

Public Document Pack



OVERVIEW & SCRUTINY COMMITTEE

Thursday, 15 September 2016 at 7.30 pm
Conference Room, Civic Centre, Silver
Street, Enfield, EN1 3XA

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Councillors : Derek Levy (Chair), Abdul Abdullahi, Katherine Chibah, Nneka Keazor,
Joanne Laban and Edward Smith

Education Statutory Co-optees: 1 vacancy (Church of England diocese representative), Simon Goulden (other faiths/denominations representative), Tony Murphy (Catholic diocese representative), Alicia Meniru & 1 vacancy (Parent Governor Representative).

Enfield Youth Parliament Co-optees (2)

Support Officer – Andy Ellis (Lead Scrutiny Officer)
Clare Bryant (Scrutiny Officer)

AGENDA

1. **WELCOME AND APOLOGIES**
2. **DECLARATIONS OF INTEREST**

Members of the Council are invited to identify any disclosable pecuniary, other pecuniary or non-pecuniary interests relevant to items on the agenda.

3. **CALL-IN OF REPORT: EDUCATION SERVICES: A NEW MODEL OF SERVICE DELIVERY** (Pages 1 - 34)

To receive a report from the Director of Finance, Resources & Customer Services outlining a Call-In received for consideration by Overview & Scrutiny on the following reason: (Report No: 79).

Cabinet Decision (16 August 2016): Education Services: A New Model of Service Delivery.

Decision included on Publication of Decision List No: 20/16-17 Key Decision 4339 (List Ref: 1/20/16-17) issued on 18 August 2016.

It is proposed that consideration of the Call-In be structured as follows:

- Brief outline of reasons for the Call-In by representative(s) of the Members who have called in the decision.
- Response to the reasons provided for the Call-In by the Cabinet Member responsible for taking the decision.
- Debate by Overview & Scrutiny Committee and agreement on action to be taken.

4. ANY OTHER BUSINESS

5. DATES OF FUTURE MEETINGS

Provisional Call-Ins

Thursday 29 September 2016

Wednesday 26 October 2016

Please note, the next business meetings of the Overview & Scrutiny Committee will be held on

Tuesday 11 October 2016

Thursday 10 November 2016

6. EXCLUSION OF THE PRESS & PUBLIC

To consider, if necessary, passing a resolution under Section 100A(4) of the Local Government Act 1972 excluding the press and public from the meeting for the item of business listed in Part 2 of the agenda on the grounds that it will involve the likely disclosure of exempt information as defined in those paragraphs of Part 1 Schedule 12A to the Act (as amended by the Local Government (Access to Information) (Variation) Order 2006), as are listed on the agenda (Please note there is not a Part 2 agenda).

MUNICIPAL YEAR 2016/2017 REPORT NO. 79**MEETING TITLE AND DATE:**

**Overview & Scrutiny
Committee,
15 September 2016**

REPORT OF:

Director of Finance, Resources
and Customer Services

Contact officers and telephone
numbers:

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Agenda – Part: 1	Item: 3
Subject: Education Services: a new model of service delivery	
Wards: All	
Key Decision No: 4339	
Cabinet Member consulted: N/A	

1. EXECUTIVE SUMMARY

1.1 This report details a call-in submitted in relation to the following decision:

Cabinet decision (16 August 2016): Education Services: a new model of service delivery

1.2 Details of this decision were included on Publication of Decision List No. 20/16-17 (Ref. 1/20/16-17 – issued on 18 August 2016).

1.3 In accordance with the Council's Constitution, Overview and Scrutiny Committee is asked to consider the decision that has been called-in for review.

1.4 The members who have called-in this decision do not believe it falls outside of the Council's Policy Framework.

2. RECOMMENDATIONS

2.1 That Overview and Scrutiny Committee considers the called-in decision and

either:

- (a) Refers the decision back to the decision making person or body for reconsideration setting out in writing the nature of its concerns. The decision making body then has 14 working days in which to reconsider the decision; or
- (b) Refer the matter to full Council; or
- (c) Confirm the original decision.

Once the Committee has considered the called-in decision and makes one of the recommendations listed at (a), (b) or (c) above, the call-in process is completed. A decision cannot be called in more than once.

If a decision is referred back to the decision making person or body; the implementation of that decision shall be suspended until such time as the decision making person or body reconsiders and either amends or confirms the decision, but the outcome on the decision should be reached within 14 working days of the reference back. The Committee will subsequently be informed of the outcome of any such decision.

3. BACKGROUND/ INTRODUCTION

- 3.1 Please refer to Sections 3, 4 and 5 of the Cabinet decision report.

4. ALTERNATIVE OPTIONS CONSIDERED

None – Under the terms of the call-in procedure within the Council's Constitution, Overview & Scrutiny Committee is required to consider any eligible decision called-in for review. The alternative options available to Overview & Scrutiny Committee under the Council's Constitution, when considering any call-in, have been detailed in section 2 above.

5. REASONS FOR RECOMMENDATIONS

To comply with the call-in procedure within the Council's Constitution.

6. COMMENTS OF THE DIRECTOR OF FINANCE, RESOURCES AND CUSTOMER SERVICES AND OTHER DEPARTMENTS

6.1 Financial Implications

The financial implications relating to the called-in decision have been detailed in the Cabinet decision report.

6.2 Legal Implications

S 21, S 21A-21C Local Government Act 2000, s.19 Police and Justice Act 2006 and regulations made under s.21E Local Government Act 2000 define the functions of the Overview and Scrutiny committee. The functions of the committee include the ability to consider, under the call-in process, decisions of Cabinet, Cabinet Sub-Committees, individual Cabinet Members or of officers under delegated authority.

Part 4, Section 18 of the Council's Constitution sets out the procedure for call-in. Overview and Scrutiny Committee, having considered the decision may: refer it back to the decision making person or body for reconsideration; refer to full Council or confirm the original decision.

The Constitution also sets out at section 18.2, decisions that are exceptions to the call-in process.

6.3 Property Implications

There are no corporate property implications arising from the Cabinet decision Report.

7. KEY RISKS

The key risks identified relating to the called-in decision have been detailed in the Cabinet decision Report.

8. IMPACT ON COUNCIL PRIORITIES

The way in which the called-in decision impacts on the Council priorities relating to fairness for all, growth and sustainability and strong communities have been detailed in the Cabinet decision Report.

9. EQUALITIES IMPACT IMPLICATIONS

The equalities impact implications relating to the called-in decision have been detailed in the Cabinet decision Report.

10. PERFORMANCE MANAGEMENT IMPLICATIONS

The performance management implications identified relating to the called-in decision have been detailed in the Cabinet decision Report.

11. HEALTH AND SAFETY IMPLICATIONS

The health and safety implications identified relating to the called-in decision have been detailed in the Cabinet decision Report.

12. PUBLIC HEALTH IMPLICATIONS

The public health implications identified relating to the called-in decision have been detailed in the Cabinet decision Report.

Background Papers

None

APPENDIX 1

Call-In: Cabinet Decision: Education Services: a new model of service delivery

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MUNICIPAL YEAR 2016/2017 REPORT NO. 53

MEETING TITLE AND DATE:

Cabinet 16 August 2016

REPORT OF:

Chief Education Officer

Jenny Tosh

Telephone: 0208 379 3250

Email: jenny.tosh@enfield.gov.uk

Agenda - Part: 1

Item: 6

Subject: Education Services: a new model of service delivery

Wards: All

Cabinet Member consulted: Cllr Ayfer Orhan

1. EXECUTIVE SUMMARY

- 1.1 Education Services in Enfield have a well-documented and evidenced reputation for working in partnership with schools and settings to bring about continued improvement.
- 1.2 As the Enfield context has changed and the needs of our pupils have become more complex there is a clear need for schools and settings to sustain and build on this improvement.
- 1.3 The ongoing reduction of funds to the Council and the proposed changes to the schools' funding formula are placing increasing pressure on Education Services' budgets.
- 1.4 Although the government has made some changes to the White Paper it is still committed to its election manifesto that all schools will convert to academy status by 2022, and become part of Multi Academy Trusts (MATs);
- 1.5 This report seeks approval to investigate alternative models of service delivery that will still enable the council to work with all schools, whatever their status, and
 - continue to meet its statutory responsibilities,
 - provide the appropriate support to and with schools and settings,
 - places services in a strong position to offer support to other local authorities (LAs),
 - maintains strong and effective relationships with the Enfield learning community,
 - ensures Education Services contribute to delivering the council's savings agreed in the Medium Term Financial Plan (MTFP).
- 1.6 It is intended that the new model of service delivery will have the potential to develop additional income streams through wider trading beyond the Borough of Enfield and through applying for external funding not generally available to the Council.
- 1.7 In addition it will have the opportunity to work with schools and other partners to strengthen and develop the partnership and may support and partner with schools in their development of MATs.

2. RECOMMENDATIONS

This reports seeks approval for the Chief Education Officer to:

- 2.1 Set up a shadow board, to be called Ensen, as part of the Portfolio in Education Services for 2016/17, maintaining the existing budgetary and employment arrangements for 2016/17, therefore enabling the Education Services to fulfil the current Service Level Agreements with schools;
- 2.2 Develop a full business plan to be operational from 2017/18 to address the future financial viability of the company. This will also include a marketing strategy within and outside Enfield so that schools and settings are clear about the traded offer from Ensen from April 2017;
- 2.3 Ensure that Ensen, as a key part of Education Services, contributes to delivering the council savings agreed in the MTFP
- 2.4 In consultation with the Director of Children's Services and Cabinet Member for Education, Children's Services and Protection, to:
 - investigate the range of possible legal structures and propose the most appropriate model
 - propose the structure and operating principles of Ensen
 - consult with schools and council partners and other stakeholders regarding the proposal
- 2.5 produce a follow up report to Cabinet setting out options for the formation and formal establishment of a company, called Ensen, with a distinct legal entity based on the most advantageous model and structure. This will also include a business plan.

3. BACKGROUND

- 3.1 Enfield Council's Education Services have developed an excellent reputation for working in partnership with schools and settings to bring about improvement so that 94% of Enfield schools have been judged as Good or Outstanding.
- 3.2 As the Enfield context has changed and the needs of our pupils have become more complex there is a clear need for schools and settings to sustain and build on this improvement.
- 3.3 Education Services have prioritised the development of strong and effective relationships with schools and settings so that the Enfield Learning Community is focussed on raising achievement for all children and young people.
- 3.4 The strength of this relationship has been evidenced by the development of effective traded services over a number of years, provided and brokered by the council, that consistently achieve a high

level of buy back from schools. In addition to this schools have demonstrated their support for Enfield Education Service by agreeing to the ongoing funding of Central services from the Dedicated Schools Grant (DSG). Evidence of impact of this support is regularly recognised in Ofsted reports.

- 3.5 The ongoing reduction of funds to the Council and the proposed changes to the schools' funding formula are placing increasing pressure on Education Services budgets.
- 3.6 Although the government has made some changes to the White Paper, it is still committed to its election manifesto that all schools will convert to academy status by 2022, and become part of Multi Academy Trusts (MATs).
- 3.7 This report seeks approval to investigate alternative models of service delivery that will still enable the council to work with all schools, whatever their status, and
- continue to meet its statutory responsibilities,
 - provide the appropriate support to and with schools and settings,
 - places services in a strong position to offer support to other local authorities (LAs),
 - maintains strong and effective relationships with the Enfield learning community,
 - ensures Education Services contribute to delivering the council's savings agreed in the MTFP.
- 3.8 It is intended that the new model of service delivery will have the potential to develop additional income streams through wider trading beyond the Borough of Enfield and through applying for external funding not generally available to the Council.
- 3.9 In addition it will have the opportunity to work with schools and other partners to strengthen and develop the partnership and may support and partner with schools in their development of MATs.
- 3.10 In response to the current educational climate, many other local authorities are also in the process of exploring alternative models of service delivery. A model that establishes a trading company, making use of existing skills and expertise appears to be the main option that LAs are exploring. The structure and purpose of the company varies according to the needs and organisational structure of each local authority. For example Camden is establishing a joint schools' company, Croydon has just completed its first year as a limited trading company and Tower Hamlets is about to start a similar model. Enfield Education Services will continue to work with a wide range of LAs and carry out research into ensuring that we develop the most appropriate model that will meet the needs of Enfield's children and young people.

3.11 Proposal Outline – Phase 1 Financial Year 2016-2017

3.11.1 During 2016/17 Ensen would operate as a virtual trading company with a pooled single budget across the services. A full business plan is being drawn up to assess future viability. The outcome of which will be included in a future report to implement phase 2.

3.11.2 As the budgets have been agreed, and schools have indicated their level of buy back of services, during 2016/17 Ensen will be a shadow structure, mirroring existing council duties and responsibilities within Education Services. Therefore the existing council budgetary and employment arrangements will not change.

3.11.3 During phase 1 the following services have been identified for inclusion within the shadow structure

- School Improvement Service
- Schools Personnel Service
- Behaviour Support Service
- Early Years

3.11.4 The Education Services teams considered for inclusion as part of Ensen phase 1 have a strong track record of traded services. Schools have also agreed continuing DSG funding for them in the short- to medium-term. The Schools Personnel Service, which falls under the Chief Executive's Department, is also included as there is a natural synergy in their traded relationships with schools.

3.11.5 It is anticipated that other services, within and outside of Education Services, would form part of Ensen in a later phase but their inclusion would be subject to full market testing and dependent on their strategic fit and financial viability.

3.11.6 It is proposed Ensen would be registered as a not for profit company as soon as possible with marketing to be launched in September 2016 and with a view to trading under this name from April 2017.

3.12 Proposal Outline – Future Phases 2017 and beyond

Future phases will be the subject of a further detailed report including a full business case and financial analysis. Investigations of other models, including Joint Ventures and Mutuals, will be undertaken to establish the "best fit" model for Enfield.

4. ALTERNATIVE OPTIONS CONSIDERED

4.1 An Options Appraisal scoring matrix is attached as Appendix 1 which assesses the ability of the various alternative options listed below to meet the Education Services' overarching objectives in seeking to establish the company.

4.2 Alternative option one: Continue with the current Education Services / Do nothing

This option would not allow the Education Services to continue to support the Learning Community in Enfield effectively. By continuing with the current model, the services will diminish over time if Enfield schools convert to Academy status and seek services elsewhere. In addition, the Council's funding is likely to reduce as the Government removes statutory duties. The staff team from Education Services will dwindle to fulfil the bare minimum statutory duties still remaining. If Ensen is not able to be set up swiftly, this will be the default option and there will not be the workforce capable of subsequently setting up external to the Council.

4.3 Alternative option two: Immediately cease all services except Statutory duties

This option is an accelerated version of alternative option one, to cease all services except for minimum statutory duties only, revising these further in line with central government direction. This is not seen as a desirable option because the Education Services have an excellent reputation for improving schools in Enfield and this would see expertise lost overnight. There is a reputational risk to the Council if it ceases Education Services that have been highly valued and had demonstrable positive impact within Enfield. The Council would lose its ability and expertise to offer support to schools. Setting up Ensen allows the skills and local expertise to remain in house and focussed on improving outcomes for Enfield children.

4.4 Alternative option three: Outsourcing/Privatisation of services

This option has been explored, on a service by service basis, with a range of private providers who are working with other LAs. This option will have a greater impact on employment conditions of Enfield staff and could lead to staff being TUPEd and their conditions of service being reduced. Ensen would initially use existing staff for 2016/17 and there will be no immediate change to contractual arrangements. This ensures that the skills and expertise remain in Enfield Council. As there is a current lack of clarity about the future statutory responsibilities of the council there is less risk to Enfield if Ensen can continue to directly provide support and challenge to schools and services. However, this remains a future possible option if no other solutions are found.

4.5 Alternative option four: Joint working with other local authorities

This option has been explored extensively over recent years with some joint working with Haringey and Waltham Forest over past years and more recently due to funding received to explore joint delivery with Barnet and Harrow. Whilst strategically this fits within the priorities and aims of Enfield Council, identifying a suitable LA partner has not been possible. Each Council will have its own priorities both in terms of supporting school improvement and financial pressures. However, most London boroughs and local authorities across SE England are known to be considering either a model of 'spinning out', schools led companies or outsourcing. This remains a future possible option for a number of services not yet considered for Ensen if no other solutions are found.

4.6 **Alternative option five: Supporting a schools company**

A schools company (as opposed to LA led company) was previously considered in Enfield but was not able to gain the required support from schools and settings. This has been the preferred model in some other areas where there has been a higher percentage of buy-in from schools. Ensen would encourage schools to be partners in this model of service delivery rather than leaders. Meeting the increasing diversity and level of need in Enfield remains a priority for the Council. The proposed Ensen model of joint membership for schools and the LA, provides the best model to reduce the risk of underachievement and failure.

5. **REASONS FOR RECOMMENDATIONS**

5.1 Establishing Ensen as a trading company is the recommended option because it specifically addresses the Council's priorities and is an opportunity to build on and further strengthen the best of Enfield Education Services. It seeks to ensure that the Education Services' purpose, vision and functions are protected and enhanced as a result of the future-proofing by establishing as a company.

5.2 Ensen would:

- Meet the Council's statutory duties, in a more cost effective way, achieving the savings identified in the MTFP;
- Continue the Council's drive for improvement in all our schools and foster improved partnership working;
- Be customer focused for Enfield and beyond;
- Have the ability to bid for funds from a variety of sources that are not traditionally accessible to local authorities;
- Be best placed to respond to the Government's proposals for the setting up of Multi-Academy Trusts.

5.3 **The case for change**

There are a number of compelling reasons to select Ensen as the best way to safeguard the future of education provision across Enfield:

5.3.1 **Strengthening the Enfield learning community:**

Ensen is the best option to support a thriving learning community in Enfield, continuing to play the role which Enfield Council has long held as the bond which holds the learning community together. As the statutory education duties of local authorities reduce, schools across Enfield will have less of a relationship with the Council. Establishing Ensen will safeguard this role, ensuring that the Enfield learning community continues to function in the best interests of all children across Enfield.

5.3.2 **Long-term stability in a changing policy environment:**

The publication of the White Paper '*Educational Excellence Everywhere*' by the DfE on 17 March 2016 has the potential to

significantly change the policy landscape and questions the future role of local authorities in education as part of widespread academisation. Ensen will secure the future of a collective education responsibility for the children and young people of Enfield, redefining the relationship between the Council and schools and provide a means to enable continued strong civic governance from the Council.

5.3.3 Sustainable, flexible and future-proof:

Ensen would be a flexible organisation which is able to respond swiftly to changes in the policy and market landscape. This makes Ensen the most sustainable and future-proof option. There is scope for additional income sources which are not currently available to the Council and the potential to later become a Multi-Academy Trust.

5.3.4 Building on a highly experienced and motivated team:

Education Services have a highly experienced and motivated staff team who seek to provide the best services for the children and young people of Enfield. All options will in the short- to medium- term involve some positions being removed but Ensen offers the best opportunity to protect employment by bringing in additional income sources; retaining the expertise which has allowed Enfield Council to maintain its pivotal role in the Enfield Learning Community.

5.3.5 Minimising reputational risk to the Council:

Establishing Ensen will allow Enfield Council to demonstrate commitment to excellence in education by transforming the services into a more sustainable model of delivery in the long term. Ensen is a positive choice to do something differently in response to the policy trends and should Ensen be successful will be seen as a very positive and forward-thinking decision taken. Alternative options carry increased risks in suggesting that the Council isn't able to respond to the projected threat to the diminishment of services and is not able to safeguard the future of education within the Borough of Enfield.

6. COMMENTS OF THE DIRECTOR OF FINANCE, RESOURCES AND CUSTOMER SERVICES AND OTHER DEPARTMENTS

6.1 Financial Implications

6.1.1 There are no financial implications for 2016-17.

6.1.2 Financial implications for 2017-18 onwards will need to be determined once approval has been granted to set up a company. Consideration will need to be given to the savings targets that are included for Education Services in the MTFP for the period 2017-18 to 2019-20 which need to be delivered. These are as follows:

- Traded Services - £1.6m
- School Improvement - £252k

- 6.1.3 It should also be noted that the Schools National Funding Formula consultation published in March includes a proposal to remove the ESG general funding rate from 2017/18 and reform the duties that are funded from the grant which will see a reduction in funding to the authority which will result in further savings requirements.
- 6.1.4 A financial assessment of the potential models has been completed and is included as part of the Options Appraisal (see Appendix 2). Further modelling will be carried out once details of the White Paper and Fair Funding model are known.

6.2 Legal Implications

- 6.2.1 Further legal advice and analysis will be needed to advise on, and ascertain specific answers to, the variety of legal issues that are raised in progressing an Enfield Council decision to establish a company. These issues will range from the correct legal form for the company, to the legal implications for the Council (and the company) arising out of and including procurement, tax, employment/TUPE, real estate, and general vires issues - all of which will require specialist legal advice to the Council, to ensure the project progresses smoothly at all stages of its development.
- 6.2.2 The Council should ensure that at each stage of the project, it requests and receives the necessary legal advice, so that it can then progress the project without any impediments, legal or otherwise.

7. KEY RISKS

- 7.1 The key criteria in establishing this company is to ensure that Education Services meet the savings identified in the MTFP. The management board of the company will be responsible for monitoring the progress made in delivering the targets and taking appropriate action if they are not achieved.

Risk	Initial Level	Control Measures to mitigate risk	New level
If schools become academies, and form new partnership working models, there is a risk that they may not buy services from Ensen as they choose to go elsewhere in a free market.	Red	Effective Marketing and Communication is a key part of the plan for Ensen to succeed. In order for this to be effective it is vital that Ensen can be seen as the delivery arm for traded services from 1st September 2016 and demonstrate effectiveness to schools. Additionally Ensen will diversify the income streams as soon as possible through trading externally to the Borough. Schools are already indicating that they wish to not only purchase services but also work with the local authority in partnership. This	Green

		includes the 5 primary schools currently converting.	
Ensen doesn't attract sufficient income from existing sources or additional other sources	Red	Effective Marketing and Communication will be essential to mitigate this risk. A marketing strategy will be in place by September 2016. In addition an interim Business/Marketing Manager will be appointed during 2016/17 to lead on income generation.	Amber
Any change to the existing successful School Improvement Strategy may inhibit the continued increase in good and Outstanding schools and as a result the outcomes for young people. There is a reputational risk to the Council of schools failing Ofsted inspections and a lowering of standards.	Red	Ensen will still have the same high quality skills, local knowledge and expertise that the schools value. The evidence and will enhance the reputation and marketing capacity of Ensen.	Green
There is continued uncertainty about the future role of local authorities in delivering statutory duties in schools. Managing this uncertainty presents a risk for the future direction of Ensen.	Amber	There is little that Ensen can do directly to mitigate this risk as it hinges on the decisions taken by central government. However, by having a robust commissioning arrangement with schools and the Council Ensen can demonstrate sustainability. It will be vital to stay informed throughout the implementation of reforms identified in the White Paper Education Excellence Everywhere.	Amber
Ensen may not be able to meet the Medium Term Financial Plan savings identified as part of Children's Services.	Red	The business and marketing plan has already taken into account the impact of the MFTP for any service to be included in Ensen. A service's ability to deliver the savings target will be a condition of inclusion in Ensen.	Green

8. IMPACT ON COUNCIL PRIORITIES

8.1 Fairness for All

Ensen would deliver on Fairness for All by continuing to support and challenge schools and settings to deliver high quality education, improving standards and narrowing education gaps for all children and young people across the Borough.

8.2 Growth and Sustainability

Ensen would be able to maintain a good level of support for schools, ensuring that they are able to cater for the changing needs and growth of the population of Enfield. Through the services offered by Ensen schools will contribute to the growth and sustainability of communities, with good schools attracting more families and businesses to all areas of Enfield.

8.3 Strong Communities

Schools are hubs of the community and so by ensuring the quality of education in schools, Ensen will be contributing to creating stronger community hubs within Enfield, reaching across all areas and demographics.

9. EQUALITIES IMPACT IMPLICATIONS

The recommendations of this DAR will not impact the current delivery of Education Services and so no Equalities Impact Assessment has been undertaken. Education Services continue to be committed to ensuring equal opportunities for all children and young people across Enfield. The proposal to consider an alternative service delivery model through Ensen will have these values embedded through all levels of the organisation.

10. PERFORMANCE MANAGEMENT IMPLICATIONS

The recommendations of this DAR do not impact the current delivery model of Education Services so this will be considered further as part of the DAR for Phase 2. Establishing Ensen as a separate legal entity, built partially on principles of employee ownership, has the potential for improving performance of selected services through a greater focus on effective service delivery whilst providing value for money.

11. HR IMPLICATIONS

As detailed in this report, in respect of Phase 1 of the development of Ensen there are no immediate implications for staff currently working within the departments proposed to move into the Traded Service. The staff remain Council employees on their current terms and conditions of service.

Management should ensure that staff are communicated with throughout the development process and advised of any relevant progress and outcomes.

Should the venture prove viable and Phase 2 is established as intended, TUPE will apply and the appropriate consultation will need to take place with affected staff and Trade Unions.

12. PUBLIC HEALTH IMPLICATIONS

Public Health promotes best outcomes for all children and young people in Enfield and reduces inequalities. Any new model will need to ensure that it considers the impacts on Public Health priorities in the local area and improves the wellbeing of children and young people. This will need to be fully assessed before the final model is agreed. As this report pertains to the service delivery vehicle rather than changes to the service itself there are no specific public health implications.

Background Papers

None

Appendix 1

	Scale 0-5 0=does not meet objectives/not possible in model 5=Fully meets objectives/inherent in model,	Option 1: Continue with current Education Services / Do nothing	Option 2: Immediately cease all services except minimum Statutory duties	Option 3: Outsourcing/ Externalisation of Services	Option 4: Joint Working with other Local Authorities	Option 5: Support a Schools-led company	Option 6: Trading company				
							6a: Local Authority Trading Company	6b: Employee-owned Mutual	6c: Registered Charity	6d: Social Enterprise	6e: Not-for-profit Company
Core Objectives	To ensure children across Enfield receive high quality education and have the opportunity to achieve their full potential	4	2	4	4	5	4	5	5	5	5
	To ensure there are services which support high quality in schools across Enfield and meet statutory duties	4	2	4	4	4	4	4	5	5	5
	To ensure Education Services are financially sustainable	1	4	5	3	4	4	3	3	3	3
	To ensure the continuation of proven skills, expertise and knowledge of existing services in bringing about improvement	2	2	3	3	3	5	5	5	5	5
	To ensure that the services can be effectively delivered within Enfield	3	3	5	2	1	5	5	5	5	5
Secondary objectives	To ensure flexibility and ability to respond to uncertain education policy landscape	3	1	1	2	4	3	4	4	4	5
	To promote joint working across schools as part of Enfield Learning Community	5	0	2	3	5	5	5	5	5	5
	To minimise disruption to schools during any transition	3	0	3	4	5	4	4	4	4	4
	To minimise reputational risk to Enfield Council	3	2	3	4	3	5	4	4	4	4
	To meet the Council's Medium Term Financial Plan	4	5	5	4	4	4	4	4	4	4

Appendix 1

Scale 0-5 0=does not meet objectives/not possible in model 5=Fully meets objectives/inherent in model,		Option 1: Continue with current Education Services / Do nothing	Option 2: Immediately cease all services except minimum Statutory duties	Option 3: Outsourcing / Externalisation of Services	Option 4: Joint Working with other Local Authorities	Option 5: Support a Schools-led company	Option 6: Trading company					
							6a: Local Authority Trading Company	6b: Employee-owned Mutual	6c: Registered Charity	6d: Social Enterprise	6e: Not-for-profit Company	
Tertiary objectives	To protect employment of Education Services staff	2	1	3	3	2	3	4	3	3	3	3
	Ability to support the development of a MAT	0	0	0	0	3	0	2	4	2	4	4
Weighted scores		40	28	47	42.5	49	55.5	57	59	58	60	

Projected cost to Council of each of the options in £'000.
 Figures are gross totals, including the current budget of £1,406,000.
 Therefore option 6 shows the greatest saving to the Council.

Score weighting	
1.5	Core objective
1	Secondary objective
0.5	Tertiary objective

1,406	3,573	3,974	1,406	2,999	725
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Appendix 2

Ensen Finance Option Appraisal

2016-17	Budget	2017-18 (Projected based on 2016/17)					
£ (000)s		Option 1 Continue as now / Do nothing	Option 2 Cease all services but Statutory duties	Option 3 Outsource /Privatise services	Option 4 Joint working with other LAs	Option 5 Support a schools company	Option 6 Separate company
SIS							
2,587	Base Budget - Exp	2,587	2,587	2,587	2,587	2,587	2,587
-2,047	Traded & Other Income	-2,047	-2,047	-2,047	-2,047	-2,047	-2,047
1,695	DSG funding	1,695	1,695	1,695	1,695	1,695	1,695
-1,695	DSG funding	-1,695	-1,695	-1,695	-1,695	-1,695	-1,695
540	Net Budget	540	540	540	540	540	540
	Predicted Exp Budget	2,587	2,443	2,272	2,587	2,143	2,587
	Predicted Inc Budget	-2,047	0	0	-2,047	-409	-2,587
	Revised Net Budget	540	2,443	2,272	540	1,734	0
Early Years							
1,102	Base Budget - Exp	1,102	1,102	1,102	1,102	1,102	1,102
-354	Traded & Other Income	-354	-354	-354	-354	-354	-354
14,379	DSG funding	14,379	14,379	14,379	14,379	14,379	14,379
-14,379	DSG funding	-14,379	-14,379	-14,379	-14,379	-14,379	-14,379
748	Net Budget	748	748	748	748	748	748
	Predicted Exp Budget	1,102	1,252	1,262	1,102	1,202	1,102
	Predicted Inc Budget	-354	-304	0	-354	-71	-400
	Revised Net Budget	748	948	1,262	748	1,131	702
Behaviour							
82	Base Budget - Exp	82	82	82	82	82	82
0	Traded & Other Income	0	0	0	0	0	0
2,138	DSG funding	2,138	2,138	2,138	2,138	2,138	2,138
-2,138	DSG funding	-2,138	-2,138	-2,138	-2,138	-2,138	-2,138
82	Net Budget	82	82	82	82	82	82
	Predicted Exp Budget	82	82	415	82	182	82
	Predicted Inc Budget	0	0	0	0	0	-10
	Revised Net Budget	82	82	415	82	182	72
HR							
651	Base Budget - Exp	651	651	651	651	651	651
-615	Traded & Other Income	-615	-615	-615	-615	-615	-615
0	DSG funding	0	0	0	0	0	0
0	DSG funding	0	0	0	0	0	0
36	Net Budget	36	36	36	36	36	36
	Predicted Exp Budget	651	100	25	651	75	651
	Predicted Inc Budget	-615	0	0	-615	-123	-700
	Revised Net Budget	36	100	25	36	-48	-49
1,406	Cost to Council	1,406	3,573	3,974	1,406	2,999	725

Notes:

These figures are based on the current (2016/17) actuals, including 2016/17 MTFP savings, to deliver statutory services. They do not take into account planned future saving of £983,000 in Early Years and School Improvement. Plans are already in place to meet these through savings and increased trading.

DSG - this funding is based on the decision of Schools Forum. Schools have already indicated they would not wish to continue to fund Behaviour Support if this is not delivered by Enfield's current provider

Assumptions

All the Options and Assumptions have been based on current statutory requirements and service delivery and historical patterns of school take up.

Option 1 - current position, based on the current budget with no assumptions made. No additional saving would be achieved through this model and it would not deliver future savings as shown in MTFP.

Option 2 - identification made of statutory services, for SIS these will cease in July 2017. Figures include an estimate of redundancy costs of staff not delivering statutory services therefore no longer required. Impact on continuing ability to trade and raise income also estimated.

Option 3 - includes contract management costs at 10%. Assumes most staff would transfer under TUPE but there would be some redundancy costs for those no longer required. Assumes outsourced company would keep all profit

Option 4 - generally no changes assumed as negotiations would need to take place with partner(s) on service delivery, staffing and apportioning of income. Anticipate future redundancy costs and reduced income

Option 5 – some redundancy costs estimated, as minority partner reduced income

Option 6 - increased opportunity to trade outside the borough and seek external grants. Continue to provide statutory and non-statutory services.

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APPENDIX 2

**Call-in request form submitted by 8 Members of
the Council**

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CALL-IN OF DECISION

(please ensure you complete all sections fully)

Please return the completed original signed copy to:
Claire Johnson, Scrutiny Team, 1st Floor, Civic Centre

TITLE OF DECISION: *Education Services: A new model of Service Delivery*

DECISION OF: *Cabinet*

DATE OF DECISION LIST PUBLICATION: *18th August 2016*

LIST NO: *Key Decision KD 4339*

(* N.B. Remember you must call-in a decision and notify Scrutiny Team within 5 working days of its publication).

A decision can be called in if it is a corporate or portfolio decision made by either Cabinet or one of its sub-committees, or a key decision made by an officer with delegated authority from the Executive.

(a) **COUNCILLORS CALLING-IN** (The Council's constitution requires seven signatures or more from Councillors to call a decision in).

(1) Signature: <i>[Signature]</i>	Print Name: <i>CLL. S. SELMAN</i>
(2) Signature: <i>[Signature]</i>	Print Name: <i>CLL. M. RYAN</i>
(3) Signature: <i>[Signature]</i>	Print Name: <i>JIM STEVENSON</i>
(4) Signature: <i>[Signature]</i>	Print Name: <i>LEE CHAMBERLAIN</i>
(5) Signature: <i>[Signature]</i>	Print Name: <i>PETER FALLART</i>
(6) Signature: <i>[Signature]</i>	Print Name: <i>ERIN CELEBI</i>
(7) Signature: <i>[Signature]</i>	Print Name: <i>G. VINCE</i>
(8) Signature: <i>[Signature]</i>	Print Name: <i>AL. GEORGETOU</i>

(b) **SCRUTINY PANEL RESOLUTION** (copy of minute detailing formal resolution to request call-in to be attached).

NAME OF PANEL: *Overview & Scrutiny Panel*

DATE OF PANEL: *15 September 2016*

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APPENDIX 3

**Reasons for Call-in by Councillor calling in the
decision**

&

**Briefing Note in response to called in decision
*(Please note this will be a 'to follow' item)***

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1) Reason why decision is being called in:

- 1) There would be a lack of scrutiny over Ensen. This would prevent most Councillors' from having a chance to reflect their views on a new arm's length service provider to Enfield's educational establishments. If the proposals go ahead this same lack of scrutiny could mean the failures and mismanagements of Ensen would go unchecked by democratically elected Councillor's.
- 2) The risks are too high. The possible risks and liabilities of the scheme have not been thoroughly explained and examined. Most risks appear to be mitigated by the hiring of advertisement consultants, this in itself is neither practical nor sensible. If the risks have not been thought through properly, the costs to the authority could be significant.
- 3) Why do we have to create another organisation at a long term significant cost when the education department in Enfield already does a satisfactory job ?
- 4) There is a very strong chance that with the proliferation of academies and free schools other providers in the market will emerge. They could undercut the councils offer and the scheme will cost money for the tax payers and not make a profit, wasting tax payer money. The tax payer will essentially be subsidising a scheme with no positives.
- 5) The report has some misleading statements about cuts to the education department.
- 6) The scheme seeks to outsource to other London Boroughs in order to make a profit. If the scheme is indeed successful, then what stops other authorities from a cessation of buying services from Ensen, creating their own trading arm, and then undercutting Ensen ?
- 7) It appears the creation of Ensen is in response to the government's intention to increase the number of schools outside LEA control. Even if the authority is opposed to this, it doesn't mean it should add further financial pressures to the council by creating a body that is likely to cost more than it yields.
- 8) Overall the scheme is ill thought through and should be seriously re-considered.

(2) Outline of proposed alternative action:

- 1) To keep current service provision within the existing remit of the education department.

(3) Do you believe the decision is outside the policy framework?

No

(4) If Yes, give reasons: n/a

Councillor Alessandro Georgiou



FOR DST USE ONLY:

Checked by Proper Officer for validation –

Name of Proper Officer:

Jo Middleton - Albay

Date:

26 / 08 / 16

OVERVIEW & SCRUTINY COMMITTEE

15 SEPTEMBER 2016

RESPONSE TO **REASONS FOR CALL IN**

PART 1

Relating to the Following Decision:

Decision: Education Services: A New Model of Service Delivery

Decision Date: 16 August 2016

Decision of: Cabinet

Key Decision No: 4339

1. Introduction

This report asked Cabinet to agree to the Chief Education Officer exploring a range of potential new models for the delivery of Education Services.

The Chief Executive will present a detailed follow up report which identifies recommendations for the nature of the new model of service delivery and any associated risks. The report will include a detailed financial model and business plan developed to explore all the relevant issues and inform the recommendations for Member decisions in that report.

2. Reasons for Call In

The reasons why the decision was called in are as follows: -

- 1) There would be a lack of scrutiny over Ensen. This would prevent most Councillors' from having a chance to reflect their views on a new arm's length service provider to Enfield's educational establishments. If the proposals go ahead this same lack of scrutiny could mean the failures and mismanagements of Ensen would go unchecked by democratically elected Councillor's.
- 2) The risks are too high. The possible risks and liabilities of the scheme have not been thoroughly explained and examined. Most risks appear to be mitigated by the hiring of advertisement consultants, this in itself is neither practical nor sensible.

If the risks have not been thought through properly, the costs to the authority could be significant.

- 3) Why do we have to create another organisation at a long term significant cost when the education department in Enfield already does a satisfactory job?
- 4) There is a very strong chance that with the proliferation of academies and free schools other providers in the market will emerge. They could undercut the councils offer and the scheme will cost money for the tax payers and not make a profit, wasting tax payer money. The tax payer will essentially be subsidising a scheme with no positives.
- 5) The report has some misleading statements about cuts to the education department.
- 6) The scheme seeks to outsource to other London Boroughs in order to make a profit. If the scheme is indeed successful, then what stops other authorities from a cessation of buying services from Ensen, creating their own trading arm, and then undercutting Ensen ?
- 7) It appears the creation of Ensen is in response to the government's intention to increase the number of schools outside LEA control. Even if the authority is opposed to this, it doesn't mean it should add further financial pressures to the council by creating a body that is likely to cost more than it yields.
- 8) Overall the scheme is ill thought through and should be seriously re-considered.

3. Response to Reasons for Call In

1. This report only seeks permission to explore a range of new models and therefore there is no impact on current service delivery or the ability of Members to scrutinise performance. Once a final model has been agreed by Council it will include the necessary provision for oversight and scrutiny of service management thereby reducing the risks and protecting the local authority.
2. The government is proposing a number of changes to the responsibility for and the delivery and funding of education support for schools as set out in its White Paper: *Education Excellence Everywhere*, published in March 2016. If the White Paper is agreed, we know that the Council's funding for School Improvement is likely to end in July 2017 and there will be implications for other services. This report identifies the risks associated with the council's response to these changes e.g. maintain the status quo, outsource, reduce the service etc.

Cabinet has agreed with the recommendations in the report that suggest Education Services should explore possible alternative options. The report considers these options and recommends the trading company as the most suitable option but it has not agreed what form this option will take. The meaning behind the reference to employing advertising consultants is unclear,

as this is not an action that is being considered or outlined in the report. Effective marketing of the new entity, whatever form it takes, will be key to its future success and this has been identified as a mitigating factor in managing risks. Education Services currently have a very high profile in Enfield schools and beyond, as evidenced by the current levels of buy back, and we will be building on this reputation and expertise rather than bringing in external consultants.

3. Education Services do an excellent job in supporting schools with the proportion of Enfield schools judged by Ofsted to be Good or Outstanding at 97%, which is above both the London and national percentages.

Key principles behind the Cabinet decision are to ensure that any new model will maintain the high quality support for schools and excellent value for money which the service already delivers, whilst increasing income from Service Level Agreements and bids for external funding in order to ensure its future sustainability. The indicative financial models in the appendix to the report illustrate the comparative costing of the various models considered. The recommended model is shown to be more cost effective in the long run.

The follow on report, which will ask members to agree the model to be implemented, will contain a full cost analysis of the various models. The indicative figures in the current report will be fully explored.

4. Education Services already provide a wide range of fully traded services to schools both within and outside the borough. The ongoing high level of buy back has indicated that they are already competing successfully against an increasing number of providers that include academies and free schools. It is schools themselves that have indicated they wish to continue to purchase Enfield Education Services.

The White Paper proposes that the Council will retain a number of statutory duties which will continue to be funded by the taxpayer. Any new model will be predicated on the premise that Council funding has reduced and will continue to do so, in some cases ceasing altogether as the Council's statutory duties are reduced. New sources of funding will be sought, therefore reducing the liability to the taxpayer.

5. It is very difficult to comment on the "misleading statements" without specific examples. However, this council is committed to ensuring that all our children and young people get the chance to succeed at school and achieve their full potential. We have an excellent record in Education Service of achieving this, and this report seeks to ensure that schools can access the support, advice and intervention that they need to improve.

As a result of reductions to the council's budget since 2010 there have been ongoing cost pressures to the education services provided by the local

authority and these have been mitigated by increasing income generation and a strong and thriving partnership with schools in Enfield.

6. The four services outlined in the report have a long tradition of trading with schools, mostly in Enfield but with an increasing number outside. It is the quality and value for money of the services that has ensured that trade has increased. Whatever the model of service delivery that is agreed there will be no change to this approach.

One of the models suggested in the report would be to outsource some or possibly all services to another borough. If this option is chosen the contract between the local authorities would need to specifically address these issues.

7. The decision by Cabinet to allow Education Services to explore other models is in response to a number of issues, the most important of these is the Council's commitment to ensure that all Enfield children attend a school that is Good or Outstanding, and that includes academies and free schools. Figures shown in para 3.1 of the report have recently been updated as 97% of Enfield schools are now Good or Outstanding. The Council actively promotes working collaboratively with all schools as the most effective way to deliver positive outcomes for children and young people. The spending cuts that were introduced from 2010 are resulting in the Council needing to explore every possible avenue in order to achieve this aim.

The majority of the White Paper focusses on aspects other than academies and free schools. The council wishes to continue to deliver its statutory responsibilities with respect to all children and this report is seeking authority to establish the most effective way in which to do that, which has no relation to the control or organisation of the school.

8. This report is the first step in a process of thinking through methodically and carefully all the options available to the council to ensuring that Enfield children are given the best educational opportunities. It has already involved listening carefully the views of schools and settings in Enfield with regard to their needs and preferences and will involve further opportunities to consult the Enfield community and staff affected. The follow up report will present in detail the recommended option to Cabinet once that has been researched, formulated and fully costed.