

Report to Cabinet

3 November 2021

Subject:	Sandwell Residential Education Centres: Charges for the period 1 August 2022-31 July 2023
Cabinet Member:	Councillor Karen Simms - Cabinet Member for Children and Education
Director:	Interim Strategic Director Children and Education Katharine Willmette Acting Operational Director Children and Education Melanie Barnett
Key Decision:	Yes
Contact Officer:	Richard Oakes, Manager, Sandwell Residential Education Service richard_oakes@sandwell.gov.uk

1 Recommendations

- 1.1 That the Director Children and Education be authorised to implement term-time charges for Sandwell Residential Education Centres for the period 1 August 2022 - 31 July 2023 as shown in Appendix A attached.

2 Reasons for Recommendations

- 2.1 The report proposes charges which seek to make the centres accessible to as many Sandwell children and school groups as possible, whilst generating sufficient income to provide a high-quality service at zero revenue cost to the Council.



3 How does this deliver objectives of the Corporate Plan?

	<p>Best start in life for children and young people</p> <p>About 6,000 Sandwell children and young people experience residential visits to the centres each year, and about 2,000 experience day visits. The Residential Education Service contributes to the Council’s ambitions by:</p> <ul style="list-style-type: none"> • Raising aspirations and resilience by introducing participants to new experiences, places and challenges. • Helping young people to have skills for the future, by developing and applying transferable skills, attitudes and values, creativity and adventure, and environmental awareness, through direct experience. • Raising the quality of education and learning, by working with schools to enrich the broader curriculum.
	<p>People live well and age well</p> <ul style="list-style-type: none"> • Helping participants be healthier and happier for longer, by promoting healthy, active, enjoyable lifestyles and activities, and teaching how to identify and manage risk.
	<p>Strong resilient communities</p> <ul style="list-style-type: none"> • Lowering crime and anti-social behaviour by promoting good citizenship, positive traits and relationships. • Enhancing Sandwell’s reputation for getting things done. Retaining four residential education centres, with a focus on Sandwell priorities providing high value for the community, is increasingly recognised regionally and nationally as a success.

4 Context and Key Issues

4.1 Sandwell Residential Education Centres’ mission is “to provide sustainable lifelong learning opportunities for all Sandwell children, young people and adults to become healthier, happier and more successful through residential, outdoor and creative arts experiences.” In short, to deliver beneficial visits for as many Sandwell children as possible.



- 4.2 The intention is to have centres occupied for as much of the school year as possible, increasing attendance and positive outcomes for Sandwell children, and generating income year-round.
- 4.3 This report seeks approval to implement the charges attached as Appendix A, in line with the Residential Education Centres' business plan, to provide a sustainable, accessible service. The proposed charges are an increase of 2.4% on 2021-22 charges, in line with the consumer price index as of July 2021, rounded to the nearest pound.
- 4.4 An above-inflation increase of £10 during two months in high season at the Frank Chapman Centre is proposed, to meet additional costs when demand is high.
- 4.5 The centres are open to Sandwell maintained schools, Sandwell academy schools, and non-Sandwell schools and groups. The business plan aims to retain Sandwell children participation of 15 000 term-time bed nights, or 4 750 residential pupil visits, per year. The proportion of non-Sandwell schools using the centres has risen in recent years, bringing in more income; but there is capacity to accommodate more Sandwell schools and children.
- 4.6 The proposed charges (Appendix A) indicate the “commercial” charge to non-Sandwell schools. Sandwell maintained schools receive a 30% discount, and Sandwell academy schools a 20% discount. Sandwell academy schools receive a smaller discount because they have opted to take their share of local government finance to manage directly. These discounts for Sandwell children are financed by the residential education service's other income streams, including weekend, school holiday, and day visit educational courses and commercial events.
- 4.7 For 2021-22, Cabinet approved a reduction in low season charges to increase accessibility, participation and value particularly for Sandwell schools and children, and to encourage demand throughout the year and minimize empty periods, so increasing overall income.
- 4.8 There is greater demand in high season.



- 4.9 The proposal includes a discounted rate for large groups at three of the centres, to encourage greater participation, increase competitiveness, and overall to generate more income. Smaller schools will be encouraged to share to take advantage of these rates.
- 4.10 Sandwell Looked After Children will continue to be able to attend the centres free of charge with their schools during term-time.
- 4.11 Demand for Plas Gwynant is high, and it works at high occupancy levels. Operational costs at Plas Gwynant are higher than the other centres because of the adventurous nature of courses there. The proposed charges for 2022-23 reflect this.
- 4.12 It is anticipated that post Covid-19, many parents and possibly schools will face financial challenges. The service will continue to review efficiency and costs where possible to provide best value.
- 4.13 The Residential Education Service operates in a competitive market, with a zero-revenue budget since April 2017.
- 4.14 Centres have to generate annual income of £2 million to cover all revenue costs, including meeting pay awards.
- 4.15 Until the cancellation of courses at the end of March 2020 due to Covid-19, the service was projecting a balanced year-end budget for 2019-20. Further detail is set out in section 7.
- 4.16 The proposed new charges will be effective from 1 August 2022.
- 4.17 Sandwell maintained school and academy school discounts are largely covered by the generation of income at weekends and during school holidays. The proposal recommends that charges at these times will continue to be set at a rate determined by the Service Manager with Centre Heads.



4.18 **The current position**

4.19 The current charges are competitive, as indicated by the increase of non-Sandwell schools buying into the service. The proposals take account of sector charges; and seek to ensure year-round competitiveness, especially for Sandwell schools and Sandwell academy schools with 30% and 20% discounts respectively. The sector operates with very low margins. There may be fewer providers post Covid-19. There is little data yet on sector prices for 2022-23.

4.20 Sandwell maintained schools pay approximately 70%, and Sandwell academy schools about 80%, of the non-Sandwell schools rate.

4.21 Additional income to subsidise Sandwell charges is generated by weekends, day visits, holiday-time working, and commercial events, in part made possible by Council investment in the properties. Many of these are bespoke. The service manager obtained cabinet approval (SMBC03/07/2019 point 1.4, 17 July 2019) to set charges for these events to obtain best value for the Council.

4.22 **Consultation**

4.23 Service managers regularly review the market in residential education to ensure that Sandwell's centres are competitive. They also regularly receive feedback and communicate with Sandwell and non-Sandwell school leaders and group leaders, directly and in collective meetings. Low-season charges remain less than was the case two years ago, and accommodation options, for example groups sharing, have been increased.

4.24 **Sustainability of Proposals**

4.25 The proposed charges support the Residential Education Service business plan. The Centres operate a full cost-recovery revenue budget; all expenditure has to be covered by income generation. Income is monitored monthly on a centre by centre and service basis against profiled targets. Attendance figures are also monitored.



5. Alternative Options

- 5.1 Increasing charges above inflation risks less uptake of places, reduced overall income, and poorer social value.
- 5.2 Keeping charges at 2021-22 levels risks a shortfall in income and difficulties in balancing the budget when expenditure will rise with inflation.

6. Implications

Resources:	<p>The proposed charges support the Residential Education Centres' business plan and sustainable, accessible service provision for a zero-revenue target budget. They also support sustainable positive use of the Council's property assets, capitalising on recent investment.</p> <p>A 2.5% overspend was reported in 2018/19. The projected out-turn for 2019-20 was close to a balanced budget, prior to centres closing on 20 March 2020 because of COVID-19. The actual outturn was a 2.6% overspend for 2019/20. The centres were closed for almost all of 2020-21 financial year. However, bookings were strong at the time of closure, and forward bookings for 2022 calendar year with the three-season charging model are positive.</p> <p>The proposed charges are projected to increase term-time income by 2.4% in line with inflation as of July 2021. This will enable the service to meet all costs and balance its budget, although treasury forecasts are for inflation rising to 4% by the end of 2021.</p> <p>The budgeted income target for the four centres in 2021-22 is £2,005,000.</p> <p>The proposals assume that centres will be in a position to operate to their full potential by April 2022, following Covid-19.</p>
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Legal and Governance:	Direct provision of this service is not a statutory obligation on the Council. It is provided at the discretion of the Council to enrich the learning, life opportunities and experiences of the Borough's children and young people. There are no legal and governance considerations.
Risk:	<p>The centres make a positive contribution to citizenship.</p> <p>The Corporate Risk Management Strategy (CRMS) has been complied with – to identify and assess the significant risks associated with this decision/project. This includes (but is not limited to) political, legislation, financial, environmental and reputation risks. The risk associated with these proposals are considered acceptable and manageable subject to the centres being able to fully operate from April 2022 following Covid-19. The financial risks are amber or red, depending on length of closure, should one or more centres be closed for a period of time due to, for example, Covid-19. This risk remains regardless of agreed charges.</p> <p>There is at present a lead-in time for courses of approximately nine months, giving time for service review. A protracted period of closure of all four centres would result in financial loss averaging £40,000 per week to the Council, which may be difficult or impossible to recover through schools' insurance, cost-cutting, or additional income generation.</p>
Equality:	A screening exercise was completed and found that a full EIA was not required as the report is concerned with maintaining or increasing sustainable delivery of an existing service with no discrimination against service users.



Health and Wellbeing:	The centres all deliver Sandwell’s well-being charter, providing experiences beneficial to mental and physical health and well-being. They develop an appreciation of adventure and creativity, citizenship, and high aspirations. The centres work with a range of partners within and outside the Council to deliver projects and programmes of social value. Sandwell Looked After Children visiting the centres with their schools in term time do so free of charge.
Social Value	See Section 3 How the proposal delivers objectives of the Corporate Plan.

7. Appendices

Appendix A: proposed term-time charges for visits to Sandwell Residential Education Centres 2022-23.

8. Background Papers

None.

