

## Cabinet – 16 March 2011

### Children's Services Education Review Outcome and Government White Paper

**Portfolio:** Councillor Rachel Andrew, Children's services

**Service:** Children's Services

**Wards:** All

**Key decision:** Yes

**Forward plan:** Yes

#### 1. Summary of report

- 1.1 The Coalition Government's public sector deficit reduction programme and the changes in policy proposed in the Education Bill 2011 have resulted in grant reductions for services in the Education Contract of up to £7.7 million in 2011/12. In anticipation of these changes, a major review of the Education Contract output specifications with Serco and Headteachers was completed during November and December 2010. On 15 December 2010, Cabinet noted the savings proposal to remove £2.5 million in 'cost of education services contract with Serco' and considered and approved the policy document that described the impact of this saving.
- 1.2 On 12 January 2011, a report to Cabinet included the outcome of the Grant settlement and table 3 in that report showed that Education Grants would reduce by around £5 million. On 24 February, Council approved the budget following a recommendation of Cabinet.

#### 2. Recommendations

- 2.1 Cabinet to approve the service reduction in the Education Support Services contract with Serco (see **Appendix 1**).
- 2.2 Cabinet authorise the Executive Director for Children's Services, in consultation with the portfolio holder for Children's Services, to finalise the necessary changes to the Education Contract with Serco so as to implement the service reductions.
- 2.3 Cabinet to note the impact of the Education Bill 2011 and how it will transform the nature of schools – so that it is 'the norm for all schools to be Academies', independent of Local Authority control and support – and that the Government intends to consult on direct funding of schools with many powers transferring to the Secretary of State.

### 3. Background information

- 3.1 The White Paper 'The Importance of Teaching' published in November 2010 made clear the Government's radical agenda for the future of education. This was reinforced by the deficit reduction programme that has ceased many grants for education. The Government's policy direction is founded on a key principle *that Headteachers know best how to improve education and they should be freed to do so*. The Academy programme, now open to all schools, provides the structure and governance for this with buildings, land and staff transferring to these independent bodies. The Secretary of State for Education assumes the role of the Local Authority in many areas – it has been commented that this includes 55 new powers under the Education Bill. While many Headteachers welcome these new freedoms, they are concerned that there will be a reduction in support because they will not have new budgets to buy the replacement services next year and because they believe collaboration between schools has costs. However, it must be noted that Walsall schools will receive c£4 million additional funding from the Pupil Premium.
- 3.2 Due mainly to Government Grant reductions, around £5.6 million will be removed from Education Support Services in 2011/12. Around £1.1 million may also be provided directly to schools, depending on decisions by the Schools Forum. A further £1 million reduction for work to reduce NEET (Not in Education, Employment or Training) is due to Working Neighbourhoods Fund ceasing. This means the contract with Serco will be reduced by up to £7.7 million. Nearly 90% of this reduction is due entirely to Government decision to end Education grants and that Serco take their fair share of the reduction in Walsall council mainstream funding. As part of the Change Control Procedure, Serco have provided an Impact Assessment on what this will mean in practice. This has been assessed and approved in principle by Officers, Headteacher representatives and the Contract Review Board, with cross party membership and the Education Executive Board chaired by the Council's Chief Executive Officer. They have confirmed that the activity reduction proposed by Serco will minimise impact on support to schools. **Appendix 1** summarises the changes.
- 3.3 These budget reductions are part of a major policy change described by the White Paper 'The Importance of Teaching' published in November 2010 and as subsequently contained in the Education Bill 2011. This policy leads to a 'residual' role for Councils to provide;
- a.) 'Champion of Choice' and encourage Academy/free schools
  - b.) Support vulnerable children (SEN) and from September 2011 Local Authorities must provide full time education to all children in alternative provision
  - c.) School transport arrangements which promote fair access
  - d.) Develop school improvement strategies, market their school improvement services regionally and support maintained schools and others who choose to use Council services, below floor standards to improve or convert to Academies
- 3.4 This will require the Council to develop a 'transitional plan' to manage a reduction in its services, as provided by Serco. During the Contract Review, Headteacher representatives embraced their new role as 'commissioners' who will increasingly

buy 'traded services' to support their schools – from many providers in this market. A challenge for schools is that they will have pressures on their budgets next year, which will limit their ability to buy services that were once provided free through the current education contract. The Pupil Premium will offset this to an extent but some schools will also have equal pay liabilities to deal with.

- 3.5 The transformation of schools into Academies over the next few years provides another challenge – already 8 of our 16 secondary schools are in process of converting. This means that the building and schools ownership transfers to the School along with all the staff. The White Paper indicates that the Council will have no powers to intervene if it is concerned about standards – it can only ask Ofsted to visit or refer the school to the Secretary of State.
- 3.6 The new culture of autonomous schools means that Local Authorities need to adjust from a leadership role to a partner role – Local Authorities no longer have the power to instruct Academies or their Headteachers. Walsall Council has the opportunity to re-position its relationship to further develop opportunities to strengthen school accountability, raise standards and impact on children's life chances by positioning the Council as a key partner of choice who can maximise future opportunities to;
- a.) Provide investment into schools
  - b.) Offer excellent Council traded services in key 'technical' areas
  - c.) Support the whole child through aligning/targeting to schools
    - i. Leisure services
    - ii. New Public health services
    - iii. Regeneration
- 3.7 The Council will continue to provide Statutory services to schools, including school improvement and intervention for maintained schools, via its contract with Serco through the transitional period and beyond.
- 3.8 A 'Think Tank' (Task and Finish Group) has been established by the Director of Children's Services, engaging through the Headteacher Forums, to work quickly to present more details about the possible models of schools partnerships and Local Authority support. Schools want to support each other and welcome models to do so in the future that includes the Local Authority.

#### **4. Resource Considerations**

##### **4.1 Financial:**

The Government has announced its intention to introduce a new national funding formula. Consultation about this will start in spring 2011. The Government has discussed a 'transition period' between the current system and any new formula. This could start to impact from 2012/13 but the extent of impact will depend on the consultation.

- 4.1.1 The financial risk to the Council is that currently just over c£10m (and this could increase to c£11m based on Schools Forum decision) of the education contract (subject to negotiation 2011/12 value c£23-24m) would be funded from Dedicated Schools Grant (DSG). If this funding was removed via changes in the national funding formula then the contract would be unaffordable. It must also be

noted that should the funding decrease, whether to fund redundancies from Dedicated Schools grant would be subject to approval from Schools Forum.

- 4.1.2 Based on current projections for 2011/12, Walsall Council will still be providing c£6.7m of mainstream funding for the contract. The contract also has an additional c£6m of Early Intervention Grant (EIG) (formerly Sure Start funding). A significant proportion of the £6.7m mainstream covers in statutory duties, including c£2m for transport duties.
- 4.1.3 Until the direction of travel and timing of changes regarding the national funding formula are known, there is risk to the Council.

## **4.2 Legal:**

- 4.2.1 Any changes required will be effected through the Change Control Procedure as set out in Clause 19 and Schedule 8.2 of the Education Contract. Clause 19.2 of the Education Contract states that any Change shall be agreed in accordance with the Change Control Procedure. A Change is defined as any change to this Agreement which may be requested by either Party and which is implemented pursuant to the Change Control Procedure. Schedule 8.2 sets out in detail how this procedure should work.
- 4.2.2 The impact assessment of the funding reduction complete by Serco assures the council that all statutory duties will be maintained. As part of the process of implementing the changes the Council will continually assess any changes made so as to ensure it continues to meet its statutory duties in relation to the provision of services to children and young people.
- 4.2.3 The Academies Act 2010 and the Education Bill 2011 will have significant effect on the role of the Council as Education Authority as more schools convert to academy status and ceased to be maintained by the Council.

## **4.3 Staffing:**

- 4.3.1 Currently more than 400 staff work for Serco, as a result of the funding reduction this will reduce by around 100 in 2011 (nb; in addition sub-contracted staff may be made redundant). The Council and Serco are currently collating staffing information to assess the cost of redundancy which is being mitigated by Serco as a significant number of Serco staff are temporary and /or work across other areas.

## **5. Citizen impact**

- 5.1 Due to the scale of the funding reductions this will obviously impact on delivery of services to schools in Walsall. However, a key objective of the review process was to minimise the level of disruption involved and protect frontline services to children and young people. The final impact will be determined by Headteachers as they make their decisions on what to fund in the future based on their budget allocation and set of priorities for their school.

5.2 The 'fracturing' of education into autonomous schools means that community involvement in education may reduce and reduced support for the 'whole child' and increase risk of social exclusion. However, future models could maximise the potential of the Big Society in engaging communities directly in formal localised arrangements and Walsall is well placed to maximise community engagement through its Area Partnerships.

## **6. Community safety**

Safeguarding and welfare of Children and Young people of Walsall is a fundamental priority and these aspects have been protected during the contract review.

## **7. Environmental impact**

No direct impact.

## **8. Performance and risk management issues**

### **8.1 Risk:**

There are two key risks:

8.1.1 The Government's decision to cease school improvement 'standards fund' grants worth alone over £1 million will mean less improvement support is provided to schools in Walsall. There is a risk that if Headteachers are unable to secure similar help into the future, standards and attainment may be impaired.

8.1.2 There is a high risk to the borough of having no relationship with over 100 schools and the future of 46000 young people. Raising attainment and reducing LAC numbers are 2 key priorities identified in the borough's Children and Young People's Plan and championed by the Lead Member for Children's Services, schools clearly have a central role in achieving these priorities. The Director of Children's Services is exploring models for maintaining a relationship with Headteachers and bring a report to Cabinet with options for decision in the future.

### **8.2 Performance management:**

The removal of £5.6 million from educational support to schools at a time when schools budget may also reduce, albeit offset to some extent by the additional pupil premium, means there is some risk to educational attainment. Children's Services managers will enhance their role in monitoring school performance to reduce the risk. However, the Council may well have no powers over Academies other than to refer them to Ofsted or the Secretary of State.

## **9. Equality implications**

An impact assessment has been completed and found that the reductions in activity have protected vulnerable groups as far as possible.

## 10. Consultation

A task and finish group has been set up with Headteachers to consider the future relationship and possible models of partnership working.

### Background papers

Revenue Budget Savings Proposals 2011/12 – Policy decisions. Cabinet Report 15 December 2010

Revised Draft Corporate Budget and Draft Formula Grant Settlement 2011/12. Cabinet Report 12 January 2011

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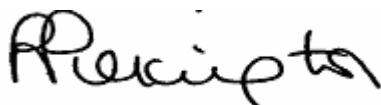
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Date: 7 March 2011



Councillor R Andrew  
Portfolio Holder Children

Date: 7 March 2011

PROPOSED REVENUE SAVINGS							
REF NO	WORKING SMARTER - SAVING DESCRIPTION	SERVICE AREA	2011/12	REDUCTION IN POSTS (No)	NO OF REDUNDANCIES /REDEPLOYMENT	NO OF VOLUNTARY REDUNDANCIES	ADDITIONAL COMMENTARY
			£				
<b>Children's Services</b>							
<b>Education Contract</b>							
<b>Theme 1</b>	Strategic and Corporate Leadership		£1.1 million	12 to 18	Tbc		There will be a large reduction in senior leadership and management, together with reductions in central costs in areas such as performance and 14-19 coordination which will minimise impact on frontline services. In addition, there are losses of grants that support Aim Higher and a wide range of projects that support NEET reduction due to cessation of WNF grant.
	Strategic and Corporate Leadership - Economic well-being and 14-19		£0.1 million (+£1.56 million other grants)	3	Tbc		
	Strategic and Corporate Leadership – communications and performance management		£30K	1	Tbc		
			£30K	1	Tbc		
<b>Theme 2</b>	Welfare of CYP - Attendance		£0.25 million	10 to 12	Tbc		Attendance – a sufficient attendance service would be available to continue to fulfil national requirements, with a tiered service available for schools to purchase, tailored by schools to meet their particular level of need.
	Welfare of CYP - Behaviour		£150K	5	Tbc		Behaviour – in order to support schools in managing behaviour a sufficient service would be continued, with a tiered advice service available for schools to

							purchase, tailored by schools to meet their particular level of need.
	Welfare of CYP – Early years		£0.7 million (+£0.12 million other grants)	20 to 25	Tbc		Early years services delivered directly for children at Children’s Centres would not be affected as reductions will be primarily in back-office and support staff. This would minimise the impact on the front line and should allow the possibility of trading with settings. This reduction will allow the protection of LAC support, schools causing concern and Choice Advisor duties, which were previously funded by ABG.
	Welfare of CYP – Licensing for children in employment, health and democratic involvement		£60K	3	Tbc		The services around licensing will be provided more efficiently. Schools are best placed to decide on need for additional advice on health from NHS and also student involvement
			£35K	1	Tbc		
			£85K	3	Tbc		
	Welfare of CYP - Special educational needs (SEN)		£0.25 million	6 to 8	Tbc		Special educational needs (SEN) – services directly for children would be minimally affected. All statutory duties will be continued. Elements of advice and guidance to schools and settings would no longer be freely available but would be available on a traded basis. This area will be looked at again when the Green Paper on SEN is published in February/March 2011.
<b>Theme 3</b>	School Improvement		£1.33 million (+1.1 million standards funds)	25+	Tbc		A total change in the way school improvement is delivered whilst retaining sufficient capacity to fulfil current and likely future requirements. Schools will be



	Services providing advice, guidance, support and challenge for schools, governors and other partners		£10K	None	Tbc		able to buy tailored services that meet their requirements. The ending of the national strategy grants that supported this together with recycling of grants such as that supporting ethnic minority achievement and 1:1 tuition add to the changes. WCS Serco is working with schools to shape the sort of service needed for the autonomous but collaborative future envisaged.
<b>Theme 4</b>	Services supporting and providing ICT Services		£30K (+357K grant)	1	Tbc		Minor changes would include the trading of some advice. The Harnessing Technology grant has ended.
<b>Theme 5</b>	Education beyond the classroom		£70K (+70K DSG)	2	Tbc		Whilst this is a popular area of work, during the review Headteachers agreed, due to competing priorities, it would be removed from the contract. It will be offered to trade in the future.
<b>Theme 6</b>	Services supporting Asset Management including Leadership of Health & Safety functions		£40K	2	Tbc		There should be the opportunity for some efficiencies being made in the area of asset management as the future capital programmes are likely to be smaller.
<b>Theme 7</b>	Services supporting the resourcing of education		£15K	1	Tbc		Some efficiency could be made in support for school funding through increased trading opportunities. A small grant supporting school financial standards has ended
			£15K		Tbc		
<b>Theme 8</b>	Disability assessment services		£0k	0			No reductions applied