

Worcestershire County Council

Agenda

Cabinet

Thursday, 5 September 2019, 10.00 am
County Hall, Worcester

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DISCLOSING INTERESTS

There are now 2 types of interests:
'Disclosable pecuniary interests' and **'other disclosable interests'**

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 spouse/partner as well as you

WHAT MUST I DO WITH A DPI?

- **Register** it within 28 days and
- **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.

Cabinet

Thursday, 5 September 2019, 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

Item No	Subject	Page No
1	Apologies and Declarations of Interest	
2	Public Participation Members of the public wishing to take part should notify the Head of Legal and Democratic Services in writing or by e-mail indicating both the nature and content of their proposed participation no later than 9.00am on the working day before the meeting (in this case Wednesday 4 September). Further details are available on the Council's website. Enquiries can also be made through the telephone number/e-mail address listed below.	
3	Confirmation of the Minutes of the previous meeting The Minutes of the meeting of Thursday, 11 July 2019 have been previously circulated.	
4	Organisational Redesign Programme	1 - 18
5	Development of Worcestershire Children First	19 - 28

NOTES

- Webcasting**

Members of the Cabinet are reminded that meetings of the Cabinet are Webcast on the Internet and will be stored electronically and accessible through the Council's Website. Members of the public are informed that if they attend this meeting their images and speech may be captured by the recording equipment used for the Webcast and may also be stored electronically and accessible through the Council's Website.

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To obtain further information or a copy of this agenda contact Nichola Garner, Committee & Appellate Officer on Worcester (01905) 843579 or email: ngarner2@worcestershire.gov.uk

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

Date of Issue: Wednesday, 28 August 2019

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CABINET
5 September 2019**ORGANISATIONAL REDESIGN PROGRAMME**

Relevant Cabinet Member

Mr S E Geraghty

Relevant Officer

Chief Executive

Recommendations

1. **The Leader recommends that Cabinet:**
 - a) **agrees to recommend that Council:**
 - (i) **approves the Chief Executive's proposed revised Directorate structure and designation of statutory posts as set out in the report and at Appendix 3;**
 - (ii) **supports his proposals for the Chief Officer structure for Tiers 2 and 3 (as defined in paragraph 7) as set out in the report and Appendix 3, subject to (v);**
 - (iii) **authorises the Chief Executive to carry out all necessary staff consultations in relation to the proposed changes;**
 - (iv) **authorises the Chief Executive, in consultation with the Leader, to finalise the detail of the management structure for Tier 2 and Tier 3 officers including the job and person specifications in accordance with the above Directorate structure;**
 - (v) **authorises the Appointments Etc Panel to take all appropriate decisions in relation to the proposals for Tier 2 and 3 posts to support the new Directorate structure (including any deletion of existing posts, creation of new posts and appointments to them, and designation of statutory posts), and reviewing them in the future as appropriate;**
 - (vi) **agrees that the current Directorate of Children, Family and Communities will cease to exist on 1 October 2019, and authorises the Chief Executive to make interim arrangements for any functions of that Directorate not transferring to Worcestershire Children First; and**

- (vii) **notes the indicative timescale in Appendix 4 and agrees that the remaining Directorate restructure will take effect from 1 January 2020 or such other date as the Chief Executive may determine having regard to the above processes;**

Background

2. Looking forward to ensuring the Council is fit for purpose to address the ongoing demands and constraints placed upon it. The goal is to ensure the Council can operate in a highly productive, efficient and effective way to meet the priorities identified within the Corporate Plan and the statutory requirements placed on the Council within the financial envelope forecast. As such the programme needs to identify the changes needed to achieve organisational sustainability for 3-5 years.
3. To achieve this ambitious goal, we need to look afresh at how the organisation is structured, review policies, processes and procedures, and assess how staff operate as well as their capabilities and capacity. This report covers stage 1 setting out the restructuring of the top 3 Tiers and their identification in to broad directorate blocks. This stage will require approval from Full Council before any other detail can be concluded. Further stages in terms of the re-design element i.e. the ways in which we work, will be brought forward in due course.
4. A well-designed Council will ensure that the form of the organisation matches its strategy (Corporate Plan), meets the many challenges posed and significantly increases the likelihood that the collective efforts of the workforce will be successful in delivering our outcomes.
5. The Medium Term Financial Plan (MTFP) set a target corporate saving for this review in 2019/20 of £3million and £2.845 million in 2020/21. This report updates Members on the progress against that two year target.
6. As part of the redesign, members were clear that the redesign must be owned by the Strategic Leadership Team (SLT) and therefore each Director has been given the opportunity to work with their management teams to help inform the organisational design. The current Chief Officer structure for tiers 1-3 and the associated functional areas can be seen in Appendix 2.
7. For the purposes of this report the following 'chief officer' posts are currently defined as tiers 1-3:
 - a) Tier 1: Chief Executive
 - b) Tier 2: Director
 - c) Tier 3: Assistant Director and/or Head of Service
8. The need to achieve significant savings as part of the process necessitates a set of guiding principles for the redesign activity as well as an element of challenge to any proposals made to ensure that the opportunities identified are achievable, are sufficiently detailed and that they meet the Councils statutory requirements and political priorities. Therefore, in order to ensure a strong challenge and a comparison to other practices it was decided to appoint, through a competitive tender, external organisational design specialists.

9. In the Budget set by Council in February 2019, the earmarked reserves allowed provision for such one-off funding. The Chief Executive considered options around the engagement of external expertise, which have in other councils cost in excess of £2 million and it was decided that that level of expenditure would be unacceptable, and key was to enable Directors to drive change. It was decided that the key was to engage staff and lead a large element of the process with our own staff and use of external experts as challenge and provocateurs to help generate sustainable change.
10. Following tender reviews C.Co Ltd (C.Co) were awarded a phased contract. C.Co have provided similar challenge and advice to other councils across the country. More details can be found at C.Co's website - <https://wearec.co/>.
11. During the last five months C.Co have worked with Senior Officers to:
 - Map out options for tier 1-3 structures
 - Agree a set of design principles to help generate and test options against those principles
 - Test the roles and levels in the organisation against a best practice model of working
 - Review and challenge proposals created by the Directors to ensure they met best practice and affordability.
12. The programme of work was broken down into two stages over three months. The first stage explored different options for the configuration of the Council's different functions. It also involved the development of organisational design principles and a contribution model, designed to support the Council to increase productivity whilst enabling it to achieve its strategic objectives. The second stage enabled Directors to apply their thinking to the design of their services, to test and challenge current practices, and to generate alternative models of delivery.
13. These options for delivery have then been subject to discussion to inform the proposed Chief Officer Structure and steps for next actions, that is form follows function. This report considers the Chief Officer implications and notes the next steps for wider delivery of redesign.

Design Principles and challenge

14. Design Principles are a way of translating strategy into statements of what must be done to get there. They support organisations to:
 - Consider strategic priorities within its Corporate Plan and organisational assessment
 - Act as a touchstone for all future organisation design and development
 - Ensure application of consistency; helping to develop a robust & fit for purpose organisation
 - Provide clarity to all on what is expected in the future: enabling new ways of thinking and 'culture change'
 - Set out holistic aspirations which will be demonstrated/enhanced through the structural design
 - Set out the blueprint for how resources should be allocated, organised and operated to deliver its stated strategic ambitions.

15. The principles are a guide to aid the thinking and construct of the new design, they are not a prescriptive checklist to test services against. The first phase of the design process involved the development of a set of principles agreed by the Chief Executive and SLT, based on the Council's strategic priorities. The design principles are clustered under five specific themes, and shown in more detail at Appendix 1:
 - a) One Worcestershire
 - b) Organisation Design
 - c) Workforce Support
 - d) Customer Focus
 - e) Demand Management & Standardisation.

16. The Chief Executive, supported by C.Co, has used the design principles as well as other analytics, research and advice to lead directorate challenge sessions. At each session Directors were required to present proposals for redesign in their area. There have been three iterations of this process. This approach has enabled synergies and cross-cutting themes to be identified across directorates. This process has ensured greater buy-in, engagement and constructive challenge.

Staff Volunteer Thematic Working Groups

17. In addition to support from C.Co, Senior Officers were keen to engage and gather feedback and ideas from staff. As a result a number of staff-led 'volunteer working groups' were established earlier in 2019. Each theme has an agreed terms of reference, a SLT lead, subject matter experts and self-nominating staff volunteers who have helped to drive effective two-way communication within directorates, service areas and teams – acting as champions of the redesign, channelling views, opinions and concerns and providing a sounding board as the programme progresses. This effectively means outputs from each volunteer theme will be brought together with the outputs of the tiers 1-3 structural redesign to create a bottom-up design ensuring a seamless whole organisation design. The themes and their goals were:

Area	Summary descriptor
Total Reward	To help shape an 'Employer/Employee Value Proposition' that enables Worcestershire County Council (WCC) to recruit, retain and motivate
Working Environment & Accommodation	To ensure a fit for purpose working environment for Future WCC
Culture, Ways of Working & Future Capability	To identify what will be required in terms of ways of working going forward and identify what WCC will need to 'be good at' going forward and how it will develop/buy these skills/capabilities etc.
Communities & Partnerships	To help develop WCC's approach to communities and partnerships
Digital & Systems	To help ensure WCC is digitally enabled and has the systems required to do its work effectively

Performance & Productivity – Eliminating Waste & Driving Efficiency	To identify where and how WCC needs to focus to improve the performance and productivity of individuals and teams. To identify what support and infrastructure is required to achieve high performance working practices and to drive WCC efficiency through identifying waste in systems and processes
Engagement & Communications	To ensure there is a clear communications and engagement plan/strategy both during and post redesign

18. A number of ideas coming from the staff volunteers have already been generated and action taken to improve the way we work. For example:
- Additional work space areas have been set up outside the Council Chamber to address the issue of meeting spaces so as to enable staff to meet
 - A number of good practices have been identified where teams are recording their productivity which we can share across the whole organisation
 - Learning from other councils and staff's experiences from elsewhere, more effective ways of communicating with remote and home workers, as well as staff in County Hall, are being explored
 - Creation of a single point of access for staff wanting to see what benefits the Council currently offers (due to go live in October). This gives staff greater awareness of all the benefits available such as Microsoft licencing, discounts, pension additional voluntary contributions amongst others.

Progress to date

19. In the six months following the approval of the Council's 2019/20 Budget the officers have been undertaking extensive work as can be identified from the background to this report. This has included challenging everything the Council does, and engaging staff as well as the creation of the wholly owned Council Company, Worcestershire Children First. The scale of the task is significant, and the initial programme of delivery has been revised as a result.
20. It is recognised that the scale and process to implement will mean that structural change below tiers 1-3 will continue throughout the remainder of 2019/20 and beyond. The revised goal is that the full target is delivered from 1 April 2020. The challenge to date suggests a quick change would not yield longer term efficiencies.
21. As such, alongside this report work is ongoing to look at the ways we work, including:
- Our total reward offer
 - Our approach to recognising technical versus management roles
 - Creating a culture of performance and productivity
 - Where we work from
 - How we engage with our residents and service users, in particular our digital capacity and capability; and
 - Standardising the way we work, such as income management.

22. To enable these next steps, it is necessary to ensure that the Chief Officer levels are fit for purpose to both deliver change and sustain an effective Council that delivers its Corporate Plan. As such this report proposes a revised Tiers 1 to 3 structure, with changes in functional responsibilities. The proposed structure and functions are shown in Appendix 3.
23. The main changes outlined in Appendix 3 are:
- Tiers 1 to 3 will be designated as follows:
 - i. Tier 1: Chief Executive (Head of Paid Service)
 - ii. Tier 2: Strategic Director
 - iii. Tier 3: Assistant Director
 - It is proposed to re-designate the three Strategic Director posts at Tier 2, namely to have:
 - A Strategic Director for Economy and Infrastructure
 - A Strategic Director for People
 - A Strategic Director for Commercial and Change
 - It is proposed that the Council's statutory posts will be covered as follows:
 - The Director of Public Health will be a Tier 3 post and designated as such in line with the statutory requirements
 - The Section 151 officer will be a Tier 3 post and designated Chief Financial Officer (CFO)
 - The Monitoring Officer and County Returning Officer will be a Tier 3 post and designated Assistant Director Legal and Governance
 - The Director of Adult Social Services will be a Tier 2 post and designated Director of People
 - The Director of Children's Services (DCS) will be a designated role within Worcestershire Children First and assigned to the Chief Executive of WCF to hold the statutory office and perform the role of DCS on behalf of the Council
 - A proposed reduction of Chief Officer posts in Tiers 1-3 from 16 to 14, not including those roles in Worcestershire Children First.
 - A proposed reduction in the number of Tier 2 posts from 4 to 3 as a result of one post (Public Health) moving to Tier 3.
 - The Assistant Directors for Human Resources, Organisational Development & Engagement and Chief Financial Officer will report direct to the Chief Executive. The HR, OD & Engagement function will include communications. This is to ensure that organisational engagement is maximised through the close alignment with Human Resources and Organisational Development.
 - Proposed changes to the functional coverage of each Directorate are set out below. Therefore, it is proposed to change the title of two of the three proposed Directorates. The re-designated Director titles are widely recognised in the market should there be a need to recruit.
 - A proposed role of Assistant Director for Transformation and Commercial within the new Directorate of Commercial and Change which will replace the current vacant post of Head of Commercial. This is to recognise that the scale of change needed over the next two years is significant. As part of the challenge process it has thus become apparent that the Council needs to add capacity to drive this change at an operational level

- A proposed role of Assistant Director for Communities within the new Directorate of People to align all community based operational services including Libraries, Arts, Registration and Coroners etc. This will enable a holistic approach to all community-based services.
 - The Director of Public Health will move from a Tier 2 to a Tier 3 post. This is due to the recommended amalgamation of the current Public Health and Adult Services directorates in to the proposed one directorate of People. It should be noted that the statutory role of Director of Public Health, whilst proposed to be a Tier 3 post, will not be re-designated Assistant Director as per all other Tier 3 roles.
 - The post of Head of Finance will be deleted at Tier 3 with a view to creating a new post at Tier 4 at phase 2.
 - As a result of the proposed changes, a number of larger functional areas will change in terms of directorate accountability as referenced below. There are also a number of smaller functional areas which will need to be decided upon following appointment to the Chief Officer roles:
 - Centralise Project Management – from directorates to Commercial and Change under Transformation and Commercial.
 - Registration and Coroners – from Legal and Democratic to People.
 - Provider Services – moved to Communities.
 - Libraries and Adult Learning – from Commercial and Change to People.
 - Archives and Archaeology – from Economy and Infrastructure to People.
 - Property, Management Information and Analytics to Transformation and Commercial.
 - Centralised Executive Support to Legal and Governance
 - Pensions and procure to pay to Finance.
 - CIMU/Information Management – from Legal and Democratic Services to IT and Digital.
 - Trading Standards - moved to Public Health
24. C.Co have supported that the proposed structure provides the appropriate level of capacity and capability, balanced with the drive for efficiency to redesign and manage the organisation.
25. The Council will follow its agreed constitutional requirements including Appointments Etc Panel process, HR policies and associated processes in consulting and engaging with these staff and recognised Trade Unions following Full Council. The Chief Officers in scope of this report and recognised trade unions have been informally informed of this report in advance of its publication.
26. If the proposed Directorate structure is approved by Council the Chief Executive will take the necessary steps to implement and recruit to all the Chief Officer related posts through the Appointments etc Panel as appropriate.
27. The Chief Executive will keep all Members informed of progress.

28. To support the new structures, all Tier 2 posts will work to a Strategic Leadership Team generic job description to ensure collective accountability and responsibility for the whole organisation. This will support a corporate One Worcestershire approach in the future at this senior level. The same generic job description approach will also be adopted for all Tier 3 posts. The associated functional 'dimensions' of the roles will be outlined in the job description covering the functional areas of responsibility for each chief officer.
29. To further support the generic job descriptions, it is proposed to develop a new set of leadership behaviours with each Chief Officer will be assessed against for development purposes.

Next steps

30. If approved by Council, appropriate and meaningful consultation will take place with the relevant Chief Officers and the recognised trade unions and in accordance with the Councils HR policies and procedures. An indicative timeline can be seen in Appendix 4.
31. To enable consultation to take place, generic job descriptions will be created and evaluated in accordance with the Council's pay policies and procedures.
32. If the proposed Directorate structures as per Appendix 3 are approved by Council, on appointment via the Appointments Etc. Panel to role, the appropriate Chief Officers will commence the next stage of reviews for all areas of functionality. As has been identified, a significant amount of work has already taken place to identify options, including implications for terms and conditions, places of work and digital support.
33. Chief Officers will be asked to bring forward further structural proposals under a second phase of change which will meet the savings target and follow the Council's HR processes, including engagement and consultation with the recognised Trade Unions and staff. Every effort will be made to first remove vacant posts and assess the ability to redeploy staff. This both supports employment and reduces any costs of redundancies.
34. Where any changes impact on policy or have a significant impact on delivery then they will be brought back through the appropriate governance process, including Cabinet and Council if appropriate. That is most likely to include an update at Council in February 2020 in setting the 2020/21 budget. All operational changes will be carried out under the scheme of delegation by the Council's management.
35. Further progress will be managed under a Transformation Programme.

Legal, Financial and HR Implications

Finance

36. The overall redesign savings target is £5.845m over the next two years and significant progress has been made in identifying savings. The specific proposals around Tiers 1 to 3 in this report will yield a saving of circa £223,000

recurring at this level, but overall after accounting for the resultant changes at Tier 4 will be a net £115,000. The second phase of work is expected to deliver an in year saving of circa £500,000 but is predicated on phase 1 as outlined in this report being put in to place promptly as set out in Appendix 4. All further savings will need to have further due diligence and consultation over the coming months and a further detailed report will be presented as part of the Council's draft budget in December 2019.

37. A full year saving of £3 million may not be achieved in 2019/20 because the implementation will not be until later in the year which means that the full year effect will not be felt until April 2020. Any undue delay would push this further back therefore it is vital that the Council acts to ensure the full savings are made as soon as possible.
38. At this stage sufficient data has been considered to suggest that the target can be met, however due process must be followed and thus a focus on timeliness balanced against decision making is crucial to the future financial sustainability of the Council. At this stage there is nothing to suggest this cannot be achieved, and progress will be monitored and reported through regular budget monitoring to officers and Council through Cabinet.
39. The Council's budget included a £3 million provision for Transformation. The one off cost of support to the Head of Paid Services by C.Co has been £232,000. As such there is still sufficient ear marked reserves to deliver future stages of redesign.

Human Resources

40. The Head of Human Resources & Organisational Development has been involved in the process surrounding Tiers 1 – 3 and the overall redesign programme. As this postholder is also potentially affected by the proposal additional consultation and advice has also been provided to the Chief Executive by another senior HR Lead to ensure independence.
41. The scale of the changes will mean the need to continually review the resources and capacity of the service, and where appropriate consideration of additional resources will be taken in light of a cost versus benefit analysis to ensure progress can be maintained.
42. The Council will need to follow its own HR policies and processes and every effort will be made to ensure we engage and consult fully with all stakeholders in line with our policies.

Legal

43. The Council's Directorate structure is a matter for full Council, and appointment of the Council's Chief Officer-related posts (Tier 1-3) is reserved to Full Council and/or the Council's Appointments etc Panel on its behalf. Establishing the detailed specifications and terms and conditions for, appointments to or dismissals from a Chief Officer-related post will normally be undertaken by the Panel.

44. It is proposed that the Assistant Director Legal and Governance will be the Council's statutory Monitoring Officer and County Returning Officer. All other statutory posts are included in Appendix 3.

Privacy and Public Health Impact Assessments

45. No particular impact has been identified.

Equality and Diversity Implications

46. The Council must, during planning, decision-making and implementation, exercise a proportionate level of due regard to the need to:
- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Equality Act 2010
 - Advance equality of opportunity between people who share a protected characteristic and those who do not
 - Foster good relations between people who share a protected characteristic and those who do not

An Equality Relevance Screening has been carried out in respect of these recommendations.

Supporting Information

- Appendix 1 – Design Principles
- Appendix 2 – Current Structure Chart, tiers 1-3 including functionality
- Appendix 3 – Proposed Structure Chart, tiers 1-3 including functionality
- Appendix 4 – Indicative timeline

Contact Points

Specific Contact Points for this report

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Background Papers

In the opinion of the proper officer (in this case the Chief Executive) the following are the background papers relating to the subject matter of this report:

2019/20 Budget agenda papers for Full Council 14 February 2019

5 September 2019 – Cabinet Paper on Worcestershire Children First

Design Principles

a) One Worcestershire

- i. We will demonstrate a “One Worcestershire” approach – across Council departments and with our partners to provide effective and efficient services across the county.
- ii. We will be business-like in how we speak and how we operate.
- iii. We will be fast followers of best practice and innovation.

b) Organisation Design

- i. Our structures will support the future governance arrangements of the Council, allowing chief officers and members to make clear and effective decisions to support our strategy.
- ii. Our structures will be clearly arranged around the delivery of corporate priorities.
- iii. Structures will be affordable and meet future savings parameters collaboratively.
- iv. We will ensure that all structural decisions are evidence based and designed against demand.
- v. We will take a whole systems approach to designing our new structures, ensuring everything we do creates value.
- vi. Our structures will have spans of control which are appropriate to the services being delivered. The levels/tiers within the organisation will be based on contribution and will not exceed 6 layers of contribution.
- vii. Our structures will provide a platform for continued change and development.

c) Workforce Support

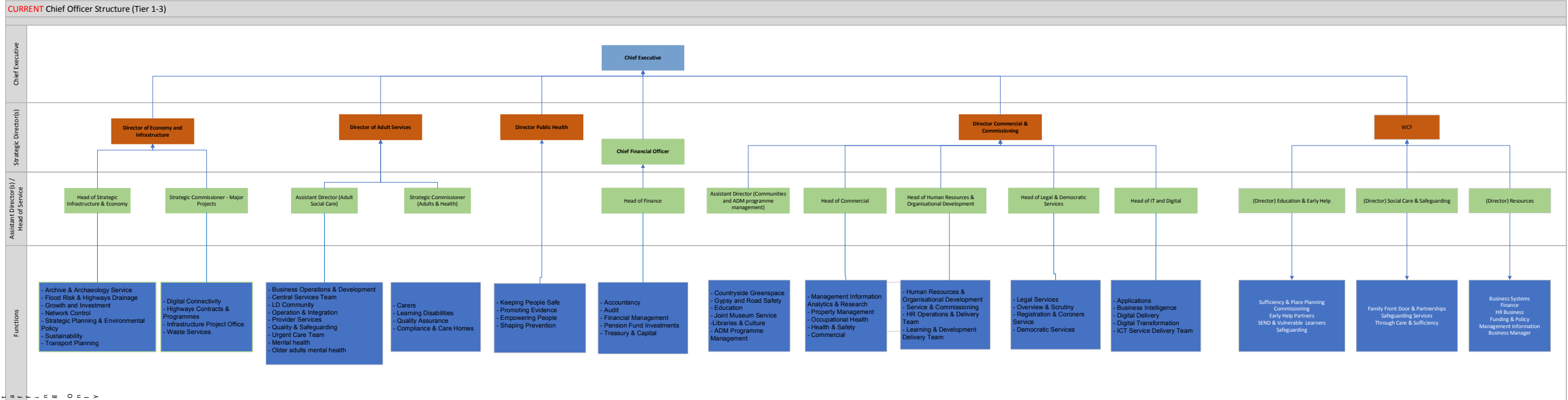
- i. We will invest in our workforce to ensure we have the right people in the right roles for our future organisation.
- ii. We will have a professional, enabled and flexible workforce that uses intelligence and insight to respond to changes in demand.
- iii. We will ensure we have modern and competitive people policies, practices and structures to attract and retain the right talent.

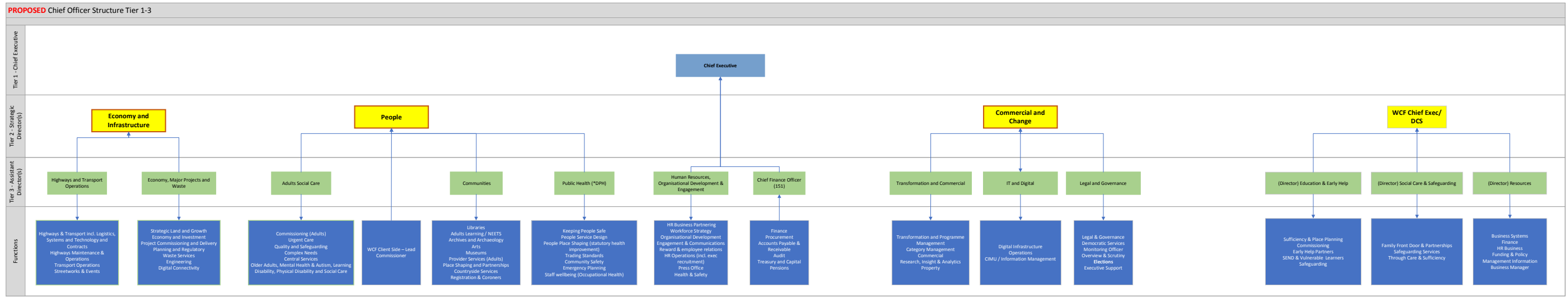
d) Customer Focus

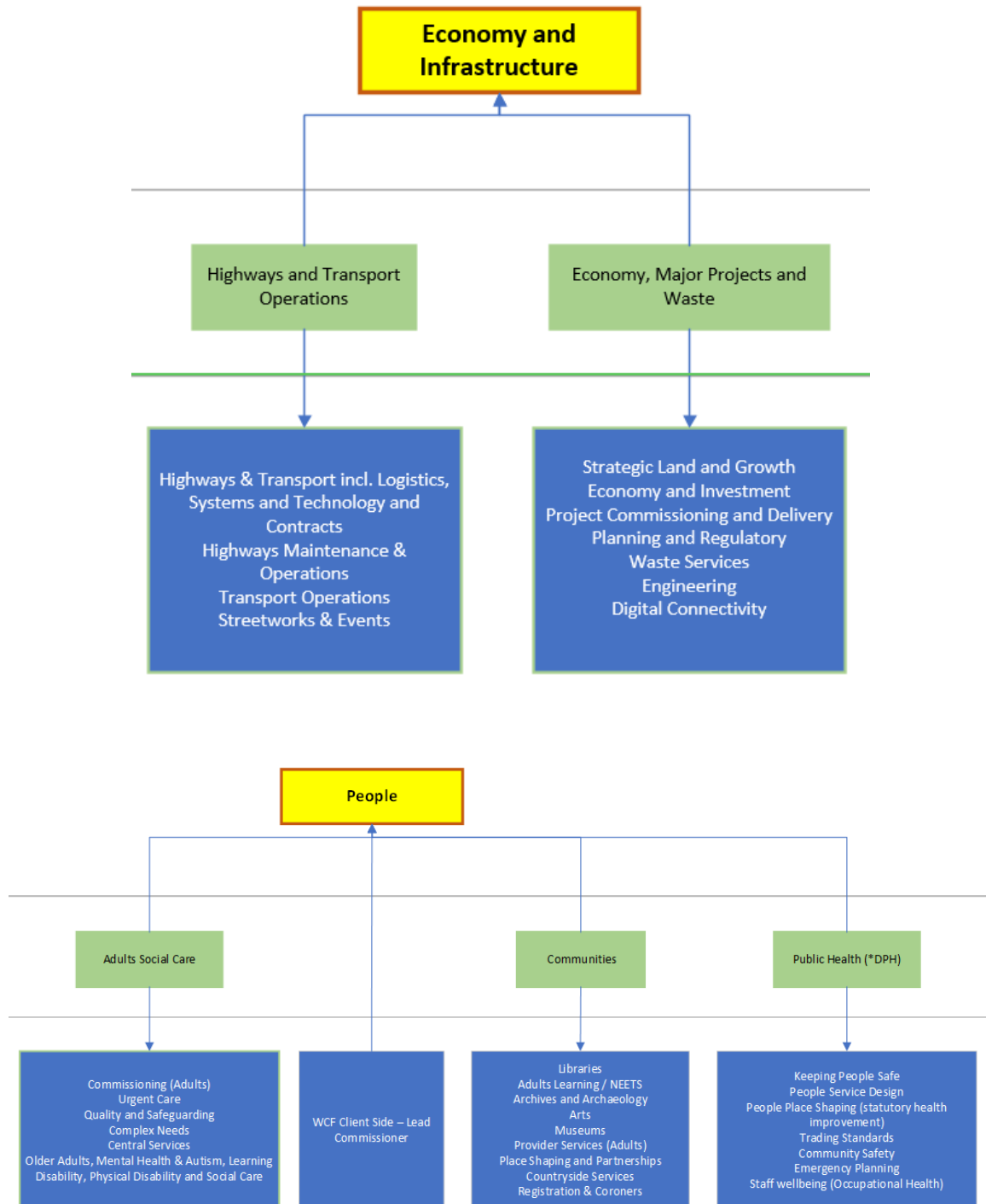
- i. We will only undertake activity that adds value to the customer allowing our resources to be focused on those who truly need it.
- ii. We will be structured around community need rather than Council function, ensuring those with common goals work together.

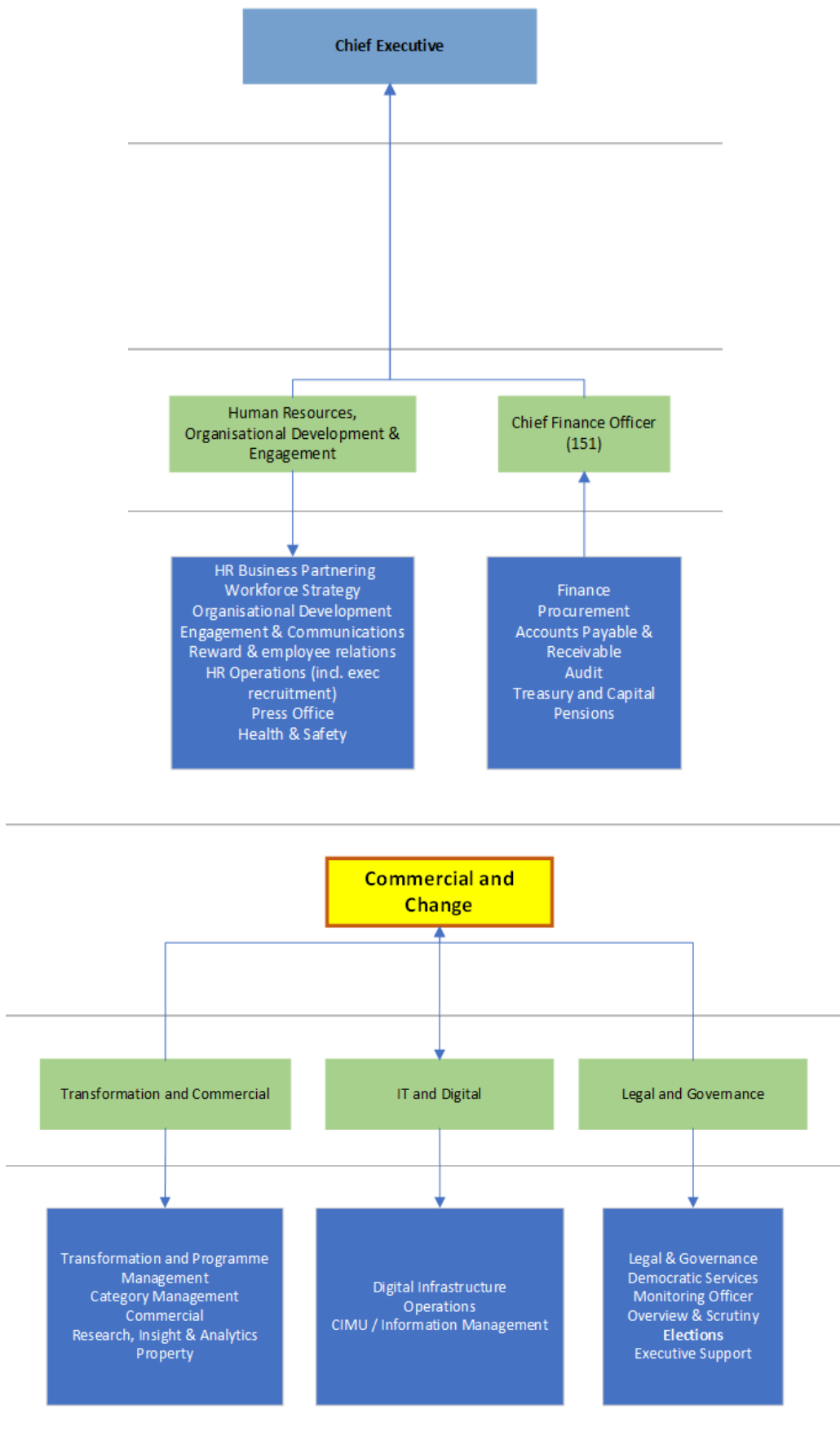
e) Demand Management & Standardisation

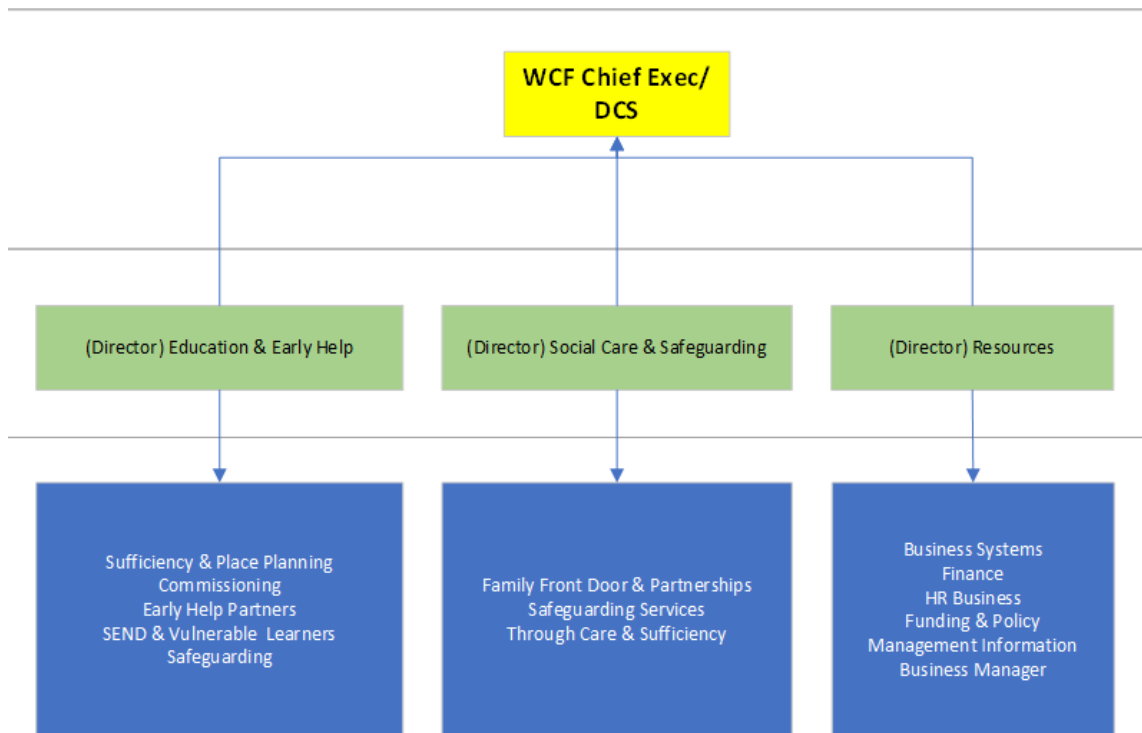
- i. We will adopt and encourage standardised and minimal processes and group common functions into a central structure.
- ii. We will manage demand for services, adopting modern technology to deliver a digital by default approach to support customers to do more themselves.











Indicative timeline:

The following provides an indicative timeline only and will be subject to change

ACTION	DATE
Full Council	Thurs 12 th September
Consultation paper drafted, including generic job descriptions and evaluation (as required)	By end of September
Hold Appointments Etc. Panel (as required) to approve Job Descriptions/appointment process	September
Commence formal consultation with Trade Unions / Chief Officers	October
1:2:1 meetings (if required)	October
Return of preference forms (if required)	October
End formal consultation	November
Consider any consultation feedback	November
Selection process for posts including competitive interviews via Appointment Etc. Panel as needed	November
Appointment to new structure	December

If any post remains vacant at the end of the internal process then appropriate external recruitment would need to then take place and be agreed by an Appointments Etc. Panel.

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CABINET
5 SEPTEMBER 2019**DEVELOPMENT OF WORCESTERSHIRE CHILDREN FIRST**

Relevant Cabinet Members

Mr A C Roberts

Mr M J Hart

Relevant Officer

Chief Executive

Recommendation

1. **The Cabinet Member with Responsibility for Children and Families recommends that Cabinet:**
 - (a) **notes the progress made in developing Worcestershire Children First, and workstream update;**
 - (b) **approves the Company Board appointments and location of Worcestershire Children First;**
 - (c) **approves Worcestershire Children First's Interim Business Plan;**
 - (d) **authorises the Chief Executive, in consultation with the Department for Education appointed Children's Commissioner, Leader of the Council, Cabinet Member with Responsibility for Education and Skills and Cabinet Member with Responsibility for Children and Families, to take all appropriate steps on behalf of the Council in relation to the development of Worcestershire Children First and the commencement of its operation, including agreeing the Service Delivery Contract, Articles of Association Service Support Agreement, and Governance Side Agreement; and**
 - (e) **approves the proposed contract sum for 2019/20 to Worcestershire Children First as set out in paragraph 28 and authorises the Chief Finance Officer to make the budget transfer to Worcestershire Children First accordingly, and notes the indicative contract sum for 2020/21 and 2021/22.**

Background

2. In March 2018, Cabinet agreed to the development of a Wholly-Owned Council Company as the chosen model to deliver and improve children's social care on behalf of Worcestershire County Council (the Council). This decision was in direct response to the statutory direction published on the 19 September 2017, with the Council agreeing to work in partnership with the Department for Education (DfE) on developing a Wholly Owned Council Company. The aim being at the point of transferring services into the Company, Services would be performing well, and the Company will have a positive

platform in which to sustain the progress and continue to improve outcomes for children and young people. This decision was informed by a full business case which followed the 'Five Case Model' contained within HM Treasury's guidance.

3. From April 2018, the programme entered the implementation phase and a detailed programme plan was developed. Decisions since then include Cabinet agreeing the name and legal form of the Company in July 2018 (the Company has been registered as Worcestershire Children First and as a company limited by guarantee); the set of Reserved Matters within the Article of Association in November 2018 along with the Parliamentary Under-Secretary of State for Children and Families agreeing to extend the implementation programme and move the formal launch of Worcestershire Children First (WCF) to 1 October 2019.

4. As part of the implementation phase, thorough consideration was given to what is best for children and young people, with this work being carried out in context of the wider improvement agenda (e.g. special educational needs and/or disability (SEND) inspection and improvement plan) for Children's Services, the change in senior management structure of the Council and the current financial context of the Council.

5. This led to Cabinet, in March 2019, agreeing formally to voluntarily broaden the scope of services transferred to WCF to include wider aspects of Children's Services (e.g. education and early help services as well as social care). At this meeting, a refreshed Full Business Case was approved along with proposals to not extend the contract with Babcock Prime beyond October 2020 and transfer education services into WCF at the earliest opportunity.

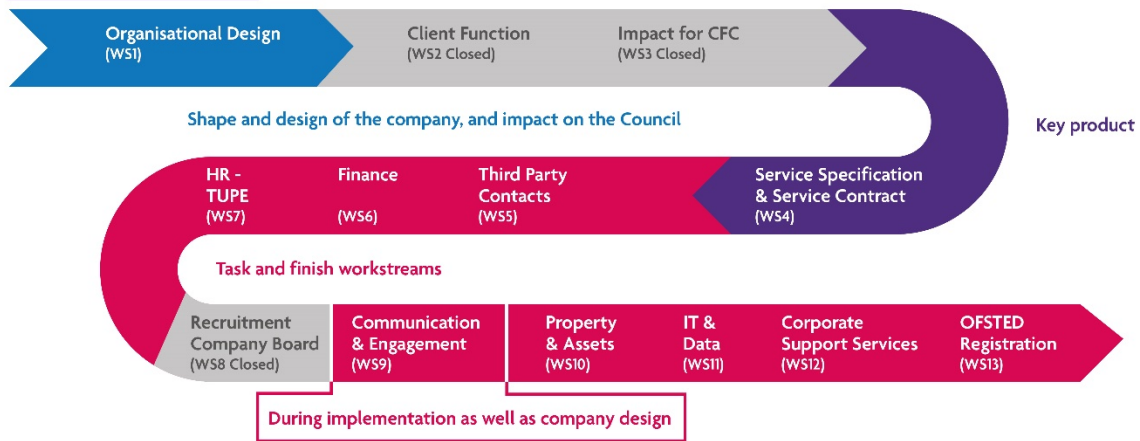
6. In June 2019, the Council's Children's Services were inspected by Ofsted. The judgement was published on the 29 July 2019 and were judged to be 'Requires Improvement to be Good'. Ofsted recognised that progress had been made in many areas of children's services in Worcestershire since the last inspection, when the local authority was judged to be inadequate in 2016. They stated that effective work by senior management and staff, together with commitment and investment by political leaders, has led to improved responses to the needs of children and families. As a result, outcomes for many children and their families are better, and there is evidence of a sustained trajectory of improvement.

7. This rate of improvement is a significant achievement for the Council and is testimony of the hard work and tenacity of the leadership team, managers and frontline staff, as well as the wider council and safeguarding partners. This now provides Worcestershire Children First with a positive platform to both sustain the progress and continue to deliver high quality services for children and young people in Worcestershire.

Programme update

8. Following confirmation of the increase to the scope of services that will transfer to WCF, work has been ongoing to ensure WCF is ready for go live from October 2019. The programme consists of 13 workstreams, of which 10 are still live. The diagram below lists the workstreams and key highlights of activity are outlined in the following paragraphs.

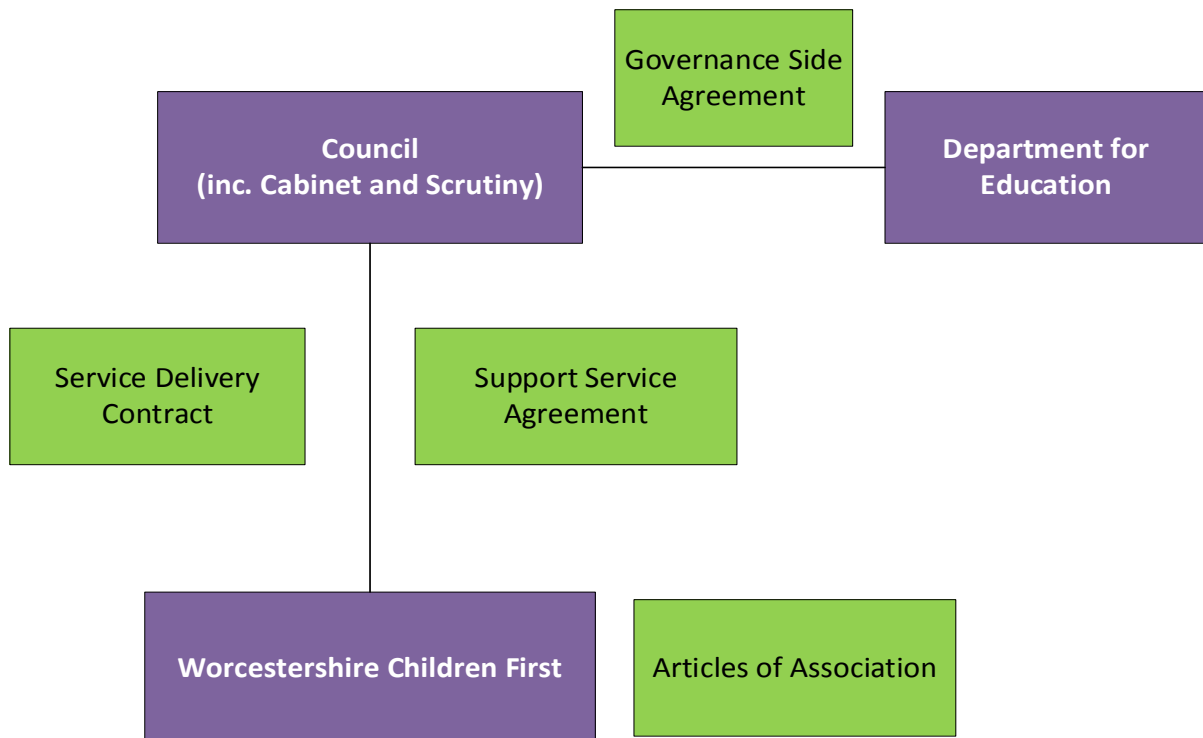
Workstreams



9. Activity within workstream 1 has focused on developing WCF's Interim Business Plan. This is a key document for WCF as it articulates its priorities and how it intends to improve outcomes for Worcestershire's children and young people and meet the Council's contractual expectations. Developing the Business Plan is a requirement the Council has set of the WCF within the Articles of Association. The Articles of Association outline what WCF are expected to include within the Plan and state that for the first Financial Year (the **Interim Business Plan**) shall be adopted by the Board on or around 1 October 2019 and continue until 31 March 2020 when it shall be replaced by the Business Plan for the subsequent Financial Year.

10. Whilst the Plan will be owned on a day to day basis by WCF, it will be approved by Cabinet on an annual basis in line with the agreed Reserved Matters. Other decisions relating to these Reserved Matters will be brought to Cabinet as and when appropriate. See paragraphs 23-37 for further detail on the Interim Business Plan and recommendations for approval.

11. Workstream 4 and workstream 12 focus on developing the contractual relationship between the Council and WCF. There are three contractual arrangements being developed which are depicted in the diagram below. Workstream 4 focuses on the service delivery contract (including the Articles of Association) and workstream 12 focuses on the support service arrangements provided by the Council to WCF.



12. The Service Delivery Contract is made up of a core terms document and 18 supporting schedules. Four of these schedules are considered the ‘key pillars’ of the contract. These are:-

- Service specification (schedule 2) – this confirms what the Council is expecting WCF to deliver on its behalf. It will outline the statutory functions and a brief ‘outcome-focused’ description of each service area. It doesn’t describe how these services will be delivered as this will be decided by WCF as part of its operational independence from the Council
- Financial mechanism (schedule 5) – this describes how the Council will fund WCF including the approach to the jointly agreed financial management arrangements which includes the initial contract sum, invoicing, payments and financial reporting, VAT, management of any in year changes and the contract sum negotiation process to ensure alignment with the Council’s Medium Term Financial Plan process
- Performance Framework (schedule 6) – this describes how the Council will be holding WCF to account for the services it is delegating to it. It includes as set of obligations on the Company which include the production of a Business Plan and the maintenance of several key performance indicators within an agreed tolerance level. The Performance Framework also describes the performance rectification process and confirms the expectations around contract monitoring
- Governance Schedule (schedule 18) – this describes the expectations of WCF in participating in the Council’s democratic structure along with participating in the range of partnership meetings such as the Children’s Strategic Partnership meeting. It also describes the contract monitoring meeting cycle in more detail. The contract monitoring will cover both the service delivery contract and the support service agreements.

13. The Service Delivery Contract also defines a range of activities provided by the Council (including the Support Services), that WCF is dependent on to deliver the services successfully. These are known as the Council Dependencies and they are listed within Schedule 4.

14. The Support Service Agreement consists of set of overarching core terms and 14 individual support service specifications ranging from HR, Property & Facilities Management, Finance and Project Management. These individual specifications describe the services to be provided by the Council to WCF along with the relevant financial information (e.g. the cost of the support services) and the relevant performance information.

15. The Governance Side Agreement is between the Council and the Department for Education and builds on the agreed Memorandum of Understanding and Statutory Direction. It is in place only whilst the Council remains under Direction.

16. Discussions relating to the detailed content of the contractual documentation are ongoing, but on track to be agreed by October 2019. Cabinet, in March 2019, authorised the Chief Executive, in consultation with the Department for Education appointed Children's Commissioner, Leader of the Council, Cabinet Member with Responsibility for Education and Skills and Cabinet Member with Responsibility for Children and Families, to agree these final terms upon which services transfer to WCF. These terms also need to include the Governance Side Agreement and the Articles of Association.

17. As part of Workstream 7, consultation is taking place with staff who are in scope to TUPE transfer giving assurance that terms and conditions will not be negatively impacted because of the transfer. This engagement has included several well-attended briefing sessions, the offer of 1 to 1s and the distribution of formal 'measures' letters. Approximately 842 Full Time Equivalent staff will transfer into the Company at midnight on 1 October 2019, including qualifying employees working within a support service role as well.

18. Workstream 8 focused on the recruitment of the Company's board which is now complete. The following people have been appointed as Directors of WCF and Cabinet is asked to formally accept these appointments:

- Robin Morrison (Chairman) (DfE-appointed position)
- Catherine Driscoll (Chief Executive)
- Philip Rook (Director of Resources)
- Tina Russell (Director of Safeguarding and Social Care)
- Sarah Wilkins (Director of Education and Early Help)
- Cllr Karen May (Non-Executive Director)
- Cllr Marcus Hart (Non-Executive Director)
- Andrew Spice (Non-Executive Director)
- Sally Taylor (Non-Executive Director)
- Claire Burgess (Non-Executive Director)
- Gareth Moss (Non-Executive Director).

19. The WCF Board is now meeting in shadow form and approved the Interim Business Plan at their meeting on 20 August 2019. The WCF Board will be supported by two sub-boards: the Audit, Risk and Governance Board which will be chaired by Gareth Moss

and a Quality Assurance Board which will be chaired by Claire Burgess. The Quality Assurance Board will have a specific focus on the voice and experience of children and young people.

20. Since Cabinet in March 2019, County Hall has been confirmed as the location of the headquarters of WCF and work has commenced on refurbishing the relevant pavilions and scheduling the re-location of staff into the space. This, along with changes to emails and websites (covered in workstream 11), will be the biggest change experienced by staff because of the move into WCF. The website www.worcschildrenfirst.org.uk has been launched, as has the internal intranet site 'FirstSpace' which is already in use. All transferring staff will be issued within a new email name@worcschildrenfirst.org.uk and testing of these is on track for completion ahead of October 2019.

21. WCF will also operate, as the current service does, from several other offices and delivery points. Following legal advice, the Council is granting the WCF a Tenancy at Will to ensure the continuity of service from these buildings. These are currently being formalised ahead of October 2019.

22. The creation of WCF has also involved the direct registration of the fostering service, as Worcestershire Children First Fostering, and the change of registration of children's homes and short break units. Work with Ofsted is in progress to obtain these new registrations before the launch of Worcestershire Children First and the Council has fulfilled all the necessary expectations.

Worcestershire Children First - Interim Business Plan

23. As previously mentioned, the Council requires WCF to develop and publish a Business Plan. In the first Financial Year, it is expected that this will be an Interim Business Plan which shall be adopted in time for the launch of WCF and continue until 31 March 2020. This plan will be owned by WCF on a day to day basis and approved by Cabinet on an annual basis. The plan sets out WCF's vision and strategic goals for the next three-five years and outlines how they will deliver services for children, young people and families, on behalf of the Council, from 1 October 2019. It also describes WCF's staffing and governance structure as well as predictions and proposals in relation to finances. The full version of the Plan is available in the supporting information as an Appendix.

24. In response to the needs of the Council, WCF aims to improve outcomes for all children and young people (up to the age of 25) in Worcestershire, by addressing their needs holistically through excellent early help and prevention, education provision and social care. Its Vision, Mission, and Values define its reason for being. They are indicators of the direction of travel, to guide services and colleagues. This is particularly important for WCF as it represents positive change and new opportunities for colleagues and children, young people and families.

- **Vision:** Worcestershire to be a wonderful place for all children and young people to grow up
- **Mission:** Supporting children and young people to be happy, healthy and safe.
- **Values:** Children at our heart. Value family life. Good education for all. Protection from harm.

25. Taking into consideration the population and deprivation statistics of Worcestershire as well as the current service levels, the Plan provides details of WCF's strategic goals over the next five years. These goals are centred on four key areas of development

- Culture
- Organisation
- Users and Services
- Relationships.

26. Across these four areas, the Interim Business Plan outlines that, in the short term, WCF will focus on consolidating the significant progress in improvement that has already been achieved by continuing to build stable and productive teams, strengthening work with partners and establishing its brand. This will also include welcoming, through a TUPE transfer at the end of the current contract, colleagues from the current education provider – Babcock Prime - and embedding and maximising the new social care case management system to improve day to day practice. They will be also be testing the operational and contractual relationship with the Council to ensure both parties are working collectively together to improve outcomes for children and young people.

27. In the medium to longer term the Plan sets out that WCF will increase its efforts to co-produce with service users and have a relentless focus on delivering good quality, impactful, services. They intend to exploit opportunities that will help deliver its vision and mission and aim to work effectively and efficiently within an agreed financial envelope. WCF also aims to have national recognition for the quality of services it provides and the positive impact it makes to children and young people's lives.

28. Within the financial section of the Interim Business Plan the detail outlines the proposed contract sum which is shown as three separate elements. These elements and their proposed values for the contract period are shown below.

	2019/20 6 months	Indicative 2020/21 Full Year
	£000	£000
Current Service Budgets (Gross)	51,554	107,453
Additional Costs of Company	402	695
Support Services (Transfer/buy-back)	3,221	6,455
Total Gross Cost	55,177	114,603

29. The 2019/20, gross cost is in line with the budget set by Council in February 2019. The future year budget is indicative at this stage as the Council is currently reviewing its medium term financial plan and awaiting funding announcements. As such the £107.453m is reflective of the demand and cost pressures forecast at this stage. Further review of this and other elements will take place between now and January 2020 when the WCF Board and then Full Council will further consider this matter. As part of that exercise the Council will review Government announcements on external funding and the transfers necessary that will be reflected in the net budget of WCF.

30. The documentation requires that should any additional funding in-year be sought, it is to be requested by WCF (either Capital or Revenue) through the governance schedules. These provisions require WCF to complete a business case that will be discussed with the Council and considered in accordance with the Council's decision-making process. If agreed (as appropriate) this would be reflected through a change control process.

31. The Council is currently reviewing the current set-up costs of WCF and the ability to transfer these to WCF to hold against any potential future tax liabilities. As such this would be recognised as a technical loss on day one, but would be held against future Council reserves if no offset can be made. This will be noted in the first annual accounts for WCF.

32. WCF has already established sound financial controls, bank account, VAT registration and its PAYE reference. Internal Audit will be provided from the Council's internal function and reported to both WCF and Council's Audit Committees.

33. The delivery of services through WCF will necessitate the creation of additional management posts within WCF that could not be transferred from existing posts in the Council. In addition, there are some non-staffing cost increases to consider, specifically the ongoing legal and audit requirements of the Company.

34. The Support Services figure includes the costs of services, covered by Support Service Agreements (SSA), which has been agreed through dialogue meetings. The basis of charge is based on 2019/20 budget and appropriate relevant service metrics to establish the service price.

35. The assumption is the cost of the Babcock Prime contract is not currently included in the WCF budget at this point, but this will be built into the 3-year budget once there is greater clarity of services transferring to WCF and timescale.

36. Achieving these ambitious aims for WCF's long-term future will be dependent on several internal and external factors, meaning they will be subject to change as the needs of the Council changes and WCF matures. Therefore, in line with Council expectations, the Interim Business Plan and WCF's budget will be reviewed and refreshed on an annual basis alongside the Council's annual review of its own medium-term financial plan and budget setting process.

37. Given the early stages of WCF's developments and the time of approval being close to the publication of the recent ILACS inspection report, the content of this Interim Business Plan meets the requirements of the Council. However, it is expected within its next iteration that it will include the necessary response to recent Ofsted ILACS inspection, and a comprehensive cash-flow forecast and balance sheet. It is also expected that a more detailed procurement and commissioning plan will be available. The plan will be available in an easy read version. Nevertheless, it is recommended that Cabinet approve this Interim Business Plan as adopted by WCF's Board on 20 August 2019

Legal, Financial and HR Implications

38. The paragraphs above outline the legal/contractual arrangements that will be in place between the Council and WCF. The term of the contract is an initial five years with the option to extend by a further five years.

39. WCF's Interim Business Plan provides detail around the financial and staffing expectations. Approximately 842 staff will transfer from the Council to WCF at midnight on 1 October 2019 along with £55.177m for the remainder of 2019/20. This is in line with the Council approved budget set at Full Council in February 2019.

40. Budget monitoring and reporting will continue to be carried out and reported through quarterly overall Council budget forecasts to Cabinet. Any variations or change orders arising in a change to the contract value would be report or approved through that forum dependent on the scheme of delegation.

41. In development of the financial model and as part of the development of the 3-5-year business plan for WCF, a detailed review, analysis, challenge and scrutiny has been completed by finance staff and operational staff within the council. A review has also been undertaken by both the Chief Financial Officer and the Director of Resources (Designate) for WCF. Both parties have also sought an independent review and assurance of the budget development process from Mutual Ventures (MV) in a critical friend role. Mutual Ventures concluded that they are assured that the development of WCF's budget has followed a robust process and includes the scope of analysis and information necessary for WCF and the Council to reach agreement on an appropriate budget for WCF. However, they also concluded that it was not within the scope of MV's remit to validate or provide an independent review and endorsement of the sufficiency of the WCF budget calculated by WCF and the Council.

42. All future year figures at this stage are indicative and no decisions have been taken. The Interim Business Plan for WCF and its medium-term financial plan will be considered alongside the annual budget setting cycle and be presented to Full Council alongside the Council Tax precept decision in February 2020.

Equality and Diversity Implications, Privacy and Public Health Impact Assessments

43. The Council must, during planning, decision-making and implementation, exercise a proportionate level of due regard to the need to:

- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Equality Act 2010
- Advance equality of opportunity between people who share a protected characteristic and those who do not
- Foster good relations between people who share a protected characteristic and those who do not.

44. An Equality Relevance Screening has been carried out in respect of these recommendations. It identified that further equality impact analysis and public health impact assessments will be required in respect of staff, service users and the wider community during design and implementation of activity needed to give effect to the recommendations set out in this report.

45. The services and functions being transferred into WCF have the duty to improve outcomes for children and young people, and these outcomes directly or indirectly impact on their health. The Public Health Ring-fenced Grant is being used to support some of these services, specifically some Early Help services, in this context. A full Public Health Impact review will be carried out on services, including evaluation of impact and effectiveness.

Risk Implications

46. WCF's Interim Business Plan outlines, within its appendices, an overview of the significant risk that WCF will be managing on a day to day basis. These risks will also form part of the Council's high-level risk register as the Council remains accountable.

Supporting Information

- Appendix - WCF Interim Business Plan (electronic version only)

Contact Points

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Background Papers

In the opinion of the proper officer (in this case the Chief Executive) the following are the background papers relating to the subject matter of this report:

Agenda papers for the meetings of the Cabinet held on 29 March 2018, 12 July 2018, 15 November 2018 and 14 March 2019.