

Selling services to schools

Facing the future



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Acknowledgements

APSE would like to thank David Bentley, Head of Asset Management at CIPFA Property and Wyn Jenkins, Malcolm Thomas & Jane Lowrie CIPFA Property Associates for their contribution in researching, writing and editing this report. Paul O'Brien, APSE Chief Executive commissioned the report and Mo Baines and Vickie Hacking both of APSE contributed to editing and commentary.

Published by APSE, February 2020

ISBN: 978-1-907388-64-4

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1. Foreword

Over a number of decades the relationship between local authority services provided to schools has been fragmented through regulatory and financial changes, structural changes to local education authorities, the growth in new forms of school provision such as academies and free schools and increasing marketisation of provision. This changing relationship belies the value of local authority services to schools; providing value for money, flexible and responsive services, high quality standards and often accompanied by a more ethical, environmental and socially responsible means of delivering support services to schools which are vital to the functioning of a well-performing school environment.

In spite of these benefits the continued fragmentation of services has undermined the natural connections between high performing local authority support services to schools and the education sector itself. This publication therefore looks at the position regarding the provision of a selection of discretionary support services to schools by local authorities.

The aim is to disseminate information across the sector, highlighting some of the different approaches currently used in the provision of services and looking at what the future may hold.

Our research shows that a number of different approaches are being used in practice. This piece of research explores some of these different approaches and highlights the various issues faced by local authorities and schools whilst suggesting ways in which these might be addressed in the future.

We would like to thank all the local authorities and their officers who participated in this research study. We are very grateful for their time in responding to our survey, for providing additional information for our case studies and also for supplementing our findings through engaging in some very open and honest informal dialogue with us. Without that active participation research such as this would not be possible.

Cllr Mark Pengelly, *APSE National Chair*



2. Executive summary

The majority of local authorities with education responsibilities have traded at least some of their services to schools for many years.

However, changes in legislation, reduced funding and uncertainty regarding the levels and sources of future funding mean that if local authorities are to continue to provide these services, they need to ensure that they are fit for purpose, flexible, will deliver increased efficiencies and income, or at least be delivered either without subsidy or with a subsidy level agreed at a local level in support of social value outcomes such as tackling child nutrition issues through school meals.

The public sector landscape continues to transform, with education in particular having seen the greatest change for more than a generation. As a result, the relationship between local authorities and schools, in England particularly, has changed significantly, and with it the marketplace for the provision of non-statutory or so called 'discretionary services'.

The role of local authorities in running schools is now minimal, and many have seen a significant reduction in the demand for discretionary services from schools, as governors and head teachers exercise their new found freedoms to choose which services they require and from where.

Local authorities are now essentially the commissioners of educational outcomes rather than the de facto provider of education services, although they continue to provide statutory services such as the distribution of funding, school place planning, admissions and supporting schools forum. But whilst the provision of discretionary services are generally made available to schools and academies on a traded basis there is no obligation for schools to take any of these services from the local authority or indeed elsewhere.

Consequently, there has been an opening up of competition and a significant growth within the alternative provider market for services to schools. This has led to local authorities adopting a variety of approaches in the provision of these services at a local level.

Many local authorities have successfully retained in-house teams that provide a whole range of services to schools, whilst others have looked for solutions that are rather more radical, including:

- Transfer of school support services to another local authority
- Externalisation of certain services either individually or as a multi-service package
- Formation of council owned trading companies which provide services to schools
- Formation of Joint Venture companies with private companies, to deliver all or some support services to schools

This report identifies examples of these approaches and illustrates some in a little more detail in the case studies at the end of this document.

The uncertainty in the schools services marketplace means that if local authorities want to retain a large share of that market, they will need to keep an open mind as to the future shape of their service delivery model going forward. They will need to ensure that they are fit for purpose and able to meet future challenges including the demands of the schools.

Schools and academies are becoming ever more demanding, sometimes expecting the provision of services for less than it costs local authorities to provide them. They also continue to mature and the current trend for schools to work in clusters means that there is an increasing likelihood that they will look at alternative providers given their collective purchasing power. The marketplace is continually evolving and we are seeing new entrants both large and small.

The ever-increasing number of academy conversions has undoubtedly triggered a drop in demand for council services as a significant number look either to support themselves or look for provision elsewhere. Some multi-academy trusts (MATs) provide a core set of support services across all academies in their trust network, which is often seen as precluding the local authority from trading services into these schools, albeit local authorities do have wide powers to trade across boundaries and through collaborative inter-authority arrangements the geography of MATs can be problematic. Academies are often looking for alternative local, regional and national providers as they seek to make a clean break from the local authority.

In spite of the difficulties presented by Academies it is clear from research across a broad range of local authorities, that for many the relationship between them and their maintained schools remains strong, particularly within the primary sector. It is also evident that local authority General Fund subsidy is still widely used to support discretionary services to these schools. However budgetary pressures continue to increase year on year.

A new study by Grant Thornton (January 2019)¹ highlights that over a third of councils in England are at risk of financial failure over the next ten years and that a significant number could potentially run into trouble much earlier. As such, local authorities support services are under increasing pressure to be self-sustaining.

So whilst the main reason many local authorities provide, or attempt to provide support and services to schools is their commitment to educational outcomes, they will undoubtedly have to re-evaluate their financial models and level of service provision. This will entail looking at how to ensure this provision can be delivered in a financially sustainable way for the medium term.

Clearly, in the wake of the Carillion collapse early in 2018 and Interserve going into administration early in 2019, there is a robust ongoing debate about the risks associated with the outsourcing of services and the use of private contractors, and major outsourcing companies in particular. Local government continues to see a rise in insourcing in many of the services previously utilised by schools as part of the local authority support services to schools; these services include grounds maintenance, school meals and building repairs and maintenance services. This growing phenomenon could provide different and new opportunities to recalibrate the relationship between schools and local authority service providers and help to de-risk schools exposed to outsourced contractors.

Finally a worrying outcome of the research undertaken for this report has highlighted concern from a number of local authorities that schools that do not utilise the local authority's in-house or controlled contractor services may not be fulfilling health and safety legislation, regulations and recommendations.

¹ <https://www.grantthornton.co.uk/en/news-centre/a-third-of-councils-at-risk-of-financial-failure-in-the-next-decade/>

3. Introduction

Historically, by default Local Education Authorities (LEAs) provided a myriad of services to schools which up until the late 1980s were centrally funded. These services included: property services including emergency and planned repairs and maintenance; cleaning and caretaking; school meals; ICT provision and support; music and library services; governor support and training; insurance; legal and HR advice/support; waste and recycling services; grounds maintenance, payroll & other financial services and outdoor education facilities.

During the research undertaken to produce this report, one local authority stated that it was still offering over 92 service packages to schools, incorporating over 162 different service specifications designed to meet differing service needs and to offer flexibility on cost and accessibility.

Whilst local authorities continue to offer a wide range of so called discretionary services, the increased autonomy of schools has given them a significant degree of choice as to which services they wish to purchase and whether this will be from their local authority or elsewhere.

4. Project brief

The scope of this research project is limited to the following key service areas which we have loosely defined as FM Services:

- Catering (school meals)
- Grounds maintenance
- Cleaning/caretaking/site security
- Property related services
 - Repairs and maintenance
 - Statutory building compliance (health and safety)

The brief was to provide an overview of the general position on the current provision of services by local authorities, the level of buy-back by schools and the general trends for future service provision. The project also sought to highlight where possible examples of activity, best practice, innovation and/or unique ways of service delivery.

5. Initial Survey

An initial APSE survey of UK local authorities was supplemented with a further targeted mail-shot to authorities within the CIPFA Property Networks². This ensured the study included a mix of local authorities in terms of type, size and geography.

The initial APSE survey return provided a broad representation from county councils, unitary councils, London boroughs and metropolitan boroughs and the initial results suggested that:

- the majority of respondents currently provided the services via in-house teams but with a view to moving to a mixed model whereby some services would be delivered through an arms-length company alongside the in-house service teams
- charges for services provided are predominately via service level agreements (SLAs), either as packages or pick and mix type menus
- ad-hoc/one off services are offered by a number of respondents to maintained schools within their area

² <https://www.cipfa.org/services/property/about-cipfa-property>

However, the additional targeted research through the CIPFA Property Networks uncovered a slightly more complex market place and significant concerns particularly in respect of services related to day-to-day repairs, planned maintenance and property related statutory compliance actions and responsibilities.

6. Background

6.1 Schools - the changing landscape

The Education Act 1944 reformed and established a national system of primary, secondary and further education (the essential features of the Education Act 1944 of England and Wales were reproduced in the Education Act of 1947 in Northern Ireland and in the Education Act of 1945 in Scotland). The 1944 Act set out how the system would be administered by LEAs (based on the then counties and county borough councils), and set out their responsibilities for allocating resources to the schools, including staff, buildings, equipment and materials.

The first real significant change to this system of local authority control came about in the form of the Education Reform Act 1988 which granted schools in England and Wales a far greater degree of autonomy, including the introduction of grant-maintained schools which were independent of LEA control and funded direct from central government. LEA-maintained schools became responsible for managing their own budgets and the system became known as the 'Local Management of Schools' (LMS). Similar changes were brought about in Northern Ireland and Scotland in 1989 and 1993 respectively.

With delegated budgets came responsibility for matters such as finance, the management of premises together with the choice of where to purchase goods, equipment, support and services.

Whilst LEA-maintained school funding was still allocated to schools via the local authority, to a large extent the schools decided what to do with it, including having a choice as to which services, if any, they purchased back from the local authority.

In respect of property, schools would receive money intended to cover basic maintenance and for minor improvements, whilst major repairs and capital investment remained the responsibility of the local authority.

The next significant change came with the School Standards and Framework Act 1998 (England and Wales) which abolished grant-maintained schools and enabled the formation of foundation schools. Schools which successfully applied for foundation status generally became the owners of their land and premises and the employer of staff, rather than the local authority. However, the local authority continued to fund the school on the same basis as all other local authority maintained/controlled schools.

1999 saw the opening of the first Private Finance Initiative (PFI) schools. This procurement method, actively encouraged by the government of the day, introduced yet another category of responsibility, one where the local authority effectively became a tenant of the PFI Company. This model led to so called DBFO schemes (Design Build Finance and Operate) with the 'Operate' element leading to schools locked into repairs and maintenance and often catering and cleaning contracts within the PFI scheme. This in fact lessened the choice of contractors for schools rather than enhancing choice which the preceding schools and education policies had sought to do.

The introduction of the Children Act 2004 saw the functions of education and children's services combined under designated Directors of Children's Services, and the term LEA became obsolete.

There are now 207 bodies within the UK that have the strategic lead for the education of children and young people, and have funding responsibilities for maintained schools within their administrative areas. Of these:

- 27 are English county councils
- 55 are English unitary authorities (plus the Isles of Scilly)
- 36 are English metropolitan borough/district local councils
- 32 are London boroughs (plus the City of London Corporation)
- 32 are Scottish unitary authorities
- 22 are Welsh unitary authorities
- 1 Northern Ireland authority

The final significant change came with the Academies Act 2010 which has made it possible for all local authority maintained schools in England to become academies. Academies are directly funded by central government via the Education Skills and Funding Agency³ (ESFA) and are independent of local authority control and responsibility.

6.2 Current landscape

The rate of change in the education landscape since the Academies Act 2010 came into force has been considerable, and the latest government analysis highlights the challenges faced by service providers in this sector.

By January 2018, 27% of primary schools and 65% of secondary schools in England had become academies. These figures included converter and sponsored academies but excluded free schools (7%) and schools in the pipeline. Note: There are no academies in Wales, Scotland and Northern Ireland.

Number of state funded schools in England - January 2018⁴

Sector	Academies	Non-academies	Total
Primary	4,440 (27%)	12,315 (73%)	16,755
Secondary	2,220 (65%)	1,218 (35%)	3,438
Total	6,660	13,533	20,193

As at January 2018, a further 1,218 schools (931 primary and 287 secondary) were in the pipeline to become academies (excluding pupil referral units, special schools and nurseries).

This general trend for schools to become academies and move away from local authority administration has prompted a wholesale change in the way school estates are managed. The natural shift is towards a system that grants greater independence to schools, including how they manage and procure services for their land and buildings.

6.3 School categories

In order to better understand the issues around the provision of services to schools, it is useful to have an overview of the categories of schools involved. A brief summary is provided below to clarify the source of funding, land ownership and employer status.

3 <https://www.gov.uk/government/organisations/education-and-skills-funding-agency>

4 <https://www.gov.uk/government/publications/open-academies-and-Academy-projects-in-development>

- a. Maintained or community schools are funded via the local authority which also owns and maintains the land and buildings the schools occupy and is the legal employer of staff.
- b. Foundation schools are a category of local authority maintained school, funded on the same basis. However the governing body, rather than the local authority employs the staff and will usually own the land and buildings which the school occupies.
- c. Voluntary aided (VA) schools are generally faith schools, originally set up by a voluntary body (charitable foundation) such as the Church of England or the Roman Catholic Church. The school is funded partly by the local authority and partly by the voluntary body. The governing body employs the staff on behalf of the voluntary body and the land and buildings are normally owned by the voluntary body as part of the charitable foundation.
- d. Voluntary controlled (VC) schools are similar to VA schools in that they are generally faith schools originally set up by a voluntary body (charitable foundation) such as the Church of England or Roman Catholic Church. However, they are funded by the local authority which also employs the staff. The land and buildings are normally owned by the voluntary body as a charitable foundation although in some instances the local authority may own and be responsible for the school playing fields.
- e. Academies are schools run by an academy trust which can be responsible for a single school or a cluster of schools, the latter being known as a multi-academy trust (MAT). Academies are funded directly by the EFSA and are outside the control of the local authority. Academies which have converted from local authority maintained schools will generally hold their sites on long leases from the local authority, for a nominal charge. Academy trusts are usually responsible for all occupational and running costs and employ the staff.
- f. Free Schools are academies that have been set up in response to local demand (i.e. not converted from an existing school). They are funded directly by central government and are outside the control of the local authority. They are run by a company set up for the purpose of being the education provider, and will own the freehold or leasehold of the land and buildings that the free school occupies. They will also employ the staff.

6.4 School funding

Whilst this report doesn't cover education/school funding in any depth, it is helpful to have some understanding of how schools are funded and how it impacts on discretionary support services for schools.

Whilst 2018-19 saw the introduction of the new National Funding Formula for schools (NFF), local authorities in England continue to be responsible for distributing revenue money between schools in their area from a block Dedicated Schools Grant (DSG).

The local authorities set a funding formula, and decisions about the local formula are made in the Local Schools Forum (LSF), to allocate funding to both maintained schools and academies.

Academies and free schools are funded directly by the government, through the ESFA. However, they are funded in line with the locally agreed formula and academies must also be represented on the LSF. Funding for academies is then recouped from the DSG and paid to them by the ESFA.

The majority of school capital funding comes from the government and councils receive 'basic need' grants to provide new places to respond to sharply increasing demand.

With the agreement of the LSF, local authorities can retain funding centrally for some services

before allocating funding to individual schools through the formula. LSFs can also decide whether funding is pooled centrally, and held by the local authority, to cover the provision of school support services for maintained schools, otherwise termed as de-delegated services. Services that might be funded from centrally retained or pooled budgets could include:

- School admissions service
- Free school meals eligibility assessments
- Insurance
- Schools copyright licences

By default, funding for some of these services is delegated to individual school budgets, so there has to be a collective decision to centrally pool funds. For academies and free schools, funding for these services is routinely included in their individual budgets and schools can choose to 'buy back' these services from the local authority.

Whilst funding arrangements in Wales, Scotland and Northern Ireland may vary from those in England, the principle remains the same in that local authorities are allocated a budget from the devolved administrations which they then distribute to schools in much the same way as happens in England, that is, retaining some centrally but distributing the majority to individual schools.

7. Support services - provision to schools

7.1 Introduction

As previously stated, historically the local authority managed and controlled all state schools in its area. The local authority held the budget for its schools that had to ask for everything they needed. The local authority appointed the staff and generally provided all support and services. Those days however have long gone, as legislation has reduced the role of the local authority to:

- Ensuring sufficient school places are available by building or extending schools as required
- Balancing the supply of school places through reorganisation proposals
- Assessing and providing home to school transport
- Providing statutory support services for schools
- Allocating finance to schools

Whilst there are minor variances in funding schemes, charges and responsibilities across the four UK nations, the overall principle is generally the same: funding is delegated to schools and they have the freedom to choose which non-statutory services they pay for and with whom they contract to provide them.

Following on from this policy of delegating budgets and responsibilities some schools took the decision to distance themselves from their local authority because:

- They believed they could achieve better value for money elsewhere
- The board of governors/academy trust felt they could operate without any local authority support
- Schools felt the service offering failed to respond to their individual needs

However, it is evident that the majority of local authorities responded well to the challenge and effectively continued to support schools in a variety of ways.

7.2 Discretionary services

The term discretionary services for schools covers services that are non-statutory but assist schools to function. They include services to support management and governance, teaching and learning, extra-curricular activities, infrastructure and facilities, pupil-focused services and reputation.

The market for these services has changed noticeably in recent years and the research undertaken for this report confirms that the provision of such services is no longer the preserve of local authorities. Schools have almost total freedom to decide which, if any, services they wish to acquire and from where.

Support services such as music, outdoor education, ICT, HR and legal support often continue to be offered by trading units within local authorities, and take up of these services are generally high across maintained schools. However, the offer of services such as school meals, property services, grounds maintenance, cleaning, caretaking and security from local authorities tends to be subject to greater competition from the private sector.

Take-up of local authority provided services by academies, particularly those in the secondary sector, varies greatly but whilst there are clearly exceptions to the rule the overall trend would appear to be a move away from local authority support.

One of the consequences of this reduced demand is that local authorities are finding it increasingly difficult to balance the books. The less buy-back income they receive, particularly from the larger and more cost effective secondary school market, the more difficult it becomes to make service provision financially viable, especially when this is coupled with the ever increasing reluctance to subsidise services to schools from the General Fund.

Some local authorities however still seem to be bucking the trend and are currently able to retain in-house service units that provide a broad range of services to schools as well as to other service areas retained within the authority. Examples include:

- Derbyshire County Council⁵
- Hampshire County Council⁶
- Trafford Council⁷
- Knowsley Council⁸

A number of other local authorities have taken action to develop at least some of their education services into new organisations. Examples include:

- The London Borough of Sutton which formed a stand-alone company called Cognus Limited⁹ to support schools, families and children/young people.
- South Gloucestershire Council which established a traded services team branded as Integra, within which Integra Schools¹⁰ delivers specialist support services to schools and academies. Integra currently operates as a team within the Council with staff remaining as Council employees. There is, however, a desire to create an arm's length trading organisation in the future. (See Section 7.5 for further details regarding the provision of cleaning services by Integra).

Others have formed joint venture (JV) companies with private sector organisations or other local authority trading arms. Examples include:

- Devon County Council which has set up Devon Norse¹¹, a joint venture with the Norse Group (which is wholly owned by Norfolk County Council).
- Powys County Council which has set up a 50/50 JV with Kier Ltd for the provision of building repairs and maintenance. The Heart of Wales Property Services Ltd was established in 2017 to deliver responsive maintenance and building design services to council homes and corporate properties including schools.

Other local authorities have either simply ceased to provide support services or contracted them out to external providers (including to other local authorities). This includes:

- Essex County Council which outsources its Property and Facilities management services. The Mitie Group currently delivers the majority of these services including cleaning, security systems, catering and grounds maintenance. However specialist services such as lift maintenance are subcontracted.

5 <http://www.services.derbyshire.gov.uk/>

6 <http://www3.hants.gov.uk/servicesforschools.htm>

7 <http://www.traffordeducation.co.uk/Services>

8 <https://www.knowsley.gov.uk/business/schools-and-business-services>

9 <https://cognus.org.uk/>

10 <https://www.integra.co.uk/>

11 <http://www.devonnorse.co.uk/#>

7.3 School meals

In England and Wales, school governors of maintained schools and academies (in England only) are responsible for the provision of school food and for providing suitable facilities where food can be eaten. In Scotland, local authorities are responsible for school meal provision and in Northern Ireland it is the Education Authority.

Schools have a duty to provide a paid for meal on request and a free meal to those that are eligible which in England and Scotland now includes all reception and year 1 and 2 pupils in maintained primary schools. Nutritional standards, as defined by central government must be met, although it is acknowledged that there are gaps in English Academy settings on nutritional standards.

Traditionally local authorities throughout the UK have provided schools meals by way of in-house catering departments, and many have been fairly resilient in the face of the challenges such as:

- higher food standards
- increased costs, particularly as a result of 'job evaluation and single status' between the late 2000 – early 2010s and for some authorities a commitment to pay staff the 'real Living Wage'
- increasing competition from the private sector
- increasing food prices

An example is Shropshire County Council's in-house 'Shire Services'¹² which provides meals together with cleaning and facilities management services to over 100 primary schools and 15 secondary schools in the county. It also provides catering services to a total of 76 sixth form colleges and independent schools in North Wales, Telford, Herefordshire, Cheshire, Worcestershire and the West Midlands.

Southampton City Council and Plymouth City Council have both adopted a fairly unique approach with regard to school meal provision. 'City Catering Southampton'¹³ (CCS) became the UK's first charitable catering company whilst Plymouth's 'CATERed' became a local authority trading co-operative company owned jointly by Plymouth City Council and Plymouth Schools (see case study F).

However, whilst many of the traditional in-house services remain, a number of authorities are opting out of providing a school meals service.

For example, in Cambridgeshire, the overall number of schools receiving a catering service from Cambridgeshire Catering and Cleaning Services (CCS) has slowly but steadily declined and reduced from 202 contracts in March 2015 to 174 contracts in November 2017. This represented a drop from 54% of the Cambridgeshire market for schools catering to 46%.

In response, in February 2018 Cambridgeshire County Council announced¹⁴ that it would cease to be a provider of catering to schools by the end of 2018. Instead it would focus more on supporting and advising schools to serve good, nutritious meals, and less on competing to provide them in an increasingly competitive marketplace.

For those local authorities that no longer provide a school meals service which directly employs catering staff, research has identified the following service delivery models and examples:

- Former in-house service now operating as an arms-length local authority owned company:
 - Newydd Catering and Cleaning (Flintshire County Council) – See Case Study B

12 <http://www.shropshirefoodcentre.co.uk/shire-services>

13 <https://citycateringsouthampton.co.uk/>

14 <https://www.cambridgeshire.gov.uk/news/changes-planned-to-school-meal-provision-in-cambridgeshire/>

- CATERed (Plymouth City Council) – see case study F
- Educaterers¹⁵ – Catering (Warwickshire County Council)
- Norse16 (Norfolk County Council and JVs with numerous other local authorities)
- Service externalised and staff transferred to a private company who either contracts with the local authority or with schools directly:
 - Chartwells (Staffordshire County Council and Newport City Council)
 - Engie (Wakefield Council) As well as school meals, this company also includes the provision of facilities management services such as property and asset management, building cleaning, building services and buildings-related architectural design
- Schools go direct to the market place to purchase a service from the private sector:
- See Cambridgeshire County Council detailed above
- Schools purchase a service from an adjoining local authority:
- North Lincolnshire Council¹⁷ provides meals to numerous schools in adjoining local authority areas
- Schools employ catering staff directly. Whilst this generally tends to be a model used within the secondary sector and academies, there are some examples in the primary sector too:
 - Thornford CofE VA primary school in Dorset employs staff to provide its own in-house meals but also provides services to the nearby Yetminster and Bradford Abbas school. It also provides a once a week ‘meals-on-wheels’ service to the local community
 - Lydgate infant school in Sheffield employs its own catering team to provide all school meals cooked fresh each day on school premises. Parents and carers can use the service to enjoy a school dinner with their child.

Without doubt, the introduction of The Requirements for School Food Regulations 2014¹⁸ has seen not only the quality of school meal provision improve but also the quality of kitchen facilities. There has been significant capital investment nationally to bring kitchens up to standard, and in some cases to build new kitchens in schools that had previously relied on transported in meals.

School meals are generally far healthier, offer more choice and are more attractive to pupils of all ages than they were say ten years ago, and there does appear to be a trend for an increased take-up of both free and paid for meals.

To ensure the viability of the service, a number of local authorities with retained in-house or arms-length trading companies providing schools meals also utilise the service to provide meals on wheels or a meal at home service to their communities, and to provide corporate catering services.

7.3.1 Highlighted school meal/catering issues

The most common area of concern expressed by the local authorities officers we spoke to was, that despite the fact that ‘School Food Standards’¹⁹ were introduced in 2015, there are no checks

15 <https://educaterers.co.uk/#>

16 <http://norsegroup.co.uk/about-us/>

17 <https://www.northlincs.gov.uk/schools-libraries-and-learning/schools-colleges-and-further-education/school-meals-in-north-lincolnshire/>

18 http://www.legislation.gov.uk/uksi/2014/1603/pdfs/uksi_20141603_en.pdf

19 <https://www.gov.uk/school-meals-healthy-eating-standards>

or inspections undertaken to ensure that these were being achieved, in fact there was significant anecdotal evidence that they were frequently not being met largely because of an absence of any form of statutory monitoring.

Ofsted inspection criteria does now include a review of the School Food Plan and should look for evidence that there is, amongst other things, independent verification that school food standards and relevant Government Buying Standards are met across the school day but not to undertake or check any verification. A number of officers within the local authorities we spoke to believe the Ofsted criteria should be extended not only to cover the potential benefits good quality food can bring but also to check the standards of food offered.

Currently any independent validation of menus meeting the 'school food standards are self-policed with schools relying on expertise such as the in-house dieticians at Knowsley Council or organisations such as LACA (Lead Association for Catering in Education)²⁰ or Food for Life.

Research undertaken by the University of Hertfordshire in early 2018 indicates that Schools, particularly those in poorer areas, could be doing more to entice young people to eat at school, by making the eating areas more attractive places to socialise and by treating pupils more like customers at lunchtime. The study concluded that young people are more likely to eat within the school environment if the school cafeteria is seen as a space to socialise in and they are consulted over the menu.

The relationship between school staff and pupils also affected young people's food choices. In areas of lower socio-economic status pupils described wanting to escape the school environment at lunchtime and although school meals should meet school food standard requirements, many of the teenagers interviewed as part of the study perceived the food to be unhealthy and shunned school meals due to long queues and inadequate seating and social areas within the schools.

7.4 Grounds maintenance

Governing bodies and trusts are responsible for the maintenance of the school grounds. This may be carried out by a local authority in-house team or DLO, by a private contractor under a contract administered by the local authority, by a contractor employed by the school or alternatively by person/persons directly employed by a school.

In a small school, the latter of these options may often be the case, with either the caretaker having a responsibility for the grounds or a separate grounds person/ gardener being employed.

Some local authorities have ceased to provide a grounds maintenance service to schools or have contracted it out. However a number of authorities, particularly those which also maintain an extensive network of parks, highway verges and other green spaces, have retained either an in-house DLO or trading arm, that offers a ground maintenance and arboriculture service to schools. This can either be as an individual service or as part of a larger package, for example:

- Derbyshire County Council provides a comprehensive one-stop shop for all school and academy traded and support services via its Services for Schools (S4S)²¹. This includes a comprehensive grounds, landscape and tree maintenance service as part of its premises management package.
- West Sussex County Council provides schools with access to its comprehensive grounds maintenance (GM) contract²². The contract is open to schools and academies as well as other public sector organisations in West and East Sussex and Brighton.

20 <http://laca.co.uk/laca-menu-checking-service>

21 <http://www.services.derbyshire.gov.uk/Services>

22 <http://schools.westsussex.gov.uk/Services/3153>

- Somerset County Council provides a property and grounds maintenance service to maintained schools, academies and other education providers as part of its Support Services for Education (SSE)²³. SSE is a traded service within Somerset County Council.
- Reading Borough Council provides a comprehensive grounds maintenance service to schools through Reading Commercial Services (RCS)²⁴, a not for profit organisation operating as a trading name of the Council. With service being primarily taken up by primary schools in the borough school managers procure these services as local clusters and meet quarterly to specify needs to facilitate negotiation of terms. Whilst RCS currently struggles to secure potentially more lucrative work with high schools and academies it does feel that it can offer benefits that are not always apparent, nor offered by other contractors, through its 'one stop- shop' approach. These benefits include:
 - The ability to access and utilise council property records, including boundary responsibilities
 - Operatives have a lot of historic knowledge and know the school sites intimately
 - Understanding of school operations and the ability to be more flexible to work within school operational constraints
 - Use of a permanent local workforce
 - Offering a rounded advice service whilst on site
 - Ability to offer flexible packages to suit the needs and wishes of individual schools
 - Grounds maintenance work is undertaken on the basis of annual rolling contracts. In the absence of a specification from the school, RCS will advise on the scope of work required for a particular site, and tailor contract terms and conditions for individual customers.

The ongoing challenge for RCS is to expand into the wider schools market, which will require a robust commercial approach and perseverance.

Other local authorities offer schools access to contracts that they manage on the school's behalf. This offers schools the opportunity to buy into contracts which are set up and managed by the local authority eliminating the need for the school to get involved. Examples include:

- Hertfordshire County Council administers a number of contracts for grounds maintenance. These are currently split into various geographical areas that schools can buy into.
- Lancashire County Council has a team to assist with the arrangement and management of grounds maintenance service delivery contracts or agreements, and provides technical support and advice on all aspects of grounds maintenance or grounds development related issues.

7.5 Cleaning/caretaking

Whilst numerous local authorities have in the past retained in-house cleaning services, there is a growing trend for them to out-source cleaning operations to either arms-length trading companies or private contractors. The main reasons for this are the delegation of budgets to schools; increased costs and the increasing number of academy conversions.

APSE undertook an online survey of local authorities in May 2017 to explore how cleaning services are provided to schools and academies. Of the 40 respondents, 24 (60%) were from England; 13

23 <http://www.supportservicesforeducation.co.uk/>

24 <http://www.reading.gov.uk/commercialservices>

(32.5%) from Scotland; 2 (5%) from Wales and 1 (2.5%) from Northern Ireland.

The survey provided the following insight:

- 34 (85%) of respondents were responsible for cleaning school buildings. This showed a 2.7% reduction from 2016
- 29 (72.5%) of respondents offer cleaning together within a central facilities management (FM) service (including either soft and/or hard FM). 11 (27.5%) of respondents offer cleaning as a standalone service
- The majority of responding authorities operate commercially with 45% selling to academies and/or free schools. This showed an increase up from 34% in 2016

Examples of in-house local authority cleaning services include:

- South Gloucestershire Council delivers cleaning and other specialist support services to schools and academies through a traded services team branded as Integra²⁵ (as referred to in Section 7.2).
- Warrington Borough Council provides professional cleaning services to approximately 130 public sector establishments throughout the borough, including 62 primary schools and 6 high schools/academies.

Examples of arms-length trading companies providing cleaning services include:

- Cormac²⁶ is an arm's length management organisation formed in 2012 and forms part of the Corserv group of companies which are wholly-owned by Cornwall County Council. It provides a wide range of services to schools, including facilities management and cleaning services.
- Public Realm Services Ltd (PRS Ltd)²⁷ was established in December 2016 by the London Borough of Newham to provide a wide range of cleaning and ground maintenance services to both the public and private sectors within the borough and beyond. This includes the provision of cleaning and other services to schools.

However it is clear that simply establishing an arms-length arrangement is not a panacea solution to providing an efficient and effective service provision as a number of arms-length companies have failed to deliver either the savings or income generation envisaged at set-up and continue to struggle to establish a sustainable model going forward. For example Greenwich's GSPlus reported a loss of £2.8m in the year ending March 2018 having already sustained a loss of £1.2m the previous year.

Whilst many local authorities no longer provide a cleaning service to schools, they will often offer schools help, support and training, particularly with regard to health and safety.

There also appears to be increasing trends for schools to, either directly employ their own caretaking and cleaning staff, or manage an external contract themselves.

7.6 Property services – repairs, maintenance and statutory compliance

7.6.1 Responsibilities – statutory compliance/health and safety

The local authority, governing body, academy trust or proprietor (the employers) as appropriate, have a duty to ensure that school buildings under their control comply with appropriate statutory, regulatory and corporate standards.

25 <https://edocs.southglos.gov.uk/integra/>

26 <https://www.cormacltd.co.uk/>

27 <http://www.publicrealmsservices.co.uk/>

The employer is responsible for health and safety, though tasks may be delegated to competent staff. The task of managing compliance is complex, onerous and costly which is particularly the case with single school academies and academies generally. It is not the purpose of this report to provide detailed guidance in this area. In July 2018 CIPFA published 'Compliance monitoring for school premises management'²⁸ which provides more information about this complex area.

Whilst acknowledging the level of delegation that exists, local authorities should, as a minimum, ensure that all maintained schools are complying fully with all premises requirements particularly with regard to statutory compliance.

Failure to undertake maintenance and monitoring that keeps premises users safe may constitute a criminal offence. The local authority, governing body and individuals with specific responsibilities may all be held liable and be subject to claims for compensation as well as facing criminal charges.

Of particular importance is the responsibility for the management and control of asbestos in schools, and the government has published guidance²⁹ to help develop better understanding of obligations and duties in relation to asbestos management in schools.

7.6.2 Repairs and maintenance funding

As detailed in 6.4 above, governing bodies receive delegated funding from the DSG to fund all revenue repairs and maintenance work required to all parts of the school site and buildings. This includes day-to-day repairs, non-capital planned maintenance programmes together with health and safety and compliance issues such as water hygiene, testing and servicing of electrical wiring and emergency lighting systems and fire alarm systems. Schools must make proper financial provision from delegated revenue resources to achieve this.

Maintenance of a capital nature is generally funded from the local authority's capital allocations, the schools Devolved Formula Capital (DFC) which governing bodies are allocated each year, or by a combination of both.

Generally expenditure may be treated as capital only if it fits the definition of capital used by the local authority for financial accounting purposes, which is in line with the CIPFA 'Code of Practice on Local Authority Accounting'³⁰.

The ESFA can also provide separate grants such as the School Condition Allocations (SCA) and The Condition Improvement Fund (CIF) to local authority schools and academy trusts for building maintenance, refurbishment and rebuilds, based on priority need.

Of the services we have researched, property maintenance and premises compliance is perhaps the most complex and concerning from a local authority perspective.

7.6.3 Maintenance options for schools

All school premises require regular maintenance and effective management of the estate if they are to be kept in good repair and operate well. Without maintenance the quality of school buildings will rapidly decline, potentially resulting in frequent and sudden breakdowns as well as increased future costs.

All schools, including academies, have a number of options for managing repairs and maintenance, servicing and testing of building services and premises related statutory compliance.

Generally, schools can choose to:

- Buy-back into a full package of maintenance services from the local authority. This

28 https://www.cipfa.org/policy-and-guidance/reports/compliance_monitoring_for_school_premises

29 <https://www.gov.uk/government/publications/asbestos-management-in-schools--2>

30 <https://www.cipfa.org/publications>

might include the ability to access a local authority's contract with an external contractor, arms-length trading company or JV company.

- Buy-back from a local authority's 'Pick and Mix' menu. This would give schools the option to buy all or just some services from the local authority whilst others may then be procured from alternative suppliers e.g. buy back an energy management service from the local authority but procure the servicing and testing of equipment from a private contractor.
- Buy-back an advice only package from the local authority and procure services elsewhere based on the advice received.
- Manage in-house using staff employed directly by the school or trust. Some larger schools and academy trusts may employ a dedicated premises manager or a site manager/caretaker who will be responsible for minor repairs and for procuring other services as required from private contractors.
- Procure the whole property maintenance service from a private contractor.

A survey was recently undertaken by a County Council currently offering the option of either a full buy-back package for property maintenance and compliance, or an advice only package. Their survey generated 119 responses from a combination of nursery, infant, primary, secondary and special schools. 15 of the respondents were academies.

The survey identified the following:

- 93 of the respondents currently buy into a full package, 8 buy into an advice only package and 18 managed their own repairs and maintenance.
- Of the respondents that currently buy into the full repairs and maintenance package, 23 (25%) did not believe that it provided them with value for money. However, 18 (80%) of those said that the scheme did provide them with peace of mind.
- Of the respondents buying into an advice only package, 4 (50%) indicated that it gives them peace of mind. One respondent commented that a 'pay as you go approach' for advice may have proved more economical for them.
- Of the respondents not in the scheme and managing their own repairs and maintenance, over 70% commented that they did not buy-back as they do not believe it would provide them with value for money. 57% also indicated that they prefer to undertake their own repairs and maintenance in-house.

7.7 The schools estate

A recent survey, carried out by the Times Educational Supplement (Tes) and the Association of School and College Leaders (ASCL) in the latter part of 2018, found that of the 221 state schools surveyed:

- 70% of head teachers had buildings they stated were not fit for purpose.
- Almost half (46%) said they had been forced to close part of their school over the past 12 months because of maintenance issues.
- 88% indicated that funding pressures were preventing them from carrying out essential and routine maintenance.

The Department for Education (DfE) recognises that there are challenges in not only addressing the condition of the school estate, but also in tackling how the estate is managed and being clear about who is accountable for ensuring that buildings are safe and well maintained.

The National Audit Office reported³¹ that the first DfE property data survey, commissioned in 2011

31 <https://www.nao.org.uk/wp-content/uploads/2017/02/Capital-funding-for-schools.pdf>

and completed in 2014, estimated that it would cost £6.7 billion to bring all school buildings to a defined satisfactory or better condition. This comprised £5.5 billion to repair building elements that were exhibiting major defects and/or not operating as intended, and £1.2 billion to repair parts of buildings that were life-expired and/or at serious risk of imminent failure. The survey furthermore estimated that it would cost an additional £7.1 billion to bring those parts of school buildings exhibiting minor deterioration from a satisfactory to good condition.

The DfE now estimates that based on current levels of funding, the cost of returning all school buildings to satisfactory or better condition will have doubled by 2020-21. In 2016, DfE commissioned a second property data collection programme – the Condition Data Collection (CDC) programme to further assess the rate and nature of change in the estate over time and enable a fairer distribution of capital maintenance funding. At the time of writing, the CDC programme is still underway, although the results were expected in late 2019 they are yet to be published

This position, combined with weak accountability for the condition of the school estate and few if any incentives for schools to prioritise spending on building maintenance, creates a significant risk that defects will go unrepaired and consequently will cost more to address in the future. So where does responsibility for preventative maintenance lie? As schools quite rightly focus on providing learning and teaching services, spending on building maintenance is often seen as a relatively low priority. As a result, insufficient investment in preventative maintenance is becoming an increasingly major concern.

Local authorities for their part may need to consider how they can more robustly manage any repairing covenants in leases with academies. Clearly this will be dependent on the terms of individual leases, but they are likely to contain clauses that define tenant (the academy trust) obligations to maintain the buildings in a suitable and safe state of repair. They will also provide rights to the local authority as landlord to inspect the premises to ensure that any such obligations are being met and potentially give the right to serve notice on the academy as tenant, to undertake repairs that they deem to be necessary in-order to safeguard and maintain the condition of these public assets.

Schools throughout the UK vary in their condition and age, ranging from those built in the 19th century to others constructed within the last 12 months. Individual school premises themselves vary in size and complexity, ranging from a single-story rural school, to urban schools with 20 or more multi-story blocks spread over one or more sites.

There are limited mechanisms for holding local authorities, schools or academy trusts to account for keeping their buildings in good condition. While they all have defined statutory duties to comply with health and safety legislation and other regulations, there is less scrutiny of the general maintenance aspects of maintaining the school estate.

Alongside this, local authorities are losing staff with valuable knowledge and skills relating to estate management whilst academy trusts may not have the expertise and capacity to manage their estate effectively.

The DfE, local authorities and schools will need to meet these challenges at a time when their capacity to deliver capital programmes is under growing pressure. The DfE uses capital condition funding to address urgent needs, rather than to undertake routine preventative work which should be from revenue budgets.

Research has demonstrated that the costs incurred over the whole life of a building are considerably greater than the initial construction costs. Numerous studies show that focussing solely on driving down initial construction costs, whilst ignoring ongoing maintenance and operating costs is unlikely to achieve best value over the medium to long term.

There is little doubt that there needs to be a greater emphasis on managing planned and preventative maintenance of school buildings, as with every other area of the public estate. However there is a concern that the Academisation programme distracts from this, unless services are centralised there is less likelihood that the required specialist skills will be available within the organisation responsible for maintenance issues.

7.8 The importance of planned maintenance and premises compliance

'The good estate management for schools'³² initiative published by the Education and Skills Funding Agency in April 2018 outlines the policies, processes and documents that schools, academies and multi-academy trusts should consider when managing their estates. However, many commentators and local authorities argue that this is expecting too much from school leaders who lack the expertise and resources to put this recommended best practice into place, and that the DfE should strengthen incentives offered to all schools and ensure that accountability for managing the school estate is clearly defined and communicated. Fragmentation of responsibility to individual schools or multi-academy trusts does not support clear auditable lines of accountability.

A study³³ conducted by the University of Salford suggested that a good school physical environment can improve a child's academic progress by as much as 25% each year. Conversely, whilst buildings have the potential to enhance the delivery of education, they can also provide a significant distraction for staff and pupils when things go wrong.

Effective maintenance reduces the risks associated with premises and building services, helps to prevent the need for significant expenditure and disruption which can follow building failure and helps ensure that statutory obligations are met. There is however little evidence to show that sufficient resources and or skills are currently available to manage risk proactively through planned inspections and assessments of the building fabric and structure followed up with planned maintenance programmes. Research undertaken for this report would suggest that a significant number of schools are at best only actioning reactive repairs, ones that simply enable the school to remain open on a day-to-day basis.

Complying with health and safety legislation and regulations can be onerous and costly. Schools and academies must be aware of their legal duties, responsibilities and liabilities under all health and safety legislation, and take action accordingly. As highlighted in the executive summary above the research undertaken for this report has highlighted concerns from a number of local authorities that schools not utilising the local authority's in-house or controlled contactor services are often not fulfilling their statutory obligations. In July 2018, CIPFA published Compliance monitoring for school premises management³⁴ which provides more information about this complex area.

Local authorities should also be aware that even though the day-to-day running, of a maintained or voluntary controlled school is delegated to the governing body and Headteacher, the local authority remains the employer of school staff and as such is regarded as being the responsible person under health and safety legislation. Indeed, under section 29(5) of the Education Act 2002, local authorities have powers to direct the governing body and Headteacher of a maintained or voluntary controlled school on matters relating to the health and safety of persons on the school's premises.

32 <https://www.gov.uk/guidance/good-estate-management-for-schools>

33 <http://www.salford.ac.uk/cleverclassrooms/1503-Salford-Uni-Report-DIGITAL.pdf>

34 https://www.cipfa.org/policy-and-guidance/reports/compliance_monitoring_for_school_premises

As schools become more autonomous and sever links with local authorities, so the risk increases that they will lose access to comprehensive property records, and that over time these records will become outdated and unreliable. In addition local authorities are losing staff with extensive knowledge of school estates and premises, and in the majority of cases are not being replaced.

Taking into account current government policy the funding schools will receive in the future is likely to decline in real terms which will put even more focus on prioritising expenditure. Most schools will, understandably, prioritise spending on front line education functions and staffing rather than planned maintenance programmes. This will create a fundamental dilemma not only for schools, but also for local authorities and the bodies who own the school property as they have an on-going interest in the land and buildings. The big question remains – who will pick up the pieces and fund things as and when they go wrong?

7.8.1 Summary of school maintenance issues

The forecast of a general deterioration in the condition of the school estate nationally clearly presents a significant medium to long-term risk.

The responsibility for maintaining the school estate is now very much devolved to individual maintained schools or academy trusts but there are limited mechanisms for holding either to account for keeping their buildings in a good condition.

Local authorities, despite the devolution of funding, retain a significant level of responsibility for ensuring that school buildings are safe and conducive to effective learning. However local authorities are not only short of funds but are also losing staff with important knowledge and skills who are not being replaced.

A number of the local authorities we engaged with as part of our research expressed concern that:

- the lack of planned maintenance in schools will inevitably lead to significant emergency repairs being required to keep schools open
- schools often lack the skills to ensure that statutory compliance issues/responsibilities are being addressed/undertaken

8. The way forward

8.1 Services to schools - local authorities facing up to competition

As set out in Sections 6 and 7, there has been a wholesale change in the landscape of school property management and the delivery of estates services to schools in recent years. Local authorities historically provided most of the services to support schools in-house but are now much more empowered to make use of different forms of service delivery.

The combined challenges of reduced government funding and a declining demand for services from schools, have led to local authorities cutting back on delivering services. This has left the field more open to other agencies to provide premises support to schools.

Whilst there is a lack of comprehensive research on the details or pace of this change, anecdotal evidence suggests that this shift in the sourcing of school support is likely to continue, and as the available options for service provision in a local area grow, schools and academies are likely to purchase services from more than one provider.

A key influencer in the procurement process is the school business manager and wider school leadership team. Some MATs have set up their own hubs which sell services into schools, precluding the local authority or any other provider from competing.

A 2014 report by BDO titled 'The Future of Local Authority Discretionary Services'³⁵, foresaw the following scenario:

- In-house services are likely to come under even greater financial pressures
- Trading services will become the norm for providing discretionary services for schools
- Increased trading will mean increased competition
- Aggregate demand for services will decrease
- Fewer local authorities will continue to provide services for schools
- There will be new entrants into the market
- The customer base for services will continue to fragment

It is also evident that local authorities looking to improve their own commercial viability are increasingly willing to compete for business with other local authorities. In the future can we expect a greater number of schools to pick and choose the best deals from the providers in their local area. This will make the market much more competitive, and whilst this development is potentially good for schools, it will become much tougher for established players like the local authority.

Improvements to efficiency and increased productivity in local authorities have been the principal response to funding reductions in the immediate past, and these measures have been largely successful in minimising cuts to essential services. However this does mean that local authorities will face increasing pressure to reduce or remove subsidy to schools services? This raises questions around sustainability going forward, and local authorities must now explore their options regarding how they should, or want to support schools in the future.

Some local authorities, particularly in areas where there are large numbers of academies, have chosen to reduce their provision of discretionary services and simply leave it to external market forces. It is interesting to note geographical variations - the proportion of schools that are

35 <https://www.bdo.co.uk/en-gb/insights/industries/public-sector/future-local-authority-discretionary-services>

academies tends to be lowest in the north of England and in London.

Local authority powers and responsibilities were traditionally defined by legislation, but this changed fundamentally with the following:

- The Local Government Act 2003 S.93 and S.95 charging and trading powers
- The Local Government in Scotland Act 2003 which allowed Scottish local authorities to do anything that would, in the view of the council, promote or improve well-being in its area.
- The Localism Act 2011 which granted English local authorities the general power of competence and the ability to do anything that an individual can do that is not specifically prohibited.
- The Local Government Act (Northern Ireland) 2014 granted NI local authorities a similar general power of competence to that available to English authorities.
- The Local Government Act 2000 currently gives Wales the well-being power and it awaits the enactment of the Local Government (Wales) Bill currently in draft which is likely to grant a similar general power of competence to that available to English authorities.

Whilst previously local authorities were often wary or constrained from doing something because there was no law saying they could, many now are looking for potential commercial income under the freedom provided by these general powers.

Local authority trading companies are one way forward, but local authorities need to ensure viability not only in the immediate future but also over the longer term. In any event local authorities, particularly in England have a range of powers to charge and trade with schools for support services without the need for a company structure which can add complications and costs to provision. The provision of services and the development of a sustainable market is a difficult task where the market and policy environment are changing so rapidly.

Trading companies, joint ventures and other delivery vehicles will inevitably need to focus on providing agreed services to the local authority of their origin, although the more ambitious will seek to trade beyond their geographic boundaries in order to ensure their sustainability and commercial viability. However, as APSE as previously warned, given the prevailing conditions across the local authority sector collaborative approaches to cross-boundary working will always be preferable to more aggressive cross-boundary inter-authority tendering.

8.2 Local authority arms-length trading companies

Confronted with the period of austerity seen over recent years, many local authorities have set up arms-length trading companies in the form of wholly owned companies, joint ventures (JV) and social enterprises. There are in excess of 740 such trading arrangements throughout England, Wales and Scotland.

According to a 2015 survey³⁶ undertaken by Localis on behalf of CIPFA, 58% of councils already owned a trading company and a majority of councils (57%) operated a JV with the private sector. It has been projected that by 2020 almost a fifth of all local authority revenue will come from this source. Unless there is a fundamental change in how local authorities are funded, they will need to become increasingly more commercial, innovative and enterprising.

A 2018 report by Grant Thornton³⁷ highlighted that most of these trading companies are limited by shares which enable the distribution of profits. Many wholly owned trading companies have

³⁶ <http://www.localis.org.uk/research/commercial-councils-the-rise-of-entrepreneurialism-in-local-government/>

³⁷ <https://www.grantthornton.co.uk/insights/the-rise-of-local-authority-trading-companies/>

opened up their shareholding to other local authorities or to companies owned by other councils in order to scale up their operations. With so many local authorities setting up trading companies, there may well be increased merger activity as authorities seek efficiencies through scale and growth.

Wholly owned companies continue to be a very commonly adopted model, as local authorities retain the risk and reward. Examples include Oxford Direct Services³⁸ (Oxfordshire County Council); Norse Group³⁹ (Norfolk County Council and numerous JV companies with other local authorities); Vertas Group Ltd⁴⁰ (Suffolk County Council).

There are numerous local authorities who demonstrate an enthusiasm to compete and adopt a more commercial approach and who are flexible, responsive to customer needs and cost conscious. Some local authorities are working together to develop sustainable business models. For example the Orbis Partnership is a JV between Brighton and Hove City Council, East Sussex County Council and Surrey County Council and delivers business support services to over 600 schools and academies and over 30 MATs across London and the southeast. It claims to be the largest local government shared service partnership of its kind in the UK.

8.3 Local authority strengths

Significant numbers of Headteachers and governing bodies have sought the provision of services from alternative providers and there is a clear sense of concern as to the degree to which the services previously provided by local authorities are being completely decimated and are unlikely to be reinstated.

Despite a general willingness to continue supporting schools, the delegation of budgets and responsibilities along with the academies programme are making it difficult for local authorities to continue supporting schools as they once did. There are of course exceptions and some of these are set out in the case studies annexed to this report.

However, local authorities potentially still have an advantage over the private sector should they wish to exploit it. This includes recognising they have:

- An established knowledge base and experience
- Extensive building records
- A reputation for public sector integrity, assurance, reputation and political accountability
- A high quality of service and improving customer focus
- Comprehensive and specialist property and construction advice
- The ability to collaborate with adjoining and neighbouring local authorities
- The ability and potential to join up thinking in response to public policy issues
- The ability to offer property services alongside support for learning and teaching, school business management and SEND/safeguarding (a local authority 'one stop shop' service)
- Knowledge that the school is using a service provider who is able to offer assurances on ethical employment standards including in many cases staff employed on a real living wage with access to pensions

It could also be argued that private sector national contractors might be less focused on strategic estate planning which should lead to reduced maintenance costs going forward.

38 <https://www.oxforddirectservices.co.uk/>

39 <http://norsegroup.co.uk/>

40 <https://www.vertas.co.uk/>

There is an added incentive to local authorities to successfully sell their property services into schools commercially in that it can help ensure the provision of their corporate property function remains viable.

There is a distinct lack of research data on how schools have responded to the freedom to source and procure support services from suppliers other than the local authority but clearly, following the Carillion collapse early in 2018 and the financial problems being experienced by Interserve, there is a robust debate currently ongoing about outsourcing in general, the use of private contractors, and major outsourcing companies in particular as demonstrated by APSE research on the increased use of insourcing of public sector contracts.

Local authorities who are currently in the process of reviewing the delivery of services to schools could perhaps look for inspiration to those local authorities who have adopted new approaches as illustrated in this report. Options to consider include:

- Collaboration with adjoining local authorities, registered social housing landlords, housing departments and local university estates departments.
- Extensive and continual training of school staff to understand responsibilities, conduct routine inspections and carry out minor repairs and other preventative maintenance measures.
- Equipping operatives and staff with appropriate technology and equipment for mobile working and increased efficiency.
- Taking a proactive lead in partnership with schools in estate planning and planned maintenance which can then be linked to the school place planning process.
- Ensuring schools are aware that they are supporting the local economy by utilising a service provider in the local authority that is able to ensure ethical employment, environmental and social value outcomes at a local level

9. A simple 10 step approach to retaining/ winning the provision of discretionary services to schools

The financial pressures that local authorities have faced in recent years, and which are likely to continue moving forward, means that discretionary services to schools that were once provided as a matter of course have more recently come under a lot more scrutiny and focus. This in addition to schools freedom to seek services from sources other than their local authority means that some have seen a falling demand from their local schools, resulting in a fall in revenue and, ultimately, an increase in the net cost of these services, all at a time of unrelenting financial pressures. This all amounts to a potential threat to traded services.

Some local authorities are looking to expand their traded services because it can bring in more revenue, which in turn can increase contributions towards overheads. But it also means that local authorities will potentially enter into competition with external providers, and potentially each other, though as noted above APSE's view is that collaborative approaches are the best route forward on cross-boundary issues

Local authorities should now try to ensure that wherever possible these services operate, at the very least, on a sustainable financial basis with clarity around what services are being provided, to how many schools, and the fees being charged.

Below, and at the risk of stating the obvious, we have highlighted 10 simple steps that local authorities who wish to continue selling services to schools should follow:

1. Strategy

Local authorities should decide on a strategy and plan. It is essential that they have a clear agreed vision, supplemented by a business plan for its activities, particularly if this involves commercial/ income generating opportunities such as discretionary service provision to schools. A plan should clarify the direction, avoid priority disputes and assign ownership and roles to different activities.

2. Political Buy In

Engage at an early stage with members and ensure that any proposals are in line with corporate priorities and are supported by a robust business case that will instil confidence that goals can be achieved, targets met and services delivered to clients satisfactorily. This is particularly relevant if the aim is to establish any sort of trading unit or joint venture organisation.

3. Delivery Models

Local authorities must establish what services are to be provided, the extent of the existing or proposed client base and whether a separate trading company or joint venture is the best way forward, this is not automatically the case and consideration to the existing powers and benefits of a well-functioning in-house service team.

4. Current Service Provision

Local authorities should look objectively at whether the services they currently provide are regarded as being good? Are they cost effective, reliable, undertaken or provided by trained and competent staff that have a good reputation? If not then what improvement steps can be taken to ensure that they become good.

Local authorities must also recognise that reputation is a prized asset and that failure or poor service in one area is likely to have a detrimental impact on other areas.

5. Relationships

Local authorities should work hard on maintaining or establishing a good relationship with their schools. Governors and school leaders seek support services which are responsive, reliable and represent good value for money.

They should not attempt to dictate to schools what they require, they have a choice and whilst technically a large number of school governing bodies and converted academy trust are tenants of local authority owned property they should be treated as clients who can and often will look at alternative suppliers of services.

Local authorities should work closely with schools to establish what their requirements are and not assume they automatically know what their requirements and priorities are.

6. Highlight the Positives

Local authorities should promote themselves and shouldn't be afraid to extol the virtues that they potentially have. This might include:

- An established knowledge base and a pool of well-trained staff who have extensive experience of providing services to a wide range of schools
- Extensive records, data and information
- A reputation for integrity, assurance, reputation and political accountability
- A high quality of service and improving customer focus
- Comprehensive and specialist technical and strategic advice
- The ability to collaborate with adjoining and neighbouring local authorities
- The ability and potential to join up thinking in response to public policy issues
- The ability to offer a local authority based 'one stop shop' service integrating statutory duties such as school place planning alongside discretionary services/support which might include property services, cleaning, school meals as well as support for learning and teaching, school business management and SEND/safeguarding
- An ethical option for schools that wish to safeguard the pay, terms and conditions of support service staff, a focus on environmental matters and social value outcomes such as investment in training and skills. Many local authority staff will also be parents or grandparents of the pupils within the schools

7. Costs and Risks

Local authorities should know the true cost of providing services which should include accurate accounting of overheads and ancillary costs. Successful income generation requires having absolute confidence that projected costs and assumptions are accurate and credible. There should be a rigorous challenge process to costing assumptions, i.e. will fluctuations in demand affect costs and is the goal of at least breaking even dependant on attaining certain levels of take-up?

Economies of scale and efficiencies can be derived from combining the provision of services such as cleaning, catering and property maintenance to the local authority's corporate buildings and social housing where appropriate.

Local authorities should establish the level of risk associated with the services being provided as

well as establishing what their services are worth in the market place? They should benchmark with other authorities and have a clear pricing strategy for all services. APSE offers benchmarking reports across a number of services including school meals, property and grounds maintenance and building cleaning services which may prove to be a useful tool.

Note: It should also be recognised that establishing a separate company will involve additional administration and incur additional costs. This includes registration with a regulatory body – usually Companies House – accounting and audit requirements and potentially extra tax liabilities.

8. Skills and Capacity

Local authorities should ensure that staff in service areas are not only equipped with the right technical knowledge but also have appropriate commercial skills to operate in a competitive environment.

Whilst ensuring that services are of the highest quality possible local authorities should not provide services, or a level of service, that are/is not required, neither should they promise a level of service that can't be delivered.

Consider the appointment of specialist sub-contractors and consultants to help deliver the full range of services where it is more cost effective to do so.

9. Develop an extended customer base

If capacity allows local authorities should continually look to extend their customer base, providing services to other organisations and, where appropriate, other local authorities.

10. Monitor, Review and Adapt

Local authorities should continually review services and the systems being used to provide them with the aim of ensuring that these arrangements enable schools to access services in an efficient and effective way with the aim of continuously raising standards and improve the life chances for children and young people.

It should also ensure that financial targets are being met and that costs and charges are reviewed as appropriate.

10. Conclusion

The debate over school budgets and how money allocated is spent is not new, nor is it likely to disappear anytime soon. Unless there are significant improvements in funding levels schools will continue to struggle to meet demands placed on them, and will continue to seek out the most cost effective solution to meet their service needs.

However what is clear is that as the role of local authorities with regard to education is currently diminishing, the market place for the provision of support services to schools is evolving to meet demands.

Some support services have an impact on the longer term sustainability of the school estate, and any reduction of service in areas such as repairs, maintenance and premises compliance can have significant longer term financial and safety implications.

Given the likelihood that public sector funding will continue to be subject to increasing pressure, it is increasingly important that the DfE, local authorities and schools work together to meet the challenge of ensuring that high quality, cost effective services are available to schools. Equally importantly, schools need to understand their roles in providing adequately maintained, safe and secure environments for staff, pupils and community users and their wider role as part of the public sector family when make contracting decisions.

This report has summarised the evolution of the delivery of discretionary services to schools, and references a number of different models that are currently being used in practice. It is hoped that this will continue to stimulate discussion and debate about different approaches, to encourage innovation within local authorities and inspire the development of new options for schools to choose from.

11. Case studies

The research for this report involved engagement with numerous local authorities, and the input from the individuals involved has been invaluable in putting this together. As well as gathering information for the brief case studies included here, many comments were received from officers we spoke to which provides a valuable insight into the minds of those involved in these service areas. Some of these comments have been reproduced here to illustrate and supplement the findings of this report.

"We are lucky as we have, over many years, built up excellent relationships with our schools and they realise we will go that extra mile for them and not simply point to a contract and say – sorry you haven't paid for that"

"We are often being told by head teachers that being in charge of your own school maintenance budget sounds great in theory, but the reality is a bit of a shock".

"Headteachers are often running very successful schools and really have better things to do than to get minutely involved in the day-to-day operations of school lunches or repairs to buildings"

"The position regarding the status of schools, funding and responsibilities is so varied that unless you deal with it regularly it can be a bit of a mystery"

"Trading company status has given us a new lease of life as we can compete for new business inside and outside the council with more freedom"

"Schools don't buy into our service but still expect us to be there, be responsive and to pick up the pieces when things go wrong"

"Our internal overheads, staffing costs, legislation etc means that we often can't compete on price with the private sector, and with stretched budgets schools often don't care, or know enough to care, about the quality of service"

"As a property service, we have suffered because academies want a clean break from the council as an education authority"

"The increasing cost of both staff and produce is having a significant effect on the quality of school meals, having worked so hard to improve quality it would be a shame to see standards start to fall again"

"Because we have lost school business, we are losing experienced and knowledgeable staff and they will not be replaced"

"The issues around statutory compliance can be very confusing and to be honest, some schools do not have the expertise or fully understand their responsibilities"

Case study A: Flintshire County Council (Catering/Cleaning)

Flintshire County Council's catering and cleaning service has been taken out of the direct management of the Council and is now delivered via a Local Authority Trading Company (LATC).

NEWydd Catering & Cleaning Ltd was established in February 2017 with the aim of delivering

high quality, financially viable, sustainable, customer-focused catering and cleaning services which would be more responsive to the demands of the market. It would also potentially enable the business to grow whilst maintaining and enhancing the provision of valuable discretionary services.

The advantages of a LATC are:

- Safeguarding jobs by diversifying work and contracts
- Return revenue to the Local Authority through profitability
- Generate economies of scale and greater efficiency
- Retain people and knowledge within the organisation
- Create a commercial culture
- Trade in the wider market
- Retain control and a public sector ethos

The Council provided a start-up grant of £310,000 at the start of trading and all employees were TUPE transferred across to the new company. The current payroll stands at 445.

During its first year of operation, the focus for the new company was very much about retaining its existing business. A big part of this was to retain all Flintshire schools that were signed up to its school meals service and 100% of these schools did so. In addition, one school which hadn't taken school meals from the in-house provider for many years signed a contract with the new company in the first year. It also successfully tendered to provide catering services for a community café in one of the Council's leisure centres.

As with any new venture, cultural change amongst the workforce was always going to be a challenge. Newydd recruited a new team manager to support the introduction of change which has had a positive impact on the workforce and the company. There is now a culture of thinking and acting more commercially in what is a very competitive trading environment. Factors that have supported cultural change include:

- new uniforms designed and selected by the frontline staff
- a new head office at a council leisure centre

NEWydd has made good progress since it started trading with the main improvements to date being:

- uptake in primary schools increased from 43% to 53%
- uptake in secondary schools increased from 41% to 51%
- delivering efficiencies of £637,000 between the financial years 2014/15 and 2016/17
- creating new lines of business
- creating new employment opportunities

Case Study B: Knowsley Council (Building Cleaning Service)

Knowsley Council's Building Cleaning service is part of the Council's Commercial Services operation and forms part of the Council's Traded Service offer to schools and businesses which, in addition to cleaning, offers a wide range of support services such as catering, property maintenance, ICT and HR, predominantly to schools but also to other public bodies and businesses.

As the primary cleaning services provider for Knowsley schools and public buildings (offices, libraries, social care establishments and civic buildings) they currently manage contracts with a

value in excess of £4million a year. In addition, they currently hold the contract for the provision of building cleaning and other soft facilities services to Knowsley's seven state of the art PFI Secondary and Special Schools which, in addition to providing school facilities, also host an extensive range of community activities and events.

Background

Commercial Services decided to undertake a transparent and open review of Primary School cleaning charges following the Council's commitment to becoming a Living Wage employer from 1st October 2015, a decision which would see staffing costs increase significantly.

This review provided them with an opportunity to consolidate income through potentially longer term contracts/Service Level Agreements and, whilst potentially increasing cost, would also provide its school customers with a greater transparency with regard to budget commitments.

Until this review Knowsley's Primary School cleaning contract prices hadn't increased for six years - this had been a conscious decision taken in the face of potential competition, in what is a price led market.

However, it was clear that without a review of the charges the cost of providing the service was going to exceed income - the 'trading surplus' had dropped from 15% to 2% over the 6 year period and had the Living Wage been in place for a whole 12 month period that figure would have fallen to -5%!!

Prior to the review there was also an inadvertent subsidy already in place with staff paid £7.25/hour but charged out through the contract at £6.47/hour.

So what did Knowsley do? Firstly it reviewed the cost of service having regard to:

- Number of cleaning hours deployed in each building
- Cleaning material expenditure in each building
- Consumption of paper products in each building
- Type/specification of equipment deployed in each building

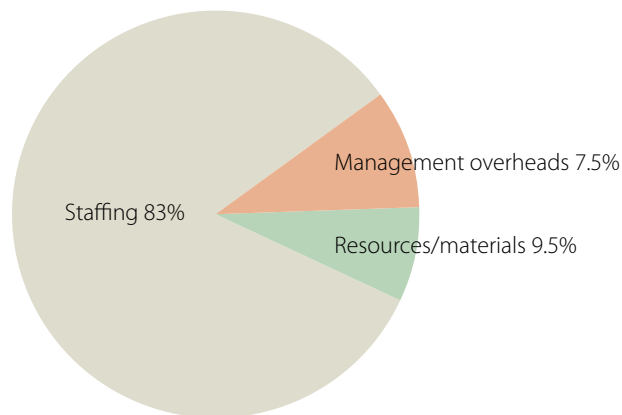
The Service also took the opportunity to enter into collaboration with Liverpool John Moores University School of the Built Environment. This resulted in both graduates and undergraduates participating in a one month work placement to conduct a survey of all primary school buildings (having regard to the accuracy of previously recorded floor finishes, fixtures and fittings which impact on productivity, equipment specification etc.) and undertake a desktop review of materials, paper product and equipment expenditure.

On completion of the review, a new set of charges was established that reflected the true cost of the service. In doing so however, it had to consider the size of contribution to corporate overheads having regard to price sensitivity in the market place and the potential risk of schools opting to deliver 'in-house' or to test the market.

As building cleaning is generally a low risk/high volume operation the addition of what potentially could have been a 15% overhead charge was considered too much for the primary school market to stand - particularly in light of the static charge over the previous 5 years.

The council therefore agreed an overhead charge of 7.5% for 2016/17 which ensured that the Service provided a competitive offer whilst generating a contribution of £0.116m to Council overheads from the primary sector. This figure has subsequently grown year on year.

Typical primary school cleaning cost breakdown



The Council's transparent approach to reviewing and revising its charges and to sharing this information with each school resulted in:

- An increase in income from £1.2m to £1.4m per annum; and
- Retention (at the time of the review) of the 57 schools in the borough who were buying the Building Cleaning service from the Council. This has since increased to 60 out of the 61 schools.

Case study C: Highland Council (Catering)

Despite the challenges of serving Scotland's largest council area, which includes some of the most remote areas of the UK creating additional challenges to the viability and success of the service, Highland Council has achieved the Soil Association Scotland's Silver and Bronze 'Food for Life Served Here' award in its primary schools and nurseries for the ninth year running.

'The Food for Life Served Here' award is a widely respected and independently assessed scheme which supports Local Authorities to put more local food on school dinner plates and serve healthy, sustainable meals. It recognises and rewards caterers that are serving food made from fresh ingredients, free from undesirable additives and trans fats, that meets UK welfare standards and complies with national nutrition standards. The Food for Life programme has also help to get more Scottish food on to plates, shorten supply chains and support local economies.

Highland Council's Catering Services forms part of the Property and Facilities management team and serves 10,740 meals a day across their 161 primary schools and nurseries. With menus updated every six months to cater for seasonal variance and regular consultation with pupils and staff to improve food choices and recipes, the freshly-cooked, nutritionally balanced meal choices on offer include many traditional favourites.

Magnus Swanson, owner and Managing Director at Swanson's Fruit Company, has stated that:

"From my own farming background and contacts from working with the Potato Marketing Board, followed by 27 years in this business, we at Swanson's are pleased to have long standing suppliers of locally grown, top quality produce from many farmers and growers throughout the Highlands and Moray. These are often in the school kitchens within one day of being picked! It is great to work with the Food for Life programme which shares our values of buying local."

Aoife Behan, Head of Food at Soil Association Scotland, has been quoted as saying:

"Huge congratulations to Highland Council on renewing their Food for Life Served Here award for the ninth year running. This is a testament to the hard work and dedication of everyone involved, from the catering staff to the Councillors. We're delighted to celebrate Highland's continued commitment to providing fresh and healthy school food, and their support of local producers."

Case study D: Plymouth City Council (Catering)

Prior to 2013 Plymouth City Council had made significant investment in its school meals service and infrastructure. This included the refurbishment of over 40 school kitchens and the installation of 20 new kitchens, where schools previously had no on-site facilities.

The Council's corporate aims and objectives include reducing child poverty, improving life expectancy and decreasing the rate of childhood obesity. Ensuring that children and young people from all backgrounds are able to access high quality, freshly prepared school food using seasonal local ingredients at a reasonable cost has been key to achieving these aims.

The Council's Education Catering Service was recognised nationally for its high profile work producing quality school food. The service was the first local authority caterer in the country to achieve the Soil Association's Food for Life Gold Catering Mark in 2012, and has subsequently received many other service related awards.

However, following School Funding Reform in 2013, school meals funding was delegated to individual schools and the previous success and investment was potentially at risk. Individual schools now received varying sums of money and were not able to continue to maintain their kitchens, maintain staffing levels or deliver the food of the same high standard.

The Education Catering Service worked closely and collaboratively with the Plymouth Association of Primary Head teachers (PAPH) and individual schools and academies to find a mutually acceptable solution to this funding issue.

All the schools and academies that were receiving services from the Education Catering Service agreed to a temporary pooling of the entire delegated funds for the financial year 2013/14. In this way they could support each other, share risk and ensure continued provision of high quality food at the same cost to all pupils, regardless of where they lived or which school they attended.

The City Council were fully supportive of the process and also provided financial support for the additional costs of job evaluation pending identification and agreement on a sustainable, viable city-wide service delivery model.

Following two years of planning, discussions and evaluation a School Food Steering Group comprising Head Teachers, Governors, School Business Managers and Council officers agreed that a local authority trading co-operative company be created. The company, called CATERed, was established in 2015 and jointly owned by the City Council and a collective of 67 schools (including Academies) on a 51%/49% split of shares respectively. The company operates with a Board of Directors and a Managing Director who was formerly the Council's Education Catering Manager.

To help maintain both a quality service and meet the City Council's corporate aims and objectives, CATERed works closely with its suppliers to ensure that animal welfare is a priority and as much food as possible is sourced locally. CATERed also works with and supports local growers and producers, such as sourcing free range eggs, for which they hold the Good Egg Award, beef from Cornish farms, seasonal fresh vegetables and locally caught and landed Pollack.

CATERed is a unique operating model with schools sharing their budgets and resources with each

other in an open, transparent and co-operative way for the benefit of children and young people. Plymouth City Council and CATERed are proud of the achievements made since the company was established. As a limited company they have been able to look at other sources for revenue and have re-entered the world of event catering and corporate buffets, an area previously lost to funding cuts and a directive to focus on the core school dinners service. All surpluses are reinvested to be used for the ongoing development of the company and they continue to be recognised nationally as being one of the best school meals providers in the country.

CATERed currently hold a number of national awards recognising their work including: -

- APPG (School Food): Excellence in School Food award 2018
- Cost Sector Catering: Education Award 2018
- EDUcatering: Education Excellence Awards: School Food Plan 2018
- Foodservice Catey: Education Caterer of the Year 2018

CATERed also work to tackle 'Holiday Hunger' across the City with 'Ed's Big Summer Food Tour' operating every Tuesday and Thursday in August and, together with colleagues in the Council's Library Service, 'Lunch at the Library' every Wednesday. Operating with CATERed frontline staff volunteering outside of their core contract and with food and packaging (zero plastic) donated by suppliers in August 2018 the team fed just short of 9,000 children and young people at nil cost to CATERed or the Council. This number was up from 1,200 in 2015.

Case study E: Derbyshire County Council (Catering)

'Derbyshire Catering Service' (DCS) is a national recognised award winning catering service for schools and other Council clients throughout the East Midlands in a mix of urban and rural environments.

DCS prides itself on providing healthy, nutritious, well balanced meals for around 57,000 pupils a day in approximately 380 education establishments.

Background

With over 70 years experience DCS not only understands the importance of investing in the health and wellbeing of children but also recognises that its people who are the backbone of developing, running and providing an excellent service. DCS believes it not only has a strong leadership and management team with many years experience in the industry at its head office in Matlock but also has equally dedicated supervisors and staff serving each of its delivery locations.

Some of the key elements of DCS's offering to schools are:

- They are a non-profit organisation
- They are an organisation with a good reputation and an excellent rate of business retention
- They offer effective and efficient delivery of meals particularly in rural areas where accessibility is often an issue as some of the smaller rural schools have no kitchen and rely on meals delivered from others in the area.
- They provide a nutritionally balanced and tailor made menu
- All ingredients used are responsibly sourced, traceable, and of assured quality
- Professionally trained kitchen staff are supported by a team of relief staff
- Maintenance of kitchen equipment is included
- Team of support professionals

- Telephone support
- Close working links with other council departments including Free School Meals Assessment and Corporate Property

The offer to school and academies also includes:

- Benefits of group membership – fixed costs over each 12 month trading period which offers stability and certainty for school budget holders regardless of food or labour cost increases
- Recommended selling price of a meal remains fixed per academic or financial year
- Implementation of legislation – Schools are reassured that any changes in legislation are introduced as smoothly and efficiently as possible
- Reinvestment of savings into food on the plate – DCS’s dedicated procurement team will negotiate better deals to reinvest savings to constantly improve the quality of food
- Repair and maintenance – A contract with Derbyshire Catering Service means DCS will undertake the repair, maintenance and replacement of all the schools catering & kitchen equipment
- Obesity Strategy – working in partnership with schools to follow Government plans and objectives
- Medical diets – Clear communication between families, on site catering staff and the menu development team enables every child’s individual medical requirement to be met
- Current menu has the Food for Life Silver Accreditation meaning a minimum 75% of dishes are freshly prepared using British Farm assured meat, reduced sugar recipes, whole grain products and no undesirable additive or artificial trans-fats
- DCS has strong links and contracts with local suppliers and distributors – including organic beef from a farm located in the Peak District National Park, fruit and vegetables from Matlock and the High Peak, potatoes direct from a farm in the adjoining County of Lincolnshire and sausages from a supplier in Chesterfield
- Making meals fun – DCS will provide theme days, Five for Life (fruit and vegetable road show), Farm to Fork visits where schools can visit Lower Hurst Farm free of charge for a fantastic day out to learn about the benefits of organic products, food security and the supply chain

Corporate Social Responsibility

DCS also recognises that as a business it impacts upon the environment and is actively undertaking to:

- **Reduce the use of chemicals** – by working closely with its suppliers to ensure that the chemicals used in its cleaning processes minimise damage to the environment whilst still being effective in ensuring safe food production. DCS have reviewed the number of chemical products used and been successful in reducing them by 30%
- **Reduce food miles** - DCS contracts are arranged so as to minimise the number of deliveries made to each kitchen. Our contracted suppliers commit to reducing their environmental impact in terms of mileage and vehicle emissions they produce, with many committing to the use of the introduction of hybrid vehicles during the life of the contract. Products produced in Derbyshire and surrounding counties being actively sourced to reduce the impact on the environment

- **Improve Waste Disposal, Recycling and the use of Compostable Products** - all the waste cooking oil generated by kitchens is collected by a contractor and converted into renewable biofuel for use in vehicles or for power and energy generation which helps reduce carbon emissions.

DCS work in partnership with all its school customers to reduce the amount of waste going to landfill. This is done through the use of recyclable and compostable products.

Business Challenges

With the Government's push towards Academisation and the subsequent emergence of Multi-Academy Trust (MAT's) there is no doubt that the market place has become much more competitive. In addition to this, the increasingly rapid conversion of schools to Academy/Trusts has resulted in shorter timescales for tender and bid deadlines to be met. This change has happened very quickly and communication has suffered as a result and often does not give Local Authority services the chance to build a relationship.

However DCS have been very successful in maintaining its portfolio of schools primarily based on its reputation for quality and service. This has been achieved by firstly improving our ability to compete with the private sector via a 'Bidding Team'. DCS have invested considerable time and resources into developing this team and procuring advice and assistance from appropriate professionals to assist with bid proposals. As a result of DCS being proactive with its bidding process it has recently been successful in winning a large bid with a Derbyshire based MAT.

Currently things are very unbalanced, MATs are developing largely in the east of the county where the towns and cities create a denser population whilst the west of the county is predominately rural which presents issues especially for small schools with no kitchens on site and rely on transported in meals. DCS however have gained an excellent reputation of ensuring that meals are delivered regardless of the weather!

As a consequence of DCS's quality service offering and competitive pricing structure it has recently added a number of school contracts from a previously untapped area of Derbyshire. Furthermore, there has also been additional interest from schools sited within the Derby City Council area who have requested information regarding DCS's services which has already resulted in a number opting to procure their services.

DCS communicate via its marketing brochure to individual targeted schools and follow these up with personal visits and development of quotes. DCS have recently added seven schools to its customer base which has compensated for the schools that have taken the decision to leave.

Finally, on the plus side DCS believe that it is generally able to take on any new contracts on improved trading terms and that in most cases it has found that although the price clearly has to be competitive it really is about the quality and breadth of the offer that entices and attracts both maintain schools and academies.

Case study F: Manchester City Council (Catering)

'Manchester Fayre' is Manchester City Council's in-house catering service providing over 25,000 meals in nursery, primary, secondary and special schools across the city each day. Manchester schools have one of, if not the highest, meal uptake in the North West, and since the introduction of Universal Infant Free School Meals have exceeded the Government target of 87% take-up of meals.

Manchester City Council operates its catering service on a Social Value model with the aim of providing a quality catering services that benefits its school customers and fits in with the City

Council's corporate aims of improving the outcomes and benefits for the residents of Manchester. The food they produce has been assessed as being over 90% cooked from scratch, exceeds the nutritional standards for schools meals, and even have their own 'Manchester Fayre Food Standard' which goes beyond their 'Food for Life Served Here' award to ensure meals are culturally inclusive for their customers. They work closely with their suppliers and know where the produce they use is grown; more than 50% of the fruits and vegetables served to children are grown in the North West, their free range eggs are from a Lancashire farm and the majority of the milk drunk by children at lunch time comes from cows grazing less than 10 miles from Manchester city centre.

'Manchester Fayre' also work closely with their colleagues in Public Health to address the issues related to childhood obesity and dental health and engages regularly with both parents and pupils across the City to promote the benefits of good food and healthy eating. The activities include cooking clubs, nutrition lessons and workshops which all aim to engage and positively change eating habits of pupils and families. All these are provided free of charge and clearly go beyond the remit of simply providing a school meal. The provision of the activities is supported by employing two undergraduate Nutrition placement students from Manchester Metropolitan University, a scheme that has been successfully operating for the past ten years which provides mutual benefits.

As an employer 'Manchester Fayre' is committed to investing in training and development for their staff, to equip them with the skills to produce good quality school meals with a minimum NVQ level 1 Food Foundation qualification and also providing support for basic Maths and English skills as required. Development is also greatly encouraged with a structured Trainee Unit Manager programme in conjunction with a local college has successfully produced appointable Unit Managers over the last 5 years. Supporting local employment, all entry level staff are Manchester residents and receive the Manchester Living Wage in addition to good terms and conditions of employment.

'Manchester Fayre' are the very proud winners of many national awards, including LACA Change4life 2016, 'Educatering' Secondary School Caterer of the Year 2016 and for two consecutive years, the APSE Best Performer for Education Catering. It is also the recipient of the the LACA 2018 Nan Berger Memorial Award in recognition of the work and activities that the Nutrition Team have delivered to support the major health challenges faced by children in Manchester.

Manchester Fayre continue to develop methods of improving stakeholder engagement and strive for efficiencies that will help ensure that school meals can remain affordable without compromising quality.

Case study G: Hertfordshire County Council (Property)

Whilst its in-house team continue to provide ad hoc advice, training and support to schools and continues to manage and administer the Schools Condition Allocation Funding, Hertfordshire County Council made a strategic decision to devolve responsibility for maintenance to maintained schools and therefore do not currently offer any property related traded services to schools.

Approximately ten years ago, the Council outsourced its support for schools as part of a wider partnership arrangement, initially with Amey and subsequently with Mace and Mouchel consulting.

In 2012 the council moved from term contracts to frameworks. At that stage, Mouchel (now part of Kier consulting), had established its own Schools Direct service which the majority of schools, encouraged by the Council, bought into.

As a result of this the Council's in-house team shrank and has subsequently only been involved in delivering the schools capital programme.

For the controlled school estate there has been a national general trend towards greater autonomy and Hertfordshire schools have been supported to take responsibility for premises compliance, planned and preventative maintenance, servicing (all revenue costs) as well as asset management planning. A range of training offers were, and still are, made available to help schools take on these responsibilities. These include training in areas such as asbestos awareness and property management skills.

However the Council has retained an active interest in the land and buildings, particularly with regard to its Landlord responsibilities.

The Council takes ultimate duty holder responsibility for asbestos management and has continued to own, maintain and update asbestos management records and undertake surveys ensuring that these are held centrally on a corporate property database. Water hygiene risk assessments are also procured to ensure compliance in this key area too.

The Council has an in-house health and safety team which undertakes a planned annual programme of audits of all schools, based on risks. This will include advising and assuring schools around the main identified risks of gas safety, fire alarms, fixed wires, asbestos and legionella.

All schools are required to notify the council of alterations to the structure or layout of the school. The process of seeking consent or approval from the Council is widely known within schools, if not always followed.

The Council provides help to schools on request, or can intervene if it feels this is necessary. Occasionally, the council has to carry costs or take further action. This tends to be in respect of issues such as:

- water leaks
- boiler failure
- projects being managed by schools without the council's prior knowledge
- collapsed ceilings or walls

Case study H: North Yorkshire County Council (Property)

There are currently 325 maintained schools and 98 academies in the North Yorkshire area.

North Yorkshire County Council currently operates an insurance based model to provide building services to schools, based on the charge of an annual premium for different types of schools. It recognises that this model no longer serves the procurement needs of academies and maintained schools, and is about to review its trading service to schools.

There is recognised inconsistency in the way that premises related services are offered. Buy in of premises services from the council by all types of schools varies, depending on the particular service being offered. Academies in particular are seeking a pay as you go service. The council's aim is to review the model to be able to offer a consistent menu of choices to all schools.

One element of the maintenance and repair service that remains popular with schools is the 5 yearly building condition surveys along with a less detailed annual update. Periodic building condition surveys are a crucial source of information for good estate management, and the council is keen to encourage schools in this respect.

The council's in-house property team carries out the condition surveys on a rolling programme in accordance with Department for Education guidance. The schedule of rates is reviewed each year

in line with the Building Cost Information Service.

The survey data is collected by mobile devices and uploaded to the council's asset management platform (Concerto). Individual schools can subscribe to enable them to have online access to the data.

The surveys identify all required work for inclusion in the maintenance programme and help to inform investment priorities. The building sub-elements are reviewed annually by the council to identify any deterioration. Where an issue is identified, the property database is updated to reflect changes to the work, condition grading, priority or cost.

The condition survey programme has proved to be beneficial and is used as the basis for identifying and prioritising works to be carried out via the capital maintenance programme. Structures and systems identified as being in poor condition give an indication of higher running costs - prioritising those maintenance items can help reduce ongoing revenue expenditure. The regular condition surveys help to inform investment priorities for the delivery of capital maintenance.

The Asset Management Plan sets out the council's priorities for investment in schools. This takes account of issues such as the suitability of school premises to meet curriculum needs; the physical condition of premises to ensure continuous operation; the capacity within schools and the sufficiency of places across schools; water and energy consumption costs and asbestos records. This data and analysis must be shared with the schools to enable constructive solutions.

Case study I : Bridgend County Borough Council

Bridgend Council began its transition to an Integrated Corporate Landlord Model for property management in 2017 with the intention that a newly formed service would act as the landlord for all the Council's property assets, including the schools estate.

As with numerous other Councils, Bridgend had grappled with the split of responsibility between schools and the Council, with the schools having fully devolved revenue budgets, but with the Council remaining employers with overall responsibility for health and safety and capital budgets.

The Council had a long standing 'Buy-Back SLA Arrangement' in place with schools, to provide advice on maintenance activities, which had a strong subscription base amongst schools. Bridgend Council undertook a Strategic Maintenance Review and identified that historically the schools capital programme was providing poor value, as most of the works required were preventable e.g. roof repairs and water damage, and that these elements were being replaced far more often than planned. This was to a large part due to schools not undertaking a preventative maintenance regime generally through a lack of awareness and knowledge rather than wilful neglect. This lack of disciplined cyclical maintenance also gave the Council concerns over compliance issues within the schools estate.

This presented the Council with several issues; gaps in compliance, insufficient records, limited understanding of roles and responsibilities, poor channels for reporting, no forward works plan and an ever increasing maintenance backlog.

The Council embarked on a significant schools engagement programme, with project teams meeting Headteachers, Governors, Bursars, Site Supervisors and Managers, Caretakers and even pupils and parents in order to develop a solution that worked for the schools. The output of the exercise was a detailed understanding of what 'good' looks like to the Councils customers, rather than the Councils corporate interpretation.

Several key themes emerged:

- A responsive service that understands its customers.
- Trusted advice and good value for money.
- Understanding of roles and responsibilities.
- Simplification of the Council's numerous policies and procedures.
- Improve cost certainty.
- For the Council to take more responsibility.

Therefore, it was identified as essential to revamp the SLA and improve the way the Council worked with schools, whilst clarifying the relationship between Schools and the Council, through a Corporate Landlord Agreement (CLA).

The CLA was developed as a single, concise document which carefully explained how Buildings should be maintained, and how this was aligned to the Council's new Corporate Landlord delivery model. This document consolidated existing information in one place, whilst updating outdated policy documents critical to the compliance of the building. This involved 6 key sections:

- **Roles and Responsibilities:** A simple table outlining the division of responsibilities between the School and the Council acting as the Corporate Landlord.
- **Reporting:** The requirement, format and frequency of reporting expected of the schools to the landlord and vice versa.
- **Audit:** How the Landlord would audit the schools to confirm responsibilities and building related compliance was being met
- **Escalation:** How schools could escalate issues and complaints
- **Intervention:** How Corporate Landlord could intervene if roles and responsibilities were not being met.
- **Landlord Consent:** When and how the School would need to gain permission to make building alterations

The CLA was signed by all Schools, regardless as to whether they opted in to an SLA, to ensure there was a standardised agreed approach to operating and maintaining a building which was understood by both the Council and Schools.

Developed alongside the CLA were new tiered SLAs which were structured to allow Schools greater flexibility in choosing the level of support they required.

- Tier 1 acted as the 'as is' SLA. Whereby the School could access the Council's expertise and the Council would also manage and organise all compliance and repairs and maintenance works at the site.
- Tier 2, ensured the Council would manage, organise and fund all compliance related testing and remedial works at the School, (e.g. initial test of a fire alarm, and repair costs). However, the School would continue to fund all decorative and non-statutory works (e.g. repair to a toilet etc.).
- Tier 3 ensured the Council would also then fund all decorative and non-compliance related works at the site (e.g. including repairs to carpets, toilets etc.), in addition to the compliance items covered as part of Tier 2.

The flexibility offered by the Tiered SLA structure was well received by the Schools despite the significant increase in costs (for example, previous SLA cost around £2,000 but the Tier 2 compliance SLA cost between £10,000 and £20,000). In 2017 the Council had 48 Schools who signed in to the SLA, with 13 opting out. In 2018, there was a marked increase, with many Schools opting for the additional support offered by Tier 2; with 13 Schools opting for Tier 1, 40 for Tier 2, and only 8 opting out.

The success of this project was very much dependant on engagement with schools and designing buy back services that they wanted, not what council officers thought they wanted. It has resulted in a dramatic increase in the SLA income for Corporate Landlord, increasing by over half a million pounds. The Corporate Landlord service can now effectively prioritise and plan maintenance with these budgets, ensuring preventative and cyclical maintenance regimes are put in place. This in turn has vastly improved compliance in schools, generated savings for both the Council and the Schools and enabled the capital budgets to go further and be more productive and finally to make a start on reducing the backlog of maintenance across the estate.

Case study J : Durham County Council (Property)

There are currently 228 maintained schools and 39 academies in the County Durham area.

- Maintained schools buy back council services via an annual SLA
- Academies buy services by means of a more formal contract
- Building compliance services are offered as part of the SLA.
- 100% of maintained schools buy back the council's building compliance service
- 82% of academies buy the council's building compliance service

The council's compliance management team work closely with schools to develop a tailored and comprehensive annual servicing schedule, based on the requirements for the specific plant, equipment and systems fixed within the buildings on each school site.

In-order to improve the quality of the associated maintenance and repair offer, the council has developed an in-house mobile phone app to benefit customers, maintenance staff and operational managers.

The council initially searched the market for a phone app to improve the diary management and appointments system of their repairs and maintenance service. Officers evaluated software used by other local authorities and housing groups, but did not find a product which satisfied their needs or the needs of their service users.

As a result they embarked on the development of a bespoke app. Fundamental in the development was early engagement with potential users and customers to fully understand their needs, incorporate feedback and adapt the system outputs accordingly.

The key learning based on their experience is to:

- embed the idea amongst intended users before development gets fully underway
- adopt a phased approach to development and meticulously plan the roll out
- repeatedly train users with reliable support, and be able to offer ongoing advice and guidance
- offer different training methods such as video demonstrations

The current version of the app provides various functions to support the council's building compliance services team, and the service users. The main functions include:

- diary and appointments management
- customer notifications
- tracking of job details and status
- a dynamic risk assessment
- a materials request feature for operational staff

- details of works progress

Other functions include:

- a help function
- direction finding
- contact information
- job history
- note taking
- the ability to attach documents, photos, personalised dictionary and signature capture

Of particular importance, the app interfaces automatically with back office systems and customer web portals so it is always current.

The introduction and implementation of the app has delivered considerable benefits to users of the repairs and maintenance service and improved the quality of the service provided. Users of the service include maintained schools and academies as well as other corporate service users.

The main benefits achieved to-date includes:

- streamlining of the procurement process resulting in a shorter period between initial attendance on site and satisfactory job completion
- improved time keeping
- improved accuracy of billing and fewer customer queries
- reduced paperwork
- greater transparency

The repairs and maintenance service has also seen tangible improvements in customer satisfaction leading to the generation of higher levels of repeat business, reduced work in progress and lower costs.

Further developments are planned in the next two to three years, to continuously improve the app. This will incorporate automatic updates and the attachment of servicing documentation, operation and maintenance manuals and timesheets for operational staff.

The app has been so successful that the council hopes to be in a position to sell it commercially in the near future.

Footnote

Since completing our research programme we note that the London Borough of Redbridge is planning to set up a new education-services company in a joint venture business between the authority and a separate holding company comprising local schools.

This is a model not dissimilar to the catering model adopted by Plymouth City Council detailed in the case study above.

The London Borough of Redbridge has been exploring alternative delivery models for the work of its 200 full-time-equivalent education services team for well over a year and borough's cabinet has recently committed to a medium-term financial strategy target of saving £735,000 from the service by 2022 through the adoption of a new model.

Redbridge believe the proposed option presents a better opportunity than simply creating a stand-alone company owned solely by the council as in addition to creating a new identity

for Redbridge's traded services, it would allow local schools to take advantage of the Teckal exemption, freeing them from procurement constraints. A recent officer report to Cabinet also stated that the joint-venture model had the "greatest opportunity to protect existing capacity" and "promote the reputation of the council as an ambitious and innovative organisation willing to seek and deliver alternative responses to current local government challenges". The report added that the joint-venture model would protect the most jobs under the three options considered, and increase schools' commitment to buying education services from within the borough, and their engagement in developing the existing offer. It said 42 FTE jobs in education services were anticipated to be at risk if the council adopted a no-change stance on the service against the backdrop of its mid-term financial strategy savings target. The figure was 13 under the JV model.

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