

**Decision Maker:** EDUCATION POLICY DEVELOPMENT AND SCRUTINY COMMITTEE

**Date:** Tuesday 11 September 2012

**Decision Type:** Non-Urgent Non-Executive Non-Key

**Title:** OUTCOMES OF THE EDUCATION SELECT COMMITTEE HEARING INTO PROVISION OF SOLD SERVICES TO SCHOOLS

**Contact Officer:** Kerry Nicholls, Democratic Services Officer  
Tel: 020 8313 4602 E-mail: kerry.nicholls@bromley.gov.uk

**Chief Officer:** Director of Resources

**Ward:** Borough-wide

---

1. Reason for report

1.1 At its meeting on 12<sup>th</sup> June 2012, the Education PDS Committee agreed to convene an Education Select Committee Hearing into the Provision of Sold Services to Schools.

1.2 The Education Select Committee Hearing into the Provision of Sold Services to Schools was held on 17<sup>th</sup> July 2012, and the Chairman's report is now available for Members to consider.

---

2. RECOMMENDATION(S)

2.1 The Education PDS Committee is requested to:

- 1) Consider the conclusions of the Select Committee Hearing;
- 2) Make representations to the Education Portfolio Holder to support the option of contractor commissioning for sold services where appropriate; and,
- 3) Agree proposals for the future organisation of Select Committee Hearings.

### Corporate Policy

1. Policy Status: Existing Policy
  2. BBB Priority: Excellent Council
- 

### Financial

1. Cost of proposal: No Cost
  2. Ongoing costs: Not Applicable
  3. Budget head/performance centre: Democratic Services
  4. Total current budget for this head: £344,054
  5. Source of funding: Existing 2012/13 budget
- 

### Staff

1. Number of staff (current and additional): There are 8 posts (7.22 fte) in the Democratic Services Team.
  2. If from existing staff resources, number of staff hours: N/A
- 

### Legal

1. Legal Requirement: Non-Statutory - No Government Guidance
  2. Call-in: Not Applicable: This report does not involve an executive decision.
- 

### Customer Impact

1. Estimated number of users/beneficiaries (current and projected): N/A
- 

### Ward Councillor Views

1. Have Ward Councillors been asked for comments? Not Applicable
2. Summary of Ward Councillors comments: N/A

### 3. COMMENTARY

- 3.1 At its meeting on 12<sup>th</sup> June 2012, the Education PDS Committee agreed to convene an Education Select Committee Hearing into the Provision of Sold Services to Schools. The membership reflected that of the Education PDS Committee and comprised 9 Councillors and 8 Co-opted Members (of which 5 had voting rights).
- 3.2 The Education Select Committee Hearing into the Provision of Sold Services to Schools was held on 17<sup>th</sup> July 2012. The aim of the Select Committee Hearing was to explore how sold services were currently delivered across the Borough and to consider how sold services could be delivered in future to support the needs of schools across the Borough.
- 3.3 The Committee considered evidence from a range of witnesses who comprised:
- Mr Bob Garnett, Interim Assistant Director (Education), Lesley Moore, Deputy Director of Finance and Laurence Downes, Strategic Commissioning Manager, representing the perspective of Council Officers responsible for education sold services;
  - Mrs Janet Vick, HR Director, Bishop Justus CE School, representing a school purchasing sold services;
  - Mr Brian Oppenheim, Cambridge Education, representing a private provider of sold services;
  - Mrs Jo Lakey, Acting Head of School Improvement, London Borough of Bexley, representing a neighbouring local authority providing an Education sold services offer; and,
  - Councillor Stephen Wells, Portfolio Holder for Education, representing the Local Authority's Executive.
- 3.4 The minutes of the Select Committee Hearing have been circulated and await approval at this meeting.
- 3.5 Following the Select Committee Hearing, written submissions were received from Mrs Janet Latinwo, a Co-opted member of the Education PDS Committee representing Primary School Governors (**Appendix A**), Charles Obazuaye, Assistant Chief Executive (HR) (**Appendix B**) and Lesley Moore, Deputy Director of Finance (**Appendix C**). Their submissions are attached as appendices to this report.
- 3.6 Following the meeting of the Select Committee, the Chairman circulated his initial conclusions on the evidence and observations on the Select Committee process. No further responses were received from the Committee.
- 3.7 Having now received the additional paper from Lesley Moore, Deputy Director of Finance, the following conclusions from the Hearing and subsequent written evidence are recommended for consideration by the Committee:

#### 3.7.1 Fundamental principles:

If a service is to continue to be run by the Local Authority:

- i. Services should not run at a loss but should be Full Cost Recovery;
- ii. Service providers should examine what is offered in competition to the Local Authority and where necessary improve service to compete;
- iii. Service providers should routinely seek feedback from customers to ensure service meets demand;

3.8 In the light of the evidence from the Deputy Director of Finance and others at the Select Committee Hearing, the Education Portfolio Holder should examine whether present configuration, organisation and delivery of services is the right one;

In particular he should examine alternative models for ensuring key support services are available.

3.9 The Committee heard evidence of the following alternative models:

i. School organised as a collaborative through Schools Forum or other grouping;

Using: a. Council services all or in part;  
b. Commercial companies;  
c. Individual contractors bought as required; or,  
d. Such other model as they chose

ii. Free market – The Local Authority withdraws from service;

iii. Present sold services morph into ‘standalone’ business units initially under Local Authority control but eventually floated off into limited companies, as was done with Architect’s Service some years ago;

iv. Creation of Education Trust along the lines of Mytime; and,

v. Commission services directly using an experienced contractor.

3.10 The Committee noted the argument put forward in Dr Bob Garnett’s paper that the Local Authority should retain an interest in provision of services because of two-way feedback, early warning of schools in danger, and help with delivering 200 statutory functions. However the Committee notes that alternative ways of providing information and carrying out statutory functions are available, without the Local Authority controlling or providing sold services.

3.11 The Committee noted the evidence put forward at the Hearing both by the Education Portfolio Holder and the Deputy Director of Finance for the Local Authority to consider the fundamental question, (as schools become academies), as to future role of Education Department. Should it become a small organisation commissioning such services as it needs to undertake its statutory functions?

3.12 In the light of this evidence and the subsequent written report from the Deputy Director of Finance (**Appendix C**) setting out the current risks (Paragraphs 2.12-2.16), the Future Sustainability (Paragraphs 2.17-2.20) and the conclusions entitled ‘Going Forward’ (Paragraph 3), it is recommended that the best option for the Local Authority lies in commissioning services by inviting a contractor familiar with the Local Authority’s operations to take over the running of the services using wherever possible the existing staff who have knowledge of the Local Authority’s current provision. This would have the advantage of bringing in the necessary marketing and financial skills to ensure that the Local Authority could meet its statutory duties in a rapidly changing market.

3.13 Following the Select Committee Hearing, the Chairman circulated to members of the Committee his observations on the way in which the Select Committee process worked and suggested areas where it could be improved. These are listed below. Members who attended the Hearing on July 17<sup>th</sup> are invited to add any other observations they may have.

i. Need for clearly defined witnesses (including Council staff) and clearer objectives as to the outcome desired for the Hearing;

ii. Witnesses to produce papers outlining their evidence for circulation with initial papers;

- iii. Tighter time limits on witnesses;
- iv. Ensure all members are aware of any pre-meetings held; and,
- v. Shorter Hearings (should there be a second Hearing on another day?)

<b>Non-Applicable Sections:</b>	Policy Implications; Financial Implications; Legal Implications; Personnel Implications
Background Documents: (Access via Contact Officer)	Minutes of the meeting of the Education Select Committee Hearing into Provision of Sold Services to Schools held on 17 <sup>th</sup> July 2012

**Written Submission from Mrs Janet Latinwo, a Co-opted member of the Education PDS  
Committee representing Primary School Governors**

With regard to the Select Committee when we were asked to email out suggestions, my only suggestions are really reiterations of what was discussed, namely:

From my school's perspective, we are very happy with the service provided in-house. We are considering more bespoke external services for Leadership and also Ofsted monitoring.

One of the concerns is whether the tariffs will significantly change should the school choose to convert to Academy status in the future.

I would agree a survey would be useful, even if it were as simplistic as feedback forms sent to all schools, asking a number of questions which can provide critical feedback. In particular if a school drops a service, as was the case with Bishop Justus, a feedback questionnaire can be requested from the school, in order to ascertain the reasons. This can also be sent online.

I would add one should be be cautious when obtaining legal advice from an external provider, although the witness felt the advice was more robust, they are only the second year into their external HR sold service and one of the reasons in house legal services may err on the side of caution is because they are looking at the overall impact to the Council and the possible long term cost implications. It seems to have worked well for this school nevertheless.

## Written Submission from Charles Obazuaye, Assistant Chief Executive (HR)

### HR Services

The Human Resources Team specialises in providing responsive personnel services to a range of clients in the Education Sector. We provide specialist Consultancy and Business Services support to Head Teachers, Senior Managers and Governing Bodies to help them achieve strategic goals and fulfil their operational responsibilities as employers.

Consultancy services are varied but primarily offer employee relations support and advice in key areas such as discipline, capability, grievance, TUPE organisational change, pay and grading, industrial relations and sickness absence management and individual casework (including Employment tribunal proceedings).

Our HR Business Service provides a full administrative service including pre and post employment. This includes all employment checks, contracts and contractual variations and employment terminations. Our recruitment service offers placement of adverts within 24 hours and we also offer support at all stages of the recruitment process.

For all HR services we offer a named contact officer and HR Consultant for each school, but we offer flexible and customised support to schools. Our customers have told us that they value this.

As well as fulfilling the Council's statutory employer responsibilities we offer a variety of sold services packages through a service level agreement ranging from a fully integrated HR Consultancy and Business Service to bespoke development and training programmes and specialist project work. For these services we trade on a full cost recovery basis.

We currently provide a service to the following Bromley schools:

- 49 Community/Voluntary Controlled Primary Schools (where the Council is regarded as the employer); and,
- 14 Foundation and Voluntary Aided Schools (where the council has limited employment responsibilities mainly relating to dismissals and pensions).

We are also delighted that many customers who have converted to Academy status have still retained our services and we currently provide a service to:

- 11 Bromley Primary Academies;
- 10 Bromley Secondary Academies;
- Full HR Service to a school in Dulwich; and,
- Advisory service to Bromley Youth Music Trust

### Bishop Justus - comparison of costs and service levels

Bishop Justus CE School was a customer of Bromley HR Services until 10 December 2010 when the school opted out of their Service Level agreement with us.

At the time of their ceasing services the school was purchasing an HR Advisory service costing £6026. The service offered at that time is the same as now (a full copy of the service description can be requested from Human Resources if required).

The key flexibility of the Advisory service is that it offers unlimited telephone calls, written advice or personal visits (including attendance at appropriate Governors' Committee meetings) as necessary.

The full HR Service costs £8858 and offers not only the benefits of the Advisory Service but also the Business Services support service described above. (a full breakdown of the service offered can be requested from Human Resources if required). As such our full HR service is designed for those schools without their own in-house expertise, and on this basis is cost effective (when compared with our cost + salary of (say) an HR Director and any internal administrative staff who issue letters/contracts etc) as in the case of Bishop Justus.

Had the school invited bids against a specification of its service requirements a comparison of Bromley costs with CEFM would be appropriate; however it did not do so. Bromley HR continues to offer a range of packages which can be tailor made to suit the needs of customers. These services are priced competitively and to provide a comparison our telephone /fax/helpline plus handbook and updates cost £1751 in the first year and £1597 per annum thereafter. This is a more comparable service to the one described by the HR Director of Bishop Justus CE School as having been purchased by the school from CEFM at £2,300 per annum (albeit including legal services).

The HR Director, Bishop Justus CE School also mentioned that the school had not needed CEFM to attend in person (at extra cost) having only had a couple of minor disciplinary cases since purchasing from CEFM. It is worth noting that whilst with Bromley HR for one case alone at Bishop Justus CE School there were 12 hours of individual meetings, 4.5 days spent at hearings and an additional estimated 20 hours spent on drafting correspondence/telephone calls etc. In addition two further senior officers attended the school in relation to appeal processes etc.

This time was in addition to the other routine employee relations advisory service provided to the school within the overall charge of the Advisory Service.

## **Feedback**

When Bishop Justus CE School decided not to purchase our services we were naturally disappointed but were assured that this was not reflective of the quality of service provided. Despite the assurances to the contrary given to the Select Committee, Bromley HR sought feedback as to the reasons for the decision to go elsewhere and was told only that the school had decided to purchase an HR service which included the cost of legal services. At that time the school had just had a complex employee relations case which ultimately led to a Tribunal claim dealt with at extra cost to the school given that the HR Service does not include the costs of the Borough's legal team who may support at ET's etc.

## **Availability**

Although our SLA indicates the core hours of 8.30am to 5.00pm we pride ourselves on the flexibility of the services we provide and in reality staff are available outside these hours; staff also attend evening meetings at no extra cost whenever this is required.

The HR Consultant supporting the school visited the school several times during the course of their agreement with us and worked numerous hours including at the weekend. This flexibility was recognised separately by the Head Teacher.

We acknowledge that there are occasions when due to other commitments it is not possible for school's to have access to their named consultant. However there is always consultancy advice available in these instances.



We have performance standards for delivery of the service and we always endeavour to respond promptly especially when a matter requires urgent attention. We provide out of hours support to our customers if and when required because we take seriously our 'duty of care' not just to schools but their staff and pupils. We understand the impact of our role on the school's business objectives.

Our service is delivered by a team of professionally qualified Consultants with a depth of expertise in employment law and a raft of complex terms and conditions of service. The Manager of the service is MCIPD qualified and has over 20 years experience of working successfully with schools the team also has extensive experience of working with Head Teachers and Governors on a range of school based employee relation issues. We have a proven track record of success at Employment Tribunals and aim to provide advice to our clients on the range of options available in a given situation. On the surface this may appear to some to be cautious, but we aim to enable to school to make informed decisions about the associated risks in order to prevent the school from having to be subjected to a costly claim.

### **Customer Care and Value for Money**

We endeavour to keep close to our customers adapting our service to meet their needs. We recognise that schools are individual customers and that levels of service required vary differently from the primary to the secondary sector where services can be provided mainly in full or can be purchased to strengthen an existing in house provision. We continually try to increase the portfolio range of services we are able to provide within a competitive market place. With this in mind this is the 2<sup>nd</sup> year running that HR has maintained its pricing structure with no increase whilst on target to achieve full cost recovery. We have undertaken research which shows that we offer very good value for money when compared with our competitors on a like for like basis.

Quotes from a few of our customers expressing their satisfaction and value for money from our services can be found in the attached flyer.

We use surveys and casework evaluation questionnaires to monitor service quality and consistency and to also seek ideas from our customers where they feel new or different services could be provided.

### **HR Handbook**

Our handbook has been developed and is available on the schools' separate Fronter network. The Handbook traditionally was available in hard copy but as part of continually developing our service to customers we found it more practical to have an online version which can be updated easily and quickly.

Customers can also access it easily and are able to down load documents if they wish.

The Handbook contains model procedures covering a range of Employee Relations issues and also includes standard letters and flow charts where applicable. We also offer model job descriptions. We are continually looking to increase the information contained within the handbook and always welcome feed back from our customers in this respect.

We do have quality assurance in place and this is being strengthened as a result of the customer feedbacks from schools.

### **Returning schools**

Human Resources has supported 3 Bromley schools who decided to purchase HR Services elsewhere and then asked to return to us. These schools had experienced difficulties with the quality

of service provision with their provider and required intensive support on their return to us. We are delighted that our customers recognise the quality of service we provide and such is the relationship that we have with them that they feel able to return.

### **Trading Account requirements / Marketing**

Although we have operated a “Sold Service” for a number of years now, from the 1<sup>st</sup> April this year HR has operated on a full cost recovery Trading Account basis. Our income target is £268k and we are on track to achieve a balanced budget. We have broadened our portfolio to achieve this for example we have recently introduced a range of bite size courses which have proved highly popular. Delegates from 29 Bromley schools have already attended the courses and further courses are already planned for the Autumn term and following Spring term. We intend to continue with these, offering them to other schools out borough and increasing the range of topics we cover. We are also currently bidding for some project work with another out of borough Academy.

A flyer was recently sent to all schools in neighbouring boroughs to market Bromley HR Consultancy and Business Services (a copy of this flyer can be requested from Human Resources if required). We expect to follow this up and continue with our marketing strategy in September (subject to Members’ decision regarding the future of sold services to schools).

**Written Submission from Lesley Moore, Deputy Director of Finance**

This submission is to follow.