

CABINET
14 DECEMBER 2017**CHILDREN'S SOCIAL CARE SERVICES ALTERNATIVE
DELIVERY MODEL – OPTIONS APPRAISAL AND MODEL
RECOMMENDATION**

Relevant Cabinet Member

Mr A C Roberts

Relevant Officer

Director of Children, Families and Communities

Recommendation

1. The Cabinet Member with Responsibility for Children and Families recommends that Cabinet:

- (a) notes the output of the options analysis into the range of alternative delivery models for children's social care developed in consultation with the Children's Services Commissioner;**
- (b) approves the selection of the Wholly Owned Council Company and Strategic Partnership with another Local Authority as the outline recommended models to progress to full business case as described in paragraphs 21-24, each proposed model being subject to the agreement of the Children's Services Commissioner and Secretary of State; and**
- (c) agrees to receive the full business cases of the models as set out in (b) above in order to make a decision, subject to ministerial approval, around the Alternative Delivery Model form and implementation timescales at its meeting on 29 March 2018.**

Background and Policy Context

2. The Government's vision for achieving excellent children's social care is set out in the White Paper *Putting Children First* (2016). The White Paper introduces the use of a range of Alternative Delivery Models in Children's Services – both in 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 and are using DfE innovation funding to support this work.

3. As described in the White Paper, the inadequate Ofsted inspection judgement (published on 24 January 2017), placed Worcestershire in the category of persistent and systemic failure. The DfE subsequently appointed a Children's Commissioner for Worcestershire to lead a further review of services. The Commissioner's report was published on 19 September 2017 and concluded there is currently insufficient evidence

to demonstrate fully that continuing to provide services in-house will deliver and sustain the necessary improvements. This led to a further Statutory Direction which directs that the Council will move those services under direction into an Alternative Delivery Model (ADM), and requires the Council to carry out an options analysis with an outline recommended model by the end of December 2017. This expectation builds on the earlier work the Council had completed in relation to introducing alternative delivery models to help accelerate and sustain improvements in Children's Social Care.

Programme Overview

4. In compliance with the Statutory Direction, also published on 19 September 2017, the Council initiated a programme to analyse, design and implement an ADM for Children's Social Care. The Council has chosen to move to these new arrangements voluntarily, and as such has a degree of choice (subject to Commissioner and Ministerial approval) around the form the ADM will take and whether there is a broader scope of services included within it.

5. The programme consists of a number of phases. Phase 1 (by 31 December 2017) is the completion of an Options Analysis with a recommended form of the ADM. Phase 2 (by 31 March 2018) is the completion of a Full Business Case on the recommended model of the ADM. Subsequent phases and timings will be clarified within the Full Business Case, with the Council's Cabinet committing at their September 2017 meeting to take every best endeavour to implement the preferred ADM as soon as possible, with a 'go-live' target date now being April 2019.

6. The programme is being governed through a formal Programme Board, chaired by Worcestershire's Children's Commissioner (as appointed by the Department for Education) and is supported by an operational Steering Group, Partnership Reference Group and wider stakeholder engagement including staff and children and young people.

7. Following approval of the recommendation in the 28 September 2017 Cabinet report, the Council has procured external expertise and additional capacity to support the completion of Phase 1 and Phase 2 of the programme. Mutual Ventures have been appointed to provide expert support and advice in the design and set up of an alternative delivery models and will be providing the framework for both the options analysis and detailed business case. Cipfa Ci.Co have been appointed to provide expert commercial support and advice to the programme including analysing the impact on the external contracts in scope of the programme. Bevan Brittan have been appointed to provide expert external legal advice.

ADMs in Children's Services

8. There is a range of ADM configurations available to local authority children's services. In order to undertake a robust options analysis process, 16 potential models were identified (including the 13 options included in the 28 September 2017 Cabinet report). These 16 model options can be grouped within the four broad categories outlined below. More detailed descriptions can be found in Appendix 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)*

- **Partnerships or collaborations:** involves a formalised relationship of some variety with another organisation, where responsibilities are shared or delivered in conjunction. *Examples include Hampshire & Isle of Wight (Hampshire took over responsibility for services); Leeds & Kirklees (improvement partnership)*
- **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 (LATC, whole service); Kingston & Richmond/ Achieving for Children (Windsor & Maidenhead have recently joined); Slough Children's Services Trust (LATC, children's social care)*
- **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 Barnados are considering broadening their offer in order to become a full outsource provider. *Examples include Barnados & Norfolk.*

Scope of Services

9. The scope of services for the ADM has been considered, but not finalised, during the Options Analysis phase. All Children's Services have been categorised in the following way:

- Within the Statutory Direction (i.e. core children's social care services)
- Essential for improvement
- Supports improvement.

10. At this stage, the scope has largely been agreed in principle, in that those services categorised as '1' are confirmed as in-scope (i.e. those under Statutory Direction). However, there are a small number of services, those categorised as '2' or '3', for which the destination is less clear and these will be considered at a later stage. However, 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 (Level 3) is therefore considered to be in-scope for this reason.

11. The learning from other local authorities who have or are working towards an ADM for their Children's Services suggests that typically the scope of services for an ADM is 80-90% understood during the options analysis stage. This enables the broad impact of service inclusion to be considered against proposed options. Following the options analysis, the scope is usually refined during the business case and then finalised during the implementation phase. This phasing occurs as the financial and operational implications (e.g. the impact on support services) is further considered and clarified and time and resource has been applied to undertake a detailed analysis.

12. The final scope of services will inform the design of the selected ADM and the financial viability of both the model and the Council. The final scope of services will also have a significant impact on the staff who may TUPE transfer to the new arrangement.

Therefore the scope must also be agreed with sufficient time to conduct at 90-day TUPE consultation.

Shortlisting and Analysis process

13. There has been a two stage approach to the shortlisting and analysis process. The first stage was to consider all 16 potential delivery models against a set of 'gateway' questions. These were:

- Does the proposed model comply with the Direction of the Secretary of State?
- Will the proposed model enable a single and unwavering focus on providing the best service to children, young people and families?
- Will the proposed model be able to accommodate a range of children's services in addition to those under statutory direction?
- Will the proposed model provide the conditions for operational independence (outside the operational control of the Council)?

14. The outcome of the first stage narrowed the 16 potential delivery models down to a shortlist of five which are outlined below:

- Strategic Partnership with another Local Authority
- A Joint Venture with another Local Authority
- Wholly owned company – the Council would be the sole owner
- Independently Owned Company – independently owned not by the Council
- Outsourcing.

15. The second stage involved taking each of the five shortlisted options through a more detailed set of assessment criteria. The detailed appraisal criteria, scoring and weighting were developed in consultation with both Council officers and members to ensure their relevance to Worcestershire. 30 assessment criteria were identified in total and they were grouped into three areas:

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

16. The application of the assessment criteria was complemented by both broader technical and financial considerations. The results of the scoring were moderated by Council officers, Cabinet Members and the DfE before being signed off by the ADM Programme Board on the 24 November 2017.

Conclusion of Options Analysis

17. The full options analysis can be found in Appendix 2. The report provides detailed descriptions of the five shortlisted ADMs as well as a detailed analysis of the application of the assessment criteria. Section 8 of the full report outlines a set of assumptions that have been applied to help score the criteria both fairly and rationally.

Section 10 summarises a number of salient issues that need to be considered when moving to full business case stage.

18. The options analysis identified the Wholly Owned Council Company as the option that would be a more desirable delivery model (based on the Desirable assessment criteria) for the in-scope services. This model has also demonstrated implementation activities in-line with the agreed DfE timescale, in part due to its favourable procurement implications. It is for these reasons that this model scored the highest. Given its close proximity in form to the Wholly Owned Council Company the Independently Owned Company scored second highest.

19. The Strategic Partnership with another Local Authority scored highly against a number of criteria namely tax and VAT implications, procurement and managing risk. The Outsource option is clearly ranked as the lowest model with low scores against a number of criteria such as implementation timescales and client function costs.

20. The breakdown of results is in the table below and the options analysis recommended that as a minimum, the Wholly Owned Council Company is considered in the next stage of the ADM Programme (i.e. Full Business Case).

Shortlisted options	Overall Score	% of total possible	Ranking
Wholly Owned Council Company	1810	83%	1
Independently Owned Company	1515	70%	2
Strategic Partnership with another Local Authority	1385	64%	3
Joint Venture with one or more Local Authorities	1360	63%	4
Outsource	920	42%	5

Recommendation of model(s) to progress to full business case stage

21. It is important to note that the purpose of the options analysis was to provide a rationale behind the selection of a recommended model(s) to take to full business case. It has achieved this through a robust objective process that includes both technical and financial considerations. However, the analysis isn't an exact science. There are a number of situational factors that need to be taken into account when considering what the right approach is for Worcestershire in order to help sustain and accelerate improvement and ultimately improve outcomes for children and young people. It should also be noted that the Cabinet approved a regional delivery model for adoption and special guardianship services at its meeting on 2 November 2017 which fall outside the scope of the present recommendations.

22. The option analysis work has indicated some real potential that a Strategic Partnership with another Local Authority would help sustain and accelerate improvement in Worcestershire's Children's Social Care Services. This option would also help support wider regional service improvement which is a key priority for the regional Association of Directors of Children's Services. Completing a full business case would allow this model to be explored in more detail. It therefore would be prudent to **not rule** this model out at

this early stage. So, it is recommended that Cabinet approve taking two models through to full business case. These would be:

- The Wholly Owned Council Company, and
- Strategic Partnership with the Local Authority.

23. Given its close proximity in form to the Wholly Owned Council Company it is not considered sufficiently different enough to complete a full business case on the Independently Owned Company (second highest scoring option in the analysis). However, the issue over ownership will be explored in the business case for the Wholly Owned Council Company as there could be potential over time to move to different ownership arrangements including a Joint Venture.

24. In compliance with the current Statutory Direction, these arrangements need to be developed in consultation and agreement with the Children's Services Commissioner and are subject to ministerial approval. The detailed options analysis (and supportive information, including the published Cabinet report) has been submitted to both the Children's Commissioner and Secretary of State.

Next Steps

25. On approval of the recommendations and, subject to subsequent ministerial approval, a full business case will need to be prepared for both models. The final format of the business case depends on the model but as a minimum would cover the following:

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

Legal, Financial and HR Implications

26. As the business case must be completed ahead of 29 March 2018 Cabinet meeting, the Council will be reliant on the continued support and expertise of Mutual Ventures, Cipfa Ci.Co and Bevan Brittan. Additional project management and stakeholder engagement capacity will also be required. A request to fund the costs of this additional capacity has been made to the DfE. The broader financial implications for implementing the chosen ADM form will be considered in more detail in the full business cases.

27. Bevan Brittan are working closely with the Council's Legal Services to consider the legal implications for the move to an ADM and this will include fully understanding our ability to delegate the exercise of statutory decision-making as well as ensuring a robust legal and democratic governance is developed between the Council and the ADM. The final Options Analysis document (Appendix 2) includes feedback from both Bevan Brittan and the Council's internal Legal experts.

28. The HR implications will be explored and clarified in more detail in the full business cases. To prepare for this, additional training for the Council's HR department is being implemented to help upskill and create the capability internally to lead the implementation.

Privacy and Public Health Impact Assessments

29. There are none at this stage. It is recommended that further assessment is done in the next phase of work.

Equality and Diversity Implications

30. An Equality Relevance Screening has been carried out in respect of these recommendations. It identified that further equality impact analysis will be required in the next phase.

Supporting Information

- Appendix 1 – Potential ADM Models
- Appendix 2 – Options Analysis – available electronically only

Contact Points

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Specific Contact Points for this report

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Background Papers

In the opinion of the proper officer (in this case the Director of the Children, Families and Communities) the following are the background papers relating to the subject matter of this report:

Agenda and background papers for the meeting of the Cabinet held on 28 September 2017 and 2 November 2017.