

CABINET – 16 JULY 2013

Oxfordshire Customer Services – School Support and Back Office Services

Director for Environment and Economy

1. Introduction

- 1.1. Since October 2012, work has been underway to develop a strategic direction for the future of school related support and back office services generally, including those in CEF which have been prepared to an internally commissioned specification model for delivery of service functions 2013/14. In summary:
- Scope for consideration is OCS provided schools back office (HR, Finance, ICT) schools support and school improvement where CEF has responsibility
 - One driver is that back-office services and some school support services are not the Council's core business. There are some school support services that provide a statutory function. However, there is a reduced capacity within schools improvement services to meet the needs of schools in a timely way or to manage supply and demand
 - Need to improve and secure educational outcomes for all young people
 - Reduced grants from the DfE requiring increased trading
 - Changes to the schools funding formula with effect from April 2013
 - The default position is that services should no longer be provided directly by the County Council unless there is clear strategic value to retain
 - We need to ensure that schools and academies continue to have access to the services they need and where possible, these services should be based locally.
- 1.2. In June 2013, these proposals have taken on added significance because the Comprehensive Spending Review requires further savings – potentially up to 10% of current spend. This is not achievable within the current CEF budget and delivery model. All services in scope have been subject to internal review. Arrangements undertaken by other Local Authorities have been reviewed. Work has been undertaken to confirm the actual cost of services and the risks and challenges ahead. On the basis that services will be externalised, the review has also given consideration to possible delivery models.
- 1.3. As part of the recent restructure and pre future modelling processes, Schools & Learning / Foundation Years (S&L / FY) have been

reconfigured, providing more clarity about costs and increased value for money. This will also more easily enable an increase or reduction of service on an annual basis as required.

- 1.4. A soft market test is currently being set up. This exercise will provide further information to optimise the approach to the market i.e. single contract with two lots or multiple contracts, and the likely scale of financial return to the Council. It will also address the relative merits of outsourcing and joint venture approaches. Soft market testing will also firm up decisions about some service areas where there are complications around funding such as Foundation years and the relationship with schools' Funding Forum. The results of the soft market testing will not be available until mid-July at the earliest.

2. Staff Engagement

- 2.1. All OCS and corporate staff have been briefed regularly on the progress of this work programme and on the Council's direction of travel as a commissioning organisation. All staff have been encouraged to contribute at team level to service reviews. Unison has also remained fully briefed on the conduct and progress of the work programme.
- 2.2. Within CEF all staff have been involved in identifying the different aspects of their work with regard to their statutory and strategic functions and their current traded income and possible future trading potential.
- 2.3. Briefings and workshops have involved all staff and made them aware of the types of external options that may be available in the future. Unions have not yet been involved in the discussions involving CEF staff but there is a recognition that services will still be available to schools but may be delivered in a different way. Schools and Funding Forum will be involved in future consultation.
- 2.4. Staff are aware of the soft market test underway in July and have been briefed on a report being taken to cabinet in July to decide on the future of services.

3. Schools Support Services to be retained in-house

- 3.1. Several services have been excluded from consideration for one or more of the following reasons:
 - There are reasons of strategy and control for the service to be maintained and delivered by the Council
 - The services provide a statutory function to schools and settings which may be discharged more effectively by the Council
 - The future provision of this service is being determined by reason of other events and developments

3.2. Services proposed to be retained in-house are:

- Early intervention locality support
- SEN services
- Strategic services to support admissions and place planning
- Attendance and engagement service
- Meadowbrook alternative provision
- Hospital schools outreach services
- The Virtual School for looked After Children

3.3. A description of these services and the reason for their exclusion from these proposals is provided in Appendix 2.

4. Schools support and back office services Included for Externalisation

4.1. For OCS, services with annual budget of £3.2 Million and 60.3 FTE establishment are in scope which includes approximately £2.5 Million traded services.

4.2. For CEF, services included have an annual budget which is derived from core budget, DSG and grants. This is in region of £8.6 million and 206 FTE are in scope. Projected traded turnover for these services is £4 million

4.3. **OCS Services include:**

4.4. Education Support Services (HR, Finance and ICT)

4.5. **CEF services include**

4.6. These services are now included in one business unit – Schools & Learning / Foundation Years (S&L / FY) and provide a range of statutory and strategic functions on behalf of the Council. They also trade services directly to schools – a function which supports and complements their statutory and strategic role.

- Foundation Years 0-5
- School improvement & development services 5-19
- Inclusion services and Special Needs Advisory Teachers
- Equality Diversity and Achievement Service (EDAS)
- Governor Services
- Newly Qualified Teachers (NQT)
- Standards Advisory Council for Religious Education (SACRE)
- Leadership and strategic projects
- Oxfordshire International Education

4.7. The package may be more attractive to the market if Outdoor Centres and the Music Service are included, but this will be determined through the Soft Market testing exercise. It may be possible to pursue a joint venture as opposed to a more pure commercial outsourcing arrangement. This would

strengthen the council's control going forward. At this stage, members are recommended to include these services in the soft market testing so that all options can be considered.

4.8. A description of these services is provided in Appendix 3.

5. Externalisation and Service Delivery Models

5.1. A number of other Councils have already undertaken similar reviews of school and/or back-office services in conjunction with a commissioning direction. Examples of such Councils are Northamptonshire, Devon, Lancashire and Staffordshire. In the course of the review, other Councils were visited and information has been collected. Whilst externalisation is the clear direction, the mode of delivery is not yet clear for services that are school facing and the evidence collected through soft market testing will help to determine the best approach for Oxfordshire.

6. Business Strategy and Medium Term Financial Plan Savings

6.1. For school back office services (ESS), the trading account is expected to balance for 2013/14. Beyond April 2014, there is a significant risk that individual services (Finance and ICT in particular) will fail to secure sufficient buy-in to remain viable. The Academies agenda and transfer of resources to schools impacts on the capacity and resourcing of services. The further reductions are also envisaged as part of the latest Spending Review would be on top of savings identified below.

6.2. Medium Term Financial Plan Savings – OCS Summary

Summaries

	2013/14	2014/15	2015/16	2016/17	TOTAL
OCS Management	-153	-499	-445	0	-1,097
OCS Finance	-10	-160	0	0	-170
ICT	-527	-738	-1,340	-200	-2,805
Procurement	0	-30	0	0	-30
HR (incl Skills and Learning)	-188	-188	0	0	-376
Education Support Services	-250	-250	0	0	-500
	-1,128	-1,865	-1,785	-200	-4,978

- 6.3. Medium Term Financial Plan Savings – CEF Summary (includes identified areas specified in Section 4 of report)

Summaries

	2013/14	2014/15	2015/16	2016/17	TOTAL
Foundation Years	-230	-230			-460
Schools & Learning	-760	-1,422	0	0	-2,182
	-990	-1,652			-2,642

7. Implications of the June Spending Review

- 7.1. It is now apparent that the Government Spending Review will present all Councils, including Oxfordshire with stark choices. In broad terms, the Council will likely need to reduce spending further by 2017/18.
- 7.2. Given this position, the savings that could result from externalisation of back-office and school-facing services are potentially more important than otherwise would be the case. Savings that can be delivered in this area may mean avoiding reductions in direct frontline services.
- 7.3. At the same time, we will need to consider further the scope of activity tendered following soft market testing with a view to any specification being pared back to essential requirements. The same consideration will need to be applied to services that continue in-house for reason of control and strategic necessity.

8. Timing Considerations

- 8.1. To date, it has been anticipated that following Cabinet decision in July 2013, externalisation would proceed with a view to completion for April 2015.
- 8.2. However, there are now growing concerns that the integrity of services could be at risk if actions are not taken quickly:
- Key post-holders have left in a number of services and are difficult to replace
 - Some traded services to schools are already at risk
 - Financial services to schools and academies require investment and significant change to remain viable
 - Specific skills are increasingly difficult to recruit in some areas
 - Staff are keen to know where they stand; uncertainty is unsettling

- Clarity on office accommodation requirements for staff is increasingly important to the MTFP
 - The trading offer to schools from April 2014, will be difficult to promote and to deliver unless we can demonstrate a more robust strategic direction
- 8.3. For these reasons, it is strongly recommended that decisions are made quickly and a procurement exercise commences in September 2013 with the goal of completing service changes for April 2015 at the latest.
- 8.4. £0.750 Million has already been agreed in 2013/14 and 2014/15 within OCS to support the externalisation programme and procurement, with an accurate forecast to be completed depending on the agreed approach to market.

9. RECOMMENDATION

The Cabinet is RECOMMENDED to agree the following

- 9.1. Subject to any changes following soft market testing, services listed in section 3 should continue to be delivered in-house
- 9.2. Subject to any changes following soft market testing, remaining back office and schools support services listed in section 4 should be prepared for externalisation
- 9.3. All service specifications should be reviewed as to the business case for continuing wholly or in part from April 2014.
- 9.4. Updated service specifications alongside externalisation proposals should be at the heart of service and resource planning from now onwards and as such should be the basis for updating and delivering business strategy.
- 9.5. Subject to soft market testing results, externalisation proposals should be prepared in September 2013 for Cabinet decision on outsourcing and/or joint venture with a view to procuring and implementing the decisions necessary by 31st March 2015.

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Appendix 1

Soft Market Testing

In helping to define the future of a service and in identifying and considering the options available, a soft market test with service providers active in the market place will be completed. This will be conducted over June and July with results expected in mid-July at the earliest. It was not possible to run a soft market test prior to the local elections.

Soft market testing is the process of seeking the input from the market as to what might be the most attractive way of scoping and packaging a service. It provides the opportunity of gaining an understanding as to how service providers in the market might approach the delivery of a service, and how they might address particular local circumstances or key issues that are likely to impact on the delivery of the service in future. Importantly, it helps give an early insight into the likely level of interest there is from the market in delivering a service.

The information sought will include: delivery mechanisms for the scope of services, level of interest, costs / savings potential, risk sharing and mitigation, potential contractual arrangements and best approach to market, and issues relating to timing of the exercise.

Soft market testing will firm up decisions about some service areas where there are complications around funding such as Foundation Years and the relationship with schools Funding Forum.

A soft market testing pack will provide information for providers about the Council, the services under consideration, the basic proposals and the scope and timing of the exercise. The pack outlines what it is that is being sought from the market and how the market should respond. It should also be noted that a soft market test does not include or preclude any organisation from participating in any subsequent procurement that may follow. It is permissible to simply approach named suppliers which in this instance is the approach being taken in order to gain market feedback in the shortest possible timeframe.

Consultation with national and local suppliers will be undertaken on a one-to-one basis, with care being taken to ensure that the process is fair and auditable.

As part of this exercise, existing Joint Venture opportunities established by other Councils for school support services will also be explored.

The soft market testing pack will outline the key risks that OCC believes currently exist and could be mitigated by working with a partner:

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- Service levels decline and this impacts negatively on front line service provision through insufficient resources to deliver a quality service;
- Service improvements or future modernisation could not be achieved sufficiently to keep pace with the changing needs of our customer base due to lack of investment funding;

And, the opportunities that OCC believes could be realised by working with a partner:

- Exposure to expertise, skills and innovation beyond OCC in terms of future business planning, problem solving and implementing changes
- A reduction in on-going operational costs for the provision of support services with possible investment in some areas
- Further elimination of waste (e.g. failure demand) and process efficiencies
- Maintaining and improving on current service levels and performance
- A reduction in the exposure to risks inherent in running an operational business
- Scalable service solution creating flexibility in its ability to deliver services

Appendix 2

School Support Services to Remain In-House at This Time

Early intervention locality support

A single integrated early intervention service delivered through 7 Hubs and 44 Children's Centres.

The Early Intervention Service offers high quality early intervention and specialist services to children, young people and families with additional and complex needs, both through our staff and across partner agencies. All community partner agencies are actively involved in service delivery to ensure integrated, inclusive solutions to best improve outcomes for children and young people from birth to 19.

SEN services

Special Educational Needs (SEN) services deliver statutory responsibilities in relation to the identification and assessment of, and provision for, children with special educational needs. They have responsibility for strategy and policy in relation to special educational needs. The teams includes: Early Years SEN, Educational Psychology Service, SEN Casework Team, SEN Support Services (SENS) and Parent Partnership. This service area is going through a major change programme and decisions about future delivery at this stage would be premature.

School Organisation & Planning (SOaP)

SOaP discharges the Council's statutory responsibility to ensure that there is a sufficiency of high quality school places to meet the needs of all Oxfordshire families that request these. Increasingly, this is achieved through the commissioning of new school places from a range of providers, both existing schools as well as the promoters of Free Schools and 'novel' academies e.g. University Technical Colleges and studio schools. SOaP performs the same function in respect of ensuring sufficient childcare, early years and Children's Centre places. It is also responsible for the funding of early years settings in the private, voluntary & independent sectors.

These strategic functions are discharged through accurate pupil forecasting, coordinating and administering school admissions, and targeting the CEF capital programme to meet emerging needs for additional places. SOaP undertakes any associated statutory consultations, including those required for the creation of brand new academies, and determines entitlements to free home to school transport.

SOaP is responsible for managing the conversion of maintained schools to academy status, including through the sponsorship route, and for the promotion of and support for the creation of formal collaborative arrangements between groups of schools.

Attendance and Engagement Service

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Support school staff to improve pupil attendance and prosecutions for non-attendance. The Attendance and Engagement Team consists of five full-time officers. The team has two main roles:

- supporting school staff to implement intervention strategies to improve pupil attendance
- carry out statutory interventions

The work of this service in the future will be more aligned with the Hubs.

Meadowbrook alternative provision

Meadowbrook College is Oxfordshire's Pupil Referral Unit and Integration Service. Working from bases in Oxford, Banbury and Abingdon the college provides education and support to about one hundred secondary age students from across Oxfordshire.

Meadowbrook offers all its students 'a second chance for learning' when they have been excluded from mainstream education or are at risk of exclusion. Focused, personalised support ensures that young people achieve successful outcomes despite the difficulties and setbacks they have experienced during their time at mainstream school.

Hospital schools outreach services

The Children's Hospital Teaching Sector (CHTS) of Oxfordshire Hospital School is situated across 3 sites where there are in-patients receiving treatment for medical needs: Oxford Children's Hospital; The Horton Hospital Banbury and Helen and Douglas House Hospice. Six teachers and two teaching assistants work across these locations and provide appropriate educational support and opportunities to pupils.

The Outreach Teaching Sector (OTS) has 6 fte teachers (led by an Assistant Headteacher), 3 HLTAs, 1 learning/transition mentor supported by a senior administrator. The work of the service is expanding into four of the Local Authority Early Intervention Hubs (Abingdon, Witney, Banbury, Bicester) – each of which is at a different stage of development. Abingdon was the original pilot Hub and leads this initiative. OTS also has a bank of approximately 25 Associate Teachers who teach young people in their local community.

The Virtual School for looked After Children

The Virtual School for Looked After Children is a partner to all schools in being the most ambitious and aspirational corporate parents possible. The headteacher and her team ensure that schools, social workers, carers and other professionals understand statutory responsibilities and are aware of the best practice. Communication about Looked After our children is regular and constructive and close working with other agencies ensures that everyone works together successfully to help them thrive. The Virtual School works to overcome barriers to success by ensuring:

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- Students are in the right educational provision
- Challenges resulting from changes of care placement or school are reduced
- Barriers to engagement and good attendance are removed
- Planning for success now and in the future is effective, based on a secure understanding of students' needs
- Students have one-to-one support for their learning where this will help
- There is access to an inspiring range of extended learning opportunities
- The pupil premium and other resources are used effectively

The Virtual School is, with Meadowbrook College and The Oxfordshire Hospital School, a member of the Vulnerable Intervention Partnership (VIP). There are national proposals that such services become a statutory function.

Appendix 3 - Services Included for Externalisation

OCS Services:

Education Support Services (all school facing services)

The Services within Education Support Services are:

- Pay and Employee Information Schools
- Schools Finance
- Schools Health and Safety
- Schools HR
- Schools ICT Support and
- Education Support Service - Business Unit

CEF Services:

Foundation Years including standards, progress, quality and intervention

The Service is undertaking a phased restructure programme.

This services aims to champion the best possible educational outcomes for all children in the Foundation Years, in particular ensure that the needs of vulnerable pupils are met in order to reduce inequality of outcomes. A Tier 3 post leads the service and ensures that early intervention strategies are in place for Early Years settings that begin to cause concern and enable them to make rapid improvement. The head will also secure that settings contribute towards the development of a self-improving system, focussing on the capacity of schools and settings to improve children's life chances through narrowing the attainment gap at the end of Foundation Stage.

The service delivers statutory and non-statutory strategic functions of the LA with regard to Foundation Years (excluding sufficiency), as outlined in current Oxfordshire Specifications, keeping within budget. Working closely with other managers and external agencies, the service contributes to the business generation aims of Foundation Years, through the expansion of services to non-priority schools and settings on a traded basis, ensuring that these do not detract from the core purpose of the service.

Schools improvement and development 5-19

There is one Tier 3 post that will lead the strategic direction of Schools & Learning, ensure the Local Authority meets its statutory duties in regard to School Improvement and provide challenge and support where there may be concerns about the quality of provision or progress. The four Tier 4 post holder within Schools and learning work closely with the Schools & Learning Manager to create a strategic plan for the service and ensure a coherent approach to achieving service delivery to meet identified priorities and client requirements.

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Whilst the Tier 4 posts focus on the provision of specialist services, all strategic leads and their teams will have a responsibility to contribute to the priorities in current Oxfordshire specifications (e.g. the Service Delivery Agreement). All posts at this level have line management responsibilities.

Inclusion

This service provides holistic support to schools to secure improved outcomes for vulnerable learners. The team consists of:

- 3 inclusion consultants who focus on improving the teaching and learning of pupils with SEN by working with senior leaders and in particular the schools SENCO
- 5 inclusion consultants for equality and diversity for pupils from Black minority ethnic and Traveller backgrounds and those with English as an additional language.

Governor services

The service works with School Governors, School Intervention Leaders and other Children's Services professionals to provide strategic leadership for governance, including financial accountability. The service:

- Develops the capacity of governing bodies to contribute to the improvement of educational provision and outcomes, particularly in schools causing concern.
- Ensures access for all governing bodies to high quality support, training and development through service level agreements.
- Strengthens governing bodies' ability to operate effectively in a changing national context, through the provision of impartial advice on new legislation and initiatives.
- Provides advice to governing bodies to ensure they are informed about their statutory duties and statutory requirements on schools.

Newly Qualified Teachers

Newly qualified teachers across Oxfordshire schools are supported during their induction period to ensure that they develop the skills and confidence in their first year to establish firm foundations for becoming outstanding teachers of the future. Teachers are supported by mentors who can provide advice and guidance during the first year of teaching. The Council has a statutory duty to make provision of this service.

SACRE

The Council has statutory duties to set and agree a local syllabus in conjunction with SACRE council, membership of which represents different faith groups, includes teacher representation and wider stakeholders. Oxfordshire's SACRE is required by law to have representative groups.

Music

The Oxfordshire County Music Service (OCMS) works directly with around 11,000 children and young people in Oxfordshire each week with another c.2000 directly involved as performers in special concerts and events each year. It's 'reach' in terms of children performing in concerts, events etc. in and out of school and as audience / workshop participants, attendance at special concerts, assemblies, supporting children in schools and school events etc. is estimated at around 27,000 to 30,000 p.a.

OCMS is the Lead Partner in Oxfordshire Music Education Partnership (OMEP), the Music Education Hub for Oxfordshire and manages the contract with the Arts Council to deliver the government's National Plan for Music Education (NPME), particularly:

Outdoor Learning – Out-of County Residential Centres and Hill End Centre

The Council owns three out-of-county outdoor centres and leases Hill End site through Oxford University. Provision of outdoor learning is not a statutory duty. However, the Authority's statutory duty to monitor and authorise educational visits is commissioned via this service. The Out of County and In- County provision are managed on revenue based income models.

The Service delivers outdoor education and learning programmes and activities for a variety of groups and ages. The 3 out-of-county Centres, Kilvrough, Woodlands and Yenworthy have a total residential capacity of 144 and provide residential programmes which include educational and adventurous outdoor activities, and specialist field study work for exam courses. Over 170 Oxfordshire schools (including academies) are core customers. There is also growth in the number of Not for Profit organisations and groups using the Centres. The 3 out-of-county Centres are part of the National Citizens project for summer 2012.

The three out-of county centres are completing an organisational restructure with a supporting business model and strategies to increase the viability with view to the Service breaking even by end of 2014/15. Significant savings are currently written into the plan.

Oxford International Education

With a principal objective of 'injecting an international dimension into the lives of our schools', the OIEB provides a fully traded service to Oxfordshire schools and partnerships. With this support over two thirds of Oxfordshire schools have taken part in funded international education programmes. Over the last five years more than one hundred and fifty schools have participated in European Comenius School Linking Programme, generating over £3m income for Oxfordshire schools.