

From: Rory Love, Cabinet Member for Education and Skills
Sarah Hammond, Corporate Director of Children, Young People and Education

To: Children's, Young People and Education Cabinet Committee – 16 May 2023

Subject: 23/00050 Services provided by The Education People

Key decision – *It affects more than 2 Electoral Divisions and over three years involves expenditure or savings of maximum £1m.*

Classification: Unrestricted

Past Pathway of report: None

Future Pathway of report: Cabinet Member Decision

Electoral Division: All

Summary: This report sets out proposals to amend the service specification of the contract between KCC and The Education People to reduce the value of this contract by £0.4m, in order to support the MTFP budget requirements.

Recommendation(s):

The Children's, Young People and Education Cabinet Committee is asked to consider and endorse or make recommendations to the Cabinet Member for Education and Skills on the proposed decision to reduce the value of the core contract with The Education People in 2023/24 by £0.4m through changes to the service specification set out in Table 1 of this report.

1. Introduction

- 1.1 The Education People (TEP) is a wholly owned KCC trading company. Through the commissioned contract arrangement KCC has delegated a large number of its statutory and discretionary services to the Company which also trades directly with schools and academies who choose to purchase its services through their delegated budget. The annual cost of the TEP contract to KCC is £8.96m, excluding corporate overheads.
- 1.2 As part of KCC's budget setting process discussions have taken place with TEP's leadership to assess areas of efficiency. Proposals for £0.4m of savings in 2023-24 have been received. In summary these comprise:

Table 1

Reduction in contract fee for financial year 2023/24 - Description	Value
Early Years and Childcare Service	- £128,825
Equality Diversity Inclusion Team	- £45,500
Governor Services	- £6,585
Primary School Improvement	- £39,000
School Financial Services	- £92,940
Secondary School Improvement, Special Schools and PRU's	- £87,150
Total	£400,000

- 1.3 The process to review the contract between KCC and TEP is due to be completed by 31 March 2024 at the latest, for implementation with effect from 1st April 2024. KCC officers working in CYPE have begun to implement the work required alongside colleagues in TEP. As part of this detailed discussions will be held to review and amend the documented service requirements to better reflect the future needs of KCC and Local Authority Maintained schools as well as providing the flexibility necessary to make further adjustments in line with the changing political, financial, and educational landscape. TEP has been made aware that KCC's base expectation is for savings in future years of a further £0.9m (2024/25) and £0.3m (2025/26).
- 1.4 The reduction to the value of the TEP contract form part of the delivery solution to KCC's Medium Term Financial Plan (MTFP) which requires the Education Service to deliver savings of £0.9m in 2023-24, and indicative savings of £1.2m and £0.3m in 2024-25 and 2025-26 respectively. These wider savings are linked to a review of services to schools, which is taking place in the context of the changing educational landscape.
- 1.5 In line with the contractual requirements, proposals have been received from TEP as to how £0.4m of savings could be achieved with the least impact on quality of service and outcomes for children. These have been reviewed by the Education Service and discussions held where further clarification was required, or concern existed as to the impact on service or the dislocation of activity to other services in KCC. The detail of the proposals made by TEP are set out in appendix one. It forms the basis for the agreed proposal for consideration by this Cabinet Committee and the Cabinet Member for Education and Skills.

2. Financial Implications

- 2.1 The savings in the TEP contract form part of the delivery solution to the overarching MTFP savings required of the Education Service of £0.9m in 2023-24, and indicative savings of £1.2m and £0.3m in 2024-25 and 2025-26 respectively.
- 2.2 The TEP contract is funded from both Council base budget and the Dedicated Schools Grant (DSG). The proposals set out in Table 1 (and in detail in appendix one) will save £0.4m in 2023-24 against the TEP contract (of which approximately £0.1m will relate to the DSG). In addition to this saving KCC,

through its general discretion not to award an inflationary pay increase sum, will expect TEP to absorb inflation and wage pressures.

- 2.3 Details of how the future years' savings will be achieved have not yet been determined. Following the contract review process the proposed revised contract and service specifications for TEP will be reported to this Committee later this year.

3. Legal implications

- 3.1 The proposals above have been produced jointly by the company and Education Service, the contract commissioner, in line with contract requirements. There are no legal implications.

4. Equalities implications

- 4.1 The proposals do not relate to any activity which directly interfaces with members of the Kent community. In the main these remove from the contract requirements activity which is no longer necessary for either TEP or KCC to continue to deliver their responsibilities.
- 4.2 The equalities impact assessment indicates there are no equalities implications arising from the proposed decision.
- 4.3 The EqIA will be revisited again as part of the formal review of the contract which is currently in process.

5. Risk and Other Factors

- 5.1 The proposals do not present any notable risks.

6. Governance

- 6.1 The formal decision to implement this proposal will be taken by the Cabinet Member for Education and Skills. The Director of Education and SEND is the officer with delegated authority for overseeing and managing the TEP contract.

7. Alternatives considered

- 7.1 The alternative to reducing the value of the TEP contract by £0.4m is to secure savings elsewhere in the Education Service budget to ensure delivery of its overall MTFP savings of £0.9m. These savings will require other actions over and above the proposed reduction to the value of the TEP contract, whose value represents a significant proportion of the total budget resource available to the Director of Education and SEND. These proposals are considered to represent an equitable distribution of savings across services.
- 7.2 It is anticipated that savings across future financial years can and will be found from within the contracted arrangement between KCC and TEP. Those being proposed for 23/24 offer savings from areas where delivery requirements have evolved, rendering some activity redundant.

8. Conclusions

- 8.1 The proposals contribute to the MTFP savings required of the Education Service. The reduction in service levels to be delivered against the proposed reduced contract value have been targeted in such a way that the operational requirements of KCC and schools will not be jeopardised.

9. Recommendation

The Children's, Young People and Education Cabinet Committee is asked to consider and endorse or make recommendations to the Cabinet Member for Education and Skills on the proposed decision to reduce the value of the core contract with The Education People in 2023/24 by £0.4m through changes to the service specification set out in Table 1 of this report.

11. Background Documents

Appendix 1 – PROD 23/00050

Appendix 2 - Equalities Impact Assessment

Appendix 3 - Core Contract Fee Reduction 2023/2024 Proposal by Service

12. Contact details

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