

PLYMOUTH CITY COUNCIL

Subject: Traded Services with Schools (Maintained schools and academies)
Committee: Cabinet
Date: 13 November 2012
Cabinet Member: Councillor Williams and Councillor Lowry
CMT Member: Carole Burgoyne (Director for People) and
Adam Broome (Director for Corporate Services)
Author: Anita Martin, Group Accountant (Education, Learning and Family Support)
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Ref:
Key Decision: Yes
Part: I

Purpose of the report:

The Services 4 Schools directory formerly known as Trading Fair is the reference source of traded services for headteachers and governing bodies. It lays out details of services that the Council offers to support leadership, management and raising attainment in schools. The directory, which is prepared annually, also includes services which can be subscribed to for a three-year contract period.

With the changing educational landscape and further delegation of funding to schools directed through national school funding reform, an analysis of the services offered to schools is necessary to ensure that the services the Council offers can demonstrate value for money, generate significant income and/or have strategic benefit for the Authority.

The prospectus of Service 4 Schools must be published in December 2012 to enable the Authority to enter into an increasingly competitive market for the period April 2013 to March 2014.

Corporate Plan 2012-2015:

Provide Value for Communities:

The review will lead to better value services being delivered by driving improved internal efficiencies and generating income in line with cost to ensure the Council does not inappropriately subsidise services offered to schools.

Deliver Growth:

Traded services with schools directly supports the employment of more than 80 full time equivalent staff in the Council. Expanding the services outside of the City boundaries has the potential to generate additional income for the City and create additional employment opportunities.

**Implications for Medium Term Financial Plan and Resource Implications:
Including finance, human, IT and land**

Offering traded services to schools currently generates income in excess of £3.6m per annum and directly employs more than 80 full time equivalent staff in the Council. Whilst the majority of services generate adequate income to cover the direct cost and make a contribution to the Council's overheads, some services are currently operating at a loss. Continuing to offer services to schools, in line with the agreed charging policy, will help to secure this significant source of income and employment opportunities whilst ensuring that the Council does not inappropriately subsidise the services offered.

Other Implications: e.g. Child Poverty, Community Safety, Health and Safety, Risk Management and Equality, Diversity and Community Cohesion:

None known

1. Recommendations & Reasons for recommended action:

1. The principle of continuing to offer services to schools through the Prospectus of Services 4 Schools should be agreed.
2. The prospectus should be simplified to cover a core offer of services which provide value for money, generate significant income and/or have strategic benefit for the Council. Other services could still be offered direct to schools on a pay as you go basis and should be priced appropriately using a full cost recovery rate according to the work required.
3. A charging policy should be agreed which expects services to cover the marginal cost of selling services to schools and make a contribution towards the Council's fixed costs wherever possible. The relevant Director should review and approve exceptions to this policy if the service is considered to have significant strategic benefit to the Council or where a robust business plan indicates that an incremental charging policy is required to support the longer term viability of the service.
4. Services which cannot recover cost and do not have significant strategic benefit to the Council should be discontinued.
5. The Council should maximise the value of good quality and efficient services by expanding the offer outside of the City boundaries.
6. The simplified prospectus of services covering the period April 2013-March 2014 should be published in December 2012 to enable the Council to fully establish its position in the market.
7. The proposed core offer, pay as you go options, commercially available services which will be signposted from the prospectus and services which will be removed from the prospectus shown in Annex A should be agreed. Cabinet note the risk and mitigating action for each service.

Alternative options considered and reasons for recommended action:

The alternative option would be to discontinue offering all services to schools which would have a significant impact on the Council and its employees and schools.

Background papers:

Services 4 Schools – Analysis of local authority services traded with schools (Confidential – exemption paragraph 3 applies)

Sign off:

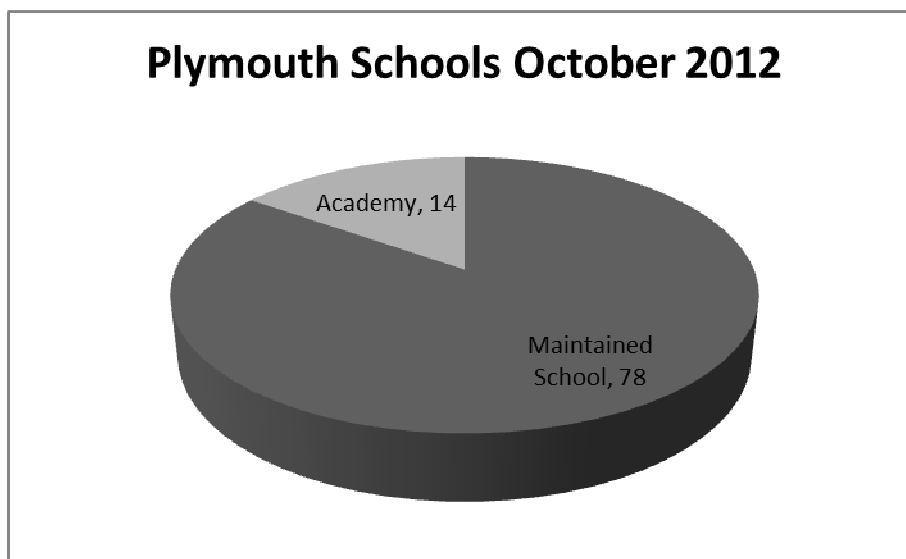
Finance	People FEC12 13009 SA 251012	Leg	LTI 5948	HR		Corp Prop		IT		Strat Proc	
Originating SMT Member Maggie Carter											
Have you consulted the Cabinet Member(s) named on the report? Yes											

1.0 Introduction

- 1.1 The Services 4 Schools directory formerly known as Trading Fair is the reference source of traded services for headteachers and governing bodies. It lays out details of services that the Council offers to support leadership, management and raising attainment in schools. The directory, which is prepared annually, also includes services which can be subscribed to for a three-year contract period.
- 1.2 With the changing educational landscape and further delegation of funding to schools directed through national school funding reform, an analysis of the services offered to schools is necessary to ensure that the services the Council offers can demonstrate value for money, generate significant income and/or have strategic benefit for the Authority.

2.0 Plymouth Schools Context

- 2.1 In 2008, Plymouth set in place its policy direction for all schools to develop autonomy, either through the formation of a trust or academy status. This strategy for change, known as Investment for Children, outlined the Council's plans for maintaining the school estate. The strategy was adopted by Full Council in December 2008 and it remains the Council's policy for all schools to develop independence through vertical networks of schools serving their localities.
- 2.2 Since 2008 the school estate has changed significantly by the conversion of schools to academy status and the transfer to charitable trust.



- 2.3 Despite these changes, which are expected to continue over the next few years, Plymouth has treated all schools as part of the 'family' irrespective of their category as the vast majority of schools teach Plymouth children.

3.0 Trading Position 2012/13

Service	Projected Income (2012/13) £m	No of Maintained School Customers	No of Academy Customers
Building Cleaning and Caretaking	1.088	21	0
Risk Management and Insurance	0.883	78	11
HR&OD – Payroll and Pensions	0.243	77	7
HR&OD – Advisory Services	0.199	77	0
HR&OD – Health and Safety/Other	0.027	21	2
Schools Library Service	0.371	65	9
Schools Accountancy Team	0.192	78	2
Education Welfare (Academy only)	0.124	0	12
Copyright and other licences	0.099	78	14
Transactions Centre – Creditor Payments	0.048	77	0
Transactions Centre – Cash Collection	0.040	71	0
Transactions Centre – Income and Debt Recovery	0.007	77	0
Plymouth Leadership Advisors	0.085	47	4
Governor Development Team	0.057	78	12
Devon Audit Partnership	0.051	77	0
Plymouth Life Education Centre	0.048	41	3
Legal Services	0.042	73	3
School Admissions (Academy only)	0.025	0	12
Corporate Communications	0.018	55	4
Plymouth Centre for Faiths & Cultural Diversity	0.017	49	9
Fischer Family Trust Data Subscription	0.017	68	13
Early Years Advisory Service	0.012	33	2
Smaller services generating less than £0.010m	0.028		
Total Traded Services Income	3.721		

4.0 Streamlining of Traded Services Offer

4.1 Currently in excess of 94 services are offered through the Prospectus of Services 4 Schools. Of the 94 services offered:

- 22 services have more than 50% take-up by maintained schools
- 16 services are collecting less than £5,000 income per annum
- 49 services have no annual subscription income but could be charging schools outside of the prospectus arrangements

- 4.2 The prospectus is over complicated and includes services which have no or little buyback. The current offer creates an unnecessary administrative burden and causes confusion for schools as the customer.
- 4.3 Consideration has been given to how the prospectus could be simplified to cover a core offer of services which provide value for money, generate significant income and/or have strategic benefit for the Council. Other services could still be offered direct to schools on a pay as you go basis and priced appropriately using a full cost recovery rate according to the work required.
- 4.4 The proposed core offer, pay as you go options, commercially available services which will be signposted from the prospectus and services which will be removed from the prospectus are shown in Annex A.

5.0 Analysis of Top Services

- 5.1 A detailed review of the top services which are generating income in excess of £0.045m per annum has been undertaken which included:

- a) Overview of the service offered to schools
- b) Take-up rates
- c) Summary of income, expenditure and staffing
- d) Contribution to the Councils overheads
- e) Strategic value
- f) Competitor/market evaluation
- g) Proposals for the 2013/14 service offer

The review of each service is included in the report titled: Service 4 Schools – Analysis of local authority services traded with schools. The detailed review will be expanded to cover services generating income below £0.045m as part of finalising the 2013/14 offer.

- 5.2 The summary of the income, expenditure and staffing of the services analysed is shown in the table below:

	£m
Expenditure	3.503
Income	3.653
Trading Surplus/ (Deficit)	0.150
Full Time Equivalent (FTE) Staff Employed	80.00

- 5.3 The Council offers a number of good quality services to schools which is evidenced by the buyback levels and the income generated in an increasingly competitive market.
- 5.4 Many of the services offered have a strategic benefit for the Council. Without the traded service element it would be increasingly difficult for the Council to carry out its statutory and regulatory duties.
- 5.5 Whilst the majority of services are charged on a full cost recovery basis, some services are currently making a loss.

5.6 Other local authorities and commercial entities are actively promoting their services to Plymouth Schools. Good quality and efficient services could be expanded outside of the City boundaries.