
Meeting: Executive
Date: 15 March 2010
Subject: Services to Schools 2011/12
Report of: Councillor Maurice Jones, Portfolio Holder for Finance, Governance & People
Summary: This report seeks the Executive's approval of the Services to Schools price list for the period 2011/12, together with the underpinning principle of full cost recovery of these services.

Advising Officer: Richard Ellis, Director of Customer and Shared Services
Contact Officer: Bernard Carter, Overview & Scrutiny Manager
Public/Exempt: Public
Wards Affected: All
Function of: Executive
Key Decision No
**Reason for urgency/
exemption from call-in
(if appropriate)** N/A

CORPORATE IMPLICATIONS

Council Priorities:

This issue relates to the Council's priority to educate, protect and provide opportunities for children and young people.

Financial:

The Council's approved revenue budget for 2011/12 is predicated on the organisation achieving an income optimisation target of £1.5M. This initiative will raise circa £0.5m per annum (subject to take up), which would not only make a significant contribution to this target but would also recover the full cost of service provision.

Legal:

None, these "traded" services are discretionary and schools are free to choose alternative providers.

Risk Management:

Potential risk of attrition in take up rates over time. The Customer & Shared Services directorate in particular will need to monitor the issue closely and manage resources accordingly.

The Council's reputation and relationship with schools may also be affected by these charges. It is therefore important that our relationship and communications with governors and head teachers continues to be managed proactively.

Staffing (including Trades Unions):

Should attrition rates be significant, there will be a need for further service level efficiencies in order to realign resources to income generated.

Equalities/Human Rights:

Under the terms of equality legislation, when developing proposals and making policy decisions public authorities must ensure that decisions are made in such a way as to minimise unfairness, and they do not have a disproportionately negative effect on people from different ethnic groups, disabled people and men and women.

Community Safety:

None.

Sustainability:

None.

Summary of Overview and Scrutiny Comments:

- The Children's Services Overview and Scrutiny Committee considered the issue of traded services to schools at its meeting on 25 January 2011. The Committee acknowledged the challenges the Council was facing regarding provision of services to schools and endorsed the principle of full cost recovery.

RECOMMENDATIONS:

1. **that the Executive confirms the principle of full cost recovery regarding the provision of discretionary traded services to schools;**
2. **that the Executive approves the Services to Schools price list for the period 2011/12, attached at Appendix A.**

Reason for Recommendation:

So that the Council is clear regarding its recovery of costs policy and has approved the related Services to Schools price list for the period 2011/12.

Executive Summary

The principles, costs and charges relating to the Council's "traded" services offer to schools has recently been the subject of a comprehensive review and as a result, this report sets out a proposed charging philosophy and pricing structure for 2011/12.

Background

1. The current economic climate and pressure on public finances has required all public sector bodies, including local authorities, to look carefully at their spending and identify the true cost of providing individual services. This requirement, together with the increasing independence of schools (e.g. Academies & Free Schools) and potential decline in demand for school support services, has prompted a comprehensive review of the Council's "traded" offer to Central Bedfordshire schools.
2. The rationale behind this comprehensive review has been informed by the Children's Services Overview and Scrutiny Committee, who in acknowledging the financial challenges the Council was facing generally, endorsed the principle of full cost recovery with regard to the provision of services to schools. It was the Committee's view that the Council (and in effect critical front line services) should not subsidise the costs associated with the provision of discretionary traded services to schools.
3. A review of discretionary traded services has been conducted to provide a comprehensive analysis of costs, and to make recommendations on the level of pricing required for each service in order to reflect full cost recovery. This work was undertaken with the support of officers in Finance and has led to the creation of a revised Services to Schools price list for the period 2011/12, which is attached at Appendix A. The price list clearly shows for every service listed the percentage increase in charges and where appropriate and fully justified, also includes differential charges for Academies.

Issues

4. Whilst some services have been covering their costs through the income received from schools, there are a number of services which represent a significant cost to the authority. A couple of examples are outlined below, where a significant adjustment will be required:-

Payroll:

- Current charge per payslip £3.20
- Current cost to CBC £4.30
- CBC currently losing £118k pa
- Proposed charge per payslip £4.30
- An increase of c. 34% based upon current volumes

Human Resources:

- Full Cost of Service £740,000
- Currently recovering only £370,000
- CBC currently losing £370k
- An increase of 100% will therefore be required to recover costs, based upon current volumes

Bursary Service:

- Full Cost of Service £752,000
- Currently recovering only £716,000
- An increase of 5% will therefore be required to recover costs, based upon current volumes

Consultation

5. In order to assess the impact any revised charges would have on individual schools, the proposed price list was presented to School Governors at the School Governors Forum on 16 February 2011. Both the Deputy Leader and Director of Customer & Shared Services explained the context and rationale behind the increase in charges and encouraged attendees to submit any concerns via our feedback mechanism. The feedback received to date is attached at Appendix B.
6. A number of the comments received from this event suggested that some schools were concerned about the lack of time available to source alternative suppliers, if they were minded to do so and the lack of capacity and skills to undertake such a task. Officers will therefore seek to devise an appropriate support package in order to help schools either deliver services themselves or source externally.

Financial and Other Implications

7. Central Bedfordshire Council's Revenue Budget for 2011/12 was approved by Full Council on 24 February 2011, and included an increased income contribution of £1.5m. The implementation of the proposed charges for School Support Services will contribute circa £0.5m to this target (albeit acknowledging that there is a risk service take up and hence revenue may reduce slightly).
8. Additionally, there may well be some financial impact on schools as a result of the implementation of these proposed charges. It should be noted however that schools can choose alternative providers for such services.

Conclusion

9. The current economic climate and the pressure on public finances demand that all local authorities review their priorities and costs to ensure limited resources are used to best effect, targeted to those with greatest need and support critical and statutory front line services. The principle of full cost recovery regarding the provision of discretionary traded services is therefore compelling and would result in the Council eliminating its subsidy to schools. The Executive is therefore asked to endorse the principle of full cost recovery and approve the Services to Schools price list attached at Appendix A.

10. It is proposed that the revised pricing will be introduced from the 1 April 2011. The resultant increases, along with a number of schools becoming Academies/Free Schools, may have an impact on the take up of these services. Once this has been assessed and a new base volume established, services will need to review existing resources to ensure costs are re-aligned to the new demand levels.

Appendices:

Appendix A – Services to Schools Price List

Appendix B – Feedback from Headteachers and School Governors

Background Papers: (not applicable)

Location of papers: (not applicable)