

**MINUTES OF THE MEETING OF THE OVERVIEW & SCRUTINY COMMITTEE
HELD ON THURSDAY, 15 SEPTEMBER 2016**

COUNCILLORS

PRESENT Derek Levy, Abdul Abdullahi, Katherine Chibah, Nneka Keazor, Joanne Laban and Dogan Delman

ABSENT Edward Smith

STATUTORY CO-OPTES: *1 vacancy (Church of England diocese representative), Mr Simon Goulden (other faiths/denominations representative), Mr Tony Murphy (Catholic diocese representative), Alicia Meniru & 1 vacancy (Parent Governor representative) - Italics Denotes absence*

OFFICERS: Jenny Tosh (Assistant Director - Education Services, Schools & Childrens' Services.) and Claire Johnson (Corporate Scrutiny Services) Jane Creer (Secretary)

Also Attending: Councillor Alessandro Georgiou, Councillor Ayfer Orhan (Cabinet Member for Education, Children's Services & Protection) and 2 members of the public.

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WELCOME AND APOLOGIES

Attendees were welcomed to the meeting.

It was noted that Councillor Dogan Delman was substituting for Councillor Edward Smith.

The Chair outlined how the meeting was to proceed and guided Members to focus on the Call-in – Cabinet Decision (16 August 2016): Education Services: A New Model of Service Delivery and questions would be taken on this item in relation to the 'Reasons for Call-in'.

The Education Co-optes were entitled to comment and had voting rights at this meeting, as the matters related to Education.

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DECLARATIONS OF INTEREST

NOTED

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1. Councillor Laban advised that her brother was known to be in the education sector, but clarified that he was not a client of the Council.
2. Councillor Abdullahi, Simon Goulden and Alicia Meniru advised that they were all school governors.
3. The Chair confirmed that the interests mentioned did not compromise the committee members, and did not relate to the substance of the report under discussion.

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CALL-IN OF REPORT: EDUCATION SERVICES: A NEW MODEL OF SERVICE DELIVERY

1. The Chair invited Councillor Georgiou to elaborate on the reasons for the Call-in.
2. Councillor Georgiou stated:
 - The report was very vague on proposals for scrutiny of Ensen, and the written response was unsatisfactory. He considered it better to call-in the decision at this stage and not waste staff time on something with little credibility.
 - He believed the risks would be too great to create an arm's length trading company, and what was set out was ill thought through. The issue should have more than a red/amber/green risk assessment.
 - A great job was already being done in Enfield in respect of education. As there was already successful trading with academies, free schools, etc, he questioned the need to create an arm's length company.
 - There was a very serious financial aspect to this decision, and the financial implications referred to the savings targets, though he did not agree with the part about funding cuts. Even if there were just preliminary talks, staff time would be better served on existing education services in the borough.
 - The Chair's remarks were noted in respect of a follow up report to Cabinet including a business plan and more financial details and that would normally also be subject to call-in.
 - It was questioned what would happen if many other providers joined this market. The trading company could also be undercut by the private sector. Taxpayers' money could be wasted if Ensen failed. There was nothing to stop other local authorities doing the same as the Enfield model.
 - He believed that this decision was a lead up to Enfield trying to set up a Multi-Academy Trust (MAT). The Chair noted that this was a statement of opinion, which the other side would be unable to rebut.
 - The report did not justify this radical step being proposed by the authority. If this decision was sent back, he would be happy to look at a more detailed business model and to help the Education Department in assessing risks. The Chair highlighted that a recommendation of the report was to develop a full business plan to address the future

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financial viability of the company, and that a risk assessment would be a natural part of that report, and he would expect further dialogue with officers and Members on the matter.

- In summary, the comprehensiveness of the report could be improved. The Education Department had up to now done a very good job and had good relationships with all types of schools in the borough, but undercutting of a proposed trading company would be its downfall and make it unsustainable. Once that path had been taken it would be too late and the money would have been spent. In his view the decision was incorrect.

Councillor Georgiou requested that the decision be referred back to the Cabinet for reconsideration.

3. The Chair invited Councillor Orhan (Cabinet Member for Education, Children's Services & Protection) and Jenny Tosh (Chief Education Officer) to respond as follows:

Councillor Orhan stated:

- The report sought permission to explore a range of new models, and would not impact on current service delivery.
- Education services in Enfield were doing very well, but the purpose of the report was to allow officers to go forward and look at alternative models and continue discussing matters with schools, stakeholders and partners.
- In a changing environment for education, it would be a disservice to not explore alternative models.
- Financial changes to education systems gave another reason for exploration of other options. The report showed that Enfield was being prudent going forward and mitigating against risks of a shortfall of funding, while continuing good quality education services and meeting statutory requirements.
- Key risks were included in the report. She did not see any risk in analysing and reviewing options. In her view the only risk was in doing nothing. It was important to evaluate finances and models so Enfield could keep the excellent services it had.
- She asked that the misleading statements referred to in reason 5) for call-in to be quantified, so that she could respond.
- It was not yet known which model would be followed, but a competitive market place already existed and schools were constantly approached by numerous companies. However, Enfield Council officers were already working effectively with partners, schools and stakeholders who appreciated their quality service; and she considered that buy-back options would be welcomed.

Jenny Tosh stated:

- She wanted to give reassurance that this was a first report in respect of the principle and was not seeking a final decision; and that there would be no additional work involved, as officers had been developing this for some time, as had all local authorities. For example LB Croydon had a company called Octavo working to support their schools. She

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would not be doing her job properly if she did not research ideas, especially with the current funding pressures. She wanted to involve councillors, chairs of governors, headteachers, etc.

- Para 1.5 of the report set out the driving principles.
- By setting up a parallel / virtual structure, schools would know what they would get and the costs; and they could feedback on which services they liked and would want to buy.
- The Government White Paper 'Educational Excellence Everywhere' made clear proposals about reductions of the Education Support Grant by next July, so the Council knew that income generation would need to increase.
- She prioritised the needs of Enfield children and doing the best for all children, and obtaining best value.

4. The following questions and comments were then taken from Members of the Committee:

Councillor Levy queried how a process could lack scrutiny, when this Committee through its work programme could ensure it had regular scrutiny. Councillor Georgiou made a comparison with Enfield Homes arm's length company, which could be called to Overview & Scrutiny, but in terms of operation he did not think there were enough strengthened provisions for Council scrutiny.

In response to Councillor Levy's further queries regarding evidence to say there would be a lack of scrutiny before a decision had been made about a model for service delivery and before the Committee had agreed its work programme for next year, Councillor Georgiou accepted there was more work to be done, but based on the proposals in the report he believed there would be a lack of scrutiny as the level of councillor engagement was not set out.

In response to Councillor Chibah's question whether he accepted in principle that the Council should be income generating, in which case seeking discussions regarding a model to that effect should be an acceptable step, Councillor Georgiou declined to comment on the philosophical principle, but believed fundamentally that these proposals would be unsuccessful.

In response to Councillor Chibah's further querying of evidence for those beliefs when there was not actually a model yet, Councillor Georgiou stated that it seemed as if the Education Department had already settled on a model, given what was written in paras 4.2 to 4.5 of the report. There seemed to be a preferred option and there had been a certain level of exploration; and he would argue the preferred option would be unsuccessful.

The Chair asked for the officers' perspective, and Jenny Tosh advised that the report set out the principles adopted to decide on the best way forward, but that an option had not been determined. Concerns which

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had been raised had been explored. Income generation was sought, but not for profit. Principles were in place, but a model was not. Without a proper options analysis, it would not be possible to determine a preferred model, though certain options were unlikely as could be seen in the financial analysis.

Councillor Laban asked how many customers of the current service came from outside of the borough, and if services were marketed outside the borough, as the current bonds would weaken. Jenny Tosh advised that there was a focus on schools within the authority, but that Schools Personnel service had for a long time worked with schools outside the local authority, and there were continual requests to deliver HR services. Some services, such as Early Years, were also sold to private providers. She would like the opportunity to develop these. The first priority would be Enfield's children, and the second priority would be income generation. There had been trading for years, but in future there would be a need to build income, and she wished to provide an offer for all Enfield, and working with schools.

In response to Councillor Laban's supplementary questions regarding staff implications, it was advised that ex-staff providing competing services had moved into making profit and that current staff were motivated about improving things for children. They would want to carry on in an alternative model as they would be able to continue what they were already doing. What would determine whether schools bought-in to the model would be demonstrable good outcomes for children.

In response to Councillor Abdullahi's question in respect of risks around not generating enough income, Jenny Tosh advised that her budgets had always been balanced and that she had never come in with a deficit. She wanted to continue to develop services as income sources changed. There was full cost recovery now from the schools improvement service and the governor support service.

In response to Councillor Delman's queries regarding proposed terms of agreements with schools, Jenny Tosh advised that higher levels of detail would be included in a second report, and that a decision about the length of service level agreements had not yet been made.

In response to Councillor Delman's question whether Ensen would be six years too early and that schools would be tied into a contract and miss the opportunity to compare service providers, Jenny Tosh advised that governors were always recommended to evaluate their service level agreements to ensure they got best value, and that a trading company would have to prove that it offered best value for money going forward.

Councillor Delman asked what would happen to the Education Department if this model was established as a limited company. Jenny Tosh advised that she also needed to monitor the Government's

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proposals, and that the White Paper was not in statute yet, but that it would be wrong of her not to consider the implications. If Enfield schools liked the authority's services she had to respond to that.

Councillor Keazor asked specifically what were the misleading statements in the report, referred to as a reason for call-in. Councillor Georgiou advised that the red / green / amber levels were not a proper assessment of risks or of credible mitigations. For example, a marketing campaign was not a proper control measure to cover a high risk. The primary misleading statement related to how the pressures in education funding were dealt with in the report.

Ms Alicia Meniru (Statutory Co-optee) noted that in the proposal, it seemed that the role of school improvement would not exist any more, and asked how governors could be reassured that the new model would be supportive of them. Jenny Tosh advised that she and many of her staff had previously worked in teaching, and supported schools to be the best they could be, and that Ensen would also support schools in being outstanding. Headteachers would be able to choose the elements they needed. Schools would also support each other. Everything would be about improving our schools. Councillor Orhan also highlighted that there would be more evaluation of what schools wanted at the next phase, and there would be constant dialogue about options and requirements to organise the best service.

Mr Simon Goulden (Statutory Co-optee) asked why Councillor Georgiou was seeking to prevent an opportunity to investigate alternative models. As a governor, he was acutely aware of the level of reduction in funding to education, and asked about ensuring an appropriate level of service delivery to the children of Enfield. Councillor Georgiou advised that he wished to send this report back as it seemed as if the Ensen model had already been decided. He believed that any further work would be a waste of staff time due to reasons he had previously set out. What was set out in the report did not justify the use of staff time in going ahead. His call-in was not dependent on finding an alternative model. He questioned why there was a need to create an arm's length company, as that seemed irrational.

Councillor Keazor asked if there were objections to any of the recommendations set out in the report. Councillor Georgiou advised that the way he read it originally was that a decision had yet to be made, but tonight it seemed that the direction to be taken had been decided already. His preferred choice of keeping the services in house was not shown as an option.

Councillor Delman noted that the statutory responsibilities of local authority education departments were diminishing, and questioned on that basis whether there was any need to set up Ensen at this moment in time. Councillor Orhan advised that the education department had

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always planned ahead in respect of school numbers, placing of schools, growth of potential school places, delivering good quality training for teachers and governors, and improving the quality of education, and they had done a good job. Ensen was still an idea and further analysis was required of the sort of model it could become. There would be further submissions to Overview & Scrutiny and to Cabinet and Council. There would be planning ahead for cuts and changes in the educational landscape, and there would be more talks with colleagues and stakeholders in formulating the model. A trading company would need to be flexible and competitive to be attractive; and it would be right to market and promote it to attract as many clients as possible. Jenny Tosh stressed that this was a working document, and that she would offer to Members to meet with her officers to raise concerns so their ideas could be taken on board.

Councillor Laban further questioned proposed scrutiny of a shadow structure; whether there were underlying motives in respect of an Enfield MAT and protection of people's employment; and whether it would be possible to make sufficient income. Jenny Tosh advised that all profit generated would be put back into the company to provide services, and not used to raise wages or moved into any other Council-owned company. A trading company would have to justify its income generation and balance its outgoings, but would wish to generate a surplus income to develop its services. She clarified that the process for applying to be a MAT was totally different and separate from this matter, and the criteria were clear about the amount of influence a local authority could have, and no changes were being considered at the moment. The motive was to work for what children needed, not for staff jobs.

In response to the Chair's queries regarding the timeframe for the next paper to be brought to Cabinet, Jenny Tosh anticipated that a second paper would be brought forward in the next two months.

5. Councillor Georgiou summarised that he would happily take up the extension of the offer to work with officers on the issues, but he re-asserted the original call-in reasons. He noted the information set out in para 4.2, if Ensen was not able to be set up swiftly. It did seem that a decision had already been made, and the five alternative options had already been disproved. It seemed that Ensen would be the set conclusion and he considered this inappropriate. The report clearly demonstrated that the decision was 99% made. It was not appropriate to proceed on that basis.

He had been asked in particular for the misleading statements referred to in reason 5. He would say that there were no funding cuts to the education department.

If the original decision was confirmed today, it would just give staff time to go ahead with a project already decided on, with no opposing view.

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There would be subsidisation if an income stream was not generated. It was right that the service should not be making profit, but this was an attempt to create an organisation that would go on and on even if it was not successful.

If schools were currently buying in to our exceptional services, then why was there a need to create an arm's length company?

The funding implications had also not been completely answered, or appropriately addressed in the report. A marketing campaign would not address faults that there may be in the product.

The report suggested that there would be a further detailed report and further analysis, with more opportunities for dialogue, but he maintained that the work did not have to be conducted in the first place if officers were already offering exceptional services. He therefore requested the decision be referred back to the Cabinet to reconsider and be better thought through.

6. The Chair suggested potential alternative ways forward to address the concerns raised, including dialogue and early scrutiny of a draft version of the future Cabinet report, but the consensus of the Committee was to proceed with the call-in process in the normal way.

The Committee then voted on the decision as follows:

Councillors Abdullahi, Chibah and Keazor voted in favour of the decision.

Councillors Laban and Delman voted in favour of referral of the decision back to Cabinet for reconsideration.

Education Co-optees Alicia Meniru (Parent Governor representative) and Simon Gouldon (Other faiths/denominations representative) voted in favour of the decision.

7. The Committee therefore **CONFIRMED** the original decision.