

REPORT TO: Executive Board

DATE: 16 December 2010

PRESENTED BY: Strategic Director – Children and Young People

SUBJECT: Traded Services School Improvement Service

WARDS: Borough-wide

1.0 Purpose of the Report:

- 1.1 The purpose of this report is to seek Executive Board's agreement to the implementation of the proposals to develop a Joint Venture model for School Improvement.

2.0 Recommendations:

- 1) Executive Board are asked to agree the development of the preferred approach of the Joint Venture Model for the delivery of school improvement services in conjunction with Warrington Borough Council and a private provider, subject to schools contributing funding to the delivery of the service between April and August 2011; and**
- 2) Executive Board are asked to agree the timeline.**

3.0 National Policy Background

- 3.1 Since the establishment of the Coalition Government in May 2010, the emerging political landscape and economic constraints have begun to reshape the way in which local authorities are expected to deliver services to schools. The national policy position is one of devolving power from local authorities to headteachers as commissioners of school improvement services.
- 3.2 A Ministerial Advisory Group has been established to look at the role of local authorities in education and children's services, lead by Baroness Ritchie. The Schools White Paper – The Importance of Teaching was published on 25th November 2010. Within this document the government has stated its commitment to:
- Make clear that schools – governors, headteachers and teachers – have responsibility for improvement. It will also end the requirement for every school to have a local authority school improvement partner (SIP) and end the current centralised target-setting process;
 - Ensure that schools have access to evidence of best practice, high-quality

materials and improvement services, which they can choose to use;

- As the National Strategies and other field forces come to an end, support of a new market of school improvement services with a much wider range of providers and services available for schools to choose from;
- Free local authorities to provide whatever forms of improvement support they choose, with expectations that alternative business models would be explored by local authorities; and
- Ensure that schools below the floor standard receive support.

4.0 HALTON DEVELOPMENTS

- 4.1 In March 2010 Heads of School Improvement Services across Greater Merseyside met to discuss their response to the decision to end the National Strategy funding to local authorities. Across these local authorities a range of partnerships, proposals and agreements are being developed.
- 4.2 Senior officers from Halton and Warrington have worked together to develop a service proposal to deliver school improvement functions in partnership with a private provider, which would increase the volume of schools potentially purchasing the service and therefore improve the viability. This would:
- Ensure a quality service form which our schools could purchase and therefore ensure continued high educational performance for Halton children and young people;
 - Mitigate against the costs of redundancies for the local authorities; and
 - Keep our staff in employment where possible.
- 4.3 The two local authorities have undertaken some initial soft market testing with school headteachers and governors and the initial feedback is that many primary schools would be happy to continue purchasing school improvement services through a partnership arrangement between the two local authorities and an appropriate partner. Secondary schools are less likely to purchase services.
- 4.4 Soft market testing has been undertaken with three private providers who have expressed a very clear and firm interest in the proposals if they were to go to tender.

5.0 Options Appraisal

- 5.1 The following potential benefits have been identified in developing this proposal. The local authority would:

- Maintain the challenge and support in order to improve standards;
- Continue to oversee, influence and drive forward the school improvement agenda;
- Retain the specialised skill set of the staff currently employed by the local authority;
- Mitigate the risk to staff and cost to the local authority of staff placed at risk of redundancy;
- Increase the volume of schools and therefore the potential market by partnering with another local authority; and
- Increase the potential to generate an income by partnering with the private sector.

A number of possible business models have been considered as follows:

	Option	Advantages	Disadvantages
1	Cease to deliver the service	<ul style="list-style-type: none"> • No ongoing financial risk to the Council • No capacity required to develop an alternative model 	<ul style="list-style-type: none"> • Loss of potentially 17 staff via redundancy • Financial costs of redundancy to be found • Halton schools at risk of purchasing poor services from the open market with a negative impact on educational outcomes for Halton children
2	Develop a Shared service with Warrington BC and others Halton joins with other local authorities and pools budgets to jointly deliver service	<ul style="list-style-type: none"> • Maintains current arrangements in house • Mitigates against redundancies 	<ul style="list-style-type: none"> • Partnership agreements and governance arrangements can become bureaucratic • Not a separate corporate entity to be able to contract on own • Possible opposition to sharing resources and conflict of interest issues may arise • Financial risk remains with Halton • No income stream guaranteed to fund staff resource • Agenda and policy driven by local authorities (as opposed to recent White Paper proposals) •
3.	Develop a	<ul style="list-style-type: none"> • Could maintain 	<ul style="list-style-type: none"> • Potential exposure to

	Company Limited by Guarantee Halton joins with another local authority and the private sector with an established commercial entity for shares	current arrangements in Halton <ul style="list-style-type: none"> • Mitigates against redundancies 	taxation <ul style="list-style-type: none"> • Possible opposition to sharing resources and conflict of interest issues may arise • Financial risk of staff employment remains with Halton • No income stream guaranteed to fund staff resource • Agenda and policy driven by local authorities (as opposed to recent White Paper proposals) • Cost of procurement (officer time)
4.	Develop a Public/Private Joint Venture Model Halton partners with another local authority and the private sector with an established commercial entity for shares	<ul style="list-style-type: none"> • Widens scope for delivery to other schools out of the area • Retains skill set of staff to deliver to our schools • Agenda and policy linked to recent White Paper proposals • Retains skill set of set staff • Transfer of financial risk to the private sector company • Has the potential to generate a shared income for both local authorities • Allows for other local authority areas to join this arrangement. 	<ul style="list-style-type: none"> • Cost of procurement (officer time)

Our preferred approach would be, in partnership with Warrington Borough Council, procure a private provider via a Joint Venture Agreement as in Option 4 above. This would remove the funding risk for the local authority and would prevent redundancy whilst providing a positive choice for our schools to purchase a quality school improvement services. Other members of the Learn together Partnership (LTP) will be

invited to be named on the OJEU to allow them to use the procurement vehicle in the future. This model allows for further partnerships with other local authority areas to join the Joint Venture company at a later date.

6.0 Joint Venture Model Timeline

- 6.1 The following timeline is based upon sufficient support from schools to fund an interim arrangement from April to September 2011. This would require the majority of schools in Halton committing to make a contribution from the Council for the summer term. It is suggested that this be considered by School Forum. Indications from schools are that they would be minded to make a contribution depending on the level requested and their own allocations.

6.2

Activity	Date
Publication of the Office Journal of European Union notice	3 January 2011
Decision for schools re funding for April to August interim arrangements	February – March 2011
Submissions of Pre Qualifying Questionnaire	14 March 2011
Evaluation concluded of Pre Qualifying Questionnaire	1 April 2011
Invitation to take part in the dialogue	11 April 2011
Competitive dialogue commenced	11 April 2011 - 3 May 2011
Issue the Invitation to take part in dialogue 1 document	18 – 29 April 2011
Hold engagement meetings	18 - 29 April 2011
Submission of the Invitation to take part in dialogue 1 submission	6 May 2011
Evaluate Invitation to take part in dialogue 1 Submission by	31 May 2011
Feedback and Final Dialogue	6 June - 17 June 2011
Close of Dialogue and Invitation to submit final bids	17 June 2011
Final bids Submission	24 June 2011
Evaluation of Invitation to submit final	24 June - 8 July 2011

and best offer	
Award of the Contract	12 July 2011
Alcatel Standstill	13 July 2011 - 27 July 2011
Contract	1 August 2011
Transfer of Undertakings (Protection of Employment) Regulations	1 September 2011

7.0 FINANCIAL IMPLICATIONS

- 7.1 Halton has identified that the funding stream is no longer available to the local authority, to fund the range of School Improvement professionals. Therefore, key staff who are currently employed are at risk of redundancy due to the lack of funding.

8.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

8.1 Children and Young People

This would benefit the continuing improvement of Halton Secondary schools

8.2 Employment Learning and Skills in Halton

Where possible employment opportunities for local people will be explored

8.3 A Healthy Halton

There are none arising in relation to this report.

8.4 A Safer Halton

There are none arising in relation to this report. .

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8.5 Halton's Urban

There are none arising in relation to this report. .

9.0 RISK ANALYSIS

- 9.1 Key risks have been identified and will be mapped and mitigated against as part of effective management of this process.

10.0 EQUALITY AND DIVERSITY ISSUES

10.1 There are none arising in relation to this report. .

11.0 REASON(S) FOR DECISION

11.1 The rationale for preferring a Joint Venture is due to the lack of contractual control of the income, i.e. the services will be procured via the school budgets and not the local authority budgets. In looking for this partner, the authorities should be able to mitigate the redundancy liability of school improvement staff whose funding will end on 31 March 2011. This is a significant saving to the council, but also offers the employees concerned a continuity of their employment.

12.0 ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

12.1 The alternative of Joint Venture has been considered as part of the option appraisal and this model demonstrates the best solution to the Council

13.0 IMPLEMENTATION DATE

13.1 The Selected Bidder will be formally announced on 12th July 2011 to for mobilisation by the 1 September 2011.

14.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972

14.1 Further Guidance and information, available from Ann McIntyre, Operational Director Children's Organisation and Provision – ann.mcintyre@halton.gov.uk, 1st Floor Eccleston Building, Grosvenor House

Appendix 1 - OPTIONS APPRAISAL

Option Study for the ‘Learn Together Partnership’ School Improvement as a Traded Service

Focus

School improvement services that might be traded across Halton and Warrington including those which may be commissioned by each Local Authority, those which may be commissioned using grant support and those which may be purchased by individual schools or networks and clusters of schools.

Note- The rapidly changing political and economic landscape may have significant impact upon one or more of the suggested options and therefore any option must be explored in the light of the most recent political and economic intelligence and evaluation of the proposed direction of travel.

“The most important people in driving school improvement aren’t inspectors, advisers, school improvement partners or Ministers. It is teachers and school leaders.”

Michael Gove

Birmingham June 2010

Complexity

There are additional complexities when providing a model for school improvement, which needs to meet the expectations of a number of local authorities in changing circumstances. For some LAs and schools the purchasing of goods and services, which have thus far been regarded as ‘free’ will require a change of culture and there may be resistance to that change. Some schools will decide to look away from the LA as the source for these services and others might be encouraged to do so as part of a wider political agenda. This may not happen evenly across the La’s resulting in a patchy take up and test the resolve and strength of the partnership.

Some key principles need to be agreed as a precursor to any detailed investigation of the range of options including:

- The approach across the partnership can be different as long as this is clear explained at the beginning of the process
- Does the chosen model have to be agreed by each LA and its members collectively

- The model has to safeguard existing staff and maintain consistent for our school
- Will each LA need to make proportionate efficiency depending upon their scope
- The service needs to be designed so delegated statutory school improvement functions can be commissioned in the future

Options

The following are seen as options for the partnership and/or individual LAs :

1. Take no action and maintain the status quo
2. Manage school improvement as a traded service to schools at single LA level
3. Withdraw from non-statutory school improvement activity and leave schools to manage their own processes
4. Operate school improvement through a jointly managed organisation via a private sector provider across Halton and Warrington
5. Work in partnership other LA or LTP level

Outline Risks/benefits

Option	Potential Risk	Potential Benefit
1	<ul style="list-style-type: none"> – Costs against a reducing central budget 	<ul style="list-style-type: none"> – Schools current level of satisfaction sustained
2	<ul style="list-style-type: none"> – Insufficient range of expertise in small LAs No economies of scale – Costs of management/admin support – Low take-up by schools 	<ul style="list-style-type: none"> – Reduced costs to central budget – Creates customer focused service – Schools relationship with SIP/adviser/LA sustained
3	<ul style="list-style-type: none"> – Quality of school improvement is patchy and not under LA control with negative impact on LA KPIs – High redundancy costs – Negative impact on staff morale – Relationships with schools weakened 	<ul style="list-style-type: none"> – Cost benefits in the medium to long term
4	<ul style="list-style-type: none"> – Low take-up by schools – Legal status of jointly managed organisation – Loss of direct impact on school improvement activity and outcome 	<ul style="list-style-type: none"> – Reduced costs to central budget – Economies of scale results in shared savings – Retention of school

		improvement activity through partnership
		– Single point of contact for school improvement
		– Reduced costs of Tupe transfer/ secondment/ redundancies
		– Greater depth of resources and expertise
5	– Quality vs costs issues	– Reduced central costs
	– Schools' perceptions	– Quality control via commissioning agreement
	– Low take-up by schools	– Single point of contact for school improvement
	– High redundancy costs	

Model

Within the time constraints one model has thus far been developed to a deeper level.

Model 4 - Operate school improvement through a jointly managed organisation via a private sector provider across Halton and Warrington

This model offers:

- Significant savings to all partner LAs in the medium term through a reduction in the overall staffing levels and economies of scale through reducing repetition of management structures across LAs
- A flexible workforce able to respond to change through a range of employment methods including permanent staff, seconded staff and use of 'associates'
- Provision for a wide range of expertise available to all schools across the service together with a more 'locally accessible' team (where possible using staff currently working in that locality to preserve relationships and local intelligence).
- A reduction in overall staffing with administration and management being the most significant reduction.
- A potentially neutral political impact with LAs retaining responsibility for school improvement and adopting a partnership approach in order to improve quality and reduce overall costs.

- The provision to continue to impact positively on national indicators

The impact on residual school improvement services will be at the discretion of the appropriate LA but the model provides the opportunity to discharge all school improvement functions thereby removing the need to have anything other than a monitoring role within the LA.