

## **SLOUGH BOROUGH COUNCIL**

**REPORT TO:** Cabinet **DATE:** 27<sup>th</sup> June 2016

**CONTACT OFFICER:** Krutika Pau, Interim Director of Children's Services  
Sara Kulay, Interim Commissioner, Wellbeing

**(For all enquiries)** (01753) 474037

**WARD(S):** All

**PORTFOLIO:** Education and Children, Councillor Sabia Hussain

### **PART I** **KEY DECISION**

#### **FUTURE ARRANGEMENTS FOR CAMBRIDGE EDUCATION CONTRACT AND RELATED SERVICES**

##### **1 Purpose of Report**

The purpose of this report is to set out revised proposals for the future delivery of the services and functions within the Mott MacDonald Ltd (Cambridge Education) contract entered into on 30 September 2013 and to seek Cabinet approval to extend the existing contract to deliver some specified services on behalf of the Council. It also updates Cabinet on the implementation of Schedule 2 of the Second Direction issued by the Secretary of State for Education on 30 September 2015. It highlights a need to update Schedule 2 to reflect the delivery arrangements now agreed with Slough Children's Services Trust Limited (SCST) and the Commissioner for Children's Services appointed by the Secretary of State for Education.

##### **2 Recommendation(s)/Proposed Action**

The Cabinet is requested to resolve:

- (a) That the contract period for school improvement services and the integrated support services in the Council's contract with Mott MacDonald Ltd (Cambridge Education) be extended by two years to achieve a five-year contract period overall for these services.
- (b) That the progress and conclusions of the negotiations of the Deed of Variation with Mott MacDonald Limited (Cambridge Education) be delegated to the Director, Children's Services following consultation with the Chief Executive and the Council's Commissioner for Education and Children.
- (c) That support services to schools within the Council's current contract with Mott MacDonald Ltd (Cambridge Education) are brought in-house and managed directly by the Council from 1 October 2016.
- (d) That a Deed of Variation to the Services Contract between the Council and Slough Children's Services Trust Limited (SCST) be drawn up to reflect the transfer of responsibility for children's centres and early years services to the

Trust, in order to clarify operational, financial and performance management arrangements subject to Cabinet agreement in September 2016.

- (e) That the Council and the Commissioner for Children's Services appointed by the Secretary of State for Education requests the Secretary of State for Education to update Schedule 2 of the Second Direction to reflect the Council's ongoing responsibility for the delivery of some of the education services currently listed therein, as agreed with Slough Children's Services Trust Limited.

### 3. **The Slough Joint Wellbeing Strategy, the JSNA and the Five Year Plan**

#### 3a. **Slough Joint Wellbeing Strategy Priorities**

The contract with Mott McDonald (Cambridge Education) will continue to address the key educational priorities for Slough children and young people, with a focus on raising aspirations, protecting vulnerable groups, and promoting the employability and skills agenda. It will directly link to the following priorities and cross-cutting themes in the Slough Joint Wellbeing Strategy (SJWS) as set out below:

- **Health and well-being**

Educational success has a direct relationship with child poverty. Raising educational standards has the potential to break or reduce this cycle of poverty from one generation to the next. Educational success also has the power to improve life chances and promote positive well-being. Research indicates a strong inter-relationship between educational achievement and children's well-being.

- **Economy and Skills**

The achievements of children and young people have a direct bearing on their adult lives and prospects in the workplace. The success of Slough pupils also has a significant bearing upon the success and prosperity of the community in which they live.

- **Civic responsibility**

Successful young people will be in a stronger position to contribute to and gain from the community in which they live. Promoting success and leadership in young people can lead to residents who can play a dynamic role in implementing the Strategy and being champions in improving Slough for themselves and for the benefit of everyone.

#### 3b. **Five Year Plan Outcomes**

The proposals in this report relating to the provision of key education services fully align with Outcome 5 of the Council's Five Year Plan: 'children and young people in Slough will be healthy, resilient and have positive life chances'. Re-contracting some services will also support the wider objective of using resources wisely (Outcome 7), by contributing future savings from commissioning and contract management.

## 4 Other Implications

### (a) Financial

There are three areas of financial implications for the Council arising from changes to the existing contract with Mott McDonald Ltd. Firstly, those related to establishing a contract price for the extended contract and, secondly, those arising from the transfer of Children Centre and Early Year's services to Slough Children's Services Trust (SCST). Finally, there are some additional financial pressures related to the statutory provision of education psychology services within the contract with Mott McDonald Ltd which are detailed later in this report.

In relation to the contract with Mott McDonald Ltd (see financial summary in para 5.1), net annual budgeted expenditure on school improvement totals £1.373m and net expenditure the integrated support service totals £711k within the existing contract (Year 3). Under the Deed of Variation, Mott McDonald (Cambridge Education) will be asked to meet some new service demands related to statutory educational psychology support for children with special educational needs, to ensure efficient delivery of the overall service offer, and to contribute to the Council's wider savings targets. Further work will be undertaken jointly by SBC Finance and Children's Services to negotiate a revised contract price with Mott McDonald which reflects these objectives.

In line with the Schedule 2 of the Second Direction, responsibility for the management of the Council's children centres and early year's provision, including child care and related sufficiency assessments, which are currently managed by Cambridge Education, will transfer to Slough Children's Services Trust (SCST) from 1 October 2016. As per the Services Contract between the Council and SCST, the Council will transfer to SCST the actual level of funding for these service areas based on Year 3 contract outturns. Over the period of the contract the Council expects SCST to make a contribution to the authority's overall savings targets, with all service areas and major council contractors currently looking at reductions in their cost base over the next four years. In December 2014 cabinet approved the extension of the Cambridge Education contract and this was due to realise significant further savings to the Council. The revised arrangements set out in this report should still realise these savings in line with the Council's medium term financial plans.

In terms of future pension arrangements for Cambridge Education staff transferring to the Trust, officers are currently working on the basis that those within the Local Government Pension Scheme (LGPS) will be treated in the same way as those Council staff that transferred to the Trust in October 2015, with the Scheme open to new / transferred employees. Details are currently being discussed with the Trust and will be reported to Cabinet in a future report.

The Council has committed additional resources to support the implementation of the Second Direction and ensure that timelines for the transfer of resources to SCST are met. The Council will therefore seek to secure a cost recovery outcome from the Department of Education (DfE) so that these costs are not borne by the Council and local taxpayers. If these are not approved, this would mean that further Council funding would be required.

### (b) Risk Management

<b>Risk</b>	<b>Mitigating action</b>	<b>Opportunities</b>
Legal	As per the report	
Property	As per the report	
Human Rights	None	
Health and Safety	None	
Employment Issues	As per the report	
Equalities Issues	As per the report	
Community Support	None	
Communications	As per the report	
Community Safety	None	
Financial	As per the report	
Timetable for delivery	As per the report	
Project Capacity	As per the report	
Other	None	

(c) Human Rights Act and Other Legal Implications

There are no Human Rights Act Implications arising from this report.

In relation to the legal implications, the proposed changes to the Contract have the effect of establishing a contract period of five years overall for school improvement services and the integrated support services, with the delivery requirements also subject to some change to reflect new service demands, pending the joint agreement of the Council and Mott McDonald Ltd (Cambridge Education). This change in delivery requirements and duration does not expose the Council to undue risks under Public Contract Regulations 2015 as the extension provisions within the original contract mean that the Contract period could in any case have been for five years. There are no other extension provisions within the Contract to enable further extension at the conclusion of the five year contract period.

Education support services and children centre and early year's services, including child care and sufficiency assessments, will no longer be delivered by Cambridge Education from 1 October 2016.

Education support services will be brought in-house by the Council and be subject to the Council's own internal management and governance arrangements.

In line with the Second Direction, children centres and early years provision will be managed by the Trust on behalf of the Council. There will therefore be a requirement to prepare a Deed of Variation to the Services Contract between the Council and Trust to reflect this new arrangement. Key performance indicators (KPIs) will also need to be agreed for the transferred service and included in the performance framework within the contract.

The range of functions and services to be retained by the Council as set out in this report will include some which are specified as transferring to the Trust within the Second Direction i.e. functions under the Education Act 1996 and Education Act 2002 which relate to children missing education and exclusions and reviews in respect of school discipline. The Council will therefore need to formally request the Secretary of State for Education to update Schedule 2 of the Second Direction to

reflect the Council's ongoing responsibility for the delivery of these functions. To provide a sound legal basis for the new delivery arrangements, the amended Direction will need to be in place before the proposed implementation date of 1 October 2016.

(d) Equalities Impact Assessment

As a private company Mott MacDonald Ltd is not required to carry out an equality impact assessment in relation to proposed staffing changes or to changes in the scope or the delivery arrangements for their services.

In relation to the planned changes in the operational delivery of children centres and child care provision, these have arisen as a direct result of intervention and therefore the EIA carried out by the Department for Education (DfE) would be integral to the Council's assessment of impact. However, to date, the Council has not received the DfE EIA into the changes proposed in Schedule 2 of the Second Direction. Consequently, the Council is not in position to carry out an EIA to assess the implications of this change.

At the time of writing the Council has not conducted an EIA on those services to be brought in-house from 1 October 2016 as the service offer is not expected to change in the short to medium term and there are no proposed changes to working arrangements.

(e) Workforce

Changes to the existing contract between the Council and Mott MacDonald Ltd (Cambridge Education) mean that all staff currently employed by the contractor will be subject to consultation, including those within the TUPE<sup>1</sup> regulations. Staff will transfer as appropriate to new employers under their current terms and conditions of employment, pension rights and continuous employment rights. The formal staff consultation will run to 27 June 2016, with those staff within contract LOTs 3 and 4 expected to transfer to their new employer organisations by 1 October 2016.

(f) Accommodation

The Council and SCST will accommodate any centrally-based staff transferred from Cambridge Education, and Cambridge Education staff employed to deliver the extended contract, within their existing operating locations at St Martins Place and there is therefore no requirement for additional accommodation. Children centres premises will be transferred to SCST on the basis of a licence agreement, as per the existing Services Contract provisions in relation to property. Under the licence agreements, responsibility for the maintenance of, and capital investment in, the children centres will continue to rest with the Council.

## 5 Supporting Information

### Background

5.1 In September 2013, Slough Borough Council entered into a three year contract with Mott McDonald (Cambridge Education) for the provision of Education Services. The

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<sup>1</sup> Transfer of Undertakings (Protection of Employment) Regulations

contract was divided into four separate contract areas, covering the following services:

### **CAMBRIDGE EDUCATION CONTRACT - BUDGET YEAR 3**

<b>CAMBRIDGE EDUCATION CONTRACT(1)</b>				
<b>Details</b>	<b>Expenditure</b>		<b>Traded Income</b>	<b>Net Budget</b>
	<b>Core</b>	<b>DSG</b>		
<b>Lot 1 – School improvement services</b>	203	1,202	-32	1,373
<b>Lot 2 - Integrated Support service</b> , including educational psychology services, the specialist special educational needs (SEN) teaching service and school based support for children with autism	818	690	-797	711
<b>Lot 3 - Support services to schools</b> , including admissions, attendance services, home to school transport, schools information services and support for vulnerable and hard to place pupils	2,504	528	-336	2,696
<b>Lot 4 – Children centres and early years</b> , including funding for child care provision and sufficiency assessments	4,371	4,722	-1,693	7,399
<b>Original Contract</b>	<b>7,896</b>	<b>7,142</b>	<b>-2,859</b>	<b>12,179</b>
<b>Agreed Variations</b>	160	0	0	160
<b>Revised Contract</b>	<b>8,055</b>	<b>7,142</b>	<b>-2,859</b>	<b>12,338</b>

Notes:

(1) Under the contract, Cambridge Education can allocate budget and costs within the contract according to service demands and budget variations can occur over the life the contract, for example to meet new demands. Expenditure may not therefore fully correlate with the budget set out above.

- 5.2 In December 2014, Cabinet agreed to extend the existing contract with Cambridge Education in order to provide a stronger basis for service transformation and financial savings over a five year period. However, following the inadequate judgement for children’s social care services in 2014, it became clear that the Commissioner for Children’s Services appointed by the DfE was actively considering the inclusion of some of the services within the contract in a further Direction in order to promote a clearer focus on vulnerable children and deliver child care services differently. As a result, the Steering Group that was formally overseeing the transfer of children’s social care services to the Trust formally requested that the Council did not extend the existing contract beyond 30

September 2016 (i.e. the end of the three year contract period). In response, Cabinet agreed on 14 September 2015 not to implement its previous decision to extend the contract.

- 5.3 When published, Schedule Two of the Second Direction, issued by the Secretary of State for Education on 30 September 2015, included a range of functions carried out through the Cambridge Education contract, including those services related to children missing from school, children centre provision, child care sufficiency and pupil exclusions and reviews (see [Appendix A](#)). Under the terms of the Second Direction, those functions and responsibilities specified are required to transfer to SCST from 1 October 2016.
- 5.4 Since the Cabinet decision and issue of the Second Direction, senior Council and SCST staff have worked together to agree an approach to decommissioning the existing contract and implementing the Second Direction. This has included a number of workshops and meetings from January 2016 onwards to consider the practical implications of transferring services in line with the Direction, including synergy with wider SCST and Council responsibilities and how services fit and work together on the ground.
- 5.5 The Council has provided a range of budget and service information to the SCST to support this process and committed additional resources to ensure that the Second Direction can be implemented effectively. However, decisions on future arrangements have been protracted, with proposals for the future delivery arrangements for children centres and early years only confirmed by SCST in late April 2016. This inevitably means that there are now very tight timelines for agreeing and implementing the necessary HR, legal and financial management arrangements required to ensure a smooth transfer of responsibilities and to maintain service continuity.
- 5.6 In parallel to this work, the Director of Children's Services commissioned a wider review of statutory school improvement work in the borough in December 2015, in collaboration with the Schools Forum. Under existing arrangements, statutory school improvement services are delivered through the Cambridge Education contract, with wider support for schools available from the Slough Learning Partnership (SLP) and Slough Teaching Schools Alliance (STSA). There has been extensive stakeholder involvement in the review process, including consultation with individual head teachers, the Schools Forum and the Slough Schools Education Forum (SSEF). Findings and conclusions from this work have directly shaped the proposals for school improvement outlined later in this report.
- 5.7 Over the past three years there have been recognised improvements in the delivery of children centres and early years services managed by Cambridge Education, with most individual children's centres currently rated good or outstanding by OFSTED and the overall service improving from 'inadequate' in March 2014 to 'requires improvement' in March 2015. In the recent OFSTED inspection of children's social care services (February 2016), current arrangements to track children missing from school were also judged to be effective, with improving links between the Trust and Cambridge Education recognised by inspectors. Further details of the overall performance of the services within the Cambridge Education contract, including areas for improvement, were fully detailed in a report to the Council's Education and Children's Services Scrutiny paper in April 2016 (see background papers).

## **Future delivery proposals**

- 5.7 Proposed arrangements for different services and functions within the current Cambridge Education contract are set out below, based on the groupings of services within the current contract. The table below summarise future arrangements which are explained more fully in paragraphs 5.8 – 5.19.

<b>Contract Area</b>	<b>Responsibility from 1 October 2016</b>
School improvement services	Cambridge Education (on behalf of Slough Borough Council)
Integrated Support service, including educational psychology services, the specialist special educational needs (SEN) teaching service and school based support for children with autism	Cambridge Education (on behalf of Slough Borough Council)
Support services to schools, including admissions, attendance services, home to school transport, schools information services and support for vulnerable and hard to place pupils	Slough Borough Council
Children centres and early years services, including funding for child care provision	Slough Children's Services Trust

### **School Improvement Services**

- 5.8 In line with the conclusions of the review of statutory school improvement services, it is proposed to extend the Council's current contract with Mott McDonald (Cambridge Education) to provide statutory school improvement services in the borough for a further two years. Under new arrangements, Cambridge Education will also be expected to work in partnership with a reformed Slough Teaching Schools Alliance (STSA) that will be responsible for developing teachers, training teachers, developing teachers into leaders, running the appropriate services body for newly qualified teachers (NQTs) and promoting and developing networks.
- 5.9 This arrangement will ensure that schools continue to benefit from the expertise and local knowledge offered by Cambridge Education while the new school led improvement system evolves. This support was found to be highly valued by schools that had received help and support from Cambridge Education under the current contract. Cambridge Education will also be able to make other services available to schools, though avoiding any duplication with services offered by the STSA, thereby ensuring that any gaps in support can be more readily addressed.
- 5.10 As part of the contract negotiations, the Council will be seeking to reduce the overall cost of the school improvement services, to reflect the reduction in both the number of maintained schools and the number of failing schools in the borough, and the new working arrangements with STSA. There will be a twelve month break clause in the contract to ensure that the Council is well placed to review working arrangements in light of the wider education reform agenda.

## **Integrated Support Services**

- 5.11 It is proposed to extend the Council's current contract with Mott McDonald (Cambridge Education) to provide integrated services in the borough for a further two years.
- 5.12 The rationale for the extension relates to both the nature and performance of the current service. The education psychology (EP) service, which forms the main component of the integrated support service, currently works on a traded service basis. The service has secured buy in from 98 per cent of schools in the boroughs and is highly valued. The EP service is in turn fully integrated with the specialist teaching (SEND) service and autism team, with senior educational psychologists managing and directing the work of some advisory teaching staff, thereby making the disaggregation of different elements of the overall service offer problematic. Importantly, feedback from stakeholders, including schools and the Slough Children's Services Trust, indicates that current arrangements work well, with statutory timescales for SEN assessments for children with special education needs (SEN) consistently achieved.
- 5.13 While Slough Children's Services Trust support the decision for the Council to retain responsibility for this service area, there is an identified need to ensure that there are sufficient resources to meet the growing demand for statutory education psychology (EP) assessment work within the Trust. An additional workload of 694 EP days is estimated to be required over the next two years to manage the SEN conversion process and the increased demand for new SEN assessments. As part of the contract negotiations, the Council will therefore need to ensure that there are sufficient resources to meet these requirements. Any additional costs will be met from the Council's core budget and through some redirection of the SEN reform grant now held by the Trust.

## **Support Services to Schools**

- 5.14 It is proposed to bring the full range of education support services within the current contract back into the Council to be managed directly under a new senior, full-time Education Officer.
- 5.15 The rationale for bringing the services in-house is threefold. Firstly, it will provide the Council with direct control of important policy areas, including the Fair Access Policy, Home to School Transport Policy and Admissions Policy. Secondly, it will ensure more effective integration with other key Council services – for example, there are important benefits in maintaining strong links between school place planning and school admissions and this should become easier when both service areas are managed in-house. Finally, direct provision will help to streamline working arrangements in key areas, such as home to school transport, where the involvement of the Council, Trust and contractor currently adds unnecessary complexity.
- 5.16 Slough Children's Services Trust support the decision for the Council to retain responsibility for the full range of school support services within the current contract provided they are involved in those forums which relate to children with SEN and/or children in need and have service level agreements for those areas which currently provide support to them (i.e. school information services). Officers have agreed to work together to facilitate this and promote effective partnership working.

## **Children Centres and Early Year's Services**

- 5.17 In line with Schedule 2 of the Second Direction, responsibility for the management of the Council's children centres and early years provision, including child care and sufficiency assessments, will transfer to Slough Children's Services Trust from 1 October 2016. SCST has indicated that it intends to manage the service in-house, with staff expected to transfer to SCST from Cambridge Education by 1 October 2016.
- 5.18 As indicated earlier, transferring these services over to the Trust will place significant strain on the Council's legal, finance and HR resources, not least as implementation timescales are now very tight. It is also recognised that the transfer will place additional demands on SCST and could potentially deflect senior managers from the core business of driving improvements in children's social care. This has two implications for the Council. Firstly, there will be a need to ensure that the improvements in the performance of the children centre provision which has been secured through the existing contract with Cambridge Education are maintained through the robust application of the performance framework in the Services Contract between the SCST and the Council. Secondly there will be a need to assess the additional costs arising from the transfer so that any shortfalls can be met by central government. However, the Cabinet should be aware that there is no guarantee that full cost recovery will be achieved.
- 5.19 There will be a requirement to reflect the transfer of responsibility for children centre and early years services to the Trust in the Services Contract between the Council and Slough Children's Services Trust Limited (SCST) in a Deed of Variation to the existing contract and this will be require agreement by Cabinet at a further meeting.

## **6 Comments of Other Committees**

This report has not been presented to any other Committees.

## **7 Conclusion**

This report provides clear proposals for the future delivery of those services within the existing contract with Mott McDonald Ltd (Cambridge Education) which will continue to remain the responsibility of the Council.

Extending the contract between Mott McDonald Ltd (Cambridge Education) and Slough Borough Council for the continued provision of school improvement and integrated support services will enable the Council to meet service challenges most effectively over the next two years, whilst minimising the possible impact to educational service delivery in Slough. Equally, in-house delivery of education support services, led by a senior, permanent full-time senior Education Officer, will ensure that Slough schools continue to receive effective support as the new national framework for education evolves at a local level.

Transfer of children centres and early year provision to SCST, as required under the Second Direction, will enable SCST to build upon the improvements in children centre and early year's provision achieved under the Cambridge Education contract and ensure a strong focus on supporting vulnerable children. The transfer will be subject to further work to clarify the staffing, finance, and contractual arrangements

and there remains a risk of further delays (and additional costs to the Council) if negotiations cannot be satisfactorily concluded with the Trust.

Updating Schedule 2 of the Second Direction will ensure that there is a clear legal framework for the continued delivery of those education services which were originally included in Schedule 2 but will now remain the responsibility of Slough Borough Council, following agreement with Slough Children's Services Trust.

## 8 **Appendices Attached**

Appendix A – Schedule 2 of the Second Direction issued to Slough Borough Council by the Secretary of State for Education on 30 September 2015.

## 9 **Background Papers**

Cabinet Report, Cambridge Education Contract variation, 15 December 2014

Cabinet Report, Contract with Children's Services Organisation For the delivery of Children's Social Care Services, 14 September 2014

Education and Children's Services Scrutiny Panel, Cambridge Education Annual report, 21 April 2016