

CABINET
14 MARCH 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) approves the refreshed Full Business Case (FBC) attached as an Appendix which has been updated to ensure it accurately reflects the intentions of the Council in relation to the services provided by Worcestershire Children First;**
- (b) approves the recommendations in the refreshed FBC in relation to the size and scope of Worcestershire Children First;**
- (c) approves the proposal to not extend the contract with Babcock Prime beyond October 2020 when the contract is anticipated to come to a natural break at the end of the initial five year term;**
- (d) authorises the Director of Children, Families and Communities to initiate and implement a programme to work with Babcock Prime in order to transfer Education Services into Worcestershire Children First at the earliest opportunity;**
- (e) notes the progress made in developing Worcestershire Children First including the confirmation of Company Board appointments;**
- (f) authorises the Chief Executive, in consultation with the Department for Education-appointed Children's Commissioner, Chairperson of Worcestershire Children First, Leader of the Council, Cabinet Member with Responsibility for Education and Skills and Cabinet Member with Responsibility for Children and Families, to agree the final details of and terms upon which services transfer to Worcestershire Children First;**
- (g) authorises the Chief Executive to take all appropriate steps on behalf of the Council in relation to the development of Worcestershire Children First; and**

(h) agrees to receive a further report in Autumn 2019 including the approval of Worcestershire Children First's Business Plan.

Background

2. In March 2018, the Cabinet agreed to the development of a Wholly-Owned Council Company as the chosen delivery model to deliver children's social care. This decision was in direct response to the statutory direction published on 19 September 2017. The aim being at the point of transferring services into the Company, the Service will be performing well and the Company will have a positive platform in which to sustain the improvement as well as further 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), 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 to 1 October 2019. The change in go-live date allows for the better management and predicted overload on social work business throughout the early part of 2019 and will allow for a shadow period to commence from 1 April 2019.
4. As part of the implementation phase, thorough consideration has been given to what is best for children and young people, and this work has been 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 November 2018, agreeing to consider broadening the scope of services transferred to Worcestershire Children First to include the full range of Children's Services. This decision subsequently triggered a refresh of the Full Business Case originally approved in March 2018; a more detailed analysis of the proposals to extend the responsibility of Worcestershire Children First to include education and early help; and a re-design of the Programme Plan. The output of these three areas forms the basis of this report.

Full Business Case

6. The Full Business Case (FBC) represents the intentions of the Council in creating a Wholly-Owned Council Company (WOCC) for the delivery of high-quality Children's Services in Worcestershire. It is intended that the WOCC would have the majority of Children's Services in scope, recognising the importance of education and wider preventative services in the overall journey and needs of children both within their wider community as well as their home.
7. The premise of the WOCC is to improve outcomes for all children in Worcestershire by addressing their needs holistically through early help and prevention, education provision and social care. The WOCC would have the opportunity to carry out services differently and to integrate services more closely together so that services are delivered as part of one seamless organisation. This will enable children, young people and

families to feel valued, heard, and that staff are responsive to their needs across a variety of services within the system. All Company staff would be working together towards the same goals, dedicated to improving outcomes for those in need.

8. The Full Business Case (FBC) has been drafted to make the case for the development of an Alternative Delivery Model (ADM) for the Council's Children's Services. The previous FBC was originally approved by Cabinet on 29 March 2018 for Children's Social Care services only.

9. Since the previous FBC, an implementation programme has commenced, during which a number of key programme components have changed, including the go-live date and the scope of services transferring into the ADM. As such, the FBC has been revisited and revised during January – February 2019, to ensure it accurately reflects the intentions of the Council.

10. The FBC has been created using the 'Five Case Model' comprising the following key components:

- The **strategic case** - this sets out the case for change, together with the supporting investment objectives for the arrangement
- The **economic case** - this demonstrates that the organisation has selected the most economically advantageous offer, which best meets the existing and future needs of the service and optimises value for money
- The **commercial case** - this sets out the content of the proposed 'deal', i.e. that the ADM is commercially feasible for the Council to implement
- The **financial case** – this describes funding arrangements, the required budget, and key considerations for the affordability of the ADM, and
- The **management case** – this specifies the plans for the successful delivery of the programme of work to cost, time and quality.

Strategic Case

11. The content of the Strategic Case has been updated to include information on the key strategies and improvement work across Education, School Improvement, Special Educational Needs & Disabilities and Early Help Services. This is additional to the previous content that focused on Social Care Services. The vision, mission and values of the ADM have also been updated to reflect a broader scope as well as the composition of the proposed Company Board. The previous FBC outlined a Board structure of nine individuals whilst the updated version proposes a structure of 11 Board members. This allows for an additional Executive Director to join the Board to represent Education and Early Help and an additional Council-appointed Director (elected Member).

12. The Strategic Case also summarises the children's services in-scope, as well as associated staff expected (as of January 2019) to transfer to the WOCC as a result of the broadened scope. This excludes WOCC internal support services which is likely to be another significant group of staff, though this is still to be determined as well as any external contracts. This is based on the 2019-20 budget of approximately £100M, which increases in following years (currently due to inflation).

- Total – 824 Full Time Equivalent (FTE) Staff
- Safeguarding – 660.5 FTE

- Education & HTST – 74.74 FTE
- Early Help – 55.41 FTE
- Senior management and admin support – 33.10.

Note: The Financial Case (section 6) describes cost and staffing figures in further detail, including the increase in budget from 2019/20 onwards.

13. The Strategic Case concludes by stating that the case for change has been clearly demonstrated through the Strategic Case, citing a number of improvement goals and outcomes, as well as the Direction from the Department for Education (DfE). The vision and outcomes of the ADM, the scope of services and the high-level design have been discussed and agreed in principle with a wide range of stakeholders within the Council. Consequently, the Strategic Case provides a sound basis to proceed with the FBC.

Economic Case

14. The Economic Case has been updated to reflect the amended estimated Company contract value of £100m, as well as the transition costs of an estimated £3.15m. Furthermore, two additional benefits were added. It concludes by stating that the Company model presents a wide range of opportunities for services which if executed successfully, will enable the service to enhance itself to 'good' or 'outstanding'.

15. The development of a WOCC does not present significant financial benefit; however, this is not the purpose of the investment. The implementation and running of the WOCC will incur further cost. However, a large proportion of the additional costs are mitigated through DfE funding to cover implementation costs. Ongoing work is required to understand the impact on the Council's finances. The WOCC model presents some risks (addressed in the implementation plan), though none of these risks have been identified as insurmountable or puts the Council in jeopardy providing they are actively mitigated. Provided attention is brought to these areas through the design, the Company could bring significant value to the users, public and to the Council.

Commercial Case

16. Much of the original content of the Commercial Case is still relevant to the updated scope and therefore has not changed significantly. The biggest area within this case relates to the proposed relationship with the range of support services that would be required for the WOCC to function. The current working assumption being that in the main, for most of these services, the WOCC will buy back from the Council.

17. The Commercial Case also includes information around the third party contracts in scope of the WOCC's proposed remit. This section has been updated to reflect that there are approximately 80 core contracts in scope for consideration, as opposed to the original 17.

18. The VAT section has also been updated to reflect HMRC wording on whole service children's companies, but that final confirmation from HMRC will be obtained as part of the budget development for the Company. In summary, it is unlikely the WOCC will incur additional VAT costs as a result of services transferring into the WOCC. However, if additional costs are incurred because of the size of the social care element it is possible this would be funded by the DfE or make the company unviable which would then trigger the relevant termination clause.

19. The refreshed Commercial Case outlines the ADM's potential approach to trading opportunities. Whilst the focus of the WOCC will be to deliver excellent children's services on behalf of the Council, and to improve outcomes for children and young people, there are also opportunities to consider, particularly within the Education provision, regarding traded services that would allow the WOCC to generate a relatively small amount of additional income outside of its contract with the Council. In light of existing budget pressures, the ability to generate income whilst delivering valuable services to children and young people is attractive.

20. As Children's Education services will transfer to the WOCC, the WOCC may wish to explore and manage the delivery of these services in order to generate income. However, this is an area that requires full investigation through the implementation programme, working with the contracts team, legal team and Education teams to develop a detailed design/proposal.

Financial Case

21. This section of the FBC has seen the biggest change because of the updated scope as it outlines the projected financial impact of establishing the WOCC. As noted in the economic case, the key driver for the WOCC is improvement of outcomes for children, not cost reduction or income generation.

22. In summary it is estimated that:

- An investment of approximately £3.2M will be required to establish a WOCC. This is based on financially prudent assumptions and may change during implementation as key decisions are taken, in particular on where the WOCC will be located. This expenditure is funded by a Section 31 DfE grant
- The recurrent gross expenditure (2019-20) of the service budgets is estimated at £120.1M, with recurrent income of £27.8M and a subsequent net budget of circa £92.3M. This excludes support services costs, as well as additional ADM costs
- The total net budget (2019-20), including support services costs and additional ADM costs is circa £99.1M
- Based upon recent guidance from the DfE and HMRC the WOCC can class all services as a single, VAT-able supply, and can therefore invoice the Council at standard rate, recovering the VAT on their purchases. This financial case assumes there is not an irrecoverable VAT issue that needs to be accounted for
- The Dedicated Schools Grant (School Block) is not currently included within the budget tables that follow in the financial case. The DSG is over £200M of funding that currently flows through the Council to Worcestershire schools. Whether the WOCC should administer the DSG (School Block) is currently under review.

23. In order to formulate the Finance Case to estimate the costs and risks associated with the WOCC and create a robust 5-year Financial Model, a number of informed assumptions have been made regarding the scope of services, buy-back arrangements, technical and financial arrangements of the WOCC, property arrangements, set-up requirements, the DfE intention to provide funding and the anticipated budget.

24. The affordability of the WOCC is heavily dependent on the agreement made between the Council and the DfE regarding set-up funding, which has now been confirmed and is in use. The ongoing Financial Model is regularly revisited to ensure the Council has the budget to be able to successfully deliver the service within the proposed WOCC through the Programme's Budget Development Working Group. The final budget agreements will form part of the service delivery contract and final terms that the Company is created.

25. It is anticipated that the services in the WOCC will be subject to the same pressures around demand for services and unit costs as they would if they were to remain in the Council. The financial implications of this and any growth/investment required to the Company budget will be managed through the Council's usual budget setting process which will require significant engagement with the Company. Equally, any future requirements for the WOCC to drive savings plans on behalf of the Council will also be managed and agreed through the Council and Company budget setting processes.

Management Case

26. The Management Case has been updated to include a revised programme plan and critical path timescale. The conclusion remains the same that the case provides a robust understanding of the critical activities and risks associated with the implementation phase. It has considered the timescales for delivery of other similar children's services company implementation and mapped this against Council capabilities and resources.

27. Consequently, the ADM Programme Team have demonstrated it is able to resource and plan the implementation phase (up to 1 October 2019) to time and budget (subject to key internal availability). It is recognised that the plan will be iterative and dependencies must be revisited regularly, to understand the impact on the critical path timescales, and that there are significant risks regarding capacity across the Council.

28. The ADM Programme has already been resourced and is well-governed, with robust mechanisms for monitoring risks and milestones in place. Whilst the inclusion of wider children's services does place pressure on the Programme, providing the requested resources continue and the Programme continues to be governed effectively, the ADM Programme will be well-placed to successfully deliver the implementation of the WOCC.

29. The FBC demonstrates a comprehensive understanding of the proposed WOCC model, activities required, technical and financial considerations, and risks associated with implementing this option. It has been updated to reflect the Council's intention to develop a WOCC which has the majority of Children's Services in scope, recognising the overall journey and needs of the child within their wider community as well as their home. It is therefore, recommended, that the Cabinet approve this updated version of the FBC which will then be used to inform the remaining implementation phase.

Proposed change in scope for Worcestershire Children First

30. On 15 November 2018, Cabinet noted the proposals to broaden the scope of services transferred to Worcestershire Children First to include the wider range of Children's Services. This proposal did not include the transfer of services commissioned by Public Health (i.e. Health Visiting) which remain outside of the proposed wider scope of Worcestershire Children First.

31. Cabinet noted that widening the scope of functions transferred into Worcestershire Children First has a number of benefits:

- Firstly, and most importantly, it strengthens the focus on improving outcomes for children and young people as Worcestershire Children First's Board of Directors will have a single unwavering focus on children and young people. With a broader scope, this focus will cover the full range of services for children and young people thus supporting a more inclusive and integrated approach. There will also be opportunities, which otherwise would not have existed, to integrate service provision together, such as services for children with SEND
- Broadening the scope of responsibilities for Worcestershire Children First will also keep the focus on improvement in one place as both Children's Social Care and services for children and young people with SEND are subject to Ofsted monitored improvement plans. The operational implementation of the improvement plans will be the responsibility of the Company and will be led by the Board of Directors and Senior Leadership Team
- There are also financial benefits to widening the scope of functions transferred given the opportunity to integrate service provision. There are also economies of scale to be made in the provision of support/back office services and the Company's executive leadership team. However, these benefit, whilst important, are considered secondary to those that focus on improving outcomes for children and young people.

32. Since November, along with the refresh of the full business case, work has been completed to ascertain more detail about the proposed additional services in scope including the funding source, the statutory duties involved and the implications of moving it to Worcestershire Children First.

33. This work has concluded in the following teams/functions and services being proposed to be in-scope of transfer to Worcestershire Children First. Collectively these teams/functions oversee or deliver all aspects of children's services and provide opportunities for a much greater focus on prevention and the need for integrating services for the most vulnerable learners. Due diligence is ongoing to ensure any delegation of statutory functions to the Company complies with legislation.

Independent Review and Quality Assurance	Principal Social Worker
Children with Disabilities (CWD) including:- Locality Social Work Teams Equipment for CWD Domiciliary Care for CWD Children's Homes and Short Breaks	Specialist Services including:- Specialist Family Support Homeless Intervention Team Emergency Duty Team Supervised Contact Team
Safeguarding Locality Teams	Targeted Family Support
Family Front Door including:- Targeted Family Support Contact and Referral Assessment Teams Community Social Work Function	Through Care Services for Looked after Children and Care Leavers

Fostering and Kinship Care	Outreach and Supported Living for Care Leavers – non CWD
Safeguarding Teams & Group Manager	ISL: Health & Well-being for Looked after Children
Workforce development* (budget – not team)	Financial function Section 17 & Section 20 Support
In House Residential Children's Homes - mainstream	Adoption Services (those not in ACE)
Special Guardianship, Direct Financial Support & Residence Orders	Participation and engagement with children and young people
Early Intervention Family Support	Virtual School for Looked After Children and Vulnerable Groups
Commissioning and contract management of early help services for vulnerable children and families	Assessment of needs and effective planning for children Special Education Needs and Disabilities (SEND)
Commissioning – Education	Education Adviser (safeguarding)
Troubled Families Programme	Provision Planning and Accommodation
Early Years education and childcare	Education and School Improvement Services
Early Help Quality Assurance Improvement	Business Process development

34. All of these areas listed above are currently part of the Director of Children, Families and Communities' remit and have close working relationships and interdependencies with each other and are best placed within Worcestershire Children First.

35. When reviewing the scope of Worcestershire Children First there were a few services/functions that required more investigation in terms of contractual and legal arrangements and the working relationships with other Council services before determining whether they can or should transfer to Worcestershire Children First. These were the Skills Team, the Special Education Needs and Disabilities Independent Advice and Service (SENDIAAS) and Joint Commissioning of children's community health services. The future positioning of these three functions are outlined below.

Skills

36. The Skills functions and subsequent teams perform a variety of functions which include working with young people to help them remain in education; employment or training; access to both formal and informal adult learning activities; helping to increase and celebrate the number of apprenticeship opportunities across the county and broader support for the Council's Open for Business priority through working with the Local Enterprise Partnership.

37. These functions work closely with schools, colleges and a range of children's services to help support young people into positive education, employment or training opportunities. The adult learning and post-16 provision are subject to an Ofsted inspection (currently graded Good) under the Further Education and Skills framework. Both of these factors support the positioning of the team within Worcestershire Children First.

38. However, a large proportion of the team works with the adult population and the business sector which falls outside of the core remit of Worcestershire Children First.

Many of the teams and functions are also delivered through contracts with the European Social Fund (ESF). It is currently unclear whether these contracts could be novated over to Worcestershire Children First and given the UK's intention to exit the European Union the future of this funding is unclear.

39. It is therefore recommended to leave these functions within the Council and consider their ongoing position as part of the wider remodelling work across the Council. In doing this, it is important to note that the work carried out by this function with vulnerable young people/adults (Post 16/NEET Prevention) falls part of the statutory remit of the Director of Children's Services and is integral to wider outcomes Worcestershire Children First will be responsible for. Therefore, there will need to be a formal arrangement between the Council and Company to ensure these functions continue. It is envisaged, in the first instance, that this would be included in the Council Dependency schedule within the Service Delivery Contract with Worcestershire Children First in order to keep offering an integrated skills offer.

Joint Commissioning of Children's Community Health Services

40. The Commissioning Children's Health Services is a function that commissions children's health services under a section 75 Agreement between the Council and Worcestershire's Clinical Commissioning Groups (CCGs). It is a relatively small team (4.8 FTE) and it works on behalf of the CCG, and the local authority to commission services to meet health needs for children and young people. The section 75 agreement is in place to support the alignment or pooling of budgets between the NHS and local authority health-related functions. It has supported greater integration of services for children and young people and a more efficient way to commission services. As such the Council remains committed to retaining these arrangements

41. The team currently works and is managed by the wider children's commissioning functions that are transferring into Worcestershire Children First. It also works closely with Public Health and CCG commissioners who are also responsible for commissioning services for children and families such as Health Visiting, School Nursing, Maternity Services and Acute Health Services. These wider health-related commissioning functions are not transferring into Worcestershire Children First. Therefore, regardless of positioning, this function needs to actively work as part of a 'virtual' team that works collectively together to commission integrated, efficient and effective services that improve outcomes for children and young people.

42. There are plans for strengthening the 'virtual' commissioning team to promote an even greater focus on integrated commissioning for children and young people and to create a coherent governance system reporting to the Children and Young People's Strategic Partnership and the Health and Well-Being Board.

43. Following discussions with the CCGs, the intention is to keep commissioning functions for children and young people as closely integrated as practically possible and further work is being carried out on strengthening the 'virtual' commissioning team for children and young people mentioned above. However, the legal advice around the section 75 agreement (made under NHS Act 2006) has concluded that the powers to make section 75 agreements rest with the Council and the statutory discretion to do so **cannot** be contracted out or delegated to Worcestershire Children First. Therefore, it is recommended that the staff working as part of this team remain in the current employment arrangements, but they are co-located within Worcestershire Children First

on a day-to-day basis to support the continuation of integrated working and a memorandum of understanding is put in place between the CCGs and Worcestershire Children First.

SENDIAAS

44. The Special Educational Needs and/or Disability Information, Advice and Service (SENDIAAS) service provides an impartial and confidential support service for parents and carers of children, and young people up to the age of 25, with special educational needs and disabilities (SEND). The service offers free advice and one-to-one support about education, social care and health entitlements, and can help parents and carers plan their child's future.

45. SENDIAAS currently sits separately from the core SEND service that is in scope into Worcestershire Children First as it offers parents, carers and young people an independent and impartial service. Maintaining the service's independence and impartiality is a critical factor to consider in its future positioning, legal advice is also that the statutory discretion cannot be delegated away, so it is therefore recommended that it remains outside of the remit Worcestershire Children First and work takes place with parents and carers to review and confirm recommendations that may include the service becoming a completely separate function delivered outside of the Council.

Support Services

46. In addition to the table of services outlined in paragraph 33, Worcestershire Children First will require a number of support services (such as Finance, Legal, Human Resources) in order to function. The Commercial Case outlines the proposed working relationship between the Council and Worcestershire Children First with the current working assumption being that in the main, for most of these services, the Company will buy back from the Council.

47. As part of the Programme Plan there is a specific workstream (Workstream 12) dedicated to the development of support service specifications that describe what the Company can expect from the Council. These specifications will form part of a formal contractual agreement which will be discussed and agreed as part of the planned dialogue sessions.

48. In addition to this, as part of the organisational design of Worcestershire Children First, work is progressing on confirming the roles and functions within the Director of Resources areas of responsibility. This will be confirmed as part of Worcestershire Children First's Business Plan which will include a section on its organisational design and structure.

Third Party Contracts – Babcock Prime

49. The Council's proposal to broaden the scope of Worcestershire Children's First to enable a single unwavering focus on children and young people, has increased the amount of contracts and frameworks that are in scope of novation to the Worcestershire Children First. Excluding the regional frameworks the largest contract is with the provider Babcock Prime.

50. The Council contracted with Babcock Prime in October 2015 to deliver ‘Learning and Achievement Services’ for a 5 year period, with an ability to extend up to a maximum period of 7 years. The contract consists of the delivery of a range of core services which are outlined in the table below and approximately 120 Full Time Equivalent (FTE) staff are directly employed by Babcock Prime to deliver these services. Babcock Prime also delivers their own traded services to other customers including schools and the Council, but this falls outside of the contract with the Council.

Autism/ Complex Communication Needs	Early Years Inclusion
Careers Advice (previously Post-16 Engagement)	Education Psychology
Children in Education and Employment – licencing, chaperone checks etc	Ethnic Minority Achievement/ English as an Additional Language (EMA/EAL)
Children Missing Education (CME)	Elective Home Education (EHE)
Early Years and Childcare – includes support for nursery settings	Education Investigation Service/ Education Welfare
Exclusions	Medical Education Team (MET)
Governor Services	School Admissions
Gypsy, Roma, Traveller Education Team	School Improvements
Learning Support Team - fully traded service	Sensory Impairment
Virtual School for Children Looked After (VS for CLA)	

51. In order to realise the benefits of widening the scope of Worcestershire Children First and creating an integrated service which brings the education and social care offer closer together with a particular focus on prevention and vulnerable learners, it is recommended that the contract with Babcock Prime is not extended and is allowed to naturally expire at the end of the initial five year term.

52. Exit planning and transfer arrangements are detailed in the contract and comprehensively describe the obligations of the provider and Council to ensure there is no disruption to the supply of services and no deterioration in the quality of service delivery. It is therefore recommended that the Director of Children, Families and Communities is given authorisation to enter into dialogue and work in partnership with Babcock Prime and the education sector (e.g. schools, early years settings and colleges) to initiate the exit planning and transfer arrangements in order for services to transfer into Worcestershire Children First at the earliest opportunity.

Programme Update

53. Following November's Cabinet meeting, the Programme Plan has been re-worked to factor in the refresh of the FBC and the widened scope of Worcestershire Children First. This Programme Plan is still built around 13 workstreams and an updated version is now part of the Management Case of the FBC. Specific areas of progress include:-

Workstream 1: Company Design

54. Work has commenced on developing Worcestershire Children First's Business Plan. This is a Company-owned document that articulates in detail how the Company is organised and how it intends to deliver its key objectives. The Business Plan will be signed off by Cabinet in the Autumn ahead of go-live on 1 October 2019.

Workstream 2: Commissioning and Partnership Management

55. A Commissioning and Partnership Management Function has been created within the Council for the purposes of managing the Council's performance management of Worcestershire Children First. This function fulfils the Council's necessary strategic commissioning expectations (as the Accountable organisation) by developing and refreshing the Council's ongoing expectations of Worcestershire Children First. They will also lead the periodical monitoring of performance of the Company.

Workstream 4: Service Delivery Contract

56. The Service Delivery Contract and relevant schedules are being drafted and expanded to take into account the wider scope. Lawyers have been appointed to specifically support Worcestershire Children First and formal dialogue commences the week commencing 11 March 2019 to begin discussions around agreeing the terms of the final transfer.

Workstream 6: Finance

55. The main focus of the Finance workstream is the Budget Development Working Group, which meets monthly and members include the Council's S151 Officer and the Company Chief Executive. The Group is working towards defining the budget required for the Company for both the October 2019 – March 2020 period and the 2020/21 full financial year. The company bank account has been set up and work is ongoing in terms of VAT registration. Options for use of a Finance system are being drafted with a requirement to have a system in place for Company go-live.

Workstream 8: Board Recruitment

57. The refreshed Business Case outlines the proposed composition of the Board to include 11 Board Members including a Chair (appointed by the DfE whilst the Council remains in intervention), four Executive Directors including the Chief Executive; 3 Council appointed Members (two Councillors, one Officer) and three independently appointed non-executive directors.

58. Interviews for the Chairperson take place in the week commencing 11 March and recruitment for the remaining three non-executive Directors has commenced. Appointments for these roles are due to be made by early April 2019.

59. For the four Executive Directors, Catherine Driscoll has been appointed as the Chief Executive of Worcestershire Children First whilst continuing in her role as the Council's Director of Children, Families and Communities in the interim and will continue to hold the statutory post of Director of Children's Services for the Council after 'go-live'. Tina Russell, the Assistant Director for Children's Social Care will TUPE transfer into the Company as the Director of Children's Social Care and will take up a position on the Board. The Director of Resources is a new position which is being recruited to externally and an appointment is expected to be made in early March. The fourth and final

Executive Director will be a Director of Education and Early Help and will be recruited to in due course.

60. The Council-appointed Board Members are two elected members and one officer. The two elected members to be appointed to the Board are Councillor Karen May, Cabinet Member with Responsibility for Transformation and Commissioning and Councillor Marcus Hart, Cabinet Member with Responsibility for Education and Skills. Both Councillors May and Hart currently sit on the Worcestershire Children First Programme Board and are closely involved with the development of the Company. The Council-appointed officer will be confirmed in due course when the Council's re-design becomes clearer.

61. The Cabinet Member with Responsibility for Children and Families (Councillor Andy Roberts) has political responsibility for the leadership, strategy and effectiveness of children's services. He also fulfils the statutory role of Lead Member for Children's Services and as such would have a conflict of interest if he were to become a Council-appointed Director of Worcestershire Children First. Instead he will form part of the Council's ongoing oversight of supporting and challenging the effectiveness of Worcestershire Children First in improving outcomes for children and young people (as part of the wider Commissioning and Partnership Management function).

Legal, Financial and HR Implications

62. The intention is that the Company will remain a WOCC and it is not expected that the broadening of the scope of the Company's activities will have a direct or material impact on the application of the 'Teckal' exemption pursuant to Regulation 12 of the Public Contracts Regulations 2015 (Regulation 12). The material issue remains that of the activities being undertaken on behalf of the Council and that the various Regulation 12 requirements continue to be met rather than the subject matter of those activities. The Council's statutory functions can only be exercised by a third party such as the Company - i.e. the exercise of statutory discretion, rather than just delivery – where permitted by the deregulation and contracting-out legislation. This is in general permitted for children's social care through a non-profit-making organisation such as the Company, and many but not all education functions. There will be, therefore, functions within scope where the exercise of statutory discretion can only be done by the Council and its officers (which would include its statutory Director of Children's Services acting in that role).

63. Work completed on refreshing the financial case summarises the financial impact of developing and delivering Worcestershire Children First. A summary is included in paragraphs 21-25 in this report.

64. Paragraph 12 outlines the likely full time equivalent staff in scope of transfer into Worcestershire Children First. In addition to this will be a number of support staff that are to be transferred into the Company (still to be determined) as well as the transfer of Babcock Prime employees upon the conclusion of the contract with Babcock. Work is progressing on designing the organisational design and structure of Worcestershire Children First with the ambition being that any necessary re-organisation of internal structures (particularly in Education and Early Help Services as Social Care structures have already been re-organised to be 'Company-ready') are completed prior to the commencement of TUPE consultation in Summer 2019. Work is also in progress in

confirming the actual location of Worcestershire Children First's Headquarters, which will be somewhere on the County Hall campus.

Equality and Diversity Implications, Privacy and Public Health Impact Assessments

65. 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.

66. 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.

67. The services and functions being transferred into Worcestershire Children First 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

68. Section 3.8 of the FBC outlines the risks and constraints of developing a wholly-owned council company. In addition, the Worcestershire Children First implementation programme maintains a list of all the potential operational risks and issues to the programme. This is reviewed on a monthly basis through the governance groups e.g. Worcestershire Children First Programme Board.

Supporting Information

- Appendix - Full Business Case (electronic version only)

Contact Points

County Council Contact Points

County Council: 01905 763763

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:

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