Appendix 5

Business Case

Project Name:	LA Maintained Schools – Core Offer		
Date:	14 December 2022	Status:	Full
Author(s):	Amelia Walker		
Owner:	Amelia Walker		
Business Area:	Childrens – Education, Partnership & Skills		
Current Version:	0.8		
Programme/Project Classifications	*Tier 1, 2 or 3 following completion of commissioning gateway and PMO review.*		

Revision History

Version	Date	Summary of Changes	Author
0.1	03/10/2022	First Draft	AW
0.2	18/10/2022	Iteration following SLT	AW
0.3	11/11/2022	Amendments including service costs	AH
0.4	16/11/2022	Amendments following Finance/Risk meeting	AH
0.5	25/11/2022	Amendments following comments from Finance	AH
0.6	28/11/2022	Responses to above comments	AW
0.7	29/11/2022	Final amendments (Finance)	AH

Checkpoint

This document requires sign off by SRO and Commissioner

Title	Signature	Name	Date
Briefing		Strategic Commissioning Group	22 September 2022
Briefing		Senior Leadership Team	18 October 2022
Briefing		Director of Finance	30 Nov 2022
Briefing		Scrutiny for Policies, Children and Families Committee	12 Dec 2022
Full Business Case Sign Off		Business Case Scheduled for consideration by Executive	14 Dec 2022

Contents

1 Executive Summary

In 2014 Somerset County Council created Somerset Services for Education (SSE) and moved the majority of schools-focused services within the council onto a full-cost recovery traded basis. This function has now been in operation for eight years. A number of other local authority teams also trade with schools. Additionally, Children's Services includes a small number of schools-focused teams outside of the SSE line management chain that operate a mix of traded, statutory and grant-funded functions.

This complex picture of functions together provides the local authority's contribution to creating a high-performing education system in the county. However, the education system in Somerset is performing poorly, and prior to the pandemic, was in a cycle of rapid decline. Not only does significant underperformance impact on children's lives and opportunities, and in the long term, the health, wealth, and competitiveness of the whole population, but escalating failure carries with it significant short- and medium-term cost and risk implications for the local authority.

There are four risk factors which have been identified which are impacting on performance:

1) **Resource compartmentalisation**: the financial model underpinning services has been designed on a principle of full-cost recovery at service level, not departmental level. This means that resources are exceptionally difficult to re-allocate based on cross-service pressures, need in schools and/or organisational priorities.
2) **Short-term granularity**: the trading offer is primarily based on a single year, highly variable offer. This creates a high level of uncertainty in forecasting income and high level of exposure to shocks.
3) **Inability to flex:** Due in part to resource compartmentalisation, but also due to culture and practice that is based on historic assumptions about need which remain unscrutinised, there is an inbuilt inflexibility in the overall offer which creates a bias towards historic rather than emerging patterns of demand in the market.
4) **Compliance 'moral hazard'**: There is well-established evidence that services trading in risk assurance and compliance need carefully designed safeguards to insulate functions focused on income generation from those focused-on mitigating risk. Such safeguards are not currently in place.

These risks will need to be addressed to raise standards and improve compliance. However, in the past year we have seen the emergence of issues which have meant that the trajectory needed to take action must now be accelerated as some of the risks will now crystalise in April 2023.

1) **Cost pressures:** Part of the Dedicated Schools Grant includes Historic Commitments which funds council services and is reducing by 20% each year. We are forecasting a loss of £633k in 2023. At the same time, the government's withdrawal of the Monitoring and Brokering Grant, worth £513k annually, will also impact from April 2023. Together, these grants fund the entirety of the council's school improvement and schools causing concern function. These income reductions have come at the same point that the local authority and its services are facing unprecedented inflationary pressures.

2) **Academisation**: The Department for Education published a Schools White Paper in the spring in which it signalled its intention to pursue full academisation by 2030. While this may not be realisable by the current government it does create the prospect of an unpredictable and unmanaged shift in the LA maintained cohort which could destabilise buy back levels. While the long-term strategy should be to embed a strong support offer for trusts, this is not yet in place.
3) **Compliance failures and crises:** Over the past 2-3 years there have been a series of critical incidents and scenarios which have exposed a weak system of assurance in relation to risk management, compliance, and quality assurance. This includes a critical audit of property compliance, as well as the findings of work within five schools, three of which were subsequently judged inadequate at inspection.

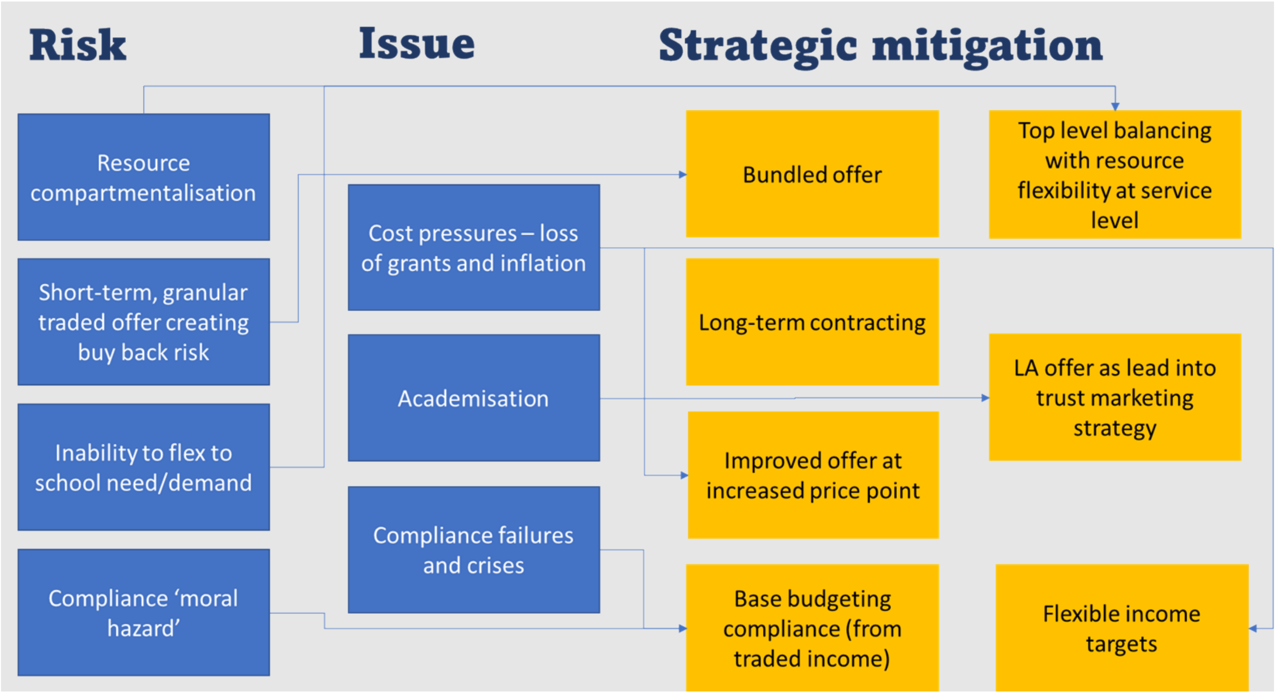
There are four possible responses to the financial pressures in this emerging picture: do nothing; pass all the cost pressures onto schools with no mitigations; leave the school sector altogether and divest of education services; or redesign the service so that charging increases are mitigated by service improvements.

The preferred option is to redesign the approach to strategically mitigate the risks and issues. The 'do nothing' approach carries a very significant level of risk to the system and the local authority and would potentially be dangerous to children. While the options of passing costs onto schools or retreating from the market have surface appeal, the former would put the council into a strategically and financially disadvantageous position and the latter is both likely to be unimplementable and would attract significant cost at a time when the focus is on cost avoidance.

The Core Offer would strategically mitigate risk by introducing the following changes:

1) **Bundling and long-term contracting**: The current offer is fragmented and exposes services to a high level of variability in the buy back. The mitigation is to bundle services on longer or rolling contracts to provide greater stability and predictability in relation to income. A more homogeneous approach also enables more accurate and sensitive cost and recovery forecasting which is essential in a time of economic volatility.
2) **Financial modelling:** Full cost recovery is currently modelled at service level. This inbuilds an incentive for services to forecast unrealistic income, it works against demand-driven resource re-allocation and removes incentives for income-generation and efficiency in marketable services. The mitigation is to model full cost recovery at department level, with more sensitive income generation and efficiency targets in each service, more tightly aligned to opportunities unique to each form of delivery.
3) **Marketing strategy:** In order to avoid catastrophic cuts to school support, a level of cost recovery is unavoidable. However, the strategic positioning of the local authority as a trading function depends on a higher cost service being perceived as good value. Achieving this outcome depends on providing a more consistent experience and adding value in key areas which are currently underrepresented in the offer. This can be done without inflating costs by flexing resources into higher priority functions.
4) **Compliance approach:** By moving the accounting for full cost recovery to department level, and by creating a more stable funding basis, the model would move compliance-focused teams onto a base budget for staff alongside a focus on

using intelligence and risk assessment to undertake condition and assurance activities. This would mitigate the potential conflict of interest for staff undertaking these safety-critical activities.



2 Strategic Case (Reason)

2.1 Strategy investment aims

Indicate the primary drivers of the project/programme for which approval is being sought (tick all that apply). Include any MTFP assumptions/savings.

Project Primary Driver (tick all that apply) ✓	Maintaining/Improving service delivery	Cost Avoidance	Cash Savings	Risk Avoidance	Delivering a Piece of Legislation
	✓	✓		✓	✓

2.2 Investment strategy

The investment in development was funded by schools through a decision by Schools Forum to re-allocate an underspend in de-delegated budgets in the financial year 2021/22. The funding was used to procure research capacity from TPXImpact to work with schools on the strategic case for change. The cost of this contract was £86,400.

3 Critical Success Factors

3.1 Success Factors – Internal outcomes

The project will be successful in relation to outcomes if it results in a service that is:

Positively engaged with families, settings and schools
Thankfully, we have heard from the recent SEND peer challenge that we have put the 'blame culture' behind us. There is now an appetite, even an eagerness, to work together for the good of children and families. However, we do not have mature relationships, and if we do not invest in and grow our relationships with schools, settings and families, these gains could easily be lost. We want to know our schools and settings really well, and to create an environment where everyone knows they only need to reach out when they are in difficulty and a trusted colleague will be there for them and stay with them until the pressure has passed.

Clear and accountable
We want every manager and member of staff to have a mandate – a clear and well-thought-through role that means they can fire on cylinders in a job that plays to their strengths. By being empowered to do their job really well, they will become more expert, work better with colleagues without the risk of conflict, and maximise their chance to progress by having delivered impressive gains.

Focused on what matters most
There is nothing more demoralising than pouring your heart into something, only to find that it wasn't what was wanted. We want every member of staff and team to know they are working on the most important priorities that don't just matter to their managers, but to leaders, to children and to the whole community.

Closer to communities
We're not a business or a charitable endeavour set up to reflect a particular interest group. We're a local authority, and so we are only successful where we serve our communities and help them to flourish. We want to get closer to communities through more area-based working which is cleverly designed to knit different specialists together in an efficient way.

Ready for the future
Education never sits still, and whatever the landscape looks like in ten years' time, it will not be the same as it is today. We want to be in the vanguard of designing the future. If we take account of how change has been less successful in Somerset education in the past, we can learn lessons and face the next wave of reform in a strong and confident position.

Affordable and Sustainable
Our education ambitions are focused on children's learning, but to achieve that we need a system that creates safe, stable and confident organisations to deliver on this. Resources that are sufficient and reliable underpin this goal.

3.2 Success Factors – External outcomes

The project will be successful in relation to outcomes if it results in a school system that has:

Affordable and Sustainable – immediate term
Having a strong support infrastructure for schools enables educationalists to focus on education. That support needs to be affordable at a level that does not create additional strains and pressures for leaders and schools.

Increased Leadership Stability – short term
Between 2014/15 and 2019/20, the level of interim leadership in Somerset was double the national rate. This has improved in the past two years, however, there remains more to be done to attract high quality leadership, retain good leaders and improve the confidence, performance, and positivity of existing leaders. Better support infrastructure has a disproportionate impact on leaders compared to other school-based staff, and therefore we would expect to see impact in the short-term if the quality, reliability, and accessibility of support improves.

Reduced Anxiety among staff and pupils – medium term
Leadership instability, and leadership pressures, play a significant contributory role in schools where staff and pupils feel unsafe or insecure. Data from the Wellbeing Survey in 2020 indicated a high level of feelings of insecurity and anxiety among pupils of all ages, as well as self-reported exhibition of anger and self-harm. As leadership stability improves, we would hope to see this translating into calmer, happier schools.

Improved Progress and Attainment – longer term
Somerset's pupils are underachieving and the trajectory in 2022 is downwards in every phase. While support for schools is only a small contributory factor to progress and attainment, our analysis suggests that weak support infrastructure has played a key role in decline in outcomes over time. Therefore, improvements in the support infrastructure, of which this should be one element, should play a part in stronger pupil outcomes.

4 Economic Case

Because services have not been redesigned or updated for some period of time, and due to rapidly unfolding issues in the economy, the options that are now relevant are rapidly diminishing. Effectively, there are only four realistic options:

a) To absorb the forthcoming cost pressures into the existing service by maintaining the status quo and only uplifting costs in line with past years. This is the 'do nothing' option.
b) To uplift the traded offer and the top-sliced services in line with projected costs of the service, including mitigating the loss of grant, without any redesign or transformation of the service or financial model. This is the 'do minimum' option.
c) To implement a core offer that integrates all the costs and benefits into a single long-term charging model.
d) To cease trading with LA maintained schools and invest all capacity into wholescale academisation.

4.1 Main Options

Option 1: Do nothing	
Details:	No change to service delivery Traded offer unchanged Trading charges, education functions and de-delegated funding all uplifted at the same rate as school budgets
Expected Outcomes:	• Accelerated decline in standards in local authority-maintained schools • Little to no change in underperformance in schools including academies, potential for further decline • Ongoing pattern of acute incidences of failure with associated factors and costs • Aggravated risk of accountability for compliance and safety failures as level of risk is now known and documented
Time/Cost Estimates:	No time required beyond business as usual Costs would be flat in line with 2021/22 budgets or with very modest inflation (e.g. 2%).
Likely Impacts/Cumulative Impacts to SCC:	Not significantly increasing income to mitigate financial losses who lead to extensive and damaging cuts to existing services leading to: • Inability to deliver statutory and safety functions due to critically reduced capacity • Inability to retain and recruit staff due to service pressures • Costs of failure (specifically in relation to estates and schools going into a category) • Accelerated academisation and dissatisfaction with service quality leading to ongoing reduction in buy back

Option 2: Cost recovery without transformation / do minimum	
Details:	No change to service delivery Charges to schools increased as follows from April 2023: • Traded offer charges uplifted in line with inflation • Education functions and de-delegated uplifted in line with inflation • Schools' specific contingency increased from £7,500 to £75,000 • De-delegation of all School Improvement costs previously funded from Monitoring and Brokering Grant

	and Historic Commitments
Expected Outcomes:	• Increase in proportion of schools in financial difficulties • Unpredictable acceleration in academisation • Increased charging offset by decreased buy back
Time/Cost Estimates:	No time required beyond business as usual Costs uplifted in line with realistic assessment of inflation (7-10%) on top of additional de-delegation increases in line with Secretary of State instruction in relation to school improvement costs.
Likely Impacts/Cumulative Impacts to SCC:	• LA remains exposed to compliance risk Increase in demand for support due to financial pressures on schools • Reduction in buy back for council services as schools mitigate the impact of de-delegated charges and/or academise • In-year budgetary pressure due to inflexibility of resource allocation • Very limited ability to reduce staffing cost in response to academisation • Ongoing risk of service failure in areas highly exposed to buy back variation • Decline in LA maintained satisfaction with long-term impact on sustainability of traded model in relation to trusts

Option 3: Core Offer (Preferred option)	
Details:	Redesign of traded offer and service financial model to: • Increase the level of bundling and move to longer-term contracting • Set realistic but stretching income targets for all functions • Gather intelligence and build reputation for strategic move to grow market share with trusts • Increase resource flexibility to enable ongoing efficiency and right size to need/demand • Create base budgets for compliance to protect risk management activities
Expected Outcomes:	Set out above under Critical Success Factors
Time/Cost Estimates:	Investment in developing a model has already been undertaken within existing resources. Costs modelled on the basis of: • Cost neutral budget setting in each financial year • Benefits from improved income generation model

Likely Impacts/Cumulative Impacts to SCC:	Critical Success Factors above sets out the objectives and benefits that this option would endeavour to realise. This option would enable staffing costs to be reduced in response to academisation if alternative sources of income or trading arrangements were not realised, with greater ability to use natural wastage rather than reorganisation. Ongoing risks to mitigate would be: • Increases in charges result in reductions in income in other areas • Schools already in financial difficulties face increased pressures • Changing practice results in short-term decline in quality of support

Option 4: Withdraw from LA maintained support	
Details:	Implement a rapid plan to see all LA maintained schools academise and divest of support for this sector
Expected Outcomes:	The impact on schools would depend on whether the academisation push was funded from within existing resources or whether the local authority would fund the additional staffing requirement. There is a possibility that funding could be sought from the Department for Education, but the current volatile political context and sums required makes this a high-risk option. If resources had to come from existing budgets, then the impact on schools would likely model Option 1 (high risk of failure and decline).
Time/Cost Estimates:	The Department for Education has proposed full academisation by 2030. Option 3 assumes this trajectory. To bring this forward so that full academisation was complete within three years (April 2026) would require academisation of 47 schools a year, starting in April 2023. The current rate of academisation is 2-3 schools a year, so this represents a multiplier of 19 in terms of capacity needed. There are few to no economies of scale in academisation as every due diligence process is specifically tied to that one institution.
Likely Impacts/Cumulative Impacts to SCC:	The decision could prove unimplementable. While the Department for Education has expressed an interest in giving LAs the power to force schools to academise, the Schools Bill has encountered obstacles in the House of Lords and may be dropped. Without such a power the LA has no ability to force academisation and would remain liable for risk for those schools that remained. Analysis in relation to educational underperformance suggests

	that weak support infrastructure has been a contributing factor. At present there are not enough strong trusts operating within the county and therefore any retrenchment of local authority support is likely to exacerbate the current weak outcomes for pupils.

Appendix 5

Likelihood/Impact	Risk 1 Resource compartment-alisation	Risk 2 Financial risk	Risk 3 Inability to flex to need	Risk 4 Compliance	Risk 5 School failure	Risk 6 Pupil impact	Risk 7 Academisation impact	Risk 8 Cuts to essential support
Option 1 Do nothing	High/Medium Financial model unchanged – inability to shift resources to manage pressures	Medium/Medium Cost protection for schools, likely similar pattern of buy-back, ongoing impact on some services	High/Medium Financial model unchanged, demand likely to increase	High/High Cuts to services would mean increased risk of non-compliance	High/High Increased risk of significant school failure	High/High Increased risk of school failure leading directly to detrimental impacts to children	High/Medium School failure may push schools into forced academisation	High/High Significant cuts to services supporting statutory and safety / safeguarding support
Option 2 Do minimum	High/Medium Financial model unchanged – inability to shift resources to manage pressures	Medium/High 'Laffer curve' – increased cost may bear down on total take	High/Medium Financial model unchanged	High/High Moral hazard remains and may be amplified in context of buy back pressure	Medium/Medium Services able to respond but increased risk of financial pressures impacting performance	Medium/High Financial pressures may result in cuts to school delivery with greatest impact for disadvantaged pupils	High/Medium Possible unpredictable and widespread move to academise with knock on impacts	Medium/Medium Move to protect income might result in cuts regardless if buy back still reduces
Option 3 Core Offer	Low/Medium Financial model reformed	Medium/Medium Risk mitigation for base, bespoke elements still exposed	Low/Medium Financial model reformed	Medium/Medium Historic issues remain but services better equipped to respond	Medium/Medium Historic issues remain but services better equipped to respond	Medium/Medium Historic issues remain but services better equipped to respond	Medium/Medium Foundation laid for further action in relation to better offer to academies/trusts	Medium/Medium Services operating at full capacity and above but with all key areas still represented
Option 4 Full academisation	Medium/Medium Financial model unchanged but lower risk with academies only	High/High Huge costs to manage scale of change	Medium/Medium Model designed for historic system, not well adapted for trust-led environment	Medium/High Current mechanisms for oversight of academies in county are underdeveloped	High/High Insufficient capacity in strong trusts to take all schools, pressure could amplify risk of failure	High/Medium Rapid acceleration of structure change likely to distract from pupil needs	High/High Very unlikely full academisation could be delivered	Medium/Medium Change in economies of scale could mean some key services would need to cease, leaving academies exposed

4.2 Preferred Option

The preferred option is Option 3: Core Offer. This is the most complex option, but also carries the lowest risk to the organisation and school system.

5 Commercial Case

5.1 Commercial Strategy

The preferred option is fundamentally tied to the strategic marketing and long-term prospects for the local authority as a trader in education services. As the local authority becomes a unitary council, the time is right for a review of the trading functions within the council as a whole, looking at unifying branding, charging, management practices and marketing. The council has a significant market share in some areas, and the potential to grow this market share. However, in order to do so it will need to be more agile and less risk-averse in positioning itself in the markets it operates within.

Somerset County Council currently operates a significant business in education services, with an annual turnover of £14m. However, education as a sector is in the middle of a period of fundamental reform that has so far lasted two decades and remains a contested space. No one yet knows what the long-term impact of academisation will be or precisely how the education system will continue to evolve. Because the reform is incomplete, the only certainty is that the current configuration is unsustainable and will change.

There is significant potential to grow market share, however, this will only be achieved based on services that are focused on emerging demand, not historic models of need. Moreover, the ongoing political and economic volatility, particularly the heightened possibility of an early election, mean that the trading strategy must, as much as it is possible, align with a policy-focused view of how central government policy may change in the medium term.

The TPX Impact report into school needs and views is at Appendix 3.

5.2 Procurement Strategy

The preferred option does not require any new procurement activity.

5.3 Personnel Implications (including TUPE)

There are two groups of staff who could be impacted by the introduction of a Core Offer: local authority staff and staff in schools.

In relation to local authority-employed staff, a staff reorganisation was consulted on during July-September 2022 and is in the process of being implemented. While this staff reorganisation could deliver the current service, it has been designed to make delivery of a Core Offer possible and therefore no further change would be required.

In relation to school-based staff, a detailed survey was undertaken during September 2022 of all LA maintained schools 63 out of 140 schools responded. This survey asked detailed questions about staffing with the express intention to avoid creating any TUPE implications through the design of a Core Offer.

6 Financial Case

6.1 Charging model

The charging model has been devised to reflect the current pattern of spending by LA maintained schools. There are three types of charges:

1) **Base offer**: The purpose of the base offer is to enable services to work with schools to create a greater level of consistency in meeting basic minimum standards across all schools, and to create a 'social insurance' model so that unpredictable costs and crises are adequately supported. The Base offer includes services where:
    a. 'Buy back' is already very high across all schools
    b. Support relates to safety, compliance and/or safeguarding
    c. Support is needed exceptionally but at a high level and withholding support may have an unacceptable impact on children and/or staff in schools.

2) **Business Manager offer**: Three services (property, ICT, and finance) have very variable buy back, with lower proportions of schools buying in, but in some cases the level that schools are buying is very high relative to budget. These services would form a three tier 'Business Manager' service. Charges would, as close as possible in the first instance, mirror current spend but access to support would be open across all three services. This would enable services to support schools more flexibly to help improve compliance and reduce risk, while also giving these services greater financial stability.

3) **Bespoke offer**: Some services are discretionary (e.g., Music, Outdoors Centres) or charging is based on a highly bespoke needs which differ significantly from school to school (e.g., South West Mutual cover for supply). These items would continue to be sold on an individual basis.

6.2 Cost

For the Core Offer to be affordable, it must take account of cost implications in three areas:

a) Education, Partnerships and Skills whole service cost
b) Costs of traded services outside of education where these will be included within the Core Offer
c) Costs to schools, particularly those that are in financial difficulty

Projected income and expenditure

The projected income and expenditure for the Education, Partnerships and Skills service including the Core Offer income and expenditure for 2023/24 is as follows:

	£m	£m
Income		
Core Offer	6.5	
Other income	8.9	
Total income		**15.5**
Expenditure		
Staff costs	7.5	
Other expenditure	7.1	
Overheads	0.9	
Total expenditure		**15.5**
Total income less expenditure		**0.0**

Costs to schools

A number of different options have been modelled in detail to understand the impact on schools in different circumstances. The model has been selected on the basis of the following criteria:

- Transparent, fair and easy to explain
- Mitigates the impact of increases on schools where the level of increase is highest
- Reflects as closely as possible pre-existing buying patterns and choices by schools

Base offer

- Primary, Special and PRU – 5% of individual school budget (total school budget excluding any additional grants, e.g., Supplementary, Pupil Premium etc)
- Secondary – 3% of individual school budget (total school budget excluding any additional grants, e.g., Supplementary, Pupil Premium etc)
- Protection – Increases to any school will be capped at 60% in the first year (2023/24), based on level of buy back of services included in the Base offer.

Business Manager

Hours can be accessed from any of ICT, Finance or Property Services. Support utilised will be rounded to the nearest hour. Support cannot be carried over from one financial year to another, except by prior arrangement.

- Level 1 - £4,200 for 60 hours support
- Level 2 - £10,500 for 155 hours support
- Level 3 - £17,000 for 250 hours support

Bespoke

Services remain unchanged and will be offered in a manner similar to previous years.

All offers are available to any type of school, though it is not anticipated that the base offer would be attractive to academies, having been designed specifically to meet the needs of LA maintained schools.

6.3 Funding and affordability

For the purposes of modelling affordability, there are two tests:

1) Does the Core Offer provide sufficient income based on inflationary increases to costs and charges for 2023/24, taking into account identified areas for savings in operating costs and/or staffing?

The model described above is very tight but does enable budgets to balance in the context of inflation. Given the level of trading risk and unpredictability in the wider economy, this is based on reasonable assumptions, but ongoing review and very pro-active management of costs will be essential.

The target level of reserves within the service should reflect the agreed level for a trading unit, which represents 5% of trading income or £0.58m. As at 31st October the forecast outturn level of reserves for 2022/23 was £0.47m, due to the in-year impact of the increase to the pay award. However, Option 3 would result in a merger of the Schools Contingency and the SSE Reserve. The financial model includes £75k per annum for contingency purposes. As part of implementation criteria for deployment of contingency/reserve funds would be published. This new reserve/contingency would have an ongoing target of £0.58m as a retained minimum to mitigate trading risk, with funds above this level supporting identified schools' needs. In the first year, the historic Schools Specific Contingency will provide the necessary funds to meet school need in 2023/24.

2) Are the increases to the cost for individual schools reasonable and has the potential impact on schools in financial difficulties been taken into account?

There will be increases for all schools and for some these increases will be substantial. The average increase would be 47.3% or £16,500. However, the steepness of the increase is an unavoidable consequence of two factors: 1) Schools overall have been under-supported which has likely been a contributory factor to high levels of inadequacy in the system, and 2) school support has previously been subsidised by central government grant which has now been withdrawn.

The most common multi-academy trust top-slice is between 4 and 6%, therefore a charge of 5% is reflective of the costs of support nationally[1]. In 2016 it was reported that local authority support charges nationally most commonly varied between 8 and 12%[2].

[1] UHY Benchmarking Report 2021.pdf (uhy-uk.com)
[2] How much do academy trusts top-slice from schools? (schoolsweek.co.uk)

In mitigating affordability, there are three considerations that have been taken into account:

1) A ceiling has been put on increases at the lowest level possible without destabilising the model.
2) Recent national Budget announcements have included an additional £2.3 billion for education. Should this take the form of a supplementary grant, this would not be calculated within the 5% or 3% charge and therefore would provide significant mitigation.
3) A proposal has been proposed to Schools Forum to establish criteria for an inflation fund to enable schools of all types to access supplementary funding if inflationary pressures are likely to have a detrimental impact on quality of education. This has not yet been developed or agreed but is being evaluated for feasibility.

A further important mitigation is the introduction of the relationship manager function which will provide new capacity to facilitate support for schools in financial difficulty, enabling the supportive and challenging action that may be necessary to address longstanding or emerging deficits.

7 Management Case

7.1 Project/Programme Dependencies

The Education, Partnership and Skills structure redesign. Education, Partnerships and Skills and Inclusion within Children's Services have formally consulted on new staffing structures, and these have now been signed off and implementation has begun.

7.2 Project/Programme management arrangements

The SRO for this project is Amelia Walker

The Project & Change Manager is Andrew Hedges and as part of his role, we have established:

- Initial PID
- Specification for External Partner to help with discovery work
- Project RAIDL (Risks, Action log, Issues, Decisions and Lessons Learnt)
- Project Plan including implementation plan for the Core Offer
- Full Business Case

The Project Governance is made up of a monthly Project Board (established in August 2022), as part of phase 2 of the project and a weekly Project Team meeting (established in November 2021), started as part of the scoping and discovery part of the project. See below for membership of these.

Project Board

Name	Job Role	Service
Amelia Walker	Assistant Director	Education, Partnership & Skills
Andrew Hedges	Project & Change Manager	Business Change
Julia Ridge	Strategic Manager	Education Systems
Amy Joynes	Strategic Manager	School Improvement
Sian Kenny	Strategic Manager	Finance
Guy Marshall	Service Manager	Finance
Meg Rodwell	Business & Commercial Finance Manager	SSE
Alan O'Coy	Strategic Manager	SSE
Jo O'Callaghan	Strategic Manager	SSE
Andy Kennell	Head of ICT	ICT Operations
Rachael Butt	Service Manager	HR Advisory
Michael Cowdell	Strategic Manager	Somerset Waste Partnership
Rachel Ellins	Strategic Manager	HR Admin & Payroll
Tom Woodhams	Principal Lawyer	Legal
Suzanne Keniston	Service Manager	Legal
Sharon Larkman	Asbestos Manager	Asbestos Team
Keith Hawke	Service Manager	Insurance
Gary Smith	Communications Officer	Communications
Robyn Dexter-Attwood	Senior Business Support Officer	Business Support - Education

Project Team

Name	Job Role	Service
Amelia Walker	Assistant Director	Education, Partnership & Skills
Andrew Hedges	Project & Change Manager	Business Change
Julia Ridge	Strategic Manager	Education Systems
Amy Joynes	Strategic Manager	School Improvement
Sian Kenny	Strategic Manager	Finance
Guy Marshall	Service Manager	Finance
Meg Rodwell	Business & Commercial Finance Manager	SSE
Alan O'Coy	Strategic Manager	SSE
Jo O'Callaghan	Strategic Manager	SSE
Gary Smith	Communications Officer	Communications
Kate Edwards	Business Development Manager	SSE
Susan Wheatley	Business & Commercial Manager	SSE
Claire Price	School Improvement Officer	School Improvement
Robyn Dexter-Attwood	Senior Business Support Officer	Business Support - Education

7.3 Project/Programme milestones

We started to engage with LA Maintained School in relation to this work in late 2021. This was followed by a period of discovery work and research, which we commissioned an external provider to help with (TPXImpact), the final report from this work can be found in the appendices. Democratic decision making will take place in December 2022.

The project plan used to manage this project can be found here.

7.4 Timescale

November 2021	Initial school briefings
8 December 2021	Deadline for schools to express an interest in research phase
Jan-Feb 2022	Procurement of research partner
Feb-April 2022	Research with participating schools
June 2022	Final report from research with recommendations for local authority
September 2022	Survey to all schools on draft deliverables
October 2022	Development of business case
October 2022	Administrative Development and Liaison meetings
18 October 2022	Senior Leadership Team review
24 October 2022	Executive / Senior Leadership Team review
7 November 2022	Children and Families Scrutiny meeting to review background to proposals
23/28 November	Briefings for school leaders
12 December 2022	Pre-agenda Scrutiny – Children and Families Scrutiny Committee
14 December 2022	Executive decision
December 2022	Draft core offer published
January 2023	Final core offer and terms published for buy back
February 2023	Buy back deadline to confirm viability
April 2023	Implementation

7.5 Expected Benefits

Once we have gone live with the Core Offer, we will look to agree the metrics for the benefits, along with baselines and targets. The project will be successful in relation to outcomes if it mitigates the key risks facing education services in the local authority, specifically:

1) Reduction in the indicators of most concern in relation to educational outcomes, specifically exclusion (fixed term and permanent), Key Stage 2 disadvantage gap (Reading and Maths)
2) Reduction in the proportion of LA maintained schools found to be Requires Improvement or Inadequate at inspection each year.
3) Reduction in the direct and opportunity costs of reacting to acute, preventable failures in the system.

4) Education senior leaders are able to successfully re-allocate resources within Children's Services in line with priorities on an ongoing basis, for example, where vacancies arise due to natural wastage.
5) Services that are currently not able to recruit permanent staff due to buy back risk are able to do so, and satisfaction with the quality of delivery within those services increases.
6) Schools report satisfaction with the range of services provided by the local authority, and a higher level of consistency in the quality of services received.
7) Services experiencing acute service pressures due to an imbalance between capacity and demand have those pressures reduced, with positive impact on levels of staff satisfaction and sickness absence.
8) Reduction in incidents in schools where unacceptably low levels of compliance with requirements are identified in relation to safeguarding and/or safety.

7.6 Risk and Issue Management

All project Risks and Issues have been captured in the project RAIDL and are revisited at the Project Board meetings.

LINK HERE

The key risks are as follows:

Trigger	**Impact**	**L**	**I**		**Control Measures**
Insufficient buy back for viability	Would necessitate reverting to Option 2	2	5	10	1) Relationship managers working directly with schools to sell the benefits 2) Terms which incentivise participation 3) Cost pressure mitigation
Academising schools and leaving the offer impacts break-even point	Overspending	2	3	6	1) Refreshed look at improving wider offer 2) Transition work with receiving trusts 3) Ongoing review of cost base and opportunities to reduce
Increases to school budgets creates financial pressures for schools without significant surplus balances	Negative impacts on school operations	3	4	12	1) Analysis of incoming budgetary information against profiled base and business manager offer costs 2) See mitigations in Section 6.3

7.7 Project/Programme assurance

Once implementation of the Core Offer has been completed, we will have a checkpoint of this phase of the project. We will then scope the next phase of work and plan the next steps regarding this.

7.8 Project/Programme transition

Following the completion of this project, the following is out of scope for this Business Case but will need to be worked through following a decision to implement the core offer model.

- 5 Year Business Plan
- LA Trading strategy
- Are we still committed to being a trading organisation?
- What is the trading model options?
- What markets do we want to be trading in?
- Where are our strengths for growth and are there services we should be divesting from?
- What are our branding and identity options?
- How do we operate full cost recovery including calculating overheads?
- What common systems and processes should we be deploying? (Including time recording / CRM)

We will complete a closure/transition report, which will detail any handovers and/or outstanding activity which needs to be owned as part of BAU. The work that has been done as part of the Education, Skills and Partnerships structure redesign has been done in parallel to this work and will result in posts which closely link to the Core Offer and managing the relationship between LA Maintained Schools and the LA.

8 Appendices

- **Appendix 1 -** Core Offer – Base Offer deliverables/services
- **Appendix 2 –** Core Offer – Business Manager deliverables
- **Appendix 3 -** TPX Impact – Discovery/Research final report
- **Appendix 4 -** Implementation timeline for Core Offer Go live