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**Minutes of the meeting of the People and Families Policy and Scrutiny Committee, held at 10am in Committee Room 1 County Hall, Chelmsford, CM1 1QH on Thursday, 14 June 2018**

**Present:**

*County Councillors:*

M Maddocks (Chairman)

J Baker

G Butland

J Chandler

J Deakin

M Durham

B Egan

M Garnett (substitute)

J Henry

J Lumley

P May

P Reid

C Souter

R Carson, Education co-optee.

The following officer was present in support of the meeting:  
Graham Hughes, Senior Democratic Services Officer

**1 Membership, Apologies, Substitutions and Declarations of Interest**

As a result of membership changes agreed at a recent meeting of Full Council, Councillors Erskine, Moran and Wagland no longer served on the Committee and Councillors Butland, Deakin and Durham had been appointed in their place. The report of the Membership, Apologies, Substitutions and Declarations was received and noted. Apologies for absence had been received from Councillor McEwan (for whom Councillor Garnett substituted) and Councillor Wood.

No declarations of interest were made.

**2 Election of Vice Chairmen for 2018/19 municipal year**

At the invitation of the Chairman, the following nominations were received to serve as Vice Chairman for the 2018/19 municipal year.

- (i) Councillor John Baker – proposed by Councillor Deakin and seconded by Councillor Chandler.
- (ii) Councillor Jenny Chandler – proposed by Councillor Egan and seconded by Councillor Henry.

With no further nominations and by general consent it was **agreed** that Councillors Baker and Chandler be appointed as Vice Chairmen for the 2018/19 municipal year.

The Chairman proposed, and it was agreed, to vary the order of business published on the agenda and to defer consideration of the minutes of the previous meeting (agenda item 3) until later in the agenda.

### 3. **Questions from the Public**

There were no questions from the public

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### 4. **Essex Education Services – call-in**

The Committee considered report (PAF/13/18) comprising papers connected to a call-in of a decision made by Cabinet on 22 May 2018 to conduct a sale of Essex Education Services (EES), a traded part of the County Council which provided certain services to schools.

#### (a) Summary of decision being reviewed:

- EES was a profitable traded business of Essex County Council with its own recognisable brand in the market place.
- A key product of EES was Target Tracker which held a 25% market share in primary school assessment software.
- It was proposed that the following consultancy services were also disposed of as part of the transaction: Education Finance Support, Support for Governors, Clerking Agency, Schools HR.
- Whilst Joint venture arrangements had been considered, it had been decided to proceed with the complete disposal of EES with the exception of Essex Outdoors and Initial Teacher Training.

#### (b) The reasons for the call-in

On 25 May 2018 the decision was called-in by Councillor Baker with the support of Councillor's Deakin, Mackrory and Robinson. At the invitation of the Chairman, Councillor Baker presented his case for the call-in:

- Selling EES to a private company would undermine democratic accountability and was not in the interest of the public, schools, families and pupils.
- Schools that remained in local education authority control (rather than converting to academies) had made a decision at their governing body meetings to stay as such partly as a result of the general and professional support they get from Essex County Council. The disposal of EES would deny those schools being able to stay part of Essex County Council.

- The services provided by EES were very important to schools and were profitable and brought revenue to the County Council which should not be discarded.
- Disposal of other educational support services with Target Tracker was premised on a vague market view that it was more attractive to sell EES in totality (with the support services) but he queried whether this was consistent with the views of the commissioned management consultant who had reviewed options for EES.
- He had concerns that EES could be further sold-on by a purchaser.
- The focus on maximising the sale value of EES could overshadow proper consideration of the impact on families and pupils.
- The decision should be put on hold so that further thought could be given to the impact on key stakeholders.

(c) Cabinet Member response to the call-in

Thereafter, at the request of the Chairman, Councillor Ray Gooding, Cabinet Member for Education and Skills, responded to each of the issues raised in the call-in notice with support from the following officers:

- Jason Kitcat, Executive Director for Corporate Development.
- Richard Boughey, Director for EES for Schools.

The following key points were made in response to the call-in:

- The purpose of the Cabinet paper was essentially to explore the market for a sale.
- Organisationally, EES operated independently from the statutory Education services provided by the County Council. It was confirmed that EES did not have any special access to other areas of ECC education services. EES had no financial support from ECC.
- Statutory services were ones delivered pursuant to a legal duty. Non-statutory services were discretionary under statute but services that a Local Authority could choose to offer. None of the services in the proposed package for sale were statutory but were discretionary non-statutory services.
- Various functions of EES had been traded long before the academisation process had started. Since that time all schools (whether local education authority controlled or not) had been free to decide whether to purchase any of the EES services. The EES services in future would still be offered for purchase just as they are now and all schools (including academies) would still be free to make that purchase choice.
- The Cabinet Member contested that the issue of academisation had any bearing on the sale process. Decisions by schools whether to stay as a County Council maintained school or not were completely separate decisions to that of deciding whether to purchase EES services.

- It was considered that EES had reached a point where it now needed significant investment in order to continue to grow and meet the demands of its customers. In the case of Target Tracker, which was a significant part of the sale, specialist investment was needed to avoid losing ground to competitors and to further adapt the software for use on other appliances such as i-pads. The Cabinet Member viewed that Target Tracker was at peak of its revenue curve and ECC would see income from it declining in future without further significant investment.
- Similarly, the consultancy services needed investment and he believed that another owner would also be better placed to offer this investment.
- Retaining a shareholding would be problematic in determining an appropriate level that was acceptable to the market and would continue to involve the County Council in contributing financially towards product and service development.

(d) Issues raised by the Committee

During subsequent discussion the following clarification was given and/or issues were raised:

- Retaining EES had been considered as an option by the County Council. Investing in the development, renewal and improvement of the Target Tracker software had been estimated to cost between £4-£7 million - this was considered unviable for the Council and did not produce sufficient return at an acceptable risk;
- The Cabinet Member and officers considered that the sale disposal option was the most likely to deliver good and sustainable outcomes for the EES service and products.
- Most schools in Essex bought at least one service from EES.
- A broad range of up to 40 companies had shown informal interest in the proposed sale. A handful of those were direct competitors for Target Tracker and some were private equity companies who could look to develop the Target Tracker software, in particular, and sell it on. Members suggested that the private equity option may be something that should be resisted.
- Members queried whether the main strategic driver for the sale was solely to maximise best value highlighting that the Cabinet decision paper referred to 'maximising the return to the Council'. Yet members questioned whether there should also be a priority objective for EES to retain a strategic presence in Essex and remain as an employer in the county. Members were keen that the bid assessment process was a combination of both maximising value and ensuring an ongoing strategic presence in Essex.
- Members were keen that a future purchaser be encouraged to retain the location of the EES business within Essex. It was stressed that although it was not possible to constrain a future purchaser indefinitely the County Council had been clear during informal

discussions that there was an expectation that bidders should take this into consideration.

- The Cabinet Member reported that, perhaps, inevitably there had been some mixed initial views about the proposal when he spoke to Head Teachers after the publication of the Cabinet agenda papers. He added that the schools acknowledged that Target Tracker needed further significant development but that they did have some concerns around the disposal of some of the consultancy services.
- The Education representative present at the meeting reported that the specific areas of concern for schools had been the proposed disposal of HR services and educational visits and that they had only been given 5 days to comment prior to the Cabinet decision being taken. It was acknowledged that the need for commercial confidentiality and ensuring that staff impacted by the proposal had been informed first had constrained the time available to consult schools in advance of the decision.
- Members queried whether the County Council could justify losing the income being generated by EES if it was sold. In addition, members queried whether the commercial decision to sell EES would be undermined when incurring significant legal and consultancy fees and being charged £3m for the pension bond. It was stressed that the funds for the pension bond was not an additional cost as it would be recovered from the purchaser after sale completion.

(e) Motions proposed and the decision of the Committee

The Chairman then reminded the Committee that, in considering the call-in, the Committee had the following courses of action open to it.

- Refer the decision back to the Cabinet Member for Education;
- Refer the matter to Full Council;
- Support the decision being implemented;

Councillor Deakin moved the following motion, which was seconded by Councillor Baker:

That Decision FP/102/03/18 – Review of Essex Education Services be referred back to the Cabinet Member to further explore the opportunities to retain the service as the County Council had an obligation to retain the income and profit from the service for the betterment of the Essex population.

Upon being put to the meeting the Motion was lost by 7 votes to 4 with one declared abstention.

Then, in proposing the Committee's support for the proposed decision to be implemented, Councillor Butland stressed that the discussion had raised a number of issues for the Cabinet Member to consider further during the

procurement process and on which the Committee would need further information and reassurance after the sale had completed.

Councillor Butler moved a Motion to the effect detailed in the resolution below, which was seconded by Councillor Chandler.

Upon being put to the meeting the Motion was carried by 8 votes to 3 with one declared abstention. Accordingly it was:

**Resolved:**

- (i) That, the Committee supports Decision FP/102/03/18 – Review of Essex Education Services and that it should be implemented at the conclusion of the meeting;
- (ii) That after the sale transaction had been completed, a further update be provided by the Cabinet Member to illustrate how the strategic objectives stated in the decision paper had been met, provide more information on the financial payback period, and that there was a clear understanding with the purchaser to encourage EES maintaining a strategic presence in the county.

After a short adjournment the meeting then continued.

**5. Minutes**

The draft minutes of the meeting held on 12 April 2018 were agreed subject to the following minor typos being corrected:

Page 1 – In two places Richard Carsen being spelt Richard Carson instead.

Page 2 - Minute 4 be headed 'Healthwatch Essex' rather than 'Essex Safeguarding Children Board.

**6. Relationship Management**

The Committee considered report (PAF/14/18) on supplier relationships from Steve Ede, Head of Procurement. A review of relationships with adult social care providers had been undertaken by County Council officers and a report published in November 2016. The review had been undertaken as there had been a perception that relationships between ECC and the care market were poor. ECC had recognised that it could not meet additional responsibilities imposed by the Care Act around market management and sustainability without improving relationships with the care market.

A number of actions had been taken to date including:

- (i) the establishment of a Care Provider Information Hub.

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- (ii) assisting the growth of the Essex Care Association (ECA) – the County Council now attends quarterly meetings which were now being conducted in a more professional, respectful and positive atmosphere. Simon Harness had been seconded as a Development Director at the ECA to look at further developing ECA in the care market and to improve relationships with ECC
  - (iii) conducting Annual Relationship Management Surveys,
  - (iv) the development of a Care Market Strategy 2017-21;
  - (v) a number of workforce initiatives had been developed to help alleviate the issues of recruitment and retention and raising the profile of the profession including a newspaper supplement promoting careers.
  - (vi) A Strategic Provider Group for the domiciliary market had been established to discuss issues with senior officers and improve collaboration.
  - (vii) A New Advisory forum would develop ideas and shape thinking between ECC and a number of key players in the market. Eight suppliers had been invited – comprising a range of national companies and small SMEs. Members queried whether membership was truly representative and whether it included a mix of contented and unhappy suppliers. It was confirmed the eight included Runwoods (the largest supplier) and a SME domiciliary care provider. Membership may change over time.
  - (viii) Members queried the mechanisms for ensuring that ECC sufficiently engaged with smaller providers. The establishment of the hub and the enhanced role for the Essex Care Association would assist this. **Action:** members suggested that officers should also develop specific forums/meetings for smaller providers and it was agreed to look into this further.
  - (ix) Work had begun on clearly defining roles and responsibilities of ECC officers to help suppliers more easily navigate between various departments and teams in ECC.
  - (x) There were a variety of different operational accountabilities within ECC so officers were not pursuing one single person for an oversight role for all providers. However, providers were welcoming more face to face meetings with senior officers and the Cabinet Member and Deputy Cabinet Member.
  - (xi) Aged debt had reduced to around £1.2m (having peaked at £5m), helped by a focus on improving processes. The amount was attributable to approximately 720 outstanding invoices with 500 of them outstanding for more than three months. The aged debt represented less than one day's spend by ECC. The reasons for the outstanding invoices could be complicated and varied ranging from invoices quoting wrong rates, not matching against details on ECC systems, lost invoices, and sometimes invoices requiring significant time to resolve issues through correspondence. It was acknowledged that processes needed to further improve. **Action:** - further information would be provided to members on the older debt and breaking down the aged debt between small and large companies.

**Action:** The Chairman thanked Mr Ede for attending and asked for a further update on progress being made - timing TBC.

### **Task and Finish Group – Hip fractures and falls prevention**

The Committee considered and endorsed a report (HOPSC/19/18) from the Task and Finish Group established with the People and Families Policy and Scrutiny Committee to look at certain aspects of hip fractures and falls prevention in Essex. Cllr Souter outlined some of the work undertaken by the Group and the recommendations arising from the review.

With evidence indicating that most falls happen at the time and location where people spend most of their time (i.e. both private homes and residential care homes) the Group concluded that it would look at the support in place in residential care homes. As part of its initial investigations the Group agreed to focus on the effectiveness and future potential of the PROSPER programme (Promoting Safer Provision of Care for Elderly Residents and subsequently renamed promoting Safer Provision of Care for Every Resident) as the core component of its review. PROSPER was a toolkit and training programme that empowered care home staff to identify and make improvements to how they provided care and to create good practice.

The Group had been impressed by the potential of the PROSPER programme and that many care homes in Essex had embraced the methodology behind it. The Group concluded that there was significant potential to extend some, or all, of the programme into other social settings and that there needed to be certainty of future funding to facilitate that.

**Agreed:** to endorse the report and that the Chairman and Vice Chairmen, in consultation with the Chairman of the Health Overview and Policy and Scrutiny Committee, consider how to take the recommendations forward and follow-up work.

### **Work Programme**

The Committee considered and noted report PAF/16/18.

### **Date next meeting**

The next Committee activity day had been re-scheduled for Wednesday 11 July 2018. Activity days may be a private session, meeting in public, briefing, site visit etc – to be confirmed nearer the time

There being no further business the meeting closed at 12.35am.

**Chairman**