

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.