

		AGENDA ITEM 7
		CYP/15/12
Committee:	Children and Young People Policy and Scrutiny Committee	
Date:	14 June 2012	
Commissioned and Traded Services		
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Commissioned & Traded Services Scrutiny Report

Produced by: Chris Carroll

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Project Title	Commissioned and Traded Services		
Project Type	Transformation	Project Ref	
CLT Sponsor	Dave Hill	Cabinet Member	Cllr Castle
Business Owner	Tim Coulson	Budget Holder	Tim Coulson
Project Manager	Chris Carroll	Project Accountant	Femi Otukoya

Background

In August 2011, the Outcomes Board endorsed an outline business case (OBC) to investigate options around SCF's suite of eight traded services to schools. In order to test the viability of each of the eight services in scope, the project team designed and populated a detailed, bespoke business case for each. A tender for a commercial adviser to fully scrutinise the commerciality and potential of each of the eight services was then offered. The tender was secured by Babcock 4S who have extensive experience in this area as they run traded services to schools for Surrey County Council, and have recently won a contract to operate similar services for Devon County Council.

In their final report, Babcock 4S, stated that *'the combination of many LAs withdrawing from traded services provision, together with a current lack of private sector competition in the eastern region, provides ECC with the opportunity to capitalise on this emerging market by trading a wide range of school improvement and support services across the region'*. Babcock also noted the following weaknesses in the current operation which would need to be addressed in order to capitalise on the opportunities available:

- absence of key commercial systems, capabilities and expertise, particularly, marketing, business planning and a unified strategy;
- inability of services to capitalise on the strengths of each another;
- duplication in functions which results from eight siloed services; and
- absence of a single front door through which customers can purchase services

Proposal

In order to capitalise on the market potential in the eastern region, whilst addressing the weaknesses of the current operation, the Final Business Case recommends the formation of an Education Services Organisation (ESO). The ESO will be a single, comprehensive, holistic and co-located organisation for trading education solutions to schools and local authorities. Initially, it is proposed to establish the ESO from the following traded services:

- Target Tracker;
- Governor Services;
- Education Finance;
- Schools Learning & Development;
- School Library Service.

The final business case proposes that the establishment of the ESO is carried out in three phases. Each phase will be independent and will be reviewed upon completion before commencing the next phase.

Phase 1: Restructure (2012/13)

- Restructure five of the eight traded services to schools into a single organisation, the ESO, with central marketing and support functions, a unified, focused strategy and a single shop window for customers.
- Re-shape the Schools Workforce Development Team including the transfer of a post into the ESO to market, promote and undertake finance for the Jobscene teacher recruitment publication.
- Restructure Essex Outdoors, prior to its moving to ESH, to ensure it is passed on without the need for additional project work.

[illegible]

Service Analysis: Target Tracker

Target Tracker is proposed to be one of the five component parts of the ESO. The service produces a range of software products which support schools in their task of raising pupil attainment and supporting school improvement. Currently, over 2,000 schools in England and around the world subscribe to Target Tracker software.

- Essex gains good publicity and reputation from other authorities because of target Tracker, for instance in Plymouth and Torbay where both authorities use the Looked after Tracker. More than 65% of Target Tracker activity is outside of Essex.
- Target Tracker has a very strong reputation within primary schools in and outside of Essex.
- Target Tracker has produced software for supporting Essex projects such as 1:1 tuition, Data Intelligence Toolkit, Looked After Children Tracker and systems for collating and storing all school adviser reports and data.

The table below shows numbers of customers who subscribe to Target Tracker products, broken down by International, National, Regional and Local markets.

Product	Outside UK	National **	Regional *	Local	Total
Primary Target Tracker	12	870	415	432	1717
EYFS Target Tracker	19	693	295	379	1367
SSET	3	87	41	556	684
GSET	0	141	11	543	695
SchoolPM	1	54	32	24	110
SANTA	7	85	53	210	348
CLA Tracker		2	0	1	3
Key Skills		4	2	9	15
Data Intelligent Toolkit		0	0		
Total subscriptions	42	1936	849	2154	4951
Percentage	1%	39%	17%	44%	

* excluding Essex Schools

** neighbouring L.A.s, excluding Essex and regional

Product pricing model is shown below

Product	Price pa	No of customers
Primary Target Tracker	£429	1717
Early Years Foundation Stage Target Tracker	£289	1367
School Self-Evaluation Tracker	Prim £99 -£249	684
Governor Self-Evaluation Tracker	£199	695
Pocket PC Target Tracker	£279	74
Key Skills Target Tracker	£239	15
School Performance management	£150 ; £250	110
SATs Analysis	£119	348
CLA Tracker	£9,000	3
Training	£625 per day	

Service analysis: Governor Services

Governor Services is proposed to be one of the five component parts of the ESO. The service fulfils the Authority's statutory duty for the provision of information, advice and guidance to school governors, as well as supporting the recruitment and retention of LA governors. They also trade a governors clerking service to over 300 schools.

The service's current business objectives are as follows:

- Provision of a high quality Clerking Agency Service (that enables strong governance) to at least 60% of schools. A recent review into school governance recognised that governing bodies functioned much more effectively and efficiently with the services of a professional clerk. Governor Services provide a Clerking service to schools who buy into the *Essex Clerking Agency Service*. All Governor Services agency clerks are trained to national standards and are encouraged to attend termly briefings to keep their knowledge up-to-date and relevant.
- Recruitment and retention of Authority Governors, so the vacancy rate is no higher than 6% at any time
- Reduction in the number of schools with governor vacancies of 25% or more. (There is a correlation between low standards and schools with governor vacancies)
- Provision of essential, accurate and timely information to governors and clerks to enable them to carry out their statutory and wider responsibilities and make informed decisions

Options for growth

Governor Services currently provides high-quality, well-respected services to schools in Essex, both maintained and academies. This platform provides a secure future for the service over the next five years and also presents a number of opportunities for managed growth through the provision of traded services over a wider geographical area than at present.

The Clerking Agency Service is currently supplied to 308 schools in Essex. The service estimates conservatively that there is potential to increase this. The provision of Governor Services will be an essential part of a holistic traded offer to schools.

Service analysis: Education Finance Support

Education Finance Support is proposed to be one of the five component parts of the ESO. The service promotes efficiency and good financial management in schools in line with the Schools Financial Value Standard (SFVS) through a successful subscription service including a helpdesk and an internal evaluation service. The service has a reputation for providing a high quality service, evidenced through 92.5% retention rates and excellent feedback over 3 years.

Product Pricing 2011/12

Customer	Product / service	available from	price	unit	Note
LA schools	Financial Management Support: Helpdesk (available separately but not to Academies)	Apr-11	£625	per annum	subscription, helpdesk available separately
LA schools	Financial Management Support Visit Hours: Initial subscription	Apr-11	£46	per hour	subscription
LA schools	Financial Management Support Visit Hours: Additional hours	Apr-11	£48	per hour	subscription addendum
LA schools	Financial Management Support: Non subscriber rate	Apr-11	£60 plus £50 callout fee per visit	per hour	
Academies	Financial Management Support: Helpdesk (not available separately)	Jul-11	£625	pro rata monthly	
Academies	Financial Management Support Visit Hours: Initial subscription	Jul-11	£48	per hour	
Academies	Financial Management Support Visit Hours: Additional hours	Jul-11	£48	per hour	
LA schools	Internal Control Evaluation (ICE): Primary and Special	Apr-11	£565	1 review	subscription
LA schools	Internal Control Evaluation (ICE): Primary and Secondary	Apr-11	£625	1 review	subscription
Academies	Responsible Officer Review	Sep-11	£1,200	per annum	subscription, additional charges for more work
LA schools	Training half day		£105	per delegate	
LA schools	Training full day		£175	per delegate	
LA schools	Bespoke governor services training				depends on when and how long
LA schools	School Fund Examination / audit	Apr-11	from £225	per examination	graduated depending on pupil size and aggregate income and expenditure
LA schools	Recruitment of finance staff	Apr-11	£46	per hour	
Schools via Schools Learning & Development	Governor Servicers Training				agreed with Schools Learning Development

Other services:

- Financial Management Support Visit Service – on site bursar services, advice and information, one to one training, helpdesk (available separately for LA Maintained schools)
- Academy Financial Management support visit service
- Internal Control Evaluation Service (ICE)
- Academy Responsible Officer Review Service
- Financial Information Network Sessions (FINS) - conference style briefings
- Academy Finance User Group – for schools considering academy status
- Training – for finance staff, head teachers and governors
- Recruitment Consultancy – for finance / business manager related staff

The service believes it will be able to expand considerably over the coming years through an ongoing marketing campaign that will be aimed at schools in target authorities. This will create a pipeline of schools that will transfer to EFS service provision in more volume over the following 2 years. In order to achieve this, the service will need to reduce its current staff turnover rates and increase staff utilisation.

Service Analysis: Schools Learning & Development

Schools Learning & Development is proposed to be one of the five component parts of the ESO. The service provides a wide range of quality training and development opportunities to all schools in Essex, governors and clerks. It also trades with the Jiangsu Province in China.

The component parts of the Schools Learning & Development offer are as follows:

- CPD – Professional Learning and Development for Schools
- Professional Learning and Development for Governors and Clerks
- Consultancy Services (including School Improvement Consultancy)
- China Education Programme (including Courses, Projects and Consultancy)
- Professional Learning and Development Venues

The service intends to expand its market in the following ways:

	<i>Current Markets</i>	<i>Market Development</i>
Localities	Essex Local Authority Schools Neighbouring out of County schools UK	Neighbouring Authorities South East Region China
Designation of schools	Primary Schools Special Schools	Secondary Schools Academies Free Schools Studio Schools Independent Schools
Establishments	Schools Educational Establishments	Business Sector Third Sector (community and voluntary sector)

However, the business model for this service will need to change considerably, including the exploration of alternative training space. This model is also dependant on six consultants transferring to associate status from 2013/14, and an increase in business associated with the ESO's central marketing team.

Service Analysis: School Library Service

The School Library Service is proposed to be one of the five component parts of the ESO. The Library Service helps schools improve literacy skills by making available carefully chosen resources to support delivery of outstanding teaching, including:

- Advice on management and organisation of school libraries and resources to ensure good practice
- Advice and professional support on teaching of information literacy skills
- Access to an extensive collection of quality resources that reflect the multi-cultural and diverse community
- Access to a range of flexible subscription packages
- A programme of courses that support the promotion of reading and information literacy
- A bookbus service that allows pupils across Essex to participate in their school's book selection process
- A bookshop facility with over 45,000 titles that have been chosen to raise the profile of reading for purpose and pleasure

The current customer base of the service is as follows:

Product/Contracts	Essex	Regional*	Total
Primary	254	21	275
Primary Plus	59	2	61
Secondary	13	1	14
Academies (P)	14	0	14
Academies (S)	4	0	4
Independents	0	5	5
Special arrangements	14	1	15
Retainer	8	2	10
Returner	5	2	7
Total	371	34	405

The service intends to achieve growth by producing a range of packages:

- A three-year loyalty package will be available;
- A secondary package will include on-line digital resources and professional advice;
- Existing customers will be offered a loyalty package that reflects their current requirements;
- Digital resources will be added as and when they become available.

The marketing strategy will be targeted at all customer groups with the aim of raising awareness of the Service and what it does (e.g. marketing directed at newly qualified teachers).

The Service is already exploring how to approach e-books and the use of virtual libraries.

Service Analysis: Music Service

The Music Service helps over 20,000 pupils at KS2 and 12,000 in small or individual groups, via its 350 part time tutors. It also provides bands, choirs and orchestras in schools as well as running an instrument leasing service to Essex parents. The service has recently secured a £4.1m DFE Music Education Grant (MEG) to continue its work. Once the grant terms and conditions are finalised, further work will be undertaken to determine the future location of the service.

In line with the recommendations and Government responses to the Henley Report on Music Education (2011) and the National Plan for Music Education the Music Service aims to:

- Improve schools' OFSTED outcomes, particularly at KS2 (enjoy and achieve measure) – OFSTED (music subject inspection will be carried out in the future over the next two years);
- Provide a pathway of instrumental and vocal ensemble opportunities from beginner to advanced for gifted and talented players;
- Provide affordable instrumental and vocal tuition for groups and individuals;
- Provide financial assistance for Music Education for Children Looked After, and families in receipt of low income;
- Provide a framework whereby every child has the opportunity to learn a musical instrument, in line with Government National Plan for Music Education.

Current customer base:

Primary	264 out of 475	Including 91 Wider Opportunities programmes
Secondary	57 out of 80	Including Colchester Sixth Form College
Special	4 out of 19	Columbus College, Kingswode Hoe, Market Field, Oak View
Independent	6	Essex Fresh Start School, GGSK College, St John's Billericay, St Nicholas Harlow, St Philomena's, Trinity School

The nature of the previous MEG funding arrangements were that the total grant received must be spent on prescribed core and extension music-related activities including the provision of whole class instrumental tuition, one-to-one and small group tuition, and purchase of equipment for rental, subsidy for membership of the Essex Youth Orchestras and Ensembles etc. Any surplus had to be reinvested into the Music Service to be used on the core and extension provision and could not be used for other purposes.

The Service has, within the last few weeks, secured a new Music Education Grant with the aim of becoming a regional music hub.

Service Analysis: Essex Dance Theatre

Essex Dance Theatre in **not** proposed to be one of the five component parts of the ESO. The Dance Theatre (EDT) runs successful weekly dance classes, workshops and summer schools for children and young people in Chelmsford and the surrounding areas. EDT came to SCF subsidised by Adults, Community Health & Wellbeing. Following remodelling, it is on track to be subsidy free by 2013. EDT moved to become part of SCF Youth Services in April 2012.

Spring Term 2012 Fee Structure:

½ Hour Class = (12 weeks) £39.00 per term / £3.25 *per class*

¾ Hour Class = (12 weeks) £42.00 per term / £3.50 *per class*

1 Hour Class = (12 weeks) £45.00 per term / £3.75 *per class*

GCSE/A Level Dance (2nd year) £60.00 per term / £5.00 *per class*

Call II Performing Group: (Fee £270.00 per term)

(Grade 3 & 4 ballet, modern, tap) (GCSE/A Level not included)

Call I Performing Group: (Fee £270.00 per term)

(Grade 5 & 6 ballet, modern, tap) (GCSE/A Level not included)

Reason for non-inclusion in the ESO

Investigations during March 2012 noted synergies between the Dance Theatre and the alternative and complimentary education programmes in Youth Services. In addition, discussions with the Youth Service Manager indicated that the Youth Service is best placed to develop the reach of the Dance Theatre through mobile youth centres. The Dance Theatre has only two permanent employees and its effect on the CTS project is negligible. In consultation with HR and given the small scale of the operation, the SCF Director for Learning approved the move of the Dance Theatre into the Youth Service. The new Youth Service structure went live on 1 April 2012 following transformation; it was deemed appropriate that the Dance Theatre should become part of the Youth Service from this date.

Service Analysis: Essex Outdoors

Essex Outdoors is **not** proposed to be one of the five component parts of the ESO. The service delivers many different courses ranging from outdoor learning programmes to activity courses. It also provides leadership and first aid programmes and National Governing Body courses at its four venues in Essex, as well as fulfilling the statutory County Outdoor Education Adviser and County Offsite/Educational Visits Adviser roles. The service has a significant property footprint of four centres in Essex as well as a residential mountain and river base at Maes Y Lade in the Brecon Beacons. Current activity includes:

- Delivering 50% of Essex Youth Service 14 – 19 KPI for contacts, participants, accredited and recorded outcomes,
- 25% of all overseas, residential and adventurous experiences undertaken by ECC educational experiences are delivered by Essex Outdoors.
- Over 30% of all Essex Duke of Edinburgh expeditions are delivered through Essex Outdoors.
- 54% of ECC schools one day adventurous visits involve Essex Outdoor centres.
- 52000 people visited Essex Outdoor centres in 2010/11

Essex Outdoors has had significant investment in its capital assets over recent years and the asset is in its strongest position for three decades. The asset does, however, require on-going maintenance which is provided part by service funds and part from ECC maintenance teams.

The service has considerable competition locally, but remains very competitively priced:

Provider	Per Head Cost
Calshot Hampshire	330
Acorn Derwent	295
PGL Osmington Bay	286
Kingswood Overstrand	278
PGL Little Canada	274
Fellowship Affloat Essex	270
Grangewaters Thurrock	265
Stubbers Upminster	264
Essex Outdoors	245
Rock Uk	234

Reason for non-inclusion in the ESO

After investigation as part of this project, it was felt that the service is far more strategically aligned to the Environment, Sustainability and Highways emerging Green Strategy than it is to SCF and specifically CTS. A further review of these services is currently underway as part of the Systematic Review project. The emerging Green Strategy will enable ECC to develop a more consistent and cost effective approach to the management of its estate. This move will also facilitate greater synergies and efficiencies in the delivery of services to young people already provided by Outdoor Education and Country Parks. If the transfer to ESH is agreed, the service will need to undergo some transformational work prior to its being moved. The Service Manager has proposals in place for a staff re-structure to improve responsiveness and cut costs. The CTS business case recommends that this project work is carried out by SCF prior to Essex Outdoors becoming part of the ESH portfolio.