

EDUCATION SELECT COMMITTEE HEARING INTO PROVISION OF SOLD SERVICES TO SCHOOLS

Supplementary Information

The Chairman of the Education PDS Committee requested the following information in advance of the meeting:

Question 1
For each sold service the number of staff employed, the % time spent on the sold service
Officer Response
Please see Appendix A: Sold Services Staffing
Supporting Documents Provided
Staffing.xls

Question 2
For each sold service a breakdown of the calculation as to full costs
Officer Response
Please see Appendix B: Full Cost Calculations
Supporting Documents Provided
Full Cost Calculations.xls

Question 3
What is offered for each service is there a basic/enhanced package and what are the charges?
Officer Response
The offer varies from service to service. Most services offer a range of packages at various levels of delivery, e.g. Platinum, Gold, Silver and Bronze packages delivered by Finance.
In addition, there are a wide range of 'pay as you go' services.
The LBB Brochure and Pricelist include detailed information on the packages available – see Appendices C and D.
Supporting Documents Provided
Building On Excellence-Sold Services For Schools Brochure
Sold Services for Schools Price List

Question 4
Are schools allowed unlimited use of the service having signed up?
Officer Response
This will vary from service to service.
Many packages have specific levels of delivery, e.g. a specified number of visits or days

<p>per year. Others, such as telephone helplines, have unlimited use of the service.</p> <p>The LBB Brochure provides further information – see Appendix C.</p>
<p>Supporting Documents Provided</p> <p>Building On Excellence-Sold Services For Schools Brochure</p>

<p>Question 5</p> <p>How much use of the service is made by individual schools – does it vary greatly (and between types of school)?</p>
<p>Officer Response</p> <p>This will vary from service to service and school to school. The majority of services have a range of packages available which specify a fixed level of delivery. The school will normally select the package based on their needs and the expected use of the service.</p> <p>The attached file provides details of all schools accessing sold services, although it does not provide detail on the level of package accessed (see Appendix E).</p>
<p>Supporting Documents Provided</p> <p>Sold Services School Take Up.xls</p>

<p>Question 6</p> <p>The 25th January report refers to an increase in price to meet full cost recovery as not being viable, on what basis is that calculation made?</p>
<p>Officer Response</p> <p>The 25th January report considered the Full Cost Recovery position of each service. Where Full Cost Recovery was not being met, this could be addressed via an increase in price, an increase in take up, a reduction in costs or a combination of all three.</p> <p>For each service not demonstrating Full Cost Recovery (FCR), a calculation was made as to the percentage increase in income per school to meet FCR together with a calculation on the volume increase in take up (based on the average income per school) required to meet FCR.</p> <p>On the basis that each service had set prices appropriate to the current market (supported by research that suggested Bromley prices were in the market range), an assessment was made as to whether it was likely that the required price increase was a viable option. Where this was judged not to be the case, it was assessed as not viable. At the same time, the volume increase in take up required was assessed as viable/not viable based on the volume increase required, the current take up and the remaining number of local schools.</p> <p>In both cases, these are judgement calls as made in consultation with the Deputy Director of Finance and are indicative only.</p>
<p>Supporting Documents Provided</p> <p>None.</p>

Question 7
An explanation of statutory costs
Officer Response
<p>The Full Cost Recovery exercise was carried out based on self assessments by each team, moderated by the relevant Assistant Director. Each team assessed the percentage of their staff time spent on statutory duties, duties in the interests of the LA and discretionary duties. These percentages were applied to full cost of the service to derive an estimated Full Cost for Sold Services.</p> <p>The 25th January report to Cabinet provided an Appendix in which each team provided a list of the duties and activities contained within the headings of statutory duties and so on (see Appendix F).</p>
Supporting Documents Provided
Executive Summary: Sold Services Full Cost Recovery Analysis – Report to Cabinet –Jan 2012.doc

Question 8
Explanation of DSG/RSG – what is top sliced by LA from DSG and how this is calculated and approved?
Officer Response
<p>The Authority notionally receives £220m of Dedicated Schools Grant (DSG) The vast majority is either clawed back for Academies or delegated to the maintained schools. What remains is the centrally retained DSG. In Bromley the LA top slices £40m from the Dedicated Schools Grant (DSG) to support services that are Education related but which are not delegated to Schools. In the main these service areas are Special Education Needs (Independent School provision, payments to other authorities), payments private nursery providers for 2, 3 and four year old funding, behaviour support and pupil referral services. Within the DSG funded areas are some of the sold service. Any shortfall would be picked up by DSG and not council resources.</p> <p>What can be paid for out of DSG is very prescriptive and relates back to 2002/03 when the initial idea of splitting and ringfencing school grant related funding was legislated.</p> <p>The DSG is paid by the government on the basis of pupil numbers. As part of the budgeting process and subject to various stipulations set by the government budgets are prepared as part of the normal budget setting process.</p> <p>Draft budgets are sent to the PDS and the Schools Forum for comment. Final versions are then supported by the Schools Forum and then approved by the Portfolio Holder. The Schools Forum cannot approve the budget as the responsibility lies with the LA. However if the LA do not meet certain criteria and/or the Schools Forum do not support the budget then the Secretary of State would have to get involved to agree the budget</p>
Supporting Documents Provided
PDS 20 th March 2012 – Report number DCYP12046

Question 9
What is the local market in alternative services purchased by schools, ie where do non-participating schools buy their services?
Officer Response
<p>This varies from school to school and service to service. Detailed intelligence on the alternative local market will be held by each individual service.</p> <p>For some services, such as Education Welfare, there are companies available (often staffed by ex-LA personnel) offering services to schools and academies. Similarly, there are alternative agencies for Human Resources service. There are also sold services offered by neighbouring boroughs who may be marketing their services to Bromley schools.</p> <p>Frequently however, schools opt to deliver services in-house.</p>
Supporting Documents Provided
None.

Question 10
Do we have any information as to the basis on which schools select their service provider?
Officer Response
<p>There is no detailed evidence based information available. The perception is that the majority of schools have selected Bromley LA as their service provider, based not only on competitive prices (no school has ever sought to negotiate price on the basis that cheaper alternative are available elsewhere) but primarily on the relationships built over time with Bromley staff. They are familiar with, and trust, Bromley staff.</p> <p>For some chain schools, such as the Harris schools and Kemnal, their decisions are based on the availability of corporate services and contracts. Other schools may consider alternative suppliers based on price. Many schools opt to deliver in house.</p>
Supporting Documents Provided
None.

Question 11
Explanation of One Council approach to sold services (Page 3 of Appendix F), what non Education services are being sold in a similar way and are there any read across lessons to be learnt from them?
Officer Response
<p>The One Council approach already encompasses non-education services, e.g. Finance, Audit, Property, Legal, Environmental. A Sold Service Officer Group with representatives from all services across the Council meets regularly to share information and practice. The Sold Service Brochure includes all Council services.</p>

Some services, such as Waste Disposal and Environment, do not form part of the main Sold Services agreement with schools, largely because they operate separate contracts of which schools are one of many commercial customers. However, these services do input into the Sold Service Officer Group.

Supporting Documents Provided

None.

Question 12

What proposals does the council have to create stand alone business units for these services?

Officer Response

As part of the suggested options for exploration in considering services to schools, the option of creating stand alone business units for these services was put forward, either as arms length trading companies or wholly separate social or community enterprises.

All sold services have been placed on separate trading accounts for 2012/13 and are therefore operating as stand alone business units at a financial level. However, no substantive work to explore the development of arms length trading companies or wholly separate social enterprises has been taken forward to date.

Supporting Documents Provided

None.