

1 February 2017		ITEM: 6
Children's Services Overview & Scrutiny Committee		
Fees & Charges Pricing Strategy 2017-18		
Wards and communities affected: All	Key Decision: Key	
Accountable Directors: Rory Patterson, Corporate Director for Children's Services		
Accountable Head of Service: Andrew Carter, Head of Children's Services		
Accountable Directors: Rory Patterson, Corporate Director for Children's Services		
This report is public		

Executive Summary

Local Authorities are involved in a wide range of services and the ability to charge for some of these services has always been a key funding source to Councils.

This report specifically sets out the charges in relation to services within the remit of this Overview and Scrutiny Committee. Charges will take effect from the 1 April 2017 unless otherwise stated.

In preparing the proposed fees and charges, Directorates have worked within the charging framework and principles set out in the report.

The full list of proposed charges is detailed in Appendix 1 to this report.

The proposed deletion of current fees and charges are detailed in Appendix 2 to this report.

1. Recommendations

1.1 That Children's Services Overview and Scrutiny Committee note the revised fees and charges proposals including those no longer applicable

1.2 That Children's Services Overview and Scrutiny Committee comment on the proposals currently being considered within the remit of this committee

2. Background

2.1 The paper describes the fees and charges approach for the services within the Children's Services Scrutiny Committee remit for 2017/18 and will set a platform for certain pricing principles moving forward into future financial years.

2.2 The paper provides narrative for the following areas:

- School Improvement
- Early Years Education and Childcare
- Grangewaters
- Learning & Skills
- School Meals

2.3 The fees & charges that are proposed are underpinned in some instances by a detailed sales and marketing plans for each area. This will ensure delivery of the income targets for 2017/18, for ease these are summarised below

Service: £000's	Actual 15/16	Budget 16/17	Budget 17/18
School Improvement	99	50	52
Early Years Education and Childcare	285	833	857
Grangewaters	142	319	329
Learning & Skills	839	1,038	1,069
School Meals	2,921	3,057	3,148
TOTAL	4,286	5,297	5,455

3. Thurrock Charging Policy

3.1 The strategic ambition for Thurrock is to adopt a policy on fees and charges that is aligned to the wider commercial strategy and ensures that all discretionary services cost recover.

3.2 Furthermore, for future years, while reviewing charges, services will also consider the level of demand for the service, the market dynamics and how the charging policy helps to meet other service objectives.

3.3 When considering the pricing strategy for 2017/18 some key questions were considered.

- Where can we apply a tiered/premium pricing structure
- How sensitive are customers to price (are there areas where a price freeze is relevant)
- What new charges might we want to introduce for this financial year
- How do our charges compare with neighbouring boroughs
- How do our charges compare to neighbouring boroughs and private sector competitors (particularly in those instances where customers have choice)
- How can we influence channel shift
- Can we set charges to recover costs
- What do our competitors charges
- How sensitive is demand to price
- Statutory services may have discretionary elements that we can influence
- Do we take deposits, charge cancellation fees, charge an admin fee for duplicate services (e.g. lost certificates.)

4. Proposals and Issues

- 4.1 The fees and charges for each service area have been considered and the main considerations are set out below.
- 4.2 A council wide target of £0.350m has been proposed within the MTFS for additional income generation in respect of fees and charges income for 2017/18.
- 4.3 For Children's Services the increase equates to a target of £158k to be secured through increased fees and charges in 2017/18. The increased fees and charges are challenging and represent our commercial ambitions as a Council, while acknowledging that, where appropriate, support may be required to families where increases may not be affordable.

School Improvement – this service area covers a range of aspects where fee generated income is in place. While a number of authorities are exploring the development of traded services, there is not currently enough comparative data available to benchmark the service against. Current provision is not yet delivering full cost recovery although this will be explored further in 2018/19.

- 4.4 **Early Years Education and Childcare** – there is limited capacity to generate income against funded early education places as these are fully funded by DSG based on actual numbers of children accessing provision, as a part of the requirements of this funding we are unable to charge 'top-up' fees. However, fees are charged for the existing council owned and run nursery, although this does not achieve full cost recovery for the service. In addition charging is being increasingly rolled out with schools given that the majority of them are academies and part of multi-academy trusts. The council still has a role to support schools to raise education standards, so it is vital that support and challenge is continued and the impact of the increased will be monitored. Improving attainment remains a key priority underpinning regeneration locally and the reduction of inequalities.
- 4.5 **Learning & Skills** – A review of the current pricing structure across the services that we currently trade has been undertaken and the 3% increase will be achievable across the majority of services including the Duke of Edinburgh Award. The 3% increase proposed for Grangewaters will support the service in moving towards being a more commercially viable opportunity for the Council. Extensive marketing testing with other Information Advice & Guidance providers who are trading locally has been undertaken, and this shows that this could potentially lead to a loss of income for the service. Inspire Careers has a significant income target to achieve which will increase in 17/18. As a result any potential loss of business would have a significant impact on the work that is being undertaken to move Inspire – Careers into an alternative model for delivery. Charges will be frozen for 17/18 and the remainder of the service area will absorb the increase in income to ensure the income generation targets are met.

4.6 School Meals

This service completes market testing with similar services to ensure that it remains competitive in the market. Schools can choose any provider and with the

large number of Academies this is a particular risk. Charges have been benchmarked and consider cost recovery.

4.7 **Summary**

In summary, the increased fees and charges will be challenging to implement and managers are working to achieve these but to also, where appropriate, to support families where increases may not be affordable.

5. **Reasons for Recommendation**

- 5.1 The setting of appropriate fees and charges will enable the Council to generate essential income for the funding of Council services. The approval of reviewed fees and charges will also ensure that the Council is competitive with other service providers and neighbouring councils.

6. **Consultation (including Overview and Scrutiny, if applicable)**

- 6.1 Consultations will be progressed where there is specific need. However, with regard to all other items, the proposals in this report do not affect any specific parts of the borough. Fees and charges are known to customers before they make use of the services they are buying.

7. **Impact on corporate policies, priorities, performance and community impact**

- 7.1 The changes in these fees and charges may impact the community; however, it must be taken into consideration that these price rises include inflation and no profit will be made on the running of these discretionary services.

8. **Implications**

8.1 **Financial**

Implications verified by: **Carl Tomlinson**
Finance Manager

Additional income will be generated from increases but this is variable as it is also dependent on demand for the services. Increases to income budgets have been built into the MTFS.

8.2 **Legal**

Implications verified by: **David Lawson**
Monitoring Officer

Fees and charges generally fall into three categories – Statutory, Regulatory and Discretionary. Statutory charges are set in statute and cannot be altered by law since the charges have been determined by Central government and all authorities will be applying the same charge.

Regulatory charges relate to services where, if the Council provides the service, it is obliged to set a fee which the Council can determine itself in accordance with a regulatory framework. Charges have to be reasonable and must be applied across the borough.

Discretionary charges relate to services which the Council can provide if they choose to do so. This is a local policy decision. The Local Government Act 2003 gives the Council power to charge for discretionary services, with some limited exceptions. This may include charges for new and innovative services utilising the power to promote environmental, social and economic well-being under section 2 of the Local Government Act 2000. The income from charges, taking one financial year with another, must not exceed the cost of provision. A clear and justifiable framework of principles should be followed in terms of deciding when to charge and how much, and the process for reviewing charges.

A service may wish to consider whether they may utilise this power to provide a service that may benefit residents, businesses and other service users, meet the Council priorities and generate income.

Decisions on setting charges and fees are subject to the Council's decision making structures. Most charging decisions are the responsibility of Cabinet, where there are key decisions. Some fees are set by full Council.

8.3 Diversity and Equality

Implications verified by: **Becky Price**
Community Development Officer

The Council has a statutory responsibility under the Equality Act 2010 to promote and have due regard to the need to eliminate discrimination and advance equality of opportunity between individuals who share a relevant protected characteristic and those who do not share it. Decisions on setting charges and fees are subject to the Council's decision making structures. Concessions should be available to groups or individuals in the community where the increase may create negative impact or lead to exclusion from activities.

8.4 Other implications (where significant) – i.e. Staff, Health, Sustainability, Crime and Disorder)

None applicable.

9. Background papers used in preparing the report (including their location on the Council's website or identification whether any are exempt or protected by copyright):

None

10. Appendices to the report

Appendix 1 – Schedule of Proposed Fees and Charges for 2017/18

Appendix 2 – Schedule of Fees and Charges that are no longer applicable

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