

4 February 2020		ITEM: 10
Children's Services Overview and Scrutiny Committee		
Fees and Charges Pricing Strategy 2020/21		
Wards and communities affected: All	Key Decision: N/A	
Report of: Kelly McMillan, Business Development Project Manager		
Accountable Assistant Directors: Sheila Murphy, Assistant Director of Children's Social Care and Early Help; and Michele Lucas, Assistant Director of Education and Skills		
Accountable Director: Roger Harris, Corporate Director Adults, Health Housing and Interim Director, Children's Services		
This report is Public		

Executive Summary

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 2020 unless otherwise stated. In preparing the proposed fees and charges, Directorates have worked within the charging framework and commercial principles set out Section Three of the report.

Further director delegated authority will be sought via Cabinet to allow Fees and Charges to be varied within financial year in response to legal, regulatory or commercial requirements.

The full list of proposed charges is detailed in Appendix 1, and 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That Children's Services Overview and Scrutiny Committee note the revised fees and charges proposals including those no longer applicable.**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 note that director delegated authority will be sought via Cabinet to allow Fees & Charges to be varied within a financial year in response to commercial requirements.**

2. Introduction and Background

2.1 The paper describes the fees and charges approach for the services within the Children's Services Overview and Scrutiny Committee remit for 2020/21 and will set a framework for certain pricing principles moving forward into future financial years.

2.2 The paper provides narrative for the following areas:

Placement Support- Oaktree
Summer Playscheme for Disabled Children
Admissions & Welfare
Early Years Education and Childcare
Learning & Skills – Grangewaters
Music services
Thurrock Adult Community College

3. Thurrock Charging Policy

3.1 The strategic ambition for Thurrock is to adopt a policy on fees and a charge that is aligned to the wider commercial strategy and ensures that all discretionary services are operated within a framework of cost recovery.

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. A full market analysis is undertaken on a yearly basis to ensure that we are still competitive in the wider market.

3.3 When considering the pricing strategy for 2020/21 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.)

- Can we offer a discount for early booking or repeat customers.

3.4 For Children's Services charges are tiered depending on the service area:

- **Grangewaters** – have tiered charges based on the number of activities, length of stay, accommodation, catering, and the number/age of people taking part in the activities.
- **Nurseries** – charges are tiered around the ages of the children, and the times the children are in attendance.
- **Adult Community College** – have tiered charges based on the community engagement and learner abilities to pay the full cost for the programmes.

3.5 The following key changes occurred for 2020/21 fees and charges:

- Certain nursery place charges have in some cases increased above inflation to take account of the actual costs of service delivery, which are dependent on the ages involved and corresponding staffing ratios. These will be in line with central government grant funding.
- New nursery place charges for 0-2 years and babies have been introduced.
- Nursery after school charges have been removed as this is no longer economically viable to provide, due to market competition.
- Grangewaters charges have increased in line with forecast inflation.
- Thurrock Adult Community College have been integrated into the Council's fees and charges process. Small increases in community hire which is still significantly below market rates.

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 To allow the Council services to better respond to changes in the commercial environment for fees and charges; delegated authority will be sought through Cabinet to permit the Director of the Service Area jointly with the Director of Finance to vary service charges within financial year due to commercial considerations.

- This will allow service areas, providing services on a traded basis to vary their fees and charges to reflect commercial and operational considerations that impact the cost recoverability calculations.
- Any changes to Fees and Charges due to commercial considerations will require the consultation with, and agreement of, the relevant Portfolio Holder.

4.3 Summer Playscheme for Disabled Children.

The Short Break and Outreach Service has been operating a Summer Playscheme for Disabled Children for many years. The service provides activities for children that cannot access mainstream holiday clubs due their complex and special needs. The service runs for 4 days per week for 4 weeks of the summer holidays and accommodates 50 children every day. Parents are charged a fee to assist with the high cost of the scheme, which is used to fund towards the high level/ ratio of staff needed to provide a safe service. The fees do not cover the overall cost of the service and the deficit is covered by the Directorate. Sponsorship of the service is being considered to cover the shortfall for 2020/2021 as recommended by the recent Children's Service reviews.

4.4 Adult College.

Is funded from the Education and Skills Funding Agency (ESFA) and this funding is attached to individual learners. Ongoing work linked to the business plan continually looks to identify ways in which the college could provide additional course ranges that can be charged for. Further it is a requirement of the funding source that any excess income generated must be used to subsidise courses for residents, which meet and contribute too, the Thurrock Council priorities for vulnerable groups. Small increases in community hire which is still significantly below market rates.

4.5 Music Service.

Has various strands of work subject to different charging models, key areas are:

- Individual and small group tuition is currently based on £32.70 hour (2019-2020), and will increase to £33.70 for 2020/21. The actual charge depends therefore on the length of the session and the number of children involved in it. This charge covers on average the cost of the tutor, on-costs and travel. It is the expectation of the Grant and the Music Education Plan that access and affordability are key to the activities of the HUB. Under the model we operate, pupils on free school meals (KS2 upwards) and Pupil Premium attract a 50% reduction in the fees and Instrument Hire charges.
- First Access Whole Class programmes - a set of charges are published to schools leading up to the annual sign up for new programmes each September.
- Variants for the Wider Opportunities, which is part subsidised by the grant, include the number of classes in a year group (hence the number of groups to be sent each week); 1 Music Tutor or 2; 1 term or a whole year programme. In some cases, mixed year groups access this provision.
- Variants for the Further Opportunities programme, which is not subsidised as such, are equally 'bespoke'.

Main fee areas:

- Instrument Loan/Hire: From April 2020 will be increased from £25 to £26 per term for most instruments and from £12.50 to £13 for some of the less expensive instruments (such as guitars) for pupils learning through the Music HUB. This strand of income will potentially enable the instrument maintenance programme to be enhanced; currently a proportion of the music services grant funding is assigned to instrument repairs/maintenance. The first term of loan/hire of the first instrument learned is free, and again those that qualify receive a no-cost loan. The Council has comprehensive all risks insurance of the instruments.
- Exams: The fees are set by the National Examining Boards such as ABRSM. A small administrative fee and accompaniment costs (50% covered by the grant) are added.
- Ensembles: currently these are free to pupils, covered by the grant.

Whilst access is key, the Music HUB needs to be in a position to review these charges and the service offerings to respond appropriately to the requirements of the Grant and the National Plan for Music Education, in order to keep the operation commercially viable.

4.6 Music Services – Whole Class Provision.

Options offered for the whole class provision range from one term with one Music Tutor at no cost to schools (funded by the ACE Grant) to a whole year with two Music Tutors (including the one term, one Music Tutor grant funded element). There are indications that pressures on school budgets are likely to result in some changes to the pattern of engagement with the whole class provision leading to a reduction in income generation from this strand.

4.7 Early Years Education and Childcare.

Fees and Charges.

The Nursery Service has produced a detailed recovery plan which sets out how they will ensure that they remain cost neutral for 2020/21. Providing early years opportunities is a key strategic driver within the local authority and we remain committed to ensuring early years provision.

This policy introduces an extremely high income threshold for eligibility on the new scheme. Meaning that the additional 15 hours of funded childcare is available for families where both parents are working and each earns less than £100,000 a year; and the expectation is this will probable result in significant increase in demand whilst reducing private sector client base and income levels.

4.7.1 Service Development

The nursery service has a significant cost overhead, with staff making up 80% of service costs and at rates which are not competitive to those paid in the private sector i.e. Council is paying higher basic salary levels.

Therefore, to develop the service the area will need to fully analyse the following options:

- Operational hours will need to be reviewed around core 30 hours; which will allow the service to charge parents for periods normally used by commuters and working parents.
- Consultation with major local employers to align working hours.
- Developing a tiered service model, linked to above.
- Changing some staff patterns to accommodate a wider operational window.
- Increase use of apprentices and trainee staff as vacancies arise.
- Development/Expansion of 0 year to 2 year childcare services as potential income stream (in progress and planned for Spring opening).

4.8 Learning & Skills – Grangewaters.

Fees and Charges

The service is expecting to achieve target for FY19/20 and remain cost neutral to the Council, and has contingency measures to reduce spend if income targets are unable to be met.

4.8.1 Supporting this is marketing and sales activities to develop the quieter winter months, this is continuing to identify further income potential and Grangewaters are anticipating that this will continue to improve Grangewaters financial income position in coming years.

4.8.2 Grangewaters undertook a benchmarking exercise in 2017, and increased its charges for 2019/20 to reflect this. Increases for 2020/21 will be in line with forecast RPI indexation of 2.9% (subject to rounding) to ensure continued cost model recovery, and Grangewaters considers that this increase will not adversely impact on current market share.

4.8.3 We also offer a number of incentives for early bookings and repeat bookings, and these are taken into account within the financial reporting model. These are adapted within year to reflect and incentivise uptake of services during quiet and off-peak periods.

4.8.4 Service Development.

Grangewaters continues to develop a number of business plans to increase our income revenue – recognising that Grangewaters needs to remain cost neutral.

4.8.5 Our training facilities are being used by the Councils training and development teams; and we are developing further ideas linking these in with a variety of council services, to increase business opportunities over the coming years. Capital funding has also been secured to enhance the current training

facilities.

In addition, a Business Development proposal is being submitted for consideration by management on the future investment and development of the site; this will include the expansion of general facilities, improved access, accommodation, dedicated training centre and increasing the small business start-up area.

5. Reasons for Recommendations

- 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. The ability to vary charges within financial year will enable services to more flexibly adapt to changing economic conditions.
- 5.2 The granting of delegated authority to vary these charges within financial year will allow the Council to better respond to the needs of the communities, legal requirements, regulatory changes and commercial challenges.

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 Children's Services 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: **Joanne Freeman**
Finance Manager

The effect of any changes to fees and charges on individual income targets will be determined as part of the 2020-21 budget setting process in which Corporate Finance and service areas will review anticipated level of demand, fee increases, previous performance and potential associated costs. Future reports will set out the 2020-21 targets across all directorates.

8.2 Legal

Implications verified by: **Tim Hallam**
Acting Head of Law, Assistant Director of Law & Governance

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 Council's general power of competence under section 1 of the Localism Act 2011. 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: **Rebecca Lee**
Team Manager – Community Development and Equalities

The Council is responsible for promoting equality of opportunity in the provision of services and employment as set out in the Equality Act 2010 and Public Sector Equality Duty. Decisions on setting charges and fees are subject to Community Equality Impact Assessment process and the Council's wider decision making structures to determine impact on protected groups and related concessions that may be available.

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

None

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 2020/21
- Appendix 2 – Schedule of Fees and Charges no longer applicable

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Commercial