

## Individual Decision

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The attached report will be taken as an  
Individual Portfolio Member Decision on:

**Tuesday, 3 April, 2012**

<b>Ref:</b>	<b>Title</b>	<b>Portfolio Member</b>	<b>Page No.</b>
ID2467	<b>Strategy for Trading of Services with Maintained Schools and Academies</b>	Councillor Irene Neill	1 - 16



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## Individual Executive Member Decision

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<b>Title of Report:</b>	<b>Strategy for trading of services with maintained schools and academies</b>
<b>Report to be considered by:</b>	Individual Executive Member Decision
<b>Date on which Decision is to be taken:</b>	03/04/2012
<b>Forward Plan Ref:</b>	ID2467

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**Purpose of Report:** To provide a corporate framework for trading with maintained schools, academies and other relevant establishments.

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**Recommended Action:**

1. To approve the Strategy for trading Council services with maintained schools, academies and other education establishments.
2. To approve the principle that any Council services trading with maintained schools or academies will be required to work within the framework which will underpin the Strategy, in order to ensure appropriate and consistent business practice.
3. To establish a *Schools Trading Group* to oversee developments and ensure that robust trading arrangements and consistency of practice are achieved and that the potential for trading is fully explored.

**Reason for decision to be taken:** The emergent wide education marketplace is an opportunity for the Council to position itself as a provider of good quality services, which in turn supports the Council's aims regarding education and wellbeing of West Berkshire resident children, and allows the Council to maximise income generation. It is imperative that trading activity is supported and operates within a framework which protects West Berkshire Council's interests and ensures consistent and appropriate business practice

**Other options considered:** The alternative is for individual Council services to operate independently, which raises a number of risks in relation to charging structures and contractual matters

**Key background documentation:**

Services for Academies brochure  
Terms and Conditions for trading with academies

Portfolio Member Details	
<b>Name &amp; Telephone No.:</b>	Councillor Irene Neill – Tel: 0118 971 2671
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Contact Officer Details	
<b>Name:</b>	Caroline Corcoran
<b>Job Title:</b>	Service Manager (Access, Planning, Governance & Business Development)
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<b>E-mail Address:</b>	ccorcoran@westberks.gov.uk

**Implications**

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**Policy:** Discussed with *Margaret Goldie, Ian Pearson and Irene Neill*. It is proposed that any Council services trading with school or academies will be required to work within the mutually agreed framework which will underpin the Strategy, in order to ensure appropriate and consistent business practice and protect the Council's interests.

**Financial:** Discussed with *Joseph Holmes, Shannon Coleman-Slaughter and Steve Duffin*.

There is potential for the Council to generate increased income in coming years. This would be generated from a range of marketing opportunities and in some cases would be additional income, and in others would be a method of offsetting the loss of current funds due to increased delegation to schools or the top-slice arrangements when schools convert to academies.

The Business Strategy is based on full-cost recovery for services provided. There needs to be consistent methodology for calculating charges, which takes account of staffing and non-staffing elements, which will be developed in partnership between Education Service and Finance.

The increase in trading will require services to have trading accounts and use correct budget codes/lines. The strategy proposes developing agreed and consistent financial practices for trading

**Personnel:** N/A

<b>Legal/Procurement:</b>	Discussed with <i>Shiraz Sheikh</i> . Trading with academies uses an agreed process, and uses contract documentation and terms and conditions as agreed with Legal Services. It is suspected that other trading, e.g. with maintained schools or other education establishments is not as formally documented. The strategy proposes developing agreed and consistent business practices. The strategy will also need to explore the implications of the Localism Act and how this impacts on our arrangements where we trade and make a profit.
<b>Environmental:</b>	N/A
<b>Property:</b>	N/A
<b>Risk Management:</b>	Loss of potential income through lack of consistent business practice and formal documentation or failing to collect income for services provided or charging set at a level which does not provide full cost recovery.  Loss of potential income through commercial providers offering services to schools which the Council could provide – links to understanding schools’ needs and appropriate marketing of what the Council can offer.
<b>Equalities Impact Assessment:</b>	Appendix A

### Consultation Responses

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#### Members:

<b>Leader of Council:</b>	Councillor Graham Jones
<b>Overview &amp; Scrutiny Management Commission Chairman:</b>	Councillor Brian Bedwell
<b>Ward Members:</b>	All
<b>Opposition Spokesperson:</b>	Councillor Alan Macro

#### Local Stakeholders:

**Officers Consulted:** Corporate Board and as shown within the implications section of the report.

#### Trade Union:

<b>Is this item subject to call-in?</b>	Yes: <input checked="" type="checkbox"/>	No: <input type="checkbox"/>
<p>If not subject to call-in please put a cross in the appropriate box:</p> <p>The item is due to be referred to Council for final approval <input type="checkbox"/></p> <p>Delays in implementation could have serious financial implications for the Council <input type="checkbox"/></p> <p>Delays in implementation could compromise the Council's position <input type="checkbox"/></p> <p>Considered or reviewed by Overview and Scrutiny Management Commission or associated Task Groups within preceding six months <input type="checkbox"/></p> <p>Item is Urgent Key Decision <input type="checkbox"/></p> <p>Report is to note only <input type="checkbox"/></p>		

# Supporting Information

## Executive Summary

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### 1. Introduction

- 1.1 West Berkshire Council has a great deal of experience and expertise in providing support and services to schools. It is important that the Council continues to work together with our wider school community to improve outcomes for all.
- 1.2 The Council recognises that there are benefits for children and young people through schools working collaboratively with each other and with the Council. During 2011-2012, the Council has developed its trading position with regard to services to support academies.
- 1.3 This strategy and proposed framework for trading has emerged from the work of the Academies Task Group and addresses a recommendation of the Overview and Scrutiny Management Commission, following its review of work on academies.
- 1.4 There is also growing pressure for services to trade, at least in part, with maintained schools. Due to the current funding formula reviews and considerations at national level about further delegation, it is appropriate to consider how the pace of change may also affect the way services are provided to maintained schools.
- 1.5 In addition, the impact of efficiencies on Council teams means that other sources of income are being explored in order to maintain the viability of affected services, e.g. from independent schools, free schools, Colleges.
- 1.6 There needs to be a common understanding about the nature of the new relationships between Council services and both maintained schools and academies and the basis on which services are offered.

### 2. Proposals

- 2.1 The recommended approach provides a strategy and framework for the period 2012-2014, in order to develop robust trading arrangements within the wider education marketplace. This would include maintained schools as well as academies, free schools and other educational establishments such as Colleges (See Appendix B and Appendix C).
- 2.2 An Action Plan outlining how the Aims and Priority Objectives of the Strategy will be delivered and will form part of the Team Plan for Access, Planning & Governance Team, feeding into the Education Service Plan.
- 2.3 Delivery of the Action Plan will require the engagement of staff across the Council who provide services to maintained schools, academies and education establishments. Specific outcomes will be delivered jointly between Education Services and other Council teams, e.g. charging mechanism (Finance), contract documentation (Legal).
- 2.4 One of the key objectives for 2012/2013 is developing pricing structures to assist services in ensuring that they are obtaining full cost recovery, and that there is consistency of approach, across the Council, where appropriate. The charging

model will be developed jointly by Education and Finance and must include corporate overheads to ensure that there is no Council subsidy for traded services.

- 2.5 There is potential for the Council to generate increased income in coming years. This would be generated from a range of marketing opportunities and in some cases would be additional income, and in others would be a method of offsetting the loss of current funds due to increased delegation to schools or the top-slice arrangements when schools convert to academies.
- 2.6 It will be important to assess where income from trading of services can contribute to future savings across the Council and support the Council's financial position. This will be increasingly important as and when more schools convert to academies and are drawing funds out of the Council budgets, or where central funding is delegated to maintained schools (due to changing national arrangements) and new trading arrangements need to be put in place. Trading within the wider education marketplace e.g. Colleges could also provide an important income stream to support the delivery of key services.

### **3. Equalities Impact Assessment Outcomes**

- 3.1 The development of the business framework will engage with services across the Council and directly relates to engagement with headteachers and school business managers. Whilst the services which are being traded may directly impact on vulnerable groups, the purchasing and negotiation arrangements which underpin the trading arrangements do not create any equal opportunities issues.

### **4. Conclusion**

- 4.1 The strategy for trading of Council services with maintained schools and academies provides a basis to develop robust arrangements in terms of consistent business practice, robust financial and contractual arrangements and maximising potential income streams, whilst supporting the Council's aims regarding education and high quality services for resident children.



# Executive Report

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## 1. Introduction

- 1.1 Following the introduction of the Academies Act 2010, and the introduction of academies in West Berkshire, the Council has been developing its position with regard to offering services to support academies. The Council recognises that there are benefits for children and young people through schools working collaboratively with each other and with the Council.
- 1.2 Academies are only part of the equation. There is a growing pressure for services to trade, at least in part, with maintained schools. Funding formula reviews and considerations at national level about further delegation may increase the pace of change in relation to the way services are provided to maintained schools. In addition, the impact of efficiencies on Council teams means that other sources of income are being explored in order to maintain the viability of affected services, e.g. from independent schools, free schools, Colleges.
- 1.3 West Berkshire Council has a great deal of experience and expertise in providing support and services to schools. It is important that the Council continues to work together with our wider school community to improve outcomes for all. Therefore, there needs to be a common understanding about the nature of the new relationship between the Council services and schools/academies and the basis on which services are offered.
- 1.4 This strategy and proposed framework for trading has emerged from the work of the Academies Task Group and addresses a recommendation of the Overview and Scrutiny Management Commission, following its review of work on academies, which said “The Head of Education Service, in conjunction with other appropriate Heads of Service, should actively seek to sell services to academies at full cost, where this makes sense for service delivery and is also to the benefit of other schools. Efforts should be made to ensure that contracts are established for a minimum period of three years”.
- 1.5 This report proposes a set of over-arching principles which underpin the strategy, and a set of aims, which will form the basis of future development for the period 2012/2013 to 2013/2014.

## 2. Core Principles

- 2.1 In preparing options for trading with academies, the following core principles were developed and the wording has now been extended to cover all types of schools, including maintained schools, as well as academies:
  - a) There remains a common and shared aspiration to make a tangible difference to the lives of children and young people in West Berkshire.
  - b) Services provided to maintained schools and academies should be efficient, effective and good quality.
  - c) The Council will offer services to maintained schools and academies where the service provides a material benefit to West Berkshire children.

d) The Council may offer services to maintained schools and academies where it is in the best interests of the West Berkshire schools' community to provide them.

e) Services provided to maintained schools and academies will not be subsidised and the take-up of services offered must be sufficient to ensure viability. Where it is not in the Council's financial interest to offer a specific service, this will not be provided.

f) The Council will seek to work collaboratively with maintained schools and academies for the benefit of West Berkshire children. Therefore, some partnership/networking activities will be offered on a reciprocal basis for the benefit of all.

### **3. Trading of Education Services - Strategy**

3.1 In relation to maintained schools, academies and other education establishments the Aims of the Strategy are:

- (1) To ensure that traded activity offers value for money and sufficient quality to improve the lives of children and young people or improve the management of schools.
- (2) To ensure that the needs of West Berkshire maintained schools and academies are fully understood, and that the services required to meet those needs are traded, commissioned or signposted.
- (3) To maximise opportunities within the wider education marketplace to generate income, subject to the capacity to deliver services appropriately
- (4) To review business practices, where there is an initial business case to do so, and ensure trading arrangements provide maximum cost effectiveness for the Council.
- (5) To maximise opportunities to promote our good practice, nationally and locally, in the interests of children and young people, and by doing so to raise the profile of West Berkshire Council.

3.2 The Strategy is underpinned by Core Activities outlined in Appendix B.

3.3 The Priority Objectives for 2012/13 and 2013/2014 are outlined in Appendix C.

3.4 The Service Manager (Access, Planning & Governance) has a key role in relation to trading activity development, and engages with service providers across the Council.

3.5 An Action Plan outlining how the Priority Objectives will be delivered will form part of the Team Plan for Access, Planning & Governance Team, feeding into the Education Service Plan.

3.6 Delivery of the Action Plan will require the engagement of staff across the Council who provide services to maintained schools, academies and education establishments. The Strategy cannot be delivered in isolation, and a key component will be the support from Heads of Service and their teams in

contributing to the development and delivery of the Objectives and ensuring that their trading activity takes place within the agreed wider framework.

- 3.7 The Strategy and progress towards the achievement of the Priority Objectives will be evaluated in March 2013.

#### **4. Financial Analysis**

4.1 There is potential for the Council to generate increased income in coming years. This would be generated from a range of marketing opportunities. It should be noted that, whilst in some cases would be additional income, in others, it would be a method of offsetting the loss of current funding due to increased delegation to schools or the top-slice arrangements when schools convert to academies.

4.2 Income generation is a vital component to future viability of Council services. The market opportunities include:

- (1) Trading of Council services with maintained schools, for example, where maintained schools require support which cannot be provided from core resources and/or where national changes have delegated increased funding to schools.
- (2) Trading of Council services with academies, including services which maintained schools receive at no cost.
- (3) Acting as a broker of services to maintained schools and Academies, where it is cost effective and beneficial for the Council to do so.
- (4) Exploring new markets, such as trading with schools and academies outside of West Berkshire.
- (5) Trading within new markets such as free schools.
- (6) Trading with Colleges and the new market of University Technology Colleges (UTCs).

4.3 Over the last year, there has been trading activity with the first four converting academies in West Berkshire which has benefited West Berkshire children and the income has offset some but not all of the concomitant loss of funding to converting academies through top-slice arrangements.

4.4 The current Fair Funding arrangements come to an end in March 2014. However, there is now a range of trading arrangements in this marketplace in addition to the specific list of Fair Funding service packages. The Strategy is based on developing a framework which will eventually include all trading in the education marketplace.

4.5 The Strategy is based on full-cost recovery for services provided. This will include ensuring that any charging model takes account of relevant non-staffing costs as well as staffing charges.

4.6 One of the key objectives for 2012/2013 is developing pricing structures to assist services to obtain full cost recovery, and to ensure that there is consistency of approach across the Council. The charging model will be developed jointly by

Education and Finance and must include corporate overheads to ensure that there is no Council subsidy for traded services.

- 4.7 It is equally important to ensure that the Council has taken appropriate account of emerging legislation. Legal Services has advised that, where a service is traded and is making a profit, the Council should consider the implications of the Localism Act on its arrangements. Whilst this is a wider matter than Education services, it will also be considered jointly by Education and Legal in relation to the trading arrangements described in this paper.
- 4.8 One of the challenges is to balance the potential for trading against existing resource requirements. There would need to be further consideration of how any restrictions on increasing the establishment would be balanced against the potential for trading services and generating income. For example, in circumstances where there is a solid and proven business case for increasing the Council's establishment to provide professional advisory staff whose services can be traded and generate income for the Council, there should be discretion to employ additional staff, subject to the usual formal approvals.
- 4.9 It will be important to assess where income from trading of services can contribute to future savings across the Council and support the Council's financial position. This will be increasingly important as and when more schools convert to academies and are drawing funds out of the Council budgets, or where central funding is delegated to maintained schools (due to changing national arrangements) and new trading arrangements need to be put in place. Trading within the wider education marketplace e.g. Colleges could also provide an important income stream to support the delivery of key services.

## **5. Quality Requirements**

- 5.1 The Council is committed to offering good quality services. All services to maintained schools and academies will be expected to meet the requirements of a common set of quality standards.
- 5.2 In the event of dissatisfaction with the quality of service it receives, this should be raised with the service provider in the first instance. If the issue is not resolved, the Council's formal complaints procedure could be used.

## **6. Conclusion**

- 6.1 The recommended approach provides a strategy and framework for the period 2012-2014, in order to develop robust trading arrangements within the wider education marketplace.

## **7. Recommended Action**

- 7.1 To approve the strategy for trading Council services with maintained schools, academies and other education establishments.
- 7.2 To approve the principle that any Council services trading with maintained schools or academies will be required to work within the framework which will underpin the Strategy, in order to ensure appropriate and consistent business practice.
- 7.3 To establish a *Schools Trading Group* to oversee developments and ensure that robust trading arrangements and consistency of practice are achieved and that the potential for trading is fully explored.

## **Appendices**

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Appendix A – Equality Impact Assessment – Stage 1

Appendix B - Trading of Education Services - Strategy Aims and Activities

Appendix C – Priority Objectives 2012-2014

## Equality Impact Assessment – Stage One

<b>Name of item being assessed:</b>	Trading of Education Services
<b>Version and release date of item (if applicable):</b>	
<b>Owner of item being assessed:</b>	Caroline Corcoran
<b>Name of assessor:</b>	Caroline Corcoran
<b>Date of assessment:</b>	01/03/2012

<b>1. What are the main aims of the item?</b>
To develop a framework of business practices in relation to trading services within the wider education marketplace

<b>2. Note which groups may be affected by the item, consider how they may be affected and what sources of information have been used to determine this.</b> (Please demonstrate consideration of all strands – age; disability; gender reassignment; marriage and civil partnership; pregnancy and maternity; race; religion or belief; sex; sexual orientation)
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<b>Group Affected</b>	<b>What might be the effect?</b>	<b>Information to support this.</b>
Senior Leadership Teams in schools/academies	Trading activity would take place through an agreed set of business practices. Council staff would advise school/academies if necessary so that they understand the processes. This might be in writing, face-to-face or by telephone.	Services brochure. Negotiation meetings and follow up written documentation Terms and conditions/contracts
Council service teams	Trading activity would take place through an agreed set of business practices. Council service teams would be required to follow the agreed business practices.	Services brochure. Terms and conditions/contracts Use of trading account codes and lines

**Further comments relating to the item:**

The development of the business framework will engage with service across the Council and directly relates to engagement with headteachers and school business managers. Whilst the services which are being traded may directly impact on vulnerable groups, the purchasing and negotiation arrangements which underpin the trading arrangements do not create any equal opportunities issues.

**3. Result** (please tick by double-clicking on relevant box and click on 'checked')

<input type="checkbox"/>	<b>High Relevance</b> - This needs to undergo a Stage 2 Equality Impact Assessment
<input type="checkbox"/>	<b>Medium Relevance</b> - This needs to undergo a Stage 2 Equality Impact Assessment
<input type="checkbox"/>	<b>Low Relevance</b> - This needs to undergo a Stage 2 Equality Impact Assessment
<input checked="" type="checkbox"/>	<b>No Relevance</b> - This <b>does not</b> need to undergo a Stage 2 Equality Impact Assessment

**For items requiring a Stage 2 equality impact assessment, begin the planning of this now, referring to the equality impact assessment guidance and Stage 2 template.**

**4. Identify next steps as appropriate:**

Stage Two required	
Owner of Stage Two assessment:	
Timescale for Stage Two assessment:	
Stage Two not required:	

**Name:****Date:**

**Trading of Council Services with maintained schools and academies- Strategy Aims and Activities**

Aim 1	Aim 2	Aim 3	Aim 4	Aim 5
In relation to maintained schools, academies and education establishments, to ensure that traded activity offers value for money and sufficient quality to improve the lives of children and young people or improve the management of schools	To ensure that the needs of West Berkshire maintained schools and academies are fully understood, and that the services required to meet those needs are traded, commissioned or signposted	To maximise opportunities within the wider schools marketplace to generate income, subject to the capacity to deliver services appropriately	To review business practices, where there is an initial business case to do so, and ensure arrangements provide maximum cost effectiveness for the Council	To maximise opportunities to promote our good practice, nationally and locally, in the interests of children and young people, and by doing so to raise the profile of West Berkshire Council
Activities	Activities	Activities	Activities	Activities
To ensure that service packages offer value for money	To understand the service provision needs of all types of school settings	To identify opportunities for business development, using national and local examples of practice and consider the potential application in the West Berkshire context.	To review business arrangements with maintained schools and explore alternatives which offer schools a comparative service to academies personalised offerings.	To establish where provision or practise is high quality and consider where this could be promoted - i.e. media, marketing materials
To evaluate services offered to schools to ensure quality provision	To map where provision is available, including investigating provision by other LAs or commercial providers and any potential future changes re provision	To develop new service offers, in response to research of need, and create a new trading market	To research service changes/offers made by other LAs or commercial providers which have led to cost efficiencies or leaner systems	To consider opportunities to stimulate customers/clients to provide "word-of-mouth" publicity
To evaluate services offered to schools in relation to the impact on lives of children and young people	To explore potential solutions for any gaps, including developing new WBC service offers, partnership approaches or commissioning	To explore opportunities for expanding markets for existing services by trading with academies and other education establishments	To work with service providers to review business processes and practices with a view to identifying efficiencies and increase net level of income by reducing expenditure, whilst maintaining existing pricing structures.	To ensure that West Berkshire marketing brochure and web presence is comprehensive and includes all services that are available to schools.
	To ensure that schools are informed of how to access services to meet their needs			



Aim	Priority Objectives 2012/13
1	To develop a quality review and impact mechanism for services to schools, including defining how to measure value for money
1	To undertake an initial review of quality, value for money and impact to establish baseline data
1	To promote positive results to the schools' community
1	To make recommendations for change, if appropriate
2	To research and evidence the needs of schools, and identify any differences between types or phases or status or location of schools.
2	To investigate services provided by other Local Authorities and commercial suppliers.
2	To explore new opportunities to commission or develop services to meet needs of schools
2	To create a provision map highlighting the current position and any potential future position re provision
2	To ensure that schools are informed of how to access services to meet their needs
3	To liaise with service providers/partners and develop services to meet needs of schools
3	To promote new services to schools, and establish a new market
3	To review whether the new services have stimulated demand for associated service provision which could also be traded
4	To create a virtual working group of service providers, and ensure effective communication, collaboration and shared understanding across the group
4	To work with service providers to explore how personalised service provision could be offered and managed
4	To ensure that schools are informed of how to access personalised services
4	To review pricing structures and ensure that services are priced appropriately to attract business but remain competitive.
4	To merge the charging systems for services to schools within the Education Service to create efficiencies, to come into effect in a phased manner from April 2013 (for financial year services) and August 2013 (for academic year services).
5	To develop a marketing strategy for different target audiences, in partnership with service providers
5	To identify and exploit opportunities to use the media or word of mouth to enhance the Council's reputation, in relation to service provision to schools
5	To produce marketing materials, where appropriate and cost effective to do so
5	To audit West Berkshire Council provision to schools and ensure that the Services for Academies and any Services for Maintained Schools documentation is comprehensive.
	<b>Medium Term Objectives for 2013/14</b>
3	To review process for negotiation/initial engagement with academies, and make suggestions for change, if applicable.
4	To review the existing Fair Funding arrangements which come to an end in March 2014, and consider how these arrangements could sit consistently within the new framework.

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