

Question Number	Item No	Raised By	Question Raised	Answer
1	13	Keith Martin	Will the committee consider adding an item to the agenda, in the light of this positive statement in a national newspaper, that the first specific recommendation to be placed on the Work Programme will be to outsource forthwith all services concerned with children, education, libraries and safeguarding provided by Barnet Council to the London Borough of Enfield?	<p>The article is focused on the purchase of housing for temporary accommodation, a matter for the Housing Committee.</p> <p>As part of the business planning process, the Children, Education, Libraries and Safeguarding Committee is considering the potential for alternative delivery models, including shared services. The Commissioning Plan will be presented to the 28 October 2014 meeting of this Committee.</p>
2	8	Robert Jacobson	1.28 Survey results. None of the results total 100%; do the missing percentages represent the ‘don’t know’s referred to in 1.29?	The missing percentages represent those respondents that marked the “don’t know/not sure” box. The results are set out in full in Appendix One, section 3.3.1. Further details are given in Appendix A to the draft Outline Business Case.
3	8	Robert Jacobson	1.41 What is the name of the ‘independent external support’, how much is it being paid and for how many days work? Will the in-depth analysis also consider the potential financial risks and liabilities, including an estimate of <i>how</i> likely any financial benefits are?	<p>Independent external support was secured following a competitive tendering exercise that was carried out in accordance with the Council’s Contract Procedure Rules. Two bids were received and iMPower were the successful bidder. The contract value is £26,045 and provides for 17 days of input.</p> <p>The analysis will consider potential risks and liabilities and will provide an estimate of the likelihood of any financial benefits.</p>

4	8	Robert Jacobson	5.5 When was the initial budget of £100k set, and is there still £17k of it to be spent?	The funding of £100,000 was agreed in May 2013. The £17,000 underspend on the first phase of work was carried forward to the next phase of work.
5	8	Robert Jacobson	5.28 Who are the three private sector providers who were consulted? Since this question does not ask for any data, it cannot be refused on the grounds of commercial confidentiality. Residents should be able to know which organisations provide the information on which officers and Councillors rely in making decisions.	Four companies were invited to participate in the initial market research, of which three chose to take part. These were Babcock, Capita and Carillion.
6	8	Robert Jacobson	Appendix 1 3.1.1 How does delivering savings limit the capacity to generate income	Capacity relates to having time, skills and knowledge to carry out activities. Delivering savings within the current timeframe for the 2015/16 budget is likely to require a reduction in staff. This would result in there being less time, skills and knowledge to carry out service development and marketing activities, as the focus would be on maintaining existing services. The options appraisal balances a number of factors including the strategic fit of models that include schools in an ownership or commissioning role to most effectively develop services to meet the needs of schools.
7	8	Robert Jacobson	Appendix 1 5.4.1 Who were the members of the	Much of the work on the project to date has been undertaken by members of the Project Board, which is chaired by the Schools, Skills and Learning Lead Commissioner and attended

			Project Team and what are their qualifications?	by the Director of Education and Skills, the Commercial and Customer Services Director together with a range of service and technical specialists, including education, legal and finance representatives. In addition, an experienced project manager and a procurement lead have been appointed. They were selected by interview, based on their relevant experience and knowledge.
8	8	Robert Jacobson	Appendix 1 6. It is not clear from the list how long some of the stages will last, so please provide end dates for every commencement date.	The consultation elements are scheduled to end on 30 th November 2014, so that results of the consultation can be taken into account in developing the final Outline Business Case. The end date for the process to establish a new model will depend upon which model Members select for implementation.
9	8	Barbara Jacobson	1.34 ‘The additional capacity created through efficiency savings need not lead to reduced staff numbers.’ •The additional capacity’ for what? •As we have seen in every other case of outsourcing, the so-called efficiency savings have led to reduced numbers of staff and reductions in pay for those remaining. Please explain in concrete terms what kind of efficiency savings can be made, to what aspects of the service,	The Council has adopted a wide range of different delivery models including in-house provision, sharing services with other local authorities, a joint venture to provide Re services with Capita and a strategic partnership with Capita to provide customer services and back office services. Any transfers of employees to private providers have been subject to the TUPE regulations. There are a number of different ways in which efficiency savings are achieved across the range of delivery models, from achieving savings from contracts with suppliers, use of improved technology and processes, better use of buildings, reducing senior management overheads and making changes within teams. For Education and Skills services, efficiency

			without reducing the number of staff or staff pay in all of the models presented.	<p>savings could come from a variety of these options including changes to the workforce, whether related to organisational structures or the number of employees. However, where an alternative delivery model can grow services and generate additional income, this may provide more opportunity to redirect employees to new activities and services or use income to retain employees.</p> <p>The reference to creating additional capacity is intended to reflect that some of the efficiency gain could be used to develop new services or improved services to generate additional income.</p>
10	8	Barbara Jacobson	1.35 Please explain how trading in services can be increased and by how much, and what evidence there is that schools in which other boroughs or local authority areas would be interested or would commit to buying these services from a ‘Barnet’ provider?	<p>The service currently provides services on behalf of the Council and to some Barnet schools. It is anticipated that increased trading would come by selling existing services to Barnet schools that do not currently buy them, to non-Barnet schools or to other local authorities. In addition, new services could be sold to existing customers, as well as to potential new customers.</p> <p>This hypothesis needs to be tested thoroughly through the next stage of assessment, so that we have a clear understanding of the market potential.</p>
11	8	Barbara Jacobson	1.36 We have seen in other privatisations how long it takes and how much it costs to procure the bids and negotiate transfers. What are the	It would not be an efficient use of resources for the Council to maintain a team to carry out the specialist work (for example legal, procurement, commercial analysis) associated with the transfer of services, because there is not a continuous stream

			<p>cost and time comparisons for hiring individuals with the necessary expertise to lead an in-house team? Presumably, the people in-house who have been doing this work until now are experienced and have some level of expertise themselves.</p>	<p>of work on which to deploy them. In addition, different skills are required, in varying volumes, at different times in the process.</p> <p>In addition to employing external support, a significant amount of the work would be carried out by in-house staff and project management support would be employed directly by the Council.</p>
12	8	Barbara Jacobson	<p>1.36 What evidence is there to back up the assumption that ‘A third-party provider would bring commercial expertise that enables realisation of greater growth outside of the Borough, and faster growth in all categories’? Indeed, what evidence is there that ‘greater growth outside the borough’ is achievable?</p>	<p>The use of a third party provider for this purpose is a well-tested model across a range of local government services. For this sector, there is evidence from other such partnerships elsewhere, that such growth is achievable.</p> <p>This hypothesis needs to be tested thoroughly through the next stage of assessment, so that we have a clear understanding of the market potential.</p>
13	8	Barbara Jacobson	<p>1.37 Please list the type of additional services being considered, the amount they will cost to create and the amount of net income it is imagined they will bring in.</p> <ul style="list-style-type: none"> • On what basis is it assumed that a third party has a ‘quicker availability of funding’? 	<p>Examples from other such partnerships have included the development of new training approaches and greater use of technology.</p> <p>This hypothesis needs to be tested thoroughly through the next stage of assessment, so that we have a clear understanding of the potential for developing additional services.</p> <p>A third party organisation has a greater range of financing options e.g. sale of shares, commercial lending or its own reserves, which it can access based on the business case for</p>

				the proposal for which it is seeking funding. Unlike the Council, it would not need to consider the needs of other services, such as care for the elderly or highways maintenance, in deploying its resources.
14	8	Barbara Jacobson	1.38 If the in-house capacity to ‘build income and additional services is limited’ and LATCs and third-party will require up-front funding from the council, please explain in plain English and concrete terms why it would not be possible to give the same funding to an in-house team.	<p>It would be possible to provide funding to the in-house team, but that would reduce the funding available for other Council services and would have to be considered as part of the broader prioritisation process, against a backdrop of reduced funding levels for the Council as a whole.</p> <p>Of equal importance to funding are the strategic direction and performance drivers. A key element of these is the changing role of schools and the aspiration to enable them to take a stronger role in the development of education services in Barnet.</p>
15	8	Barbara Jacobson	1.40 Many assumptions have been stated in the report so far, which indicates that there is no evidence. On what bases were the assessments made?	The assumptions are based on the collective knowledge and experience of members of the Project Board and the outcomes of the research work that has been undertaken to date. The basis for the assessment is set out in Appendix C to the draft Outline Business Case.
16	8	Barbara Jacobson	1.44 The language in the bullet points seems to express certainty although the text states clearly they are based only on assumptions; assumptions may ‘underlie’, but they cannot	The assumptions will be tested thoroughly through soft market testing and on-going discussions with schools.

			‘underpin’. To what extent and how will these assumptions be tested?	
17	8	Barbara Jacobson	2.1 Considering that all the evaluations we have seen so far are based on assumptions, it does not seem reasonable to exclude an in-house option. What precludes the cost and risks of improving the in-house team in whatever ways are necessary, including the employment of more commercially experienced people, to produce the desired outcome being objectively investigated and compared to the sums that will need to be spent on the other alternatives, including consultants and TUPE, and the risks of promised income failing to be generated?	In order to ensure that the final decision on a preferred model is based on a robust evidence base, it is appropriate to reduce the number of options under consideration so that resources can be concentrated on carrying out a more detailed analysis and evaluation of the remaining options. The proposal to exclude the in-house option from this more detailed analysis is based on a number of factors. These include an assessment of the ability of this model to achieve the objectives for the service and, in particular, to enable schools to take a stronger role in developing education services in Barnet. This model scored less well than others across all factors, with the exception of initiation and design.
18	8	Barbara Jacobson	3.1 Considering that ‘informal discussions with neighbouring councils indicated that there was little appetite to participate in the development of a shared service’ why is it supposed that any of them will want to buy services from a Barnet	Participation in the development of a shared service would require significant input from another council in setting up the model and would effectively commit them to buying all of their education services from the resulting vehicle in the future. This is a different level of commitment from buying individual services from another provider.

			provider at any time? What hard evidence is there?	
19	8	Barbara Jacobson	5.6 In June the projected budget was increased by £150k (150%) and now another £50k is needed. What is the explanation of twice, and so recently, having so seriously underestimated what the work would cost? And how can we be confident that the costs will not rise further?	<p>Budgets for the development of projects are allocated on a stage by stage basis, to allow for where initial work may result in a decision not to proceed any further. The initial concept phase of the project was completed within the original allocation. The development of an outline business case has also been completed within the subsequent allocation. The decision to develop the outline business case in two stages was taken after that allocation was made. The increased timescale has resulted in additional costs. Some of this additional cost can be met from within allocated funds, but not all of it.</p> <p>The decision to develop the outline business case in two stages was taken as a result of feedback from schools that suggested that more time and information would be required to enable them to take a final view on the potential delivery models.</p> <p>Subject to Committee approval, we will provide a further funding request to develop a Full Business Case and estimated mobilisation costs to implement a preferred option. This would be dependent on what the preferred model is and whether a procurement process is required.</p>

20	8	Barbara Jacobson	<p>Appendix One</p> <p>2.3.2 • By how much would council tax have to rise in each of the financial years from 2015 to 2020 to make the savings needed in those years?</p> <p>•‘services ... funded by £2.8m from the Dedicated School Grant’. The accompanying table shows DSG funds for only two services to a total of £441.952. What other services are DSG funded and to what amounts?</p>	<p>The £1.5m saving for Children’s in 2016/17 would be equivalent to an increase in council tax of around 1.13%.</p> <p>If we were to cover the anticipated £72m budget gap across all council services between 2016/17 to 2019/20 (Policy and Resources Committee 10th June 2014), council tax would have to be increased as follows:-</p> <ul style="list-style-type: none"> • 2016/17 increase 18.3% £21.2m • 2017/18 subsequent increase 16.3% £18.3m • 2018/19 subsequent increase 13.8% £16.6m • 2019/20 subsequent increase 12.8% £16.2m. <p>The table breaks over two pages and the remaining DSG-funded services are set out on the second page.</p>
21	8	Barbara Jacobson	<p>Appendix One</p> <p>3.1.1 • What are the discretionary services outside the legislation; are they the same as non-DSG services; how vital are they to the functioning of schools; if they are ‘generally limited</p>	<p>Discretionary services are services which the Council does not have a statutory duty to provide. These are not the same as non-DSG services. Non DSG-funded services can include both statutory and discretionary services. Discretionary services are limited to cost recovery unless they are provided through a trading company. A growing, successful business needs to</p>

			<p>...’, what are the exceptions, and why is cost recovery not sufficient?</p> <ul style="list-style-type: none"> • Does the statement ‘This may limit the ability ... offerings’ mean that it absolutely will limit the ability or that it also might not limit the ability? • Does legislation prevent the in-house department from ‘actively involving schools in the development process’, what is meant by ‘the development process’, and what is being developed in this process? • Is there any restriction in law that prevents the council from employing people with commercial experience and expertise and the ability to innovate? Wouldn’t their salaries in the first instance be less than the cost of the consultants used to proceed with the other options? 	<p>generate a surplus in order to invest in expanding services.</p> <p>The word “may” is used to express a possibility in the future, so it also might not limit the ability.</p> <p>There is no legislation that prevents this, but the ability of schools to take a more direct level of involvement or control in a model provides an opportunity for schools to become actively involved in the process of developing the business.</p> <p>There is no legal restriction on this, but the Council would have to consider whether or not it would want to employ a limited number of individuals on a full-time, permanent basis, rather than access an existing infrastructure of commercial expertise that allows the flexible and speedy deployment of a range of individuals to meet specific needs.</p>
22	8	Barbara Jacobson	<p>Appendix One</p> <p>3.1.3 • Why is it not possible to employ people with commercial expertise in an LATC?</p>	<p>In theory, this would be possible but the same considerations apply as set out above.</p>

			<ul style="list-style-type: none"> • What evidence is there that trading outside the borough will generate any income or significant income? If there is no such evidence, why is this point emphasized? • If the LATC is owned 100% by the council and the council retains ‘decisive influence’ on the strategic objectives and significant decisions, in what ways does the Teckal exemption limit the ability to trade inside or outside the borough? • Why is there no DSG in Financial Arrangements? 	<p>The service currently provides services on behalf of the Council itself and to some Barnet schools. Increased trading could come by selling existing services to Barnet schools that do not currently buy them, to non-Barnet schools or to other local authorities. In addition, new services could be sold to existing customers, as well as to potential new customers.</p> <p>To benefit from the Teckal exemption the LATC must pass the control test and the function test. The control test can be satisfied by being 100% Council owned. The function test requires at least 90% of the LATC’s activity to be provided for the benefit of the Council.</p> <p>This is an oversight in drafting. For all options except the in-house option, the statement “DSG funds outcomes” applies. This absence of this statement has no impact on the overall evaluation of the models.</p>
23	8	Barbara Jacobson	<p>Appendix One</p> <p>3.1.4 • Please explain how the schools become owners; for example, does each school become a shareholder and, if so, on what basis are shareholdings decided (number of pupils?), how much money will shares cost and where will schools</p>	<p>Schools would become owners by becoming shareholders. The basis for shareholdings and the cost of shares will be developed in consultation with the schools. It would be a matter for each individual school to decide whether or not it wished to become a shareholder, hence the need to have further discussions to assess the level of interest. It would also be a matter for individual schools to decide how to fund their purchase of shares.</p> <p>The Teckal exemption will not apply if a private undertaking is</p>

			<p>get the money to buy shares?</p> <ul style="list-style-type: none"> • How do Teckal restrictions apply if the company is not 100% owned by the council? • Given that the job of schools is to educate, not to develop products and markets, why doesn't this 'risk', which is more like a certainty, outweigh the potential benefits? • Why can this arrangement secure additional grant funding and in-house and LATC not? 	<p>involved in ownership of the company. It is possible for another public body to be involved in the ownership and the Teckal exemption may still apply.</p> <p>As with all models, the assessment is based on a combination of factors. This factor applies to all models that do not involve a third party provider and relates to the ability of the model to access an infrastructure of commercial expertise in order to grow the business.</p> <p>It is considered that charitable organisations and other bodies that award grants are likely to be more willing to do so if schools have a lead role in the organisation.</p>
24	8	Barbara Jacobson	<p>3.1.5 • What examples can be given of 'new products and markets' that have been developed for schools by a JV?</p> <ul style="list-style-type: none"> • In practical terms, how will schools have a decisive role in commissioning when they are not one of the joint venture partners? If the council has less than 51% shareholding, how can it ensure that decisions reflect the view of the schools and are taken for the good of the community rather 	<p>Examples from other such partnerships have included the development of new training approaches and greater use of technology.</p> <p>The role of schools can be determined through the process of developing specifications and contract management arrangements. This would take place through negotiations, as part of the procurement process, to determine the governance and decision-making arrangements. Whilst the need to make a return on investment, or profit, is a factor in this model, that cannot be achieved by disregarding the views and needs of</p>

			<p>than for profit?</p> <ul style="list-style-type: none"> • ‘The relationship with schools is built through the commissioning role at both strategic and service level, with a degree of visibility and transparency not associated with the outsource model.’ Since the ‘visibility and transparency associated with the outsource model’ is about nil, what degree is intended here, from 0 to 100%? • How much would the procurement process and creation of a JV cost, based on LBB’s experience? • How would a three-party JV be structured to ensure that the views of the schools are paramount? 	<p>customers, ie the schools and the Council.</p> <p>This would be set out as part of the specification and contract management arrangements and would be determined through negotiation.</p> <p>The initial estimate is that this would cost approximately £500k. The costs of implementation will be tested further during the next stage of analysis and will form part of the overall cost/benefit analysis of each option.</p> <p>This would be set out as part of the specification and contract management arrangements and would be determined through negotiation.</p>
25	8	Barbara Jacobson	<p>5.4.2 Since the Project Budget referred to elsewhere was so wildly underestimated initially, what confidence is there that the £500k budget for implementation is adequate? What, for example, were the costs for implementing the Capita</p>	<p>We have indicated that should an alternative delivery model proceed, we will be seeking funding at each relevant decision point. We have not set a budget for implementation at this stage, but provided an initial estimate of the procurement costs at £500,000. This excludes mobilisation costs. This will be subject to review, dependent on a Committee decision on whether to proceed with an alternative delivery model in January 2015. The estimated cost is based upon the</p>

			contract and the JV?	resources required to deliver the procurement within 2015. The NSCSO and DRS projects operated over a longer timeframe, with NSCSO costing a total of £2.75m and DRS £2.4m as reported to Contract Monitoring Overview and Scrutiny Committee in March 2014.
26	8	Barbara Jacobson	9.3 Appendix C Who are the individuals who decided the scores and what are their qualifications for doing so?	The scores reflect the collective views of members of the Project Board, which is chaired by the Schools, Skills and Learning Lead Commissioner and attended by the Director of Education and Skills together with a range of service and technical specialists, including education, legal and finance representatives, as well as the Commercial and Customer Services Director and the Project Manager. Their qualifications for carrying out this exercise come from their respective roles, for which all individuals have been appointed following comprehensive selection processes.