



# **Education & Skills and Catering**

## Analysis of Options Appraisal



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(Continuing the work of the Centre for Public Services)

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# Executive Summary

UNISON welcomed the inclusion of the in-house by the Committee in September 2014.

**The Council has not produced an in-house option, nor has it prepared developed options for the joint venture and schools-led social enterprise models.** The absence of a developed in-house option means that it is a status quo option, which will be totally unacceptable to schools, parents and staff.

**Instead, it has produced an outline business case based almost entirely on assumptions, estimates, possibilities and potential and other vagaries.** The financial modelling tables give the appearance of evidence, but are a smokescreen to hide the absence of evidence and market research.

**In-house option was constructively dismissed** by loading it with an excessive £1.3m additional cost for a marketing team, crude and biased efficiency cost reductions, service reductions and forecasts of increased trading for the joint venture model based on little more than guesswork.

The options appraisal scores outsourcing models more highly than the in-house option in their ability to 'attract new investment and funding.' Private contractors will invest only if they are going to own the facilities and use them for other contracts.

**It is essential that TUPE Plus for staff transferred and the London Living Wage for new starters be built into the options appraisal and business case.** Failure to do so will make Catering staff particularly vulnerable to wage cuts. It is equally important for continued access to the local authority pension scheme is maintained and that staff have a wage level so that they can afford to continue their pension contribution.

**The Council has failed to identify all the key risks.** The privatisation of the service is entirely built around the JVC contractor being nearly six times more successful in winning trade outside the borough than the in-house service. Whether and how efficiencies are achieved are key risks. **Contractual risks are not recognised**, such as the performance of the contract and the risk of reducing the scope of the contract or termination.

**The evaluation criteria are very basic questions** that elicit simplistic answers, such as yes, maybe, or no. The assessment awarded either one, two or three ticks. It is equivalent to awarding 33%, 66% or 100% marks. No gradations and very crude by any standards.

Barnet UNISON strongly recommends:

1. The Children, Education, Libraries and Safeguarding Committee should immediately terminate the options appraisal process and abandon the planned procurement process.
2. The £1.3m from the Transformation Fund earmarked for procurement costs should be used to prepare a three-year Service Innovation and Improvement Plan for the in-house service in conjunction with schools and the engagement of staff and trade unions.
3. If the Committee decides to continue with the privatisation of Education and Skills it should develop all four options in more detail (with robust and realistic assumptions that are based on evidence and market research) before selecting the appropriate option and should postpone the start of a procurement process until after this decision.
4. The risk assessment must be completely revised and extended with a new comprehensive assessment produced for the Committee and available in public documents.
5. If the Committee decides to continue with the privatisation of Education and Skills the Catering Service should be excluded from the JVC option.

## The future of Education and Skills

In September 2014 the Children, Education, Libraries and Safeguarding Committee agreed to examine four options for the future delivery of Education and Skills services:

- In-house (not included in the Outline Business Case, but added by the Committee)
- School-led social enterprise
- Joint venture with schools having an ownership role
- Joint venture with schools having a commissioning role

The Committee agreed that the outsourcing and Local Authority Trading Company options should not be given further consideration.

This report is UNISON's response to the Future Delivery of Services report and appendices (Outline Business Case, financial modelling summary and tables, a report on consultation and employee and residents/service users equality impact assessments) to the Committee on 12 January 2015.

The Committee report recommends "...the development of a full business case on the establishment of a joint venture company with a third party for the future delivery of the Education and Skills service." It further recommends "...the commencement of the procurement exercise to identify a third party partner to inform the development of the full business case" (London Borough of Barnet, 2015a).

Thus it proposes to reject the in-house and schools-led social enterprise options.

### Services in scope

- Strategic and financial management of the service
- School improvement
- Special educational needs (SEN)
- Admissions and sufficiency of school places
- School Attendance
- Post 16 learning
- Traded services within Education and Skills:
  - Catering service
  - Governor clerking service
  - School improvement traded service (Barnet Partnership for School Improvement)
  - Newly Qualified Teachers support
  - Educational psychology (part-traded)
  - Education Welfare Service (part-traded).

### Options appraisal: Failure to prepare an in-house option

UNISON welcomed the inclusion of the in-house by the Committee in September 2014. However, after repeated attempts to discern the scope and content of the in-house option and the absence of any consultation, UNISON produced a best practice guide to preparing an in-house option, but was evidently ignored.

**The Council has not adopted this approach. In fact it has not produced an in-house option, nor has it prepared developed options for the joint venture and schools-led social enterprise models.** The Committee report claims "...an enhanced in-house model has been developed" (para 1.37), but there is no evidence of this. The UNISON proposal offered constructive way forward, but was evidently ignored.

**The absence of a developed in-house option means that it is a status quo option, which will be totally unacceptable to schools, parents and staff.**

**Instead, it has produced an outline business case based almost entirely on assumptions, estimates, possibilities and potential and other vagaries. It is devoid of evidence.**

**Yet the Committee is being asked to agree the joint venture option and to commence a formal procurement process within days of this decision.**

**The financial modelling tables give the appearance of evidence, but are a smokescreen to hide the absence of evidence and market research.**

The Public Services (Social Value) Act 2012 places obligations on local authorities in England and Wales to consider how to improve social, economic and environmental well-being. The Education and Skills options appraisal has focused on financial matters and has not taken account of broader economic, social and environmental well-being.

**How the in-house option was constructively dismissed**

Firstly, the in-house option is described, how it meets the objectives and its advantages and disadvantages summarised in just 1.5 pages.

Secondly, the Budget reduction in the savings requirement allocated to the Committee by Policy and Resources Committee is £1,544,000 over the five-year period 2015/16 to 2019/20. The cost of the options appraisal (£300,000) and procurement (£1,300,000) could be avoided if the in-house had been selected in the first place (para 5.5, Committee report).

Thirdly, **the in-house model is loaded with a £1.3m additional cost** to “support a small marketing team,” in effect the saving from not having to undertake a procurement process (Appendix A). This could employ seven or eight staff over the five-year period. This is not only excessive, but effectively means frontloading the cost of marketing onto the in-house bid when these costs would normally be built into the cost of bids over the five-year period and considered by private competitors as a ‘cost of doing business’.

Fourthly, the efficiency cost reduction assumptions in the financial model are crude and biased against the in-house option. A 3% reduction is assumed for the in-house option in catering, school improvement, other traded services and non-traded services whilst 4% and 5% reductions are assumed for the social enterprise and joint venture options respectively. The same assumption is made for each service, namely “reduction in costs through more efficient processes and generating a similar level of income” except for non-traded services where only the ‘more efficient processes applies (Appendix A: Financial modelling tables).

The approach to efficiency cost reductions is also market driven “...20-30% savings in the non-DSG budget through efficiency and growth are seen as achievable by the market. This would equate to approximately £2.4m - £3.6m per annum” (Committee Report, para 1.18).

Finally, **service reductions** of £690,906 and £306,015 are deemed to be required by the in-house and social enterprise options respectively but none are required for the joint venture options because of the significantly higher growth projections – see Table 1. The growth projections are discussed below.

Table 1: **The division of efficiency, income growth and service reductions in options**

	In-house		Schools-led Social enterprise		Joint venture options	
	%	£000	%	£000	%	£000
Efficiencies	31	473	40	621	29	769
Income growth	25	385	41	638	71	1,847
Service reductions	44	691	19	306	-	-
<b>Total</b>		<b>1,549</b>		<b>1,565</b>		<b>2,616</b>

Source: London Borough of Barnet, 2015a.

**Lack of evidence**

The inability to provide the Committee with a rigorous ‘market’ analysis of the scope and scale of Education and Skills services in London (and South East), ‘trading conditions’, the strategies being adopted by other local authorities and by the private sector has created a gaping hole in the Outline Business Case and the decision-making process.

The Council has relied on the soft market testing to provide an assessment of the “attractiveness of opportunity to the market” (London Borough of Barnet, 2015b). In other

words, primarily the private sector views of the four private firms – Capita, Cambridge Education (Mott McDonald), Carillion and the Centre for British Teachers.

This was supplemented by the Council's consultant: *"With this in mind, it is iMPOWER's assessment that there is sufficient interest and capability within the market to deliver the service cluster, should the Council choose to pursue this route. Informal exploration that iMPOWER have undertaken with neighbouring authorities, and pan-London, indicate that a purchasing market also exists"* (London Borough of Barnet, 2015b).

*"...we do not keep a list of the competitors for the council's trade services"* was the Council's response to UNISON's Question 8.

Despite the Councils and consultants limited evidence they could have used optimistic, realistic and pessimistic scenarios in the financial modelling to the sensitivity to different assumptions. The scenarios could have been supported by setting out their financial assumptions, the probability of achieving them and providing the sources for the assumptions. They chose not to do this, probably because they wanted to paint a win-win scenario for the JVC options.

## **Growth realities**

The financial model assumes that income represents 20% of any additional monies obtained by increased or new trading activities. This means that the actual sums for increased trade inside and outside the borough are in fact 80% larger than those stated in the model. The model assumes the JVC model will increase income by £9.0m over five years, a doubling of income (Appendix A: Financial modelling summary). It is one thing to win contracts, but it is another matter to ensure a 20% increase in income.

Income generation and growth are frequently used to justify the transfer or outsourcing of services. However, even large-scale, long-term local authority PPP strategic partnerships with the main outsourcing companies such as Capita, IBM and BT failed to achieve income and employment targets over the last fifteen years.

Some contractors won small amounts of additional work and contractors with several strategic partnership contracts were able to transfer work between contracts, which gave the appearance of 'additional' work. Joint venture contracts equally failed to win significant additional work despite ambitious claims made during the procurement process.

The lack of market analysis in the Education and Skills options appraisal makes the forecast of significant increased trading, particularly outside the borough, guesswork and reckless.

Barnet Council's experience with the local authority trading company Your Choice Barnet is a classic example of a business plan with over-ambitious income generation targets based on a flawed financial model with a disastrous impact on services and staff.

## **Investment**

Every options appraisal produced by Barnet Council to date scores outsourcing models more highly than the in-house option in their ability to 'attract new investment and funding.' It appears again in the evaluation criteria (No. 3). Private contractors do not invest in infrastructure or financing of public services, unless of course the contract is in financial crisis and the private contractor seeks to minimise reputational damage.

Barnet Council financed the investment required in the two contracts with Capita. This is common practice. Private contractors will invest only if they are going to own the facilities and use them for other contracts. So the assumption that the private sector will finance investment should be eliminated.

## **Catering**

The Catering Service is a good example of a successful in-house service that has made efficiency improvements and competed with the private sector outside Barnet to win contracts. The Service currently has an annual income of £7.1m and makes a surplus of £190,470 (Outline Business Case, p8).

The OBC refer to the possibility of Catering and Barnet Partnership for School Improvement “...potentially operating as viable businesses in their own right, either independently or in partnership with others” (p10).

## Responses to UNISON questions

The Council’s responses to UNISON’s thirteen questions are another indication of the lack of evidence in the preparation of the options appraisal and the superficial approach that has been taken to the future of the Education and Skills service. Appendix 2 contains the 13 questions and responses.

## Consultation

The consultation process resulted in support for the in-house, social enterprise and JVC models being virtually the same at 30%, 31% and 31% respectively. “*In summary, the schools survey does not provide a clear finding about the favoured model*” (Committee report, para 1.16).

The degree of consultation is a step forward given the Councils track record on other outsourcing contracts. However, rushing into consultation at a stage when the development of options and building the evidence base is still in progress has been a mistake. Further, given that the views of schools are critical it is poor practice for school to have presentations from two social enterprises and not the other options.

The evidence of the consultation reinforces our recommendation that the project should be abandoned. Failing that, a decision on the options should be delayed until the options have been fully developed and appraised.

## Employment

It is essential that TUPE Plus for staff transferred and the London Living Wage for new starters be built into the options appraisal and business case. Failure to do so will make Catering staff particularly vulnerable to wage cuts.

It is equally important for continued access to the local authority pension scheme is maintained and that staff have a wage level so that they can afford to continue their pension contribution.

At a meeting with the Trade Unions and senior officers on 4 December 2014 it was agreed that sufficient time would be allowed for negotiations for an updated TUPE commitments for any staff outsourced.

The retention of jobs in Barnet is vitally important. Previous Barnet contracts have led to redundancies, which is also has a negative impact on the local economy. UNISON has sought assurances from senior managers that all jobs contained within this bundle of services will be delivered from the London Borough of Barnet.

## Risks ignored

Once again Barnet Council is unable to identify all the key risks. The outline business case identifies four key risks (OBC, page 41) three of which relate to the outcome of the procurement process. One is vague and concerns whether schools purchase services once the contract commences but does not refer whether Barnet schools remain with the contractor or whether the contractors wins new schools contracts in Barnet and in other boroughs.

The Committee report identifies six risks, which are all primarily related to the procurement process (paras 5.19 and 5.20).

**The privatisation of the service is entirely built around the JVC contractor being nearly six times more successful in winning trade outside the borough than the in-house service. This is a key risk.**

**Similarly, it assumes the JVC contractor will achieve £769,100 efficiencies compared to £473,031 in the in-house bid. Whether and how these efficiencies are achieved is a key risk.**



**Contractual risks are not recognised, such as the performance of the contract and the risk of reducing the scope of the contract or termination.**

This narrow, short-term approach to risk assessment is in denial of the real risks confronting the Council.

**Flawed evaluation**

The evaluation of options was originally based on 20 criteria but was reduced to 8 because *“...the evaluation criteria have subsequently been rationalised and the assessment process simplified to recognise that the assessment process is a collective professional view based on experience and a balance of probabilities”* (Committee report, para 1.52).

The eight criteria are:

1. Helps to maintain a strong partnership between the Council and Barnet schools
2. Enables schools to take a stronger leadership role in the education system
3. Is able to attract new investment/funding and access commercial expertise to preserve and grow services
4. Has the freedom to be creative and the flexibility to develop new services quickly during times of change
5. Is able to engage with and build trust with all key stakeholders, including parents and the public
6. Preserves or improves service delivery in key service areas
7. Is able to customise services to meet the needs of different types of school
8. Is able to achieve budget savings without reducing current service levels

There are four important criticisms of the evaluation.

Firstly, the criteria are very basic questions that elicit simplistic answers such as yes, maybe, or no. The in-house option received the lowest scores for criteria No. 4, 6 and 8, which only exposes the simplicity of the criteria and the ideological bias of the Council and its consultants.

Secondly, the assessment used is to award either one, two or three ticks. It is equivalent to awarding 33%, 66% or 100% marks. No gradations and very crude by any standards.

Thirdly, since there is no definable in-house option and the other three options are vague, it is a mystery how the evaluation was conducted.

Finally, how can the evaluation take account of the *“...balance of probabilities”* when the risk assessment fails to include many of the risks of privatisation.

The financial evaluation criteria and assessment was equally superficial.

**Hide the profits**

Although the description of both JVC options refers to a profit-making motive and decisions on the how profits will be shared in the JVC, and despite the financial modelling and tables, no attempt to identify the profit that will be extracted from this contract.

This is important because it means a significant diversion of education resources to shareholders of the private contractor and a contribution to Barnet’s revenue income, which can be used for any council purpose.

**Timetable**

Procurement is being rushed which puts the Council in a weak position in Competitive Dialogue because the bidders know the Council’s wants a decision by a certain date. This enables them to game the process. They also know that Capita is the Council’s main contractor and withdrew from managing the planned Education and Skills procurement process because it wanted to submit a bid.

As a result there may only be one bidder. So ‘Competitive’ Dialogue could end up being between the Council and its main contractor! The more contracts that Capita wins the more that Barnet becomes a private monopoly.

Commencing the procurement process without a market analysis and intelligence is not in the public interest.

## **Recommendations**

Barnet UNISON strongly recommends:

1. The Children, Education, Libraries and Safeguarding Committee should immediately terminate the options appraisal process and abandon the planned procurement process.
2. The £1.3m from the Transformation Fund earmarked for procurement costs should be used to prepare a three-year Service Innovation and Improvement Plan for the in-house service in conjunction with schools and the engagement of staff and trade unions.
3. If the Committee decides to continue with the privatisation of Education and Skills it should develop all four options in more detail (with robust and realistic assumptions that are based on evidence and market research) before selecting the appropriate option and should postpone the start of a procurement process until after this decision.
4. The risk assessment must be completely revised and extended with a new comprehensive assessment produced for the Committee and available in public documents.
5. If the Committee decides to continue with the privatisation of Education and Skills the Catering Service should be excluded from the JVC option.

# Appendix 1

## Developing the In-house Option

This is a generic model for developing in-house options in local authority services.

### 1. Assess future needs and demands for the service

- Assess the extent to which the service meets existing needs and demands.
- Assess the potential impact of demographic, technological and economic changes on the service?
- Identify key developments and trends in the service sector, such as changes in the use of services and changing needs.
- Identify and map existing inequalities in service delivery and workforce.

#### Service delivery and performance

- Summarise current performance in meeting in quality of service standards.
- Identify the cause and effect of problems and/or gaps in current provision.
- Determine extent to which good practice has been established.
- Identify any shortcomings in the current method of service delivery.

#### Current costs

- Establish accurate analysis of current expenditure on service delivery with breakdown of costs:
  - staff
  - support service costs
  - corporate overhead cost
  - current sources of revenue

#### Staffing

- Determine adequacy of current staffing levels, skills and experience to deliver the service:
  - addressing vacancy levels and any recruitment problems
  - reducing sickness absence
  - implementation of workforce development policies

### 2. Service Improvement Plan

The Service Improvement Plan will cover a three-year period and be regularly monitored and reviewed. It should set priorities for improvement and development of the service.

The Service Improvement Plan must draw on service user and staff experience. A Protocol should be agreed between the Council, community organizations and trade unions on continuous engagement of service users and staff in the development of the Plan, its implementation and review.

#### *Scope for improved services and cost effectiveness*

- Identify the scope for innovative change, how and when they can be implemented:
  - adjust the delivery of current services
  - introduce new services

- Need for improved or renewal of information and communications technology.
- Increase the coordination and integration of the service with other public services in Barnet.
- Identify changes needed in the procurement and supply of goods and services, including equipment, to improve the quality of service and reduce costs.

### ***Organisation and management of the service***

- Proposals to increase the effectiveness and efficiency of service delivery by improving the way services are designed, organised and managed:
  - changes to methods of service delivery and working practices
  - scope for team working and flatter management structure

### ***Scope to expand the service***

- Develop a strategy to increase use of the service by Barnet organisations and individual service users:
  - within the local authority
  - other public bodies, organisations and businesses
  - individual service users
  - neighbouring boroughs
- Understand the reasons why some organizations and/or individuals do not currently use the service. If they previously used the service identify why they move to another provider.
- If they are contracted with other providers, how quickly can they change provider.
- Fully cost the marketing and promotion of the service including staff time, legal advice, procurement and bid costs, together with realistic forecasts of revenue generation.
- Draw up proposals to reduce access/quality of service and workplace inequalities.

### ***Enhancing democratic accountability***

- Establish regular service user/community organisation and staff/trade union involvement in developing and implementing the Service Improvement Plan.
- Agree regular review of the Plan by the relevant Council Committee with service users/community organisations and staff/trade unions submitting evidence.

### ***Finance and resources***

- Resources needed to implement the 3-year Service Improvement Plan.
- Scope for pooled budgets and joint funding.
- Agree policy on service user charges.
- Itemise cost of changes in use or replacement of equipment and buildings or investment in training and new equipment.
- Set out the financial reasons for changes in the procurement and supply of goods and services, including equipment, required by the service.

### ***Employment***

- Policy on maintaining public sector pay and conditions.
- Identify human resources changes needed to support implementation of the Service Improvement Plan:
  - reskilling and (re)training requirements
  - re-deployment if necessary
  - workforce development policies

- industrial relations
- trade union facility time
- health and safety

**Strategy to minimise risks**

- Identify the key operational and financial risks and how they will be reduced or mitigated:
  - failure to implement service improvements on time and within budget
  - income generation targets are not met and/or incur unplanned promotion, procurement and other costs
  - quality of service performance declines
  - problems in recruiting and retaining skilled and experienced staff
  - existing and/or new inequalities are not tackled

## Appendix 2

# Barnet Council response to UNISON's 13 Questions

Barnet UNISON submitted 13 questions to senior management in order to understand how much evidence had been gathered in relation to this proposed outsourcing project.

You can view our questions were also contained within an update report we provided for our members in December 2014 available at:

<http://www.barnetunison.me.uk/sites/default/files/Barnet%20Education%20Skills%20Update.pdf>

Barnet UNISON questions **in bold** with Barnet Council responses in **red**:

### 1. Please provide:

**A list of number of schools currently purchasing traded services from Education & Skills in each of the last 3 years**

**What is the total income generated from the above for each year?**

### 2. For each traded service a list of schools purchasing, together with value of service purchased, from the Council in each of the last 3 years.

#### Barnet Council response

In relation to questions 1 and 2, please find below a table that shows the income and an indication of the number of schools buying each of the traded services in each of the last three years. I've attached the traded service booklet where you'll see that some of the services on offer have a range of products for schools to buy, some require schools to buy a package and some are available to spot purchase. The figures in the attached table give a reasonable indication of the current and previous buy back but obviously at any one time, the number of customers vary.

Service area	12/13		13/14		14/15	
	Gross income	Number of schools purchasing at least one element of the service	Gross income	Number of schools purchasing at least one element of the service	Gross Income <i>(projected)</i>	Number of schools purchasing at least one element of the service
BPSI	£726k	Primary: 90 Secondary: 3	£856k	Primary: 97 Secondary: 3	£761K	Primary: 94 Secondary: 3
NQT's	£124	All schools: n/a	£131k	All schools: n/a	£135k	All schools: at least 21

Catering	£6,800k	Primary: 72 Secondary: 10	£7,287k	Primary: 77 Secondary: 11	£7,134K	Primary: 75 Secondary: 12
Ed psych (incl behaviour support)	£112k	All schools** : n/a	£80k	All schools** : 40	£286K	Primary: 90* Secondary: 12*  All schools**46
EWO	£44k	Primary: n/a Secondary: 4	£64k	Primary: 81 Secondary: 4	£118k	Primary: 81 Secondary: 4
Foreign Language Ass	£182	Primary: 2 Secondary: 12	£166k	Primary: 2 Secondary: 13	£165k	Primary: 2 Secondary: 12
Governors clerking***	£287	All schools:76	£300k	All schools: 74	£295k	All schools: 62
NLSIN	£67	Primary: 167 Secondary: 24 Special: 14	£75k	Primary: 124 Secondary: 21 Special: 12	£56k	Primary: 110 Secondary: 19 Special:11
14-19	£85k	Secondary: n/a	£125k	Secondary: 5	£85k	Secondary: 6

\*education psychology service only – new service 2015/16

\*\*behaviour support

\*\*\* purchasing at least 3 meetings

Each year, the customer base also varies as new schools are opened (five free schools in Barnet) or as schools amalgamate as has recently happened at Edgware infant and juniors, St Joseph's infant and juniors and Underhill infant and juniors. The current customer base includes;

- Nursery schools = 4
- Primary schools = 88
- Secondary schools = 24
- All through = 1
- Special schools =4
- Pupil referral units =3

For the table above, primary covers nursery and primary special, unless indicated. Secondary includes PRU's and secondary special, unless otherwise indicated.

**3. For each traded service a list of schools which are not currently purchasing any traded services from the Council.**

In relation to question 3, there is only one Barnet school that does not buy any traded service at all from the council – Millbrook Park Academy has recently opened and as it fills, it may choose to buy services from the council in the future.

**4. For each traded service a list and analysis (reasons why) of which schools have stopped purchasing services from the Council in each of the last 3 years.**

In relation to question 4, we do not hold information that would indicate why any particular school has chosen to no longer purchase council traded services.

**5. A breakdown of the current spend and name of provider for the following services for each school that does not buy them from Barnet.**

- Catering
- Governor clerking
- School improvement traded service
- Newly Qualified Teachers
- Educational psychology (part)
- Education Welfare Service (part)



In relation to question 5, we do not know hold information about what services schools buy from other providers or the providers that each school chooses to purchase services from.

**6. For each traded service please provide a list of schools that have indicated they are seriously considering purchasing that service from the service delivery vehicle.**

**7. For each traded service details of any assumptions with supporting market research on any proposed growth in service delivery and hence income**

In relation to questions 6 and 7, each year schools decide on the traded services they wish to buy from the council. During our consultation, schools have indicated that their decision to purchase will be determined by the quality and value for money of any service offered. The quality of the offer and the value for money of any new services will be for any future delivery model to develop and market directly to schools.

**8. For each traded service a list of the types of services competitors (including schools) are currently providing together with the names of the providers.**

In relation to question 8, we do not keep a list of the competitors for the council's traded services.

**9. For each traded service what is the critical amount of income needed to avoid having to make any cuts or redundancies?**

In relation to question 9, the straightforward answer is that to avoid service reductions, the Education and Skills service *overall* needs to generate savings of £1,550m over five years through efficiencies and/or growth. In relation to income through growth, it is assumed that income represents 20% of any additional monies bought in through increasing or new trade.

**10. For each traded service what is the estimated income for next 3 years.**

In relation to question 10, the financial modelling that will be set out in the outline business case will model potential income over the next five years for catering, other traded services, part traded services and non-traded services. It will model growth from selling more services to existing school customers and to new school customers, selling services to other councils and developing new services for both schools and councils.

**11. For each of the non-traded services how will the delivery model be funded (payment mechanism by the Council)? For example will it be a prepayment, block payment, per pupil place or per pupil etc.**

**12. Would a new service delivery vehicle take on responsibility for the accrued Pension Deficit as at the transfer date?**

**13. Which current contractual obligation would a new service delivery vehicle have to take on, e.g. Capita CSG, Re, accommodation etc.?**

Questions 11,12 and 13 will be explored during any procurement process.

## References

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