

## **Traded Services for Schools**

### **1. Purpose of the Report**

This reports considers possible new traded services to be offered to schools and the effect of the proposed price increases. The report acts as a discussion document as the Public Accounts Committee asked that the School Forum be asked for a view on the impact on small schools and whether it is disproportionate to larger schools. The report also reviews the charging policy for maintained schools where extra hours are provided over and above the free entitlement for Early Years.

### **2. Recommendation**

- i) The Forum note the new services to be offered.
- ii) The Forum note the price increases of the service level agreements.
- iii) The Forum agree to continue with the current policy that charges for extra hours over and above the free entitlement be linked to the basic rate of funding.
- iv) The Forum take a view on the impact of the charges on large and small schools.

### **3. Background**

**3.1** As members will be aware from past reports, the Council have been working on assumptions that over the next four years expenditure met from the General Fund will need to reduce by £87m.

**3.2** Some budget reduction proposals were agreed by the Mayor and Cabinet for 2012/13 last year and these totalled £12.6m. The management action to implement these by 1 April 2012 is in most cases already well underway. It is anticipated that further savings will still need to be found and these will be in the region of £3.5m to £5.5m. In order to meet this the Mayor is currently considering a number of proposals across the whole council. One area of these proposals cover traded services with schools.

**3.3** The traded service proposal will have three aspects to it.

- The first is to ensure that wherever possible the charges for services represent the full costs of running those services including a proper allocation of overheads costs. The services will need to demonstrate that they continue to provide value for money for schools.
- That all services will have an inflationary increase.

- That some services that have been provided in the past that were not statutory will now be offered to schools on a traded basis. If schools value these services they will continue otherwise they will have to be cut or downsized.

#### **4 Revised charges**

##### **4.1 Strategy & Performance - introduction of trading activities with schools £30k**

The performance team has previously provided services to support schools with data entry either through telephone help lines or workshop training. This will now be charged for. If the service is to continue then this should be determined by schools. If the schools do not purchase the service there will be a need to downsize the team.

##### **4.2 School Governors support service - increased fee income from schools £20k**

The increase in charges for the governors support service will ensure that service is operating on a break even basis, currently it is subsidised by the general fund. Part of this service relates to running training courses and it is hoped that some of saving will be achieved by attracting more governors to these courses rather than raising prices.

##### **4.3 Inclusion Service - increased trading with schools £60k**

The costs of the inclusion service was previously met by a central government grant that is no longer available. This team has currently been funded this year by the General Fund but it is now felt that if schools feel the service is valuable, they will need to meet the costs. If this is not the case then there service will be downsized.

##### **4.4 Increase in income from schools for Human Resources services £50k**

The increase in income for Human Resources relates to extra services that schools are currently requesting, the cost of which can be managed in-house.

#### **4.5 Impact on schools**

The cost to a school is not easy to determine as each individual trading unit charges schools on a different basis, often providing a menu of services. Some services are on a pay as you go basis, some are on a flat rate while some are based on the size of the school.

If the above services are purchased, a primary school of 210 pupils would roughly see an increase in their charges of £1,900, a 850 pupil secondary school would see an increase of £2,400.

This is based on the minimum level of buy back, and included in these figures are a flat rate charge for the inclusion service. The charged included in the calculation is based on both the primary and secondary school buying back 1 day of the inclusion per term. If the secondary school wanted to purchase two

days of inclusion time per term the charge would increase from £2,400 to £3,600. These figures exclude inflationary increases.

The inclusion service at a fixed rate of £1,200 equates to the extra funding received from the pupil premium for two pupils.

4.6 The table below gives a broad estimate of the impact on schools

	Primary School		Secondary School		Secondary School	
	210 Pupils	400 Pupils	850 pupils	850 pupils	1200 pupils	1200 Pupils
	£	£	£	£	£	£
Performance	300	400	600	600	800	800
Governors	100	100	200	200	300	300
Inclusion Service -One visit per term	1,200	1,200	1,200		1,200	
Inclusion Service -Two visit per term				2,400		2,400
Human Resources	300	300	400	400	400	400
<b>TOTAL</b>	<b>1,900</b>	<b>2,000</b>	<b>2,400</b>	<b>3,600</b>	<b>2,700</b>	<b>3,900</b>
<b>% of school budget</b>	<b>0.30%</b>	<b>0.18%</b>	<b>0.04%</b>	<b>0.06%</b>	<b>0.03%</b>	<b>0.04%</b>
<b>School Budget</b>	£637,000	£1,130,000	£6,254,000	£6,254,000	£9,165,000	£9,165,000

The Public Accounts Committee asked that the School Forum be asked for a view on the impact on small schools and whether it is materially disproportionate to larger schools. While the proportionate impact is greater for smaller schools in the context of the overall schools budgets it is not material.

## 5 Inflationary increase

5.1 All other services will rise in line with current inflation at 5% as well, this will be effective from April 2012.

5.2 This will now ensure that all services are on a break even basis. This will ensure services cover their normal overheads such as payroll, personnel, ICT etc and make a contribution to the wider overheads of the Council.

## 6. New Service Level Agreement for Property Services

6.1 It is proposed to offer a new service for Fire Risk Assessment, School Asbestos Register Management, Legionella prevention and Facilities Management advice service. The principal element is the fire risk assessment where one off funds were identified to ensure that all schools were brought up to the necessary standards. Schools are now to resume responsibility for Fire Risk Assessment.

6.2 The draft service level agreement is attached in Appendix A.

## **7 Early years charges to parents.**

7.1 On 14 July 2010 the Mayor confirmed the wishes of the Forum and set a charging policy for maintained schools where extra hours are provided over and above the free entitlement for Early Years. The policy linked the charge to the basic rate of funding, which at the time was £4.50. When this was set there was uncertainty about these charges which the Education Act 2011 has now settled by stipulating that they can be made.

7.2 The report considered by the Mayor is attached as Appendix B and provides the details of the various possible charging methods and the arguments considered.

7.3 It was agreed by the Forum that at the time of introduction the actual impact could not be forecast accurately and that the policy should be reviewed within the first two years of implementation to ensure that no detrimental effects are emerging. Currently there is no evidence that this is the case.

7.4 It is recommended that the policy be continued and that the rate be set at the basic funding rate rounded to the nearest 10p. For 2012/13 this would give a charging rate of £4.80. The charge has not been reviewed since it was introduced. However the standards funds have now been built into figures and are reflected in the increase from the original rate of £4.50.

## **8. Conclusion**

In the current economic climate it is essential all services traded with schools recover their appropriate costs. It is important though schools are receiving the services they value at reasonable and competitive prices. It is accepted that in reviewing fees and charges the increases may reduce demand.

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