

Central Bedfordshire Council

EXECUTIVE

11 October 2016

Traded Services to Schools & Academies – Proposed charges for 2017/18.

Report of Cllr. Richard Wenham, Executive Member for Corporate Resources (cllr. richard.wenham@centralbedfordshire.gov.uk) and Cllr. Steven Dixon, Executive Member for Education & Skills (cllr. steven.dixon@centralbedfordshire.gov.uk)

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This report relates to a non-Key Decision

The report proposes the revised 2017/18 charges for Traded Services to Schools & Academies for non statutory services.

RECOMMENDATIONS

- 1. The Executive is asked to agree the charges for 2017/18 for non statutory services to Schools & Academies and recommend them to Council.**

Overview and Scrutiny Comments/Recommendations

1. The proposed 2017/18 charges for Traded Services to Schools & Academies for non statutory services were taken at the Children's Services Overview & Scrutiny Committee (OSC) on the 6th September 2016 and the Corporate Resources OSC on the 23rd August 2016 for comment.
2. The comments made by the Overview & Scrutiny Committees are attached at Appendix C (to follow post Scrutiny).

Background

3. The Council's Charging Policy states that 'All Fees and Charges will be reviewed annually and adjusted as necessary in line with the Council's charging policy.'

4. The Fees & Charges Policy was approved by Council in November 2014. It states that 'All Fees and Charges should be reviewed on a more fundamental basis at least every 3 years, where it will be necessary to examine all the factors set out in accordance with good practice guidance i.e. the CIPFA Practical Guide for Local Authorities on Income Generation (Fully revised 2008).' This is currently being undertaken on a rolling basis.
5. Whilst not specifically mentioned in the Policy, traded services to Schools/Academies for non statutory services are the equivalent of Fees & Charges to the public and non Schools organisations, but to a restricted audience.
6. As such, it is considered appropriate to take the charges for traded services to Schools/Academies for non statutory services to the Executive for recommendation to full Council.
7. The Chief Finance Officer has advised that the inflation rate to be applied in line with the Corporate Budget Strategy is 1%.

Pricing for 2016

8. For the majority of services there will either be a 1% increase for 2017/18, or prices will be held at the 2016/17 price where charges are in line with the current cost of provision.
9. Some charges have been rounded to the nearest £5 or £10 so the percentage increase might be higher (roundings).
10. See Appendix B for a schedule of changes.

Approach to Reviewing Charges.

11. As mentioned above at paragraph 4, all Fees and Charges should be reviewed on a fundamental basis at least every 3 years.
12. For Schools Trading this is being undertaken on a rolling basis in line with Fees & Charges to the public.
13. The charges reviewed for 2017/18 are:
 - Insurance
 - IT services
 - Facilities management
 - Music Service
14. Insurance charges have been reviewed against the Council wide contract that the Council has for all of its insurance requirements. The prices set for schools have been set against that and result in an increase of 1.4%.

15. IT Services was subject to a two year contract which expires in March 2017. The service provision to schools is currently being reviewed and as a result, it is proposed that the charges identified in the booklet will be held at 2016/17 prices and the existing contract extended for a further year to March 2018.
16. Facilities management costs were increased by 7.8% last year. The review this year was to test that the charges were still in line with costs and it was concluded that they were and so the proposal is to increase the charges by 1% for inflation only.
17. Music Service is discretely identifiable as all income and costs are recorded against the same profit centre. As a result of the review, it is proposed to increase the charges for parental buy back by 1% (covered under Fees & Charges) and the charges to Schools/academies (covered under Schools Trading) by 2% to ensure that charges are cost reflective.

Education Support Grant (ESG) – Local Authority Responsibilities

18. The Department for Education (DfE) School Funding Consultation includes a section on what statutory duties the LA holds with regards to all schools (maintained and Academy alike). The LA currently receives £2.1M ESG which is allocated to local authorities in two funding streams (General £1.461M and Retained Duties £618K funding). The General Funding rate of £77 per pupil (a reduction of £10 from 2015/16) is paid only for maintained schools. The Retained Duties rate is a flat rate of £15 per pupil allocated to local authorities for the statutory duties that do not transfer to academies.
19. The initial consultation suggested that the General Funding rate would cease from September 2017 and the Retained Duties element reviewed along with the regulations surrounding the use of the Dedicated School Grant for statutory services
20. The outcome of this consultation will not be known until the late summer, although it is possible that this could be deferred in line with the Schools Funding Formula consultation by a further year.
21. Under current proposals it is likely that local authorities will lose ESG (the general element) along with certain responsibilities.
22. As a result, there may be a need to revisit both the charges and also the serviced provided to schools once the result of that consultation are known and a decision is announced. This could mean that some services currently funded by ESG and free to schools, might become traded services and schools will have a choice whether to buy into those services or not. Examples include Schools Improvement, Education Welfare, Therapies and other health related services.

Reason/s for decision

23. To agree the charges for 2017/18 as part of delivering a balanced budget for 2017/18 and identify resource requirements for the medium term.

24. To support Schools & Academies to improve education in line with Council Priorities.

Council Priorities

25. The Council Priorities are:

- Enhancing Central Bedfordshire
- Improving Education and Skills
- Protecting the Vulnerable; Improving Wellbeing
- Creating Stronger Communities
- Great Resident Services
- A More Efficient and Responsive Council

Corporate Implications

Legal Implications

26. The Council has various powers to charge for aspects of the services it provides. The general rule is that when it is carrying out a statutory duty the Council can only make a charge where there is specific power to do so. Section 93 of the Local Government Act 2003 provides that when the Council is providing a discretionary service, it may charge for the service, provided the person receiving the service has agreed to its provision. Overall the income from such charges must not exceed the current full economic cost to the Council of the provision.

27. Charges to Schools are at direct cost only as the Council can currently take a share of the Education Support Grant (ESG) funding to cover the Corporate overhead costs for statutory services (but see paragraphs 19-23).

28. For Academies, there is a charge of 10% management fee to cover Corporate overheads as we do not receive funding from the ESG.

Financial Implications

29. These are contained in the report.

Equalities Implications

30. Where appropriate, Equalities Impact Assessments will be carried out for proposals.

Conclusion and next Steps

31. If recommended by the Executive, the proposed charges for 2017/18 will be presented to Council at its meeting of 17th November 2016 for approval.

Appendices

Appendix A - Statutory and Traded Services to Schools & Academies booklet.

Appendix B – Year on Year Changes to charges.

Appendix C – Overview & Scrutiny Comments