

Future Fit Project Title: Developing a Core Service (Phase 2 - Commissioning of Learning and Achievement)

Type of Saving:	Please tick one box
FURTHER	<input checked="" type="checkbox"/>
FASTER	<input type="checkbox"/>
NEW	<input type="checkbox"/>

Corporate Plan Area:

	Please tick one box
Children and Families	<input checked="" type="checkbox"/>
Environment	<input type="checkbox"/>
Open for Business	<input type="checkbox"/>
Health & Wellbeing	<input type="checkbox"/>
Cross Council Priorities	<input type="checkbox"/>

CMR Lead:

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SLT Lead:

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Head of Service Lead:

John Edwards

CMR Challenge:

John Campion/Lucy Hodgson

Brief Project Description:

The commissioning of Learning and Achievement services has occurred in response to significant changes in the relationship between the Council and key stakeholders, for example the growth in the number of academies and initiatives such as Teaching Schools leading to sector led support and challenge. The Council has a direct responsibility for maintained schools and is expected to know, understand and challenge the performance of academy schools to attain high standards of education. Worcestershire now has 52 academy schools (21.6%) with 189 schools (78.4%) maintained by the Council. Of the children attending publicly funded schools in Worcestershire, 42% are in academy schools, predominantly at secondary or middle school level with the remaining 58% attending maintained schools. 86% of children at primary school attend a LA maintained school. The Council retains some responsibilities for all publicly funded schools, whether maintained by the Council, an academy or free school e.g., the duty to provide sufficient quantity and quality of school places for children and young people in all schools. This includes the management of current provision, and the strategic co-ordination and commissioning of additional places including new schools. It also relates to the provision of education for children and young people identified as having special needs, aged 0-25. The leadership of educational support for looked after children is provided through a Virtual Headteacher, a statutory role that sits with the Council.

The commissioning of Learning and Achievement fits with the council's operating model and is the mechanism to realise the majority of the significant savings that will need to be made over the next two years. Learning and Achievement is one of three parts of a children's service focused on improving outcomes for all children, young people and families in Worcestershire whether they are accessing universal, targeted or specialist services. The other two parts are the commissioning of Early Help services and Improving Safeguarding Services.

This report covers the non-Dedicated School Grant (DSG) budgets. There are significant Dedicated Schools Budgets that are ring-fenced and subject to specific statutory requirements and are also influenced by Schools Forum.

Due to the nature of the client group, which includes protected characteristic groups, further equality consideration is required during the project.

Purpose:

The Learning and Achievement budget is currently £6.5million. A bottom up approach has been taken to the design of the long term retained service which will only consist of provision planning and placement, the Virtual Head plus the strategic commissioning function including quality assurance. Contract management will part of a central function. The retained structure represents a reduction on 2014/15 staffing levels (which in turn were reduced by £1.7million from 13/14) and further reductions will be made between 2015/16 and 2016/17.

The savings profile against this budget for the next three years (including FFN target) is shown in the table below, which shows a reduction in budget from 2014/15 value of £6.5million to £4million in 2017/18:

	2014/15 BASE BUDGET £000	2015/16 BASE BUDGET £000	2016/17 BASE BUDGET £000	2017/18 BASE BUDGET £000	2014/15 DSG BUDGET £000
Intelligent Client Unit (ICU)					
Universal Provision & Placement (Area 1)		986	535	503	
Virtual Head (Area 2)	Within	76	76	76	
Strategic Commissioning Function (Area 3)	L&A	252	252	252	
Special Educational Needs (SEN) (Area 4)	Budgets	1,061	1,061	1,061	10,073
	6,508	2,375	1,924	1,892	10,073
External Provider - Contract	-	3,849	2,505	2,161	4,162
Total Budget	6,508	6,224	4,429	4,053	14,235
Year on Year Change		(284)	(1,795)	(376)	

The services that will be retained within the ICU are broken down into four main functional areas:

- Area 1: Universal Provision & Placement
- Area 2: Virtual Head Teacher and Vulnerable Learners
- Area 3: Strategic Commissioning for Schools and Settings
- Area 4: SEND Assessment and Commissioning of Specialist Provision

Area 1: Universal Provision & Placement.

The primary focus of Area 1 is the assessment of need for places and place planning for schools and colleges alongside the management of capital for schools investment and commissioning through the JPV.

The 2015/16 budget that will support the function is £986k reducing to £503k by 2017/18. The reduction of £483k will be achieved by ending fixed term posts which are in place to complete existing work and support the transition process. In the future, further opportunities for reduction in capacity may be possible as part of implementation of the Operating Model and a council wide approach to place planning.

Area 1 will carry out the following activities:

1. Assessment of need for places and place planning for mainstream schools and colleges

2. Assessment of need for places and specialist place planning for individuals¹ with SEND
3. Assessment of sufficient places for Early Years
4. Strategic co-ordination and commissioning of additional place capacity including new schools
5. Management of capital for schools investment and commissioning through the JPV
6. Lead on school organisational change in maintained schools
7. LA lead for conversions and opening of new Academies
8. Policy link with universal HTS transport and point of reference for budget
9. Strategic policy development

This area will also retain strategic overview for the following commissioned services:

- Admissions

Area 2: Virtual Head Teacher and Vulnerable Learners

The Virtual Headteacher (1FTE) is a statutory function and must be retained within the Local Authority. The Virtual Headteacher maintains a strategic overview and ensures provision of countywide support for LAC to ensure they have the best possible outcomes as well as closing achievement gaps between vulnerable pupils and their peers. The strategic commissioning functions for contract management and quality assurance that sit within Area 3 will also support Area 2 activity.

The budget that will support the function is: £76k

Area 2 will carry out the following activities:

1. Monitor and challenge the service provider to ensure the closing of achievement gaps between vulnerable pupils and their peers
2. Strategic overview of demand for Alternative Provision (AP) places, using monitoring information supplied by the service provider, plus links with Area 4 for the management of the process for commissioning or decommissioning of provision
3. Ensure schools statutorily are compliant for LAC
4. Strategic oversight of the management and impact of Pupil Premium Plus grant spend for LAC
5. Challenge other LA commissioning managers to ensure provision for vulnerable groups is appropriate and sufficient e.g. Health, Early Help, Troubled Families
6. Liaise with the LA lead (Early Help) to support the work to reduce % of young people who are NEET
7. Statutory retention within the local authority of Virtual Head role

This area will also retain strategic overview for the following commissioned services:

- Specialist teaching including Learning Support Team; Integrated Specialist Support service; statutory responsibilities for Medical Education Team; services for children with physical difficulties
- All hard to place pupils - Exclusions, Elective Home Educated, Children Missing Education
- Attendance and persistent absence including Education Investigation
- Ethnic Minority Achievement and Gypsy Roma Traveller pupils (subject to School's Forum decision)
- Early Years Inclusion Team
- Virtual School for LAC
- Educational Psychology
- Appropriate DSG expenditure in conjunction with schools' finance

¹ This will transfer from Area 4 when SEN is externalised

Area 3: Strategic Commissioning for Schools and Settings

Area 3 (4FTE) will carry out the management of the 3rd party provider contract including performance monitoring (inc quality) and have the strategic overview of quality and performance of schools, settings and colleges. Bottom up costing for this new area has taken place using learning from other commissioned areas (e.g Early Help) regarding resource requirements and function. There may be opportunity to make further savings in this area once the contract is embedded. This will be reviewed in 2016/17.

The budget that will support the function is: £252k which will ultimately manage a contract value of £8million reducing to £6.3million in 2016/17 (mainstream and DSG funding which could increase by a further £11million if the SEND Service is added to the contract)

Area 3 will carry out the following activities:

1. Management of 3rd party provider contract including performance monitoring (inc quality)
2. Relationship management with 3rd party provider
3. Strategic overview of quality and performance of schools, settings and colleges
4. Strategic LA challenge and intervention in schools and settings
5. Strategic link with national bodies such as HMI, Ofsted, DfE
6. Strategic policy development
7. Strategic overview of Nursery Education Provision

This area will also retain strategic overview for the following commissioned services:

- Management of contract with 3rd party provider in conjunction with Area leads
- School Improvement and Learning and Teaching Advice
- Statutory moderation
- Educational outcomes 5-19
- Governor Services
- Early Years Improvement and Advice
- Safeguarding of Early Years settings
- Workforce Development – School leadership succession planning; wider workforce; NQTs
- Co-ordination of Ofsted inspection of LA arrangements for School Improvement

Area 4: Special Education Need or Disability (SEND) Assessment and commissioning of specialist provision

Area 4 will continue the management of the statutory SEND process and appeals for 0-25. This will include education and transport funding and the overview of specialist place requirements 0-25; including commissioning and de-commissioning of provision (this will transfer to Area 1 if SEND is outsourced in the future).

Due to significant new SEND Legislation which came into effect on 1st September 2014, Cabinet endorsed the recommendation to retain the SEND function in-house in the short term and will undertake a bottom up review exercise of the service and its new functions in line with the reform for September 2016. This service remains in scope of the externally commissioned contract but will be considered for outsourcing at a later date when the reform impact and provider capability is known.

The new legislation brings new challenges and likely increased demand, the impact of which is currently unknown. Forecasting for the service is uncertain due to the new 0-25 age range being introduced (currently 0-19) alongside the introduction of Education Health and Care plans (replacing statements and learning difficulty assessments) and personal budgets. A full review of this service will be undertaken in 2016 (prior to the decision to commission or not) when demand is clearer and the reform has been implemented. This may present opportunities to reduce the size of this team

however if demand in this area has increased any savings identified may need to be re-directed into service provision to meet rising demand.

The budget that will support the function is: £1.061m

Area 4 will carry out the following activities:

1. Management of statutory SEND process and appeals 0-25
2. Strategic overview of specialist place requirements 0-25 inc commissioning and de-commissioning of provision
3. Development of SEND strategy for placement of 0-25 year olds
4. Strategic management of SEND education funding (inc top up allocation)
5. Strategic management of SEND transport and transport funding
6. Challenge to senior stakeholders in Health, Social Care, Colleges, Schools and Settings
7. Implementation of SEND Reform
8. Appropriate DSG expenditure in conjunction with schools' finance

Outsourced Service

The formal procurement process has commenced with both formal and informal engagement with potential providers. The core statutory services which will be commissioned to a provider, and the basis of the contract will initially be school admissions processing, direct services to schools relating to vulnerable learners (as set out in area 2), the delivery of school improvement to identified maintained schools and related statutory education services (as set out in area 3) . We will expect the commissioned provider to achieve the current savings targets (£1.688million) for 2017/18 onwards, manage the transformational change and absorb any redundancy implications as well as demand fluctuations, in the following ways:

- Innovative service delivery
- Efficiencies in service delivery
- Development of sold services and associated income generation
- Spreading the risk and cost over the life of the contract

In order to allow the new provider the opportunity to achieve the required savings we need to maximise the flexibility for them in Year 1 of the contract. This means providing the currently agreed budget with an expectation that innovative re-engineering will realise the savings targets included in the contract. The provider will then be able to retain the expertise of staff in areas where there is most opportunity for the development of sold services.

Throughout market engagement, the message from the market appears to be that they are comfortable with the challenge of taking on services with the currently agreed reducing budgets, associated redundancies and the need to build in costs for accommodation and central support functions e.g. IT, HR. This will not however be confirmed until we formally go the market through ITT in October 2014. It is a tight challenge, particularly with the current trend of increasing demand on services.

Once the new contract has embedded and the provider has established sold services there may be opportunity to see reinvestment from gain share.

Outcomes of the project:

- Establishment of a strategic core that will maintain oversight of the contract and also the delivery of a small number of statutory services mostly focussed around strategic place planning
- The establishment of a five year contract with a single preferred provider for the majority of Learning & Achievement services.
- Statutory obligations and service demand met within reduced budget
- Continued improvement of educational outcomes for children and young people in Worcestershire.

Timescales:

Milestone	Completed By Date:
ITT closes	Mid November 2014
Retained service recruitment	Late November 2014
Preferred bidder identified	Late December 2014
Cabinet sign off preferred bidder and contract awarded	Early February 2015
Service transition	February – June 2015
Retained service new structure start date	1 st April 2015
Commissioned service go live	1 st July 2015

Risks/Impacts (E.g. risks to delivery of project – financial, political, reputational, legal, equality)

Risk description	Mitigation
1. No preferred bidder is identified or no received bid is deemed suitable for the contract to continue	A robust procurement process to ensure the best outcome is achieved. The PQQ process has identified a number of bidders, however there still remains the risk that this does not proceed to contract signature. If no suitable provider is engaged a number of options are available depending upon the reasons why the process did not continue. These would include re-tendering with either a change to specification, different contract values or different bundles of services included in the contract. If these options are not suitable, an in-house continuation of the service could be agreed although it would need to be discussed with Cabinet/SLT as this is contrary to the future operating model.
2. Additional savings targets at this stage of the procurement process may de-stabilise the market and cause reputational risk to the Council as indicative budgets were included in the PQQ stage of the procurement process. Now we are in the formal procurement stage, we cannot have further discussions with providers regarding contract values.	Maintain current savings programme. Any further reduction in value would require robust plans for how the provider would manage the reduction, including a lead in time to allow effective planning.
3. There is a risk that further reductions in areas where the LA has a statutory duty in relation to supporting	Maintain current service delivery within reduced budgets. Regular risk review at

vulnerable groups of learners will result in longer waiting times for statutory assessments, impact negatively on pupil outcomes, school inspection outcomes, and open the way to costly legal challenge. The Local Authority could also be put at risk of being deemed ineffective by Ofsted if failing to deliver its statutory duties	Directorate and Corporate level.
4. The message that staff have been given is that they will TUPE to the new service provider. Any earlier savings would de-stabilise the workforce and key staff in those areas which are the most marketable may leave, reducing the attractiveness to potential providers	Open and clear communications to staff.
5. The contract does not hold the provider sufficiently to account to ensure continuous improvement. The provider does not deliver on improved outcomes.	Engagement of wide range of expertise in the pre-procurement process to ensure the contract is robust. Penalty clauses and payment by results mechanisms built into the contract
6. Services for vulnerable children, especially those with SEN are not sufficiently developed by the provider to secure confidence to commission	Ongoing engagement with provider once preferred bidder is in place

Budget and Proposed Project Savings

2014-15 Base Budget excluding Recharges & Management Restructure (£000)	£6.508million (This has been reduced by £1.7million to reflect the 2014/15 savings)			
Current Savings Programme (£000) & RAG 2015-17		2015/16	2016/17	Total
	Green Delivered	134	318	452
	Green On Target		229	229
	Amber		58	58
	Red		890	890
	Total	134	1,495	1,629
Current FTE	297 FTE			
FTE Impact	Service will be commissioned externally			

PROPOSED SAVINGS			2014/15	2015/16	2016/17	2017/18	Total
New Savings (Further and New)	£000's	Green Delivered					
		Green On Target					
		Amber					
		Red		150	300	376	826
		Total					
Existing Savings (Faster)	£000's	Green Delivered					
		Green On Target					
		Amber					
		Red					
		Total					
TOTAL SAVINGS	£000's		150	300	376	826	
ANY INVESTMENT REQUIRED?	£000's						
Is investment recurrent?	Y/N						
RAG Ratings Key		Green Delivered	<i>Work complete – actual savings delivered</i>				
		Green On Target	<i>Savings on track and forecast to be achieved before the end of the current financial year</i>				
		Amber	<i>Some Risk of non-achievement. Some part of the financial savings plan is uncertain. A full savings plan exists, but there is a possibility that savings may be deferred to a future year.</i>				
		Red	<i>High Risk of non-achievement. There is no detailed savings plan as the project is at a 'concept' stage. Savings more likely than not to be deferred to a future year.</i>				
Comments on RAG Ratings							

Agreed By:

Job Title and Name	Date
Head of Service: John Edwards	20/08/14
Director: Gail Quinton	20/08/14
Head of Finance: Steph Simcox	20/08/14 v2 21/09/2014
DLT:	20/08/14
FFSG:	
SLT:	