



SOLD SERVICES TO SCHOOLS

SUMMARY

- 1.1 The Council sells a wide range of educational, transactional support and property services to schools within Derby. This includes 25 discreet services including education services such as school improvement, educational psychology and governor support provided by Children and Young People, transactional support services provided by the Resources Directorate such as strategic HR, payroll, finance, legal and catering, grounds maintenance and property services provided by Neighbourhoods. Cumulatively, this currently generates around £3.6million income to the authority.
- 1.2 The Council has historically relied on a steady, predictable income from these services but, as schools have gained increasing independence and flexibility, it has enabled them to commission service provision from an expanding range of suppliers and income for these services has steadily fallen following new entrants to the market with a more customer centric culture. As a consequence the Council's income for services principally offered within the Resources Directorate and property services is reducing.
- 1.3 It is acknowledged that there is a need to change how services are offered so that it is easier for schools to do business and the Council commissioned a market analysis with schools to identify how this could be redressed, to identify what schools wanted and to identify opportunities for service development, wider market penetration and diversification.

RECOMMENDATIONS

- 2.1 To note the findings of the sold services study.
- 2.2 To comment on proposals for development of a more customer focussed model for delivery of traded services to schools and other potential customers.

REASON FOR RECOMMENDATIONS

- 3.1 Sold services to schools is an important source of income to support the on-going viability of many services within the Council. It is necessary to change how these services are delivered to ensure that the Council remains the supplier of choice with

schools and generates further income by trading services in other markets.

SUPPORTING INFORMATION

- 4.1 The English education landscape is changing rapidly with other 3,000 schools converted to academies nationally and Teaching Schools. Under both academisation and teaching school alliances, responsibility and accountability for education standards is ceded from the local authorities to schools. All schools are autonomous in budget management and are not tied to buying services from the local authority past the delivery of statutory duties, such as the making and reviewing of SEN statements, securing sufficient education in an area and provision of home-to-school transport for eligible children. As a consequence, the Council's market for sold services to schools is diminishing as private sector providers, in direct competition, are now winning provision of non core, or non-education specific services at an individual school level.
- 4.2 Within Derby, competition from a small number of competitors including Flint Bishop, EKV, Derby Schools Learning Partnership, DLSP, and some schools that have organised themselves to trade services more widely and are winning business away from the Council in specific areas. The Council commissioned a study from Armstrong Transaction Services Limited to conduct a market analysis and to identify opportunities for future service development to support future income generation for the Council and to strengthen the relationship with schools in the city.
- 4.3 Armstrong conducted face to face interviews with schools, Heads of Service, market experts and potential customers to assess their view of the services offered by the Council. Customers' unprompted comment and performance scores indicate that satisfaction with customer services is mixed; high in education specific service and lower in generic services. Specifically the report highlighted;
- DCC service delivery and quality are varied according to school business managers. Private sector delivery is increasing in penetration with some schools reluctant to return to the authority.
 - Schools have a high level of awareness of the competition through marketing particularly other HR providers.
 - The barriers to switching are low and falling although there is a perception amongst school business managers that sometimes the Council makes it difficult to switch.
 - The Council's current supply chain mode is seen as chaotic, with duplicate provision, poor service and a lack of customer focus.
 - The Council's main competitors have taken advantage of poorer service and are seen as very customer focussed.
 - Customers acknowledge that some services are improving following management initiatives including in strategic HR and Property.

- 4.4 Similar issues are being experienced in other local authorities but have been able to recover lost ground through step change improvements in leadership, culture change and hard work. The report highlights strengths and opportunities including schools strong loyalty to the Council and that core services, in particular in education, are highly regarded. Customers also acknowledge that some services are improving following management initiatives in Strategic HR and Property. The report also highlights that service heads have a passion to succeed and that because of strong loyalty, whilst the 'Derby brand' might be tarnished there is an opportunity to expand sold services if the Council is able to develop a more customer focussed model.
- 4.5 The report highlights that other local authorities have been able to overcome this challenge by prioritising delivery on core services, embrace change and work with private sector suppliers, schools and other local authorities to create strong partnerships. The report sets out five key recommendations for further service development...
- **To collaborate with TSAs, academies, Derby County and Suppliers** to improve standards of education support services through responding to adapting services to match school needs. In working together and picking out the best City and County services the Council can evolve into a strategic partner of choice.
 - **Appoint a person to head up sold services** to support the collaboration, lead engagement with schools and enable the key relationships to prosper. This role must understand the education landscape and be able to drive the collaboration with schools and other suppliers. They should also retain accountability and responsibility for marketing quality and delivery.
 - **Improve service provision and culture** to place schools at the centre of everything we do and to ensure that services match their needs. A greater emphasis on seeking regular feedback and quality assurance is required to support the culture change which the report identifies as critical to success.
 - **Implement a delivery vehicle** to move away from the current paper based brochure of school services to develop an Amazon.com style portal making with other local suppliers to make it easier for schools to purchase services. This will reduce administration costs and potentially increase revenue for the authority.
 - **Form an arms length entity** to allow decision making, staffing and customer service to become more responsive, fast, flexible and free from limitations. The report suggest this will also further reduce administration costs and support the opportunity to trade services more widely outside of education and the city.

- 4.6 The Council needs to agree a strategic approach to both schools' engagement and the provision of traded services and develop a supporting action plan based on the findings of the study including proposals to...
- Appoint a lead to head up sold services to drive their development and marketing. This role should have a clear focus on income generation and ideally be based in Children and Young People.
 - Focus on core education activities initially to ensure continuing delivery of high standards so that the Council remains the schools partner of choice, before looking to draw in other services.
 - Adopt an account management approach to ensure greater focus on customer needs.
 - Develop more customer focussed and service standards aligned to those offered by other suppliers.
 - Implement a portal to market sold services to replace the schools brochure making it easier to buy
 - Explore the potential for greater collaboration with other suppliers including the County Council, Teaching School Alliances and private sector suppliers to raise standards.
 - Explore the opportunity to supply outside the local authority to other suppliers and in neighbouring authorities.

The report recommends that any model adopted should seek to maximise opportunities beyond the schools' market, investigating the potential for wider commercial penetration and expansion and making recommendations for alternative delivery models/vehicles to ensure the long-term sustainability of traded services income.

OTHER OPTIONS CONSIDERED

- 5.1 None considered as there is a need to redress falling incomes to ensure the viability of future support service delivery and to maximise opportunities for future income generation.

This report has been approved by the following officers:

Legal officer Financial officer Human Resources officer Service Director(s) Other(s)	Karen Jewell, Director of HR and Business Support
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For more information contact: Background papers: List of appendices:	Kirsty Alldread, Resources Programme Manager 01332 643534 None Appendix 1 – Implications
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IMPLICATIONS

Financial and Value for Money

- 1.1 Sold services to schools is an important source of income ensuring the on-going viability of many services.

Legal

- 2.1 Not applicable to this report.

Personnel

- 3.1 Staff in numerous departments are involved in delivering services to schools. The report recommends adopting a more co-ordinated approach

Equalities Impact

- 4.1 Not applicable to this report.

Health and Safety

- 5.1 Not applicable to this report.

Environmental Sustainability

- 6.1 Not applicable to this report.

Asset Management

- 7.1 Not applicable to this report.

Risk Management

- 8.1 None applicable to this report.

Corporate objectives and priorities for change

- 9.1 Delivery of high quality services.

