



REPORT TO:	Cabinet
PORFOLIO HOLDER:	
DATE:	21 February 2012
LEAD OFFICER:	
CONTACT OFFICER:	Danielle Edwards – Project Manager
SUBJECT:	Regional School Effectiveness and Improvement Service Project(RSEIS) - Full Business Case
WARD	County wide

1. PURPOSE OF THE REPORT

To seek Members comments on and scrutiny of, and Cabinets approval for, the Full Business Case for a new Regional School Effectiveness and Improvement Service, across the six North Wales Authorities.

2. EXECUTIVE SUMMARY

The project aims to establish a Regional School Effectiveness and Improvement Service(RSEIS) to be accountable to, and undertake the statutory responsibilities of, the six local North Wales Authorities in respect of the duties to monitor; challenge; provide support services for curriculum continued professional development and management of schools, and in addition provide services that can be commissioned by schools and local authorities.

The RSEIS will be central to school improvement in North Wales. It will be a powerhouse to drive good practice across the region. It will ensure a consistency of challenge and support for schools across the six counties leading to our children and young people fulfilling their potential.

In September 2011, the draft OBC was presented to all six Executive Boards who resolved:

- that the OBC should be widely consulted upon with stakeholders from October 2011;
- to establish a regional service by September 2012, subject to the FBC; and
- that the recruitment process for the appointment of a Chief Officer can begin, with the appointment to take place once the FBC has been adopted in all six authorities.

The FBC takes account of the issues highlighted by the six North Wales Cabinets / Executive Boards when approving the OBC for consultation and by the stakeholders during the consultation:

- the case for change and the vision for the new service needs to be much stronger;
- the quality of the new service for each council as well as the region must be addressed more explicitly;

- the governance and accountability model must be resolved;
- the pensions deficit issues, including the additional complication of Cynnal must be addressed;
- the model must be able to demonstrate how it will service the diverse cultural and linguistic needs of the region;
- the model must be able to demonstrate how it will drive standards; and
- the financial and HR issues, including possible impact on staff needs to be set out.

3. RECOMMENDATION(S)

That Scrutiny members support and recommend that **Cabinet / Executive Board** approve the Full Business Case for a new Regional School Effectiveness and Improvement Service.

4. BACKGROUND INFORMATION

4.1 Key Developments for the FBC

- A clear vision has been developed in consultation with stakeholders.
- The current position in respect of Standards, Welsh Language, Population and Schools is clearly explained.
- The educational (standards agenda) and financial (current spend) case for change is clearly explained.
- The governance arrangements for the new service are recommended as a Joint Committee with a Host Authority (*see section 4.2 of this report*).
- In order to deliver the six key functions, the FBC explains that programme will be delivered in four inter-dependant tiers:
 - Tier 1 will deliver the NW regional strategy for raising standards to meet the national School Effectiveness Framework.
 - Tier 2 (*the focus of this FBC*) will deliver the new NW RSEIS to support Tier 1.
 - Tier 3 will deliver the MIS Structure (Capita ONE) to support Tiers 1 and 2.
 - Tier 4 will deliver the 'Support Functions' to support Tiers 1 and 2 (Host Authority).
- The FBC explains how the new service will meet the linguistic and local needs of the schools and LAs.
- The full financial model has been developed which includes; the Cost of the RSEIS, Implementation Costs of the New Service, Leaving Costs, Cost per Local Authority.
- A HR model has been developed and set out in the FBC which includes; Key HR Timescale, Planning for Change, Roles available in the new RSEIS, TUPE Arrangements, Salary Ranges, Policies and Procedures.

4.2 Governance Arrangements

Based on the findings of the option appraisal, the recommendation by the Education and Other Related Services Board is that a 'Joint Committee with a Host Authority' is adopted as the governance model for the Regional School Effectiveness and Improvement Service, with the expectation that the model is reviewed as part of the post implementation review.

In the context of the regional service being developed, the main disadvantages (scoring 0 - does not meet the criteria) associated with a 'Company' model are in relation to:

- the pensions deficit (*see also 4.2.1 below*) - whilst both options will have a pensions deficit evaluation which will need to be paid back over a number of years, the contribution rate towards the past service deficit may be unaffordable due to a more restrictive pay-back arrangement as a company in its own right (based on an actuary evaluation on estimated data); and
- the ability to take advantage of VAT exemption - with a company limited by guarantee in this context, because the majority of its income will come from the provision of education and closely related services (exempt from VAT), it is not permitted to recover VAT on any purchases/overheads which relate to those services.

It was also recognised that:

- the initial set-up and ongoing costs relating to ICT for the service under a company model would be double that of a Joint Committee with a Host authority, requiring support to be procured in the private sector (there being a conflict of interest in the case of an LA providing this support);
- political buy-in would be more unlikely in the Company model when considering the potential personal liability for Directors of the company (although insurance should be taken out and indemnities given), and the potential conflict of interest between Members sitting as Directors versus Members sitting as Councillors; and
- staff buy-in would be more unlikely in the Company model with staff preferring an option where they remain employed by the LA and remain in the LGPS, and likely to result in opposition from staff and their unions due to perceived worries about pay, conditions, pensions etc.

4.2.1 Deciding on the Host Authority

In order to employ staff under the Joint Committee, the new RSEIS will need to use a Host Authority, which will be one of the six North Wales authorities.

Complimenting the 'employment' role, the Host Authority will also be responsible for providing HR, Finance and Legal support to the staff and the new service (Tier 2).

Expressions of interest to be the Host were invited from Local Authorities. Following careful consideration, the NW Chief Executives Group are by majority decision recommending Gwynedd as the RSEIS Host Authority.

4.2.2 Pension Deficit

Based on the recommendation of a 'Joint Committee with a Host Authority', the options for the *treatment* of the pension deficit evaluated for the regional service are:

Option 1: Fully Funded Approach (the pension deficit remain with the current employer)

- The overall pension deficit for the employer would remain unchanged.
- Existing employer could voluntarily pay amount of the pension deficit to the pension fund and crystallise the amount within the authority accounts, with regard to the staff transferring.
- If the existing employer chooses not to crystallise the amount this would be reflected within the next valuation of the pension fund. There would be fewer staff from which to recoup the deficit in contributions which could lead to a higher contribution rate for the employer.

Option 2: Share of Deficit Approach (the pension deficit transfers to the new regional service)

- The actuary for the pension fund would make a valuation with regard to the regional body to assess the required contribution rate to reflect both the future service contribution and the past service deficit

It is anticipated that all collaborative arrangements will use Option 2, and in this particular case Option 1 is not a viable option when we take account of the company Cynnal, who with Company status, has no obligation to retain the pensions deficit for staff transferring to a new service.

Therefore, the financial modelling for RSEIS has included the estimates on the basis of Option 2 with a 'Share of Deficit Approach', based on the spreading period normally allowed for a Local Authority (past service adjustment 'spread' over 20 years).

4.3 Staffing the RSEIS

- The RSEIS will be managed by a Chief Officer.
- The role of the System Leader will have a clear focus on leadership and management, and provide strategic leadership and management in Literacy & Numeracy and Curriculum (subject) areas.
- It is anticipated that there will be a requirement for 30 FTE System Leaders within the North Wales region.
- There will be a number of additional posts that will be available according to:
 - the number of staff (Home Team) each LA will require to support those functions that are not covered by the RSEIS nor the other 'LA School Improvement Teams'; and
 - additional commissioning from the RSEIS for System Leaders from either the LA or schools, through budgets or grants.

- The RSEIS will provide professional opportunities for Headteachers and Teachers to be seconded for short-term periods, ensuring that the Service can draw on the best practice from schools across the region.
- Schools will have the opportunity to strengthen and extend collaborative working across the region to collectively commission targeted support and share good practice.
- The Support Staff requirement will be 1 Business/Finance Manager, 7 Administrative Staff and 2 Translators.

4.4 Timescale for the RSEIS (2012/2013)

Feb / Mar	- FBC to Cabinets / Executive Boards
Mar	- Host Authority for the RSEIS agreed
Apr	- Appointment of the Chief Officer
Sept	- Appointment of the System Leaders and Support Staff - Joint Committee established
Nov - Mar	- Team, cultural, induction, skills training for the staff appointed to the RSEIS .
Apr	- Staff transfer to the RSEIS, employed by the Host Authority

5. CONSULTATION

5.1 Findings of the Stakeholder Consultation on a Regional Service (March 2011)

The findings of the *'Report on the Feasibility and implications of establishing a Regional School Effectiveness and Improvement Service for the six North Wales Local Authorities'*, indicate that such a service is feasible and would provide a key transformational development that could provide high quality provision and contribute to achieving improved outcomes for learners. It would also enable both schools and LAs to fulfil their statutory obligations.

In March 2011, individual Authority consultation meetings with relevant stakeholders within each authority were organised by the individual Directors/Chief Officers, with further reports to scrutiny committees and executive boards of the six LAs. In addition, consultation with relevant Focus Groups (with Headteachers; School Governors; Trade Unions), comprising of representatives from across the region were conducted by the Consortium Officer and the Independent Consultant. The subsequent Report found considerable support for the strategy; in many cases the establishment of a regional School Effectiveness and Improvement Service was welcomed; others recognised the drivers towards such a service and their impact. At the same time there was support for the implementation of the Option.

The ensuing decision of the Education and Related Services Regional Board was to proceed collaboratively and seek to establish a regional School Effectiveness and Improvement Service fit for future purpose, (in particular the implementation of SEF), that

builds on current strengths, and provides an integrated service across the region. This regional service will be owned by the six LAs and will operate as a separate entity under a joint commissioning framework. This will require the regional service to be professionally rigorous and focus on pedagogy, learning, and leadership in its dealing with schools; similarly, professional rigour will be required of schools and LAs. Such an approach will be crucial to the success and credibility of this development.

5.2 Findings of the Stakeholder Consultation on the RSEIS Outline Business Case (OBC) (October 2011)

In September 2011, the draft OBC was presented to all six Executive Boards who resolved:

- that the OBC should be widely consulted upon with stakeholders from October 2011;
- to establish a regional service by September 2012, subject to the FBC; and
- that the recruitment process for the appointment of a Chief Officer can begin, with the appointment to take place once the FBC has been adopted in all six authorities.

Consultation on the OBC was carried out with stakeholders across the six authorities during October and November 2011. A full Consultation Plan for the OBC was developed and each Local Authority was provided with a 'Consultation Pack' which included a copy of the OBC, a generic presentation, an executive summary, discussion papers, a copy of the Consultation Plan, and a feedback form.

6. RESOURCE IMPLICATIONS

6.1 Regional

The current cost of delivering the existing statutory and advisory in-scope school improvement functions for each LA is £5.1m.

This has been adjusted to establish the influenceable spend that will provide a basis for building up the financial model by (i) £406k to reflect posts in-scope (>60%) at 100% cost and reduced by posts not in-scope (<60%) and (ii) £311k to reflect expenditure funded by grants. The influenceable spend is **£4.4m**.

The cost of the RSEIS is £3.5m, equating to an average cost per pupil of £35, (compared to £51 currently).

The cost of the New Regional Service compared to the influenceable spend identifies a potential overall regional saving of £882k (20%), which can be re-invested in Education, or released as a cashable saving, depending on the needs of each local authority.

6.2 Local

The cost of the RSEIS to [LA Name] is £[enter amount]. This leaves a potential overall saving for [LA Name] of £[enter amount] (percent%).

The charging methodology selected to apportion the cost to each of the 6 LAs is based on the annual Welsh Government '*Indicator Based Allocation for Education Funding*'. The

methodology takes the percentage for each LA (allocated for service components, Nursery and Primary school teaching, and Secondary school teaching) and applies it to the RSEIS. The formula includes factors to reflect pupil numbers, settlement threshold and the number of pupils eligible for free school meals.

7. RISK

A full Risk Register has been developed within the project documentation.

Risks have been and will continue to be identified by the Project Team (in association with colleagues across the remit of the project) and the NW ADEW Consortium, and reviewed as a standing item on the agenda for the project element of the regular NW ADEW Consortium meetings.

The Project Manager will actively manage Project Risks, and put in place a mechanism to ensure those allocated responsibility for mitigating risks are proactively working to ensure the mitigation. In order to facilitate this, the owners of risks are required to provide an update at regular intervals at the request of the Project Manager.

8. DRIVERS AND IMPLICATIONS

In relation to the national and regional context the relevant considerations are:

National

- Transformation and Modernisation agenda – Welsh Government expectations (Thomas Report; Simpson Report)
- Emphasis on raising educational standards and performance
- Implications of School Effectiveness Framework
- Implementation of ESTYN's Common Inspection Framework
- Current deliberations on distribution of functions – local, regional and national
- Resource reductions – the need to provide system efficiencies

Regional

- Limited capacity of some Local Authorities (LAs)
- Current patterns of provision are not fit for purpose and change is required
- Importance of relationships between LAs and their schools
- Impact of stakeholders
- Recognition and commitment to develop regional services and joint working across the 6 LAs
- Recognition of current strengths and faith in incremental development
- Commitment to regional school effectiveness and improvement service as the first stage towards a complete regional service

8.1 Links to Corporate Priorities/Plan [change to fit local LA plans]

Revitalising Our Community – RC2 *'We will make sure our children get the best educational and social start enabling them to take a fulfilled role in society'*.

Children and Young People's (Single) Plan:

- Core Aim 2, Priority Area 1 - *Raising Standards and Improving Performance in all Educational and Learning Settings*
- Core Aim 2, Priority Area 3 – *Pupils with Additional Learning/Support Needs*

- Core Aim 2, Priority Area 5 - *Conwy School Modernisation Agenda*

8.2 Assessment of impact on the Community Strategy, Equalities and Sustainability

The project:

- supports the focus of the Community Strategy towards the development of **children and young people**;
- strives to provide **equality of opportunity** for all children to receive the best possible education in schools across North Wales; and
- is focused on providing **sustainable options** for education that meets the needs of children and young people now and in the future.

9. REASON(S) FOR RECOMMENDATION(S)

To further the development of a regional School Effectiveness and Improvement Service that raises standards in our schools and meets the wider local and national agendas.

BACKGROUND PAPERS	LOCATION	WEBSITE INFO.
<i>Full Business Case – North Wales Regional School Effectiveness and Improvement Service</i>	Hard Copy Provided	