can have for free.

Children's centres are also promoting and support the development of parent and community led provision.

### **3.5 Childcare Workforce Development**

- 3.5.1 Charges for childcare providers to access the childcare training programme were introduced this financial year. The costs are £30 per person for a full day and £20 for half day training course. For childcare providers outside of the city, the charges rise to £60 and £40 per person. 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 – the charge is £50 per job. This list is advertised on the Council's website. Again, this is offered to childcare providers outside of Brighton & Hove at a charge of £100 per job. The income target for this financial year was £15,000 which has already been exceeded.
- 3.5.2 The target for 2014/15 is £25,000 and fees will remain at the current level due to an increase in the number of providers buying training.

### **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. The Music Trust is consulted on suggested levels of fees, prior to final decisions by Directors. Equal access to music services is encouraged by offering subsidies of 80% to families receiving Child Tax Credit and 100% to families on Income Support.
- 3.6.2 The budget strategy for 2014/15 proposes that the service loses £86k of its Council funding. As a result it is anticipated that the average fee would increase by 4%, alongside amending the present service offer and developing further charging to schools. The increase in fees may have an impact on numbers learning and access to learning for pupils with parents/carers on low income and other CYP in challenging circumstances. Instrumental tuition fees will rise but will need to be submitted to the Music Trust and to Directors for approval in March 2014. The Local Authority also receive the Arts Council Music Hub Grant which is due to reduce by £40k.
- 3.6.3 It is proposed that the service introduces an amended set of criteria for the subsidised tuition scheme which would retain the 100% subsidy primarily for families receiving free school meals and reduce or delete the subsidy for other categories. This would include moving the subsidy for families on working tax credit from 80% to 50%, reducing the internal discretionary award for families just above the present threshold from 50% to 20% and deleting the large family category.
- 3.6.4 A schedule of the current fees and charges are attached for information at Appendix1

### 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 1<sup>st</sup> August 2011 for a period of 4 years with an opportunity to extend up to 24 months. 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. In line with the contractual arrangements this price will be reviewed on 1<sup>st</sup> August 2014. Any change to price will be based on the April 2014 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. There are strong incentives for the contractor to grow the service and these are supported by successful partnership working with the local authority, which has been recognised recently in a national award.

The likelihood should be further reduced through the implementation of universal free school meals – although we still await detailed financial information regarding the grant from government.

### **3.8 Portslade Sports Centre**

3.8.1 Portslade Sports Centre 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, usually in July for implementation in September. For the next academic year in September 2014 members will need to agree who approves the fees and charges.

3.8.2 At Portslade Sports Centre day membership fees (90p) 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 yr olds with special needs who have a Compass Card receive free use of the gym.

3.8.3 A schedule of the current fees and charges is attached at Appendix 2.

## **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 2013/14 is approximately £4m excluding schools.

5.1.1 As a start point for the budget process, income budgets are increased by inflation, currently 2.5%, 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 £753,000 which it will aim to achieve when reviewing the fees and charges for approval by the Music Trust in due course. If savings of £86,000 are made and with the grant reduction of £40,000 the revised income target will be £879,000. The Trust will need to decide to increase fees to this level or reduce areas of expenditure.

*Finance Officer Consulted: Louise Hoten*

*Date: 18/11/13*

### 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: 19/11/13*

### 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 2013 two year olds from families on out of work benefits have been entitled to a free part time place (around 20% of two year olds). From September 2014 this entitlement will be extended to 40% of two year olds including those from low income working families. 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.

- 5.3.1 Equal access to music services is encouraged by currently offering subsidies of 80% to families receiving Child Tax Credit 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 2014/15.

**SUPPORTING DOCUMENTATION**

**Appendices:**

1. Music and Arts Fees and Charges
2. Portslade Sports Centre Fees and Charges

**Documents in Members' Rooms**

None

**Background Documents**

1. Fees and Charges Analysis – 2013/14