

Decision Maker: EDUCATION BUDGET SUB-COMMITTEE

Date: Thursday 16 October 2014

Decision Type: Non-Urgent Executive Non-Key

Title: REVIEW OF FEES AND CHARGES IN THE EDUCATION PORTFOLIO 2014/15

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Chief Officer: Executive Director of Education, Care & Health Services

Ward: (All Wards);

1. Reason for report

- 1.1 This report details the current and potential income generated by services in the Education Portfolio and a recommendation to introduce a new charge.
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2. RECOMMENDATION(S)

2.1 The Education PDS Budget Sub-Committee is requested to:

- (i) Consider and comment upon the current charging policy for the Education Portfolio
- (ii) Consider the proposal to introduce charges for moderation services provided to academies as detailed in 3.7
- (iii) Note that further work will be carried out to determine the feasibility of introducing charges for parking at Adult Education sites, with the outcome to be reported to a future meeting of the Education Budget Sub-Committee.

2.2 The Portfolio Holder is requested to:

- (i) Recommend that Executive agree the introduction of charges for moderation services provided to academies as detailed in 3.7 as part of the budget setting process for 2015/16

Corporate Policy

1. Policy Status: Existing Policy
 2. BBB Priority: Children and Young People Excellent Council
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Financial

1. Cost of proposal: Estimated Cost: £20k additional income
 2. Ongoing costs: Recurring Cost: £20k additional income
 3. Budget head/performance centre: Education Portfolio
 4. Total current budget for this head: Controllable: £4.945m (RSG), £111.134m (DSG)
Total Cost: £13,448m (RSG), £112.620m (DSG)
 5. Source of funding: RSG/DSG
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Staff

1. Number of staff (current and additional): 365.21 current, 0 additional
 2. If from existing staff resources, number of staff hours: n/a
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Legal

1. Legal Requirement: None
 2. Call-in: Applicable
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Customer Impact

1. Estimated number of users/beneficiaries (current and projected): 51 academies (for Moderation service)
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Ward Councillor Views

1. Have Ward Councillors been asked for comments? Not Applicable
2. Summary of Ward Councillors comments:

3. COMMENTARY

Background

- 3.1 At its meeting on 12th February 2014, the Executive agreed the recommendations from the Cost, Charges and Recharges Working Group of the Executive and Resources PDS Committee. Specifically, this included the recommendation that each PDS Committee reviews the fees and charges for their portfolio at each autumn meeting to enable any changes to be incorporated into the draft budget for the following financial year.
- 3.2 All services within the portfolio that either currently, or have the potential to, charge for services have completed the standard template agreed at the above meeting. The completed templates are included within the appendices:

- 3a - Adult Education - course income
- 3b - Adult Education - nurseries
- 3c - Adult Education - lettings
- 3d - Adult Education - Workforce Development & Governor Services
- 3e - Blenheim and Community Vision nurseries
- 3f - Education Psychology
- 3g - Moderation
- 3h - Education Welfare
- 3i - EBP - Work Experience Network and Placement Provision
- 3j - EBP - Educational Visits
- 3k - EBP - Enterprise and Employability

Sold Services/Trading Accounts

- 3.3 With the exception of Adult Education tuition and nursery fees, and the two other nurseries' fees, the majority of income in the portfolio is from trading accounts set up to sell services to schools.
- 3.4 The table below details the current charges for Education services:

Service	Charges
Education Welfare	£300/day
Free School Meals	£150-£850 depending on school size
Moderation (proposed)	£400 per visit
Blenheim & Community Vision nurseries	£5.15/hour or £51.50/day (0-2 years) £4.65/hour or £46.60/day (2-3 years) £4.15/hour or £41.50/day (3-4 years)
Education Psychology	£380/half day including follow up report/admin, or £75/hour
Educational Visits service	£200-£595 depending on school size/type
Educational Visits training	£150/£175 per person
Work Experience & Placements	various - see appendix 3j
Adult Education nurseries (0-2 years)	£7.24/hour £25.34/session (2.5 hours) £48.87/day (fri), £54.33/day (mon-thur)
Adult Education nurseries (2+ years)	£6.15/hour £21.53/session (2.5 hours) £41.51/day (fri), £46.13/day (mon-thur)
Adult Education lettings	£22.50-£55/hour or £160-£428/day
Governor services training	£615/£675
Workforce development	Bespoke - full cost
Adult Education courses	various - see Appendix 3a

- 3.5 At its meeting on 16th October 2013, the Executive resolved to continue the provision of sold services to schools so that they can form part of the market testing of education services.

Moderation Services

- 3.6 Key Stage 2 Writing Moderation is currently provided free of charge to all Bromley schools by the School Standards team, and has been funded by a grant from the Department for Education (£10k allocation for the 2014/15 financial year). Guidance provided with the grant clarified for the first time that this grant is intended for moderation services in maintained schools.
- 3.7 The service would therefore like to introduce a £400 charge per visit to academies who commission this service, which it is estimated would generate around £20k income per annum. The template for this potential charge is included at appendix 3g.

Behaviour Service/Secondary Outreach

- 3.8 With effect from the end of July 2014, the secondary outreach service was terminated and the staff assimilated into the Pupil Referral Unit, which then converted to academy status in September 2014. The figures have therefore been excluded from appendices 1 and 2, and no template has been completed for the service.
- 3.9 This service had been operating as a trading account since April 2013 when the budget for Behaviour Services was delegated to schools, and had been operating at a significant cost to the council, with an outturn of £126k overspend in 2013/14, and estimated £80k overspend for the part-year element of 2014/15.
- 3.10 The termination of the service has therefore relieved a significant pressure on the education budgets, however, there will be a budget shortfall in 2015/16 of £133k – the budgeted level of recharges for the service that were covered by the external income, or recharged to other (DSG) services.

Adult Education

- 3.11 The Adult Education budgets in Appendix 2 have been split between 'funded' and 'non-funded' services, and the nurseries. In this context, funded relates to funding from the Skills Funding Agency via the Adult Skills and Community Learning Grants.
- 3.12 Officers are currently investigating the feasibility of introducing parking charges for the adult education sites, however initial discussions with Parking Services suggest that, excluding the one-off cost of £20k for the (second-hand) meters, these charges could raise an additional £15k-£20k of income per annum, net of the estimated parking management/enforcement fee.
- 3.13 Members' should note that this is a very rough 'ballpark' figure, and that previous estimates for new car parks have often varied considerably from what is actually achieved, especially in the short-term.
- 3.14 There is also the potential that introducing parking charges could result in a reduction in general course take-up, and therefore course fee income, and/or contribute to further pressures in parking on the roads nearby to the centres. There are currently restrictions between 12 and 2 pm for non-residents at the Widmore Centre, no restrictions near the Poverest Centre, and no restrictions in one road near to the Kentwood Centre.
- 3.15 It may therefore only be feasible to charge for parking at the Widmore Centre with the current on-street parking policy, and it is intended that a verbal update will be provided at the meeting with more detailed projections.

- 3.16 Currently internal customers contribute approximately 50% of total room bookings income at Adult Education site. Room bookings were advertised internally through onebromley when the Education Development Centre was closed in March 2013.
- 3.17 Officers will seek to further promote room bookings internally, however this will only be of benefit to the authority as a whole if these bookings are made instead of paying for external bookings.

Blenheim and Community Vision Nurseries

- 3.18 Since April 2013, the council's two in-house nurseries, Blenheim and Community Vision have been operating as trading accounts, although not on a full cost recovery basis. They are currently projected to achieve an operating surplus of £87k in 2014/15.
- 3.19 The service is currently undergoing a market testing exercise as agreed by the Portfolio Holder for Education following the PDS meeting on 30th September. If the service is delivered by an external provider, then the surplus could be reduced dependent upon the rental income and any concession fee agreed.

4. FINANCIAL IMPLICATIONS

- 4.1 Appendix 1 provides a summary of the latest approved income budgets for the education portfolio. Appendix 2 provides a summary of the budgets for each service that currently generates income from fees and charges.
- 4.2 The introduction of a £400 charge for moderation services as detailed in 3.7 above would generate an estimated £20k additional income per annum.

Conclusion

- 4.3 In considering any changes to the levels of fees and charges, the price elasticity of demand must be taken into account. This refers to the relationship between price and the level of demand. There are exceptions, e.g. certain high-end luxury goods, but the general rule is that as the price of goods or services increases, so the demand will be expected decrease.
- 4.4 The general view of service managers is that fees and charges are currently set at a rate which maximises income generated, and that any additional increases above inflation would result in a greater overall loss due to reduced take-up/ customer movement to competitors.

5. LEGAL IMPLICATIONS

- 5.1 The Court of Appeal has previously ruled that a council may not recover more than the actual cost incurred when charging for services, so this must be taken into account when setting the level of fees.

Non-Applicable Sections:	Personnel Implications
Background Documents: (Access via Contact Officer)	Executive, 12 th February 2014 - E&R PDS Costs, Charges and Recharges Working Group Report. Education PDS Committee & Education Select Committee 17 th July 2012 – Provision of Sold Services to Schools