



CHILDREN AND LEARNING OVERVIEW & SCRUTINY COMMITTEE

Subject Heading:

Title **Education Traded Services
Development Update**

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Policy context:

- **Local Government Act 2013**
- **Localism Act 2011**

SUMMARY

Havering Education Services is the unified brand representing the London borough of Havering's traded services for schools. The current portfolio comprises of 25 individual in-house teams which sit within different directorates. These council departments offer a range of traded support including annual subscriptions, ad hoc services and training programmes offered at competitive prices. Schools can purchase via the services for schools portal www.haveringeducationservices.co.uk.

The majority of service providers enjoy very good customer ratings and repeat purchases and they have a long history of supporting schools to bring about continuous and sustained improvements.

For many years, the council has adopted a model of providing both statutory and traded services within the same service departments with staff members often fulfilling both aspects. This has helped in maintaining vital links and relationships with schools thereby facilitating intelligent school improvement data gathering and targeting of appropriate support as need arises.

The future plan is to develop models of trading for additional non statutory provisions across the council, including targeting the Early Years and PVI sector Comprising of 114 Early Years settings. There are also additional growth potentials to be realised in the academy, free school, independent and sixth form college sectors both in Havering and out-of borough.

RECOMMENDATIONS

To note this report

REPORT DETAIL

Scope of education traded services

The current portfolio of the council's education support services (traded services) comprises of 25 individual service providers (Appendix A) spread across three service directorates i.e. Children, Adults & Housing, Culture and Community and OneSource (See appendix for full list). Education establishments are supported in a wide range of areas such as;

- Leadership and Governance
- School Improvement and Curriculum
- Facilities, Technical and Asset management
- Administration and Finance
- Pupil and Staff Wellbeing

Most service departments operate a model of providing both statutory and traded services within the same team, with staff members often fulfilling both aspects. This model has proven to be beneficial to the council in the sense that it has helped in maintaining vital links and relationships with schools thereby facilitating intelligent school improvement data gathering and targeting of appropriate support as need arises. Further work is on-going to develop additional income streams across service departments and in 2015, a number of additional traded offers have been included within the portfolio of services including Emergency Planning and Business Continuity, Alternative Education Provision Service and CCTV & Alarm Monitoring Services.

Sales Mechanism

Since 2013 the Council has implemented an e-Business solution to deliver education services more efficiently to schools with the introduction of a 'one stop shop' system via the online education services portal www.haveringeducationservices.co.uk. The website (The Portal) is the public gateway effectively enabling education establishments to access the council's education support services 24/7 using a 'shop and drop' system. There are currently 9000 registered users from 360 establishments from both Havering and out-of borough, including schools, colleges, Early Years Providers and Child Minders accessing the portal for services, training and communication.

Customer Base

Education traded service providers have a strong customer base in Havering and increasingly out-of borough. Most services achieve 100% buy in from Havering primary and special schools. Although most secondary schools have converted to academies, by and large most secondary schools continue to purchase support services from the Council. It is widely acknowledged by schools that the majority of the council's traded services personnel go about their work with high degree of professionalism and deliver good quality service in comparison to some of our competitors.

The out-of borough market segment has been progressively expanding year on year (Appendix B) and this is where the growth opportunity for most in-house teams lies. There are emerging opportunities for providers to fill service gaps especially in neighbouring boroughs where services have either been scaled down or discontinued. An analysis of service uptake for 2014/15 buy-in across service providers in L&A shows that 94 out-of borough schools spread across 33 Local Authorities (See Appendix A) purchased one service or more from one of our providers. There are additional growth potentials to be realised in the academy, free school, independent and sixth form college sectors both in Havering and out-of borough. Furthermore, with the launch of our integrated training offer on the education services portal, we're aiming to offer education establishments far and wide a wider choice of training and services thereby reinforcing our 'one stop shop' approach and generating additional income as a result.

Customer Voice

A formalised customer survey was launched in 2013 to enable schools evaluate the services they receive from the council's education traded services providers. The pattern of customer satisfaction over the past two surveys shows that the collective Havering traded services offer is highly valued by schools with a consistent 80% and above good or better across 7 performance criteria, that is, customer focus, communication & relationship building, range of service offers, clarity of service information, quality of service delivery and value for money. This year's survey similarly demonstrates that schools generally hold the council's service providers to high regard with 84% overall good or better positive rating. Out of the 25 service departments offering traded provision to schools, 12 were rated 100% good or better in one or more aspect of performance and 5 providers were rated 90% good or better. 14 of our service providers were rated more favourably in this year's survey compared to the previous year. In the case of 7 providers including service departments that were less favourably rated in 2013, the customer positive rating has been in double digit on last year. This is evidence of the commitment of responsible officers and senior managers across service departments to address areas identified by schools as requiring improvement and to take steps to make changes.

Wider partnership work with school stakeholders

In order to ensure long term sustainability of the council's education traded services provision, it has been essential to give schools a stake in the development of the provision. In this regard, in 2014, a Traded Services Review Board was launched which comprises of representative Headteachers from across education sectors. The primary role of the board is to support the development of traded services by acting as a key

consultative and advisory body. In addition to this, throughout the year, traded services teams and the central business support team organise series of continuous improvement forums and activities to afford school stakeholders additional opportunities to contribute towards shaping our service provision. One of the key forums that has been in operation for the past two years is the Havering School Buyers Network comprising of School Business Managers or Finance Leads and this forum constitutes a platform for sharing best practices in procurement and for exploring collective cost savings in purchasing goods and services for schools.

Competitors

The delegation of school funds and growing number of self-governing schools has resulted in increased competition in the education market place, particularly from external providers, both from the private and public sector organisations. This new regime has heightened price sensitivity in schools in seeking to maximise value for money and this places pressure on service providers to maintain high quality service delivery while charges are kept competitive. Major private organisations offering a wide range of education support services such as Capita and Strictly Education with substantial sales and marketing teams target Havering schools. In addition to these, a number of specialist private organisations compete with some of the council's in-house teams to offer specific services to schools, for example, EPM (Education Personnel Management). Focus Education, Optimus Education Cambridge Education and 3BM offer services much similar to our School Improvement, Education Human Resources and SIMS Support services.

Locally, competition is growing from neighbouring councils who had previously either downscaled or disbanded their education support departments. In recent months both Thurrock and Waltham Forrest councils have revamped their traded service provision and we continue to face competition from Essex Education which has a long and established track record for delivering education services in the London and Essex geographical areas.

Adding value to support services through a dedicated Brokerage Service

As from January 2015, a brokerage service will be available for education establishments to assist schools and academies in the London Borough of Havering and beyond in circumstances where they need to find a supplier or want to go out to tender to award a contract that is specific to them. The brokerage service will demonstrate the LAs unflinching commitment to supporting schools in ensuring that procurement risks are minimised irrespective of the providers they choose for services no longer provided by in-house teams. Furthermore, in the current economic climate, school senior leaders have a duty to demonstrate best value for money to their governing bodies and It is anticipated that the LA led approach will offer the reassurance and best value purchase of goods and services.

Challenges, Growth and Development Opportunities

The increasing number of academies both in Havering and surrounding boroughs usually results in a reduction in buy in from the council's traded services since most of the sponsors operate their own back office services such as HR, Finance, Payroll, Computing Support and Properties Management. This coupled with the associated reduction in education funding allocated to the council with each converting academy poses a challenge to the viability and long term sustainability of service provision.

Maintaining current levels of service delivery whilst service providers' budgets come under increasing pressures is a challenge. Any restructures that may result in cut in staffing levels could limit capacity to meet demands as customer base grows. This could lead to a situation whereby supply of resources dictates services and requests for services are ignored or turned down. One way to minimise this risk is through increased partnership work with other neighbouring local authorities to cross collaborate in plugging shortfalls in local capacity.

Schools are coming under greater budgetary pressures arising from the current economic climate. This coupled with increasing prices being charged for services to cover the full cost of service provision may compel schools to rationalise their spending on services which could lead to a fall in uptake of perceived non-critical services. This may gradually lead to some service providers less competitive. Steps are being taken to minimise this risk through regular consultation with schools stakeholders to promote increased transparency in charging and to secure on-going commitment.

There is potential for the council's traded services portfolio to be expanded through focused work at both service and department level to develop models of trading for additional non statutory provisions across the council. Initial exploratory work has started to develop a package of support services that Early Years and PVI sector can purchase. Comprising of 114 Early Years settings, it is anticipated that opportunity to purchase services from the council's traded services will become available in the current financial year.

Various service departments are taking steps to nurture high level contacts with strategic education leaders in LAs where services have been scaled down or deleted with a view to gaining 'preferred provider' status for services to their schools. Opportunities are also being looked at to trade specific expertise with other Local Authorities where there is an identified gap in specific areas. A recent success story relates to the Schools Finance Support Service which has been offering professional expertise to the corporate finance team at Newham in helping to set up revised systems aligned to Newham's move to One Oracle. This is a chargeable support being offered to Newham Council and it will generate income for the council's traded services.

There are growth potentials in the academy, free school, independent and sixth form college sector out-of borough. There are presently 6 independent schools in Havering that we can extrapolate from this data that there is greater potential for the organisation as a whole to increase revenues from this segment of our market when an integrated marketing strategy is implemented and service teams adopt a transparent market intelligence sharing approach. The efforts being made to integrate the ordering and invoicing processes across service departments and the new integrated customer information system being developed will impact positively in this key area.

In addition the current levels of purchase from non-Havering academies, through intelligent marketing and relationship development, there is growth potential to be realised in the broader academy sector, free schools, independent and sixth form colleges in London and the South East,. A mapping exercise to establish gaps in provision in Local Authorities across the London and surrounding areas is underway with the aim of targeting schools in these areas with specific services that may not be available for them through their LAs.

IMPLICATIONS AND RISKS

Outlined below are some risk areas that may have implications for the viability and sustainability of education traded service:

- Loss of income resulting from schools gaining academy status
- Maintaining the current levels of procurement from schools whilst both service provider and schools budgets come under additional pressures
- Discontinuation of whole service units or parts of services may result in collateral loss of revenue to remaining services because schools may opt to buy from competitors with a more integrated and holistic offer of services
- Lingering areas of unsatisfactory service performance will damage the reputation of the council's education traded services brand and potentially result in loss of revenue
- Unrealised revenues streams due to lack of shared market intelligence between service departments

Appendix A - List of services offered to Schools 2014/15

Children, Adults & Housing

- 1 Adult College
- 2 Attendance, Behaviour and Traveller Education Service
- 3 Education Human Resources
- 4 Ethnic Minority Achievement Team - Primary Offer
- 5 Ethnic Minority Achievement Team - Secondary Offer
- 6 Finance Support Service for Academies (LMS Team)
- 7 Finance Support Service for LA Maintained Schools (LMS Team)
- 8 Catering Services
- 9 Business Support Service
- 10 Governor Services
- 11 School Improvement Services - Primary Offer
- 12 School Improvement Services - Secondary Offer
- 13 Premises Advisory and Monitoring Services
- 14 SIMS Support Service
Special Education Needs
- 15 The Europa Centre for Modern Languages

Culture and Community

- 1 Havering Music School
- 2 Grounds Maintenance

OneSource

- 1 Education Buildings, Design and Maintenance
(Technical Services)
- 2 Education Asset Management
- 3 Printing Services
- 4 Procurement and contracting service
- 5 ECC (Computer Repairs)
- 6 ECC (Computing Support)
- 7 Security Response & Patrol Service
- 8 General Insurance & Risk Management
- 9 Schools' Health & Safety Advisory Service
- 10 Payroll
- 11 Passenger Travel Service
- 12 Vehicle Maintenance

Externally provided services

	Service	Provider
1	Swimming Pools Service	Sports and Leisure Management Ltd
2	Swimming Instruction	Sports and Leisure Management Ltd
3	Occupational Health Services	Medigold

Appendix B – Level of buy-in from out-of borough schools across different LAs

Local Authority	Number of Schools	Service Provider
Barking and Dagenham	5	Education HR, Havering School Improvement Services
Barnet Council	1	Havering School Improvement Services
Bournemouth Council	1	Havering School Improvement Services
Bromley	1	Havering School Improvement Services
Derbyshire County Council	1	Havering School Improvement Services
Ealing Council	2	Havering School Improvement Services
Enfield Council	1	Havering School Improvement Services
Essex County Council	6	Havering School Improvement Services
Greenwich	1	Havering School Improvement Services
Hackney	1	Havering School Improvement Services
Harrow Council	2	Education HR, Havering School Improvement Services
Hertfordshire County Council	3	Havering School Improvement Services
Hillingdon	2	Havering School Improvement Services
Leeds City Council	1	Havering School Improvement Services
Leicester City Council	1	Havering School Improvement Services
Luton Borough Council	1	Havering School Improvement Services
Merton Council	2	Havering School Improvement Services
Milton Keynes Council	1	Havering School Improvement Services
Newham	4	Education HR, Havering School Improvement Services
Northamptonshire County Council	1	Havering School Improvement Services
Redbridge	19	Education HR, Havering School Improvement Services, Havering Governor Services
Royal borough of Greenwich	1	Havering School Improvement

		Services
Royal borough of Kingston	1	Havering School Improvement Services
Southwark	1	Havering School Improvement Services
Staffordshire County Council	1	Havering School Improvement Services
Suffolk County Council	1	Havering School Improvement Services
Surrey County Council	1	Havering School Improvement Services
Thurrock	17	Havering School Improvement Services, Havering Governor Services, Health & Safety Advisory Services
Tower Hamlets	7	Education HR, Havering School Improvement Services, SIMS Support Service
Waltham Forest	4	Havering School Improvement Services, SIMS Support Service
West Sussex County Council	1	Havering School Improvement Services
Westminster	1	Havering School Improvement Services
Windsor and Maidenhead	1	Havering School Improvement Services
Total LAs = 33	Total Schools = 94	

BACKGROUND PAPERS

Not applicable