

MEETING**CHILDREN, EDUCATION, LIBRARIES & SAFEGUARDING COMMITTEE****DATE AND TIME****MONDAY 12TH JANUARY, 2015****AT 7.00 PM****VENUE****HENDON TOWN HALL, THE BURROUGHS, LONDON NW4 4AX**

Dear Councillors,

Please find enclosed additional papers relating to the following items for the above mentioned meeting which were not available at the time of collation of the agenda.

Item No	Title of Report	Pages
5.	PUBLIC QUESTIONS AND COMMENTS (IF ANY)	1 - 34

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Question Number	Item No	Raised By	Question Raised	Answer
1	7	Barbara Jacobson	<p>(1) 1.2.i ‘some Ofsted inspections have been disappointing’</p> <ul style="list-style-type: none"> what is meant by ‘disappointing’ and how many schools out of the total number inspected (please give both figures) received a ‘disappointing report?’ what aspects of school performances were criticized and which of the services listed in 1.7 as targeted for outsourcing did these criticisms include? 	<p>By disappointing, we mean they were not as good as we would have hoped for, as our aim is for all our schools to be good or outstanding. 52 Barnet schools have been inspected under the new OfSTED inspection framework and 12 of these were judged to ‘require improvement’ or to be ‘inadequate’.</p> <p>The aspects of performance that were criticised varied from school to school, but usually related to the quality of leadership and management or the quality of teaching or both. The criticisms were not generally directed at the local authority services listed in paragraph 1.7 of the report.</p>
2	7	John Dix	<p>71% of the financial benefit attributed to the joint venture model is generated by income growth. Given that the business plan for Your Choice Barnet was also predicated on income growth which failed to materialise and has resulted in service cuts and 9.5% cut in staff wages why should residents have any confidence in the assumptions being correct this time?</p>	<p>The Barnet Group, which incorporates Barnet Homes and Your Choice Barnet, is not a Joint Venture, but a private company limited by shares, with the Council as the sole shareholder. With the joint venture option, the growth assumptions will be tested rigorously with the market, prior to a separate entity being established.</p>
3	8	Dr Naomi Rudoe	<p>The ‘Summary’ on the front of the report on the Nursery school Review (12.1.15) states that “Council officers have been working with the head teachers and Chairs of Governors of the four nursery schools in Barnet...” Can the Chairman tell the committee how many meetings have been held with the head teacher and Chairman of each</p>	<p>This is a reference to the work that has been undertaken since the start of the review over 12 months ago. Since the last committee in October 2014, officers have followed the instructions of the council by working with Brookhill, Hampden Way and St.Margaret’s Nursery Schools to resolve budgetary issues and ensure a mutually agreed</p>

4	8	Perina Holness	<p>Nursery school since the last meeting of the committee?</p> <p>Exactly when (date) and in what forum was the decision taken to implement Barnet's Early Years Funding Formula.</p>	<p>sustainable future. This has involved several meetings with the three headteachers (generally at least once a week during term-time) and two meetings which also included representatives of all three governing bodies.</p> <p>The Early Years Single Funding Formula was proposed to the Schools Forum by the Director of Children’s Services on 6th October 2009 following consultation. It was approved by the Forum and subsequently implemented by officers. In December 2010, following further consultation, the Schools Forum agreed to support a recommendation to continue with the agreed formula. This was in line with the Council’s constitution at the time.</p>
5	8	Angela Filby	<p>Point 2.12 states that Moss Hall Nursery Schools budget plan shows a deficit in 2019/20. This is incorrect; the budget does not show a deficit for that year. Bearing this in mind and taking due regard to the exact wording of the agreed amendment (<u>amendment in the name of Councillor Rebecca Challice: Council and the CELS Committee supports and agrees the Moss hall Nursery School business plan proposal that will save LB Barnet £160,000 each year from 2016/17, and instructs officers to implement the proposal.</u>)</p>	<p>The ‘business plan’ submitted by the school to council officers shows a deficit budget of £41,326 for 2019/20. The school’s business plan was for the period up to 2019/20. The council has not yet identified where any additional funding would come from after 2016/17 and so is not in a position to commit to additional funding beyond 2019/20.</p>

			Will the council commit to continuing to provide the additional funding (£56,850) which goes some way to recognize the cost of teachers in the school beyond 2019/20?		
6	8	Eleanor Furze	Has Federation been proposed at this late stage to rush the proposal through for three Nursery Schools in Barnet?	No. In discussions between officers and the three nursery schools, nursery school headteachers asked if federation could be considered as an alternative to amalgamation. Officers have advised the headteachers and representatives of the three governing bodies what is involved with each option. The Governing Bodies will be considering the best way forward at meetings due to be held in the week commencing 12 January.	
7	8	Tricia Griffin	Could the chairman clarify how the consultation period has already been completed for the three Nursery schools in Barnet while staff have not yet seen the staffing structure?	There is an error in section 5.6 of the committee report. The wording appears to have been carried forward from the previous report. Consultation with stakeholders on amalgamation or federation will take place following any decision by the three governing bodies on the best way forward for the three schools.	
8	7	Barbara Jacobson	(2) 1.2.ii 'Barnet's excellent relationship with schools': what does 'Barnet' mean in this context ... the council, the residents, parents? Is this just a verbose way of saying 'schools should take part	In this context it means the local authority. As well as providing the core statutory and traded services for schools, the local authority hosts a range of partnership opportunities for schools to come together to enable sharing of performance data, good practice, resources and expertise. Much	

			in a joint venture’, and, if not, what does it mean?	informal working also takes place between the local authority, schools and governing bodies to jointly address individual challenges and issues for schools. This informal support and activity is welcomed by schools and, we believe, characterises an ‘excellent’ relationship. As resources reduce, the local authority’s ability to respond effectively in this respect will diminish.
9	7	John Dix	“There was a general consensus amongst participants that efficiencies and growth potential of 20-30% was reasonable. In some cases , this estimate was based on experience”. If it wasn’t based on experience what was it based on?	The figure of 20-30% represents a summary of the views across all participants, with all participants providing specific examples of having achieved these levels across either some of the services concerned or across a broader range of services.
10	8	Dr Naomi Rudoe	Will the Chairman spell out precisely what the differences will be for children and their parents between amalgamated and federated schools and what are the implications for staff losses across the three schools if either option was to be accepted?	A table setting out the differences between amalgamated and federated schools is attached as Annex 1. There is not a lot of difference from the point of view of children and parents, the main differences being that, with federations, none of the schools close, the schools can keep their existing names and be separate for admissions purposes, whereas, with amalgamation, two schools would close, albeit that nursery education would continue on all existing sites, and the amalgamated school would be a single organisation with one school name and would be treated as one school in relation to admissions. The staffing implications are expected to be the same with either model.
11	8	Perina Holness	Having a qualified teacher in a nursery school is a legal requirement. Is it therefore lawful to set a funding formula which is not fit for purpose as it	Maintained schools must have someone with Qualified Teacher Status (QTS) leading the learning in their nursery classes. Assigned teachers may be assisted in their work by other teachers and/or by support staff, some of whom

			<p>does not cover the cost of teachers?</p>	<p>may carry out "specified work", who are deployed on the timetable to take that class/group for particular activities or lessons. The DfE guidance on the introduction of the Early Years Single Funding Formula allowed local authorities discretion as to whether to have a single base rate for all providers or a number of base rates differentiated by type of provider according to unavoidable cost differences. The guidance also allowed for transitional funding in cases where the funding formula would result in significant changes in funding levels for certain types of provider. Barnet has adopted this approach over the last four years and has agreed to extend this through the transitional subsidy approved by the council and the Schools Forum. Many different approaches have been taken by other local authorities and it has been reported ('Early Education - the British Association for Early Childhood Education') that over 100 Nursery Schools have closed in the last ten years.</p>
12	8	Angela Filby	<p>Who does the Chairman think is responsible for reviewing the Early Years Single Funding Formula?</p>	<p>The local authority is responsible for proposing and deciding any changes to funding formulas, including the early years single funding formula. There is an obligation to consult the schools forum prior to making a decision</p>
13	7	Barbara Jacobson	<p>(3) 1.2.iii Given that 'the ability of the local authority to fund services to meet its remaining statutory duties is less secure, being impacted by ... a reduction in government grant as individual schools convert to academy status', how can the council deny that pushing schools to become</p>	<p>The local authority has not "pushed" schools to become Academies. The local authority supports the right of each governing body to make the decision about the best governance model for its school.</p>

			academies, sometime against their will, was a mistake?	
14	7	John Dix	Where is the hard evidence (numbers, statistics, facts, figures) to support any of the assumptions in this business case?	Where available, this has been provided within the report and the outline business case. However, the report also makes it clear that the assumptions need to be tested through the procurement process.
15	8	Perina Holness	At the most recent Schools Forum Meeting, Ian Harrison was formally asked whether the Early Years Single Funding Formula could be reviewed. He said that it could and would pass the request on to Council. Could he please provide an update on this matter, including a time-line for review and actions required by all parties?	The Schools Forum minute indicates that Perina Holness asked if a review of the SEYFF could be added to the agenda for the next Schools Forum meeting and that Ian Harrison advised that it can be referred to the relevant council member, but it is not within Schools Forum’s remit to propose or decide this. The matter was considered at the council meeting on 4 November 2014, when a resolution proposing such a review was defeated. In view of that, there are no plans to ask members to re- consider the issue.
16	7	Barbara Jacobson	(4) 1.6.ii ‘The need to provide a unified, integrated approach to service delivery for schools and others’: who or what are the ‘others’?	The term “others” covers all stakeholders in Barnet’s education system, including parents, early years providers, post-16 providers, providers of SEN services and other voluntary organisations.
17	7	John Dix	In Appendix A Catering Assumptions what basis was used for setting the margin in levers 3, 4 and 5 at 20%?	An average margin of 20% has been used across all services in accordance with standard practice, as recommended by the project’s finance and commercial advisors.
18	7	Barbara Jacobson	(5) 1.9 ‘However, this does not prevent the Council from contracting	This paragraph refers to the fact that the Council cannot contract out all of its duties. However, delivery of the service can still be undertaken by an

			<p>Our delivery of services associated with these duties and powers: What are some examples of the delivery of services that the council is <i>not prevented from</i> contracting out?</p>	<p>outside body, even though the Council will retain responsibility for compliance with the duty.</p> <p>Within the Education and Skills directorate, there are no examples of services that cannot be delivered by a third party. However, some of the duties cannot be contracted out. These include the following:</p> <ul style="list-style-type: none"> • Duty to exercise education functions with a view to promote high standards, ensure fair access to opportunity for education and training and promote the fulfilment of learning potential to children and young people. • Decision to take formal intervention steps in relation to a school causing concern • Duty to provide sufficient school places • Decision to prosecute for non school attendance <p>An example of a power which can be contracted out is the power to make a school attendance order and determine the appropriate school.</p>
19	7	John Dix	<p>On page 36 of the outline business case, who attributed the scores to each option, what was their basis for those scores, and what process was used to validate them?</p>	<p>The assessment was made by the Project Board, the members of which are listed in section 9 of the outline business case, along with their roles within the Council, through a process of discussion and consensus. The outcome was reviewed by the Council’s senior management team.</p>

20	7	Barbara Jacobson	<p>(6) 1.9 If such devices are contracted out, does 'ultimate accountability and decision making ... remain' solely with the Director of Children's Services, and are those responsibilities currently those solely of that director?</p>	<p>The responsibilities of the Director for Children's Services are set out in statutory guidance. In essence, the Director for Children's Services is appointed for the purposes of discharging the education and children's social care functions of the local authority. The functions for which they are responsible are set out in legislation. This includes, but is not limited to, responsibility for children and young people receiving education or children's social care. The Director for Children's Services is responsible for ensuring that effective systems are in place for discharging these functions, including where a local authority has commissioned any services from another provider rather than delivering them itself. In Barnet, the Commissioning Director for Children and Young People will hold the responsibilities of the Director for Children's Services and the portfolio of the Commissioning Director post includes education, children's social care and libraries.</p> <p>In addition to the responsibilities of the Commissioning Director for Children and Young People, other individuals and decision making bodies have responsibility for ensuring the Council effectively meets its education duties, including the Chief Executive, Lead Member for Children's Services, relevant committee and full Council.</p>
21	7	John Dix	<p>The report states that "A key disadvantage of this (in-house) model is that it does not bring any external investment to support the growth of the business. However, the report also states that</p>	<p>The investment we are seeking in this case is in the time and commercial expertise and capacity required to grow the venture, together with the funding to manage cashflow and risk in order to</p>

			<p>“Providers were confident about investing additional time and expertise in the initial stages of a new venture, but were more hesitant about the potential of an initial financial investment, beyond the funding required to manage cash flow over the period of the contract, at least without a clear business case for return on investment”. Why has the report taken such a biased stance on investment to the in- house option when the evidence says the privates sector are unwilling to commit to investment</p>	<p>deliver the required savings from the service. The reference to “an initial financial investment” relates to the potential for an additional up-front payment to the Council, in addition to that investment. Whilst such up-front payments have been seen elsewhere as a means of securing entry into the local government market, this would not be necessary to the achievement of the overall objectives of this proposal.</p>
22	7	Barbara Jacobson	<p>(7) 1.33 ‘the financial and commercial assessment can only be an educated estimate, Based on a series of assumptions about the services and the market.’ Why is it not possible, and wouldn’t it be desirable and safer, to test ‘a series of assumptions about the services and the market’ before implementing a programme based on them?</p>	<p>The assumptions have been tested as far as they can be through the soft market testing exercise. The next stage of testing is to carry out a procurement exercise, through which potential providers will have to set out commitments on what they will deliver, rather than hypotheses on what might be achievable.</p>
23	7	John Dix	<p>Given that in the two Capita contracts, the council funded the capital investment rather than contractor and justified this by saving money (£800k) in interest payments, why are you now seeking investment from commercial organisations which you have already proved will be more expensive?</p>	<p>This transaction was in the form of a loan from the Council, repayment of which was guaranteed by the recipient. It was, therefore, a financing arrangement, rather than a funding arrangement, whereby repayment is not guaranteed.</p>

24	7	Barbara Jacobson	<p>(8) 1.34 How can you prejudge the outcome and be sure that ‘the level of confidence in the potential financial benefits would increase through the procurement process’ – since plans are based on untested assumptions, why is it not possible that the level of confidence would decrease?</p>	<p>It is correct to say that “the level of confidence in the potential financial benefits would increase through the procurement process”, as potential providers will have to set out commitments on what they will deliver. The estimates of potential financial benefits are based on the outcomes of two rounds of soft market testing, together with a prudent assessment of potential growth under each model. However, the actual level of financial benefits may differ from those estimated in the outline business case. The actual level of benefits will inform the full business case, which it is anticipated will be considered by the Committee in July 2015.</p>
25	7	John Dix	<p>Given that the education landscape is changing in Barnet then why does the report suggest a contract for a period of 5-7 years which will only benefit contractors, not the Council.</p>	<p>In determining the length of the contract, it is necessary to balance the need to ensure flexibility against the need to allow sufficient time for a commercial partner to recoup their initial investment. A contract period that is too short does not benefit the Council, because it will not attract the level of interest or investment that is required to secure the success of the venture. The contract itself will need to be drawn up in such a way that it secures sufficient flexibility to allow for further changes in the education landscape.</p>
26	7	Barbara Jacobson	<p>(9) 1.34 Please explain how ‘complete certainty over the delivery of savings [will come] at the point when a contract is signed’ and how this certainty of savings relates to ‘the delivery risk is, in effect, passed to the third party partner’. How can there be a certainty if there is a risk? Will Barnet council be liable to pay the third party</p>	<p>The detailed arrangements and structure of a contractual relationship would be negotiated through the Competitive Dialogue process. This will then allow the Council to secure certainty over delivery of the savings to the Council through the resulting contract pricing structure. We would also be seeking to ensure that the risk associated with</p>

27			<p>compensation if the savings (and profit for that party) are not realized? And why is that risk modified as being passed ‘in effect’ rather than ‘by contract’?</p> <p>Given that residents and parent governors favoured an in-house option and schools had no overall option preference, why have you ignored those views in favour of a solution provided by external consultants and service providers who will be the main financial beneficiaries?</p>	<p>achieving sufficient growth to cover the savings would pass to the third party.</p> <p>As stated in both the report and the outline business case, the conclusion in respect of the recommended option is based on the detailed evaluation of the four models against the published criteria (which were themselves subject to consultation) and taking into account the outcomes of consultation.</p>
28	John Dix	Barbara Jacobson	<p>(10) 1.35 Why is it possible to guarantee joint-venture benefits but not in-houses or social enterprise benefits? Is it only because the risk cannot be offloaded to a third party?</p>	<p>With both the in-house and the social enterprise options, there would be no transfer of the risk of not achieving sufficient growth to cover savings. If either of these models failed to deliver the required savings through growth, the savings would have to be delivered either through additional service reductions within the Education and Skills service, or found from elsewhere within the Council.</p> <p>The figure of £6m is not recognised. The estimate of £1.3m has been reviewed by members of the project board and is considered to be a reasonable estimate, based on the projected timescale for completing the procurement exercise.</p>
29	John Dix	John Dix	<p>What reassurance can you provide that the budget cost of £1.3 million will be the maximum cost given that during the last outsourcing project the costs exceeded the forecast budget by £6 million?</p>	<p>The figure of £6m is not recognised. The estimate of £1.3m has been reviewed by members of the project board and is considered to be a reasonable estimate, based on the projected timescale for completing the procurement exercise.</p>

30	7	Barbara Jacobson	(11) 1.54 Who were the people and what are their qualifications for making these ratings? Since all the ratings are based on untested assumptions and no evidence, why should they be given any more credence than a completely different assessment?	The assessment was made by the Project Board, the members of which are listed in section 9 of the outline business case, along with their roles within the Council. It is their professional role (for example, as Head of Finance) that qualifies them to undertake this assessment, rather than them as an individual person.
31	7	John Dix	Given that the current in house catering service generates a sizable operating profit why should that be included in this outsourcing project?	Whilst it would be feasible to separate it from the other Education and Skills services, it is considered that the benefits of maintaining a unified, integrated approach to service delivery for schools outweigh the benefits of establishing a separate service. Feedback obtained through the soft market testing also suggests that the inclusion of catering in the overall package would be welcomed by the market.
32	7	Barbara Jacobson	(12) 3.1 If there is evidence that other councils are not interested in developing a shared service with Barnet, why is it assumed that other councils will buy services from a joint venture? Have the same councils that declined sharing services been asked whether and to what extent they would be likely to buy services from the proposed joint venture, and if not, why not?	The commitment and effort required to buy individual services from a body is significantly lower than the commitment and effort required to enter into a shared service arrangement for the provision of a broad range of services to a large number of individual customers (i.e. schools), so it is not unreasonable to expect a different view from other councils on the two propositions. As indicated on page 24 of the outline business case, informal discussions with other councils suggest a degree of interest in purchasing services from an independent body, but until there is a firm service offer available, it is not possible to assess the true level of that interest. Informal feedback on experience elsewhere in London also suggests that councils are willing to consider purchasing

33	7	John Dix	What happened the last time Barnet’s school catering service was outsourced?	services from an independent body. The service was first tendered under Compulsory Competitive Tendering rules (CCT)T in 1990 for a period of four years. The in-house service won the first contract and then again four years later for a second time. On both occasions there was competition but the external bidders were unsuccessful. In order to encourage more competition, in 2002 the council tendered for three separate contracts. The in-house service won two out of the three contracts with the third contract was awarded to a private contractor.
34	7	Barbara Jacobson	(13) 4.3 This table shows ‘P&R Committee Report 20 July 2015’: Is this the date the report is sent to the P&R Committee or the date on which it is expected to approve it? If the report is received a week before the meeting, what is the risk that councillors will not have sufficient time to read, consider and question the detail, or is this meant to be a rubber-stamping procedure?	Dates given are the anticipated dates of the committee meetings concerned. These will be confirmed at the Annual Meeting on the Council in May 2015. Papers will be published in accordance with the Council’s Constitution and, as with all reports to committees, it is anticipated that councillors will give the papers proper consideration in advance of the meeting. If it is considered appropriate at the time, briefings will be provided for councillors in advance of the publication of papers.
35	7	John Dix	How many of the soft market testing participants has experience of operating primary schools catering service?	The questionnaire used in the soft market testing exercise did not seek information on participants’ experience at that level of detail. This would be explored during the procurement exercise, although it should be noted that absence of specific experience in delivering one or more of the services concerned would not necessarily preclude an organisation from participating, given the

36	7	Barbara Jacobson	<p>(14) 4.3 This table shows ‘CELS Committee – approval of full business case 28 July 2015’: Will the members of the CELS Committee receive the report on the same date as their colleagues on the P&R Committee? If the latter committee were to amend the initial report, when would the CELS Committee receive the revised report? In either case, on what basis do you assume that the CELS Committee members will have sufficient time to will not have sufficient time to read, consider and question the detail? Since the table indicates ‘approval’ on this date, which appears to allow no time for questions to be answered or detail to be altered, why should anyone believe this is anything other than a rubber-stamping procedure?</p>	<p>Council’s role in the joint venture.</p> <p>Dates given are the anticipated dates of the committee meetings concerned. Papers will be published in accordance with the Council’s Constitution and, as with all reports to committees, it is anticipated that councillors will give the papers proper consideration in advance of the meeting. If it is considered appropriate at the time, briefings will be provided for councillors in advance of the publication of papers.</p> <p>The Policy and Resources Committee is primarily considering whether functions should be contracted out to a third party and whether the Council should be part owner in an arms length organisation.</p> <p>The Children, Education, Libraries and Safeguarding Committee is primarily considering which, if any, third party provider should be selected following the procurement process.</p> <p>Any decision or recommendation made by the Policy and Resources Committee will impact on the decision to be taken by Children, Education, Libraries and Safeguarding Committee. The latter committee will therefore be informed of the decision or recommendation made by Policy and Resources Committee, following that meeting.</p>
37	7	John Dix	<p>Instead of spending £1.3 million outsourcing the service why didn’t you choose to use that to invest in the in house team.</p>	<p>The in-house option has been modelled on the basis that the £1.3m would be made available by the Council to invest in the in-house team.</p>

38	7	Barbara Jacobson	(15) The schedule shown in this table is lacking in detail, so it is not clear precisely what has to be done at each stage. Who advised that this schedule was realistic, what information were they given on which to base that advice, and when were they asked?	The table in section 4.3 is a summary of the key dates and milestones, designed to provide councillors with an overview of the process. The schedule has been developed by procurement professionals within the project team, in consultation with specialist legal advisors. The timeline is considered to be challenging, but achievable.
39	7	John Dix	On page 31 the report states “The introduction of commercial and marketing expertise would enable some growth, as well as providing a more commercial impetus and rigour to the process of achieving efficiency savings” Given that the sentence is repeated in the following paragraph can you assure me that anyone proof read this report before it was circulated.	The report and attachments were reviewed by all members of the project board prior to publication. In taking on board their comments, it would appear that this duplication occurred, for which the author apologises.
40	7	Barbara Jacobson	(16) 5.3 Gross cost £18.8m. Funds from DSG (£2.9m) and income (£9.2m) = £12.1m. £18.8m-£12.1m = £6.7m, not £6.8m. Is this the easiest way to see an immediate savings of £100,000?	The full detail of current budgets is provided in the table on pages 8 and 9 of the outline business case. In summarising the table for the Committee report, budgeted income was incorrectly summarised as £9.2m, rather than £9.1m. To confirm, the net Council funding for these services is £6,767,793.
41	7	Barbara Jacobson	(17) 5.19 How can taxpayers be sure that in its eagerness to meet the deadlines the council will	The Council will follow a robust and comprehensive procurement process, with appropriate professional input throughout.

			<p>not will overlook flaws and uncertainties in pushing through this plan? How can you reassure residents that if this unfortunate plan proceeds, all councillors, who must vote on it, will actually be allowed and required to read the contract before it is signed and question any perceived problems?</p>	<p>Councillors will be provided with sufficient and appropriate information on which to make their decisions.</p>
42	7	Barbara Jacobson	<p>(18) 5.19.ii ‘Significant effort has been put into early, detailed planning of the procurement process and ensuring that the necessary resources are in place to support this.’ When did this planning begin and when was the CELS committee first made aware of it?</p>	<p>This planning began following the Children, Education, Libraries and Safeguarding Committee’s meeting on 15th September 2014, at which the Committee was advised that this would be the case.</p>
43	7	Barbara Jacobson	<p>(19) 5.20.ii ‘The potential impact on competition of the market’s perception of the Council’s existing partnership arrangements.’ How will you ensure true and fair competition if potential providers decide that it’s not worth making a robust bid because Barnet is perceived to be predisposed to Capita?</p>	<p>The contractually agreed Ethical Wall and Conflict of Interest protocols have been enacted for this project. Measures have been put in place to ensure that the involvement of CSG/Capita personnel is minimised and that it is restricted to data provision/technical support only (for example, provision of HR data to inform the equality impact assessment). The procurement process will be designed to ensure that no advantage is gained from existing partnership relationships.</p>
44	7	Barbara Jacobson	<p>(20) 5.28 Model response: ‘the Council retains a key ownership role in the running of any new company’. How will this be different from the role the council plays in the Barnet Homes/YCB joint venture, where the council have repeatedly told</p>	<p>In the joint venture models, the Council will retain part ownership of the separate company. This is similar to the Council’s relationship with Regional Enterprise (Re). The company will be a separate legal entity and decisions will be made in accordance with its Articles of Association and any scheme of delegation. This will include details of</p>

			<p>residents and service users that the JV is a separate entity and the council cannot affect or interfere with its running?</p>	<p>which decisions can be made by the Board of Directors and which are reserved to shareholders. It is likely that the Council will appoint directors to the board and these individuals will represent the Council’s interests. There may also be a shareholder agreement setting out further detail on which decisions can be made by a majority of shareholders and which decisions require a higher level of support from shareholders. When exercising shareholder functions, the Council can decide whether this responsibility sits at a member level or with a Council officer.</p>
45	7	Barbara Jacobson	<p>(21) 5.28 Services included response: ‘Provision of a unified and integrated approach for the delivery of education services is considered to be important for maintaining a quality education support function.’ Strictly speaking, catering is not an educational support function and unlikely to be delivered by the same company that would provide the other services, so why is it included? As it is profitable in its own right, why does the council not keep control of it and its profits?</p>	<p>Whilst it would be feasible to separate it from the other Education and Skills services, it is considered that the benefits of maintaining a unified, integrated approach to service delivery for schools outweigh the benefits of establishing a separate service. The main customers of the catering service are Barnet’s schools. Feedback obtained through the soft market testing also suggests that the inclusion of catering in the overall package would be welcomed by the market.</p>
46	7	Barbara Jacobson	<p>(22) 5.28 Third party expertise response: ‘the option of a joint venture delivery model ensures the Council continues to have a role in delivery of services.’ If the council is passing all the risks to the third party, what role can it and will it have in running the company?</p>	<p>The detailed arrangements and structure of a contractual relationship would be negotiated through the Competitive Dialogue process. This would include the nature and relative scale of the Council’s role in the joint venture. This will be brought back into a set of proposals for Committee to consider.</p>

47	7	Barbara Jacobson	<p>(23) 5.28 Length of contract response: ‘it is anticipated that [schools] will be able to buy services on an annual basis and will not be tied into the entirety of the contract’ What will happen if schools decide not to buy services from the JV? Will the third party be guaranteed profits and have to be paid by the council if it fails to make them by supplying schools? What will happen if the JV goes into debt, like YCB?</p>	<p>In simple terms, if schools decide not to buy services from the joint venture, it will fail. Hence the importance of schools being actively involved, both in the procurement process and in the commissioning and oversight of service provision. The council will not guarantee profits arising from services traded with schools. This is a risk that the third party would have to bear.</p>
48	7	Barbara Jacobson	<p>(24) 5.28 Conflict of interest response: What not-for-profit organisations have you had preliminary talks with and how many have indicated that they are likely to take part in the bid?</p>	<p>Participants in the soft market testing exercise included two not-for-profit organisations (CfBT and Essex Education Services). All participants expressed an interest in participating in the process, either individually or in partnership with another organisation.</p>
49	7	Barbara Jacobson	<p>Appendix 1 4 Option 1 Description (25) ‘Over time, this investment could lead to growth in traded services that would generate a surplus that could be used to reduce the impact of the Council’s budget reductions in the longer term. In the short term, the service would have to make</p>	<p>In this context, the term “short term” refers to a period of one to two years “medium term” refers to a period of three to four years and “long term” refers to a period of five years or more. These conclusions were reached on the basis of a management assessment of the time that it would take to secure commercial expertise and realise the benefits of that expertise, along with an expectation that service reductions would include management capacity that would in itself hamper the ability to grow the business.</p>

50		<p>substantial savings, which would require service reductions. This would be likely to hamper the ability of this model to grow.’</p> <p>What are the timescales being referred to here? What evidence was used to reach these conclusions?</p>	
51	Barbara Jacobson	<p>How it meets the objectives</p> <p>(26) ‘The reduced service level that would be required to meet budget targets and the loss of a distinctive focus on education by merging the service with another delivery unit could undermine the ability of the Education and Skills service to support better educational outcomes for Barnet.’</p> <p>What is the level of reduction of services and how was this conclusion reached? Why would the service be merged with another delivery unit, what unit would that be and on what is this assumption based?</p> <p>Advantages and disadvantages</p> <p>(27) ‘Does not have ready access to an established commercial and marketing structure</p>	<p>Financial modelling suggests that the anticipated level of savings required from service reductions would be approximately £691,000, with a further £473,000 from efficiencies (as set out on page 32 of the outline business case). Merger with another delivery unit would enable some of these savings to be made from management costs.</p> <p>No planning for merger has taken place, as this option is not being proposed for implementation.</p>
	Barbara Jacobson		<p>As part of the financial modelling, management consideration has been given to the time that it would take to establish such a team and to realise the benefits from that team. It is assumed, that it would take about six months to establish such a</p>

52	Barbara Jacobson	<p>to develop new products and markets quickly’</p> <p>What research has been done to see how long it would take ‘a small commercial/marketing team to develop and market traded services’ and what is the result?</p> <p>(28) Without considerable new income, services would be reduced over time’: What is the analytical evidence supporting this assumption: How much new income is needed to avoid this assumed problem? What level of income would require what level of reduction of services? Which services would be most likely to be reduced and what would the impact on users be?</p>	<p>team, which would then support gradual growth in traded services. However, because this would be a small team, operating without a broader commercial and marketing infrastructure, it is assumed that the impact in terms of income generation would be both slower and less than with a joint venture where a third party provides an existing commercial and marketing infrastructure.</p> <p>Modelling has been based on income generating an average margin of 20%. This means that the amount of new income that would be needed to avoid this problem would be equivalent to five times the scale of reductions required, i.e. £100 of new income would contribute £20 to avoid service reductions. Based on the modelling that has been carried out, it is anticipated that approximately £3.5m of additional income would need to be generated in order to avoid the anticipated £691,000 of service reductions. Reductions would be required in a range of services, including school improvement and special educational needs and would impact on both statutory functions and essential services that support those functions.</p>
53	Barbara Jacobson	<p>(29) ‘Lack of ownership by schools could reduce the effectiveness of the partnership between the Council and schools over time’</p> <p>This is also cited as a disadvantage for Option 4, and can be justified there because the relationship between the schools and the council will be altered by the fact of the determining role</p>	<p>It is anticipated that this option would require service reductions in order to meet the Council’s savings target. This would reduce the capacity of the service to engage effectively with schools, as described in the response to question 2 above, with the effect of reducing the effectiveness of this relationship over time.</p>

54		played by a private company with majority shareholding. However the reasoning is not clear here. As the in-house model is the current mode of operation, what aspects of the partnership between the schools and the council does the Chair think are at risk of becoming less effective, and what evidence is there for that assumption?	
55	7	<p>Option 4 Description (30) ‘However, the contract would set out arrangements for engaging schools fully in the process of commissioning services. ... or steering group.’ This paragraph refers to ‘roles’ and ‘key roles’ but does not explain what impact they will have. As the schools would not have ownership (and the council would be a minority shareholder), what would the reality of their power to determine any aspect of service or service delivery be, and how will that be assured?</p> <p>(31) ‘the company would need to grow the business’. This statement is followed by a list of four ways this <i>could</i> be achieved. What evidence has the soft marketing or other research shown of the</p> <ul style="list-style-type: none"> • potential for selling more services to existing school customers 	<p>The detailed arrangements and structure of a contractual relationship would be negotiated through the Competitive Dialogue process. This would include the nature and relative scale of both the Council’s and the schools’ roles in the joint venture. Paragraph 1.89 of the report makes it clear that the option of schools being involved in an ownership role will remain open for consideration during the Competitive Dialogue process.</p>
55	7	<p>(31) ‘the company would need to grow the business’. This statement is followed by a list of four ways this <i>could</i> be achieved. What evidence has the soft marketing or other research shown of the</p> <ul style="list-style-type: none"> • potential for selling more services to existing school customers 	<p>The outline business case refers to “selling services to new school customers, either within the borough or elsewhere”. This statement is designed to cover both schools that are not yet in existence and existing schools that are not currently customers. The soft market testing and discussions with other organisations that have been established by local authorities, together with staff and management</p>

			<ul style="list-style-type: none"> • likelihood of selling services to new schools in the borough (and please state whether ‘new’ means schools not yet in existence or existing schools that are not currently customers) • the likelihood of selling services to other councils • type of new services that are likely to be developed and sold to schools and councils 	<p>input from the service itself, have provided a range of examples of the potential for growth across all of these categories. These include existing contracts between local authorities and private providers, where the number of school customers has been increased by 50% over 18 months, specific examples of new services that have been developed in response to the specific needs of local schools and examples of councils approaching newly-independent bodies to provide services.</p>
56	7	Barbara Jacobson	<p>(32) ‘there would be no legal limitation on the company’s ability to grow its business with non-owners.’ Has the equally important <i>economic</i> limitation of that growth been assessed?</p>	<p>The economic limitations of growth are reflected in the prudent level of the percentages applied within the financial model.</p>
57	7	Barbara Jacobson	<p>Advantages and disadvantages</p> <p>(33) ‘If schools do not ‘own’ the organisation, they may be less likely to be loyal customers for traded services.’</p> <ul style="list-style-type: none"> • What percentage of schools are currently council customers? • Where do the other schools buy their services and why? • What percentage of the schools would need to buy their services from the JV for it to succeed? 	<p>99% of Barnet schools are currently Council customers, but the extent of buy-back varies significantly between different services and between different types of school.</p> <p>Schools are free to purchase services from the local authority or elsewhere and, whilst the Council remains the main supplier of services to Barnet schools, many schools choose to purchase services from other suppliers for a variety of reasons. There are a large number of other suppliers of services to schools.</p> <p>We have assumed throughout this project that the delivery organisation would need to maintain at least the existing level of buy-back of services from Barnet schools overall if it is to succeed.</p>

58	7	Barbara Jacobson	<p>Consultation and engagement</p> <p>(34) ‘In total, 98 responses were received, representing between 71 and 84 schools ... 53 of the responses were identified as being a joint response from the head teacher and chair of governors.’</p> <p>What is the total number of schools in the borough, and what is the percentage represented by the response?</p>	<p>There are 124 schools (primary schools, nursery schools, secondary schools, special schools and Pupil Referral Units). The response rate is between 57% and 68%, which is very high for a survey of this nature. Schools have been actively engaged throughout the process, participating in numerous briefings and discussions prior to this survey being published.</p>
59	7	Barbara Jacobson	<p>(35) ‘Respondents were not required to answer every question and for each question, typically between 25 and 30 respondents chose not to answer it. In analysing the results, all percentages are of the total number of respondents that chose to answer that question. ... Overall, 25% of respondents strongly agreed and 53% tended to agree with the education support services that have been selected to be included in the delivery model.’</p> <p>A true picture of the result is not clear. For example, if there are, say, 111 schools in Barnet and 98 responded to the survey, their opinion represents 88% of the schools. If only 70% of the 88% answer a specific question, that is the opinion of only 61% of the schools. Assuming this model is correct, would it accurate to say that 15% of schools (25% of 61%) strongly agreed, and 32% tended to agree? If not, please provide the accurate calculations.</p>	<p>OPM were commissioned to analyse the results of both surveys, in order to ensure that the analysis was conducted impartially and in accordance with industry standards. It is normal practice to analyse the results of any survey on the basis of those that have expressed a view and it would not be appropriate to extrapolate this to assume the views of those that have not chosen to express them.</p>

60	7	Barbara Jacobson	<p>Key commercial opportunities</p> <p>(36) ‘There was a general consensus amongst participants that efficiencies and growth potential of 20-30% was reasonable. In some cases, this estimate was based on experience.’</p> <ul style="list-style-type: none"> • As there were only 4–5 participants, how many cases is ‘some’, and what were the other estimates based on? • What is the council’s experience of growth in its existing joint ventures, Barnet Homes/YCB and Re? 	<p>The figure of 20-30% represents a summary of the views across all participants, with all participants providing specific examples of having achieved these levels across either some of the services concerned or across a broader range of services.</p> <p>The Barnet Group is not a Joint Venture, the Council is the sole shareholder. YCB is a wholly owned subsidiary of The Barnet Group. Re is a JV and has been in place since October 2013. In its first year of operation, work has mainly concentrated on transitioning the service. There is significant interest in the market about the Re partnership, which the JV is seeking to exploit by marketing events and wider market engagement. A number of firm opportunities have been identified and are actively being pursued.</p>
61	7	Barbara Jacobson	<p>(37) ‘Providers were ... more hesitant about the potential of an initial financial investment’ Why is this not a reason to continue to consider the in-house option?</p>	<p>The investment we are seeking in this case is in the time and commercial expertise and capacity required to grow the venture, together with the funding to manage cashflow and risk in order to deliver the required savings from the service. The reference to “an initial financial investment” relates to the potential for an additional up-front payment to the Council, in addition to that investment. Whilst such up-front payments have been seen elsewhere as a means of securing entry into the local government market, this would not be</p>

62	7	Barbara Jacobson	<p>(38) ‘participants ... suggested options including a primary contractor-subcontractor arrangement, collaboration between providers ... and separate tenders for different subclusters.’</p> <p>Has the council analysed the potential repercussions of these suggestions: that the more levels of contractors there are, the more the profit has to be split, and the less control the council would have of monitoring the service?</p>	<p>necessary to the achievement of the overall objectives of this proposal.</p> <p>The detailed arrangements and structure of a contractual relationship would be negotiated through the Competitive Dialogue process. Any proposals that involve sub-contracting or some form of consortium arrangement would be tested through dialogue to ensure that accountability for performance is clear and that appropriate arrangements for achieving that accountability are in place.</p>
63	7	Barbara Jacobson	<p>(39) ‘Whilst not all of the proposed options will be suitable for the Council, it does demonstrate clear interest from the market and flexibility to enable the <i>success of the chosen model</i>.’</p> <p>Is this statement claiming that the decision is known even before the committee meets? If subcontractors and/or collaborators/separate tenders are considered a good idea, why is it not better for these to be managed by the in-house team rather than privatised management?</p>	<p>No – it means ‘whatever model is chosen’.</p> <p>The detailed arrangements and structure of a contractual relationship would be negotiated through the Competitive Dialogue process. Any proposals that involve sub-contracting or some form of consortium arrangement would be tested through dialogue to ensure that accountability for performance is clear and that appropriate arrangements for achieving that accountability are in place. Any such arrangements would be managed through a single contract, as opposed to the multiple contracts that would be required in the event of the in-house team managing the arrangements.</p>
64	7	Barbara Jacobson	<p>Preferred model for delivery vehicle</p> <p>(40) While schools might prefer one model of JV over another, that does not mean they actually</p>	<p>As stated in both the report and the outline business case, the conclusion in respect of the recommended option is based on the detailed evaluation of the four models against the published</p>

		<p>prefer either. Elsewhere the report states ‘the schools survey does not provide a clear finding about the favoured model’, and later, referring to the public survey, ‘This shows a clear preference amongst respondents for the in-house model, with the two-way joint venture being the least favoured option.’ Further on the report states, ‘Amongst the focus groups, ... the Governors group preferred the in-house model’. Given these latter responses, why is the in-house option being dropped from consideration in favour of the option that the public does not want?</p>	<p>criteria (which were themselves subject to consultation) and taking into account the outcomes of consultation. This can be seen, for example, in the higher rating given to the in-house and social enterprise models under the criterion “is able to engage with and build trust with all key stakeholders, including parents and the public”. Themes that were identified through the consultation process have been addressed in the report and the recommendation to keep the option of school ownership open during the procurement process has arisen as a direct result of the views of respondents to the public survey that schools should be involved in the delivery of these services.</p>
65	Barbara Jacobson	<p>Financial and commercial assessment In-house model (41) ‘experience suggests that academies and secondary schools in particular are less likely to buy services from the local education authority’ What percentage of these schools buys their services from outside the council? What proportion of their services do they buy outside the council? Which services do they buy outside the council? What is their reason for buying outside the council: cost? quality? reliability? If there are no precise answers to these questions, why has this research not been done now and even before privatisation was considered?</p>	<p>All academies buy some services from outside the Council. All but one also buy limited services from the Council, although no secondary academy purchases the Council’s school improvement service. We do not have information on the proportion of services that academies buy outside the Council. Academies buy a wide range of services outside the Council, including many of the services that are offered by the Council on a traded basis. We do not have information on why individual schools buy services outside the Council, but we know from feedback that schools buy outside the Council for a wide range of reasons.</p>

66	7	Barbara Jacobson	<p>Joint venture models</p> <p>(42) ‘These models would bring investment from a third party’, but elsewhere the report has indicated that ‘Providers were ... more hesitant about the potential of an initial financial investment’. Why is this not a contradiction that seriously weakens the case for privatisation?</p>	<p>The investment we are seeking in this case is in the time and commercial expertise and capacity required to grow the venture, together with the funding to manage cashflow and risk in order to deliver the required savings from the service. The reference to “an initial financial investment” relates to the potential for an additional up-front payment to the Council, in addition to that investment. Whilst such up-front payments have been seen elsewhere as a means of securing entry into the local government market, this would not be necessary to the achievement of the overall objectives of this proposal.</p>
67	7	Barbara Jacobson	<p>(43) ‘The in-house and social enterprise models also carry a higher degree of delivery risk, as savings cannot be guaranteed through contractual arrangements, as is the case with the joint venture models’ but what guarantee is there that a JV can make specified savings if not enough schools buy existing services from it, it does not develop and sell enough new services, or it does not extend its markets to other councils?</p>	<p>The detailed arrangements and structure of a contractual relationship would be negotiated through the Competitive Dialogue process. However, we would be seeking to secure certainty over delivery of the savings to the Council through the contract pricing structure. The risk associated with achieving sufficient growth to cover the savings would pass to the third party.</p>
68	7	Barbara Jacobson	<p>Evaluation of the options</p> <p>(44) ‘Feedback from staff and in particular senior managers in the Education and Skills service indicates a widespread belief that council decision-making structures, procurement rules</p>	<p>Any multi-function organisation, such as the Council, requires complex procedures and decision-making structures in order to manage the diverse and often competing demands and requirements of its component parts. This can appear to be overly-bureaucratic and can have the effect of stifling innovation, but is an unavoidable</p>

69	7	Barbara Jacobson	<p>etc. reduce the capacity to secure growth and efficiencies.’ If this is an accurate assessment, why doesn’t/hasn’t the council considered improving its decision-making structure and procurement rules?</p> <p>Preferred option (p. 66)</p> <p>(45) The bullet points make clear that ‘the school survey shows no clear preference for any of the models’ and the public survey shows ‘a clear preference for the in-house option’. If the surveys provided sufficient information for these groups to make an informed choice, how can you prefer an option that they do not agree with and for which the assumptions of financial ‘success’ are not supported by evidence and are considered risky?</p>	<p>feature of remaining a part of a multi-function authority. The commissioning approach, whereby the most suitable model for delivering individual services is selected, enables services to operate in an environment that is most suitable for that particular service, whilst retaining democratic oversight through the management of results, rather than inputs.</p> <p>As stated in both the report and the outline business case, the conclusion in respect of the recommended option is based on the detailed evaluation of the four models against the published criteria (which were themselves subject to consultation) and taking into account the outcomes of consultation.</p>
70	7	Barbara Jacobson	<p>6 Key risks</p> <p>(46) Two of the four risks have a ‘high’ likelihood, and the other two have a ‘medium’ likelihood.</p> <ul style="list-style-type: none"> • What percentages do these ratings represent; e.g. is a high risk between 75% and 100% likelihood, and medium between 51% and 74%? • To what level would the successful implementation of mitigating actions reduce the 	<p>No specific percentages have been applied in determining the levels of risks.</p> <p>Mitigating actions are designed to reduce the likelihood to low.</p> <p>Risks are kept under review throughout the life of a project and this includes ongoing assessment of the effectiveness of the mitigating actions that have been put in place.</p>

71	7	Barbara Jacobson	<p>likelihood in each case?</p> <ul style="list-style-type: none"> What is the likelihood of the mitigating actions failing to achieve their goal? <p>8 Project approach (47) ‘The information will comprise of HR, financials, service specifications, asset registers and all information associated with the delivery of the services in scope.’ Since this clearly means that the in-house option did not have access to or include this information, why should it be excluded from presenting a business case that others will have access to?</p>	<p>The information that has been identified is already held by the in-house service.</p>
72	7	Barbara Jacobson	<p>(48) ‘Customer and Support Group involvement ceased in the <i>concept phase</i> of the project cycle ... Capita organization.’</p> <p>Can you categorically assure us that no one in or no part of the Capita organization had access to this information before the involvement ceased?</p>	<p>It is not clear as to what information the question refers. All of the information contained in the report and the outline business case is in the public domain and is therefore available to all.</p>
73	7	Barbara Jacobson	<p>Summary of financial benefits (49) How are these numbers arrived at generally?</p>	<p>The “Financial and commercial assessment” section, set out on pages 29 to 34 of the outline business case, describes the financial modelling process in some detail and it is not clear from the question what information is required, over and above that already provided.</p>

74	7	Barbara Jacobson	<p>(50) Since everything is based on assumptions, please explain why the estimates for all categories to do with catering are estimated as being so much higher for the two types of JV than for the in-house model, and why the ability of the in-house catering group to add services is rated as 0%.</p>	<p>It is considered that the catering service has a much broader potential market beyond the borough than just schools and that a commercial partner would be better placed to access that broader market than the in-house team. The percentage for the ability to add services was agreed with the in-house management team.</p>
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Item No	Raised By	Public Comment
7	Tim Bowden Headteacher Holy Trinity CE Primary School	Education and Skills – Future Delivery of Services

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Annex 1

Differences between amalgamation and federation of schools

	Amalgamation	Federation
Decision	LA and/or schools may propose. LA decides after consultation.	Schools propose. Schools decide after consultation.
Consultation	2 stages – first usually for 6 weeks on the proposals. Then issue a statutory notice and allow 4 weeks ‘for ‘representations’	1 stage – 6 weeks
School identity/legal status	Involves closure of all but one school and expansion of the remaining school. End up with one expanded school.	No school closures. All schools keep existing identity and name.
OfSTED	Inspection of one amalgamated school	Separate inspections for each school
OfSTED designation	Expanded school has designation of expanded school (outstanding)	All schools keep existing designation (outstanding)
Governance	One ‘re-constituted’ governing body for the amalgamated school.	One ‘re-constituted’ governing body for the federated schools.
Headteacher	Usually one headteacher or executive head over the amalgamated school, but other models are possible and could involve associate heads heading up certain functions or sites	Either separate headteachers for each school or one headteacher or executive head over the federated school, but other models are possible and could involve associate heads heading up certain functions or sites
Staffing structure	Usually one staffing structure for the amalgamated school but other models are possible.	Either one staffing structure or separate ones for each site
Budgets	Amalgamated school funded as a single school	Each school receives separate local authority funding but the governing body may then choose either to keep the budgets or to pool them all and manage them as one budget.
Admissions	Admissions to the one school but distance criteria will take account of the distance from the nearest school site	Admissions are managed separately for each school

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