Worcestershire County Council

Agenda

Cabinet

Thursday, 14 December 2017, 10.00 am
County Hall, Worcester

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DISCLOSING INTERESTS

There are now 2 types of interests:
<u>'Disclosable pecuniary interests'</u> and <u>'other disclosable interests'</u>

WHAT IS A 'DISCLOSABLE PECUNIARY INTEREST' (DPI)?

- Any **employment**, office, trade or vocation carried on for profit or gain
- **Sponsorship** by a 3rd party of your member or election expenses
- Any **contract** for goods, services or works between the Council and you, a firm where you are a partner/director, or company in which you hold shares
- Interests in **land** in Worcestershire (including licence to occupy for a month or longer)
- **Shares** etc (with either a total nominal value above £25,000 or 1% of the total issued share capital) in companies with a place of business or land in Worcestershire.

NB Your DPIs include the interests of your <u>spouse/partner</u> as well as you

WHAT MUST I DO WITH A DPI?

- **Register** it within 28 days <u>and</u>
- **Declare** it where you have a DPI in a matter at a particular meeting
  - you must **not participate** and you **must withdraw**.

NB It is a criminal offence to participate in matters in which you have a DPI

WHAT ABOUT 'OTHER DISCLOSABLE INTERESTS'?

- No need to register them but
- You must **declare** them at a particular meeting where:
  You/your family/person or body with whom you are associated have a **pecuniary interest** in or **close connection** with the matter under discussion.

WHAT ABOUT MEMBERSHIP OF ANOTHER AUTHORITY OR PUBLIC BODY?

You will not normally even need to declare this as an interest. The only exception is where the conflict of interest is so significant it is seen as likely to prejudice your judgement of the public interest.

DO I HAVE TO WITHDRAW IF I HAVE A DISCLOSABLE INTEREST WHICH ISN'T A DPI?

Not normally. You must withdraw only if it:

- affects your **pecuniary interests OR**
  relates to a **planning or regulatory** matter
- **AND** it is seen as likely to **prejudice your judgement** of the public interest.

DON'T FORGET

- If you have a disclosable interest at a meeting you must **disclose both its existence and nature** – 'as noted/recorded' is insufficient
- **Declarations must relate to specific business** on the agenda
  - General scattergun declarations are not needed and achieve little
- Breaches of most of the **DPI provisions** are now **criminal offences** which may be referred to the police which can on conviction by a court lead to fines up to £5,000 and disqualification up to 5 years
- Formal **dispensation** in respect of interests can be sought in appropriate cases.

Simon Mallinson Head of Legal and Democratic Services July 2012 WCC/SPM summary/f

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Cabinet
Thursday, 14 December 2017, 10.00 am, County Hall, Worcester

Membership: Mr S E Geraghty (Chairman), Mr A T Amos, Mr A I Hardman, Mr M J Hart, Mrs L C Hodgson, Ms K J May, Mr A P Miller, Dr K A Pollock, Mr A C Roberts and Mr J H Smith

Agenda

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NOTES

- **Webcasting**

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All the above reports and supporting information can be accessed via the Council's website.

Date of Issue: Tuesday, 5 December 2017

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Worcestershire County Council
Children's Services ADM Options Analysis

Comparative analysis of potential delivery models for Worcestershire County Council's Children's Social Care Services

Version:	Draft – v.1.0 Final
Author:	Mutual Ventures
Date:	November 2017

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1. Executive Summary

1.1. Introduction

Worcestershire County Council (WCC) commissioned Mutual Ventures to conduct an Options Analysis of Alternative Delivery Model (ADM) options for their Children's Services.

Using a robust methodology, the Options Analysis work has focused on three main areas:

- Developing an outline proposition for the five short-listed ADM options and a set of assessment criteria to test the desirability, viability and feasibility of each model in Worcestershire.
- Assessing the desirability, viability and feasibility of these ADM options in the Worcestershire context.
- Identifying the next steps that need to be taken to successfully implement any ADM in Worcestershire.

The purpose of the Options Analysis has been to conduct a comparative analysis of the alternative delivery model options for Children's Services in Worcestershire during October & November 2017.

The report has focused on two key questions:

- Which alternative delivery models are available for Worcestershire's Children's Services?
- What are the comparative benefits and challenges of these models in the Worcestershire context, as judged against a set of objective assessment criteria?

1.2. Context

Due to the performance of the service as judged by Ofsted, an independent assessment by the DfE appointed Commissioner, and the Statutory direction issued by the Department for Education (DfE), it has been determined that Worcestershire Children's Services will require a form of ADM.

On the 19th September 2017 the Secretary of State issued a revised statutory direction, which replaces an earlier statutory direction, issued to the Council in March 2017. Part of the revised direction requires that the Council develop and draft the following, in consultation and agreement with the Children's Services Commissioner:

i) An options analysis for an alternative delivery model, with an outline recommended model, by 31st December 2017;

ii) A full business case for the proposed alternative delivery model by 31st March 2018; and

iii) To provide regular reports on its progress, the first of which by no later than 30th November 2017.

Worcestershire County Council, in compliance with the Statutory direction published on 19th September 2017, has initiated a programme to appraise, design and implement an alternative delivery model for Children's Social Care. The programme consists of a number of phases. Phase 1 (by 31st December 2017) is the completion of an Options Analysis to support the decision regarding the ADM option(s) to take forward to the Business Case. Phase 2 (by 31st March 2018) is the completion of a Detailed Business Case on the chosen ADM option(s).

It is recognised that an ADM in itself does not improve services, however, it is a vehicle for improvement. The improvement plans in place must not be negatively impacted by the ADM.

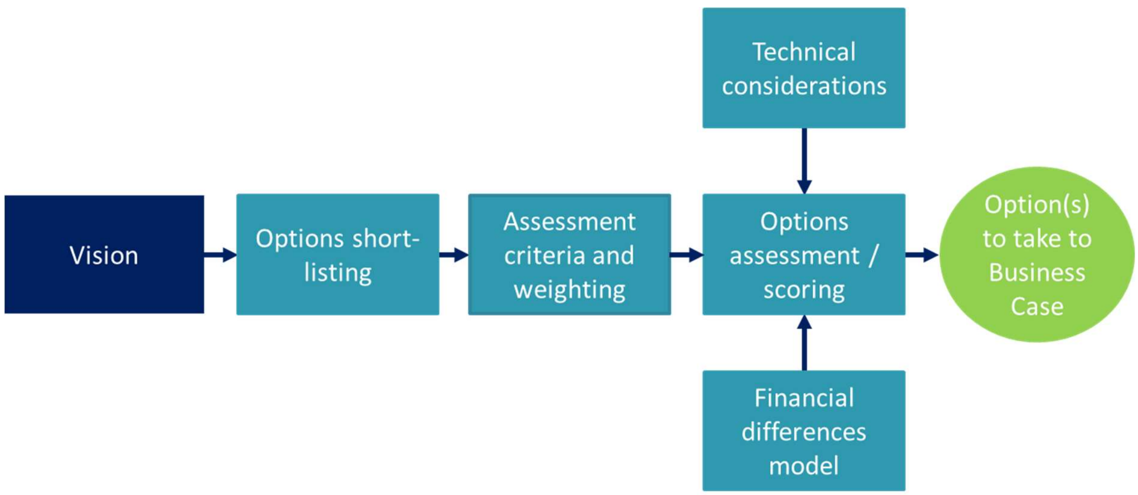
1.3. Scope of services

The scope of services for the ADM has been considered, but not finalised, during the Options Analysis phase. The scope has largely been agreed in principle in that it is intended that core children's social care services will be included within the ADM. However, there are a small number of services for which the destination is less clear, i.e. there are pros and cons for the services either remaining within WCC or transferring to the ADM.

Typically, the scope of services for an ADM is 80-90% understood during the Options Analysis stage, in order to consider the broad impact of service inclusion on the proposed options. Following an Options Analysis, the scope is usually refined during the business case phase and then finalised during the implementation phase. This phasing occurs as the financial and operational implications of the final 10-20% of services under considerations are clarified and time and resource has been applied to undertake a detailed analysis.

1.4. Methodology

The overarching Options Analysis methodology is summarised in the diagram below:



At each stage of the process, we have held workshops and meetings with key Worcestershire County Council ADM Programme stakeholders, including Cabinet members, Overview & Scrutiny, the Children's Services Leadership Team, the DfE Commissioner, DfE Intervention Unit, the Chief Executive, WCC corporate staff and utilised the ADM Programme Board and ADM Steering Group.

A comprehensive set of assessment criteria were developed to test the shortlisted model options against significant influential factors important to WCC. In total, 30 assessment criteria were identified, 28 of which can be scored at this stage. The criteria have been grouped into three areas:

- **Desirability** – Whether the option allows the future needs of the service, staff and stakeholders to be met.
- **Feasibility** – Whether the option can be implemented, what the risks are and whether they can be managed.
- **Viability** – Whether the option is financially viable and sustainable, and if any savings identified are realistically achievable.

For each of the assessment criteria, a specific definition and rationale was created to provide a common understanding of why the criteria was selected and what a high, medium or low score would look like. To inform the scoring of the criteria, the financial differences between the models and the technical considerations of each model were explored.

1.5. Shortlisting of options

WCC had already identified a long-list of 13 options prior to Mutual Ventures' joining the ADM programme (confirmed during the September 2017 Cabinet). Mutual Ventures advised that 2 of WCC's 13 options were in fact 'legal forms' and therefore subsets of one of the models, and then provided a further 5 models which had not yet been considered fully by WCC. This created a longlist of 16 options, which was agreed at the 25th October 2017 ADM Programme Board.

Following the creation of the longlist, WCC's gateway criteria was applied to the models, resulting in the shortlist of 5 models. This Analysis therefore, assesses the desirability, viability and feasibility of the following five shortlisted delivery model options:

- Strategic Partnership (with another local authority)
- Joint Venture (with another local authority)
- Wholly Owned Council Company (WOC)
- Independent organisation (multiple variants)
- Outsource

1.6. Financial differences between models

Our review of the short-listed options against the financial criteria, lead us to conclude that:

- Option 1 (Strategic Partnership) and option 3 (Wholly Owned Council Company) are equally favourable in terms of financial implications.
- The particular attractions of option 1 are the anticipated low cost of implementation and the absence of VAT or corporation tax issues.
- Option 3, however scores more highly for the ongoing close relationship with WCC without an additional partner council relationship to manage. This option potentially offers greater sustainability than option 1 as it is not reliant on another local authority and it involves the appointment of a motivated and focused board of directors to drive service improvement and established an enduring service provider.

1.7. Summary of assessment criteria scoring results

The overall ranking and scores of the 5 shortlisted options is as follows:

Shortlisted options	Overall Score	% of total possible	Ranking
Wholly Owned Council Company	1810	83%	1
Independent Organisation	1515	70%	2
Strategic Partnership	1385	64%	3
Joint Venture	1360	63%	4
Outsource	920	42%	5

As demonstrated in the table above, there is **one very clear high-scoring option** in relation to the other options, namely the Wholly Owned Council Company. The Independent Organisation has also scored relatively highly, as the second-highest scoring option. These options have scored particularly highly against supporting improvement activity, improving social work practices, voice of CYPF, maintaining and attracting staff and implementation timescales. The Wholly Owned Council Company has also scored very highly against democratic accountability, managing risk, contract management and procurement.

The two partnership options are very similarly scored; however, they have scored significantly below the highest-scoring option, i.e. over 19% below the Wholly Owned Council Company. The partnership options have scored highly against a small number of criteria, namely tax and VAT implications, procurement and managing risk. However, they have scored averagely against the majority of desirability criteria, such as supporting improvement, improving social work practices, democratic accountability, staff engagement and motivation and staff retention/attraction. The Strategic Partnership option has scored particularly poorly against support service implications and use of surpluses, whereas the Joint Venture option has scored particularly poorly against implementation timescales, implementation costs and service fragmentation.

The Outsource option is clearly ranked as the lowest model, with an 21% difference compared to the 4th ranked option, and 41% difference compared to the highest-ranking option. As such, it is not recommended to consider this model further.

1.8. Options Analysis conclusion

The Options Analysis process identified the **Wholly Owned Council Company** as the option that would be the most desirable delivery model (based on the Desirable assessment criteria) for the in-scope children's social care functions in that it bests supports improvement activities and practices, is able to accommodate further WCC services in future, provides the best democratic accountability arrangements and would be one of the most financially viable models in the long term. This model has also demonstrated implementation activities in-line with agreed DfE timescales, in part due to its favourable procurement implications. It is worth noting that the Wholly Owned Council Company scored significantly higher than all other options, although the Independent Organisation also scored reasonably well as the second-highest scoring option.

Therefore, it is recommended that as a minimum, the Wholly Owned Council Company is considered in the next stage of the ADM Programme.

1.9. Next steps

Following the submission of the Options Analysis, the Options Analysis will be taken to WCC's Cabinet on the 14th December for a decision regarding which option(s) is to be taken through to Business Case stage.

Following the Options Analysis, and based on our understanding of DfE and WCC timescales, we recommend that the following next steps are taken:

14th December 2017 Cabinet	**18th December – 16th March 2017**	**29th March 2017 extra-ordinary Cabinet**	**1st April 2018 begin implementation, aiming for 1st April 2019 go-live**

Delivery model decision

A decision will need to be made about the future delivery model(s) for Children's Social Care Services in WCC, based on the findings of this Options Analysis and a number of other situational factors. Unless a decision is made to establish a Wholly Owned Council Company, an Independent Organisation, or to Outsource, a commitment may also be required from partner organisations. For example, one or more local authorities would need to formally decide to take on or partner with WCC. Within a Local Authority the decision would need to be made by the relevant Cabinet and approved by Full Council.

Note: subject to DfE and WCC approval, it may be possible to take two options through to the Business Case phase. This may be dependent on an agreement in principle from a partner authority, if a partnership option is chosen.

Business Case

Once the delivery model has been decided, a full business case would need to be prepared to satisfy the Commissioner, DfE, WCC and any partner organisations. The business case stage typically takes 3-6 months. The business case must be completed to submit papers ahead of the 29th March 2018 Cabinet.

The format of the business case depends on the model but as a minimum it should cover the following:

- Case for change
- Vision for Children's Social Care Services
- Definition of Children's Social Care Services, i.e. which functions and budgets are in scope and why
- Detailed proposition with full structure and governance (and constitution, if a separate entity)
- Contract/agreement structure
- Method of transfer (only if relevant, i.e. staff would transfer to the new model)
- Benefits of the model
- Financial case, including tax implications
- Implementation plan

2. Introduction

2.1. Introduction

Worcestershire County Council (WCC) commissioned Mutual Ventures to conduct an Options Analysis of Alternative Delivery Model (ADM) options for their Children's Social Care Services.

Mutual Ventures (MV) work alongside commissioners, senior decision-makers, front-line staff and the leaders of established organisations to design, implement and grow the right delivery models to maximise the potential of public services. MV is one of the leading providers of alternative delivery models in England, and have established several ADMs for Children's Services across the country.

Throughout this process, MV have taken an objective view of all delivery model options, using a proven and robust methodology to determine the results. The Options Analysis work focused on three main areas:

- Developing an outline proposition for the five short-listed ADM options and a set of assessment criteria to test the desirability, viability and feasibility of each model in Worcestershire.
- Assessing the desirability, viability and feasibility of these ADM options in the Worcestershire context.
- Identifying the next steps that need to be taken to successfully implement any ADM in Worcestershire.

2.2. Terms of reference

The purpose of the Options Analysis is to conduct a comparative analysis of the alternative delivery model options for WCC's Children's Social Care Services. This assessment took place over a 4-week period during October and November 2017.

The shortlisting process and detailed propositions of each option can be found in Section 6 of this report. The Options Analysis assesses the desirability, viability and feasibility of the following 5 options:

- Strategic Partnership (with another local authority, and includes TUPE of staff)
- Joint Venture (with another local authority)
- Wholly Owned Council Company (WOC)
- Independent organisation (multiple variants)
- Outsource

The Options Analysis focused on two key questions:

- Which alternative delivery models are available for Worcestershire's Children's Social Care Services?
- What are the comparative benefits and challenges of these models in the Worcestershire context, as judged against a set of objective assessment criteria?

2.3. Methodology

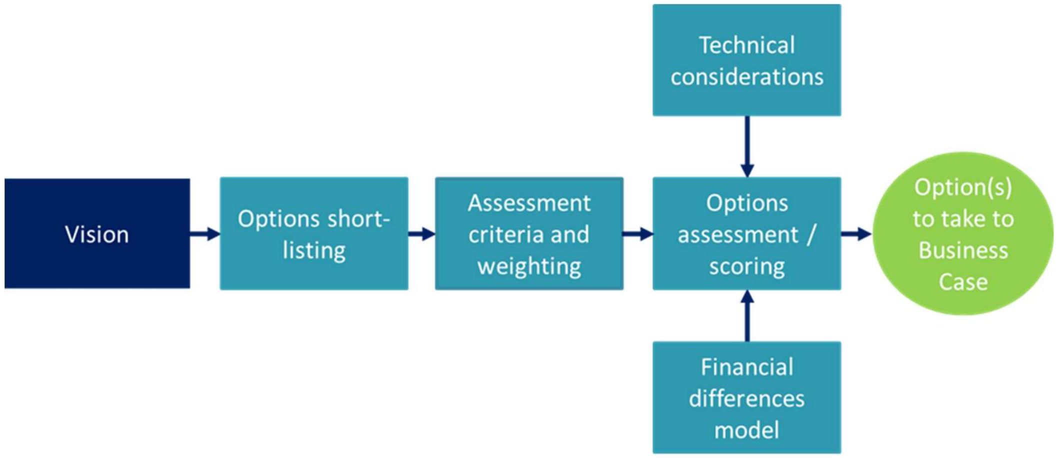
MV have taken a robust approach to this analysis utilising two areas of knowledge:

1) Experience and in-depth knowledge of ADMs and applied this, where feasible, to the local context. MV conducted focussed and wide-ranging research into both the theoretical models and the real-world examples that we have provided.

2) Additionally, MV have engaged as widely as possible with WCC stakeholders to understand the local context, service needs and challenges, and any limitations on model options.

The overarching Options Analysis methodology is summarised in the diagram below:

Figure 1: Overarching Options Analysis methodology

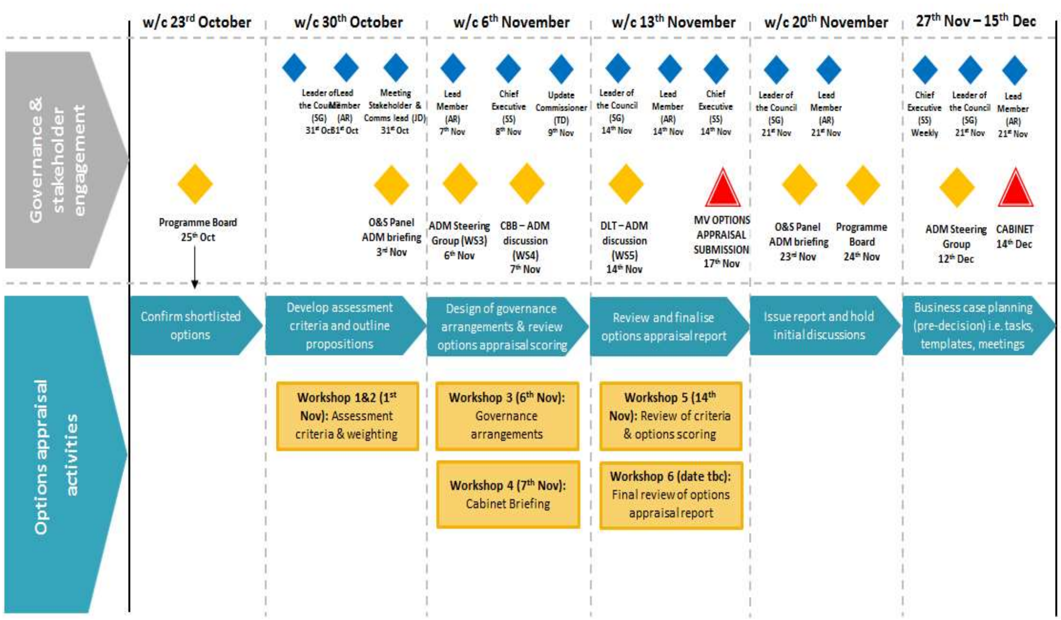


At each stage of the process, workshops and meetings were to gather the views and knowledge of key Worcestershire County Council ADM Programme stakeholders, including:

- Cabinet Members
- Non-Executive Members (Overview & Scrutiny Panel)
- The Children, Families and Communities Senior Leadership Team
- Corporate representatives
- The Chief Executive
- The DfE Commissioner
- The DfE Intervention Unit

The key activities and meetings involved in this process have been detailed in the plan below:

Figure 2: Options Analysis timeline and activities



3. Context

3.1. Local context

The future of Worcestershire's Children's Social Care Services will require some form of ADM, and a decision must be made on this during the coming months. This has been driven by the performance of the service as judged by Ofsted, an independent assessment by the DfE appointed Commissioner, and the Statutory direction issued by the Department for Education (DfE).

The Ofsted inspection published on the 24th January 2017 of Worcestershire County Council's services for children in need of help and protection, looked after children and care leavers found its services to be "inadequate." Following consideration of the report, the Secretary of State judged that the Council is failing to perform to an adequate standard, some or all of the functions to which section 497A of the Education Act 1996 is applied by section 50 of the Children Act 2004 (children's social care functions).

An independent report by the Commissioner for Children's Social Care Services in Worcestershire (Trevor Doughty) recommended that the Council should work with the Commissioner and Department for Education to develop an alternative way to provide children's social care services.

On the 19th September 2017 the Secretary of State issued a revised statutory direction, which replaces an earlier statutory direction, issued to the Council in March 2017. Part of the revised direction requires that the Council develop and draft the following, in consultation and agreement with the Children's Services Commissioner:

i) An options analysis for an alternative delivery model, with an outline recommended model, by 31st December 2017;

ii) A full business case for the proposed alternative delivery model by 31st March 2018; and

iii) To provide regular reports on its progress, the first of which by no later than 30th November 2017.

Worcestershire County Council, in compliance with the Statutory direction published on 19th September 2017, has initiated a programme to appraise, design and implement an alternative delivery model for Children's Social Care. The programme consists of a number of phases. Phase 1 (by 31st December 2017) is the completion of an Options Analysis to decide the highest-scoring ADM option. Phase 2 (by 31st March 2018) is the completion of a Detailed Business Case on the final option(s) chosen following the Options Analysis.

It is crucial that the development of an ADM needs to add value to, and not distract, the improvement work taking place across Children's Social Care, noting that the Council have now procured the services of Essex County Council as their Improvement Partner.

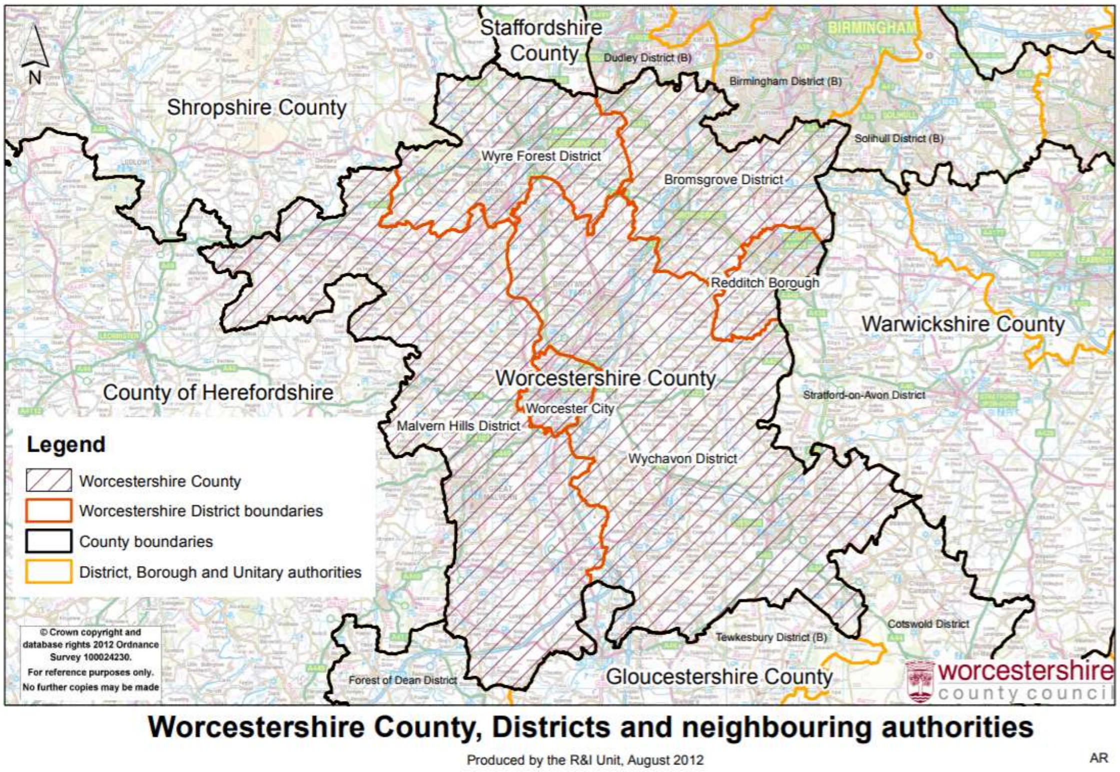
Mutual Ventures were commissioned by Worcestershire County Council to carry out an Options Analysis to compare the benefits and challenges of the different ADM options. As a result, the Options Analysis is to be considered at the 14th December 2017 Cabinet. Furthermore, an extra-ordinary Cabinet has been arranged for the 29th March 2018, to consider the final Business Case.

It is important to note, that whilst the Options Analysis provides an objective assessment of the various options, there are equally significant but less tangible considerations (beyond the mechanisms of the Options Analysis) regarding Worcestershire's local political context, reputation in the area, and what is most suitable for WCC staff.

3.2. Regional context

Given that two of the potential options would involve a partner Local Authority, in Figure 3 below we have included a WCC map of 'neighbouring' authorities to provide a backdrop to potential conversations. We also recognise that there is a complicated picture that sits behind potential partners, including the type of Council, Ofsted rating, and the appetite to partner.

Figure 3: Worcestershire County, Districts and neighbouring authorities map, 2012



Whilst a partnership with another local authority does not necessarily require geographical proximity, it has been deemed important by WCC that a neighbouring authority is considered in the first instance if such a model is chosen, to ensure the best outcomes for staff and the children and young people of Worcestershire.

During the business case phase, resources have been procured to understand the viability of the final option(s) being considered, if required, research potential partnerships.

3.3. National context

Nationally, the DfE is examining the use of a range of ADMs in Children's Services – both in local authority areas with a history of underperformance, and in areas where Children's Services are performing well. A number of councils with "good" ratings are now also considering fundamental changes to delivery structures[1].

The Government's ambition is that by 2020 over a third of all current local authorities will be either delivering their Children's Services through a new model, or actively working towards a different

[1] *Children & Young People Now (June 2016).* https://www.cypnow.co.uk/cyp/news/1157877/high-performing-councils-explore-alternative-delivery-models-for-children%E2%80%99s-services

model. This policy direction is outlined in the *Putting Children First* White Paper (2016)[2] which sets out the Government's vision for achieving excellent children's social care and states that:

> *'The current system […] is not delivering consistently excellent practice. Local authorities are diverse in size and demography, but the structure for delivering services is much less diverse and governed by very many of the same rules whether in large cities and counties or in small unitaries. Whilst structural change is not an end in itself, in the right circumstances it may be the key to unlocking improvement and responding to budgetary pressures as well as new threats to our children and young people.'* [3]

It is important to note that an alternative delivery model does not automatically lead to improvement: an ADM is a vehicle for improvement. As such, the improvement journey must not be lost during the ADM process.

Due to the recent development of ADMs in Children's Services, there is limited overarching published evidence regarding its success across England. However, individual Children's Services now operating within ADMs have reported improvements. For example, Doncaster Children's Services Trust (the first children's services department in England to be taken out of council control in 2014) has made "significant progress" according to Ofsted, and found that the council and trust had "thoroughly addressed" recommendations made in 2015's single inspection[4]. More recently, Together for Children (Sunderland) has been praised for making particular progress for children in need of help and protection, during its 5th monitoring visit[5].

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[2] *Department for Education (July 2016). Putting Children First: Delivering our vision for excellent children's social care.* *https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/554573/Putting_children_first_delivering_vision_excellent_childrens_social_care.pdf*

[3] *As above, p. 43*

[4] *Doncaster Children's Trust Report (September 2017) https://www.doncasterchildrenstrust.co.uk/news/ofsted-praise-%E2%80%98significant-progress%E2%80%99-children%E2%80%99s-services-doncaster*

[5] CYP Now article (17th November 2017) *https://www.cypnow.co.uk/cyp/news/2004511/ofsted-praises-improvements-at-childrens-services-mutual*

4. Scope of services

The scope of services for the ADM has been considered, but not finalised, during the Options Analysis phase. The scope has largely been agreed in principle in that it is intended that core children's social care services will be included within the ADM. However, there are a small number of services for which the destination is less clear, i.e. there are pros and cons for the services either remaining within WCC or transferring to the ADM.

Typically, the scope of services for an ADM is 80-90% understood during the Options Analysis stage, in order to consider the broad impact of service inclusion on the proposed options. Following an Options Analysis, the scope is usually refined during the business case phase and then finalised during the implementation phase. This phasing occurs as the financial and operational implications of the final 10-20% of services under considerations are clarified and time and resource has been applied to undertake a detailed analysis.

The final scope of services will inform the design of the selected ADM and the financial viability of both the model and WCC. The final scope of services will also have a significant impact on the staff who are to TUPE transfer across to the new vehicle. The scope of services must also be agreed with sufficient time to conduct a 90-day TUPE consultation period. Confirmation regarding the ability to delegate statutory responsibilities is required through legal advice at a later stage.

At this stage, services have been categorised in the following way:

Figure 4: WCC's scope of services categorisation

It is understood that at this stage of the process, those services categorised as '1' are confirmed as in-scope, with those categorised as '2' or '3' to be considered at a later stage.

The DfE Commissioner has expressed expectations that some, if not all, Early Help services will also be within scope as they are essential for improvement. Targeted Family Support is already in scope for this reason.

Once chosen, the model may inform decisions regarding scope.

Key issues to consider regarding scope include the following:

- It has been recognised that it is important for the model to be able to accommodate further WCC services associated with Children's Services at a later date. A specific criterion has been included within the scoring mechanism of the Options Analysis to ensure that this consideration is captured and measured.
- Adoption Services are under-going a process to determine the future of the service in WCC. WCC has agreed, in principal, to work in partnership to form ACE (Adoption Central England). The ACE Programme is already underway and may be impacted if included in scope, particularly if a partnership ADM is chosen with a partner outside of the ACE programme.
- The VAT liability of the ADM is likely to be driven by the scope of services. This is discussed in further detail within the 'Financial differences' section.

A full list of potential services, and their categorisation, has been included in Appendix 2.

5. Assessment Criteria

5.1. Development of assessment criteria

A comprehensive set of assessment criteria were developed to test the shortlisted model options against significant influential factors important to WCC. The application of robust assessment criteria enables an assessment of the relative strengths and weaknesses of each model option.

WCC stakeholders (political, managerial and operational) were highly involved in developing the final set of assessment criteria in order to ensure that the key considerations fully reflected Worcestershire priorities. WCC stakeholders also weighted each criterion to capture its relative importance comparative to other criteria. The DfE were also consulted in the development of the assessment criteria. The final set of agreed assessment criteria was built on a set of key WCC considerations and broadened to reflect Mutual Ventures' extensive experience of Options Analysis processes.

In total, 30 assessment criteria were identified, 28 of which can be scored at this stage. The criteria have been grouped into three areas:

- **Desirability** – Whether the option allows the future needs of the service, staff and stakeholders to be met.
- **Feasibility** – Whether the option can be implemented, what the risks are and whether they can be managed.
- **Viability** – Whether the option is financially viable and sustainable, and if any savings identified are realistically achievable.

For each of the assessment criteria, a specific definition and rationale was created to provide a common understanding of why the criteria was selected and what a high, medium or low score would look like.

The assessment criteria are detailed in the sections below:

5.2. Desirability

In assessing the **desirability** of ADM options for Children's Social Care Services in Worcestershire the key question was whether each model would lead to a sustainable improvement in outcomes for children and families. Figure 5 below summarises the criteria selected to test desirability, including the rationale, scoring definition and investigation methodology for each criterion.

Figure 5: Assessment Criteria - Desirability

Criteria title	Assessment Criteria	Scoring approach	Weighting	Reason for inclusion
Operational independence	The option provides the conditions for operational independence (outside the operational control of the Council).		**Pass / Fail**	WCC gateway criteria
Singular focus on improving outcomes	The option provides a single and unwavering focus on providing the best services and outcomes for CYPF.		**Pass / Fail**	WCC gateway criteria
Compliant with Secretary of State	The option complies with the order of the Secretary of State (DfE Commissioner).		**Pass / Fail**	WCC gateway criteria
Meets expectations of the DfE Commissioner	The option meets the expectations of the DfE Commissioner.	HIGH: The option meets the expectations of the DfE Commissioner LOW: The option does not meet the expectations of the DfE Commissioner	**10**	The Commissioner holds considerable decision-making power
Prevents service fragmentation	The option does not add unnecessary additional complexity or fragmentation into the local children's social care services system.	*HIGH: The model does not add complexity/fragmentation and fits effectively within the existing children's social care services system* *MEDIUM: The model does not add unnecessary levels of complexity/fragmentation to the existing children's social care services system* *LOW: The model is likely to add unnecessary complexity/fragmentation to the existing children's social care services system*	**6**	WCC gateway criteria
Service expansion / Phasing	If desired, the option could accommodate a range of children's services additional to those under direction including phasing of existing WCC services post 'go live', in order to enable growth and/or reduction in the future.	*HIGH: The model offers opportunities to accommodate further services at a later stage in addition to those under direction* *LOW: The model does not allow for accommodation of further services at a later stage to those under direction*	**8**	WCC gateway criteria
Supports improvement activity	The option complements and actively supports the existing improvement work within children's social care services (and minimises disruption for CYP services during implementation).	HIGH: The model is likely to enhance and accelerate delivery of improvement activity (e.g. provide a singular focus on outcomes, provide a dedicated budget to children's social care services) MEDIUM: The model will deliver improvement activity in-line with the current WCC improvement plan LOW: The model is likely to impair or disrupt current improvement activity	**10**	The improvement to Children's Service is one of WCC's key priorities as well as important to the DfE

Criteria title	Assessment Criteria	Scoring approach	Weighting	Reason for inclusion
Contributes to strategy	The option significantly contributes to the delivery of WCC's Children & Young People's Plan and the council's wider corporate plans.	HIGH: The model would enhance and accelerate delivery of WCC CYPP objectives and wider Council plans MEDIUM: The model would deliver objectives in-line with the CYPP and wider Council plans LOW: The model is likely to disrupt delivery of CYPP objectives and Council plans	**10**	It is important for the CYP plan to be achieved as well as wider Council plans, which drive core Council activities
Improves social work practice	The option is able to maintain and develop the best social work practice to support children and families.	HIGH: The model would enhance and accelerate activity to improve social work practice (e.g. provide new opportunities to support and develop staff) MEDIUM: The model would support current plans to improve social work practice LOW: The model would disrupt activities to improve social work practice	**10**	In order to improve and provide better outcomes for children, social work practice must be supported
Staff retention/attraction	The option demonstrates opportunities to retain and attract high-calibre staff (e.g. the model is an attractive employer and there are opportunities to develop terms to attract staff).	HIGH: The model offers clear and innovative mechanisms to retain and attract staff MEDIUM: The model would support current staff retention/attraction activity LOW: The model is likely to be unattractive to current and future staff	**10**	In order for the ADM to be successful it must attract and retain (not deter) high quality staff
Staff engagement & motivation	The option demonstrates a theoretical ability to positively engage and motivate children's social care services staff (e.g. staff involvement in decision-making of the new model).	HIGH: The model could offer formal staff engagement mechanisms (e.g. staff Board representatives) MEDIUM: The model could offer informal arrangements to engage staff LOW: The model would have low/no opportunities to engage staff in decision-making	**10**	In order for the ADM to be successful its employees must be engaged and motivated
Democratic accountability	The option enables clear democratic accountability over the performance of children's social care services (clear reporting lines into WCC Executive & Non-Executive functions, and Corporate Parenting Board).	HIGH: The model maintains and improves (streamlines) reporting lines to all CYP accountability arrangements MEDIUM: The model maintains existing reporting lines to accountability structures LOW: The model is unable to demonstrate clear reporting to accountability structures and/or will add unnecessary complexity to reporting.	**10**	It is important to elected members to retain accountability over the performance of Children's Services
Enhance partnership working	The option demonstrates a theoretical ability to operate at the heart of local partnerships for children's social care services (acting as a focal point for improving outcomes for children and families) e.g. CCGs, Police, local VCS, LSCB.	HIGH: The model presents clear opportunities to form new partnerships and to involve partners in governance arrangements, and ultimately leading to integration of service delivery (in part or full) MEDIUM: The model presents some opportunities to improve partnership working and/or informally involve partners in decision-making LOW: The model is not likely to improve partnership working and would not involve partners in decision-making	**8**	Working more effectively with partners is a key priority of WCC, in order to improve services for users
Voice of CYPF	The option enables opportunities for meaningful engagement of CYPF (Voice of the Child), e.g. in the governance arrangements of the new model.	HIGH: The model demonstrates meaningful and innovative options to engage CYPF MEDIUM: The model could maintain existing opportunities to engage CYPF LOW: The model cannot demonstrate meaningful opportunities to engage CYP	**10**	The voice of CYPF is extremely important as CYPF are the key customers of the service
Access to LGPS & TPS	The option enables current staff to retain access to the Local Government Pension Scheme (LGPS) and Teachers' Pension Scheme (TPS).	HIGH: The model enables staff to retain access to the LGPS & TPS (As is scenario) MEDIUM: N/A LOW: The model is unable to allow staff to retain access to the LGPS & TPS	**10**	It is important to all staff within the service that their financial stability and future is protected

5.3. Viability

In assessing the **viability** of ADM options for Children's Social Care Services, the key question was whether each model is economically viable and sustainable in the WCC context. Figure 6 below summarises the criteria selected to test the viability of ADM options, including the rationale, scoring definition and investigation methodology for each criterion.

Figure 6: Assessment Criteria - Viability

Criteria title	Assessment Criteria	Scoring approach	Weighting	Reason for inclusion
Grant and other external funding	The option enables opportunities to access external grant funding and other external funding/income.	HIGH: The model presents clear options to access sustained levels of grant funding / external income MEDIUM: The model presents some opportunities to secure external grant funding / external income LOW: Is it unlikely that the model will be able to secure external grant funding / external income	**6**	Some ADMs increase access to grant funding, which may allow the service to grow and become more sustainable and less reliant on WCC
Income generation (through growth)	The option enables growth through increasing the geographical footprint of the new organisation and/or an ability to introduce new services lines (income generation).	HIGH: The model provides clear opportunities for growth (e.g. new service geographies) MEDIUM: The option would provide some scope for growth over time LOW: The option is likely to present no opportunities for growth	**6**	Some ADMs enable new service development. This may result in the service becoming more sustainable and less reliant on WCC
Financial stability (post go-live)	The option enables long-term financial stability (has sustainable running costs).	HIGH: The model would enable long-term financial stability MEDIUM: The model, in time, may offer long-term stability LOW: The model cannot demonstrate that it would enable long-term financial stability	**10**	The financial stability of the ADM is of the highest importance; it delivers an essential service
MTFP Savings	Ability to achieve / influence MTFPS over and above contractual arrangements.	*HIGH: The model enables WCC to influence MTFP savings over and above contractual arrangements* *MEDIUM: N/A* *LOW: The model does not enable WCC to influence MTFP savings over and above contractual arrangements*	**4**	Some ADMs provide increased flexibility to use savings in a different way, which may benefit the service's development
Implementation costs	The option does not have unnecessarily high implementation and procurement costs including the cost of changes to existing commissioned services (service specific and support services).	HIGH: Implementation of the model is likely to incur the lowest cost (1 model only) MEDIUM: Costs of implementing the model are neither the highest nor the lowest cost (3 models) LOW: Implementation of the model is likely to incur the highest cost (1 model only)	**4**	The cost of implementation is considered to understand whether the funding is available and not going to impede progress
Client function costs	The option does not require unnecessarily high client function costs.	*HIGH: The model is likely to incur the lowest client functions costs (1 model only)* *MEDIUM: Client functions costs are neither the highest nor the lowest (3 models)* *LOW: The model is likely to incur the highest (1 model only)*	**7**	Client functions are extremely important in some models, and can incur high costs

Criteria title	Assessment Criteria	Scoring approach	Weighting	Reason for inclusion
Tax & VAT	The option does not present unviable tax and VAT implications for the new model or for WCC.	HIGH: The model will not present any tax & VAT issues for the new model/WCC e.g. irrecoverable VAT will not be material. MEDIUM: The model does not present tax/VAT issues for WCC/the new model over the short term LOW: The model will present tax/VAT issues for the new model and/or WCC	**8**	Tax and VAT liabilities can have huge cost implications; therefore, they should be considered to ensure the model is affordable
Use of surpluses	The option provides the local authority with a high degree of influence over any profits/surpluses generated by the new model.	HIGH: The model would provide WCC with direct control over any profits/surpluses MEDIUM: The model provides indirect control (e.g. via a contract) over any profits/surplus LOW: The model would not give WCC any influence over the use of any profits/surplus	**3**	Some ADMs provide further flexibility to manage surpluses, which may contribute to the development of services in a different way to WCC
Financial liabilities	*The option enables WCC the opportunity to transfer liabilities to the new model (e.g. redundancies, pension liabilities and financial deficit).*	*HIGH: The model enables WCC to transfer all liabilities to the new model* *MEDIUM: The model allows WCC to transfer liabilities to the new model apart from those resulting from direct WCC actions (e.g. reduction in core funding, resulting in redundancies)* *LOW: All current liabilities remain with WCC*	**6**	The party responsible for financial liabilities may have to take on significant cost. Therefore, this is considered to ensure the model is affordable

5.4. Feasibility

In assessing the **feasibility** of ADM options for Children's Social Care Services, the key question was how easily each model can be implemented in the WCC context. Figure 7 below summarises the criteria selected to test the viability of ADM options, including the rationale, scoring definition and investigation methodology for each criterion.

Figure 7: Assessment Criteria - Feasibility

Criteria title	Assessment Criteria	Scoring approach	Weighting	Reason for inclusion
Partner support	There is evidence that the option would not place undue pressure on partnership relationships	N/A – cannot be assessed at this stage	**N/A**	WCC gateway criteria
Market maturity of option	The option can demonstrate sufficient market maturity.	N/A – cannot be assessed at this stage	**N/A**	WCC gateway criteria
Procurement	The option can be procured by WCC in a straightforward way.	*HIGH: A competitive tendering process is not required* *MEDIUM: Tendering is likely to be straightforward* *LOW: Tendering is likely to be complex*	**8**	The procurement process may create complexity for WCC
Contract management	*The option can be contract managed in a straightforward way by WCC's client function.*	*HIGH: Contract management of the model is likely to be straightforward* *MEDIUM: Contract management of the model is likely to incur some complexity* *LOW: Contract management of the model is likely to be complex (e.g. management of multiple contractual arrangements)*	**10**	Each ADM will require a contract with varying levels of complexity
Support services - operational	*The option has the ability to choose its own support services provider (e.g. HR, Finance, ICT)*	*HIGH: The model allows for full flexibility over choice of support services providers from 'go live'* *MEDIUM: The model has some flexibility after a transition period (e.g. 2 years)* *LOW: The model has limited ability to choose its own support services provider*	**5**	The service requires the right support services in order to achieve high quality provision
Support services - WCC	*The option enables stability in WCC support service operations with manageable impact for the local authority.*	*HIGH: The model presents no negative impact to WCC support services (e.g. economies of scale)* *MEDIUM: The model presents some negative impact to WCC support services* *LOW: The model has significant impact on current WCC support service arrangements (e.g. costs)*	**5**	WCC may be impacted by the support service arrangements of the model and wish to avoid stranded costs if possible
Service specific commissioning	*For service specific commissioning, the option enables WCC to continue delivering its wider service portfolio with a manageable impact on related council services (e.g. contracts that cut across Children's Services and Adults).*	*HIGH: The model presents minimal impact to wider WCC commissioning* *MEDIUM: The model presents some negative impact to wider WCC commissioning (e.g. complexity, costs)* *LOW: The model has significant impact on wider WCC commissioning*	**3**	There are several other frontline service contracts which will be impacted if Children's Services is changed (e.g. Adults)

Criteria title	Assessment Criteria	Scoring approach	Weighting	Reason for inclusion
Implementation timescales	*The option can be established in go-live form within DfE expectations of implementation timescales (April 2019) for those services included in the statutory direction.*	*HIGH: The model can be established in go-live form by April 2019* *MEDIUM: N/A* *LOW: The model cannot be established in go-live form by April 2019*	**10**	DfE have set expectations for the improvement and ADM, therefore it is important to consider which models can be achieved in the agreed timescales
Managing risk	The option is able to minimise potential risks to WCC and its elected members (reputational and financial).	HIGH: The option enables WCC to effectively monitor and manage risks MEDIUM: The model presents some opportunities to manage/mitigate risk (e.g. contractual arrangements) LOW: The model presents no clear opportunities for WCC to monitor & manage risks	**10**	By developing an ADM WCC is reducing its oversight and control of the service, therefore the ADM must be able to manage and mitigate risks to the Council

The assessment criteria are scored against each of the shortlisted models in section 8, after consideration is given to the financial differences between models and the technical details of each model.

6. Detailed propositions of short-listed ADM options

6.1. Shortlisting of options

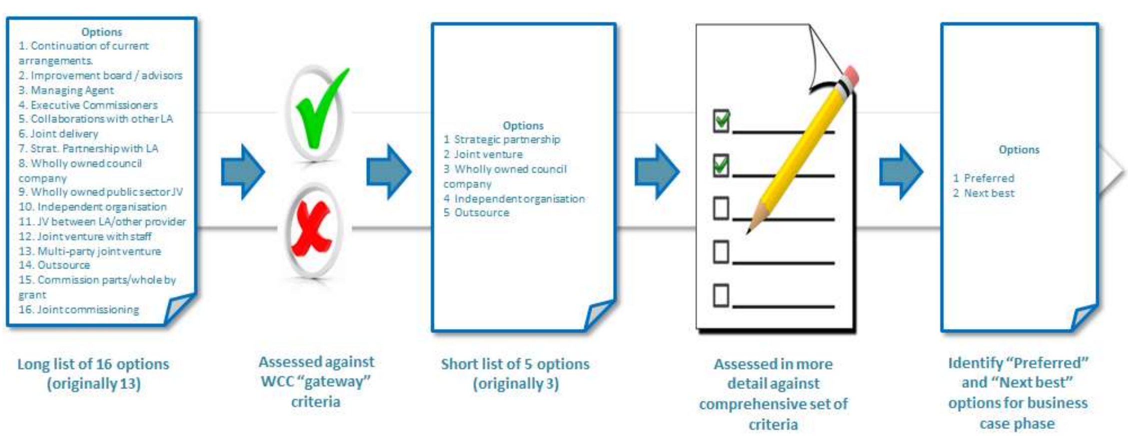
Prior to Mutual Ventures' joining the ADM programme, WCC had identified a long-list of 13 options (confirmed during the September 2017 Cabinet). Based on previous experience of Children's Services ADMs, Mutual Ventures subsequently conducted a review of these options and advised that 2 of WCC's 13 options were legal forms or a status applied to a legal form (e.g. charity) and therefore subsets of a model as opposed to delivery models in themselves.

Mutual Ventures then cross-referenced the remaining 11 models with MV's comprehensive list of known delivery models for Children's Services (previously discussed with DfE) and identified a further 5 models that had not yet been fully considered by WCC. This created a long-list of 16 options. Whilst there is some blurring between them, the 16 model options can be grouped within the four broad categories outlined below:

1. **In-house options:** in-house options involve continuing with current delivery arrangements, but applying internal improvements. This can range from service redesign, to utilising a managing agent to manage the service. Examples include Lancashire (cross-agency improvement board); Dudley (improvement programme); Rotherham (managed by commissioners); and Leeds & Kirklees (improvement partnership).
2. **Partnerships or collaborations:** involve a formalised relationship of some variety with another organisation, where responsibilities are shared or delivered in conjunction. Examples include Kingston & Richmond / AfC (Windsor & Maidenhead recently joined);
3. **New delivery vehicle:** involves the creation of a new vehicle to deliver services. These can range from a joint venture with another organisation to creating a new independent company. Examples include: Together for Children - Sunderland (CLG, whole service); Slough Children's Services Trust (independent not-for-profit, children's social care).
4. **Commissioning options:** commissioning options involve contracting another provider to provide a part of or the whole service. These can range from commissioning part of the service through a grant, to a full outsource of the service. This is a less mature market, however providers such as Barnardos are considering broadening their offer in order to become a full outsource provider. Examples include Barnardos & Norfolk.

A number of steps were then taken to agree and assess a shortlist, represented in the diagram below:

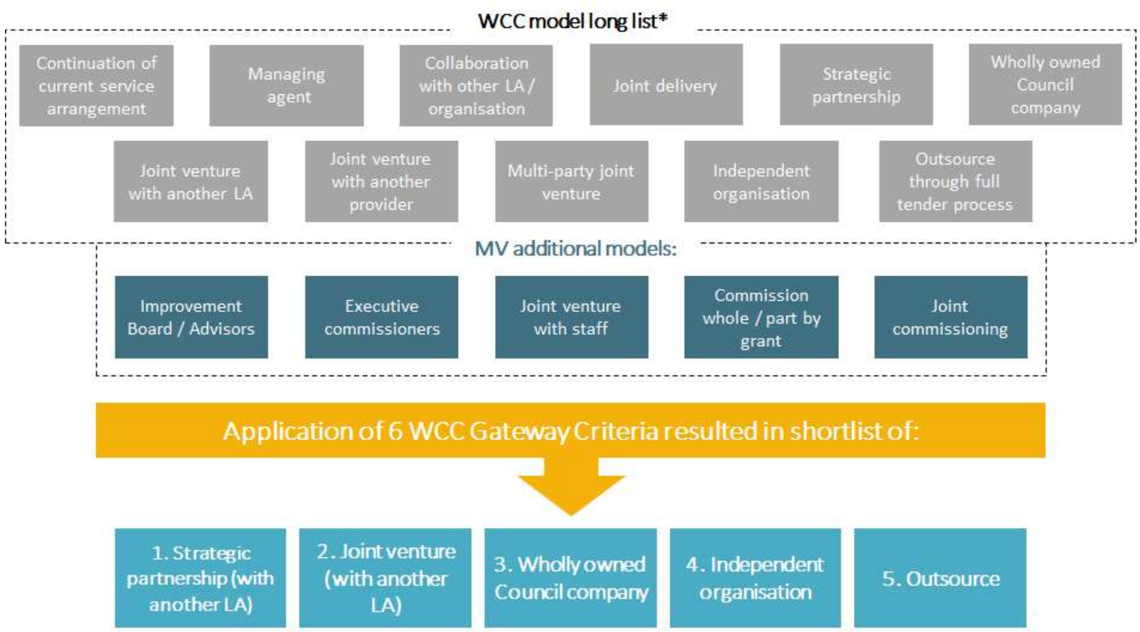
Figure 8: Overall shortlisting process



As described in the diagram above, to produce a manageable shortlist of model options suitable to Worcestershire, a 'gateway' process was applied to the long-list of models. The gateway criteria comprised a set of pass/fail questions – for example, will the model enable a single and unwavering focus on providing the best services to children, young people and families; would the model meet the expectations of the Secretary of State; and would the model add unnecessary complexity or fragmentation in the local system of children's social care services?

The gateway process resulted in a set of 5 short-listed options to take into a more detailed Options Analysis process. The revised long-list and short-list was discussed and agreed with the ADM Programme Board on 25th October 2017. The total longlist of options and resulting shortlist of options is shown in the diagram below:

Figure 9: Longlist of options to shortlist of options



In summary, the five delivery model options shortlisted for consideration in the Options Analysis are:

- Strategic Partnership (with another local authority)
- Joint Venture (with one more local authorities)
- Wholly Owned Council Company
- Independent organisation
- Outsource

For each of the five shortlisted models, a proposition has been developed, in order to provide further understanding of the implications of each model. The propositions cover the following areas:

- **Key technical features** – a description of how the model would operate including governance, management, ownership, control, the impact on staff, procurement, assets and back office services and in-scope services.
- **Diagram** – showing potential governance arrangements for the model.
- **Case study** – how the model has been used elsewhere in England
- **Advantages and disadvantages of the model** – an initial analysis of the advantages and disadvantages of the model overall and in the context of WCC's Children's Service.

6.2. Option 1 - Strategic Partnership (with another local authority)

Proposition

WCC's Children's Social Care Services would be managed and delivered by another local authority's children's services (a partner local authority) via a Strategic Partnership arrangement. ***Note: the proposition below must be developed further and confirmed with the partner authority if chosen.***

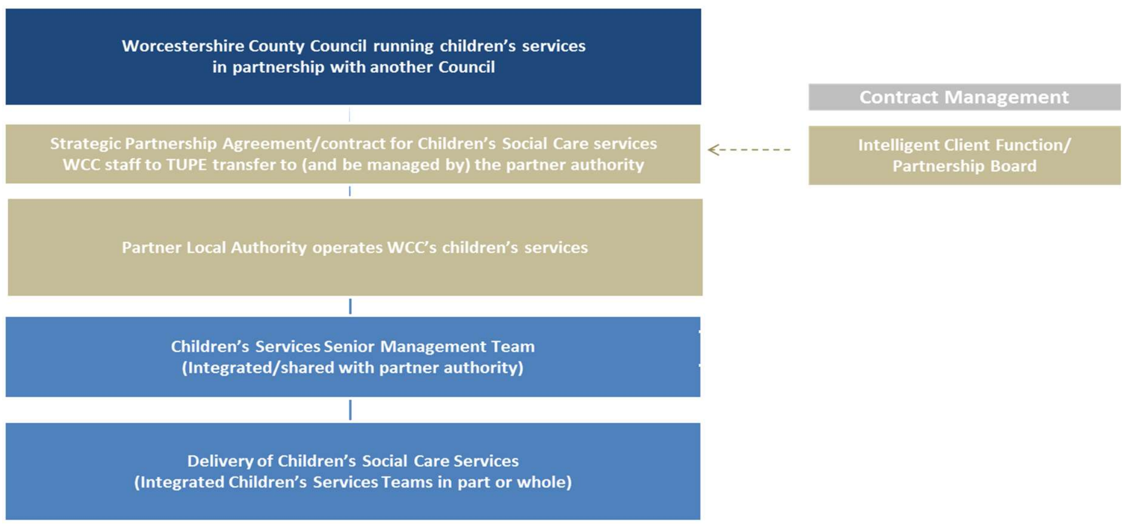
Key Features

- **Governance:** A formal partnership agreement or contract (for a fixed period) would be established between WCC and the partner local authority for the management and delivery of WCC's Children's Social Care Services. The partnership agreement / contract would include a robust performance framework to deliver improvement activity. Under this arrangement, it has been assumed that there would be an individual joint DCS across both authorities. This post would be jointly appointed but employed by the partner local authority (as approached by other local authorities that have a partnership arrangement e.g. Hampshire and the Isle of Wight). WCC would hold the partner local authority to account via reporting from the joint DCS to WCC's Lead Member for Children's Services, Cabinet and Chief Executive. WCC would retain full political accountability for its children's social care services and the usual Executive and Non-Executive processes would continue. The Senior Management Team are likely to be held to account by Overview & Scrutiny arrangements. Both WCC and the partner authority would be held to account by the DfE for children's services outcomes via regular monitoring and progress reports.
- **Management:** As noted above, it has been assumed that the DCS of the partner local authority would also become the DCS for WCC (as a joint DCS post) and would report to WCC's Cabinet and Chief Executive - in addition to the Cabinet and Chief Executive of the partner authority. WCC's current Children, Families and Communities Senior Leadership Team and all other staff would be seconded or TUPE transferred to the partner local authority. This has been the arrangement for other authorities pursuing this approach and may well be a requirement if the model is to demonstrate sufficient operational autonomy for the DfE (to be confirmed by the DfE Commissioner).
- **Ownership:** An agreement would be established between WCC and the partner local authority with no new delivery vehicle required, therefore there would be no change in current ownership.
- **Control:** WCC would exercise control over the performance and direction of children's social care services for Worcestershire via a partnership arrangement / contract with the partner local authority. The DfE would need to approve the agreement and would monitor improvement progress.
- **Impact on staff:** Current WCC Children's Social Care Services staff would be TUPE transferred to the partner local authority. It is assumed that the transferred staff would keep their existing terms and conditions, including access to LGPS.
- **Procurement:** A partnership arrangement or contract would be put in place between WCC and the partner local authority in order to formally establish the partnership. A competitive procurement process would not be required and further legal advice would be required on the terms of the partnership agreement / contract.
- **Assets and support services:** A number of options would be available to WCC and the partner authority in terms of assets and support services (e.g. a shared use of support services) and would need to be determined during a business case stage if the model were progressed.

- **In-scope services:** The final scope of services for the ADM has not yet been agreed however, as a minimum, the services included in the statutory direction will form scope for Phase 1. For the Strategic Partnership model, any future variation to the services in scope will require a change in the partnership agreement / contract and therefore negotiation with the partner authority.
- **Ofsted:** The Ofsted inspection regime would be *managed* by the partnering authority, as they have operational responsibility for the service. However, as each authority holds statutory responsibility for the service, the service will receive a rating against respective geographical areas, i.e. Ofsted will separately assess the services in Worcestershire and the other territory.

Model Diagram

Figure 10: Strategic Partnership model diagram



Case study

Hampshire County Council and Isle of Wight Council

Background - a formal 5-year partnership between Hampshire County Council (HCC) and the Isle of Wight Council (IWC) was established in 2013 at the instigation of the DfE, the LGA, and IWC in consultation with HCC. It followed the identification by Ofsted of serious failings across IWC in both children's social care and education services. A 2014 Ofsted inspection report states that, *'the five-year strategic partnership is providing essential stability and is driving demonstrable improvements across Children's Services on the island.'*
Ownership - each local authority remains politically accountable for its children's services with no ownership change implications for either authority.
Governance, commissioning and accountability - the partnership is subject to a formal agreement between the two local authorities. It is also subject to a Statutory Ministerial Direction from the DfE. The partnership has been established to ensure clear lines of reporting and accountability arrangements to ensure timely decision making and effective oversight of services. Key features of the partnership include:

- Full political accountability remains with IWC for its services, including education and social care.
- The DCS for HCC assumes the DCS role in full for IWC, with the support of HCC's Children's Services Departmental Management Team.
- Full financial accountability and employment responsibilities remain with IWC, with the overwhelming majority of staff remaining as IWC employees.
- Full operational performance and employment responsibilities rest with the DCS for HCC and the HCC Children's Services Departmental Management Team.
- The direction of the partnership was set for a period of five years.

Note: The Hampshire & Isle of Wight case study is the closest study available for a strategic partnership to inform WCC. There are key differences, in that staff did not TUPE transfer at go-live to Hampshire.

Advantages and disadvantages

Advantages of a Strategic Partnership	Disadvantages of a Strategic Partnership
▼ Allows a struggling authority to access the expertise and experience of senior managers and frontline staff who currently oversee/deliver strongly performing services significantly enhancing the likelihood of service improvement ▼ Adoption of tried and test policies, procedures and practices of the partner authority can provide staff the opportunity for a 'roadmap' for their work. Audit tools and methodologies can be shared ▼ Potential to achieve shared services and economies of scale with the partner authority (e.g. support services) ▼ Staff are able to retain their current Terms & Conditions (e.g. access to the LGPS) ▼ Inexpensive to implement and does not require creation of a new delivery vehicle ▼ Staff are able to take decisions on behalf of both organisations if shared between them, pursuant to 5113 LGA 1972	▼ Depends on the availability and supportive attitude of a 'Good' or 'Outstanding' partner authority – it would not be desirable to transfer the service to a local authority rated as 'Requires improvement' or worse regardless of geographical relevance ▼ Once an appropriate partner has been identified, there may be practical challenges to forming a partnership (e.g. staff integration, infrastructure arrangements) which may slow implementation ▼ Potential to negatively disrupt existing standards of service delivery within the partner authority i.e. social care practices, culture and management practices. ▼ May be seen as a temporary / short-term arrangement by staff and therefore result in a lack of buy-in and/or impair longer-term sustainable change ▼ Staff may be resistant to transferring to the partner authority

6.3. Option 2 - Joint Venture (with one, or more, other local authorities)

Proposition: WCC and one or more other local authorities would create a new joint delivery vehicle (a new company) to deliver children's social care services on their behalf.

Key Features

- **Governance:** A contract would be put in place between the local authorities and the new company for the delivery of children's social care services on behalf of the partnering local authorities. The partner local authorities would collectively appoint a joint DCS who could act as the Chief Executive of the new company and would be accountable to the respective Lead Members for Children's Services and Chief Executives of each authority (this arrangement is how Achieving for Children was initially established). Alternatively, the new company could appoint its own Chief Executive and each authority could retain its own individual DCS (who would be involved in commissioning and contract management of the new company). WCC would retain full political accountability for its children's social care services. It is assumed that the Lead Member for Children's Services would be involved in the commissioning and contract management of the new company and would be held to account by Overview & Scrutiny arrangements. The Senior

Management Team are also likely to be held to account by Overview & Scrutiny arrangements. Both WCC and the partner authority would be held to account by the DfE for children's services.

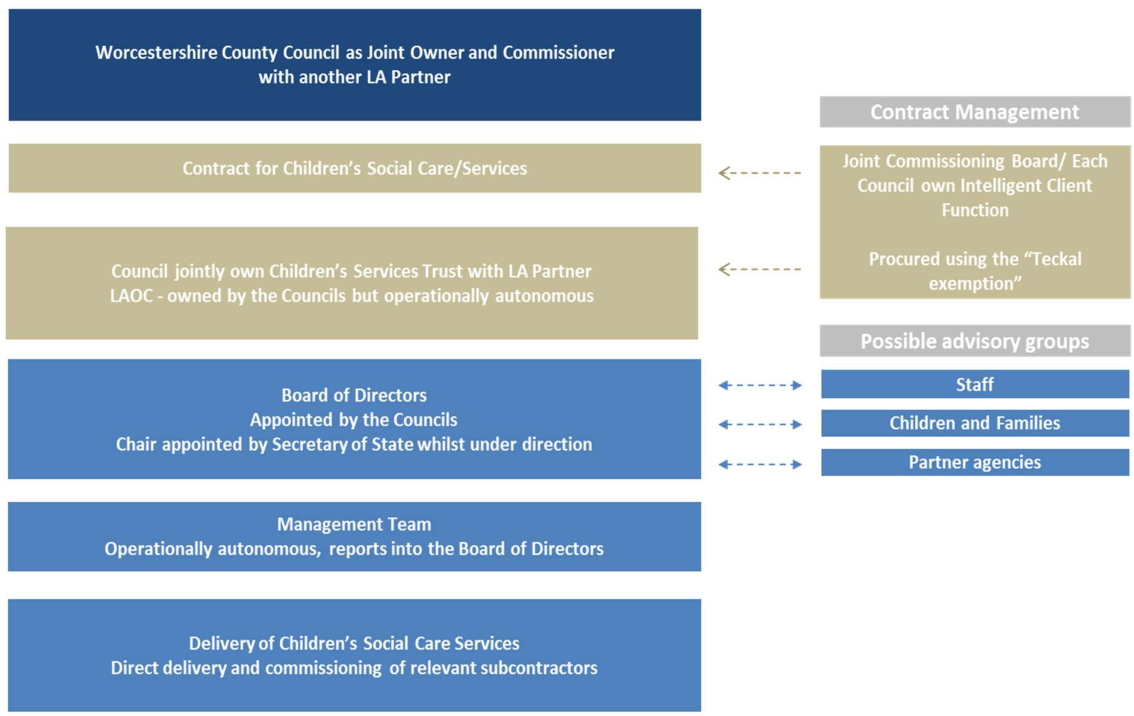
- **Management:** The company would be run by a Board of Directors all of which would be appointed jointly by the partner authorities (apart from the Chair during the period under direction – the position of Chair will be appointed by the DfE). Day to day management of the company would be led by a joint senior management team (formed by merging the existing management teams of the partner authorities) who would be responsible for running the company in accordance with the service contact with partner authorities. The joint senior management team would be accountable to the Board of Directors of the new company. The joint senior management team would be directly employed by the new company. As noted above, this model assumes the creation of a joint DCS across the partner authorities. The joint DCS could be either seconded to the new company as its Chief Executive or remain 'client-side' and lead the commissioning and contract management of the new company alongside the Lead Member for Children's Services. If the joint DCS was seconded to the new company to act as its Chief Executive, the partner authorities could choose to buy-in time (e.g. on a quarterly basis) from a former DCS to provide an 'intelligent client' function to add DCS equivalent expertise to hold the company to account.
- **Ownership:** The new company would be jointly owned by the partner authorities with each local authority having an equal ownership share of the organisation. (Equal ownership is an assumption and would need to be detailed in through discussions with a potential partner and via legal advice). The partner authorities would be the only 'members' of the new company and would retain certain reserved matters to ensure control over the new company.
- **Control:** The partner authorities would exercise control over the performance of children's social care services through their contact with the company. The partner authorities would form a joint commissioning board (including the Lead Members from the partner authorities) to manage the performance of the new company against the service contract. The partner authorities would also exercise control by jointly appointing an equal number of Directors to the Board of the new company. Whilst under direction, the Secretary of State would appoint the Chair of the Board (the partner authorities would run the appointment process).
- **Impact on staff:** in-scope children's social care services staff from WCC, and relevant staff from the partner authority, would TUPE transfer to the new company and would be directly employed by the new company. The company would become an admitted body under the Local Government Pension Scheme (LGPS) and staff would transfer with their current pension scheme.
- **Procurement:** As an organisation satisfying 'Teckal exemption', it is assumed that the new company would be granted a contract to deliver children's social care services without undertaking a full procurement exercise. This assumption would need to be confirmed through external legal advice at a later stage.
- **Assets and support services:** A range of options would be available to the local authority owned company in terms of assets and the use of support services. Typically, a combination of 'buy back' from the parent local authority for a fixed period, self-supply and/or direct commissioning of support services is agreed. Exact arrangements would need to be determined during a business case stage, if the model were progressed, to ensure that current WCC arrangements are not unduly undermined.
- **In-scope services:** The final scope of services for the alternative delivery model has not yet been agreed but, as a minimum, the services included in the statutory direction will form the services

in scope for Phase 1. For the Joint Venture model, any future variation to the services in scope may require a change in contract and therefore negotiation with the partner authorities.

- **Ofsted:** The Ofsted inspection regime would be managed by the new independent entity, as they have operational responsibility of the service. However, as each authority holds statutory responsibility for the service, services will be assessed against its respective geographical area, i.e. Ofsted will separately assess the delivery of services in Worcestershire, as well as another territory, and each local authority area will receive a separate rating. Achieving for Children (AfC) receive separate inspections and ratings for services delivered in Richmond and Kingston.

Model Diagram

Figure 11: Joint Venture model diagram



Case study

Achieving for Children

Background – Achieving for Children (AfC) was formed in 2014 through the merger of the children's services of the Royal Borough of Kingston and the London Borough of Richmond. The children's services workforce of each authority was TUPE transferred into a single Community Interest Company (CIC) with the company providing children's services across the combined area. The formation of AfC built on a track record of joint working across the two councils and sought to address a highly critical Ofsted inspection of Kingston's children's services and improve practice while meeting significant savings targets. Since establishment, Kingston's children's services has received a 'Good' Ofsted rating and Richmond has retained its 'Good' Ofsted rating. In August 2017, Windsor & Maidenhead joined AfC.

Ownership – AfC is equally and wholly owned by the two local authorities. Ownership is enacted through a joint committee (constituted of Elected Members from both councils). Ownership decisions are made in accordance with an Inter-Authority Agreement.

Procurement – to jointly procure a single children's services company, Kingston and Richmond developed a joint service specification (contract). This contract was then directly awarded to AfC without the need for a procurement exercise by virtue of the company being wholly-owned and controlled by the two local authorities. The contract period is 7 years with a 3-year extension.

Governance, commissioning and accountability – AfC is governed by a Board of Directors comprising Executive Directors (from the senior management team) and Non-Executive Directors (including council appointed and independent positions).

The performance of AfC is held to account by a Commissioning Board. The Joint Committee (Elected Members from both councils) works with the Commissioning Board to ensure that AfC is meeting requirements of both authorities. There is a single DCS who is also AfC's Chief Executive.

AfC is held to account by the joint DCS, the Lead Member for Children's Services for each council, and Elected Members of each authority. Each council retains its own safeguarding children's board but share a joint independent chair. Both authorities continue to be inspected separately by Ofsted.

Advantages and disadvantages

Advantages of a Joint Venture	Disadvantages of a Joint Venture
▼ Creation of a new organisation with a sole focus on improving outcomes for local children, young people and families – opportunity to develop a new culture and practice ▼ Allows a struggling authority to formally partner with and learn from a local authority with a strong track record in service improvement ▼ Due to sole ownership by the partner authorities, it would be relatively straightforward for additional children's services to transfer into the new company in future ▼ Potential to achieve shared services and economies of scale with the partner authority (e.g. support services)	▼ Complex and resource intensive to establish – in addition to agreeing governance arrangements, negotiations would be required between the new company and the partner authorities on sharing levels of risk and investment ▼ Depends on the availability and supportive attitude of a 'Good' or 'Outstanding' partner authority – it would not be desirable to partner with a local authority rated as 'Requires improvement' or worse regardless of geographical relevance ▼ Once an appropriate partner has been identified, there may be practical challenges to forming a formal partnership (e.g. creation of a joint venture vehicle, staff integration, T&Cs, infrastructure) which may slow implementation

- Partnering authorities can directly award the contract to the new company using the 'Teckal exemption' avoiding the need for a procurement process. This assumption would need to be confirmed through external legal advice at a later stage. - Staff are able to retain their current Terms & Conditions (e.g. access to the LGPS) - Proven model e.g. Achieving for Children	- While under direction the Secretary of State retains the power to appoint the Chair – this may be perceived by the partner local authorities as a disadvantage as they will not have any powers to influence the appointment of the Chair - Potential to negatively disrupt existing standards of service delivery within the partner authority i.e. social care practices, culture and management/governance practices. - Staff may be resistant to transferring into a new organisation and/or forming a new organisation with the staff of another local authority - The new organisation would need to adopt to the commercial disciplines of an incorporated business – staff with commercial expertise may be required - Risk of challenge under state aid rules depending on what the joint venture delivers

6.4. Option 3 - Wholly Owned Council Company

Proposition: WCC's Children's Social Care Services would transfer to a new company wholly owned by WCC.

Key Features

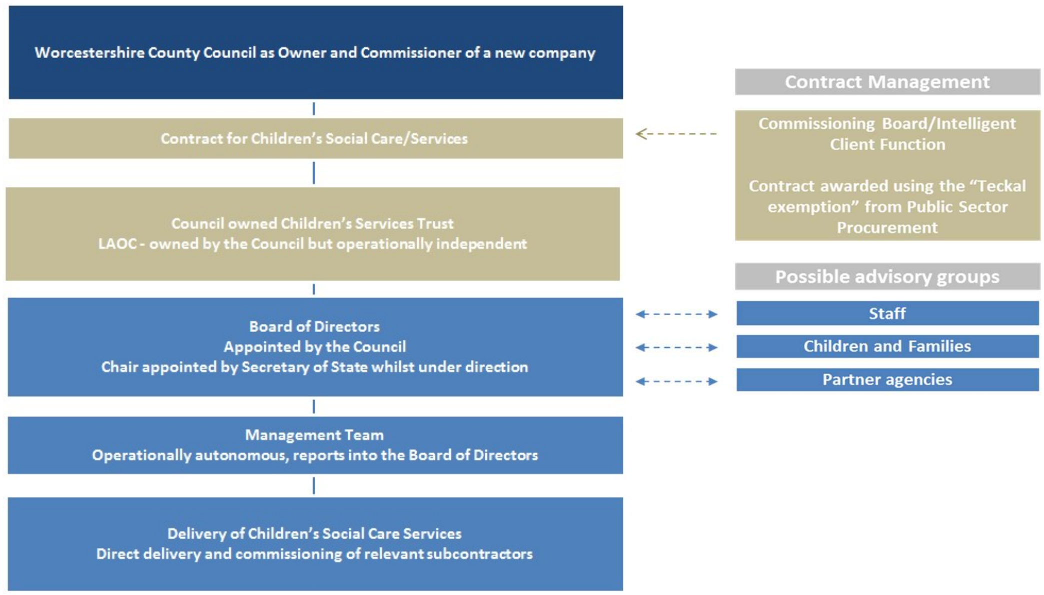
- **Governance:** A contract would be put in place between WCC and the new company for the delivery of children's social care services in Worcestershire. The contract would include robust performance measures and would be managed by WCC via an internal commissioning function (e.g. a strategic commissioning board including the Lead Member for Children's Services and other positions agreed by WCC). The company would be governed by a Board of Directors (all appointed by WCC except the Chair during the period of DfE direction). The board would comprise Executive Directors (e.g. members of the company's senior management team) and Non-Executive Directors (which could include partner representatives). WCC's democratic accountability over the company would be via its DCS and Lead Member for Children's Services (both of whom could be involved in the council-side commissioning of the company). The Lead Member for Children's Services would report to Cabinet and Council and would be held to account by Overview & Scrutiny arrangements. The Senior Management Team are also likely to be held to account by Overview & Scrutiny arrangements
- **Management:** The company would be run by a Board of Directors all of which would be appointed by WCC (apart from the Chair during the period direction – during this period the DfE will appoint the Chair). Day to day management of the company would be led by a senior management team (including a Chief Executive) who would be responsible for running the company in accordance with the service contact with WCC. The senior management team would be accountable to the

Board of Directors. Under this model, there are two options for the placement of WCC's DCS – retain within WCC in a lead commissioner role, or second the DCS to the new company as its Chief Executive. If the DCS was seconded to the new company to act as its Chief Executive, WCC could choose to buy-in time (e.g. on a quarterly basis) from a former DCS to provide an 'intelligent client' function to add DCS equivalent expertise to hold the company to account.

- **Ownership:** The company would be wholly owned by WCC but would be operationally independent (via its Board of Directors). WCC would retain reserved matters to ensure ultimate control over the new company.
- **Control:** WCC would exercise control over Children's Social Care Services through its contact with the company (via an internal WCC commissioning function). WCC would also exercise influence by appointing Directors to the Board of the company. Whilst under direction, the Secretary of State retains the right to appoint the Chair of the Board (WCC would run the appointment process).
- **Impact on staff:** In-scope Children's Social Care Services staff would TUPE transfer to the new company and would be directly employed by the new company rather than WCC. The new company would become an admitted body under the Local Government Pension Scheme (LGPS) and therefore staff would transfer with their current pension scheme.
- **Procurement:** As an organisation satisfying the Teckal exemption, it is assumed that the new company would be granted a direct contract to deliver children's social care services for Worcestershire without undertaking a full procurement exercise. This assumption would need to be confirmed through external legal advice at a later stage.
- **Assets and support services:** A range of options would be available to the local authority owned company in terms of assets and the use of support services. Typically, a combination of 'buy back' from the parent local authority for a fixed period, self-supply and/or direct commissioning of support services is agreed. Exact arrangements would need to be determined during a business case stage, if the model were progressed, to ensure that current WCC arrangements are not unduly undermined.
- **In-scope services:** The final scope of services for the alternative delivery model has not yet been agreed, however, as a minimum, the services included in the statutory direction will form the services in scope for Phase 1. As the WOC model would be wholly-owned by WCC any changes to the contract services in scope is likely to be straightforward.
- **Ofsted:** The Ofsted inspection regime would be managed by the new Council owned entity, as they have operational responsibility over service delivery. WCC will retain statutory responsibility for the service, and any inspections will be reported to WCC. Ofsted will inspect and rate services delivered in Worcestershire, in a similar fashion to the current inspection regime.

Model Diagram

Figure 12: Wholly Owned Council Company model diagram



Case study

Together for Children (Sunderland City Council)

Background – in April 2017, Sunderland City Council (SCC) established a new independent company (Together for Children - Sunderland) to deliver the council's children's services. Sunderland opted to transfer its children's services into an independent company (in the form of a Company Limited by Guarantee (CLG)) after an inadequate rating from Ofsted in July 2015. SCC's children's services workforce was TUPE transferred into the WOC. The Department for Education was directly involved in the establishment of Together for Children (TfC). TfC is a 'full' children's services company, providing children's safeguarding, education, and early help services across Sunderland.

Ownership – TfC is a company limited by guarantee and wholly-owned by SCC. Ownership is enacted through a small group of SCC Elected Members. As sole owners, SCC have rights to key appointments of the Board of Directors of the company. At present the chair of the board is appointed by the DfE with other Board positions appointed by SCC.

Procurement – TfC was directly awarded a service contract for children's services by SCC without the need for a procurement exercise. This was possible as the company is wholly-owned by the city council and met Teckal exemptions. The contract is for a period of 7 years with a 3-year extension option.

Governance, commissioning and accountability – TfC is governed by a Board of Directors comprising an external chair, senior managers from the company, SCC officers, and non-executive directors bringing external expertise. The role of the Board is to manage the performance and strategic direction of the company. Sunderland's statutory Director for Children's Services fulfils a joint role as Chief Executive of the company and is a Board member.

TfC is commissioned (via a contract between the company and SCC) by a commissioning and contract management function located within SCC. TfC is held to account by the SCC Lead Member for Children's Services, SCC Elected Members (e.g. Cabinet, Overview & Scrutiny), the local safeguarding children's board, Corporate Parenting Panel, and Ofsted.

Advantages and disadvantages

Advantages of a LA Owned Company	Disadvantages of a LA Owned Company
▼ Creation of a new organisation with a sole focus on improving outcomes for local children, young people and families – opportunity to develop a new culture and practice ▼ Key improvement and performance measures enshrined and managed through a service contract ▼ Operational independence provides opportunities over time to create the conditions to retain and attract high-calibre social workers, attract new leadership, and develop innovative services to improve outcomes for children and young people ▼ Full ownership by WCC would make adding additional services to the company (i.e. those not under direction) a relatively straightforward exercise ▼ Allows WCC to develop an effective and robust strategic commissioning function to oversee and manage performance of the company against contractual KPIs ▼ New company can be directly awarded a contract using the 'Teckal exemption' avoiding a procurement process. This assumption would need to be confirmed through external legal advice at a later stage. ▼ Staff are able to retain their current Terms & Conditions (e.g. access to the LGPS) ▼ Proven model e.g. Together for Children	▼ Complex and expensive to establish – evidence from Together for Children indicates that the creation of WOCs can take approximately a year to implement ▼ Securing improvements may take time and are dependent on numerous interrelated factors. The long-term benefits of WOC models are yet to be fully evaluated ▼ Staff may be resistant to transferring into a new organisation ▼ Depending on the scope of services, the new company may incur irrevocable VAT liabilities (not incurred in-house) ▼ The new organisation would need to adopt to the commercial disciplines of an incorporated business – staff with commercial expertise may be required ▼ Potential disruption to existing democratic accountability arrangements through the new contractual mechanism which would require mitigation through effective contract management and governance arrangements (e.g. scrutiny roles of elected members).

6.5. Option 4 - Independent Organisation

Proposition: WCC's Children's Social Care Services would transfer to a new 'not-for-profit' independent company, which could be established in a number of forms e.g. a Company Limited by Guarantee, a charity, or Community Interest Company (CIC).

Key Features

- **Governance:** A contract would be put in place between WCC and the new independent organisation for the delivery of Children's Social Care Services in Worcestershire. The contract would include robust performance measures and would be managed by WCC via an internal commissioning function (e.g. a strategic commissioning board including the Lead Member for Children's Services, DCS, and other positions agreed by WCC). The company would be governed by a Board of Directors (all appointed, in the first instance, by WCC except the Chair during the period of DfE direction). The board would comprise Executive Directors (e.g. members of the independent company's senior management team) and Non-Executive Directors (some may be Council-appointed). WCC's democratic accountability over the company would be via its DCS and Lead Member for Children's Services (both of whom would be involved in the commissioning and contract management of the company). The Lead Member for Children's Services would report to Cabinet and Council and would be held to account for company performance by Overview & Scrutiny arrangements. The Senior Management Team are also likely to be held to account by Overview & Scrutiny arrangements During the period of direction, it has been assumed that the DfE would maintain a direct relationship with the independent organisation to ensure that the terms of the direction are followed and required improvement activity is delivered.

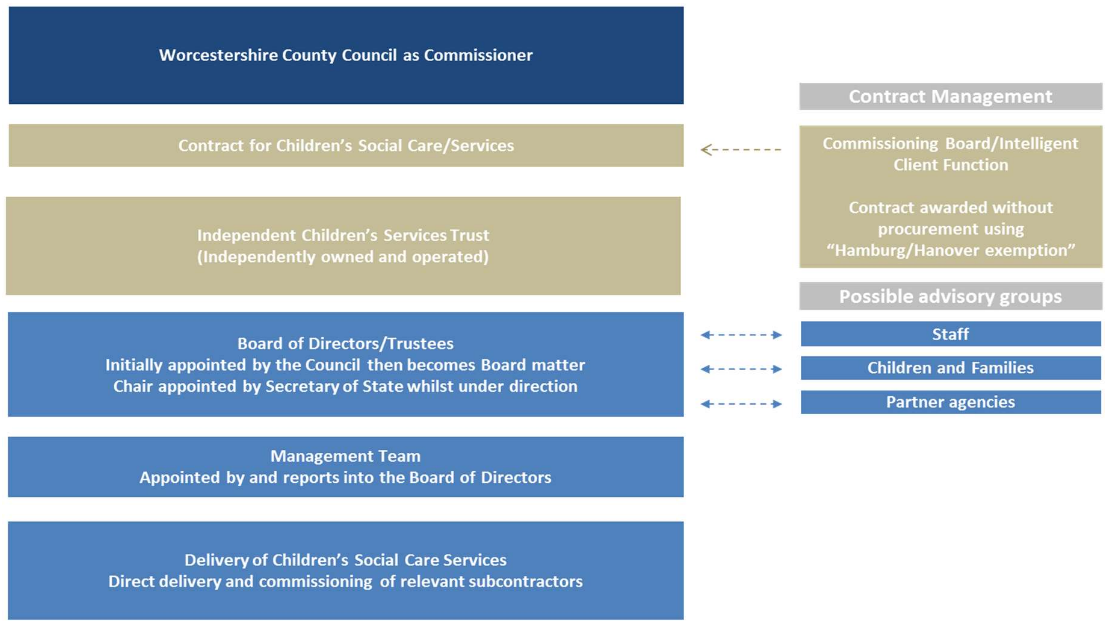
- **Management:** The independent company would be run by a Board of Directors all of whom, in the first instance, would be appointed by WCC (apart from the Chair during the period direction – during this period the DfE would appoint the Chair). Subsequent Board appointments and removals would be the decision of the Board and not WCC. Day to day management of the company would be led by a senior management team (including a Chief Executive) who would be responsible for running the company in accordance with the service contact with WCC. The senior management team would be accountable to the Board of Directors. For this model it has been assumed that WCC's DCS would remain within the local authority and lead the commissioning and contract management of the independent company.
- **Ownership:** The new company would be owned by the independent Board of Directors/Trustees appointed to govern it.
- **Control:** WCC would exercise control over children's social care services through its contact with the independent company (via an internal WCC commissioning function). At the point of company set-up, WCC would be involved in the appointment of the Board of Directors for the new company (along with the DfE who would appoint the Chair). Subsequent Board appointments and removals would then be within the remit of the Board of the independent company.
- **Impact on staff:** With the exception of the DCS, in-scope WCC children's social care services staff would TUPE transfer to the new independent company and would be directly employed by the new company rather than WCC. The new company would become an admitted body under the Local Government Pension Scheme (LGPS) and therefore staff would transfer with their current pension scheme.
- **Procurement:** As the new company would be independently owned, the 'Teckal exemption' to public sector procurement would not apply. However, in the case of other independent children's services companies (e.g. Doncaster and Slough) it is understood that another exemption (specific exemption to be confirmed) has been successfully argued to award a contract without the need for open procurement. Use of this exemption would need to be confirmed through external legal advice at a later stage if the model progressed to a business case stage.
- **Assets and support services:** A range of options would be available to the new company in terms of assets and the use of support services. Typically, a combination of 'buy back' from the parent local authority, self-supply and/or direct commissioning of support services is agreed. The new company will need sufficient freedom to determine this to operate autonomously but without unduly undermining current WCC arrangements.
- **In-scope services:** The final scope of services for the alternative delivery model has not yet been agreed but, as a minimum, the services included in the statutory direction will form the services

in scope for Phase 1. For the Independent organisation model, any changes to the contract scope are likely to require negotiations with the provider and formal changes to the service contract.

- **Ofsted:** The Ofsted inspection regime would be managed by the new independent entity, as they have operational responsibility over service delivery. WCC will retain statutory responsibility for the service, and any inspections will be reported to WCC. Ofsted will inspect and rate services delivered in Worcestershire, in a similar fashion to the current inspection regime.

Model Diagram

Figure 13: Independent Organisation model diagram



Case study

Slough Children's Services Trust

Background - Slough Children's Services Trust (SCST) was created after two Ofsted inspections of Slough Borough Council (SBC) judged that the local authority's children's services provision was 'inadequate'. Ofsted's findings were later confirmed by a further independent management review in June 2014.

SCST was established as a not-for-profit organisation in October 2015 with the intention of securing improvements to SBC's performance in respect of its children social care functions. The objectives of the organisation relate to the improvement of social care and youth offending services to children, young people and their families in Slough. The longer-term aspiration is for SCST to convert to a Community Interest Company.

Ownership - SCST is a Company Limited by Guarantee. The membership of SCST consists of the Directors of the company, each appointed to their position via a recruitment process.

Procurement - SBC and SCST have entered into a contract for the delivery of children's social care functions. SBC retains all legal obligations for statutory duties. However, in line with the Secretary of State's statement that the services will be 'out of council control', the DfE will maintain a direct relationship with SCST to ensure that the terms of the Direction in continue. The contract between the SCST and SBC includes a performance framework. AfC, at the request of the DfE, supported the development of the framework's design metrics so that it provides the required level of independent assessment for both SBC and the DfE to form an opinion on its effectiveness.

Governance, commissioning and accountability - SBC remains accountable for the quality of children's service provision in Slough and is required to hold SCST to account, manage their performance, and ensure delivery of improvement to the service functions. To do this, a set of formal governance arrangements have been established between SCST and SBC including a Strategic Monitoring Board (to report on the performance of services against the service contract), and a Partnership Board (to provide a forum where SBC, SCST and other relevant third parties can discuss and ensure effective partnership working). The SCST is required to report to SBC's democratic functions including Cabinet, Overview & Scrutiny, and the Corporate Parenting Panel. The SCST Board of Directors meets on a monthly basis, while two sub-committees (Quality & Innovations, and Finance & Resources) report into the Board.

Advantages and disadvantages

Advantages of an Independent organisation	Disadvantages of an Independent organisation
▼ Creation of a new organisation with a sole focus on improving outcomes for local children, young people and families – opportunity to develop a new culture and practice ▼ Key improvement and performance measures enshrined and managed through a service contract ▼ Full organisational independence provides opportunities over time to create the conditions to retain and attract high-calibre social workers, attract new leadership, and develop innovative services to improve outcomes for children and young people ▼ Allows WCC to develop an effective and robust strategic commissioning function to oversee and manage performance of the company against contractual KPIs ▼ Staff are able to retain their current Terms & Conditions (e.g. access to the LGPS) ▼ Proven model e.g. Slough and Doncaster	▼ Complex and expensive to establish – evidence from Slough indicates that the creation of Independent organisations can take approximately a year to implement ▼ Securing improvements may take time and are dependent on numerous interrelated factors. The long-term benefits of Independent models are yet to be fully evaluated ▼ Staff may be resistant to transferring into a new independent organisation ▼ Due to the full independence of the new organisation, it may be complex to add additional services to the company at future point (and would require contract negotiations) ▼ Depending on the scope of services, the new company may incur irrevocable VAT liabilities (not incurred in-house) ▼ The new organisation would need to adopt the commercial disciplines of an incorporated business – staff with commercial expertise may be required ▼ Potential disruption to existing democratic accountability arrangements through the new contractual mechanism which would require mitigation through effective contract management and governance arrangements (e.g. scrutiny roles of elected members).

6.6. Option 5 - Outsource

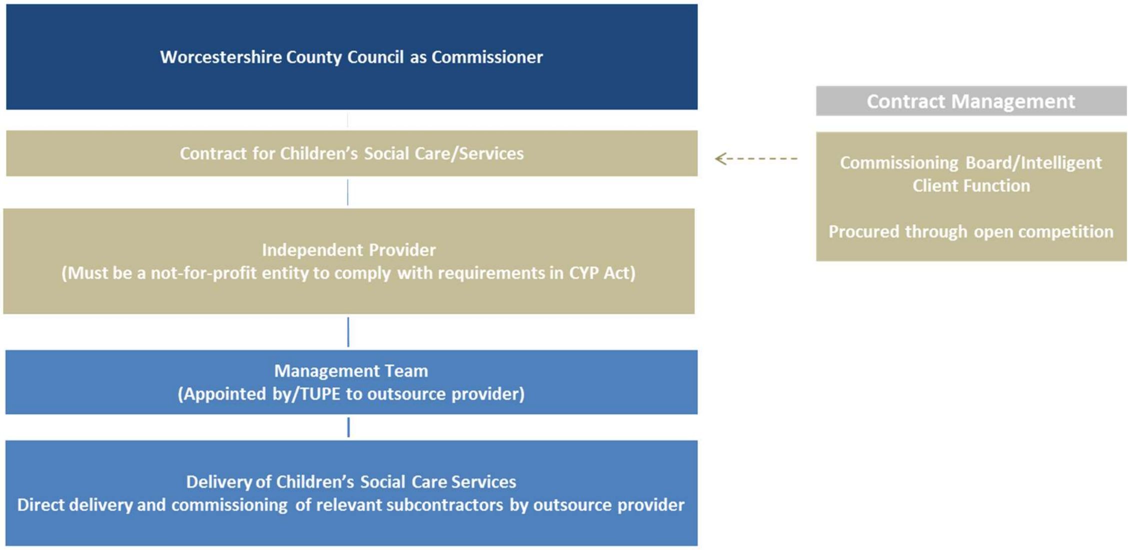
Proposition: WCC would commission a third-party provider to deliver in-scope children's social care services. The provider must be a not for profit entity in order to deliver statutory children's social care services.

Key Features

- **Governance:** WCC would enter into a formal service contract for the delivery of children's social care services with the third party not for profit provider. WCC would hold the provider to account via a commissioning and contract management function (including the Lead Member for Children's Services, the DCS, and other authority posts agreed by WCC) which would monitor operational performance specified in the service contract. WCC would retain full political accountability for its children's social care services. It is assumed that the Lead Member for Children's Services would be involved in the commissioning and contract management of the new company and would be held to account by Overview & Scrutiny arrangements. The Senior Management Team are also likely to be held to account by Overview & Scrutiny arrangements
- **Management:** WCC would retain the statutory DCS duty and responsibilities but the functions of children's social care services would be transferred to the selected provider. The current WCC Children, Families and Communities Senior Management Team would transfer to the provider.
- **Ownership:** There would be no WCC ownership, the selected provider would most likely be an established independently owned entity.
- **Control:** The contract between WCC and the selected provider would be WCC's sole instrument of control over the service.
- **Impact on staff:** Staff would be TUPE transferred from WCC to the selected provider. It is likely that pension arrangements would need to 'be broadly equivalent to' LGPS but unless the selected provider has admitted body status it is likely that staff would not be able to retain their access to a public service pension scheme.
- **Procurement:** It is likely that WCC would need to openly procure a provider. Legal advice would be required to confirm that no appropriate exemption exists to full open procurement. Contracting out may be facilitated under Section 1 Local Government (Contracts) Act 1997
- **Assets and support services:** It is likely that any outsourced provider would wish to retain/extend its own back office arrangements to the transferring service although there may be scope to negotiate this and/or specify any constraints to this in the Invitation to Tender (ITT) during the procurement of a provider; this may result in additional costs in the short term.
- **In-scope services:** The final scope of services for the alternative delivery model has not yet been agreed but, as a minimum, the services included in the statutory direction will form the services in scope for Phase 1. For the Outsource model, any changes to the contract services in scope will almost certainly require negotiations with the provider and formal changes to the service contract.
- **Ofsted:** The Ofsted inspection regime is likely to be managed by the outsource provider, embedded within the terms of the contract. WCC will retain statutory responsibility for the service, and any inspections will be reported to WCC.

Diagram

Figure 14: Outsource model diagram



Case study

We are not aware of a specifically comparable case study for an Outsource arrangement in the terms outlined above. We understand that WCC has commissioned external advice to further explore and test market conditions and maturity in relation to children's social care services. This advice will provide further information on the market of providers and partners relevant to the models summarised above.

A partial comparison for an Outsource model is a recent arrangement between Norfolk County Council (NCC) and Barnardo's for targeted support to children and families as risk of coming into care. Launched in June 2017, the new service (New Directions) is a formal partnership between NCC and Barnardo's following an inadequate rating of NCC children's services by Ofsted. The specific objective of the partnership is to bring Barnardo's external expertise and innovation to NCC's work with children and families. Under the terms of the partnership, NCC staff are managed by Barnardo's. It is understood that a more substantial arrangement between NCC and Barnardo's is being explored.

Advantages and disadvantages

Advantages of an Outsource arrangement	Disadvantages of an Outsource arrangement
▼ Allows a struggling authority to access experience and expertise of a high-performing provider significantly enhancing the likelihood of service improvement ▼ Adoption of tried and tested policies, procedures and practices of the external provider can provide staff the opportunity for a 'roadmap' for their work	▼ Dependent on availability of 'Good' or 'Outstanding' external providers in the local area (region) with a full understanding of local needs ▼ Risk of losing strong existing practice and culture within WCC through delegating day to day control of operational activity to an external provider

Advantages of an Outsource arrangement	Disadvantages of an Outsource arrangement
▼ Key improvement and performance measures enshrined and managed through a service contract ▼ Allows WCC to develop an effective and robust strategic commissioning function to oversee and manage performance of the company against contractual KPIs ▼ While WCC would retain ultimate accountability for the service, the provider will assume much of the operational risk of delivering services e.g. the contact will detail specific KPIs that must be met ▼ Relatively inexpensive to implement and does not require creation of a new delivery vehicle	▼ May be seen as a temporary arrangement by staff and therefore will not result in sustainable change over the long term ▼ Adding additional services to those managed by the provider at future point will require contract negotiations and potential costs ▼ Depending on the scope of services any VAT liabilities occurring would be the responsibility of the provider to cover. However, this is likely to limit the field of potential providers and/or commercially make the contract unattractive unless WCC can provide sufficient indemnity against such liabilities ▼ It is less likely that transferring staff would be able to retain current Terms & Conditions (e.g. access to the LGPS) ▼ Potential disruption to existing democratic accountability arrangements through the new contractual mechanism which would require mitigation through effective contract management and governance arrangements (e.g. scrutiny roles of elected members)

7. Financial differences

7.1. Introduction

We have considered short-listed each option against the viability selection criteria summarised below:

Financial criteria	Description of criteria
Grant and other external funding	The option enables opportunities to access external grant funding and other external funding/income.
Income generation (through growth)	The option enables growth through increasing the geographical footprint of the new organisation and/or an ability to introduce new services lines (income generation).
Financial stability (post go-live)	The option enables long-term financial stability (has sustainable running costs).
MTFP Savings	Ability to achieve / influence MTFPS over and above contractual arrangements.
Implementation costs	The option does not have unnecessarily high implementation and procurement costs including the cost of changes to existing commissioned services (service specific and support services).
Client function costs	The option does not require unnecessarily high client function costs.
Tax and VAT	The option does not present unviable tax and VAT implications for the new model or for WCC.
Use of surpluses	The option provides the local authority with a high degree of influence over any profits/surpluses generated by the new model.
Financial liabilities	The option enables WCC the opportunity to transfer liabilities to the new model (e.g. redundancies, pension liabilities and financial deficit).

- Due to the information and timescales available during the Options Analysis process, at this stage we have provided a *qualitative* assessment of the relative strengths and weaknesses of each option against these criteria.
- A full *quantitative* assessment of the financial considerations for the highest-scoring and next best options will be considered in the forthcoming business case.
- The key findings from our qualitative assessment are summarised below for each of the five shortlisted options, as well as an overall conclusion.

7.2. Option 1 - Strategic Partnership (with another local authority)

▼ The relative financial benefits of this option are a **lower cost of implementation and avoidance of potential VAT or corporation tax issues**. As this option need not involve a competitive procurement exercise or the development of a new entity these costs can be avoided, however as in any partnership WCC would still need to undertake due diligence on their partner and legal advice would be required to prepare a partnership arrangement and support contract and service transfer negotiations. Although set up costs should be lower than some of the other options they could still be substantial.

- Depending on how the partnership is structured, this option **may offer opportunity for early savings** by combining teams and removing duplication of senior officer roles. More substantially, **there could be medium to long term efficiencies** to be made in rationalising back office support service provision. The extent of such savings will depend on the current arrangements in place at both WCC and the partner authority and the wider implications (e.g. impacts on other services, penalties for early termination of contracts, stranded costs resulting from cuts to Children's Social Care Services support) for both Councils would need careful consideration.
- It is likely that any **partner authority** taking on the responsibility for operating WCC's service would **insist on control of the operating and placement budgets**. Although it is reasonable to assume that another Council may be more understanding of local government financial pressures, and perhaps more willing to renegotiate terms in the event of further unforeseen financial difficulties, WCC will still have contractual obligations to honour with this option.
- It is unlikely that this option would open up opportunities for third party grants; a benefit that other options entailing the development of new not-for-profit entities may be able to realise. We would not expect this to be sufficient to be a decisive factor in the business case.

7.3. Option 2 – Joint Venture (with one or more local authorities)

- This is likely to be a **relatively costly option** as it will entail the development of both a partnership and a new entity. However, with a partner on board such **costs would be shared**. DfE are likely to contribute all or part of WCC's development costs but it is unclear the extent to which they would cover the set-up costs of the partner. Accordingly, the business case would need to be viable for both parties and for the partner the financial benefits would need to be sufficient to at least cover the implementation costs.
- As with Option 1 this approach has the **potential for early savings to be realised** by removing duplication of some senior officer roles. However, such savings may be outweighed by the need for additional posts required to operate a new legal entity effectively.
- This option - and other options involving the development of a new entity - could be argued to have greater potential to achieve **long-term sustainability**. As a separate entity the Directors of the company should be focused on the long-term sustainability of their organisation and work to achieve that end.
- It is possible that this option would generate a "**VAT liability**". That is to say that the new joint venture vehicle, as an entity legally separate from the Councils, would not necessarily benefit from the same dispensations that the Council's currently have to reclaim any input VAT (i.e. VAT charged by suppliers) incurred in delivering the services. Elsewhere this "VAT liability" is typically in the range of £1m-£3m depending on the size of the service and the use of third party suppliers to support service delivery. One of the critical factors determining whether such a liability will materialise is the scope of services transferred. If the majority of services are statutory social care services, it is likely that the VAT liability will arise. If, however the scope of services is much broader then this may be avoided. For example, the joint venture vehicle co-owned by Kingston and Richmond Councils, known as Achieving for Children, is contracted to provide Children's Social Care and Education Support Services and is permitted by HMRC to reclaim input VAT and avoid the liability.
- **Whilst under direction it is likely that DfE would cover any VAT liability** arising for WCC. It is not yet understood if the same would be true for the partner Council. This could exacerbate the

challenge of finding a suitable local authority to partner with. Generally, the involvement of a partner organisation adds risk and uncertainty to implementation timescales and costs.

- There may be some scope for attracting **modest grant funding** with this option depending on the legal form selected.

7.4. Option 3 – Wholly Owned Council Company

- From a financial perspective the strengths of this model are in the **potential for long term service stability**. The individuals who apply to be and are appointed as directors of the company take on a statutory responsibility to promote the interests of the company and will, in addition to improving quality of service, have long term stability as a key goal.
- To achieve long term stability the service would need to operate at scale. It might achieve this through **geographical expansion or by diversifying into other related service areas**. The development of such organisations elsewhere suggests there is potential for such development paths with this model.
- As this is a **WCC only model**, timescales and costs of implementation would be far more predictable than options involving a partner organisation, and should be achievable more quickly.
- It would be possible to use the **Teckal exemption** to public sector procurement regulations with this option as the new company would be owned and sufficiently controlled by the Council and its predominant function would be to supply services via contract on the Council's behalf. This assumption would need to be confirmed through external legal advice at a later stage.
- The **implementation of such a model comes at a significant cost**. Implementation costs elsewhere have ranged from c£2m to c.£7.5m (estimate for Birmingham's proposed Trust). A reasonable estimate for WCC would be towards the middle of this range but will this will depend on the scope and scale of services transferred. **It is likely that DfE would fund at least part, if not all, of WCC's implementation costs for this option**.
- It will be very important for the Council to develop a **commissioning/client function** to manage its relationship and its contract with the new Company. Accordingly, the Council will need to retain or hire appropriately experienced and skilled staff to perform this function.
- As with many of the other shortlisted options (2-5), depending on the scope of services selected, there is a **risk of a VAT liability materialising**. If the scope of services is confined only to services under direction this is likely to be the case. Whilst under direction, DfE will probably cover this liability for the next few years – they have in all other similar cases.
- As owners of the Company, **WCC could retain reserved powers over decisions** on how surpluses are used (within agreed tolerances). The Council would need to demonstrate that this did not fetter operational independence whilst under direction.
- **Historical liabilities would most likely need to be retained by WCC** to make the model viable. Additionally, it is likely that the Council would be required to underwrite any future pension or redundancy liabilities until such time as the new entity has sufficient reserves to take on these liabilities itself.

7.5. Option 4 – Independent Organisation

In terms of this option's assessment against the financial criteria, it is judged to have many of the same advantages and disadvantages as option 3.

The key distinguishing factor between these two options is ownership; option 3 being Council owned and option 4 being independent ownership.

This affects the financial assessment in the following ways:

- **Implementation costs for this option are likely to be higher than option 3**; independent ownership will mean that the directors of the nascent company will need their own support and legal advisors during negotiation of the service contract. This would be additional to the advisors to the Council.
- For councils where independent trusts have previously been established (i.e. Doncaster and Slough), **alternative exemptions have been found to enable a contract to be awarded without competition**. Accordingly, although the procurement exemption is different in option 3 and 4 the implication is the same – if the new organisation and service contract are configured appropriately a formal open procurement will not be required. This assumption would need to be confirmed through external legal advice at a later stage.
- To grow to scale as a means of securing sustainability, the reach of both option 3 and 4 could be **broadened to other Councils** over time. Independence from the Council may arguably heighten appeal of option 4 to potential partners.
- As an independent entity, this option may be **better placed to attract third party grants**. The selected legal model for the new entity may also enhance or close down such options (i.e. there are generally greater opportunities for charitable organisations to secure grant funding).
- In practice the same level/capability of **client function** will be required for this option as for option 3 however as this will be an independent provider we judge there to be slightly more risk if WCC does not have an effective client function in place from the outset for option 4.
- There are legal instruments available to claim back any potential surpluses from the independent trust if desired but this may be difficult to negotiate/agree with the independent owners of the trust. Accordingly, the ability to **direct surpluses** is less complex with a Council-owned company than an independent trust

7.6. Option 5 – Outsource

As with options 1 and 2, this option involves the complexity and uncertainty of a partner into the landscape. The market for provision of wholescale children's social care or children's services is embryonic at best and although there are providers in the market already (the other children's trusts and children's companies formed by other Councils), the independent provider market is nascent. Some not-for-profit providers have expressed desire and intent to enter the market (e.g. Barnardos) but as yet there are no live examples in place. Accordingly, the full financial implications are not fully known.

There is learning to be taken from other attempts to engage with the independent sector in the past. Notably, the DfE's (then DCSF's) so-called Social Work Practice pilots of 2008-2012. A number of challenging issues were identified for independent providers that impacted on the financial viability for them of taking on a contract to provide services for looked after children and care leavers.

Aside from the additional cost of a full and open public service procurement exercise, other key issues include:

- Cost to the provider of a **security bond** to indemnify them against potential **future redundancy and or pension liabilities**. For a £50m+ contract in which 600+ staff would transfer the cost of such a bond is likely to be prohibitive to most not-for-profit providers. Accordingly, they would most likely look to WCC to retain at least any historical liabilities for the staff transferring.
- An outsource provider would also look to ensure they are **covered for any potential VAT liability** that might arise. Although the DfE may cover this whilst the service is under direction (nb. There is no guarantee of this and there is no specific precedent as this model does not exist elsewhere), once this is no longer the case the liability would become either WCC's or the providers. The provider would probably either look for WCC to indemnify it against such a liability materialising or factor it in to their contract price (which is likely to make it unaffordable).
- Related to this, although the provider organisation must be "not-for-profit" such organisations are generally "not-for-profit distribution" they are **likely to require a margin**, even if this is to build a financial reserve within the service.
- To make this option commercially attractive to providers it is likely that they would expect the certainty of a long-term contract, most likely **10 years minimum** and possibly longer.
- Building in controls around **use of surpluses**, contribution to unforeseen MTFP pressures are likely to be unpalatable to potential providers and if they can be negotiated are likely to be reflected in the contract price and level of service.

Note: The implications of corporation tax must be considered during the Business Case phase.

Conclusions

Our review of the short-listed options against the financial criteria, lead us to conclude that:

- Option 1 (strategic partnership) and option 3 (wholly owned council company) are equally favourable in terms of financial implications.
- The particular attractions of option 1 are the anticipated low cost of implementation and the absence of VAT or corporation tax issues.
- Option 3, however scores more highly for the ongoing close relationship with WCC without an additional partner council relationship to manage. This option potentially offers greater sustainability than option 1 as it is not reliant on another local authority, and it involves the appointment of a tailored and solely focused board of directors to drive service improvement and established an enduring service provider.

8. Assessment of delivery models against criteria

8.1. Assumptions:

In order to score the criteria fairly and rationally, a number of practical assumptions have been made:

- **Scope:** The scope of services for the ADM is assumed to be those children's social care services included within the Statutory direction given on the 19th September 2017. As such, any operational or financial implications of the models have been considered on this basis.
- **Phasing of services:** At some point in the future, further WCC children's services may transfer into the ADM through a 'phasing' process.
- **Potential partners:** The support and appetite of potential partner authorities has not been explored as part of this Options Analysis. It is therefore assumed, for the purposes of the Analysis, that there are viable and willing partners available, and that said partners are able to gain the necessary approvals to move forward with the ADM by April 2019. The criteria have been scored on this basis, and not on the likelihood of the availability of partners. It has been assumed throughout the entire analysis that any partner will be rated 'good' or 'outstanding'.
- **Market maturity:** The maturity of the third-party provider market for children's social care services has not been explored as part of this Options Analysis. As such, this cannot be measured fully at this stage. It is therefore assumed, for the purposes of the Options Analysis, that third-party providers are available. The criteria have been scored on this basis, and not on the likelihood of maturity. However, a number of practical expectations have been stated regarding what a mature partner would realistically be able to provide, outside of a local authority environment.
- **DfE Commissioner**: It has been assumed that the Commissioner's approval must be sought at each stage of the ADM Programme. This criterion within this Options Analysis only captures the Commissioners approval to consider each model during this stage of the process.
- **Fragmentation:** It has been assumed that all the options are inherently disruptive to the current Children's Social Care Services system and ways of working.
- **Improvement plan:** It has been assumed that all options will have the opportunity to deliver in-line with the WCC CYP improvement plan, and therefore not disrupt or impair improvement. There is however, a dependency on the long-term improvement work with Essex, regarding how this would work in the new model and with any potential partner.
- **Implementation costs:** None of the models are considered to have a 'low' cost, as all have a significant implementation cost associated, as all options required new contractual mechanisms, TUPE transferring of staff and a significant programme and resources to implement successfully.
- **DfE funding:** The DfE is unlikely to fund a partner authority's set up costs for a partnership. Furthermore, DfE funding relating to WCC's ADM development also needs to be agreed in the next phase.
- **Business Case options:** If approved by WCC and the DfE, a twin-track business case may be taken through to Business Case stage to fully explore two options.

8.2. Summary of results

The five models have been analysed against the assessment criteria. We have provided an overall RAG (Red, Amber, Green) status to enable decision-makers to easily compare the models. The development of the criteria, weighting and scoring were completed through a series of workshops and consultations with the Children, Families and Communities Senior Leadership Team, ADM Steering Group, corporate colleagues from Legal, Finance and HR, the DfE Commissioner, the DfE Intervention Unit, WCC Cabinet members and WCC Chief Executive and Mutual Ventures. A full list of individual stakeholders, groups, and relevant governance groups are included in Appendix 4.

The table below summarises how each criterion scored against the options. The scores were achieved through independently scoring each option using the criteria scoring approach (i.e. high [10], medium [5], low [0]), and multiplying this against the respective weighting (which can be found in section 5).

- **Green** represents a 'good' score, where the model strongly meets the criteria *(61-100)*
- **Amber** represents a 'medium' score, where the model meets the criteria to some degree *(31-60)*
- **Red** represents a 'poor' score, where the model meets very little or none of the criteria *(0-30)*

Figure 15: Scoring table of each criteria against the 5 shortlisted options

	ASSESSMENT CRITERIA	1. Strategic Partnership (with another LA)	2. Joint Venture (with another LA)	3. Wholly Owned Council Company	4. Independent Organisation	5. Outsource	Highest possible score
Desirability	*Operational independence*	*Pass*	*Pass*	*Pass*	*Pass*	*Pass*	*Pass*
	Singular focus on improving outcomes	*Pass*	*Pass*	*Pass*	*Pass*	*Pass*	*Pass*
	Compliant with Secretary of State	*Pass*	*Pass*	*Pass*	*Pass*	*Pass*	*Pass*
	Meets expectations of the DfE Commissioner	100	100	100	100	100	100
	Prevents service fragmentation	30	0	30	30	30	60
	Service expansion / Phasing	40	40	80	40	40	80
	Supports improvement activity	50	50	100	100	50	100
	Contributes to strategy	50	50	100	100	50	100
	Improves social work practice	100	100	100	100	100	100
	Staff retention/attraction	100	100	100	100	50	100
	Staff engagement & motivation	50	100	100	100	50	100
	Democratic accountability	50	50	100	50	50	100
	Enhance partnership working	40	40	40	40	40	80
	Voice of CYPF	50	100	100	100	50	100
	Access to LGPS & TPS	100	100	100	100	0	100
Viability	*Grant and other external funding*	0	0	0	30	30	60
	Income generation (through growth)	30	30	30	60	30	60
	Financial stability (post go-live)	50	50	50	50	50	100
	MTFP Savings	20	20	40	20	20	40
	Implementation costs	20	0	20	20	20	40
	Client function costs	35	35	35	35	0	70
	Tax & VAT	80	40	40	40	0	80
	Use of surpluses	15	30	30	15	15	30
	Financial liabilities	30	30	30	30	30	60
Feasibility	*Procurement*	80	80	80	40	0	80
	Contract management	50	50	100	0	0	100
	Support services - operational	0	25	25	25	50	50
	Support services - WCC	0	25	50	25	0	50
	Service specific commissioning	15	15	30	15	15	30
	Implementation timescales	100	0	100	100	0	100
	Managing risk	100	100	100	50	50	100
						Total possible	**2170**

As demonstrated by the table above, the total possible score for each option is 2170. The overall ranking and scores of the 5 shortlisted options is as follows:

Shortlisted options	Overall Score	% of total possible	Ranking
Wholly Owned Council Company	1810	83%	1
Independent Organisation	1515	70%	2
Strategic Partnership	1385	64%	3
Joint Venture	1360	63%	4
Outsource	920	42%	5

As demonstrated in the table above, there is **one very clear high-scoring option** in relation to the other options, namely the Wholly Owned Council Company. The Independent Organisation has also scored relatively highly, as the second-highest scoring option. These options have scored particularly highly against supporting improvement activity, improving social work practices, voice of CYPF, maintaining and attracting staff and implementation timescales. The Wholly Owned Council Company has also scored very highly against democratic accountability, managing risk, contract management and procurement.

The two partnership options are very similarly scored; however, they have scored significantly below the highest-scoring option, i.e. over 19% below the Wholly Owned Council Company. The partnership options have scored highly against a small number of criteria, namely tax and VAT implications, procurement and managing risk. However, they have scored averagely against the majority of desirability criteria, such as supporting improvement, improving social work practices, democratic accountability, staff engagement and motivation and staff retention/attraction. The Strategic Partnership option has scored particularly poorly against support service implications and use of surpluses, whereas the Joint Venture option has scored particularly poorly against implementation timescales, implementation costs and service fragmentation.

The Outsource option is clearly ranked as the lowest model, with an 21% difference compared to the 4th ranked option, and 41% difference compared to the highest-ranking option. The Outsource option has scored highly against improving social work practice and staff retention and attraction, however this is in-line with the majority of other models and is an untested market. This option scores particularly poorly against financial viability criteria such as tax and VAT, client function costs, and use of surpluses, as well as the majority of feasibility criteria, such as implementation timescales.

None of the options that we have examined are without their challenges. It is our view that there are insurmountable challenges to creating and delivering the Outsource model in the WCC context, given that the results are demonstrating that this option is not likely to be financial viable for WCC or feasibly implemented by WCC within the known context. There are also significant barriers and risks associated with the partnership models regarding financial viability and feasibility of implementation, which would need to be fully explored and mitigated to allow these options to succeed.

A breakdown of the summary of the rationale for each criteria score against each of the models is found in Appendix 1. The detailed model with the rationale and scoring can be found in Appendix 5.

Please note: The results have been achieved through a robust objective process, and does not take into account individual preferences of WCC members and staff, however it is recognised that these preferences are also important considerations, specifically the rationale for these preferences. Any known preferences of stakeholders have been captured in the Salient Issues section (10).

9. Recommendations and next steps

9.1. Options Analysis conclusion

The Options Analysis process appraised five delivery model options against the assessment criteria developed with WCC stakeholders and the ADM Programme governance groups. The results of the scoring were moderated by WCC staff and key decision-makers.

The previous section provided a detailed breakdown of the results of the scoring exercise, and a 'highest-scoring' delivery model was identified. This section outlines the recommendations and next steps.

The Options Analysis process identified the **Wholly Owned Council Company** as the option that would be the most desirable delivery model (based on the Desirable assessment criteria) for the in-scope children's social care functions in that it bests supports improvement activities and practices, is able to accommodate further WCC services in future, provides the best democratic accountability arrangements and would be one of the most financially viable models in the long term. This model has also demonstrated implementation activities in-line with agreed DfE timescales, in part due to its favourable procurement implications. It is worth noting that the Wholly Owned Council Company scored significantly higher than all other options, although the Independent Organisation also scored reasonably well as the second-highest scoring option.

This result has been achieved through thorough engagement with a wide range of key stakeholders and decision-makers involved in the ADM Programme who have all enabled efficient development of the Options Analysis. A rigorous approach and methodology has been used to provide an objective framework within which to calculate the results.

Therefore, it is recommended that as a minimum, the Wholly Owned Council Company is considered in the next stage of the ADM Programme.

9.2. Next steps

Following the submission of the Options Analysis, the Options Analysis will be taken to WCC's Cabinet on the 14th December for a decision regarding which option(s) is to be taken through to Business Case stage. For planning purposes, we have identified the next steps that would need to be taken to create any alternative delivery model for Children's Social Care Services in WCC. These next steps are designed to be 'generic' and will need to be tailored to fit the specific alternative delivery model that is decided upon.

Following the Options Analysis, and our understanding of DfE and WCC timescales, we recommend that the following next steps are taken:

Figure 16: Next steps and timescales

14th December 2017 Cabinet	**18th December – 16th March 2017**	**29th March 2017 extra-ordinary Cabinet**	**1st April 2018 begin implementation, aiming for 1st April 2019 go-live**

Delivery model decision

A decision is required about the future delivery model for Children's Social Care Services in WCC, based on the findings of this Options Analysis and a number of other situational factors. Depending on the model selected, a commitment may also be required from partner organisations. For example, one or more local authorities would need to formally decide to partner with WCC. Within a Local Authority, it is likely that the decision would need to be made by the relevant Cabinet and approved by Full Council.

Business Case

Once the delivery model(s) has been decided, a full business case would need to be prepared to satisfy the Commissioner, DfE, WCC and any partner organisations. The business case stage typically takes 3-6 months. The business case must be completed to submit papers ahead of the 29th March Cabinet.

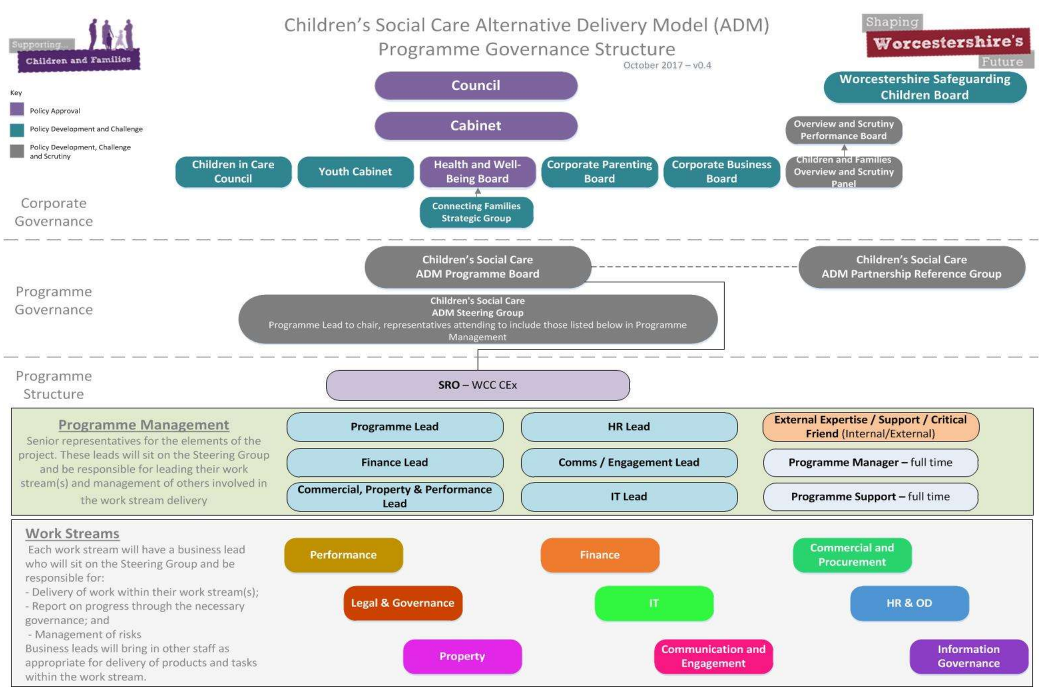
The format of the business case depends on the model but as a minimum it should cover the following:

- Case for change
- Vision for Children's Social Care Services
- Definition of Children's Social Care Services, i.e. which functions and budgets are in scope and why
- Detailed proposition with full structure and governance (and constitution, if a separate entity)
- Contract/agreement structure
- Method of transfer (only if relevant, i.e. staff would transfer to the new model)
- Benefits of the model
- Financial case, including tax implications
- Implementation plan

Programme governance

The Business Case development will adhere to the ADM Programme Governance:

Figure 17: ADM Programme Governance diagram



10. Salient issues

- **Scope of services –** The scope of services for the ADM has not been finalised at this stage. The scope has largely been agreed in principle in that it is intended that core children's social care services will be included within the ADM. However, there are a small number of services for which the destination is less clear. These areas require careful consideration during the Business Case and implementation phases, as they may impact the viability of the ADM.
- **ACE Programme:** Adoption Services are under-going a process to determine the future of the service in WCC. WCC has agreed, in principal, to work in partnership to form ACE (Adoption Central England). The ACE Programme is already underway and may be impacted if included in scope, particularly if a partnership ADM is chosen with a partner outside of the ACE Programme.
- **Elected members support –** Support from the Local Authority/ies that will be commissioning the new delivery model to provide services is crucial in order to ensure the new delivery model is set up for success. A lack of political support would at worst prevent the new delivery model from being established in the first place, and at best would impact the new delivery model's chances of being re-commissioned at the end of the first contractual term. WCC's elected members have stated a preference for a Strategic Partnership or Joint Venture model with another local authority, based on exploratory conversations with neighbouring Councils. The rationale and local context which is driving this preference is important to consider.
- **Viability of potential partners** – In order for two of the models to be possible (i.e. Strategic Partnership and Joint Venture), one or more 'good' or 'outstanding' local authorities is required to enter into partnership with WCC. At this stage of the process, the viability and appetite of potential partners has not been explored, and no authorities are to be named in this Analysis. However, some initial exploratory conversations have taken place which may impact the Business Case phase.
- **Detailed financial model** – As part of this Options Analysis, a financial differences assessment has been conducted, however, during the Business Case phase a detailed financial model will be built to assess the chosen option(s) in far more detail. The implications of the financial model are extremely important, and will allow WCC to understand whether the option(s) is affordable and sustainable.
- **Timescales** – It is important to note that there are set timescales stated in the Statutory direction regarding the Options Analysis and the Business Case, with a decision to be made on which model to implement by 31st March 2018. Furthermore, the DfE have expressed expectations that the model should go-live by 1st April 2019. Therefore, during the Business Case phase, a detailed implementation plan will be created to understand the transition timescales in further detail.
- **Resources for the Business Case phase** – If more than one option is taken through to the Business Case phase, then further resources may be required to effectively conduct the analysis against the options. Currently, Mutual Ventures, Cipfa C.Co and Bevan Brittan have been procured as external supplier support for the ADM Programme, as well as internal WCC ADM Programme officers.
- **DfE funding for the ADM –** It has been assumed that the DfE is unlikely to fund the set-up costs of any partner authority if a partnership model is chosen. As such, any partner authority engaging in this process must be made aware of this, and WCC should consider whether any mitigation is possible.

- **Voice of CYPF and frontline staff** – Children, young people, families and front-line social workers have not yet been engaged in the ADM process. During the Options Analysis, the senior management team represented the views of their staff where possible. During the Business Case phase, it is likely that service users and staff will be engaged more.
- **Chief Executive change in 2018** – It is likely that a new Chief Executive will start early in 2018. The current Interim Chief Executive has been highly engaged in the Programme. It is important for the ADM Programme to consider how it engages with the new Chief Executive during the Business Case phase, so that decision-making is not impeded.
- **Commissioner (WCC) and provider (ADM) relationship***:* There should be strong collaboration between WCC and the new delivery model in order to ensure the services improve outcomes as best as possible. There may be conflicts between WCC and the ADM depending on partner relationships or the flexibilities given to a new company.
- **Leadership and staff engagement:** There are likely to be some concerns in the impacted staff group about the planned changes to the service provision. It is necessary for a robust communications process to be put in place so that the impacted staff buy into the vision of the planned change and are positive above the future opportunities for the new delivery model.
- **External stakeholder management:** The development of a new delivery model and its provision of services in the local community is likely to raise a few questions externally from other providers and key local stakeholders. It is important to engage with the key local partners to ensure all stakeholders understand the vision and intended outcomes of the new delivery model, and are advocates of the new delivery model.
- **Delegation of statutory responsibilities:** Confirmation regarding the freedom / restrictions surrounding the delegation of statutory responsibilities is required through external legal advice at a later stage.
- **Flexibility to alter the ADM:** With some of the shortlisted models, it is possible at a later date to transform the chosen model into a different model (subject to approvals). For example, it is possible to create a WCC Wholly Owned Council Company, and transform this into a Joint Venture company with a partner authority at a later date; it is also possible to create a Joint Venture with a partner authority, which may transform into an Independent Organisation at a later date.
- **VAT liability:** One of the critical factors determining whether a VAT liability will materialise is the scope of services transferred. If the majority of services are statutory social care services, it is likely that the VAT liability will arise. If, however the scope of services is much broader then this may be avoided. For example, the joint venture vehicle co-owned by Kingston and Richmond Councils, known as Achieving for Children, is contracted to provide Children's Social Care and Education Support Services and is permitted by HMRC to reclaim input VAT and avoid the liability. Attention will be paid to any further guidance published by HMRC during the next phases.
- **Essex County Council improvement partnership:** It is crucial that the development of an ADM needs to add value to, and not distract, the improvement work taking place across Children's Social Care, noting that the Council have now procured the services of Essex County Council as their Improvement Partner.

11. Appendices

11.1. Appendix 1 – Rationale against each criteria and model

11.1.1. Desirability rationale

The three gateway criteria D1-3 (Operational independence, Singular focus on improving outcomes and Compliance with the order of the Secretary of State) have been 'passed' through the Programme Board. The rest of the criteria and rationale is displayed below:

D4. Meet expectations of the DfE Commissioner:

Question	The option meets the expectations of the DfE Commissioner (during the Options Analysis stage), which is over and above compliance with the statutory direction				
Option	Strategic Partnership	Joint Venture	Wholly Owned Council Company	Independent Organisation	Outsource
Rationale	The Commissioner has approved the shortlisting of the models through the Programme Board	The Commissioner has approved the shortlisting of the models through the Programme Board	The Commissioner has approved the shortlisting of the models through the Programme Board	The Commissioner has approved the shortlisting of the models through the Programme Board	The Commissioner has approved the shortlisting of the models through the Programme Board

D5. Prevents service fragmentation

Question	The option does not add unnecessary additional complexity or fragmentation into the local children's social care services system				
Option	Strategic Partnership	Joint Venture	Wholly Owned Council Company	Independent Organisation	Outsource
Rationale	Two services coming together constitutes additional complexity, but to a lesser degree than forming a JV. The complexity lies with aligning the process, culture and management differences between the two authorities.	Two services coming together in a new entity constitutes additional complexity which is not posed by options 3, 4, 5. The complexity lies with aligning or creating new process, culture, management ways of working within the new entity and interfaces with both Councils	The Council is the owner and has oversight of the company, however the service will be placed in a new entity where new governance arrangements will be necessary as well as different interfaces with in-house Council services.	The model enables WCC to work with one organisation. However, as the organisation is external and not Council-owned, new governance arrangements, contract management and interfaces with the wider Council will be necessary.	The model enables WCC to work with one organisation. However, as the organisation is external and not Council-owned, new governance arrangements, contract management and interfaces with the wider Council will be necessary.

D6. Service expansion / phasing

Question	If desired, the option could accommodate a range of children's services additional to those under direction including phasing of existing WCC services post 'go live', in order to enable growth and/or reduction in the future.				
Option	Strategic Partnership	Joint Venture	Wholly Owned Council Company	Independent Organisation	Outsource
Rationale	Any change in the scope of services would require a change to the partnership agreement / contract and therefore negotiations with the partner authority	Any change in the scope of services would require a change to the contract and therefore negotiations with the partner authority	As this option is one organisation which is Council owned, any change in contract to add services is likely to be straightforward	Any change in the scope of services is likely to require a procurement process to be run	Any change in the scope of services is likely to require a procurement process to be run

D7. Supports improvement activity

Question	The option complements and actively supports the existing improvement work within children's social care services, including current improvement activities with Essex CC (and does not disrupt services for CYP during implementation).				
Option	Strategic Partnership	Joint Venture	Wholly Owned Council Company	Independent Organisation	Outsource
Rationale	There is an assumption that the partner is able to contribute to improvement. However, there may be other organisational issues in the partner authority that could deflect resources or strategic attention away from children's social care services. There is a risk that the work that has been initiated with Essex CC is not in alignment.	There is an assumption that the partner is able to contribute to improvement. Singular focus on improving children's social care services in Worcestershire and partner area. However, the scale of improvement is across two local authority areas. There is a risk that the work that has been initiated with Essex CC is not in alignment.	The organisation will have a single focus on improving children's social care services in Worcestershire. The independence of the organisation allows the service to conduct further improvements in its own way in the future, whilst retaining existing plans and staff etc.	The organisation will have a single focus on improving children's social care services in Worcestershire. The independence of the organisation allows the service to conduct further improvements in its own way in the future, whilst retaining existing plans and staff etc.	There is a higher risk that the outsource provider will not be able to meet expectations regarding the improvement plan due to capabilities in the third-party market. Other organisational issues within the outsource provider may deflect resources or strategic attention.

D8. Contributes to strategy

Question	The option significantly contributes to the delivery of WCC's Children & Young People's Plan and the council's wider corporate plans.				
Option	Strategic Partnership	Joint Venture	Wholly Owned Council Company	Independent Organisation	Outsource
Rationale	There is an assumption that the partner is able to align or contribute to WCC's existing plans. However, there may be other organisational issues in the partner authority that could deflect resources or strategic attention away from children's social care services, leading to WCC compromising on strategic plans.	There is an assumption that the partner is able to align or contribute to WCC's existing plans. However, there may be other organisational issues in the partner authority that could deflect resources or strategic attention away from children's social care services, leading to WCC compromising on strategic plans.	The company's sole purpose is to deliver and improve children's social care services in Worcestershire, and is owned by the Council. Therefore, all activities within this model will align to and contribute to CYP and WCC objectives.	The contract with the organisation would require this to be built in, and amended if strategic plans change. However, as the organisation's sole focus will be improving children's social care services in Worcestershire, it is likely that all activities will align to CYP and WCC objectives.	The contract with the outsource provider can include contribution to specific plans, however if strategic plans change, the contract will be amended. WCC is likely to be one of several contracts or focus points for the outsource provider, therefore its actions may not align to WCC's strategy.

D9. Improves social work practice

Question	The option is able to maintain and develop the best social work practice to support children and families.				
Option	Strategic Partnership	Joint Venture	Wholly Owned Council Company	Independent Organisation	Outsource
Rationale	There is an assumption that the partner is able to improve social work practices across all staff within this model, from go-live.	There is an assumption that the partner is able to improve social work practices across all staff within this model, from go-live.	This model allows freedom to implement innovative and excellent social work practices which the service may not have had opportunity to carry out under current arrangements within WCC.	This model allows freedom to implement innovative and excellent social work practices which the service may not have had opportunity to carry out under current arrangements within WCC.	The contract will be required to include improvement to social work practice in order to achieve this.

D10. Staff retention / attraction

Question	The option demonstrates opportunities to retain and attract high-calibre staff (e.g. the model is an attractive employer and there are opportunities to develop Terms & Conditions to retain and attract staff).				
Option	Strategic Partnership	Joint Venture	Wholly Owned Council Company	Independent Organisation	Outsource
Rationale	This option is likely to maintain current levels. The WCC improvement plan requires more social workers, and the partner authority will wish to retain their own staff. It may be more attractive to potential staff as a good / outstanding partner will be chosen.	As a good/outstanding partner authority will be chosen, it may be more attractive to potential staff. Furthermore, independent entities may have the opportunity and freedom to develop internal HR/workforce development, and recruit in a tailored way	The company may have the opportunity and freedom to develop internal HR/workforce development, and recruit in a tailored way	The organisation will have the opportunity and freedom to develop internal HR/workforce development, and recruit in a tailored way	This is highly dependent on the chosen outsource provider and their reputation; the organisation will have the opportunity and freedom to develop internal HR/workforce development, and recruit in a tailored way

D11. Staff engagement and motivation

Question	The option enables opportunities to positively engage and motivate children's social care services staff (e.g. staff involvement in decision-making of the new model).				
Option	Strategic Partnership	Joint Venture	Wholly Owned Council Company	Independent Organisation	Outsource
Rationale	The partner local authority is likely to engage staff in a similar way to which it engages its own staff, however it is unlikely to provide further or formal staff engagement mechanisms over and above current engagement	The new entity may offer staff positions on the board and other formal decision-making bodies e.g. executive team, advisory groups	The new entity may offer staff positions on the board and other formal decision-making bodies e.g. executive team, advisory groups	The new entity may offer staff positions on the board and other formal decision-making bodies e.g. executive team, advisory groups	The outsource provider is likely to create an environment to engage positively with staff, but is unlikely to provide any formal engagement mechanisms

D12. Democratic accountability

Question	The option enables clear democratic accountability over the performance of children's social care services (clear reporting lines into WCC Executive & Non-Executive functions, and Corporate Parenting Board).				
Option	Strategic Partnership	Joint Venture	Wholly Owned Council Company	Independent Organisation	Outsource
Rationale	There will be a single DCS employed by the partner authority who will report to both Councils, however arrangements must be made to report to WCC which adds complexity / duplication.	There will be a single DCS employed by the partner authority who will report to both Councils, however arrangements must be made to report to WCC which adds complexity / duplication.	Council owned and therefore the Council oversight and democratic processes are likely to be similar, and potentially streamlined further. The accountability arrangements could be specified to safeguarding, improving oversight.	Providing appropriate contractual arrangements and governance interfaces are put in place, this model should maintain clear reporting lines.	Providing appropriate contractual arrangements and governance interfaces are put in place, this model should maintain clear reporting lines.

D13. Enhance partnership working

Question	The option demonstrates a theoretical ability to operate at the heart of and integrate with local partnerships for children's social care services (acting as focal point for improving outcomes for children and families) e.g. CCGs, Police, local VCS, LSCB				
Option	Strategic Partnership	Joint Venture	Wholly Owned Council Company	Independent Organisation	Outsource
Rationale	The partner authority is likely to have strong existing partnerships and continue to develop new local partnerships, however there is less freedom to formalise and integrate services with external organisations within a local authority context.	This option would provide some new freedom and flexibility to develop partnership working, however ownership and governance arrangements between the two Council's may restrict opportunities.	This option would provide some new freedom and flexibility to develop partnership working, however ownership and governance arrangements with WCC may restrict opportunities.	An independent organisation will have the freedom and flexibility to work with and integrate with partners with less Council involvement / interference.	There are some opportunities for service staff and leaders themselves to enhance partnerships, as this within the gift of the contractual arrangements. The contractual mechanism may encourage and maintain partnership working.

D14. Voice of CYPF

Question	The option enables opportunities for meaningful engagement of CYPF (Voice of the Child), e.g. in the decision-making arrangements of the new model.				
Option	Strategic Partnership	Joint Venture	Wholly Owned Council Company	Independent Organisation	Outsource
Rationale	The existing engagement mechanisms with CYPF within both authorities are likely to be maintained and possibly improved based on the partner authority's good practice	The new entity may offer CYPF to form part of formal decision-making bodies e.g. parent/family advisory groups	The new entity may offer CYPF to form part of formal decision-making bodies e.g. parent/family advisory groups	The new entity may offer CYPF to form part of formal decision-making bodies e.g. parent/family advisory groups	The outsource provider will maintain positive engagement with CYPF through the contractual terms

D15. Access to LGPS & TPS

Question	The option enables current staff to retain access to the Local Government Pension Scheme (LGPS) and Teachers' Pension Scheme (TPS).				
Option	Strategic Partnership	Joint Venture	Wholly Owned Council Company	Independent Organisation	Outsource
Rationale	The model enables staff to have the option of retaining access to the LGPS and TPS due to remaining within a local authority	The model is eligible to gain Admitted Body Status which enables staff to have the option of retaining access to the LGPS and TPS	The model is eligible to gain Admitted Body Status which enables staff to have the option of retaining access to the LGPS and TPS	The model is eligible to gain Admitted Body Status which enables staff to have the option of retaining access to the LGPS and TPS	There is a greater risk that the outsource provider may not provide access to LGPS and TPS. Some providers have secured Admitted Body Status to allow this, however it is not guaranteed

11.1.2. Viability rationale

V1. Grants and other external funding

Question	The option enables opportunities to access external grant funding and other external funding/income.				
Option	Strategic Partnership	Joint Venture	Wholly Owned Council Company	Independent Organisation	Outsource

Rationale	There is a low likelihood of attracting external funding to two local government partners	There is a modest opportunity to attract grants for non-statutory aspects of the service if appropriate legal structures are adopted, however this would make company structure and governance arrangements more complex	There is a modest opportunity to attract grants for non-statutory aspects of the service if appropriate legal structures are adopted, however this would make structure and governance arrangements more complex	There is some opportunity to attract grants for non-statutory aspects of service as this will be an independent not for profit entity. If a charitable structure is adopted this may enhance the potential for grant funding	There is some opportunity to attract grants for non-statutory aspects of service but this may depend on the provider selected. The provider organisation itself must be not-for-profit.

V2. Income generation (through growth)

Question	The option enables growth through increasing the geographical footprint of the new organisation and/or an ability to introduce new services lines (income generation).				
Option	Strategic Partnership	Joint Venture	Wholly Owned Council Company	Independent Organisation	Outsource
Rationale	There is a modest opportunity for income generation post-turnaround through provision of advisory services to other Councils. The partnership could be broadened to other Councils over time	There is a modest opportunity for income generation post turnaround through provision of advisory services to other Councils. Partnership could be broadened to other Councils over time.	There is a modest opportunity for income generation post turnaround through provision of advisory services to other Councils. Partnership could be broadened to other Councils over time.	There is a better opportunity and flexibility to grow geographically and design new services, as the independent organisation will have further freedom to trade and develop its business, subject to legal form.	Any additional income through expansion is likely to be channelled into development of the providers wider business development ambitions and not necessarily directly into the WCC service, but could be specified within the contract

V3. Financial stability (post-go-live)

Question	The option enables long-term financial stability (has sustainable running costs).				
Option	Strategic Partnership	Joint Venture	Wholly Owned Council Company	Independent Organisation	Outsource
Rationale	There is the potential for early savings by removing duplication of senior officer roles. There are	There is the potential for early savings by removing duplication of senior officer roles. To some	There is the potential for early savings by removing duplication of senior officer roles. To some	There is the potential for early savings by removing duplication of senior officer roles. To some	The contract with an outsource provider would need to be of long duration to be commercially attractive,

	also medium to long term economies of scale across both partners in back office support provision. As the model is structurally easier to disassemble, long-term stability could be considered less certain	degree such savings may be offset by additional posts required to run a new entity. There are also medium to long term economies of scale across both partners in back office support. As a separate entity the Directors of the company should be focused on long-term sustainability.	degree such savings may be offset by additional posts required to run a new entity. There are also medium to long term economies of scale across both partners in back office support provision. As a separate entity the Directors of the company should be focused on long-term sustainability.	degree such savings may be offset by additional posts required to run a new entity. There are also medium to long term economies of scale across both partners in back office support provision. As a separate entity the Directors of the company should be focused on long-term sustainability.	accordingly this may offer some degree of long term stability/certainty (subject to the guarantees and underwriting negotiated at the point of contract award). On the other hand, the provider is focused on sustainability over the tenure of the contract and not on establishing a sustainable business.

V4. MTFP savings

Question	Ability to achieve / influence MTFPS over and above contractual arrangements				
Option	Strategic Partnership	Joint Venture	Wholly Owned Council Company	Independent Organisation	Outsource
Rationale	WCC might expect to have some capacity to negotiate/agree changes to the agreed funding of the service with the partnering Council (who may experience similar financial pressure and accordingly may be more inclined to work with WCC to find solutions)	WCC might expect to have some capacity to negotiate/agree changes to the agreed funding of the service with the partnering Council (who may experience similar financial pressure and accordingly may be more inclined to work with WCC to find solutions)	As owners of the Company, WCC will have a close relationship with the company and ability to discuss and agree amendments to the contract (but not to the degree that this undermines the viability of the service)	Although independent of the Council, this new entity will be so reliant on the relationship and contract with WCC that it is in its interests to work with the Council on such matters	WCC would potentially be able to influence MTFP savings through renegotiating the contract

V5. Implementation costs

Question	The option does not have unnecessarily high implementation and procurement costs including the cost of changes to existing commissioned services (service specific and support services).				
Option	Strategic Partnership	Joint Venture	Wholly Owned Council Company	Independent Organisation	Outsource

Rationale	The DfE is likely to only fund the set-up costs for WCC, not the partner authority. Advisors may be required to undertake due diligence and to manage the support service transition. Negotiations with the partner bring added risk of Councils failing to reach agreement. The two services may also need to merge systems, etc.	This is a relatively costly option as this will entail the development of both a partnership and a new entity. The DfE is likely to only fund the set-up costs for WCC, not the partner authority. However, with a partner on board some costs would be shared. Implementation costs include project management & legal support.	There are significant implementation costs to set up the company (project management, legal, tax advisory required). It may be possible to only have one set of lawyers involved with a voluntary Council-owned model.	This is similar in terms of set up costs to the Council-owned option. However, independent ownership will mean that the directors of the company will need their own support and legal advisors during negotiation of the service contract.	Costs are not expected to be too dis-similar to options 3 & 4 as this option will require a full procurement exercise and the same level of due diligence and preparation for transfer. Contract preparation and negotiation will be required.

V6. Client function costs

Question	The option does not require unnecessarily high client function costs.				
Option	Strategic Partnership	Joint Venture	Wholly Owned Council Company	Independent Organisation	Outsource
Rationale	As WCC will be reliant on another Council to run its service it is critical that it has effective procedures and processes in place from day 1 to monitor the effectiveness of the partnership.	As WCC will be reliant on another Council to run its service it is critical that it has effective procedures and processes in place from day 1 to monitor the effectiveness of the partnership.	It is imperative that the Council has a well-equipped and prepared commissioning team to manage the performance of the company, however as a Council-owned company there are other levers of influence available to the Council to manage the relationship e.g. existing relationships / less complex decision-making	In practice the same level / capability of client function will be required for this option as for option 3 however as this will be an independent provider we judge there to be slightly more risk if WCC does not have an effective client function in place	There is not an established outsource market for these services and, as the service contract will be the main tool of influence with this option, it is essential that this is tightly negotiated and managed.

V7. Tax and VAT

Question	The option does not present unviable tax and VAT implications for the new model or for WCC.				
Option	Strategic Partnership	Joint Venture	Wholly Owned Council Company	Independent Organisation	Outsource
Rationale	It is unlikely that this option would generate undesirable tax or VAT issues	This option may generate a VAT liability, depending on the scope of services transferred and the contractual arrangements that are put in place. Whilst under direction it is likely that DfE would cover WCC's VAT liability, but not the partner authority.	This option may generate a VAT liability, depending on the scope of services transferred and the contractual arrangements that are put in place. Whilst under direction it is likely that DfE would cover WCC's VAT liability. If the scope of services is sufficiently broad for non-statutory services to outweigh statutory services a VAT liability could be avoided	This option may generate a VAT liability, depending on the scope of services transferred and the contractual arrangements that are put in place. Whilst under direction it is likely that DfE would cover WCC's VAT liability. If the scope of services is sufficiently broad for non-statutory services to outweigh statutory services a VAT liability could be avoided	May generate a VAT liability. It is likely that any would be provider would require the Council to indemnify them against such a VAT liability materialising, and/or they are likely to reflect this in the price they offer. Similarly, although the provider organisation must be "not for profit" such organisations are generally "not for profit distribution" however they are likely to require a margin.

V8. Use of surpluses

Question	The option provides the local authority with a high degree of influence over any profits/surpluses generated by the new model.				
Option	Strategic Partnership	Joint Venture	Wholly Owned Council Company	Independent Organisation	Outsource
Rationale	WCC should be able to retain some direct control or rights over all or at least part of any under spend on the agreed budget with their partner	WCC should be able to retain some direct control or rights over all or at least part of any under spend on the agreed budget with their partner	As owners of the Company, WCC could retain reserved powers over decisions on how surpluses are used (within agreed tolerances), as long as this did not fetter operational independence	With an independent provider WCC would need to build any such controls into the service contract	WCC may be able to negotiate some right to consult or consent to how surpluses are reinvested but in practice it is likely that this would be unpalatable to an outsource provider

V9. Financial liabilities

Question	The option enables WCC the opportunity to transfer liabilities to the new model (e.g. redundancies, pension liabilities and financial deficit).				
Option	Strategic Partnership	Joint Venture	Wholly Owned Council Company	Independent Organisation	Outsource
Rationale	Under this arrangement it would be likely that WCC would retain its share of liabilities. For staff transferring it is likely that historical liabilities remain with WCC and any liabilities related to service post-transfer would move to the partner Council	Historical liabilities would remain with WCC and the partner Council and additionally it is likely that the Council's would be required to underwrite any future pension or redundancy liabilities until such time as the new entity has sufficient reserves to take on these liabilities itself	Historical liabilities would remain with WCC and the partner Council and additionally it is likely that the Council's would be required to underwrite any future pension or redundancy liabilities until such time as the new entity has sufficient reserves to take on these liabilities itself	Historical liabilities would remain with WCC, the Trust might be able to take out a security bond to provide insurance for any future liabilities although it is likely that this would require the Council to underwrite these until the new entity has built up its own sufficient financial track record	WCC could require the provider to take on all liabilities. However, the risks associated with this and the costs associated with the security bond the provider would procure, are such that this would reduce the potential field of providers or the contract price would make this unacceptable to WCC. WCC may be required to retain certain liabilities.

11.1.3. Feasibility rationale

F1. Procurement

Question	The option can be procured by WCC in a straightforward way.				
Option	Strategic Partnership	Joint Venture	Wholly Owned Council Company	Independent Organisation	Outsource
Rationale	The Hamburg exemption may be used in this case: The Hamburg case set out an exemption for contracts involving co-operation between public sector bodies.	It is possible to use the Teckal exemption (often known as in-house exemption) or Hamburg exemption regarding public sector procurement regulations.	It is possible to use the Teckal exemption (often known as in-house exemption) regarding public sector procurement regulations.	This may be a competitive dialogue process, however elsewhere it has been possible to use an exemption to public sector procurement for Trusts of this nature.	Full procurement and competitive dialogue process is required.

These assumptions would need to be confirmed through external legal advice at a later stage.

F2. Contract management

Question	The option can be contract managed in a straightforward way by WCC's client function.				
Option	Strategic Partnership	Joint Venture	Wholly Owned Council Company	Independent Organisation	Outsource
Rationale	This involves a contract with a partner authority and therefore likely to incur some complexity	This involves a contract with a partner authority and therefore likely to incur some complexity	This option provides one council-owned organisation to be managed by WCC. As such, contract management is likely to be straightforward.	This option is more dependent on the contract as the Council lacks other methods of holding the service provider to account.	This option is more dependent on the contract as the Council lacks other methods of holding the service provider to account.

F3. Support services - operational

Question	The option has the ability to choose its own support services provider (e.g. HR, Finance, ICT)				
Option	Strategic Partnership	Joint Venture	Wholly Owned Council Company	Independent Organisation	Outsource
Rationale	There will be little flexibility regarding support service arrangements as this is likely to be based on the partner authority's existing arrangements	It is likely the intention of WCC and the partner authority would mean some flexibility regarding support service arrangements but request an initial period of Council support (e.g. 2 years)	It is likely the intention of WCC would mean some flexibility regarding support service arrangements but request an initial period of Council support (e.g. 2 years)	It is likely the intention of WCC would mean some flexibility regarding support service arrangements but request an initial period of Council support (e.g. 2 years)	Outsource provider has the flexibility to use a range of support service providers. It is possible for WCC to stipulate that WCC support services must be used, however this is likely to deter potential providers

F4. Support services - WCC

Question	The option enables stability in WCC support service operations with manageable impact for the local authority.				
Option	Strategic Partnership	Joint Venture	Wholly Owned Council Company	Independent Organisation	Outsource
Rationale	Once staff are TUPE transferred across, their HR and Finance-related support will, in theory, be managed by the partner authority. Significant negotiation will be required.	The JV will have some flexibility to choose its support services as an independent entity, however it is likely to use an SLA for an initial period especially as there are two authorities.	As the WOC is council owned and not developed in partnership, the Council has greater control to stipulate that the company uses a buy-back option, more so than the other options.	The organisation will have some flexibility to choose its support services as an independent entity, however it is likely to use SLA for initial period	The outsource provider is very likely to have their own support service arrangements.

F4. Service specific - commissioning

Question	For service specific commissioning, the option enables WCC to continue delivering its wider service portfolio with a manageable impact on related council services (e.g. contracts that cut across children's services and adult's services).				
Option	Strategic Partnership	Joint Venture	Wholly Owned Council Company	Independent Organisation	Outsource
Rationale	Similarly, to support service arrangements, it is likely the service will use the partner authority's joint services /commissioning arrangements	Arrangements can be made to reduce the impact on WCC e.g. utilise WCC's services through an SLA	Arrangements can be made to reduce the impact on WCC e.g. utilise WCC's services through an SLA	Arrangements can be made to reduce the impact on WCC e.g. utilise WCC's services through the contractual terms	Arrangements can be made to reduce the impact on WCC e.g. utilise WCC's services through the contractual terms

F5. Implementation timescales

Question	The option can be established in go-live form within agreed implementation timescales (April 2019) for those services included in the statutory direction.				
Option	Strategic Partnership	Joint Venture	Wholly Owned Council Company	Independent Organisation	Outsource
Rationale	This option requires approvals of the partner authority, as well as design & implementation time, however with the right resources and intentions from both authorities this is possible within 12 months.	This option requires approvals of the partner authority, as well as the design and implementation timescales of a completely new entity. As such, it is extremely unlikely this option is possible to achieve within agreed time.	An independent company is able to be developed within 12 months. Therefore, providing implementation begins in April 2018 these timescales are achievable	An independent company is able to be developed within 12 months. Therefore, providing implementation begins in April 2018 these timescales are achievable	The procurement and negotiation process typically take 6 months as well as time to design and transfer the service. As such, it is unlikely this option is possible to deliver within these timescales

F6. Managing risk

Question	The option is able to minimise risks to WCC and its elected members (reputational & financial).				
Option	Strategic Partnership	Joint Venture	Wholly Owned Council Company	Independent Organisation	Outsource
Rationale	Reputation - +ve Financial - +ve Control - ok	Reputation - +ve Financial - +ve Control - ok	Reputation - +ve Financial - ok Control - ok	Reputation - ok Financial - ok Control - -ve (less opportunity to vary contracts)	Reputation - -ve Financial - OK Control - -ve (less opportunity to vary contracts)

11.2. Appendix 2 - Scope of Services

The following document contains a full list of children's services, and categorises these services against those within the statutory direction, and those which may be essential or helpful for improvement.

Appendix 1 ADM
Categorisation and bu

11.3. Appendix 3 – Change control document / changes to assessment criteria and scoring

For full transparency, the following document is a live change control document which states the changes that have been made to the criteria and scoring, by whom and using which forum, with associated dates. This version was updated for the 17th November submission but not past this date.

Change Control OA
v0.5 271117.xlsx

11.4. Appendix 4 - Stakeholders engaged as part of the Options Analysis

The following document contains a list of all stakeholders that are involved in the ADM Programme. Those highlighted in blue, have been directly engaged as part of the Options Analysis Process.

Stakeholder List
OAv0.1.xls

11.5. Appendix 5 – Detailed scoring model/spreadsheet

The following document contains the calculations and inputs regarding the assessment criteria, weighting and scoring.

WCC ADM Options
Appraisal v FINAL OA