

PUBLIC

Agenda Item No.8 (j)

DERBYSHIRE COUNTY COUNCIL

CABINET

21st February 2017

Report of the Strategic Director, Corporate Resources

**SERVICES FOR SCHOOLS
ARRANGEMENTS FOR COORDINATING RESOURCES**

(Council Services)

1 Purpose of Report

To seek approval for the permanent establishment of the Derbyshire Services for Schools team and the relevant funding arrangements.

2 Information and Analysis

2.1 Background

The Council's budget deficit position is well understood and alongside reductions in budget, the Council has identified and prioritised the development and maintenance of income streams to mitigate these reductions.

The Derbyshire Services for Schools offer has been in existence for many years and is a well-recognised. In that time it has expanded to include a range of services, products, and consultancy and currently there are over 250 single line items available to Derbyshire schools.

Currently there are two teams supporting the coordinating activity for the programme: The Services for Schools (S4S) Coordinating team based within the Corporate Resources department, and part of the Workforce Development team in the Childrens Services department. The former leads all programme activity and the latter coordinates the training offered to schools. The virtual alignment of these 2 teams to provide a joined up approach to selling to schools has been a recent development aimed at ensuring there is customer

focused trading and a better use of resources that are targeting the same customer base.

A number of key developments have been made since the approval of coordinating arrangements including the introduction of governance arrangements, financial reporting procedures, customer feedback mechanisms, customer relationship building through school forums and individual arrangements, networking and information sharing events etc. 2016 alone has seen the procurement and launch of a schools trading system, school roadshows, new branding and improved publicity materials, projects to align schools training with service offers and to improve communications, and the development of a news and resource module to enhance our offer to schools.

Against a background of increasing academisation and competition within the services to schools market, income from trading in this environment has increased from £44.346m to £46.380m between 2014/15 and 2015/16, an increase of £2.034m. Whilst this has been a collaborative effort across many departments of the Council, it is reasonable to conclude that a coordinating resource has played a significant role in growing the Council's trading income.

Appendix A sets out the role of coordinating resources versus departmental provider teams. The recent alignment of the services and training coordinating teams is an obvious development for the customer and feedback will be sought about the effectiveness of these arrangements as part of the annual performance report in summer 2017. There is, however, ample evidence to suggest that the output from the S4S coordinating team is having a positive impact on both provider teams and customers. The 2016 annual Services for Schools survey which is sent to all schools is the third survey of its kind and is an essential source of customer feedback and customer intelligence. Many schools commented on the improved communications throughout the programme, and the improved look and feel of tangible outputs such as brochures, news articles, website shopping areas, and user guides etc. There were also numerous comments about the coordinating team themselves, and the support provided to schools to purchase services, liaise with provider teams and resolve any issues.

2.2 Imperative for change

The changing educational landscape requires careful management of our schools offer to ensure it remains relevant, competitive, responsive and a good fit for the Council. The academisation agenda specifically will require a different approach to offering services and there is potential to offer services to a wider customer base to maintain or grow our overall business.

This direction of travel will require us to review our operating practice, raise the quality of provision, and work better together to make the best use of our

resources. Our knowledge of new customers and their needs must be built and we must put capacity into building strong provider and customer networks.

These changes and developments require a driving force. Formalising the current arrangements for our coordinating resources will enable us to deliver on these targets.

2.3 Funding Proposal

CMT approved a funding model in November 2016, aimed at securing year on year resource for the coordinating teams to deliver against their objectives.

Research was undertaken to ascertain how other Councils cover the costs of their traded schools offer and any coordinating functions and the approved approach was identified from this.

The annual costs of delivering the Derbyshire Services for Schools programme, as outlined in appendix B, would be split between departments based upon the number of individual offers. The approach takes into account the amount of support a department is likely to need together with an acknowledgement of the ability to fund that support.

There will be a reassessment each year to ensure departmental needs as agreed are being met and the resulting coordinating costs have been provided for. The process would be reviewed after three years to ensure it remains fit for purpose.

2.4 Staffing arrangements

All 5 posts within the S4S Coordinating team are temporary and this creates additional pressure in recruiting and retraining staff at a time when provider and customer relationships need to be strong. Business development needs to have a much higher profile than currently but this requires time, knowledge and expertise that cannot easily be sustained within these temporary arrangements. It is proposed that the 5 posts within the S4S team are established permanently and that the new grade 8 post will be created on a temporary basis for 18 months then subject to review.

The posts within the Corporate Resources accountancy team are already established permanently.

The relevant staff within the Workforce Development team will be coordinating all of the schools training offered by the council and aligning processes and practice to ensure the customer receives a joined up training offer. The contractual arrangements therefore require the same consideration. 0.3fte is already established permanently, and one of the grade 6 posts will also need

to be established permanently. The remaining grade 6 post will be fixed term initially for 12 months then subject to review.

2.5 Comparison to other councils

The estimated annual cost for the coordinating resources allocated to Derbyshire Services for Schools is £397,323 (based upon maximum salary points and an estimate of non staffing budgets for 2017). As a percentage of the annual turnover this equates to 0.86%. Whilst this appears to be a low figure, it's still important to compare our coordinating costs to those in other councils taking into account the size and scope of their schools offer (see Appendix C, staffing only comparison). It can be clearly seen that the ratio of funding to turnover proposed for Derbyshire is lower than in those councils who have been able to provide comparison data.

It is important to take decisions now on the future of our trading with schools to put current arrangements on a more formal and permanent basis to provide sustainability and allow for growth. Academisation will have an impact upon the Council and if we want to continue to trade we have to have more robust systems and processes and be in a position to develop our business and business practice as the academy market changes. Our school customers see us as a single organisation and require an organisational response to doing business with us. Lastly if academisation has a negative financial impact, we'll need to seek new business opportunities to replace any loss of market share and will need the capacity to address this.

3 Financial Considerations

The cost of the coordination of the Services for Schools programme will be approximately £397k per annum (including both staffing and non staffing costs) as set out in appendix B, to be funded by the departments that trade with schools. The proposed funding model provides for a fixed element per service and a percentage recharge based on the level of income generated in the previous year. Based on current income figures (these are indicative) and a 0.8% recharge this would equate to:

- Adult Care: £750
- Chief Executives: £1,155
- Childrens Services: £252,598
- Corporate Resources: £139,081
- Economy, Transport and Environment: £7,519

There will be an initial permanent base budget adjustment to move the funding from departments which will be adjusted each year to reflect the process outlined above.

The situation will be reviewed should there be a reduction in income receipts that challenge the viability of the funding model.

It is recognised that in order to make the associated cost savings to fund the above recharge arrangements, further savings may need to be identified within departments.

4 Human Resources Considerations

The proposed structure is consistent with the Council's Organisational Design Principles and will enable and support service delivery.

The new Grade 8 post in the proposed new structure has been benchmarked against an existing post and the existing and proposed organisation structures are attached at Appendix D.

The staffing schedule at Appendix B provides details and costs of the existing and proposed jobs.

Appointments to the posts in the coordinating teams will be made in line with the Council's current recruitment and selection and fixed term worker policies. In line with the Council's Redundancy Policy any suitable individually at risk employees across the Council will be considered on a priority basis for the proposed posts. Should an "at risk" employee be appointed to a post, that displaces an existing fixed term post-holder, the fixed term post holder will then become at risk of redundancy and appropriate procedures will be followed.

It is proposed, subject to Cabinet approval, that the report be released to affected employees and the trade unions.

5 Social Value Considerations

The Derbyshire Services for Schools team has and would continue to provide a programme that will contribute to the delivery of the Council's social value ethos. This would be achieved through a coordinated and customer focused approach to trading with schools and other establishments which will support departments to generate income to mitigate the worst impacts of the budget cuts which would protect frontline services and therefore benefit the citizens and communities of Derbyshire.

Additionally, whilst the Derbyshire Services for Schools programme has an objective to generate income it also aims to support the council's aspiration to create more prosperous, more equal communities. Our schools and the relationship we have with them are central to that aspiration. Schools are drivers of social cohesion and are the bedrock of economic regeneration. They are fundamental in the development of thriving families and

communities. They often provide a social and cultural resource that has an impact beyond just the students currently within one institution. They are the key engine of social mobility and we can help that engine to fire properly by speaking to them with a consistent strategic voice, and by providing them with a coherent package of services, support and challenge that gives them high quality at a competitive cost.

6 Other Considerations

In preparing this report the relevance of the following factors has been considered: legal, prevention of crime and disorder, equality and diversity, environmental, health, property and transport considerations.

7 Key Decision

No.

8 Is it necessary to waive the call-in period?

No.

9 Background Papers

2016 Services for Schools Survey.

Papers held by the Traded Services team within the Corporate Resources Department. Officer contact details – Angela Beighton extension 37915.

10 Officer's Recommendation

That Cabinet approves:

- 10.1 the establishment of the permanent and temporary posts within the coordinating teams as detailed in Appendix B.
- 10.2 the funding arrangements for the coordinating resources.

JUDITH GREENHALGH
Strategic Director Corporate Resources

Coordinating functions v provider teams

There are a number of benefits of grouping some trading functions into a centralised model. These include:

- Economies of scale.
- Avoids duplication of resource and conflict with trading offers.
- Easier to promote one organisation to the customer.
- Provides organisational wide data and information re trading.
- Builds customer intel for use across the whole trading platform.
- More able to support smaller teams with limited resource.
- Provides a voice/vehicle for less prominent trading offers.
- Provides a QA/monitoring process linked to a specific customer base.
- Different types of customer feedback can be gathered which can be seen as more anonymised.
- Reporting performance is much easier with a central resource with access to data or to provider teams.

The tasks/functions delivered by coordinating resources are:

- Coordination of governance arrangements
- Generic tasks common to all teams such as marketing (basic research re customers & competitors, whole programme promotion etc), certain communications such as newsletters, development of basic templates, user management (system), customer contact information management (system), standard services contracts, terms & conditions..
- Information sharing re customers, competitors, internal and external environment including emails, briefings, newsletters, internal events.
- Customer relationship management particularly for those smaller or busier teams where there is little time for this.

- Targeting of customers for specific product ranges across the programme.
- Billing and charging – crucial to customers is a streamlined, clear and timely billing process and it has not been possible to.
- Branding - creating a strong brand associated with the council's sold for services.
- Whole programme marketing (advertising) which is particularly useful for smaller or busier teams or those without the necessary skillset and includes brochures, flyers, posters, news articles, presentations, web development, marketplace events etc.
- Statistical analysis re programme performance – financial, customer feedback etc. This includes an annual customer survey, live feedback through the trading portal, forecasting of turnover etc.
- Quality Assurance of service and training offer. Challenge of performance via governance arrangements and provider networks.
- Business Development particularly for teams without the capacity for this. This includes the development of a blueprint for Multi academy Trust/federation offer, cross border trading agreements, partnership agreements etc.
- Training: co-ordination, QA, venue management, user/delegate management, data cleansing, CPD histories, on-line booking, stats etc.
- Event management for customers and other key stakeholders.

Provider teams remain the experts in their relevant field and are best utilised to deliver their products and services, focusing their efforts on developing new products, monitoring changes in customer preferences for their products and producing specific promotions to upsell the same.

is important that provider teams are freed up to be able to keep their schools offer current, responsive to customer needs and a viable option for the council.

Appendix B

Services for Schools staffing

		Proposed Salaries (£)			Proposed Annual Costs (£)	
Post title	Grade	Min Point	Max Point	FTE	Min Point	Max Point
CRD Traded Services Team						
Assistant Director Traded Services	16	57,230	62,443	1.0	57,230	62,443
Programme Officer	10	26,564	29,482	2.0	53,128	58,964
Business Services Officer (FTC)	8	21,534	23,272	1.0	21,534	23,272
Business Services Assistant	6	17,323	18,636	2.0	34,646	37,272
			FTE Sub Total	6.0		
CRD Accountancy support						
Senior Accountant	12	34,513	37,593	0.25	8,628	9,398
Business Services Assistant	4	15,407	15,845	0.10	1,540	1,584
			FTE Sub Total	0.35		
Children Services Workforce Development						
HR Consultant	12	34,513	37,593	0.3	10,354	11,278
Business Services Assistant	6	17,323	18,636	1.0	17,323	18,636
Business Services Assistant (FTC)	6	17,323	18,636	1.0	17,323	18,636
			FTE Sub Total	2.3		
			Total FTE	8.65		
Total Costs					221,706	241,483
Total Costs (including on costs at 22.71%)					272,055	296,323

Non staffing budgets (forecasted for 2017)

Detail	£
Training, professional fees etc	4,000
Travel	2,700
Printing (brochure, flyers, user guides etc)	20,000
Publicity (external customer events, marketing costs etc)	50,000
Equipment (Mobile phones, hardware & software)	3,500
Trading ICT solution ongoing costs	16,000
Conf & Func Expenses (internal)	4,000
Departmental & Council recharges	800
TOTAL	101,000

Maximum total of staffing & non staffing budgets	397,323
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Other council coordinating costs

(Other council details have been anonymised for this report but can be evidenced)

Comparative data supplied has been based upon staffing costs only.

Staffing costs in relation to turnover (%)**Derbyshire**

Income	46,379,624
Coordinating cost	296,323
%	0.64%

Council A (Inner London)

Income	8,900,000
Coordinating cost	113,000
%	1.27%

Council B (County Council)

Income	24,500,000
Coordinating cost	700,000
%	2.86%

Council C (County Council)

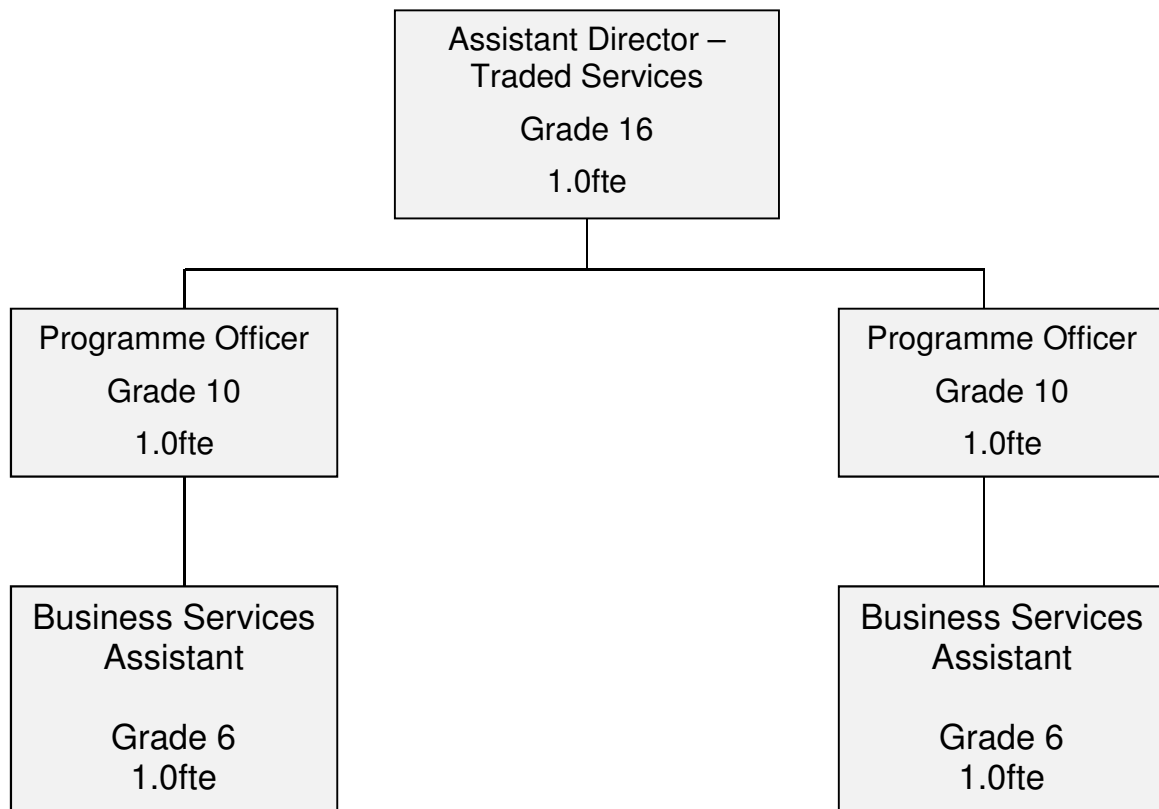
Income	27,600,000
Coordinating cost	390,000
%	1.41%

Council D (County Council)

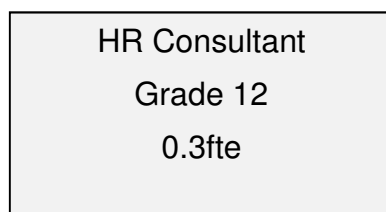
Income	13,000,000
Coordinating cost	213,913
%	1.65%

Existing and Proposed Staffing structures

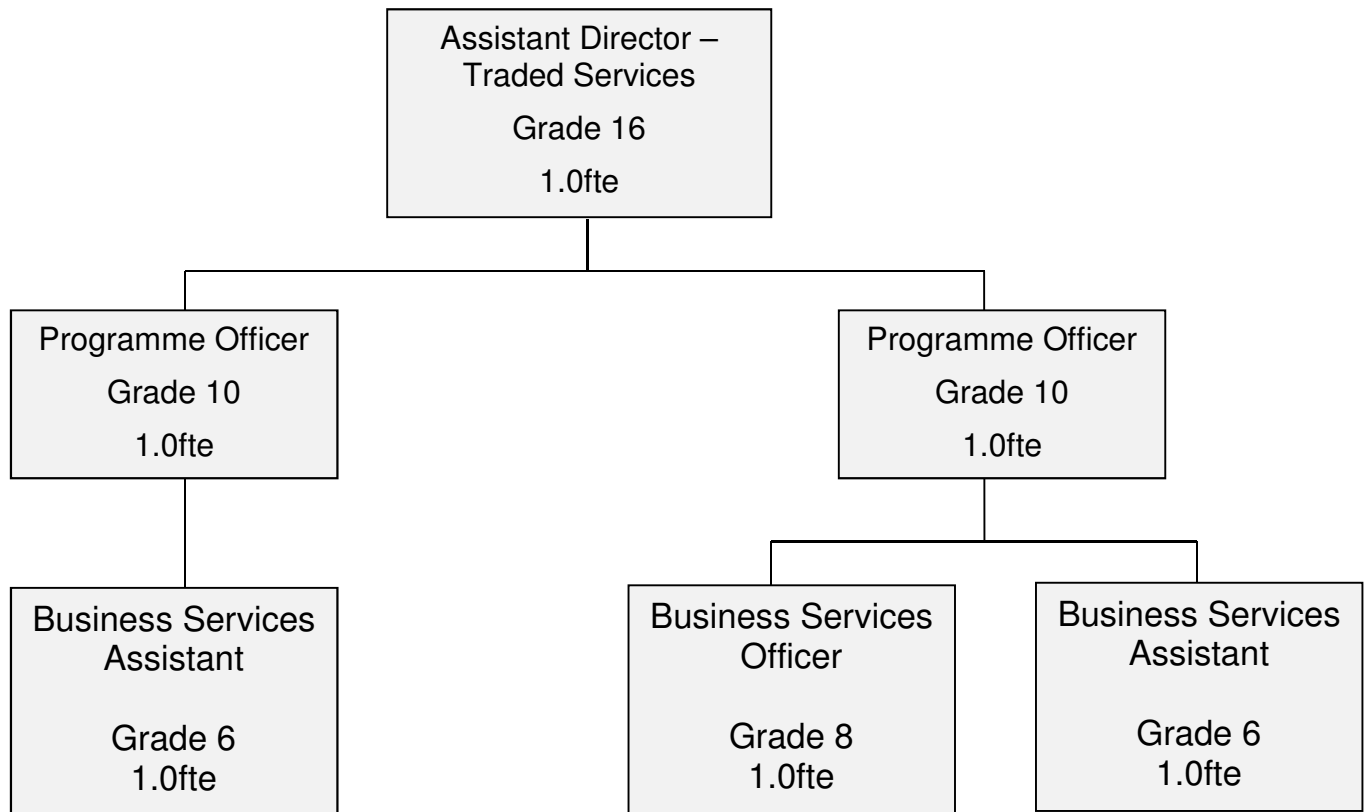
S4S Coordinating team (Current)



Workforce Development team: S4S (Current)



S4S Coordinating team (Proposed)



Workforce Development team: S4S (Proposed)

