

SURREY COUNTY COUNCIL**CABINET****DATE: 22 JULY 2014****REPORT OF: MRS LINDA KEMENY, CABINET MEMBER
FOR SCHOOLS AND LEARNING****MS DENISE LE GAL, CABINET MEMBER FOR BUSINESS
SERVICES****LEAD OFFICER: GARATH SYMONDS
ASSISTANT DIRECTOR FOR YOUNG PEOPLE****LAURA LANGSTAFF, HEAD OF PROCUREMENT AND
COMMISSIONING****SUBJECT: SERVICES TO SCHOOLS AND SCHOOLS IMPROVEMENT
CONTRACT EXTENSION – BABCOCK 4S LIMITED****SUMMARY OF ISSUE:**

To approve the extension of the Schools Support Services contract between Surrey County Council (SCC) and Babcock 4S Limited (B4S) for school improvement and back office support services to schools for a further 4 years from 1 April 2015 to 31 March 2019. As B4S is a joint venture partnership, and is governed by a shareholder agreement, this will be amended to reflect the outcome of agreeing the contract extension.

RECOMMENDATIONS:

It is recommended that Cabinet agrees in principle to extend the contract on the existing contractual terms and conditions for the permitted 4 year extension term, subject to, any final variations in the shareholders agreement and approval through delegated authority by the Strategic Director of Children Schools and Families, the Cabinet Member for Business Services, Cabinet Member for Schools and Learning, the Leader of the Council, and the Section 151 Officer.

REASON FOR RECOMMENDATIONS:

Extending the existing contract will enable the joint venture to continue to deliver the "every school a "Good" school" project by 2017. The stability of this work is crucial and is one of the key reasons for the extension.

DETAILS:

1. In 2004, SCC took the ground-breaking decision to proactively engage with a commercial partner to deliver its school support and improvement services. A public private partnership was formed between VT Education and Skills Limited (parent company at the time), a part of the VT Group plc and SCC to deliver

these services through a Joint Venture Company operating as VT Four S Limited.

2. VT Education and Skills Limited was taken over by Babcock International Plc in 2010 and VT Four S Limited was renamed Babcock 4S Limited (B4S). The B4S joint venture has proved to be successful, delivering a financial return and driving up school performance.
3. B4S delivers educational support services through a funded annual Service Delivery Agreement (SDA) with SCC to undertake specific and statutory activities in Surrey schools and SCC related to the local and national education agenda.
4. B4S is the principal vehicle for delivering educational support services for the partnership. B4S has continued to develop a range of services to respond to the ongoing needs of SCC, schools, other providers and policy demands of the growing academy programme. Their portfolio of services includes activities related to education finance, personnel services, curriculum advice, technology support, governor services, facilities management and contract management for catering. These services are provided to all maintained schools across Surrey and they also provide services to other local authorities such as Waltham Forest, Lewisham, and Greenwich.
5. The principal aim is that SCC becomes a Centre of Excellence for educational support services, including every school a “Good” school (Ofsted inspection rating) by 2017.
6. B4S has delivered year on year improvement in outcomes for children and raised educational standards in Surrey schools. At the start of this contract Surrey was ranked 47th in the national results for 5 A*– C GCSEs (including English & Maths). By the summer of 2013 this had risen to 15th with 68% of students gaining 5 A*-C GCSE’s including English and maths.
7. The contract term was for an initial period of 7 years for B4S to deliver non-traded statutory educational support services to SCC and Surrey schools. The contract included provision for extension for further periods up to a maximum of 8 years. The contract was extended in 2011 for 4 years until 31 March 2015.
8. A joint working party, comprising SCC and B4S representatives, has explored all possible options against specific requirements to determine the most appropriate solutions and resulting outcomes. The key objectives, which the joint venture should achieve over the next five years to 2019 are:
 - Deliver through B4S the best educational outcomes for Surrey children: Top 10 nationally for KS4 results;
 - Top 20 nationally for KS2 results.
9. Agreed phased targets for attainment and school improvement across the 4-year contractual period will be agreed with B4S to ensure consistent levels of performance for the duration and monitoring of final target outcomes.
10. In the event of poor performance occurring in the delivery of the contract, SCC does have the ability to remove exclusivity or step in and take over the area of work affected and, as a final option, to terminate the contract.

11. The service is subject to an annual review process under which performance is evaluated and new priorities for the coming year are set in line with the Surrey Education Achievement Plan and Surrey Schools Improvement Plan.
12. SCC board representation in B4S will remain in place plus improved strategic, operational and contractual support from both parties to ensure optimal contract performance and greater opportunities to win new business.

CONSULTATION:

13. There has been consultation with key commissioners for the service, legal, procurement and finance, and there is agreement that the recommended option provides the most benefits for SCC, its residents and its schools.

RISK MANAGEMENT AND IMPLICATIONS:

14. SCC entering into an extension of the existing contract would enable school improvement and back office support to schools to continue and the current key projects around school improvement would continue to be delivered without disruption.

Financial and Value for Money Implications

15. The detailed financial and value for money implications are outlined in item 24 in part 2 of this agenda.

Section 151 Officer Commentary

16. Extending the B4S contract on the existing terms and conditions would seem to be the most beneficial option for both Surrey County Council and B4S. It allows the current programmes of work around school improvement and other services to remain stable and focused on achieving the required improved standards in schools.

Legal Implications – Monitoring Officer

17. The contract was entered into on the 31 March 2004 following a notice in the Official Journal of the European Union dated the 8 December 2001 inviting interest from appropriately qualified companies for the formation of a joint venture company to implement and provide the Services. The original notice gave an indication of the expected length of the contract and therefore by extending the contract as envisaged there are no procurement issues arising.

Equalities and Diversity

18. The commissioner and officer assessment is that there are no potential implications that would require an Equality Impact Assessment report to be submitted

WHAT HAPPENS NEXT:

19. Negotiations between SCC and B4S to agree final details of the new contract are expected to be concluded by 31 August 2014.

Contact Officer:

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Consulted:

Strategic Director Children, Schools and Families
Assistant Director for Young People
Assistant Director for Schools and Learning
Strategic Finance Manager - Children, Schools and Families
Finance Manager (Funding & Planning)
Corporate Group Legal Services Manager
Principal Solicitor, Corporate Group Legal Services
Procurement Category Manager Children's Services

Annexes:

None

Sources/background papers:

None
