

# Worcestershire County Council Children's Social Care Services Alternative Delivery Model

## Full Business Case

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## Version history

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## 1. EXECUTIVE SUMMARY

This Full Business Case (FBC) represents the intentions of Worcestershire County Council in creating a wholly-owned Council Company for the delivery of high-quality Children's Services in Worcestershire. It is intended that the Company would have 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.

The premise of the Company 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 Company 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.

The section below describes the key purpose and structure of this document, as well as the decision-making process to date.

### 1.1 INTRODUCTION

#### **Purpose of document**

This Full Business Case (FBC) is for the development of an Alternative Delivery Model (ADM) for Worcestershire County Council's (WCC) Children's Services. This has been driven by a need to work differently to improve outcomes for children, young people and families throughout the entire children's services system. It is important to Worcestershire, that whatever model and design is created, the focus of this change must be on meeting the needs of children throughout their entire journey within their community.

The original intention of this FBC was to conduct a 'twin-track' analysis across two options, a Wholly Owned Council Company (WOCC) and a Strategic Partnership.

During December 2017 and January 2018, the Council approached potential local authority partners to assess the viability of the Strategic Partnership option. There was a willingness from an Ofsted-rated 'good' Council to explore partnership arrangements with Worcestershire County Council (WCC), however the content of these proposals did not satisfy the DfE's requirements for operational independence. Therefore, only the WOCC is explored in this document.

*Please note: the FBC was originally approved by Cabinet on 31<sup>st</sup> March 2018 for Children's Social Care services only. Since then, 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. The rationale for these changes is explored later on within the Strategic Case, which are focused on ensuring Worcestershire is able to provide the best possible holistic services to children and young people within their community. As such, this FBC has been revisited and revised during January – February 2019, to ensure it accurately reflects the intentions of the Council.*

This 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 WCC 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.

### Local context

On the 19<sup>th</sup> September 2017 the Secretary of State issued a revised statutory direction (replacing an earlier statutory direction, issued March 2017). Part of the revised direction requires that the WCC develop the following, in consultation and agreement with the Children's Services Commissioner:

- i) An options analysis for an alternative delivery model, with an outline recommended model, by 31<sup>st</sup> December 2017;
- ii) A full business case for the proposed alternative delivery model by 31<sup>st</sup> March 2018; and
- iii) To provide regular reports on its progress, the first by no later than 30<sup>th</sup> November 2017.

Worcestershire County Council, in compliance with the statutory direction, subsequently initiated a programme to appraise, design and implement an alternative delivery model for Children's Social Care services. Phase 1 was the completion of an Options Analysis to decide the highest-scoring ADM option (this was completed in December 2017). Phase 2 is the completion of a Detailed Business Case on the final option(s) chosen following the Options Analysis (completed and approved on the 31<sup>st</sup> March 2018).

Throughout the original Business Case phase, key stakeholders across WCC and WCC's partners were engaged through a series of meetings and workshops, during January – March 2018.

Following Cabinet and Secretary of State approval of the original Business Case, implementation began in April 2018, with an original target go-live date of April 2019. In July 2018, the Parliamentary Under Secretary of State for Children and Families approved a change to the target go-live date to be revised to 1st October 2019. Furthermore, during the implementation programme the scope of services of the Company was revised and approval was requested from Cabinet and the DfE in November 2018, which recognised the importance of Education, SEND and Early Help in working closely with Social Care. On the 15th November 2018, Cabinet were minded to approve the scope of services change in the best interests of children, young people and families, and allowed the Programme to re-plan, subject to a number of activities. Cabinet:

- ▼ subject to agreement from the Minister, noted the proposed changes to broaden the scope of services and responsibility transferred to the Company;
- ▼ noted the programme implications related to broadening the scope of responsibility transferred to the Company;

- ▼ authorised the Chief Executive, in consultation with the DfE appointed Children's Commissioner, Leader of the Council and Cabinet Member with Responsibility for Children and Families, to re-profile and implement a revised programme plan; and
- ▼ agreed to receive a further report in Spring 2019 on the final decision around scope and transfer of services to the Company.

The implications of this change have been included in this revised iteration of the Business Case, throughout every section.

More information regarding these changes and the decision-making process can be found in sections 2.2.2 and 2.2.3, as well as referenced throughout relevant other sections of this document.

## **1.2 STRATEGIC CASE SUMMARY**

This section of the Full Business Case tests whether the option is supported by a compelling case for change that provides a holistic fit with other parts of the organisation and the public sector, including strategic drivers and objectives.

### **Key drivers for change**

The aim of the ADM is to provide the service with the platform and further opportunities to improve outcomes for children, young people and families (CYPF). A number of further considerations and drivers, including the Essex Improvement Partnership, are reflected within the Strategic Case section.

### **Areas of concern for Worcestershire's Children**

The [Children and Young People's Plan \(CYPP\)](#) Companion document (September 2017) highlights a number of potential factors that the implementation of WCC's Children's Services plans will need to take into account and/or address. This includes population statistics, inequalities in health and education outcomes, care leaver statistics, and demands on social care.

The ADM, as the vehicle for sustaining improvement, will have the opportunity to be designed in such a way that supports the needs of the Children, Young People and Families (CYPF) in the county. The ADM will be solely focused on improving children's services for Worcestershire's CYPF. Tailoring the service will be mostly addressed through the improvement activity, taking advantage of flexibilities provided by the ADM.

### **WCC's improvement priorities**

#### *a) Social Care*

A Service Improvement Plan (SIP) has been created by the Children, Families and Communities directorate to address all recommendations outlined by Ofsted. The SIP outlines 8 improved outcomes:

- Outcome 1 – Be the Social Work 'employer of choice'
- Outcome 2 – Children's needs are assessed and met in a timely and purposeful manner
- Outcome 3 – Children and families benefit from services that have been quality assured
- Outcome 4 – Children and families' views drive service improvement
- Outcome 5 – Children and families benefit from early help and avoid unnecessary interventions
- Outcome 6 – Children and families receive the right service at the right time



- Outcome 7 – Children and young people achieve permanency without delay
- Outcome 8 – Our Looked after Children are fully prepared for adulthood

Furthermore, WCC'S Children's Services proactively commissioned Essex County Council as their improvement partner. Experts from Essex are working alongside WCC to improve the lives of Children and Young People in Worcestershire from 24 Aug 2017 to 31 March 2019. Essex's improvement team, have worked proactively with WCC's social work teams and managers, Targeted Family Support, quality assurance, HR and other children's specific support services.

#### *b) Education & Schools Improvement*

There are several major aims and priorities regarding Education provision that are captured in several strategic documents. A summary of key strategies is found in the strategic case, as well as the approach to Early Years. The key priorities of these services are to:

*Raise standards of attainment and improve rates of progress for all pupils:*

- improve the achievement of pupils, particularly in KS2;
- work with schools to help ensure teacher assessments are accurate; school tracking systems are robust; any underperformance is identified swiftly and interventions implemented at the earliest opportunity.

*Close the attainment gap for disadvantaged pupils:*

- work with schools to help ensure interventions are appropriately targeted and effective in order to enable underperforming pupils to make accelerated progress.

*Increase the proportion of schools that are providing a good or better education for their pupils:*

- continue to strengthen the quality of leadership at all levels;
- continue to strengthen the accountability role of governors to ensure robust and independent monitoring and evaluation.

*Strengthen partnership arrangements to increase school to school support:*

- continue to work in partnership with headteacher representative groups, Teaching School Alliances and other system leaders to share effective practice and broker school to school support;
- promote the sharing of effective practice

Please note, currently, Worcestershire's school's services have been outsourced to Babcock Prime. The Council are in discussions with Babcock and Children's Services regarding the future of this service. However, it is intended that the overall responsibility will transfer to the Company.

#### *c) SEND*

The strategy for SEND sets out that 'in Worcestershire we want all children and young people with special educational needs and/or disabilities to be truly seen and respected as individuals and to be the best they can be'. To deliver this vision, five priorities have been identified based on what parent carers, children, young people and professionals have told us is important. These priorities are:

1. A person-centred approach – putting children and young people at the centre of planning and decision making about their own care and support
2. Integration and operational delivery – co-ordinating services across education, health and care to improve the Education Health and Care Plan process

3. Early intervention - allowing families to be able to access information and support that can be helpful at an early stage as soon as problems or concerns arise
4. Preparation for adulthood – creating a whole life approach to improve the personal transition experience and journey to adulthood
5. Workforce development – developing a multi-agency workforce that understand SEND and works together to achieve good outcomes

#### c) Early Help

Worcestershire has a number of poorer outcomes than would be expected for children and young people, particularly for the under-5 age group and adolescents. The Early Help in Worcestershire Plan is underpinned by the goals of the Troubled Families Programme, which provides a useful summary of Early Help aims. The national programme aims to:

- To make work an ambition for all troubled families,
- To transform the way that the public services work with families with multiple problems to take an integrated, whole family approach;
- To help reduce demand for reactive services;
- To demonstrate the ability to lower costs and savings for the taxpayer.

The programme was designed to address a broader set of objectives which are to address:

- Parents or children involved in crime and anti-social behaviour;
- Children who have not been attending school regularly;
- Children who need help: children of all ages, who need help, are identified as in need or are subject to a Child Protection Plan;
- Adults out of work or at risk of financial exclusion, or young people at risk of worklessness;
- Families affected by domestic violence and abuse; and
- Parents or children with a range of health problems (including drug or alcohol abuse).

It is crucial that the development of the ADM adds value to, and does not distract from, the improvement work taking place across Children's Services. It is also important for the improvement journey and improvement partner to be involved in the design of the ADM's operating model during implementation to ensure the progress is sustained.

#### **ADM Vision, Mission, Values and Objectives**

Building upon the service strategies, the CYPP and improvement plans (detailed in section 3.1 of the Strategic Case), 'visioning' workshops have been held with leaders of the services to develop the Vision, Mission, Values, Behaviours and Strategic Objectives of the services transferring to the ADM.

The Vision communicates what the organisation aims to achieve in the future and encompasses the range of children's services the Company will deliver. The current Vision for Company is as follows:

***Our vision** is for Worcestershire to be a wonderful place for all children and young people to grow up. WCF will help create supportive communities where children and young people are safe, secure, supported to achieve, and nurtured to become independent adults.*

The Mission communicates how the organisation will achieve its vision. The current Mission for the Company is as follows:

**Our mission** is to make a positive impact on the lives of our children and young people aged 0 to 25yrs, and their families, by providing outstanding, innovative, child and young people-focused services where practice and practitioners flourish and we maximise life opportunities for all.

Service or organisational values are the behaviours and skills that are valued in fellow employees and the way in which work is carried out. They underpin policies, procedures and behaviours. The Values and Behaviours for the Company are as follows:

- *We believe that all children and young people should be at heart of everything we do.*
- *We will make a positive difference to every child we work with.*
- *We will keep families together where it is in the best interest of the child.*
- *We will understand and value the role, responsibilities and contribution of our partners.*
- *We will inspire confidence and create capability in our staff so they practice to the best of their ability.*
- *We will embrace, encourage and respect diversity in both our workforce and our children, young people and families.*
- *We will act with integrity and respect.*
- *We will continually recognise and reinforce that achieving positive outcomes for children and young people is the most important thing we do and the reason we do what we do.*
- *We will be open to new ideas and feedback and use these to continuously learn and improve.*

The **Outcomes and respective Objectives** of the Company, which demonstrate how the Vision are measured, can be found in the table within section 3.2.4. This reiterates that the Company will proactively prevent children from entering the system across a range of touchpoints and services, rather than focusing purely on recovery and intervention measures which are expensive. This will help Worcestershire's Children's Services to rebalance children across the system.

### Potential scope

The list below summarises the high-level children's services in-scope, as well as associated staff expected to transfer to the Company (as of January 2019). This excludes Company internal support services which is likely to be another significant group of staff, though this is still to be determined. This is based on the current 2019-20 budget of approximately £100M, which increases in following years.

- Total – 824 FTE
- Early Help DSG – 38.04 FTE
- Safeguarding – 660.5 FTE
- Education & HTST – 74.74 FTE
- Early Help – 17.37 FTE
- Social Care management and admin – 33.10
- The number of children served within the community is 118,000 for +18 and 124,000 for +25.

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

The detailed services list of services included in-scope (not including business support services, and subject to the final Cabinet decision in Spring 2019) is found in the table below:

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 and Vulnerable Groups
Commissioning and contract management for vulnerable children and families	Special Education Needs and Disabilities Service
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

The Central Adoption Team, and the Young Adults Team, which currently sit within Children's Social Care, as well as the Skills Teams, have been omitted from the Company due to the nature of their current delivery arrangements. It is recommended throughout the implementation phase that the working relationship between the Company, the above services, and other WCC services (for example, Adults Services and Public Health) are fully mapped and understood.

### **Wholly Owned Council Company governance & accountability arrangements**

A summary of the starting positions for the governance and accountability arrangements for the WOCC, based on a number of workshops and discussions across WCC stakeholders, is below:



The above structure is a draft of the needs of the Company and the requirements of the WOCC model. Section 3.7 of the Strategic Case describes each area in detail, with key principles and rationale against each starting position or preference. It is important to note that due consideration will be given to each area during the detailed design and implementation phase, including cost and staffing implications as well as the engagement with children and young people.

### Strategic Case conclusions and recommendations

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 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 WCC. Consequently, the Strategic Case provides a sound basis to proceed with the Full Business Case. There are a number of recommendations and next steps for the implementation phase, including:

- Fully investigate and confirm the final scope of services transferring to the ADM, including the impact on remaining services and a gap analysis across services.
- Remain aligned to the improvement journey through ADM Programme governance (proposed in the Management Case).
- Conduct detailed design of the governance and accountability arrangements, develop the performance framework and monitoring measures, design the Company and the contractual matters and documentation. Specific workstreams during the implementation will be dedicated to these matters, which have been detailed in the Management Case section.
- Further investigate the requirements of the Board.
- Update the Project Initiation Document and risk register and update it regularly as the Programme progresses.
- Properly map and understand how in-scope services' working relationships with remaining children's services within the Council are managed.

### 1.3 ECONOMIC CASE SUMMARY

This section of the Full Business Case tests whether WCC has selected the most economically advantageous offer, which best meets service needs and optimises value for money.

#### Shortlisting of options

Prior to the Options Analysis commencing, WCC identified a long-list of options during September 2017. Mutual Ventures subsequently conducted a review of these options against a comprehensive list of known delivery models for Children's Services. This created a long-list of 16 options.

To produce a manageable shortlist of model options suitable to Worcestershire, a 'gateway' process was applied to the long-list of models. The gateway criteria comprised a set of pass/fail questions. The gateway process resulted in a set of 5 short-listed options to take into a more detailed Options Analysis process. The short-listed options assessed within the Options Analysis were as follows:

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

The Options Analysis results of the 5 shortlisted options were published in the December 2017 [Cabinet Report](#), which identified the WOCC as the highest scoring option.

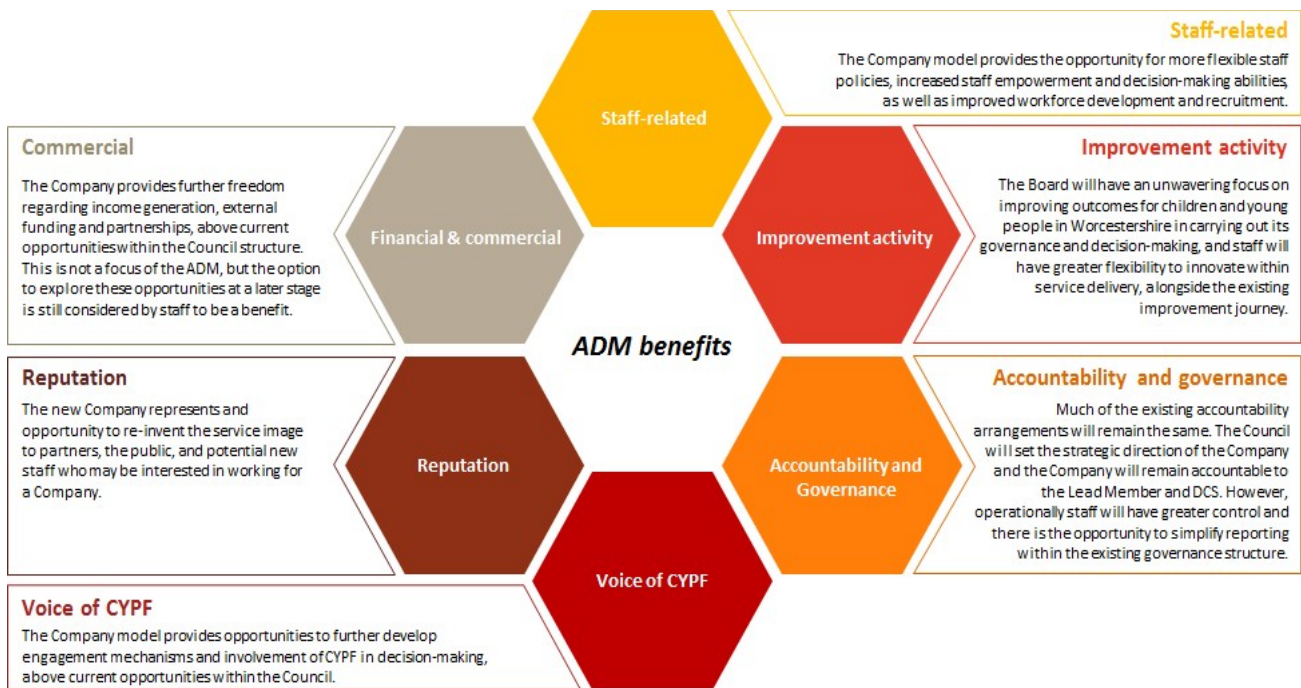
#### Option(s) to take through to Full Business Case

It was decided at the Cabinet on 14<sup>th</sup> December 2017, that the WOCC and the Strategic Partnership options were to be taken through to the Full Business Case stage, considering the local political context and other considerations beyond the mechanisms of the Options Analysis. However, as a viable partner was not found during the Options Analysis and early Business Case stages, the WOCC is the sole ADM considered in this Business Case.

#### Benefits and dis-benefits

The benefits and dis-benefits described within the Economic Case have been identified through research of similar children's services organisations, a workshop with service leadership and support staff on the 10th January 2018, and a workshop with the Extended CFC Leadership Team in November 2018. Focus is given to the services itself and users (CYPF).

The full financial and qualitative benefits are detailed in section 4.5 of the Economic Case. A summary of the key benefits identified are in the image below. It is important to note that whilst the financial benefits are vital to consider within the business case, the key driver for the ADM is improvement of outcomes for children, not cost reduction or income generation. Therefore, limited measurable financial benefits have been attributed to the ADM.



A number of dis-benefits and costs have also been identified, which require mitigation or addressing through the implementation phase:

- **Impact on partners:** there is a risk that existing and potential partners will feel differently about engaging with a Company as opposed to the Council. Partners will be engaged closely during the implementation phase through the Partnership Reference Group and other means.
- **Fragmentation with other services:** As the services transferring will operate autonomously from the Council, there is risk that they will lose the current communication and collaboration with other Council services, e.g. Adults There is a risk of things falling between the gaps, and therefore a detailed mapping of these services is required during implementation.
- **Public and staff perception of privatisation:** There is some misinterpretation within the public eye, within the Council, and the press of 'privatisation' regarding alternative delivery models. There is a risk that residents, staff and partners will view the Company as an 'outsourcer' model.

### Economic Case conclusions

The Economic Case has demonstrated that the ADM option (WOCC) has been selected through a thorough shortlisting process using appropriate governance across WCC. Furthermore, it has specified a number of key quantitative and qualitative benefits, dis-benefits and risks associated with the Company model. Key conclusions within this case are:

- The Company model presents a wide range of opportunities for staff and social work practices which, if executed successfully, will enable the service to enhance itself to 'good' or 'outstanding'. It does not present significant financial benefit, however, this is not the purpose of the investment.
- The implementation and running of the Company will incur significant further cost. However, a large proportion of this is mitigated through DfE funding. Ongoing work is required to understand the impact on WCC's finances.

- The Company model presents some risks, though none of these risks have been identified as insurmountable or puts the Council in jeopardy providing they are actively mitigated. Providing attention is brought to these areas through the design, the Company could bring significant value to the users, public and to WCC.

#### **Recommendations for the implementation phase**

- The legal form and detailed design of the Company has been determined during the implementation phase and will drive the financial and qualitative benefits of the Company.
- The key benefits of the Company must be refined as the design of the Company is finalised and communicated out to all staff and CYPF.
- The final estimated costs of the implementation were submitted in a bid to the DfE during March 2018 and refined further during April 2018. The amount of £3.15m was granted by the DfE and the Council and ADM Programme must now continue to operate within these means to set up the Company. Ongoing monitoring of these costs is recommended through the programme's governance groups (found in the Management Case).

### **1.4 COMMERCIAL CASE SUMMARY**

This section of the Full Business Case tests whether the proposed option is attractive to the market place, can be procured and is commercially viable, including an analysis of existing contracts and suppliers of services (for the services listed in section 1.2.2). A summary of this case is found below.

#### **Procurement approach**

It is proposed that WCC provide the opportunity for the Company to be developed as a Teckalbody to allow it to provide services back to the Council, for an initial agreed period. The assumption is that a direct award will be achieved using the Teckal Exemption, which has been used for similar children's services companies. The conditions for Teckal are summarised below:

- The control condition requires WCC to exercise over the WOCC a control "which is similar to that which it exercises over its own departments".
- The activity condition requires that more than 80% of the activities of the WOCC are carried out in the performance of tasks entrusted to it by the controlling contracting authority.
- There can be no direct private capital participation in the WOCC: This test is satisfied as the Company will be 100% owned by the Council.

This section also recognises the opportunity and constraints the Company has regarding traded services. This will be explored within the implementation programme, particularly regarding Education services.

#### **Staff transfer arrangements**

All staff who, at the point of transfer, are caught by TUPE regulations within the transferred services, are potentially in scope to transfer to the new organisation and would be directly employed by the new company. In accordance with the regulations, staff will transfer to new organisation on their current terms and conditions, including access to their current pension or a broadly comparable scheme. There will be a TUPE consultation period (typically 90 days) during implementation.



## Pensions

This section has been supported by research and advice provided by WCC's ADM legal partner, Bevan Brittan. The detailed paper can be found in Appendix 9.2.

A key principle of the ADM design is that all transferring staff must retain access to the Local Government Pension Scheme ("LGPS"). The paper sets out two options available to the WOCC:

- **Admitted Body Status (ABS) route:** This is often seen as the 'standard' route, as indeed it is when services are being outsourced to the private sector. Under the ABS route the WOCC would be treated by the Fund for accounting purposes as an isolated entity, dealt with separately by the Fund and treated as any other non-local authority service provider.
- **Designated Body Status route (scheme employer):** Given that whatever its eventual corporate structure the WOCC is likely to be a Teckal company (i.e. a wholly owned subsidiary of the Council) it is allowed under the statutory LGPS Regulations to participate within the LGPS scheme by virtue of being a "designated body". This is also known as being a scheme employer. This means that the WOCC is allowed to "designate" which classes of employees can participate in the Fund.

Given the potential cost and administrative savings, and the possible reduction in risk to the Council, which is set out in more detail in Appendix 9.2, it is recommended that designation body status route is explored.

## Redundancy liabilities

TUPE provides that a change in your employer does not constitute a break in continuous employment. This means that the Company would be liable for future redundancy payments for staff that have many years of employment with WCC. WCC will quantify the level of redundancy liability associated with the staff group transferring once the TUPE list is confirmed and identify any reserved matters regarding high value redundancies (threshold TBC). The proposal is that WCC will retain redundancy liabilities.

## Support services

The options for delivering corporate support services to the Company are being considered. Please note that all corporate support service decisions will be made during the implementation phase, and the positions included in this paper are options being considered.

A series of workshops have been held to assess service options against the following principles:

- Supports the Company in meeting its long- term objectives and immediate priorities of service improvement. As such, this may include transition arrangements for some service areas to support the overall financial position or improvement plan.
- The Company shall still be seen as a 'Corporate Partner' and as such will be part of any project team created to shape and source future strategic contracts managed by the Council.
- The Company shall not have high implementation and procurement costs. The lowest cost support model shall be used except where this does not support service improvement.
- Where additional costs are forecast, these need to be accounted for in the business case to inform the final decision on the delivery model.
- Where/if Services may transfer, TUPE considerations will apply.

- The Company may change how it spends its central support costs budget over time. This will be influenced by the strategic plans for the Company.
- The Company shall retain the policies and procedures of the Council, providing that these support service improvements and don't add avoidable complexity.

A summary of the positions against each required support service is found in the table below:

<b>Service</b>	<b>Proposed options</b>
<b>Property: Service (facilities mgmt.)</b>	Buy back
<b>Property: Buildings / location</b>	Option 1: Stay in current (e.g. Headquarters) Option 2: Move to new (e.g. Localities)
<b>HR</b>	Option 1: Part transfer, part buy back Option 2: Full buy-back
<b>Finance</b>	Part transfer, part buy back Procure external audit of accounts (required)
<b>HR Finance Transactional</b>	Buy back
<b>Legal</b>	Buy back Procure externally for company-specific issues
<b>ICT</b>	Buy back
<b>Commercial, procurement and market research</b>	Buy back
<b>Performance</b>	Transfer core service Buy back corporate support
<b>Communications</b>	Buy back

Estimated support service costs are found in section 6.3 of the Financial Case. A detailed paper found in Appendix 9.3 contains more detail regarding each service, and the benefits and risks associated with each proposed option.

### **Use of non-property assets / systems**

The new organisation will need continued access to assets and equipment currently utilised in service delivery. The Company needs to ensure that liabilities are equitable and affordable. The current assumption is that the majority of current assets/equipment utilised in service delivery, and intellectual property and data, will be transferred to the Company. It is also proposed that the Company will have operational access to WCC information systems/databases which are relevant to the companies' services. This section excludes property / buildings.

### **Cashflow and payment mechanisms**

The Company, like any new business, may have short term working capital requirements. Modelling will be conducted during the implementation phase regarding capital requirements. A contract will be paid quarterly or monthly. It may be that Revenue In Advance (RIA) will be required from WCC during/prior to Year 1. If required, WCC may be asked to provide a working capital loan to the Company - interest rate to be agreed and affordability to be discussed with WCC during implementation.

### **Novation of 3<sup>rd</sup> party contracts**

The novation process will apply to service-specific contracts only (i.e. Children's Services) and does not apply to shared corporate contracts which cut across the Council. Access to wider corporate contracts (e.g. Liberata) will be managed through Service-Level Agreements (SLA).

There are currently approximately 80 core contracts that would transfer to the ADM, as identified by C. Co and the Commercial workstream. A number of these are frameworks contracts, and contain several suppliers and services, therefore the number of providers will be significantly higher than this. It is anticipated that these contracts will novate in-line with contract terms, or by agreement where there is no novation provision set out. At this stage, there is no intention to terminate any contract arrangements. A full list of the third-party contracts being considered for novation can be found in Appendix 9.5.

### **Regulatory requirements**

The new organisation will also be subject to regular and extensive national oversight of its performance and effectiveness by the Department for Education and Ofsted.

The Company will register directly with Ofsted for its Residential Homes and be subject to the Inspections of Local Authority Children's Services (ILACS) framework. The Council will continue to be inspected and held to account for the delivery of children's services in Worcestershire. The Company will be acting as an agent for the Council via the services contract and therefore the Company will be required to demonstrate that it meets the standards set by the Council.

### **Exit strategy**

A contingency plan and detailed exit strategy will be developed to enable the Council to exit the arrangements if necessary in the future, subject to detailed discussion and agreement between all relevant parties, whilst still ensuring service delivery. The requirements for a formal exit clause will be established during implementation, with a full exit strategy in place prior to the transfer of staff.

### **VAT liability**

High-level VAT advice was sought during the Business Case phase of the ADM Programme from PS TAX, who are experienced children's services company tax advisers. However, this was to address VAT regarding the old scope of services (social care services only).

Regarding a wider scope where Education and Social Care Services are included HMRC's view as of May 2018 stated "Where a Children's Services Trust supplies both welfare services and educational support services and the educational support services form the larger part of the contract between the parties, we are content that the supply is a single supply of educational support services. This is a standard rated supply by the Children's Services Trust to the local authority."

### **Conclusion**

The Company is likely to incur a similar amount of VAT on the in-scope services as WCC does currently. The implications of the full scope of services regarding recovery (as of November 2018) will be sought from ahead of the final scope report to Cabinet in Spring 2019.

Where WCC currently uses 'in-house' services, such as legal, there will be an additional irrecoverable VAT charge if such services are supplied to the Company. Generally, all in-house corporate support services supplied to the Company will be subject to VAT. It may be possible to exclude services from

the contract and retain responsibility within the Council, thereby removing the VAT cost. However, such separation could be difficult both legally and practically and will not be without its risks.

In summary, it is unlikely the Company will incur additional VAT costs as a result of services transferring into the Company. 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.

#### **DfE funding – VAT**

(Please note, the following wording was provided in the event of a social care only company being created – updated wording will be sought in 2019). The position in respect of VAT liabilities for local authorities implementing alternative delivery models is currently under discussion between Department officials and Her Majesty's Revenue and Customs and the Treasury. The Department is hopeful of reaching agreement on a long-term solution. Irrespective of the outcome of this discussion, in delegating children's social care functions to a new Company, the DfE's view is that local authorities should not incur greater costs through the value added tax (VAT) regime than would be the case were it to continue providing services in-house, and the Department would seek to provide funding accordingly. As such, within the financial case, it is assumed that the irrecoverable VAT is funded.

#### **Commercial Case conclusions**

The Commercial Case currently includes the starting positions put forward by the ADM Programme to investigate further and confirm during the implementation phase. Recommendations and next steps for the implementation phase are as follows:

- The procurement route has been confirmed by legal partners and WCC as using Teckal. The implications of this on operational independence and control within the contract must be tested during the implementation phase.
- The TUPE list is to be created based on the scope of services during March and April 2019, following which pensions and redundancy liabilities will be quantified.
- All support service options must be investigated regarding service, staff and cost impact during the implementation phase. Significant work has already been conducted which has informed this Business Case.
- Detailed cashflow modelling will be conducted during the implementation phase and following this the payment schedule and mechanisms with the Council will be agreed.
- Detailed analysis of the 3rd party contracts will be conducted to confirmed the novation list, and contracts to be renewed and terminated.
- Confirmation of the Company's VAT position is to be sought ahead of the Cabinet report on scope in Spring 2019.
- The ADM Programme Board has given permission to further develop and investigate these items during the implementation phase using the positions within the Commercial Case as a starting point.

## 1.5 FINANCIAL CASE SUMMARY

This case presents the projected financial impact of establishing the WOCC. As noted in the economic case, the key driver for the ADM is improvement of outcomes for children, not cost reduction or income generation. The projected budget thus shows an ongoing increased cost of service delivery.

- **Total Recurrent Expenditure:** The recurrent expenditure for the service is estimated at £120.1M in 2019-20, rising to £121.6M in 2021-22.
- **Total Recurrent Income:** The recurrent income for the service is estimated at £27.8M in 2019-20 from external funding and £92.3M from the Council's base budget.
- **Transition Costs:** It is estimated that an investment of approximately £3.2M will be required to establish a WOCC. This may change during implementation as key decisions are finalised.
- **FTEs:** There are currently 824 FTEs in scope of the ADM (as of 2019-20). This FTE figure excludes any support services staff that may transfer or new posts that may be agreed.

### Summary of Recurrent Income and Costs

- 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 S31 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, Vatable 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. More detail can be found within Section 6.9 Key Consideration and Risks.
- 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.

### Summary of budget

**Error! Reference source not found.** shows the net budget position for children's services in scope of the ADM. This is based on there being no additional cost for property services, corporation tax, additional pensions contributions or future redundancy liabilities, and these are highlighted in the key considerations section of this financial case, and in the commercial case.

Table 1: Net budget for children's services in scope of the ADM (£'000)

Ref	Budget Element	2019-20	2020-21	2021-22
		£000	£000	£000
A	Service Budgets	92,269	92,997	93,740

B	Additional costs of the ADM	490	895	909
C	Support Services (Transfer/buy-back)	6,381	6,509	6,639
<b>D</b>	<b>Total</b>	<b>99,140</b>	<b>100,401</b>	<b>101,288</b>

- **Service Budgets (A):** This is the net budget of WCC children's services in scope. These projections are purely for delivering the current service, irrespective of the ADM. Figures are based upon the annual Council budget setting cycle between November 2018 and January 2019.
- **Additional costs of the ADM (B):** The delivery of services through an ADM will necessitate the creation of additional management posts 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 requirement for Audit Fees for the Company.
- **Support Services (Transfer/buy-back) (C):** These are based upon the corporate recharges for services in WCC which support children's Services in scope of an ADM. These figures will be reviewed with Support Service leads, now that the 2019/20 draft budgets are known, and reflected in the latest SSA (Support Service Agreements) being prepared by Council Support Service Leads. The support services are shown in more detail in sections 6.3 and 6.7.2.
- **Total (D):** This is the cost of delivering the service in a WOCC, including the costs of in-scope children's services, additional staff posts required in the WOCC, corporate support services transferring to the WOCC and corporate support services bought-back from WCC. Any additional costs incurred before go-live (for example, early recruitment of directors and board) have been included in the transitional costs, not in recurrent costs in Table 3.

### Summary of Transition Costs

The transition costs are shown in Table 4. £324K was incurred by 31<sup>st</sup> March 2018 in carrying out the options analysis, business case and preparing for implementation. An additional £2,826K is expected to be required for implementation, based on financially prudent, worst-case scenario assumptions. A breakdown of all these transition costs is shown in Section 6.4.

Table 2: Transition Costs of ADM

Transitional Costs	£000
Pre-business case costs incurred (up to 31 <sup>st</sup> March 2018)	324
Costs of Implementation (1 <sup>st</sup> April 2018 to 1 <sup>st</sup> October 2019)	2,826
<b>Total set-up costs</b>	<b>3,150</b>

Sections within the Financial Case contain significant detail and breakdown across the following areas:

**Section 6.2:** Recurrent Income

**Section 6.3:** Recurrent Expenditure

**Section 6.4** Additional costs of the ADM

**Section 6.5** Support services costs

**Section 6.6:** Transitional Costs

**Section 6.7:** Staffing

**Section 6.8:** Financial Case Summary

**Section 6.9:** Key Considerations and Risks

**Section 6.10:** Financial Case Conclusions

### **Financial Case conclusions**

In order to formulate the Finance Case to estimate the costs and risks associated with the Company 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.

The affordability of the Company is heavily dependent on the agreement made between the Council and the DfE regarding funding, which has been confirmed and is in use. The Financial Model is regularly revisited to ensure WCC has the budget to be able to successfully deliver the service within the proposed Company through the Budget Development Working Group.

## **1.6 MANAGEMENT CASE SUMMARY**

This section of the FBC addresses in detail how the scheme will be delivered and the 'achievability' of the preferred option. Its purpose is to set out the actions that will be required to enable the successful delivery of the scheme, within specific timescales, in accordance with best practice.

It considers the Council's ability to deliver a large-scale programme that cuts across a number of disciplines which will impact all children's social care services staff, Council staff and partners.

The timescale to achieve this change is estimated to be 18 months, starting in April 2018 for a go-live of 1 October 2019. This is an achievable timescale, based on similar timescales for other children's services companies, provided the sufficient resources are provided. The case in section 7 includes:

- Key principles for implementation
- Proposed implementation plan and timescales
- Communications and engagement plan
- Programme reporting structure and governance
- Programme management and workstreams
- Resource requirements
- Risk management
- Post-project evaluation

### **Implementation timescales and activities**

There are a number of critical path activities that will enable the Company to go-live successfully and provide the foundation of the detailed implementation plan. A detailed draft implementation plan is found in section 7.2. A summary of these activities is listed in the table below:

Category	Activity	Target date
MoU & DfE funding	Memorandum of Understanding and DfE Funding agreed	August 2018
Companies House	Company registered	30 <sup>th</sup> July 2018
	Final constitutional documents filed at Companies House	September 2019
Contracts	Council client function operational (i.e. commissioners in place)	April 2019
	Contract negotiations of schedules commence	11 <sup>th</sup> March 2019
	Third party contracts novated / assigned etc.	September 2019
	Draft services contract ready for testing	February 2019
	Services contract signed (including Cabinet/Council approval)	September 2019
Accommodation	Commencement of any refurbishment required	February 2019
	Property ready for move-in	August 2019
Staff transfer	Organisational structure / design completed	February 2019
	Indicative staff list for transfer	March 2019
	TUPE consultation commences	May 2019
	Staff TUPE transfer	30 <sup>th</sup> September 2019
Chair recruitment	Chair appointed (commences December 2018)	March 2019
Board recruitment	Executive Directors & Non-Executive Directors appointed	April 2019
	Company Board fully operational in shadow form	July 2019
Business plan	Business plan completed and designed off in principle (Final version signed off by new Board)	April 2019
Cabinet approval	Company budget 2019/20 and business plan presented to Cabinet	May 2019
	Company final SDC, business plan and budget to be signed-off by Cabinet just prior to go-live	September 2019
Regulatory approval	Ofsted registration complete	August 2019
Go live	Company go-live	1 <sup>st</sup> October 2019

The target dates have been devised through an understanding of ‘standard’ lead times (gathered through similar programmes), WCC’s capabilities and resources and the current state of services. These dates are indicative and subject to change following the detailed design.

### Communications and engagement plan

The full ADM Communications Plan is a working progress. The plan was updated following a workshop with service and support staff on the 2<sup>nd</sup> February 2018, and again during 2019. The key principle captured is that all communications planning should start from Children & Young People and the key principles behind this, to drive the rest of the communications.

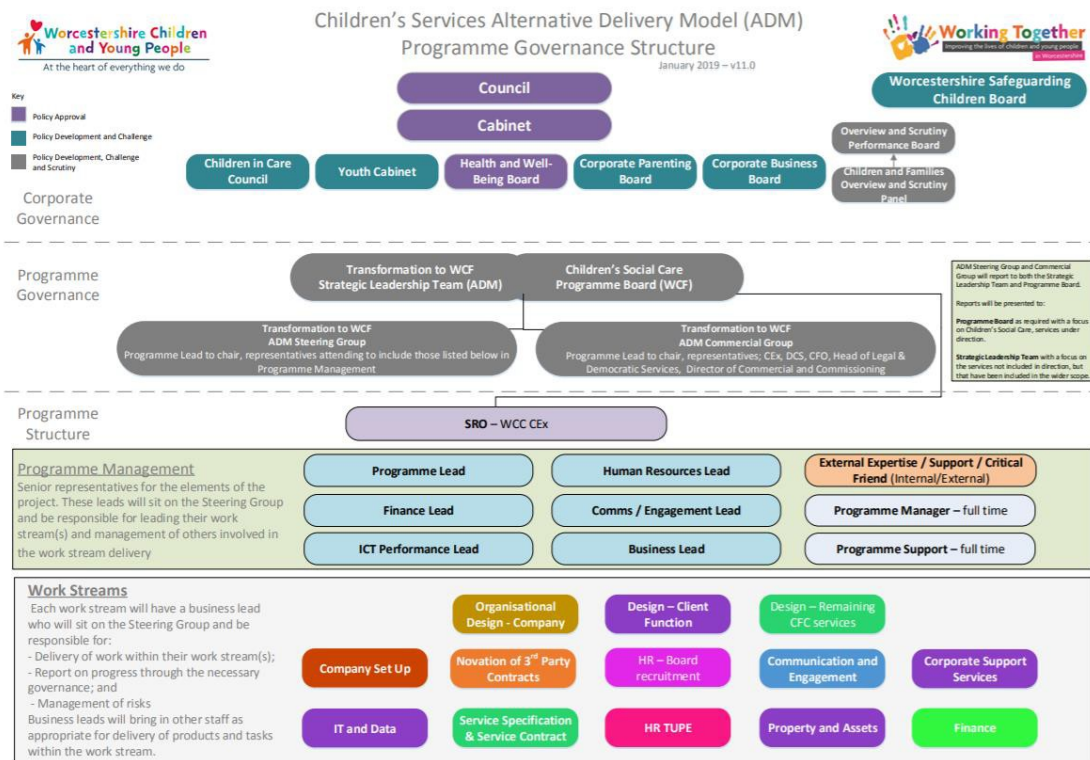
A robust timeline and plan for the Communications workstream is required for implementation. This will give clarity to stakeholders over when they will receive information to avoid confusion or discontentment. A summary of internal and external stakeholders and planned communications can be found in section 7.3 of the Management Case.

### Programme governance and reporting

The proposed reporting structure and governance for the programme includes a number of governance and stakeholder groups which include the service staff, the Senior Leadership Team for Children, Families and Communities, the DfE Commissioner and DfE intervention unit, key partners, WCC Chief Executive and Chief Finance officer, Elected Members, and corporate representatives. Please note that the selected DfE Commissioner may change during implementation, however a Commissioner will always be provided by the DfE. The ADM governance is depicted in the image below, subject to final changes once the proposed workstreams have been approved:



A description of each major governance group is found below:



### ADM Programme Board

The Programme Board will provide strategic leadership and management in the identification, development, appraisal and implementation of the ADM for the delivery of Children's Services in Worcestershire. It will be the key decision-making group within the governance structure of the Programme, outside of formal democratic decision-making, and will sign-off major deliverables.

### ADM Steering Group

The ADM Steering Group will report to the ADM Programme Board. It will be responsible for the production and assurance of products, defined by the ADM Programme Board, to appropriate quality, standards and time. It will ensure that appropriate resource is provided to complete programme work-streams to appropriate quality and within timescales set, and monitor milestones and actions relating to the programme work-streams.

### ADM Partnership Executive Group

The ADM Partnership Executive Group will ensure that the ADM Programme gives sufficient opportunity for the impacted partnership stakeholders to influence the development and consideration of options for service change. It will facilitate awareness and understanding of the ADM Programme and encourage engagement from a wide range of key stakeholders. The Group will meet monthly. Key members will include partners across Education, Health, Police and local government.

Detailed descriptions and membership of each group can be found in section 7.4 of the Management Case:

## **Programme management and workstreams**

### **ADM Programme Management**

The Assistant Director: Families, Communities and Partnerships will continue as the ADM Programme Lead, managing the ADM Programme Team. There will also be approximately 7 dedicated ADM resources working across the Programme who will form the 'ADM Programme Team'. This excludes dedicated workstream resources.

### **ADM Programme Workstreams**

The ADM Programme will be made up of 10 proposed workstreams. The proposed implementation plan demonstrates the achievement of core activities, some of which may be split across workstreams, therefore it is not split out into the proposed workstream structure. A description of each proposed work stream can be found in section 7.5 of the Management Case.

## **Programme resource requirements**

There will be approximately 4 dedicated internal resources within the central ADM Programme Team. Furthermore, the majority of workstream leads will be existing WCC staff who will take on the workstream lead role alongside their existing job.

External resources have also been requested across legal, tax, pensions, project management and ADM advice, commercial, branding and recruitment activities. Costs associated with the external resources can be found in section 7.6 of the Management Case and within the Financial Case.

It is anticipated that if the above resources, both internal and external, are provided for the ADM Programme, that the Programme will be set up to succeed within the timescales.

## **Risk management**

A comprehensive risk register and issue log exists for the ADM Programme. This can be found in Appendix 9.7. This will continue to be monitored and refreshed throughout implementation.

## **Management Case conclusions**

- The Management 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 WCC capabilities and resources.
- It provides a description of a robust governance structure and process which is already in place and working well. It is anticipated that this will continue throughout implementation.
- It provides a considered resource profile required for implementation

Consequently, the ADM Programme has demonstrated it is able to resource and plan the implementation phase 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.

Project plans and project documentation have been created to support the Programme, including:

- Detailed overall programme plan and workstream plans
- Detailed risk register and dependencies register

- Updated PID
- Regular workstream lead meetings and communications planned and diarised
- Confirmation of funding from WCC and the DfE

## 1.7 BUSINESS CASE CONCLUSIONS

The full business case demonstrates a comprehensive understanding of the proposed WOCC model, activities required, technical and financial considerations, and risks associated with implementing this option. Conclusions against each case have been summarised below:

- The **strategic case** sets out the case for change against the local context, including the DfE intervention and WCC children's service and wider Council strategies; it clearly states the proposed scope of services and rationale to reach an agreement in principle; and describes the key risks associated with the ADM Programme which must be mitigated to ensure success. This case provides a strong strategic case for change and foundation for this business case.
- The **economic case** demonstrates that the organisation has selected the most economically advantageous offer, which best meets the existing and future needs of the service, within the constraints of the DfE intervention. It has considered a wide range of financial and qualitative benefits, recognising that there are limited financial benefits associated with the Company and significant cost.
- The **commercial case** - this sets out the content of the proposed 'deal' between the Company and the Council. It has provided appropriate consideration to the Council's costs, to avoid unnecessary stranded costs whilst maximising value and service quality for the Company. Based on the current positions contained within this case, particularly regarding support services and existing contracts, the Company is commercially feasible for WCC to implement. However, this case in particular, is founded on a number of key assumptions and starting positions that must be investigated fully during implementation.
- The **financial case** provides a detailed review of the recurrent budget, income and expenditure of the Company over a 5-year period; 5-year staffing projections; and transitional costs. The financial case is heavily dependent on funding arrangements agreed between WCC and the DfE.
- The **management case** specifies the plans for the successful delivery of the programme of work to cost, time and quality. The ADM Programme has already been well resourced and governed, with robust mechanisms for monitoring risks and milestones in place. 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 Wholly Owned Council Company.

## 2 INTRODUCTION

This Full Business Case (FBC) represents the intentions of Worcestershire County Council in creating a wholly-owned Council Company for the delivery of high-quality Children's Services in Worcestershire. It is intended that the Company would have 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.

The premise of the Company is to improve outcomes for all children and young people in Worcestershire, by addressing their needs holistically through early help and prevention, education provision and social care. The Company 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.

The section below describes the key purpose and structure of this document, as well as the decision-making process to date.

### 2.1 PURPOSE OF THIS DOCUMENT

This Full Business Case (FBC) is for the development of an Alternative Delivery Model (ADM) for Worcestershire County Council's (WCC) Children's Services. This has been driven by a need to work differently to improve outcomes for children, young people and families throughout the children's services system. It is important to Worcestershire, that whatever model and design is created, the focus of this change must be on meeting the needs of children throughout their entire journey within their community.

The original intention of this FBC was to conduct a 'twin-track' analysis across two ADM options for Children's Services, in the form of a Wholly Owned Council Company and a Strategic Partnership. The Strategic Partnership model is one where WCC's Children's Services would be managed and delivered by another local authority's children's services, via a Strategic Partnership arrangement. In order to take this option through the Full Business Case, it was required that a partner be identified and terms agreed upon which a partnership would be developed. During December 2017 and January 2018, the Council approached potential local authority partners (including neighbouring authorities) to assess the viability of the Strategic Partnership option. There was a willingness from an Ofsted-rated 'good' Council to explore partnership arrangements with WCC, however the content of these proposals did not satisfy the DfE's requirements for operational independence. Therefore, only the Wholly Owned Council Company option is explored in this document.

*The FBC was originally approved by Cabinet on 31<sup>st</sup> March 2018 for Children's Social Care services only. Since then, 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. The rationale for these changes is explored later on within the Strategic Case, which are focused on ensuring Worcestershire is able to provide the best possible holistic services to children and young people within their community. As such, this FBC has been revisited*

*and revised during January – February 2019, to ensure it accurately reflects the intentions of the Council.*

This FBC has been created using the ‘Five Case Model’: an approach contained within HM Treasury’s guidance and standard methodology, which is both scalable and proportionate. Therefore, it has been tailored to the timescale and resource available in WCC.

The Five Case Model comprises 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 WCC to implement;
- The **financial case** – this describes funding arrangements, the required budget, and key considerations for the affordability of the ADM;
- The **management case** – this specifies the plans for the successful delivery of the programme of work to cost, time and quality.

## 2.2 LOCAL CONTEXT

### 2.2.1 Service performance and statutory direction

Worcestershire’s Children’s Social Care Services were directed by the Department for Education to become a form of ADM, and a decision was to be made on the specifics of this by 31<sup>st</sup> March 2018, informed by the Full Business Case. This has been driven by the performance of the service as judged by Ofsted, an independent assessment by the Department for Education (DfE) appointed Commissioner, and the Statutory direction issued by the Secretary of State.

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

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

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

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

- ii) A full business case for the proposed alternative delivery model by 31<sup>st</sup> March 2018; and
- iii) To provide regular reports on its progress, the first of which by no later than 30<sup>th</sup> November 2017.

Worcestershire County Council, in compliance with the statutory direction, subsequently initiated a programme to appraise, design and implement an alternative delivery model for Children's Social Care services. The programme was developed in partnership with Mutual Ventures and supported by C.Co and Bevan Brittan and consists of a number of phases. Phase 1 was the completion of an Options Analysis to decide the highest-scoring ADM option (this was completed in December 2017). Phase 2 is the completion of a Detailed Business Case on the final option(s) chosen following the Options Analysis (completed and approved on the 31<sup>st</sup> March 2018).

Following Cabinet and Secretary of State approval of the original Business Case, implementation began in April 2018, with an original target go-live date of April 2019. In July 2018, the Parliamentary Under Secretary of State for Children and Families approved a change to the target go-live date to be revised to 1st October 2019. Furthermore, during the implementation programme the scope of services of the Company was revised and approved by Cabinet and the DfE in November 2018, which recognised the importance of Education, SEND and Early Help in working closely with Social Care. More information regarding these changes and the decision-making process can be found in sections 2.2.2 and 2.2.3 below, as well as referenced throughout relevant other sections of this document.

### **2.2.2 Go-live date change**

Following Cabinet's decision in March 2018 to develop a Wholly Owned Council Company for Children's Social Care Services (original scope), work commenced on developing a detailed implementation plan for the development of the Company. Worcestershire County Council recognises that the DfE are keen to transition services to the ADM as quickly as possible and were originally working towards a 'go-live' date of 1 April 2019. As part of the management of the ADM programme plan, detail was shared and overlaid with other service improvement and transformation plans to ascertain the wider impact on Children's Services during May 2018. This highlighted a significant level of predicted activity throughout December 2018 to March 2019 which presented a critical risk relating to potential service failure and/or loss in productivity and improvement during this time. The Council wished to mitigate this risk by reducing the expected pressure on services. There are three main activities which caused the Council and the DfE to consider the go-live date change:

#### **Pressures of the ADM programme implementation**

The Programme originally intended to commence TUPE consultation during November 2018 and run this process for 90 days. The consultation will impact all staff across the service and will involve a series of formal briefings and 1-2-1 meetings (if requested). This is likely to involve union involvement and wider discussions with staff outside of the planned briefings. Throughout this time, work would be carried out against the more detailed service delivery contract / corporate support service agreements and negotiations. This will impact on Children's Services Leadership as they will be required to operationally test out the requirements of the contract and agreements.

#### **Social Care Case Management (SCCM) Programme**

The Social Care Case Management Programme has been initiated to procure and implement a new case management system for both Children's and Adult's Social Care Services. This programme has been initiated as the existing case management system (Frameworki) has become obsolete. During the time this was being considered against the ADM Programme in May – July 2018, the expected go-live for the system was either March 2019 or July 2019 (depending on which supplier was selected). In preparation for go-live around 20 champions are expected to be identified to assist with User Acceptance Testing (UAT), checking self-study material and supporting staff at the go-live. They are likely to be mostly Business Support staff but these staff are likely to be in-scope of transferring into the Company. Furthermore, the go-live of any new system is likely to disrupt service delivery in the short term, whilst issues are resolved.

### **Ofsted full inspection**

It is likely that a full inspection will be undertaken during 2019. With a full ILACs inspection, Ofsted inspectors will usually be on site across a two-week period, with the Council only receiving 5 days' notice. Preparing for and managing an Ofsted inspection is time-consuming. Irrespective of any additional 'project-management' capacity bought in or business as usual performance and quality, inspections add additional strain to the day to day running of the business. Audits will need to be completed and verified, the self-assessment will need to be refreshed and all staff will need to be briefed and prepared. Frontline staff and all levels of managers will need to make themselves available to discuss children's cases with inspectors as well as respond quickly and thoroughly to key lines of enquiry.

Whilst it is impossible to say exactly when the inspection will take place, as they are announced at short notice, the preparation and management work may impact service staff up to April 2019 and beyond. This activity will be prioritised over all other change activity (i.e. SCCM/ADM) and some of the internal ADM Programme Team members are likely to be diverted to help to manage the inspection.

As a result of the above activities, following discussions with Worcestershire's Children's Commissioner and civil servants from the Department for Education a recommendation was made to the Secretary of State to allow additional time to implement the new Company that was due to go live at the beginning of April. On the 24th July 2018, the Parliamentary Under Secretary of State for Children and Families agreed that the Company would go live on the 1st October **2019**.

### **2.2.3 Scope of services change**

As part of the implementation phase, thorough consideration has been given to what is best for children and young people, and all aspects of the Business Case have been reviewed in order to finalise the scope and budget required for the successful delivery of the Company. This review was 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 County Council and the current financial context of the Council.

This resulted in a recommendation to widen the scope of the functions and services transferring into the Company to include broader children's services. The proposed list of additional functions is listed below:

- Education Services (including provision planning, accommodation, commissioning and safeguarding advice)
- Early Help Services (including those provided by the Council and not those commissioned by Public Health)
- Commissioning of services for vulnerable children and families
- Commissioning of community health services (subject to agreement from Worcestershire's Clinical Commissioning Groups)
- Virtual School
- Services for children with special educational needs and/or disabilities
- Participation and engagement
- Facilitation of the implementation of Worcestershire's Children and Young People Plan (this Plan is still signed off by the Health and Wellbeing Board and Full Council).

Services commissioned by Public Health (i.e. 0-19 Services) that are outside of the proposed wider scope would remain in their current arrangements. The organisation of these services will be considered as part of the wider remodelling work across the Council and planned commissioning activity.

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 the Company and its Board of Directors will have a single unwavering focus on children and young people. It recognises that children live within a community and receive support across a number of interconnected services. Schools, in particular, are a major part of a child's community and wellbeing. 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 wouldn't have existed, to integrate service provision together, such as services for children with special educational needs and/or disabilities (SEND).
- Broadening the scope of responsibilities for the Company 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 Management Team.
- There are also financial benefits to widening the scope of functions transferred given the opportunity to integrate service provision, which would enable the Company to operate more effectively. There are also economies of scale to be made in provision of support / backoffice services and the Company's executive leadership team. However, these benefits, whilst



important, are considered secondary to those that focus on improving outcomes for children and young people.

On the 15<sup>th</sup> November 2018, Cabinet were minded to approve the scope of services change and allow the Programme to re-plan, subject to a number of activities. Cabinet:

- ▼ subject to agreement from the Minister, noted the proposed changes to broaden the scope of services and responsibility transferred to the Company;
- ▼ noted the programme implications related to broadening the scope of responsibility transferred to the Company;
- ▼ authorised the Chief Executive, in consultation with the DfE appointed Children's Commissioner, Leader of the Council and Cabinet Member with Responsibility for Children and Families, to re-profile and implement a revised programme plan; and
- ▼ agreed to receive a further report in Spring 2019 on the final decision around scope and transfer of services to the Company.

The implications of this change have been included in this revised iteration of the Business Case, throughout every section.

## **2.3 The Business Case process**

### **2.3.1 Options Analysis outcome**

During the 14<sup>th</sup> December 2017 Cabinet, it was decided that two options were to be taken through to Full Business Case stage in the form of a WOCC and a Strategic Partnership. This decision considered the Options Analysis as well as local considerations regarding Worcestershire's political context and reputation (beyond the mechanisms of the Options Analysis). As stated in section 2.1, the Strategic Partnership option has not been assessed as viable, therefore only the WOCC or "Company" is explored in this FBC. The details of the Options Analysis results are found in the Economic Case section, where the long-list and the short-list are also described.

### **2.3.2 Original Business Case December 2017 – March 2018**

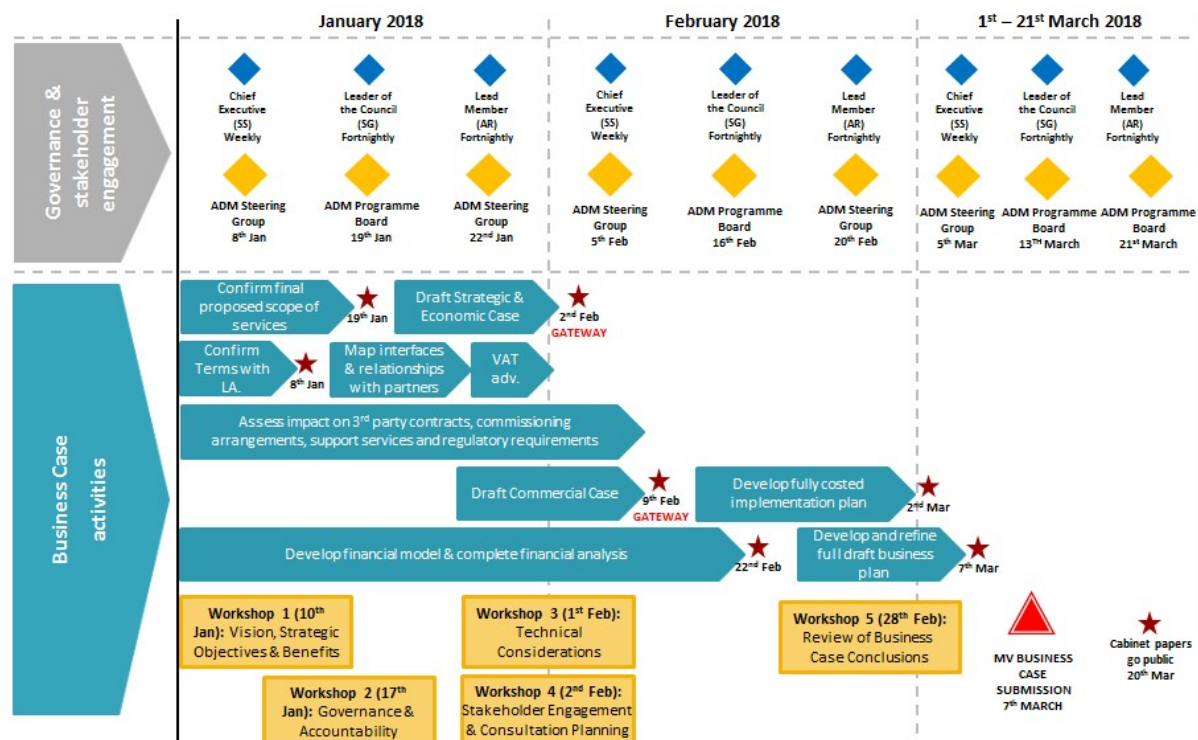
Building upon the information gathered within the Options Analysis, the development of the Full Business Case was conducted from the 18<sup>th</sup> December 2017 – 7<sup>th</sup> March 2018, to form the submission to Cabinet on the 29<sup>th</sup> March 2018. This process was managed by the ADM Programme Team under the direction of WCC's Interim Chief Executive and Director of Children's Services. During this time, numerous workshops, meetings and briefings have been completed with the following key stakeholders:

- ▼ Cabinet Members (including the Leader of the Council and the Cabinet Member for Children and Families)
- ▼ Non-Executive Members (Overview & Scrutiny Panel)
- ▼ The Children, Families and Communities Senior Leadership Team
- ▼ CYPF staff representatives and liaisons
- ▼ Senior social workers
- ▼ Corporate representatives (Legal, Finance, HR, Commercial, Procurement)

- ▼ The Chief Executive and Worcestershire Leadership Team
- ▼ The DfE Commissioner
- ▼ The DfE Intervention Unit

Governance was provided by the ADM Programme Team, ADM Steering Group and ADM Programme Board, which have continued through the implementation phase (further information on Programme Governance can be found within the Management Case).

The stakeholder engagement plan for this phase of the Programme is represented in the visual timeline below, alongside key activities undertaken during the original Business Case process:



### 2.3.2 Revised Business Case January 2019 - March 2019

In December 2018, the ADM Programme Board and Worcestershire Strategic Leadership Team agreed that the Business Case required revision following the significant changes that had been made to the Company implementation timescales and scope. This is to ensure the Council has considered and documented the implications of these changes, to provide an audit trail of decision-making, to ensure that the Business Case is as useful as possible as a reference point during the implementation programme, and to accurately reflect the intentions of the Council to staff, partners, users and the public.

The revision has been conducted using workshops and governance meetings with the following stakeholders:

- ▼ The Children, Families and Communities Directorate Leadership Team, including the Children’s Services HR Business Partner and Children’s Services Finance.

- ▼ The Chief Executive and Worcestershire Strategic Leadership Team
- ▼ The DfE Commissioner
- ▼ The DfE Intervention Unit
- ▼ Cabinet Members (including the CMR for Education and Skills, CMR for Children and Families and the CMR for Transformation and Commissioning)

The revision of the Business Case commenced in January 2019 and is intended to be submitted for the 14<sup>th</sup> March 2019 Cabinet.

### 3. THE STRATEGIC CASE

This section of the FBC tests whether the ADM option under consideration is supported by a compelling case for change that provides a holistic fit with other parts of the organisation and the public sector, including strategic drivers and objectives.

#### 3.1 STRATEGIC DRIVERS FOR CHANGE

The requirement to consider an ADM for Children's Services in Worcestershire has been formalised in a Statutory direction regarding Social Care issued by the DfE, which is a key driver for this change. However, the ADM has been recognised by WCC as a vehicle for positive change and an opportunity to support and enhance the ongoing improvement activity and has been broadened to include Education and Early Help services. The inclusion of these services marks the intentions of the Council to enable whole-system change across children's services, and recognises the importance of preventative work in rebalancing children across the system. The aim of the ADM is to provide the service with the platform and further opportunities to improve outcomes for children and young people. The local context surrounding the DfE's intervention can be found in section 2.2. A number of further considerations and drivers, including the Essex Improvement Partnership, are listed in this section.

##### 3.1.1 Areas of concern for Worcestershire's children

The [Children and Young People's Plan \(CYPP\)](#) Companion document (published September 2017) highlights a number of potential factors which the ADM design and WCC's Children's Services strategies and plans will need to take into account and/or address. These include:

- The number of children and young people aged 19 or under in Worcestershire is projected to be 131,800 by 2025. This is an increase of 3,600 (2.7%) from 2015.
- The overall birth rate in Worcestershire is declining but has increased among the most disadvantaged families, which could lead to additional demand challenges on public services.
- Over 15,800 (16%) children aged under 16 across Worcestershire live in low income households.
- Identified inequalities in health outcomes during pregnancy & birth and the early years such as teenage pregnancies, smoking in pregnancy, low birth weight, breastfeeding, dental health and hospital admissions.
- The proportion of children with free school meal status achieving a good level of development at the end of Reception is significantly lower than elsewhere.
- The number of pupils reaching expected standards for reading, writing and maths at Key Stage 1 and 2 are still below the regional and national level.
- Growing prevalence of children identified with special education needs and disabilities and understanding what support may be needed to meet their needs including an above average proportion of SEN school aged pupils<sup>1</sup>.

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<sup>1</sup> <https://www.gov.uk/government/statistics/special-educational-needs-in-england-january-2017>

- Education attainment of vulnerable pupils including those eligible for free school meals, looked after children and children with special education needs and disabilities. The gap is still too big, and the progression rate too slow, between these vulnerable groups and their peers.
- Progress of Care Leavers into suitable accommodation and education, employment and/or training: 48% of care leavers are currently not in education, employment or training.
- Concern regarding the emotional wellbeing and mental health needs of children and young people and an above average number of school children with social, emotional and mental health needs.
- Demand on social care at every level (Children in Need, Child Protection and Looked After Children) and the capacity, capability and quality of social care practice.

The ADM, as the vehicle for sustaining improvement, will have the opportunity to be designed in such a way that supports the needs of children and young people within the county across a wide range of services and touchpoints. The ADM will be solely focused on improving outcomes for Worcestershire's CYPF, with fewer competing strategic priorities. Tailoring the service will be primarily addressed through the improvement activity, which involves service and practice redesign and identifying specific priorities which will address Worcestershire's core needs, taking advantage of new flexibilities provided by the ADM. The current improvement priorities are summarised below.

### **3.1.2 Improvement priorities**

Following the transfer of services on go-live, the Company will take responsibility for the delivery of improvement against transferred services, supported by the Council through its contractual and support service arrangements. There are a number of key improvement priorities within Social Care, Schools, SEND, Early Years and Early Help, that are important to draw out as key priorities of the new Company going forward.

#### **Social Care**

On 24 January 2017, Ofsted published their report entitled 'Inspection of services for children in need of help and protection, children looked after and care leavers; and Review of the effectiveness of the Local Safeguarding Children Board' for Worcestershire County Council. The overall judgement for Worcestershire was 'inadequate'.

Following publication of the report, the Cabinet Member with Responsibility (CMR) for Children and Families, the Director of Children, Families and Communities (DCS) and the Assistant Director: Safeguarding Services outlined to various stakeholders including the local media, scrutiny panels, partners and our workforce that plans were already in place to deliver service improvement prior to the inspection, and that this work has continued and been further strengthened to form a Service Improvement Plan (SIP) to cover all recommendations outlined by Ofsted.

The SIP was noted and endorsed by Cabinet in April 2017, before being submitted and approved by Ofsted in May 2017. The SIP outlined 8 improved outcomes that the service is seeking to achieve along with eight work-streams and associated projects to deliver them.

The SIP was also developed with other key strategic documents in mind, e.g. the Council's Corporate Plan, the Strategic Economic Plan and the Worcestershire Safeguarding Children Board (WSCB) Business Plan. It has also evolved since its inception to reflect latest intelligence gleaned from

engagement with key stakeholders i.e. Children and Young People Plan development and launch in September 2017.

Just over 12 months on from the publication of the Ofsted report, WCC have undertaken a review of the SIP, to review the progress made and to ensure it continues to remain focused on the key priorities in light of the feedback provided from Ofsted following three monitoring visits which have taken place since the SIP was launched, in May 2017, September 2017 and January 2018.

As a result of the review, and the positive progress made on a number of key areas, WCC have refreshed the SIP, which will continue to focus on delivering 8 improved outcomes for children, young people and families for 2018-2019, along with a programme of work to support successful delivery of these outcomes. The eight outcomes are:

- Outcome 1 – Be the Social Work ‘employer of choice’
- Outcome 2 – Children's needs are assessed and met in a timely and purposeful manner
- Outcome 3 – Children and families benefit from services that have been quality assured
- Outcome 4 – Children and families views drive service improvement
- Outcome 5 – Children and families benefit from early help and avoid unnecessary interventions
- Outcome 6 – Children and families receive the right service at the right time
- Outcome 7 – Children and young people achieve permanency without delay
- Outcome 8 – Our Looked after Children are fully prepared for adulthood

These outcomes relate to a wide range of services across Children’s Services. Other key priority areas are found below. The Children's Families and Communities Leadership Team will continue to lead delivery of the SIP and ensure positive momentum is maintained whilst the implementation phase of the ADM is underway. The SIP will continue to be reviewed regularly, with progress reports provided to key stakeholders and partners including the Local Safeguarding Children Board (LSCB), Elected Members and Scrutiny Panels, whilst continuing to work in partnership with WCC’s improvement partner, Essex County Council (details found in section 3.1.3).

### **Education & Schools Improvement**

Worcestershire’s Corporate Plan: Shaping Worcestershire’s Future 2017-22 (found in section 3.3) states that “We will continue to play an essential role in managing and coordinating the school system across the county and ensuring education provision remains fit for purpose.” There are several major aims and priorities regarding Education provision that are captured in several strategic documents. A summary of key strategies is found below.

The [Worcestershire County Council’s School Organisation Plan 2019-24](#) sets out the way that Worcestershire County Council (WCC) as the responsible body for Education intends to address its statutory responsibility to ensure a sufficiency of places across all areas of education provision in the period 2019-24 including:

- Early Years (0 – 5 years)
- Mainstream (5 – 16 years)
- Special Educational Needs and Disabilities (SEND) (0 – 25 years)
- Post-16 (16 – 19 years).

The vision of the Education service is that Worcestershire believes that all children should have the opportunity for the best possible education to allow them to fulfil their full potential. To achieve this, we feel that local solutions offer the best way to meet the needs of all children and therefore, will encourage schools and settings to work together to build partnerships and support each other for the best interests of all our children. The Council, for its part, will work with all types of providers to ensure there is a sufficiency of good quality education places in Worcestershire. Where the Council identifies the need for additional places, the decision on which provider to commission to deliver those places, will be based on the aim to meet the following clear core principles:

- Improve educational outcomes for all children and young people;
- Improve the learning experience of children and young people;
- Support good or outstanding provision;
- Be sustainable in the long term; and
- Be cost effective / value for money

Furthermore, the '[School Improvement Policy for Worcestershire Schools 2017-18 Aiming for Outstanding](#)' policy communicates Worcestershire County Council's focus areas for schools improvement. Within an ever-changing educational landscape, the continuing role of the local authority (and in future, the Company) in monitoring and evaluating schools' progress aims to enable Worcestershire to know and understand the progress each school is making and the performance they are achieving. This is seen as particularly important as schools become increasingly autonomous and self-managing and to ensure they are excellent places of learning and teaching.

*The goal for school services is that all schools will be judged good or outstanding and that Worcestershire will perform in the top 10% of local authorities nationally.*

Aiming for Outstanding focuses on building capacity across the whole education community and within each school in these four key areas:

- School governance, leadership and capacity
- Progress and Standards
- Outcomes for vulnerable children
- Safeguarding

These areas are key to ensuring that children are supported in their needs throughout their journey, not just within the education system or the social care system. The **key priorities** of these services are to:

*Raise standards of attainment and improve rates of progress for all pupils:*

- improve the achievement of pupils, particularly in KS2;
- work with schools to help ensure teacher assessments are accurate; school tracking systems are robust; any underperformance is identified swiftly and interventions implemented at the earliest opportunity.

*Close the attainment gap for disadvantaged pupils:*

- work with schools to help ensure interventions are appropriately targeted and effective in order to enable underperforming pupils to make accelerated progress.

*Increase the proportion of schools that are providing a good or better education for their pupils:*

- continue to strengthen the quality of leadership at all levels;
- continue to strengthen the accountability role of governors to ensure robust and independent monitoring and evaluation.

*Strengthen partnership arrangements to increase school to school support:*

- continue to work in partnership with headteacher representative groups, Teaching School Alliances and other system leaders to share effective practice and broker school to school support;
- promote the sharing of effective practice

Further detail of the structures and the specific services included in this area can be found in the Aiming for Outstanding document. Currently, Worcestershire's school's services have been outsourced to Babcock Prime. The Council are in discussions with Babcock and Children's Services regarding the future of this service. However, it is intended that the overall responsibility for these services will transfer to the Company.

## **SEND**

The [strategy for SEND 2017-2021](#) sets out the vision that 'in Worcestershire we want all children and young people with special educational needs and/or disabilities to be truly seen and respected as individuals and to be the best they can be'. To deliver this vision, five priorities have been identified based on what parent carers, children, young people and professionals have told us is important. These priorities are:

6. A person-centred approach – putting children and young people at the centre of planning and decision making about their own care and support
7. Integration and operational delivery – co-ordinating services across education, health and care to improve the Education Health and Care Plan process
8. Early intervention - allowing families to be able to access information and support that can be helpful at an early stage as soon as problems or concerns arise
9. Preparation for adulthood – creating a whole life approach to improve the personal transition experience and journey to adulthood
10. Workforce development – developing a multi-agency workforce that understand SEND and works together to achieve good outcomes

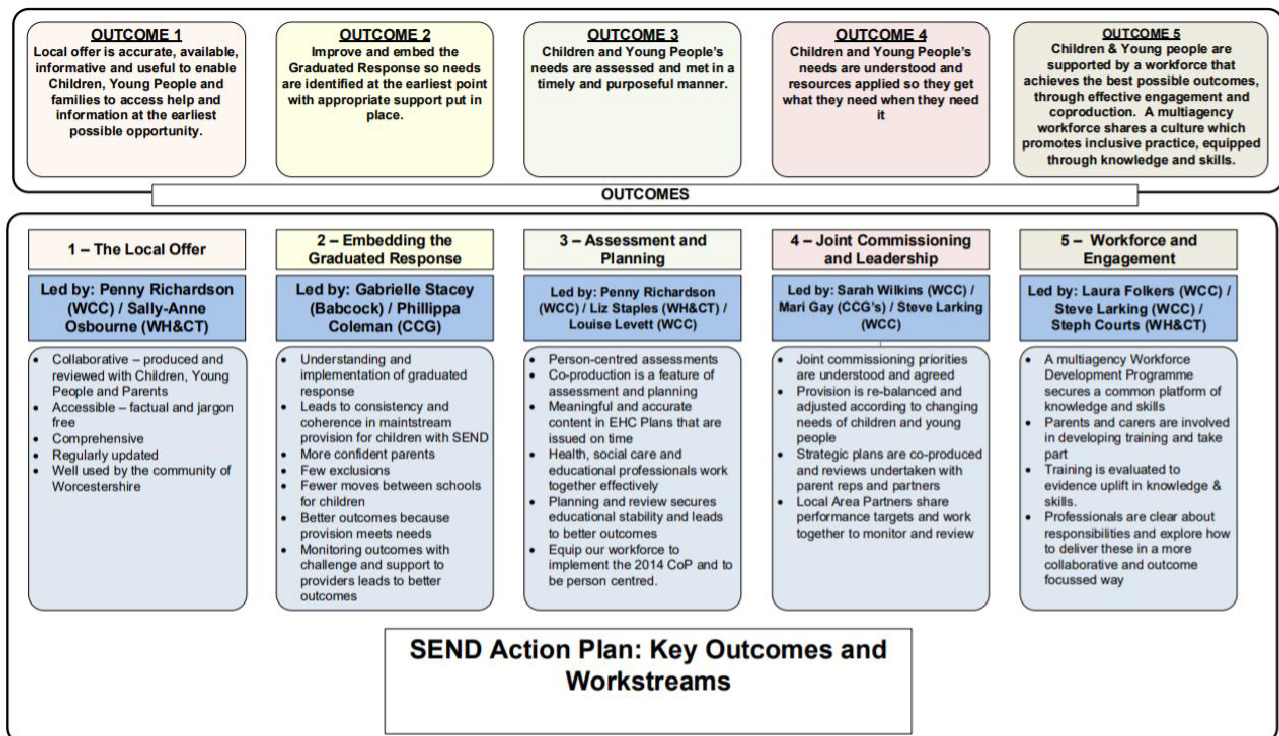
In March 2018, Ofsted and the Care Quality Commission inspected how effectively the special educational needs and disability (SEND) provision is delivered in Worcestershire by the Council together with NHS Worcestershire Clinical Commissioning Groups. Inspectors looked at the local information that is provided across the county on services to support children and young people and their parents and carers. They reviewed joint commissioning between health services and the Council, and the way schools support children in mainstream education. Inspectors also looked at assessments and planning for children and young people with special educational needs and disability. Improvements were recognised by inspectors but it was found that children and young people who have SEND are not provided with the quality of support and service they are entitled to.

As such, a number of actions were created to address these issues. This can be found in the May 2018 [SEND Action Plan](#). The plan includes key parties and their responsibilities against the plan, including:



- The SEND Project Improvement Team
- The SEND Improvement Board
- The Health and Wellbeing Board
- The Integrated Commissioning Executive Officer Group
- CCG Governing Bodies
- The Lead Elected Member / CMR for Education & Skills
- The Children, Families and Communities Leadership Team, including the Director for Children's Services

Key outcomes and objectives within the plan are displayed in the diagram below:



For each of the outcomes above, an action plan has been created (detailed within the SEND Action Plan document) which includes the objective, key milestones, activities, the lead for those activities, key partners, and timescales for actions. The Company will continue to deliver this action plan upon the transfer of services.

### Early Help

Early help means providing support as soon as a problem emerges, at any point in a child's life, from the foundation years through to the teenage. Providing the right help at the earliest opportunity can help to solve problems before they become more pressing and complex, and may prevent children from suffering from significant harm. The term 'early help' is used to describe support that is made available to children and families at levels 2 (Additional) and 3 (Targeted Support) of our Levels of Need (Thresholds) Guidance, which includes the Early Help Pathway. Worcestershire's approach to Early Help can be found in the Early Help Strategy (September 2017) and the Early Help in Worcestershire Plan (2018), which are summarised in this section. The purpose of the strategy is to ensure that:

- All partners understand their duties, roles and responsibilities in line with Working Together and the Children Act 2004
- Everyone knows what to do if a child in need of additional help or support is identified and a clear pathway and procedures are in place
- Performance is monitored and the WSCB receives regular reports on the effectiveness of the early help offer
- All partners are committed to the delivery or commissioning of services in line with their statutory duties and comply with the WSCB Levels of Need (Thresholds) Guidance.

### *Early Help Strategy*

Worcestershire's Early Help Needs Assessment (EHNA) was produced in September 2015 by Public Health in Worcestershire County Council. The Assessment identified that Worcestershire has a number of poorer outcomes than would be expected for children and young people, particularly for the under-5 age group and adolescents. Specifically, the relatively low proportion of young children who are school ready compared to the national average, high levels of reported language and communication needs and the unmet emotional and mental health needs of older children and young people were flagged. Also, of concern is the consistent gap in outcomes for children and young people from deprived and non-deprived areas with significantly poorer health, social and educational outcomes in deprived areas.

An estimate of predicted outcomes for children and young people in Worcestershire indicated that 48% of our children and young people are likely to require varying levels of interventions. The likely need for interventions is forecast to rise by 1% by 2020. Over the last 5 years there has been evidence of rising demand for most targeted and specialist services such as Child and Adolescent Mental Health Services, Speech and Language Therapy and Children's Social Care. Therefore, Worcestershire needs to ensure, that its' early help offer provides the best opportunities to these children and young people, both from a commissioning and delivery perspective, in order to improve outcomes for these vulnerable groups.

In 2015 Ofsted found that in all areas visited, arrangements were in place to provide early help but that opportunities were being missed by all statutory partners to deliver outstanding early help. They recommended that the following actions are taken in order to improve the offer to children, young people and families:

- Promoting the use of evidence and research informed practice
- Improving the quality of analysis in assessments
- Ensuring that assessments reflect the views and experience of the child and family
- Making the purpose of intervention clearer and improving the intended outcome
- Ensuring plans are regularly reviewed and that these reviews evaluate the child's and family's progress
- Provide professional supervision to all staff delivering early help and ensure that their work receives regular management oversight, particularly in respect of decisions about whether families need more formal help
- Ensure that children's needs for early help arising from parental substance misuse, mental ill health and domestic abuse are addressed in commissioning plans

In response to this learning and Worcestershire's Children's Social Care Ofsted inspection, a new set of Early Help Practice Standards and Procedures also have been put in place to provide assurance

and guidance for its internal and commissioned services working within the Targeted Family Support Service.

### *Early Help in Worcestershire Plan*

The Early Help in Worcestershire Plan is a key component in the delivery of the Early Help Strategy. The plan has a focus on positive outcomes for children and families and is underpinned by the key aims of the national Troubled Families programme which delivers whole family and intensive support to families with complex and – in many cases – intergenerational problems and seeks to deliver service transformation in the way that services work together in support of improved outcomes for families. The plan brings together actions from a number of key improvement agendas in Worcestershire covering partnerships, delivery and resources (in relation to the Troubled Families programme delivery), data management, social care and support for families with children who have additional needs. The plan is a result of numerous activities including:

- Development of improvement plans and a SEND statement of action in response to inspection and peer review activity
- Self-assessment against the Service Transformation Maturity Matrix and Data Maturity Model with partners, and the diagnostic tool for recovery (Troubled Families programme)
- Workshop and diagnostic activity with our improvement partner Essex County Council as well as learning activity with peers

The plan will be further developed through the CYPP Strategic Partnership who will also oversee its delivery. The partnership will meet and consider the plan in January 2019 and regularly thereafter.

The current national programme was rolled out across all upper tier local authorities in England in April 2015, and replaced the first programme which had been in place since 2012. The national programme has three main aims to achieve significant and sustained progress with up to 400,000 families with multiple, high cost problems by 2020.

The national programme aims to:

- To make work an ambition for all troubled families,
- To transform the way that the public services work with families with multiple problems to take an integrated, whole family approach;
- To help reduce demand for reactive services;
- To demonstrate the ability to lower costs and savings for the taxpayer.

The programme was designed to address a broader set of objectives which are as follows:

- Parents or children involved in crime and anti-social behaviour;
- Children who have not been attending school regularly;
- Children who need help: children of all ages, who need help, are identified as in need or are subject to a Child Protection Plan;
- Adults out of work or at risk of financial exclusion, or young people at risk of worklessness;
- Families affected by domestic violence and abuse; and
- Parents or children with a range of health problems (including drug or alcohol abuse).

The programme is funded up until 2020 with evaluation set to measure outcomes up until 2022. Local authorities are responsible for ensuring delivery of the local programme at scale, through

strong partnership working and provision of quality services that bring about sustained change to improve the lives of families.

The Worcestershire Troubled Families Programme has a target to support 3180 families for the whole of the second programme. The programme is currently entering the final 15 months of delivery and the actions in this plan are required to ensure confidence in the programme, quality of service delivery and transformation, and overall sustainability. The Company will have responsibility for delivering this plan from 1<sup>st</sup> October 2019 onwards.

### **Early Years**

The Childcare Act 2006 outlines a number of duties of the local authorities in their role to ensure the childcare market can meet the needs of families and support them back to work or undertake education or training. The first of these duties was outlined in the 2006 Act to secure, as far as is reasonably possible, early years education provision that is accessible, flexible, inclusive, provided through a range of settings to meet parental demand, and meet a range of different needs.

The [Childcare Sufficiency Assessment 2018](#) sets out how Worcestershire County Council seeks to meet the duty to report on the current sufficiency of childcare for families and residents of Worcestershire, and to provide clarity of the role played by the Local Authority to meet the second half of the duty: to secure sufficient childcare. In particular, this includes the increase of funded hours.

The introduction and subsequent extensions of funded hours has presented a challenge to providers in Worcestershire in meeting the new demands and requirements from working families. Over the next few years, the childcare market and offers available to parents is expected to alter dramatically as providers adapt to meet the new demands and changing working patterns of families.

Funded hours have reduced the cost of childcare for working families in Worcestershire and increased the number of families where both families are working. 29% of families who accessed funded hours in the summer term said that this allowed them, or their partner, to increase their working hours or start additional training, and for those families already in work, it noticeably reduced the cost of childcare. 2000 fewer families paid for additional hours above their funded entitlement in summer 2018 compared to summer 2017<sup>2</sup>. Over the next year, we can expect the engagement in 30 hours to increase as providers and families embrace the extension of funded hours

In most areas of Worcestershire, there is a sufficiency of funded entitlement places, however the availability of information on childcare in Worcestershire, and the process for proving eligibility is a key concern for families and means that many families are unaware of what they may be entitled to and where they can access it. Finding funded places at the times when families need them to balance work and family life, and the availability of affordable childcare for younger children and wrap-around care for school age children, are restricting some families from returning to work, even when they are able to access available provision. It was also felt by some families that the 'informal' costs of funded childcare, such as meals and travel costs, acted as a barrier to being able to access

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<sup>2</sup> 5137 families accessing funded hours in Summer 2017 accessed fee-paying hours as well (50%), compared to 3069 families in Summer 2018 (32%)

provision. A recurring concern for parents is the difficulty in proving eligibility; WCC will continue to feed this concern back to the HMRC to support improvement.

The Childcare Sufficiency Assessment report describes how over the last 12 months, Worcestershire County Council in corporation with our partners have taken a number of large strides towards meeting our sufficiency duties and ensuring that families can access good quality and suitable funded childcare. Through this work we have increased the availability of places for 30 hours children through capital grants from the DfE, improved face-to-face engagement with families by commissioning additional duties to local partners and consulting directly with families through parental surveys and discussion groups; recruited a number of new childminders through recruiter pathways and supported existing providers to become funded; supported struggling settings to increase the number of Good and Outstanding providers in the County and provided business support to encourage sustainable market development and continue engagement around funded provision; and produced the childcare sufficiency assessment which will drive an action plan for the service, over the next 12 months to support the market to meet the needs of families across the county and ensure the market remains a flexible and inviting prospect for new childcare providers.

It is essential that these actions are taken forward by the new Company, maintaining the momentum that the Council has developed during the last year.

### **Role of the Company in improvement**

It is crucial that the development of the Company adds value to, and does not distract from, the improvement work taking place across Children's Services. Conversely, the Company provides the opportunity for new ways of working; it is important for the improvement journey across all transferring service areas to be integral in the design of the Company's operating model and service design to ensure the positive progress that has been evidenced so far is sustained and given a platform for further growth.

#### **3.1.3 Essex County Council improvement partnership**

WCC'S Children's Services proactively commissioned Essex County Council as an improvement partner, with experts working alongside WCC to improve the lives of children and young people in Worcestershire from 24 Aug 2017 – 31 March 2019. The Essex County Council Children Services team was Worcestershire's preferred choice of partner after being recognised nationally as a best-in-class improvement partner due to their track record of improving their own services and working with other local authorities to deliver sustained improvements for children.

Essex's improvement team, have worked proactively with WCC's social work teams and managers, Targeted Family Support, quality assurance, HR and other children's specific support services, to encourage self-assessment, reflection and learning, so that teams and team members improve social work practice with children and families, and improve team focus and organisation. This work will also seek to follow-up on the areas of development identified in Ofsted improvement visits.

In February 2018, Essex County Council submitted a report to summarise the findings from their improvement work in Worcestershire so far. The report concluded that colleagues in Worcestershire are clear that they are on an improvement journey and have worked to enhance and promote the pace of change that is required.

It also stated that the new operating model that was launched on 1 February 2018 is forward looking, innovative and addresses many of the issues identified by both Essex and by Ofsted in their monitoring visits. Essex have found Worcestershire to be very proactive and positive, and diagnostic visits and deep dives have been well received by both senior managers and teams. Furthermore, there is positive news that marked improvements in pace and change have been noted in the last two monitoring visits from Ofsted in October 2017 and January 2018.

Having worked in collaboration with Essex County Council managers during the diagnostic and deep dive visits, Worcestershire managers are now in a good position to adopt the team diagnostic model as part of their routine quality assurance and improvement processes in the future.

### **3.2 WORCESTERSHIRE CHILDREN'S SERVICE STRATEGIES**

The main WCC Children's Service strategy document is Worcestershire's Children & Young People's Plan (CYPP). The CYPP is the Worcestershire partnership framework for improving outcomes for all CYPP.

Building upon the whole service strategies and information included within the CYPP and improvement plan priorities (detailed in section 3.1.2), a 'visioning' workshop was held with service and support service staff on the 10<sup>th</sup> January 2018. Subsequently, these outputs were refined with the Directorate Leadership Team to develop the Vision, Mission, Values, Behaviours and Strategic Objectives of the services transferring to the ADM. These were accepted at the ADM Programme Board on the 26<sup>th</sup> January 2018 as suitable for the duration of the Business Case, with the understanding that these statements may be developed further during the implementation phase.

Vision, mission, values, behaviours and strategic objectives define the reason for existence of a service or organisation. They are indicators of the direction of travel, to guide services and staff. This is particularly important for the ADM as it represents positive change and new opportunities for the service.

#### **3.2.1 Vision of the ADM**

The Vision communicates what the organisation aims to achieve in the future and encompasses the range of children's services the Company will deliver. The current Vision for Company is as follows:

***Our vision** is for Worcestershire to be a wonderful place for all children and young people to grow up. WCF will help create supportive communities where children and young people are safe, secure, supported to achieve, and nurtured to become independent adults.*

#### **3.2.2 Mission of the ADM**

The Mission communicates how the organisation will achieve its vision. The current Mission for the Company is as follows:

***Our mission** is to make a positive impact on the lives of our children and young people aged 0 to 25yrs, and their families, by providing outstanding, innovative, child and young people-focused services where practice and practitioners flourish and we maximise life opportunities for all.*

### 3.2.3 Values and Behaviours of the ADM

Values and Behaviours sit at the core of an organisations activities and help to distinguish one organisation from another. Service or organisational values are the behaviours and skills that are valued in fellow employees and the way in which work is carried out. They underpin policies, procedures and behaviours, because they act as an anchor for all activity. The Values and Behaviours for the Company are as follows:

- *We believe that all children and young people should be at heart of everything we do.*
- *We will make a positive difference to every child we work with.*
- *We will keep families together where it is in the best interest of the child.*
- *We will understand and value the role, responsibilities and contribution of our partners.*
- *We will inspire confidence and create capability in our staff so they practice to the best of their ability.*
- *We will embrace, encourage and respect diversity in both our workforce and our children, young people and families.*
- *We will act with integrity and respect.*
- *We will continually recognise and reinforce that achieving positive outcomes for children and young people is the most important thing we do and the reason we do what we do.*
- *We will be open to new ideas and feedback and use these to continuously learn and improve.*

### 3.2.4 Strategic Objectives & Outcomes

The table below displays the Outcomes and respective Objectives within Worcestershire's CYPP. The associated Success Measures were drafted during the visioning workshop on the 10<sup>th</sup> January 2018. The strategic objectives of the Company will reflect the way in which the Company works with children, young people, parents, families and partners to focus on prevention enabling and empowering families to meet the needs of their own children; promoting their welfare, protecting them from harm; and supporting them to reach their full potential. The Company will work to proactively prevent children from entering the social care system rather than focusing purely on recovery and intervention measures which are expensive. This will help Worcestershire's Children's Services to rebalance children across the system.

At the workshop, these were tailored specifically to the scope of services of the ADM. Please note that as part of the development of the Performance Framework within the Service Delivery Contract, the Success Measures are being updated during 2019. The Outcomes however will remain the same.

The table provides the potential framework to focus the activity and performance monitoring of Worcestershire's Children's Services Company. It will be complemented by a more detailed business plan for the ADM as well as service plans for the wider Directorate/Council/partner agencies. A summary of the Outcomes, Objectives and an example of the type and range of success Measures are found in the table below. The detailed list of success measures and their targets are found in Appendix 9.1.

Ultimate Outcome	Objective	Success Measures	
		Activity and quality measures	Impact measures
<b>Are safe from harm</b>	<ol style="list-style-type: none"> <li>1. Help children live in safe and supportive families and communities (homes and places)</li> <li>2. Promote safe,</li> </ol>	<ul style="list-style-type: none"> <li>• Timeliness measures (e.g. % of all referrals with a decision within 24 hours)</li> <li>• Volume measures (e.g. Number of children without an allocated worker)</li> </ul>	<ul style="list-style-type: none"> <li>• Rates of Children in Need/Child Protection/Looked After Children</li> <li>• Placement stability measures (e.g. % of</li> </ul>

Ultimate Outcome	Objective	Success Measures	
		Activity and quality measures	Impact measures
	healthy and positive relationships	<ul style="list-style-type: none"> <li>• Destination measures (e.g. % of initial child protection conferences resulting in a child protection plan)</li> <li>• Quality measures (e.g. Number of compliments received)</li> </ul>	<ul style="list-style-type: none"> <li>• looked after children with 3 or more placements in the last 12 months)</li> <li>• Previous involvement of Children's Services (e.g. % of repeat assessments)</li> </ul>
<b>Reach their full potential</b>	3. Support children to have the best start in life and be ready for learning 4. Prepare young people for adult life 5. Improve outcomes for vulnerable children and young people	<ul style="list-style-type: none"> <li>• Planning measures (e.g. % of looked after children with an up to date Personal Education Plan)</li> <li>• Early Help measures (e.g. Number of children open to targeted family support for x months)</li> </ul>	<ul style="list-style-type: none"> <li>• Attainment and destination measures (e.g. % of care leavers who are in employment, education and training)</li> </ul>
<b>Make a positive contribution in their communities</b>	6. Increase young people's voice in community life, participation and engagement in developing services	<ul style="list-style-type: none"> <li>• Participation measures (e.g. % of children who attend/actively contribute to their child protection conference)</li> </ul>	<ul style="list-style-type: none"> <li>• Collated evidence of how practice has changed as a result of feedback (You said, we've done)</li> </ul>
<b>Live healthy, happy and fun-filled lives</b>	7. Improve social, emotional, mental health and well-being outcomes 8. Support young people, parents and carers to overcome the barriers to sustained employment	<ul style="list-style-type: none"> <li>• Assessment measures (e.g. % of looked after children with an up-to-date Health Assessment)</li> </ul>	<ul style="list-style-type: none"> <li>• Health measures (e.g. % of Looked after children with up-to-date immunisation)</li> </ul>

### 3.3 WORCESTERSHIRE COUNTY COUNCIL STRATEGIES

The wider Council strategy is summarised within the '[Shaping Worcestershire's Future: Our Plan for Worcestershire 2017-2022](#)' document. This strategy communicates that keeping children and young people safe is a key priority for the Council and its partners, as well as ensuring that children are able to reach their full potential through appropriate support and education. WCC aims to focus efforts on providing a positive care experience, and a 'fit for purpose' school provision, in order for them to thrive and achieve their maximum potential.

Furthermore, WCC has a number of overarching aims in the way it delivers services to residents, within which the Company strategically aligns:

- WCC is constantly looking to improve the way it achieves better outcomes and positively shape Worcestershire's future whilst at the same time delivering **better value for money**.
- WCC will continue to shape our decisions around those areas that our **residents and businesses**



tell us are most important to them.

- WCC will seek to innovate further and look for **new and more efficient and effective ways of doing things**. WCC are keen to create an environment within the Council and with partners, to push boundaries and try out new concepts, ideas and different ways of working.
- We need to effectively manage change, innovate, and become **more flexible and responsive in our approach to change**. We need to be more agile in our decision-making and accelerate implementation.
- A key focus of the Council, will be to proactively **develop successful strategies to better manage demand for services**.

The sole purpose of the Company is to improve services and outcomes for children and young people in Worcestershire, which includes enabling staff to perform to the best of their ability. The Company has the opportunity to empower staff regarding decision-making and to deliver services in different ways, and therefore has the potential to create greater staff satisfaction and fulfilment. Additionally, the Company will support better management of demand and more informed commissioning decisions, leading to increased value for money. Furthermore, the reputation of the Council in meeting the needs and promoting the wellbeing of vulnerable children and young people will be further enhanced, if the Company is designed and implemented successfully.

### 3.4 NATIONAL CONTEXT

Nationally, the DfE is examining the use of a range of ADMs in Children's Services – both in local authority areas with a history of underperformance, and in areas where Children's Services are performing well. A number of councils with 'good' ratings are now also considering fundamental changes to delivery structures<sup>3</sup> (e.g. Cornwall Council, Lincolnshire County Council) to further improve outcomes and/or use an ADM as a vehicle for integration of services.

The Government's ambition is that by 2020 over a third of all current local authorities will be either delivering their Children's Services through a new model, or actively working towards a different model. This policy direction is outlined in the *Putting Children First* White Paper (2016)<sup>4</sup> which sets out the Government's vision for achieving excellent children's services. It is important to note that an alternative delivery model does not automatically lead to improvement: an ADM is a vehicle for improvement. As such, the improvement journey must not be lost during the ADM process.

A number of Councils have created, or are in the process of creating, ADMs for their children's services as the best means of controlling costs and improving performance. These include:

- *Achieving for Children* which is a wholly-owned Joint Venture between **Richmond, Kingston** and now **Windsor and Maidenhead** Councils.
- **Sunderland and Reading** have established wholly-owned organisations (*Together for Children and Brighter Futures for Children*) which delivers all the Council's children's services.

<sup>3</sup> Children & Young People Now (June 2016). <https://www.cypnow.co.uk/cyp/news/1157877/high-performing-councils-explore-alternative-delivery-models-for-children%E2%80%99s-services>

<sup>4</sup> Department for Education (July 2016). *Putting Children First: Delivering our vision for excellent children's social care*. [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/554573/Putting\\_children\\_first\\_delivering\\_vision\\_excellent\\_childrens\\_social\\_care.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/554573/Putting_children_first_delivering_vision_excellent_childrens_social_care.pdf)

- **Birmingham** and **Sandwell** have established wholly-owned organisations for children’s social care services
- **Doncaster** and **Slough** have both established *independent* Trusts which focus on children’s social care rather than children’s services more widely.
- In addition to these, **Newcastle**, **Newham** and **Cornwall** were also successful in their bids to the DfE Innovation Programme during 2017-2018 to consider ADMs for their children’s services.

Due to the recent development of ADMs in Children’s Services, there is emerging evidence regarding its success across England. Individual children’s services now operating within ADMs have reported improvements. For example, Doncaster Children’s Services Trust (the first children’s services department in England to be taken out of council control in 2014) has progressed remarkably from ‘inadequate’ to ‘good’ across all aspects of their work during their latest Ofsted inspection<sup>5</sup>. However, improvements in Slough, an independent Children’s Trust, have been present but slow<sup>6</sup>. This reinforces that the ADM itself is only a vehicle for improvement, and the design and delivery of its services must be considered carefully in order to improve outcomes as quickly as possible.

### 3.5 POTENTIAL SCOPE AND SERVICE REQUIREMENTS

#### 3.5.1 Scope categorisation

The final scope of services will inform the design of the Company and the financial viability and WCC’s ability to implement the Company. The final scope of services will also have a significant impact on the staff who are to TUPE transfer across to the Company. The scope of services must also be agreed with sufficient time to conduct a (best practice) 90-day TUPE consultation period. The final scope of services will be determined during Spring 2019; therefore, this section details the proposed scope subject to a final decision by Cabinet.

In September 2017, the Cabinet Member with Responsibility for Children and Families recommended to Cabinet that at this early stage of development, any consideration that is given to the scope of the Company should be refined as part of the development of Options Analysis and the Full Business Case.

The initial categorisation and agreement of scope (prior to the November 2018 scope change) involved grouping services into the three main categories outlined below. The assumption during the Options Analysis was that only those services categorised as 1 are in-scope. Categories 2 or 3 would be retained by WCC (or in their current form):

#### 1. Services under the DfE statutory direction

- Social services functions, as defined in the Local Authority Social Services Act 1970, so far as those functions relate to children;
- The functions conferred on the Council under sections 23C to 24D of the Children Act 1989 (so far as not falling within paragraph a. above);
- The functions conferred on the Council under sections 10, 12, 12C, 12D and 17A of the Children Act 2004

#### 2. Services closely linked to (1) and/or essential to improvement

<sup>5</sup> <https://www.cypnow.co.uk/cyp/news/2004775/ofsted-upgrades-doncaster-from-inadequate-to-good>

<sup>6</sup> <http://www.communitycare.co.uk/2018/02/06/social-work-practice-improving-inadequate-childrens-trust-ofsted-says/>

### **3. Other services that will add value to those in (1) and (2) by contributing towards the wider improvement of outcomes for children and young people**

This work did not specify in detail the impact on corporate support services. However, it was assumed, that intrinsic to the development of the ADM will be a range of corporate support services, such as HR, Finance, Legal, Property and ICT. These services will be provided either directly by the ADM; through service level agreements ("buy-back from the Council"); procured externally by the ADM; and/or a combination of the options. A working position regarding the relationship between the ADM and corporate support services is outlined in the Commercial Case. Building on this work, in January 2018 the ADM Programme Board agreed changes to the categorisation of services. It firstly agreed to change the naming convention of categories 1 and 2 to the following:

**Category 1 = under direction and/or in scope due to improvement work or day to day business**

**Category 2 = under direction but different delivery model in place and/or essential to improvement**

Using these new categories, the ADM Programme Board also agreed a number of changes in relation to a working position on scope. These changes are outlined below.

- Adoption – in scope of Adoption Central England (move from Category 1 to Category 2)
- Targeted Family Support – (move from Category 2 to Category 1)
- Young adults Team - (move from Category 1 to Category 2)
- Placements Team – (move from Category 2 to Category 1)
- Workforce Development – (move from Category 2 to Category 1)

As detailed in section 2.2.3, in November 2018 Cabinet, with agreement from the DfE, approved to widen the scope of the functions and services transferring into the Company to include broader children's services subject to a final report being brought for consideration in Spring 2019. The proposed list of additional functions is listed below:

- Education Services (including provision planning, accommodation, commissioning and safeguarding advice)
- Early Help Services (including those provided by the Council and not those commissioned by Public Health)
- Commissioning of services for vulnerable children and families
- Commissioning of community health services (subject to agreement from Worcestershire's Clinical Commissioning Groups)
- Virtual School
- Services for children with special educational needs and/or disabilities
- Participation and engagement
- Facilitation of the implementation of Worcestershire's Children and Young People Plan (this Plan is still signed off by the Health and Wellbeing Board and Full Council).

As a result of these proposed changes and some refinement of staff numbers and budgets, the current working position (subject to changes during implementation) regarding scope is below.

### 3.5.2 Summary of transferring services

The list below summarises the high-level children’s services in-scope, as well as associated staff expected to transfer to the Company (as of January 2019). This excludes Company internal support services which is likely to be another significant group of staff, though this is still to be determined. This is based on the current 2019-20 budget of approximately £100M, which increases in following years.

- Total – 824 FTE
- Early Help DSG – 38.04 FTE
- Safeguarding – 660.5 FTE
- Education & HTST – 74.74 FTE
- Early Help – 17.37 FTE
- Social Care management and admin – 33.10
- The estimated number of children served within the community is 118,000 for +18 and 124,000 for +25.

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

### 3.5.3 Detailed list of services in-scope (subject to final decision)

The detailed services list of services included in-scope (not including business support services) is found in the table below:

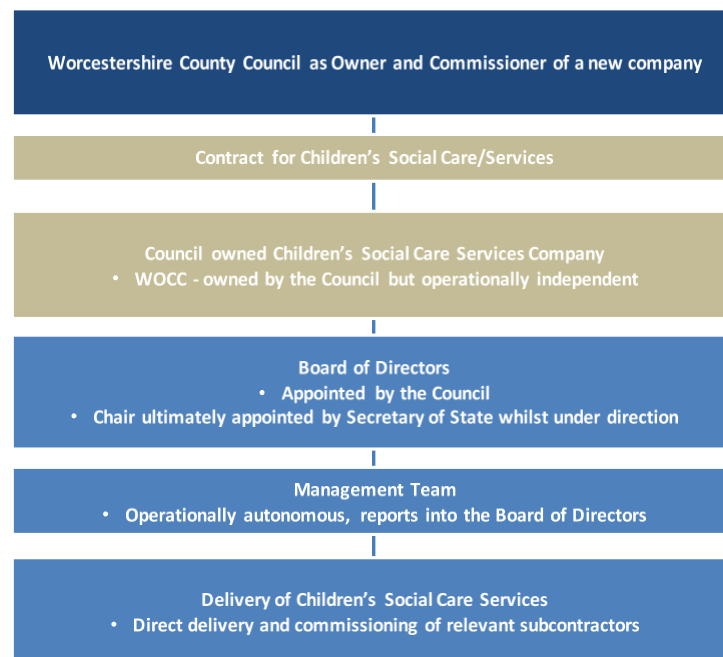
Independent Review and Quality Assurance	Principal Social Worker
Children with Disabilities (CWD) including:- Locality Social Work Teams Equipment for CWD Domiciliary Care for CWD Children's Homes and Short Breaks	Specialist Services including:- Specialist Family Support Homeless Intervention Team Emergency 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 and Vulnerable Groups
Commissioning and contract management for vulnerable children and families	Special Education Needs and Disabilities Service
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

The Central Adoption Team, and the Young Adults Team, which currently sit within Children’s Social Care, as well as the Skills Teams, have been omitted from the Company due to the nature of their current delivery arrangements. It is recommended throughout the implementation phase that the working relationship between the Company, the above services, and other WCC services (for example, Adults Services and Public Health) are fully mapped and understood.

### 3.6 OVERVIEW OF THE WHOLLY OWNED COUNCIL COMPANY MODEL

The WOCC model high level structure is depicted in the image below:



The term ‘operationally autonomous’ needs to be understood within the context of the procurement route (section 5.3) which will assign requirements for control. For example, the proposed procurement route requires that the controlling authority exercises a control similar to that which it exercises over its own departments and exercises a decisive influence over both the strategic objectives and significant decisions of the Company. Therefore, whilst as a separate company the WOCC will be operationally independent, the strategic objectives and significant decisions (dictated by agreed ‘reserved matters’) will remain with the Council.

### 3.7 GOVERNANCE AND ACCOUNTABILITY ARRANGEMENTS

A workshop was conducted on the 15<sup>th</sup> January 2018 with service and support staff, to draft (where possible at this stage) the governance and accountability arrangements of the Company. These positions were presented at the ADM Programme Board on the 26<sup>th</sup> January 2018, where feedback and approval were gained regarding the starting positions described below.

#### 3.7.1 Board composition

##### Size

It has been agreed in principle that 11 Board members is preferable given the size and scope of the Company, however this must be explored through implementation. This is based on Worcestershire's needs, but also reflects best practice for children's services companies. Ideally, to avoid any one Board member having a casting vote, the Company would prefer an odd number. However, even an odd number can often result in a tie due to absences or individual conflicts of interests. Therefore, the designation of Board member decision-making powers (i.e. a casting vote) will need to be considered during the implementation phase.

##### Draft composition (11 members)

- 1x Chair (Non-Executive Director)
- 1 x Chief Executive (Executive Director)
- 3 x Company Executive Directors (e.g. Director of Finance/Resources, Director of Safeguarding, Director of Education & Early Help)
- 3 x WCC Non-Executive Directors – two elected members, one council officer (due to conflicts of interest in holding the company to account, the elected member role cannot be taken by the Lead Member for Children's). WCC will investigate options for these NED roles with the legal and HR teams.
- 3 x Independent Non-Executive Directors (to represent expertise across commercial, financial and children's services practice & improvement, and possibly partnerships).

The above is a draft view of the needs of the Board for the Company, and subject to change depending on the detailed design, and areas of expertise provided by the Chair and Chief Executive. Please note that the Secretary of State ultimately appoints the Chair, through a collaborative process with WCC.

The number and skillset of the Executive and Non-Executive Directors (NEDs) presents a range of choice during the development of the Company, in that it can be tailored so that expertise believed to be important for the Board has been captured. If the newly recruited Chair or Chief Executive has significant expertise in these areas, then this expertise may not be required in the NED positions. The composition of the Board may change over time, as the services and the needs of the Company change.

#### 3.7.2 Democratic Scrutiny

The development of the Company is an opportunity to continue improving scrutiny and democratic reporting arrangements, including ensuring the right information is provided to the right people, without duplicating effort (e.g. multiple documents/reports for similar purposes). Whilst this area

will be designed in detail during the implementation phase, a number of key principles were captured during the workshop and through the Corporate Business Board on the 6<sup>th</sup> February 2018.

**Key principles:**

- Cabinet have expressed that existing Council and Cabinet frameworks regarding decision-making are sufficient, and that this is to be maintained during implementation of the Company and beyond.
- Ofsted have previously criticised the scrutiny arrangements within the service. Consequently, a lot of work has already been completed to improve in this area. Therefore, the Company must continue to strengthen these arrangements and utilise the improvement plans already in place.

The proposed democratic reporting arrangements are below:

Governance Group	Purpose	Reporting Requirements	Approvals	Reporting Cycle
Cabinet	Providing oversight and scrutiny on Company performance. It will hold the Company to account for delivery of strategic outcomes and overall financial performance.	<ul style="list-style-type: none"> <li>▼ Business Plan</li> <li>▼ Annual Report</li> </ul>	<ul style="list-style-type: none"> <li>▼ Business Plan</li> <li>▼ Annual Report</li> </ul>	Annual for report approvals.  Quarterly information
Full Council	Approval of the budget, and to oversee spend and performance.	<ul style="list-style-type: none"> <li>▼ Company Budget Approval</li> <li>▼ Quarterly Financial Report – Information Only</li> </ul>	<ul style="list-style-type: none"> <li>▼ Company Budget</li> </ul>	Annual Quarterly Spend and Performance Update
Children and Families Scrutiny Panel	Forum in which elected members can scrutinise the Company and seek assurance over progress and any issues that arise.	<ul style="list-style-type: none"> <li>▼ Oversight</li> </ul>	N/A	Quarterly
Corporate Parenting Board	Lead oversight in exercising the Council's responsibilities as Corporate Parent to Looked After Children and ensuring that all Council policies reflect this. Strategic not operational focus.	<ul style="list-style-type: none"> <li>▼ Oversight</li> </ul>	N/A	Quarterly
Health and Wellbeing Board	Oversees the system for local health commissioning, including SEND. Leads on the strategic planning and coordination of NHS, Public Health and related Children's Services.	<ul style="list-style-type: none"> <li>▼ Oversight</li> </ul>	N/A	Quarterly

These arrangements are being refined during the implementation phase, led by the Commissioners within the Commissioning Partnership and Management Function (3.7.5)

### 3.7.3 Reserved matters

WCC (as sole shareholder/owner of the Company) will have “Reserved Matters”, i.e. certain matters which will require WCC’s prior consent/approval before the Board can act. This will be designed in detail during the implementation phase and will be impacted to some extent by design restrictions (e.g. property arrangements and the legal form). Reserved matters will be confirmed during the contract negotiations in the implementation phase, but an indication of what may be included is provided below (based on the reserved matters observed across similar companies):

- Amendment of the Company’s Business Plan;
- Approval of any third-party contracts, arrangements or transactions over [£];
- Director removals or appointments, and appointment terms;
- The Company entering into any contractual arrangement with the Council following go-live;
- Approval if the Company wishes to form or procure the formation of any company or merge;
- Winding-up of the Company;
- New proposals to borrow money, mortgage etc.;
- Changes in the name, trading name and/or registered office of the Company;
- Changes to the principal locations of business of the Company;
- Changes in the terms and conditions of employment of any of the Company’s employees;
- Sell or dispose any part of the business of the Company or any asset (e.g. property);
- Carry out any business other than relating to the Business Plan;
- Make any press or other public statements or announcements which refer to the Council; and
- Enter into any formalised partnership arrangement, e.g. a strategic partnership with another Council.

### 3.7.4 DfE Reserved matters

***During the period of intervention only***, the DfE/Secretary of State will have consultation OR consent rights (as applicable) in respect of each of the DfE Reserved Matters. This will be confirmed during the implementation. An indication of what may be included is provided below. These have been observed across similar companies, however the latest DfE position will be reflected in the MoU.

Reserved Matters requiring ***DfE consultation*** may include:

- Amendment of the Company’s Business Plan;
- Approval of any third-party contracts over a *de minimis* value threshold;
- Director removals or appointments (other than in respect of the Chair, which will be a consent right) or any change to the member of the Company;
- Approval of any “Key Strategic Decisions” (tailored to WCC)
- Making changes to its Articles of Association;
- The Company entering into any other contractual arrangement with WCC for the provision of other services to WCC following the Services Contract go-live date; and
- Approval if the Company wishes to form or procure the formation of any company or merger.

Reserved Matters requiring ***DfE consent*** may include:



- Removal or appointment of the Chair;
- Removal or appointment of the Chief Executive / Managing Director; and
- Voluntary winding-up of the Company. Please note that this would not apply where the Company is actually insolvent, or where any action is necessary for the directors of the Company to comply with their statutory duties or to avoid potential civil or criminal liability.

Whilst the DfE's intervention period is for a prescribed time period, it is important that the DfE's Reserved Matters do not infringe on the proposed procurement exemption's requirements for control (stated in section 5.3). This will be mitigated, in part, by the constitutional documents between the Company and the Council. Furthermore, as is as is common with other children's services companies, it may be possible to draw up a Governance Side Agreement between the Council and the Secretary of State to regulate how the Council retains control during the period when the Secretary of State is involved, requiring Council agreement or consultation with the Secretary of State before the council exercise its powers. Please note, the DfE matters are likely to impact all services within the Company, not only those that have been directed.

### **3.7.5 Commissioning Partnership & Management Function**

WCC will manage the performance of Children's Services through its contract with the company. The contract would include robust performance measures and would be managed by WCC. It will be very important for the Council to develop a commissioning function to manage its relationship and its contract with the new Company (e.g. a strategic commissioning board). With a strong commissioning function in place, evidence suggests that organisations are much more likely to drive innovation in service delivery, save money, reduce wastage and achieve their proposed outcomes. Without the appropriate resources set aside for an effective commissioning team, relationships can rapidly turn problematic. Accordingly, the Council will need to retain or hire appropriately experienced and skilled staff to perform this function. The DCS and Lead Members and other WCC officers may form part of this function.

#### **Key considerations**

- At the time of writing the original Business Case, there were no WCC commissioners purely dedicated to Children's Social Care, and commissioning is often not the primary activity or expertise of these staff. There is also learning to be had from previous commissioning arrangements, where very little training has been provided to the team managing these arrangements. There is a large gap in specific skills and capacity in this area. This must be addressed to ensure the effective monitoring and management of the Company. During the implementation programme, a Lead Commissioner for Social Care has been recruited and further roles are being recruited into this function to address this gap.
- Commissioners with specific Education and Early Help commissioning skills are required in order to meet the needs of the Education, SEND and Early Help services within the Company. There are a significant number of contracts and providers against these services. The current provision for this is being investigated through the implementation Programme in order to design the function and its resources appropriately.
- Consideration may also be given to a quality assurance role outside of the Company, who can assure social work practices and delivery, as well as overall performance.

## Relationship charter

It is proposed that the relationship between the Company and the Council, which will drive the activities of the Commissioning Partnership and Management Function is based on the following core themes – Partnership, Support, Challenge, Evidence and Outcomes:

- Partnership – Both the council and the Worcestershire Children First will commit to developing a positive approach to the partnership. Taking a strength-based approach this partnership will be based on openness, honesty and transparency. The Council and Worcestershire Children First will work together to take a joint approach to delivering positive outcomes for children in Worcestershire.
- Support – The Company will be supported to ensure effective business development is in place and that the contract requirements are met. This will include providing feedback to Worcestershire Children First on the contract delivery reflecting progress and success.
- Challenge – Both parties will welcome constructive challenge to promote continuous improvement and good practice in delivering positive outcomes for children and their families in Worcestershire. Challenge will always be evidenced based and outcome focused.
- Evidence and Outcomes – Robust monitoring mechanisms will be in place which provide opportunities for the Company to evidence progress, good practice, challenges, concerns, impact and continuous improvement.

### 3.7.6 Director of Children's Services (DCS) statutory role

#### Two main options for the DCS function

- The DCS function is retained in the Council, whilst the Company recruits its own Chief Executive
- The DCS moves to the Company and takes on Chief Executive role

As the Council is transferring all of Children's Services into the Company, in November 2018 it was announced that the current DCS would become the Chief Executive of the Company. This will ensure that there is proper oversight and integration of all services within the Company.

The reporting requirements back to the Council, as part of the statutory role of the DCS, will be determined through the implementation phase in 2019.

### 3.7.7 Voice of Children, Young People and Families (CYPF)

There are multiple ways to engage with CYPF in the new company, formally and informally. The new entity may consider offering CYPF to form part of formal decision-making bodies.

#### Key considerations

- There are currently three key CYPF engagement groups: two groups for children in care, and one group for care leavers.
- The [SEND Local Offer](#) provides information about provision families can expect to be available across education, health and social care for children and young people who have Special Educational Need (SEN) or are disabled, including those who do not have Education, Health and Care (EHC) plans. There are resources and events that families and young people can attend as part of this.

- Improvement is required regarding how CYPF are engaged and feed into the service design and improvements, as the current engagement is judged as insufficient by service staff.
- The ADM Programme will research what has worked so far and elsewhere, and build this into the new design, e.g. in other companies, CYPF groups have directly contributed to the CYPF.
- There is currently no intention to create a Board position for CYPF members, however, this will be considered further during the implementation phase. It is also important for there to be CYPF engagement and communication expertise within the Board or Senior Management Team of the Company, across Education, Social Care and Early Help.

### **3.7.8 Service Delivery Contract**

The Service Delivery Contract (SDC) is the mechanism through which WCC will commission the Company to deliver services on its behalf. Whilst this will be drafted during implementation, there are a few key considerations to take into account:

- WCC remains statutorily responsible and accountable for the exercise of its children's functions.
- WCC contracts the Company to deliver the services that underpin WCC's children's services functions on its behalf. WCC is an independent "Customer" and the Company is an independent "Supplier".
- The Services Contract may be based on existing contracts for similar organisations (e.g. Doncaster).
- WCC passes risk and responsibility for delivery of such services to the Company and the Company is accountable to WCC for the performance of the services that underpins its children's services functions.
- The Company has to deliver to pre-agreed performance standards and must meet pre-agreed key performance levels. Ultimately, the Company is contracted to substantially improve service levels and standards on behalf of WCC.
- The parties manage costs of delivery of the services through the finance mechanism.
- Staff and relevant assets required for the delivery of the services transfer to the Company.
- The Services Contract is in place for the duration of the Statutory Direction or 'period of intervention'. At the end of the intervention, WCC has the option to take on the delivery of the services itself, continue to contract with the Company, or indeed procure another third-party supplier.

The draft SDC will be refined through a negotiations / dialogue process between the Company and the Council. This is currently planned between March – August 2019.

### **3.7.9 Ofsted**

The Ofsted inspection regime, i.e. Inspections of Local Authority Children's Services (ILACS) would be managed by the Company, as it will have operational responsibility over service delivery. WCC will retain statutory responsibility for the service, and any inspections will be reported to WCC. Ofsted will inspect and rate services delivered in Worcestershire, in a similar fashion to the current inspection regime.

The Company will be directly responsible for managing the process of Ofsted inspections. The Company will also be directly registered with Ofsted for Worcestershire's Children's Homes. Children's Homes (include secure homes) will be subject to the Social Care Common Inspection Framework (SCCIF).

ILACS is a system of inspection that uses intelligence and information to tailor inspection approaches by local authority; this system includes:

- ▼ Local authorities sharing an annual self-evaluation of the quality and impact of social work practice
- ▼ An annual engagement meeting between our regional representatives and the local authority to review the self-evaluation and to reflect on what is happening in the local authority and inform how they would engage with each other in future
- ▼ Our local authority intelligence system (LAIS) (which brings data and information into a single record)
- ▼ Focused visits that look at a specific area of service or cohort of children
- ▼ Standard and short inspections where we make judgements using our four-point scale; and
- ▼ Joint targeted area inspection (JTAI).

### 3.8 KEY RISKS AND CONSTRAINTS

The ADM Programme is subject to following risks and constraints that will be carefully monitored and managed throughout the lifespan of the Programme. These most critical risks are detailed in the table below:

Ref	Risk	Probability	Impact	RAG	Mitigation
1	There is a risk that due to the short timescales and complex nature of the programme information is not able to be provided. This may impact on the time, quality and cost of the programme	High	Critical	Red	<ul style="list-style-type: none"> <li>▼ Programme resources increased during 2018</li> <li>▼ Weekly messages from DCS to continue.</li> <li>▼ Weekly staff drop-in sessions organised (at different locations/times in an attempt to engage with as many people as possible)</li> </ul>
4	There is a risk that additional resources currently not planned for will be required through implementation phase, therefore increasing cost to the programme.	High	Critical	Yellow	<ul style="list-style-type: none"> <li>▼ We are currently operating within the agreed budget with the exception of Legal. However due to the delay in dialogue sessions commencing and the Board being recruited, savings will be made here.</li> </ul>
5	There is a risk that throughout the implementation phase of the ADM the improvement plan activity will be disrupted and/or delayed	High	Critical	Yellow	<ul style="list-style-type: none"> <li>▼ The Programme Team includes staff members who work across wider improvement activity.</li> <li>▼ Ofsted requirements are being built into the Programme Plan</li> </ul>
6	There is a risk that the recruitment campaigns for new Board members and Executive Directors are unsuccessful or take longer and this impacts on the implementation timescales	High	Critical	Red	<ul style="list-style-type: none"> <li>▼ Chair and Director of Resources roles are out for advert as of January 2019, 9 months ahead of go-live.</li> <li>▼ Chief Executive of the Company has now been appointed.</li> </ul>
8	There is a risk that the DfE will not fund the programme fully and this will make the implementation unaffordable	Medium	Critical	Yellow	<ul style="list-style-type: none"> <li>▼ The Programme and the Council are working together using regular reporting to ensure the Programme is well provided for. Further discussions will be required following the property solution.</li> </ul>
9	There is a risk that Children's Services is currently (and for the past few years) significantly over spending – any additional over spend is not accounted for in the ADM budget transfer	Medium	Critical	Red	<ul style="list-style-type: none"> <li>▼ Budget setting for children's services is being carried out in January and February 2019.</li> <li>▼ A Budget Development Working Group with the Company Chief Executive and the Council's Chief Finance Officer has been created.</li> </ul>

Ref	Risk	Probability	Impact	RAG	Mitigation
10	There is a risk that HMRC could make changes or issue differing advice that may change the VAT treatment. This could mean that the council may have to pay higher VAT contributions.	Low	Critical		▼ The DfE provided assurance that VAT is not going to be an issue for the Company, however this is to be reconfirmed following the scope of services change.
11	There is a risk that the implementation of the ADM creates greater fragmentation between Council corporate support services and wider services both within WCC and across partners.	Medium	Critical		▼ The design of the Company's arrangements with the Council and other partners is being addressed through the governance and organisational design of the Company. External Partnerships need to be more closely investigated in 2019.
12	There is a risk that throughout the implementation of the ADM there is increased service user dissatisfaction given the increased level of change and staff anxiety. In particular, this may be impacted by the scope of services change.	Medium	Critical		▼ Renewed efforts to communicate with staff and users in 2019, including drop in sessions, briefings, noticeboards, newsletters etc.
13	There is a risk, that following implementation there is insufficient corporate support service provision due to council restrictions including that from major contracts which may restrict the Company accessing fit for purpose services	Medium	Critical		▼ The service is meeting with Corporate Support Service leads to develop the SSAs to ensure the provision is sufficient.
15	There is a risk around mind-set of officers in corporate support services believing/behaving in a manner that considers the ADM as 'another company' and therefore ADM potentially receives an inferior / less timely service	Medium	Substantial		▼ The dialogue sessions will set the tone for how the Council and Company will contract and work together regarding support services.
17	There is a risk of increased confusion of the brand and identity of the Company and the Council, given will be a new autonomous organisation.	Medium	Substantial		▼ The Company now has a name and a brand which is being communicated out to staff at this stage, and will be communicated more publicly during the go-live process.
18	The future of contracts for Education and Early Help is being investigated currently, as some of these services are outsourced. There is a risk that the future of these contracts will not be decided in time to effectively and safely transfer responsibilities to the Company.	Medium	Critical		▼ A Contracts workstream lead is dedicated to reviewing and proposing solutions to this, including timescales and costs.
19	There is a risk of reduced control and governance by the Council if appropriate contractual documentation and mechanisms are not in place.	Low	Critical		▼ Scrutiny and democratic arrangements have been designed to minimise bureaucracy for both parties whilst ensuring appropriate levels of oversight.
22	There is a risk that due to TUPE there is an increased risk of industrial action that may lead to service disruption and costs being incurred to ensure service cover and dispute resolution	Low	Substantial		▼ Union engagement is being addressed during 2019 ahead of the TUPE consultation, as well as significant staff engagement.

### 3.9 STRATEGIC CASE CONCLUSIONS

- The case for change for Children’s Services is supported by several key drivers:
- The requirement to improve as outlined in the improvement plans across Children’s Services, and the desire to continue improving based on recent progress;
- The local context regarding the statutory direction / DfE intervention; and
- The emerging supportive evidence nationally of several local authorities (both ‘inadequate’ and ‘good’) transferring services to a children’s services Company. However, as noted in the case of Slough, progress can be inhibited depending on the design and delivery of the Company.

The direction of the Company, described by the Vision, Mission, Values, Behaviours and Objectives, have been clearly demonstrated in this section. Furthermore, significant consideration has already been given to the scope of services and the potential design of the Company, particularly regarding how it is governed.

The scope and high-level design of the Company has been discussed and agreed in principle with a wide range of stakeholders within WCC, with an aim to communicate this more widely to partners and CYPF during the next phase, if approved. Consequently, the Strategic Case provides a sound basis to proceed with the Full Business Case.

#### **Recommendations for the implementation phase**

- Fully investigate and confirm the final scope of services transferring to the ADM, including the impact on remaining services and a gap analysis across services.
- Remain aligned to the improvement journey through ADM Programme governance (proposed in the Management Case).
- Conduct detailed design of the governance and accountability arrangements, develop the performance framework and monitoring measures, design the Company and the contractual matters and documentation. Specific workstreams during the implementation will be dedicated to these matters, which have been detailed in the Management Case section.
- Further investigate the requirements of the Board.
- Update the Project Initiation Document and risk register and update it regularly as the Programme progresses.
- Properly map and understand how in-scope services’ working relationships with remaining children’s services within the Council are managed.

## 4 THE ECONOMIC CASE

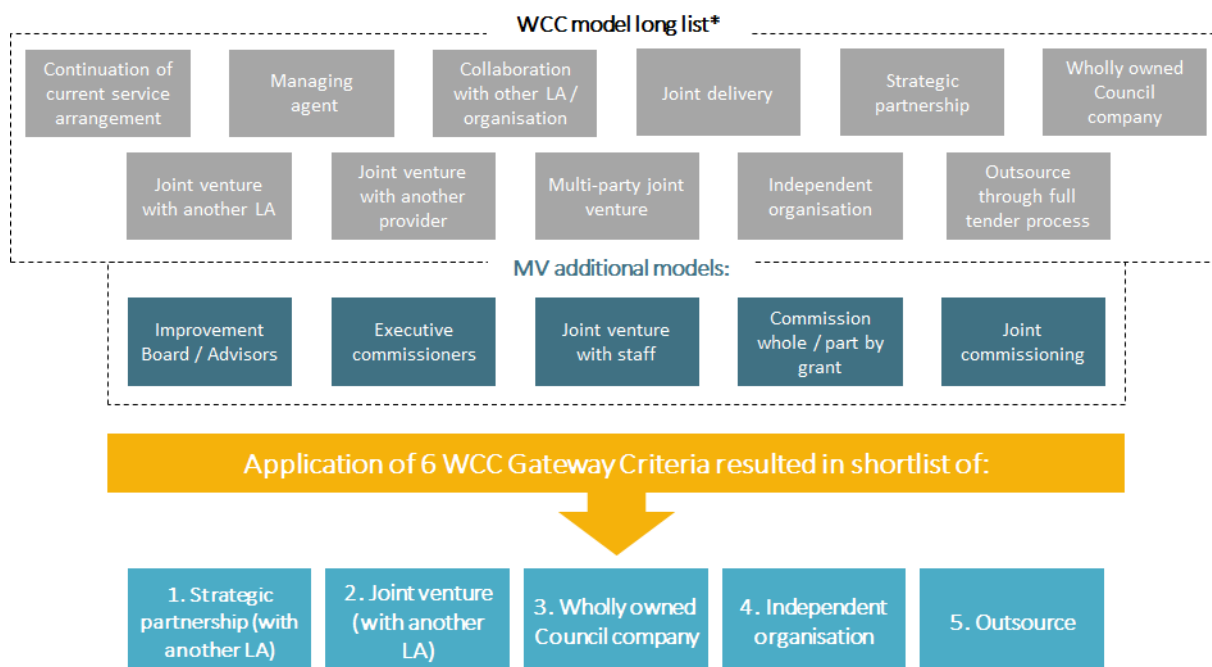
This section of the Full Business Case tests whether WCC has selected the most economically advantageous offer, which best meets service needs and optimises value for money. It considers the key benefits and challenges of developing a wholly-owned Council Company for the delivery of Children’s Services in Worcestershire, and takes into account the approach to whole-system change from prevention through to intervention.

### 4.1 THE LONG-LISTED OPTIONS

Prior to Mutual Ventures’ joining the ADM programme Team in October 2017, WCC had identified a long-list of options (confirmed during the September 2017 Cabinet). Based on previous experience of children’s services ADMs, Mutual Ventures (MV), in collaboration with WCC, subsequently conducted a review of these options with MV’s comprehensive list of known delivery models for children’s services (previously discussed with DfE) and identified further models that had not yet been fully considered by WCC. This created a long-list of 16 options.

To produce a manageable shortlist of model options suitable to Worcestershire, a ‘gateway’ process was applied to the long-list of models. The gateway criteria comprised a set of pass/fail questions.

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



### 4.2 THE SHORT-LISTED OPTIONS

The short-listed options shown within the Options Analysis were as follows:

- Strategic Partnership (with another local authority)



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

The Options Analysis results of the 5 short-listed options have been published in the December 2017 [Cabinet Report](#), which identified the WOCC as the highest scoring option.

### Option(s) to take through to Full Business Case

It was decided at Cabinet on the 14<sup>th</sup> December 2017, that the WOCC and the Strategic Partnership option were to be taken through the Full Business Case, considering the local political context and other considerations beyond the mechanisms of the Options Analysis. However, as a viable partner was not found during the Options Analysis and early Business Case stages, the WOCC is the sole ADM considered in this Business Case.

### 4.3 BENEFITS AND DIS-BENEFITS

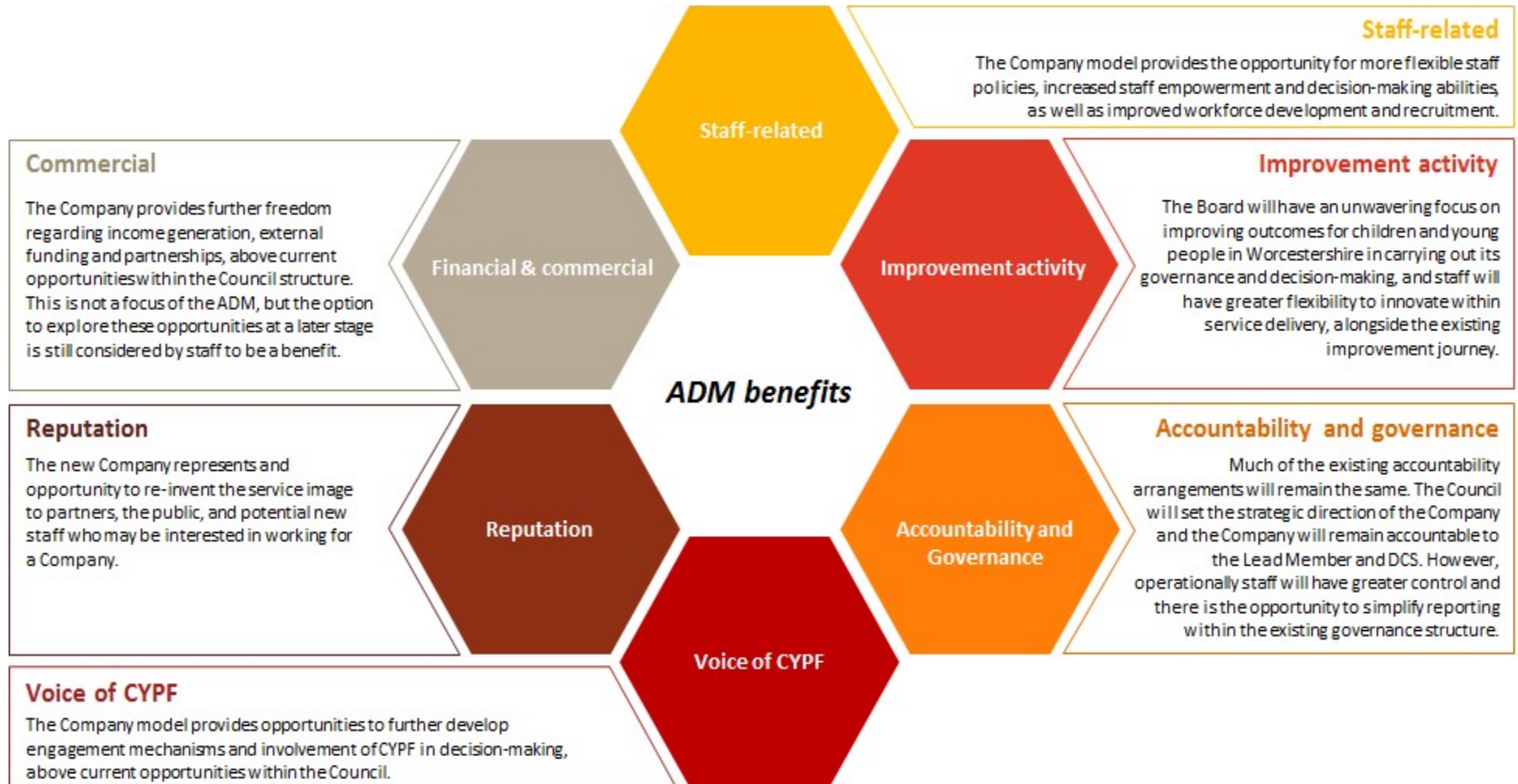
This section provides a detailed overview of the potential benefits and disadvantages associated with the Company option.

The benefits and dis-benefits described within this section have been identified through research of similar children's services organisations, and a workshop with service leadership and support staff on the 10<sup>th</sup> January 2018. It has been updated during January 2019 to reflect the broader scope. The main focus was given to the Company / service and its users (CYPF) as the recipient of these benefits, however benefits to WCC and the wider system have also been captured. This section is split into 'Financial' and 'Qualitative' benefits and dis-benefits, in order to capture the additional costs associated with the ADM.

A number of different types of benefits have been considered, described in the table below:

Type	Direct to Organisation (WCC and Company)
Quantitative (or quantifiable)	An outcome which is measurable and verifiable, defined by numbers. For example, £s, %s, or numbers of transactions.
Qualitative (or non-quantifiable)	A non-measurable outcome that may be more subjective but is still a valid indicator. For example, quality improvements such as CYPF well-being, improved staff morale.
Direct	An outcome directly attributable to the ADM. For example, a sole focus on improving outcomes for children.
Indirect	An outcome as a result of another activity, enabled by the ADM. For example, a reduction in paperwork for WCC due to less manual process within the ADM.

There are six major areas of benefit which have been identified and captured within this FBC based on feedback from staff, namely: staff-related; improvement activity; accountability and governance; voice of CYPF; reputation and financial & commercial benefits. A summary of these areas are depicted in the image below:



The remainder of this section describes the above areas of benefit in further detail, breaking down specific benefits and dis-benefits.

### 4.3.1 Financial benefits

It is important to note that whilst the financial benefits are vital to consider within the business case, the key driver for an ADM is improvement of outcomes for children, not cost reduction or income generation. Limited measurable financial benefits have been attributed to the Company. However, a number of key opportunities and possibilities have been described in the table below.

#### Financial benefits

Benefit title	Benefit description	How it can be measured	Estimated value (if applicable)
<b>Single focus and informed decision-making across Children's Services</b>	<p>Competing organisational priorities can lead to delayed decision-making and decisions being made in isolation within silos. This can have negative effect on other services and therefore the overall Council budget. The Company will enable single leadership across Children's Services working with children, young people and families, operating under a single set of strategic priorities, which will help to ensure a holistic view of how best to meet increasing need.</p> <p>There will be dedicated resources in WCC who monitor the activities of the Company through the Commissioning Partnership and Management Function, and therefore have awareness and provide a link back to other Council services. Currently, this specific oversight does not exist, therefore decision-making is not joined up across services.</p> <p>The connectivity of services and effective holistic decision-making will lead to earlier identification of issues across CYPF.</p>	<ul style="list-style-type: none"> <li>• A more joined-up approach can prevent escalation of needs and risks. Reducing admissions to residential care through preventative activity will be a key objective for the new service.</li> <li>• Reduced spend by the service on mitigating issues caused by services not understanding their impact on other parts of the system.</li> </ul>	<p>The Early Intervention Foundation estimates that in 2016 the cost of 'late intervention' (acute or statutory services that are needed when children and young people experience significant difficulties in life) in Worcestershire was £138m; £238 per person.<sup>7</sup> While it will not be possible to entirely eliminate late intervention, an increase in children and families accessing Targeted Family Support would deliver a significant financial benefit.</p>
<b>Income generation (trading opportunities)</b>	<p>In the short-term, the focus of the Company will be on improvement, with consideration for income generation opportunities in the future. However, the WOCC model may permit some trading activity (the extent to which depends on the legal form and exemption used) if this is desired long-term. Examples include:</p> <ul style="list-style-type: none"> <li>• Doncaster Children's Trust provide ADM consultancy services with any surpluses used to reduce budget gaps or re-invest in the Trust</li> <li>• Essex County Council provide social care improvement consultancy services (as evidenced in Worcestershire).</li> <li>• Many ADMs provide private room hire or conference hire</li> <li>• Delivering children's services for other councils or VCSEs</li> </ul>	<p>This can be measured by reflecting at specific points in time on increased trading income and the success of the new organisation in winning additional contracts within and outside of Worcestershire.</p>	<p>It is not possible to identify a financial value for these opportunities at this time, as there are no current plans to pursue these opportunities in the first 2 years of the Company's existence.</p>

<sup>7</sup> <http://www.eif.org.uk/publication/the-cost-of-late-intervention-eif-analysis-2016/>

Benefit title	Benefit description	How it can be measured	Estimated value (if applicable)
<b>Commercial mind-set</b>	Operating as a Company will provide new freedoms and allow for a more commercial mind-set as it will deliver services through a contract. WCC will manage the contract through a strategic commissioning function, holding the Company to account as an arms-length organisation. As such, staff within the Company will have the opportunity to deliver services in a different way, as well being driven to perform to specific KPIs and outcomes in accordance to the contract. This may increase efficiencies and productivity in the service, which would deliver a financial benefit.	Contract and performance monitoring both within the Company and by WCC periodically, will provide insight into the efficiencies made and productivity levels.	It is not possible to identify a financial value for this potential benefit.
<b>Funding opportunities</b>	The Company is likely to have the ability to apply for grants for specific projects to meet the changing needs of children in Worcestershire. Further research is required to identify the funding available for similar companies elsewhere.	This can be measured by reflecting at specific points in time on increased grant funding.	It is not possible to identify a significant financial value for these opportunities at this time.
<b>Reducing failure</b>	The on-going effective improvement work will be supported and enhanced by the Company. Therefore, it is likely that the Company will continue to improve outcomes and reduce the risk of failure for children and young people. Reducing the risk of failure will reduce the demand on services.	Monitoring the number of service users, their status and which services they use (e.g. residential placements)	It is not possible to identify a financial value for this potential benefit.

#### 4.3.2 Costs and financial dis-benefits

Dis-benefit title	Dis-benefit description	How it can be measured	Estimated cost (if applicable)
<b>Commissioning and Partnership Management Function (WCC)</b>	It will be very important for the Council to develop a commissioning function to manage its relationship and its contract with the new Company. This will incur a cost as further resources are likely to be required within WCC. However, with a strong function in place, evidence suggests that organisations are clearly much more likely to drive innovation in service delivery, save money, reduce wastage and achieve their proposed outcomes. Therefore, this investment is likely to be beneficial to both WCC and the Company.	During implementation this function will be designed in detail. Resources will be confirmed as well as the associated cost. Once the Company is live, the effectiveness of this function will be monitored by WCC.	Up to £400K recurrent cost within WCC based on the establishment of the function. This may be significantly less if the number of roles deemed necessary is reduced during the detailed design.
<b>Potential stranded costs (WCC)</b>	As the Company may have some of its own corporate functions, there is a risk of stranded costs within the Council (current provider). The two main options considered for corporate support services are a) to buy-back WCC services, b) to transfer services to the Company, together with any staff subject to TUPE. This approach was based on ensuring the ADM has sufficient support to deliver services which meet the needs of children and families, whilst minimising stranded costs for WCC. However, during implementation, further investigation	The number of FTE remaining within the Council which are deemed unnecessary or without specific functions due to the design of the Company corporate support service provision.	It is not possible to identify a cost against this item at this stage. This is being assessed as part of the support services design.

Dis-benefit title	Dis-benefit description	How it can be measured	Estimated cost (if applicable)
	and options analyses against each support service is required to mitigate any potential stranded costs or understand how this is to be dealt with.		
<b>Set up costs (Company)</b>	Setting up the Company will require significant investment. This to fund advice, resources and materials across the following areas: Legal, tax, pensions and independent due diligence advice; project management branding and communications; recruitment; ICT; refurbishment; scrutiny support; and some smaller items such as bank account set up and Ofsted registration.	This will be estimated through the financial model and be based on learning from the implementation of similar projects.	The estimated set up costs for pre-business case and post-business case stage are estimated at £3.2M.
<b>Additional recurring costs (Company)</b>	The Company will incur a significant increase in recurrent cost, compared to the current service, mainly to fund additional posts, such as finance resources, communications resources, HR resources and Board members.	This will be estimated through the financial model (in the Financial Case section) and confirmed during the implementation phase.	The estimated additional recurrent cost is £0.5M in 2019-20, and £0.9M in 2020-21.
<b>VAT and corporation tax</b>	It is expected that the VAT incurred by the Company on the children's services listed will be broadly similar to those incurred by the Council. It is possible the Company will have to pay further VAT if the corporate support services' buy-back are arranged in such a way that VAT will apply. As the Council benefits from full VAT recovery and, based on the assumptions outlined earlier, the Company will not be able to recover any VAT, the VAT incurred will represent an additional cost to the service.	A full VAT assessment based on the latest guidance was provided for the initial scope of services. A renewed statement will be requested from the DfE based on the latest scope.	N/A

Approximately £3.2M will be required to implement the Company, and approximately £0.5 (2019-20) and 0.9M (2020-21) has been identified in additional recurrent cost. Further details of these estimated costs can be found in the Financial Case section.

### Financial appraisal conclusions

The key findings are as follows:

- There are limited quantifiable financial benefits associated with the Company at this stage, as it does not have an intention in the short-term to generate further income outside of the Council's contract. However, a number of key opportunities and system-wide benefits have been identified.
- The implementation and running of the Company will incur significant further cost. However, it is likely that a high proportion of this will be mitigated through DfE funding. The DfE has granted the Council £3.15m to implement the Company as of June 2018.

### 4.3.3 Qualitative benefits

The qualitative benefits associated with the Company have been identified through research of similar organisations and through the workshop with service and support staff on the 10<sup>th</sup> January 2018. These are found in the tables below and are based on the categories stated at the beginning of section 4.5:

#### Staff

Benefit title	Benefit description	How it can be measured
<b>Staff terms &amp; conditions</b>	There is some flexibility in the design of terms and conditions for staff, providing the opportunity to move away from generic policies. However, it is expected that all existing terms and conditions will be protected, and new terms and conditions will only be considered if this is beneficial to existing staff as well as new staff (subject to WCC reserved matters) and is affordable.	<ul style="list-style-type: none"> <li>• Staff satisfaction surveys</li> <li>• Recruitment and retention rates</li> </ul>
<b>Formal staff decision-making opportunities</b>	The way in which the Company is governed internally will be different from current arrangements, given that there will be a Board of Directors as well as a Senior Management Team. The model allows for staff to become Board members, and formal advisory groups which staff may be able to join. As well as the overall management of the Company, day-to-day staff will have higher control over the delivery of services.	<ul style="list-style-type: none"> <li>• The resulting design of the Company and mechanisms put in place to empower staff</li> </ul>
<b>TUPE</b>	As TUPE will apply for in-scope staff, no interviews will be required in the transfer to the new Company.	N/A
<b>Recruitment</b>	The Company will have the opportunity to recruit staff in different ways and to tackle specific weaknesses. As the Company is likely to have some internal HR capacity, it may have dedicated resources to measure the performance of existing staff and identify gaps and needs to make more informed recruitment decisions.	<ul style="list-style-type: none"> <li>• Recruitment rates and quality of candidates</li> </ul>

#### Improvement activity

Benefit title	Benefit description	How it can be measured
<b>Single unwavering focus</b>	The Company, led by the Board, will have an unwavering focus on the wellbeing and achievement of children and young people in Worcestershire, without competing priorities from wider Council strategies or services. The Board of Directors and all staff within the Company will be solely dedicated to these services and service users. As such, this is likely to improve service delivery agility and therefore outcomes for CYPF.	<ul style="list-style-type: none"> <li>• Staff satisfaction</li> <li>• CYPF surveys and feedback</li> </ul>
Benefit title	Benefit description	How it can be measured
<b>Regulation</b>	Services may have to explore more ambitious and innovative ways of improving services and children's outcomes with a limited budget to achieve the standard required for a 'good' Ofsted rating. This new way of	<ul style="list-style-type: none"> <li>• Ofsted ratings and inspections</li> </ul>

	working will enable innovation and a more agile response to changing needs. The Company will be better placed to meet the tougher test within financial constraints and mitigate the risk of failure.	
<b>Innovative practices and tailoring services</b>	There is greater flexibility to deliver services differently, to improve outcomes as well as support all staff to have the tools and knowledge they need to perform well. Staff may learn from other Councils, VCSE organisations or private organisations and apply new ways of working with less constraints.	<ul style="list-style-type: none"> <li>• Staff satisfaction</li> <li>• Overall performance</li> </ul>
<b>Continuation of improvement journey</b>	The way in which the Company will be designed will positively enhance the current improvement journey. It will provide further opportunity for the improvement journey to be delivered successfully.	<ul style="list-style-type: none"> <li>• Ofsted ratings and inspections</li> <li>• Improvement plan KPIs</li> </ul>

### Accountability and governance

Benefit title	Benefit description	How it can be measured
<b>WCC strategic and symbiotic relationship</b>	The Council is able to set the strategic direction of the Company, as the sole shareholder/member. It retains statutory responsibility for the transferring services. The Council will sign-off the business plan for the Company and retain a number of reserved matters for which the Council must consent. As such, both the Council and Company have the best interests of CYPF at heart and will work in partnership to deliver this.	<ul style="list-style-type: none"> <li>• Assessment of the business planning process</li> <li>• Exercising reserved matters</li> <li>• Company Board feedback</li> </ul>
<b>Political accountability</b>	The Lead Members will remain the same, and still hold responsibility for the service. The Council will still run its own oversight process of the services through specific reporting requirements which have been drafted within the Strategic Case 'Democratic Scrutiny' section. Therefore, existing mechanisms will not be lost.	<ul style="list-style-type: none"> <li>• Lead Members and Scrutiny feedback and performance</li> </ul>
<b>One accountability and shared responsibility</b>	Children's Services Managers have expressed a key benefit regarding having a shared responsibility for delivering children's services within the Company as a distinct body, which will encourage supporting children, young people and families better throughout their journey in the system.	<ul style="list-style-type: none"> <li>• CYPF feedback regarding joined up services</li> <li>• Staff satisfaction</li> </ul>
<b>Greater control for service staff</b>	Day-to-day accountability and management will lie in the hands of service management staff. Service managers and the Company Board will have greater control in their day-to-day service delivery practices and processes, including internal reporting. This may lead to swifter decision-making and action.	<ul style="list-style-type: none"> <li>• Staff satisfaction</li> <li>• Overall performance</li> </ul>
<b>CYPF involvement</b>	The Company represents an opportunity to build the voice of CYPF into Company governance or planning. This could be gained through CYPF staff representatives being built into governance, or through formalised advisory groups to the Board. During the implementation phase further work is to be completed regarding this opportunity and engaging with CYPF to understand their needs and preferences.	<ul style="list-style-type: none"> <li>• CYPF governance input and engagement mechanisms</li> </ul>

### Voice of CYPF

Benefit title	Benefit description	How it can be measured
<b>Customers defined</b>	The Company will continue to serve the same geography of children, young people and families that are currently being served by the Council, therefore there will be less disruption for staff and open cases. It is important that existing relationships are maintained and strengthened.	<ul style="list-style-type: none"> <li>• N/A</li> </ul>
<b>CYPF decision-making</b>	The Company represents an opportunity to engage with CYPF differently, both formally and informally. Whilst there is no current intention to have a CYPF representative on the Board (to be explored in the next phase), it may be that this representative is manifested within the Senior Management Team or an advisory group. For example, Together for Children (Sunderland) developed their CYP Plan with their main CYPF advisory group/network who are named as contributors.	<ul style="list-style-type: none"> <li>• CYPF feedback</li> <li>• CYPF staff representative within management structure</li> </ul>
<b>CYPF engagement</b>	It has been identified through the workshop on the 10 <sup>th</sup> January, that the current engagement with CYPF is not sufficient. Some of these issues are being addressed through the improvement activity. The Company will focus purely on improving outcomes for CYPF and provide the opportunity for rebranding/reinventing the service in the eyes of CYPF, which provides an opportunity to reengage with them as a new organisation.	<ul style="list-style-type: none"> <li>• CYPF feedback</li> </ul>

### Reputation

Benefit title	Benefit description	How it can be measured
<b>Re-invent image and brand</b>	The Company will have a new name, logo and branding, which gives the service the opportunity to reinvent itself in the public eye and with staff. The Company may be seen as a pioneer of new ways of working, particularly in conjunction with the improvement journey.	<ul style="list-style-type: none"> <li>• CYPF feedback</li> <li>• Press</li> </ul>
<b>One of Worcestershire's biggest businesses</b>	The Company will be a large business in Worcestershire and therefore will have a significant impact and presence within the local job market and local economy. As such, there are opportunities for the Company to work with the LEP and other local businesses to deliver services and become an Employer of Choice.	<ul style="list-style-type: none"> <li>• CYPF feedback</li> <li>• Partnership</li> </ul>



#### 4.3.4 Qualitative dis-benefits and risks

A number of key dis-benefits and risks to realising benefits have been identified below:

Dis-benefit / risk title	Dis-benefit / risk description	Mitigation
<b>Impact on partners</b>	It is difficult to ascertain at this stage whether partners will react positively or negatively to this change, however there is a risk that existing partners and potential partners will feel differently about engaging with a Company as opposed to the Council. Furthermore, processes may change which impact how the service engages with partners.	<ul style="list-style-type: none"> <li>• The Partnership Reference Group is to be informed of the development of the Company and will provide feedback.</li> <li>• Partners are proactively engaged, and pathways and relationships are improved, evidenced by partner feedback and outcomes</li> <li>• Regular communication to all partners is key throughout implementation.</li> </ul>
<b>Fragmentation with other services</b>	As the services transferring will no longer be delivered directly within the Council, and will operate autonomously, there is risk that the transferring services will lose the current communication and collaboration it has with other Council services, particularly Adults and Public Health. There is a risk of services falling between the gaps or less cohesive provision to families.	<ul style="list-style-type: none"> <li>• There is an opportunity to design the Company in such a way that there are clear lines of reporting, accountability and collaboration across the Company and WCC services. The commissioning function within WCC will support this. A detailed mapping exercise across services will also be conducted during implementation.</li> </ul>
<b>Public and staff perception of privatisation</b>	There is some misinterpretation within the public eye, within the Council, as well as press of 'privatisation' regarding alternative delivery models. There is a risk that residents, staff and partners will view the Company as privatisation with no Council control, or outsourcing.	<ul style="list-style-type: none"> <li>• A communications workstream has been created for the implementation phase which will specifically tackle public and staff perception and the press, pushing out accurate information regarding the Company.</li> </ul>

### **Qualitative benefits appraisal conclusions**

The key findings are as follows:

- There are a wide range of benefits that may be realised through the design of the Company. The model itself does not improve outcomes, however the design of the Company's framework and processes provide opportunities to achieve the benefits identified above. In particular, the flexibility and freedoms the Company provides regarding new ways of working and workforce development / recruitment have been identified as attractive by WCC staff.
- There are a number of risks associated with the WOCC model. Similarly, the mitigation of these risks is dependent on the design of the Company and involving key stakeholders throughout each stage of the process.

### **4.4 ECONOMIC CASE CONCLUSIONS**

The Economic Case has demonstrated that the ADM option under consideration (WOCC) has been selected through a thorough shortlisting process using appropriate governance across WCC. Furthermore, it has specified a number of key quantitative and qualitative benefits, dis-benefits and risks associated with this model.

This model presents a large range of opportunities for staff and social work practices which, if executed successfully, will enable the service to enhance its improvement journey to 'good' or 'outstanding'. In particular, it brings together a range of services that have the opportunity to deliver holistically to children and young people throughout their journey in the community. It does not present significant financial benefit; however, this is not the main purpose of the investment.

The model presents some risk, though none of these risks have been identified as insurmountable or putting the Council in jeopardy providing adequate funding from the DfE is provided and the implementation programme is set up to tackle these issues. It has been recognised that in order to achieve these benefits and mitigate the risks associated with the Company model, careful attention must be given to specific aspects of the design which may impact staff, service delivery and partnerships.

Providing attention is brought to these areas through the design, the ADM may bring significant value to the users, public and to WCC.

#### **Recommendations for the implementation phase**

- The legal form and detailed design of the Company has been determined during the implementation phase and will drive the financial and qualitative benefits of the Company.
- The key benefits of the Company must be refined as the design of the Company is finalised and communicated out to all staff and CYPF.
- The final estimated costs of the implementation were submitted in a bid to the DfE during March 2018 and refined further during April 2018. The amount of £3.15m was granted by the DfE and the Council and ADM Programme must now continue to operate within these means to set up the Company. Ongoing monitoring of these costs is recommended through the programme's governance groups (found in the Management Case).

## 5 THE COMMERCIAL CASE

### 5.1 INTRODUCTION

This section of the FBC tests whether the proposed option is attractive to the market place, can be procured and is commercially viable, including a high-level analysis of existing contracts and suppliers of services. This considers the needs of the Company as a Children's Services Company which works across Early Help, Education and Social Care.

### 5.2 REQUIRED SERVICES

The Service Delivery Contract (SDC) is the mechanism through which WCC will commission the Company to deliver services on its behalf from October 2019. This will be drafted during implementation. The children's services proposed to be under contract (under an approximate value of £100M during the next few years) are as follows:

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 and Vulnerable Groups
Commissioning and contract management for vulnerable children and families	Special Education Needs and Disabilities Service
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

The successful delivery and contracting of the above services must be supported by a number of technical considerations and corporate support services, detailed in the sections below.

### 5.3 PROCUREMENT APPROACH

It is proposed that WCC provide the opportunity for the Company to be developed as a Teckal body to allow it to provide services back to the Council, for an initial agreed period. The assumption is that the direct award will be achieved through a solution which achieves the preferred outcome but which is compliant with procurement law, i.e. the Teckal Exemption, which has been used for similar children's services companies. For the Council to decide to implement this scheme it would need to be satisfied that the new organisation demonstrates value for money as well as the required capabilities to meet the statutory duties and improve outcomes for all children and young people living in Worcestershire.

#### **Teckal Exemption**

Under the Public Contracts Regulations 2015 (as amended) ("PCR"), contracting authorities must, as a general principle, use one of the competitive processes specified in the PCR when they wish to award a public contract which falls within the scope of the PCR to a separate legal entity.

WCC is a contracting authority for the purposes of those rules. The proposed arrangement is of a type and value which means that the PCR will apply unless the arrangement falls outside the definition of a public contract and/or an exemption or exception to the PCR is available.

The Teckal exception covers activities performed by a separate legal entity which is part of the structure of the contracting authority. Where the conditions applying to the exception are satisfied, then WCC can award a contract to a separate legal entity without the need for a competitive procurement process.

It is important to understand that when a contracting authority decides to establish its own company for carrying out specific activities this does not automatically lead to the conclusion that the in-house exception applies. This is because the company needs to be set up and to operate in a manner that complies with the conditions in the PCR.

#### **Control**

The control condition, established in the Teckal case and now set out in PCR 12(1)(a), requires WCC to exercise over the Company a control "which is similar to that which it exercises over its own departments". In assessing whether the control condition is satisfied it is necessary to take account of all relevant legislative provisions, the documents which govern the relationship between the parties and the practical circumstances. The following pointers below are helpful:

- There must be a strong organisational relationship between WCC and the Company, similar to the relationship between departments within a public authority.
- 100% WCC ownership indicates a certain control, but this is not sufficient to assert that the control condition is automatically met. The fact that WCC holds all of the share capital in the Company tends to indicate, without being decisive, that that WCC exercises over that company a control similar to that which it exercises over its own departments.
- The control condition is likely to be fulfilled where the board of the Company has limited autonomy and the decisions that can be adopted without prior approval of WCC are matters related to the everyday work/operations.
- The Company will not fulfil the control condition if it has a board with considerable managerial powers, which may be exercised independently of WCC.

- WCC must exercise a "power of decisive influence over both strategic objectives and significant decisions" of the Company. There will be sufficient control where WCC exercises decisive influence over both strategic objectives and significant decisions of the Company. The assessment of whether there is decisive influence satisfying these requirements is a question of fact.
- Factors which support this test are as follows: The Council will be the sole member of the Company. The Council will also retain final decision making in respect of certain reserved matters which will be set out in the Articles of Association which will ensure the Council has the power to give direction on strategic matters and important issues of policy. The Council will also make appointments to the Board of Directors and will approve the Company's annual Business Plan. In addition, there will be a contract between the Council and the Company for the delivery of services, which will include performance indicators to enable performance to be measured and any areas of concern to be managed.

### Activities

- The activity condition, established in the Teckal case and now set out and clarified in PCR 12(1)(b), requires that more than 80% of the activities of the Company are carried out in the performance of tasks entrusted to it by the controlling contracting authority.
- The activity condition aims to limit the participation of the Company on the commercial market and to ensure that public procurement law remains applicable if the Company is in competition with other undertakings on the market.
- The following pointers below should be observed:
  - In order to assess whether the activity condition is satisfied, all of the activities that the Company carries out must be taken into account, regardless of who the beneficiary is and whether those activities are paid for by WCC itself or by the user of the services.<sup>8</sup>
  - Market orientation is an important factor. If the Company is, or becomes, "market-oriented" or its objects of activity are too broad, it may not fulfil the activity condition. Market orientation may also be an indication that its degree of independence is too extended and, under these circumstances, the company will fail to meet the control condition as well. Market orientation of the Company is a factor that can erode the control test being satisfied.<sup>9</sup>
  - A lack of market orientation could be deduced where the range of the Company's activities is limited to the performance of tasks for WCC and the geographical scope of the Company's activities is restricted to the territory of WCC<sup>10</sup>.
  - Teckal arrangements should not be a purely formal affiliation<sup>11</sup> and WCC should have a role in participating in overseeing the management of the Company.

Factors that support the activities test are that the focus of the new Company will be on delivering services back to the Council and will not be profit driven. Note that this represents a restriction on the Company's trading abilities, however as the activity of the Company would be significant, small trading opportunities may be considered.

<sup>8</sup> C-340/04 Carbotermo paras 65-67.

<sup>9</sup> C-458/03 Parking Brixen paras.67-70.

Note: *Commercial Orientation and Teckal Test*: In *Brent London Borough Council and others (Harrow London Borough Council) (Appellant) v Risk Management Partners Limited (Respondent) Judgment 9 February 2011* (para. 52) the UK Supreme Court considered that Teckal arrangements ought to be carried out in accord with public interest considerations and therefore should not be market orientated.

<sup>10</sup> C-340/04 Carbotermo paras 65-67.

<sup>11</sup> C-182/11 Econord Spa para.31.

## Ownership

- There can be no direct private capital participation in the Company: This test is satisfied as the Company will be 100% owned by the Council.
- In procurement terms, the Company will be treated as though it is an in-house department/ directorate of the Council and if the Teckal test is satisfied, it will be able to perform services for the Council without the services being exposed to any form of external competition. The proposed model, which is 100% owned by the Council should meet this criterion if the Teckal requirements outlined above are observed. Any services supplied by the Company would need to demonstrate value for money and appropriate capability and capacity. This will also need to be continually managed to ensure that the exemption applies and the Council is not in breach of the Public Contracts Regulations 2015 (as amended).
- If the Council permits the new organisation to take on/bid for other services, there are two possible options with regard to services currently commissioned by others:
  - The Company would be able to bid in an open tender process; or
  - There is potential in the future for additional WCC children's services to be directly awarded to the Company via a section 75 arrangement with the Council.

A direct award via a section 75 agreement with the Council would save on the cost of a procurement exercise and in addition these directly awarded services would be classed as core services delivered back to the Council (the parent organisation) and will not contribute towards the new organisation's 20% traded services cap.

## Trading opportunities

The focus of the Company will be to deliver excellent children's services on behalf of the Council, and to improve outcomes for children. There are also opportunities to consider within the Education provision regarding traded services, that would allow the Company 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.

As children's Education services will transfer to the Company, the Company 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.

## 5.4 MARKET ASSESSMENT

Whilst there are independent organisations (including for-profit organisations and other local authority owned organisations) that deliver elements of the in-scope services for the Company, there are no organisations currently in existence in England that deliver the whole set of services it is envisaged the Company will provide apart from other local authorities. However, research shows that there is growing interest among charitable and commercial enterprises in the profitability of providing public services (e.g. Barnados in partnership with Norfolk). Whilst there may be short-term efficiency reasons to explore separate contracts delivered by various providers, there is no desire to split core services over a number of contracts to different organisations; this would negate the strategic aim of a solely focused children's services company.

## 5.4 STAFF TRANSFER ARRANGEMENTS

All staff who, at the point of transfer, are caught by TUPE regulations within the transferred services, are potentially in scope to transfer to the new organisation and would be directly employed by the new company. In accordance with the regulations, staff will transfer to new organisation on their current terms and conditions, including access to their current pension or a broadly comparable scheme. There will be a TUPE consultation period (typically 90 days) during the implementation phase.

It may be desirable for a small number of staff who provide key support functions such as finance, legal, HR and IT to transfer over to the new organisation to ensure capacity and capability. This is discussed in section 5.7. below. The alternative would be to second these key staff, although this option risks a potential conflict of interest.

Sufficient time and legal advice will be required during the implementation phase to ascertain the exact make-up of the staff group transferring and also to ensure compliance with the required timescales for staff and trades union consultation for a change of this scale. This has been allowed for within the proposed project plan and timescales contained within the Management Case.

## 5.5 PENSIONS

This section has been supported by research and advice provided by WCC's ADM legal partner, Bevan Brittan. The detailed paper can be found in Appendix 9.2.

As part of a smooth transition of Children's Services (from Worcestershire County Council (the "Council") to an alternative delivery model, most likely to be a wholly-owned company ("WOCC" "Company") or wholly-owned corporate structure, all transferring staff must retain access to the Local Government Pension Scheme ("LGPS") in which they are currently participating (including retaining an entitlement, current or future, to join). In this case the relevant LGPS section is of course the Worcestershire County Council Pension Fund ("Fund"), of which the Council is also the administering authority.

The obligation to provide appropriate pension scheme access is a statutory obligation set out in the Best Value Authorities Staff Transfers (Pensions) Direction 2007. This requires that following a transfer from any local authority to another organisation, including the Company, the transferred staff have the right to acquire pension rights which are the same as, better than or broadly comparable to the pension rights they had as directly employed local authority staff. 1.3 Discussions in relation to the Company's own pension status are at an early stage. The paper sets out the key options available to the Council and the Company.

### **Admitted Body Status (ABS) route**

- This is often seen as the 'standard' route, as indeed it is when services are being outsourced to the private sector. Bevan Brittan discuss below the alternative route that is available, which is recommended, but also include a discussion of how ABS works so it can be easily compared with the alternative.
- Under the ABS route the Company would be treated by the Fund for accounting purposes as an isolated entity, dealt with separately by the Fund and treated as any other non-local authority

service provider. This means that before the Fund agreed to admit the Company it would require:

- A bond/Indemnity or guarantee in place to protect the Fund in the event the Company went into liquidation or bankruptcy. In practice any guarantee likely to be acceptable to the Fund would need to come from the Council, which therefore effectively underwrites the Company's pension liabilities in the event of its default. When a public body provides the guarantee, the costlier bond is less likely to be needed;
- a tri-partite admission agreement between the Fund, the Council and the Company setting out the obligations that the Company would adhere to in order to be allowed to participate in the LGPS scheme; and
- an actuarial valuation setting out the level of any pension contribution rate (this will usually be higher than the contribution rate currently paid by the Council, as set out in the paper), the level of any Bond/Indemnity and the level of any existing pension deficit which would arise at the point at which Council staff transfer to the Company and be payable to the Fund.
- Open and closed schemes are to be considered during the implementation phase, however the current position is that this is likely to be an open scheme. This is to avoid the creation of a two-tier workforce with different benefits, to support the ongoing recruitment of staff.

#### **Designated Body Status route (scheme employer)**

- Given that whatever its eventual corporate structure the Company is likely to be a Teckal company (that is a wholly owned subsidiary of the Council) it is allowed under the statutory LGPS Regulations to participate within the LGPS scheme by virtue of being a "designated body". This is also known as being a scheme employer.
- This means that the Company is allowed to "designate" which classes of employees can participate in the Fund. For pension purposes it is effectively grouped together with the Council's employees so any pension liabilities are pooled with the Council's own liabilities from the start of this arrangement. This means that the rate the Company pays in relation to its employer pension contribution rate will be the same as the Council's pension contribution rate and there is greater stability as regards the level of rate changes that might occur following any triennial valuation.
- There is also the option of using the scheme employer route but still agreeing, via actuarial valuation, a different employer contribution rate for the Company. This reduces some of the cost benefits of the 'pure' DBS approach, but still reduces risks for the Council compared with ABS.
- The process of designation is straightforward in that it would simply be a matter for the Company executive and Board to decide upon by way of formal resolution, in conjunction with the Fund. Whilst the Company has wide discretion over which class of employees it would wish to designate as being able to participate in the Fund, most DBS or scheme employer access arrangements are open. to ensure that there are no staff concerns around a two-tier workforce, or additional administrative costs for the Company in providing another pension scheme for auto-enrolment purposes. As with the ABS route, all staff transferring and being recruited by the Company are likely to be allowed to participate in the Fund by being designated accordingly.



- The access can be open or closed, as with ABS. 4.6 New employees transferring in from the Council can be designated in the same way as the original group. 4.7 At the end of any contract period, there is no risk of an exit debt because the Fund has accounted for the transferred employees as being part of the Council's 'pool', rather than via a separate admission.
- Even though all employees will be accounted for as one group, the Fund is still exposed to two employers, and it will expect the Council to stand as the ultimate guarantor of the Company. The guarantee will be in a similar format to ABS, but the Council is guaranteeing a lower-risk access.

### **Proposed option**

Given the potential cost and administrative savings, and the possible reduction in risk to the Council, which is set out in more detail in Appendix 9.2, it is recommended that designation body status route is explored, particularly if the Fund will agree that the Company can retain the same employer contribution rate as the Council. The key issue will be to understand whether the Fund itself (as distinct from the Council) and indeed the DfE will agree to its use.

### **5.6 REDUNDANCY LIABILITIES**

- TUPE provides that a change in your employer does not constitute a break in continuous employment. The Company could be liable for future redundancy payments based on many years of employment with WCC.
- Staff not wishing to transfer under TUPE are not entitled to redundancy, as long as their role still exists in the Company.
- If it is required, any organisational restructure should occur prior to establishment, however this is purely in line with improvement plans (not Company development) and will begin pre-TUPE consultation.
- WCC will quantify the level of redundancy liability associated with the staff group transferring once the TUPE list is confirmed and identify any reserved matters regarding high value redundancies (threshold TBC).
- The proposal is that WCC will retain redundancy liabilities.

### **5.7 SUPPORT SERVICES**

#### **Approach**

The options for delivering corporate support services to the Company are being considered throughout the implementation. C.Co were commissioned by WCC to support this activity during the original Business Case phase. Please note that support service decisions will be made during the implementation phase, and the positions included in this paper are options under consideration and do not reflect the exact intentions of the Council as significant work is remains. A dedicated support service workstream will be created as part of the ADM Programme to manage this work, which will work closely with Corporate Support Services and Children's Services to determine sufficient provisions. As there is a lot of ongoing work being carried out in this area due to the scope of services change, the detail below is from the original business case of March 2018 which still broadly reflects the needs of the Company.

A series of workshops have been held to assess service delivery options against the following principles:

- Supports the Company in meeting its long- term objectives and immediate priorities of service improvement. As such, this may include transition arrangements for some service areas to support the overall financial position or improvement plan.
- The Company shall still be seen as a ‘Corporate Partner’ and as such will be part of any project team created to shape and source future strategic contracts managed by the Council.
- The Company shall not have high implementation and procurement costs. The lowest cost support model shall be used except where this does not support service improvement.
- Where additional costs are forecast, these need to be accounted for in the business case to inform the final decision on the delivery model.
- Where/if Services may transfer, TUPE considerations will apply.
- The Company may change how it spends its central support costs budget over time. This will be influenced by the strategic plans for the Company.
- The Company shall retain the policies and procedures of the Council, providing that these support service improvements and don’t add avoidable complexity.

The corporate support services that have been reviewed are:

- Commercial, procurement and market management
- Human Resources and Organisational Development
- Finance
- Legal
- Content and Communications
- HR Finance Transactional
- Property (incl. facilities management)
- IT
- Performance

Further potential support services have been identified through the implementation programme including transport, archives and corporate information, however these are not included in the section below. A summary of the estimated support service costs is found in section 6.3 of the Financial Case.

#### **Options: buy-back, transfer or external provider**

- Under a **buy-back** model the Council would continue to be the provider of the support service, with the Company buying the service back. Funding will be transferred to the Company and a service level agreement (SLA) put in place to buy this service back from the Council. The buy-back agreement would include the cost details. The cost of this service will be accounted for in the Company financial model.
- Under a **transfer** model, the support function and associated staff are transferred to the Company and become part of the organisation. The Company will require operational independence in some processes and this can be more effectively achieved through transfer. Other factors including TUPE, systems and resilience are considered when determining which model is the most appropriate.
- An **external provider** can be considered as a service delivery model. This may be the only feasible approach where the new organisation requires additional skill sets or sector experience

that the Council cannot provide. This is not a common approach outside of this scenario during the initial period as it is likely to leave the Council with additional costs to fund.

Please note that the choices available to the Company regarding corporate support services, must be confirmed during implementation. It is important for the transferring services to be adequately supported, whilst minimising the risk of stranded cost to the Council where possible.

A detailed paper found in Appendix 9.3 contains more detail regarding each service, and the benefits and risks associated with each proposed option.

### **5.7.1 Commercial, procurement and market management services**

#### **Summary of Company service requirements**

- Commercial, procurement and market management support for commissioning of new and existing services.
- Procurement options, market intelligence, market engagement, extension options and other considerations.
- Tender management, all ensuring compliance with contract procedures and EU regulations, representation and participation in regional procurement activity. Contract management support to resolve contract disputes and performance issues.
- Provide a research function to enable commissioners to seek views of service users and other stakeholders to establish a picture of service need / support for the writing of needs assessments.
- Support for the CFC Quality group including bespoke research and analysis.
- Compliance with all reporting requirements. This includes maintaining and publishing contracts register and spend data in line with the Transparency code.

In-scope services for the Company commission circa 80-90 core services and have contracts in place with over 100 providers through framework agreements that are in place. The service accesses several corporate contracts that are contract managed by the commercial team and the service area leads. The number and roles of FTE within the commercial, procurement and research team providing services across the Council is currently being updated following a redesign.

#### **Proposed option(s)**

A full buy-back option is being considered. This is to take advantage of economies of scale that exist within the current Council arrangements. The management of contracts in particular is difficult to disaggregate. If the Company required its own resources, this would require additional staff costs and replication of systems.

### **5.7.2 Human Resources (HR) and Organisational Development (OD)**

#### **Summary of Company service requirements**

- HR & Organisational Design (OD) Management
- HR & OD Business Partnering
- HR Operations - Case & Change
- Learning & Development Delivery Team
- HR & OD Service Commissioning

#### **Proposed option(s)**

A part buy back, part transfer model is being considered as well as a full buy-back option, due to the nature of services are currently being delivered. Under this model, the current HR&OD Business Partner post would transfer to the Company to ensure there is both a strategic HR lead in the Company but to also act as the link back to WCC. HR operations (advice, case and change) and recruitment co-ordination is unknown at this stage. Having internal resources provides the Company with direct support to manage the workforce and recruit new staff, both of which are fundamental to service improvement, whilst leaning on an established team through the buy-back arrangements. Learning & Development would be bought back from WCC, primarily to enable the Social Work Academy to remain as a shared service with Adults. HR & OD Service Commissioning and HR & OD Management would be bought back as these are services delivered corporately across the Council and it would be inefficient for the Company to deliver these directly.

### 5.7.3 Finance

#### Summary of Company service requirements

- Budget preparation, monitoring and reporting
- Strategic Financial Advice
- Statistical returns
- Directorate financial support
- Corporate Finance Support – Financial Planning and Accountancy

#### Proposed option(s)

A part buy-back, part transfer option is being considered as well as an additional 'Director of Finance and Resources' and 'Finance Manager' recruited for the Company. A finance team would transfer to provide budget preparation, management and reporting. This provides the Company with the operational financial independence required. This team would manage petty cash and procurement card payments to ensure that the Company can operate effectively. All other areas of finance would be bought back where there are no dedicated children's staff and this approach allows the economies of centralising finance support and processes to be realised by both the Council and the Company. The Company will also procure external support to audit the Company's accounts, which is a legal requirement.

### 5.7.4 Legal

#### Summary of Company service requirements

- **Delivered by Legal Child Care team:** Legal Advice and Representation in relation to children's services functions including: Care proceedings, other specified proceedings (Placement, Adoption Contact, Discharge of CO, Revocation etc.), pre-proceedings, legal planning meetings, external use of Counsel, policy advice, advice on legality of actions and defending Judicial Reviews, supporting Local Family Justice Board (Principal Solicitor is Chair at present) quarterly and monthly Local Family Justice Board performance Meetings, Case Tracking care/pre-proceedings on key milestones: Pre-LPM through pre-proceedings to finishing case in court, legal Advice to various panels: Adoption, Adoption Decision-Maker (ADM), Fostering, legal Advice to Key Legal Meetings: Care Planning meetings; Mid-way Kinship Meetings, private proceedings support, training of social work force on legal issues

- **Delivered by Legal Commercial team:** Occasional employment/contractual/information (disclosure) support

#### **Proposed option(s)**

A full buy-back option is being considered. The current team is managed in such a way that it is beneficial to maintain the holistic team, and ensures all legal resources have access to the materials and knowledge which is currently provided. To mitigate risks from this arrangement, that have materialised in children's services companies elsewhere, this option will be discussed and designed in detail with the DfE during implementation to provide assurance that problems will not arise between the Council and the Company.

External legal advice may be required by the Company with regard to Company-specific legislation, or if the Company has a dispute with the Council. The contract between the Council and the Company must allow for the procurement of this advice.

### **5.7.5 Content and Communications**

#### **Summary of Company service requirements**

- Reputation management – including preparing for and handling crises (e.g. Serious Case Reviews, court cases, Ofsted inspections) crisis planning and media training.
- Media relations – proactive and reactive media relations activities including press releases and officer/CMR statements.
- Communications counsel and advice to officers and CMRs.
- Internal staff communications – support for newsletters, weekly updates, posters and plasmas in offices, Our Space & Yammer updates.
- External stakeholder communications – updates to partners and stakeholders, support for engagement events and meetings.
- Marketing – promoting services such as fostering and adoption, design and production of marketing materials (including video, posters and graphics) management of advertising spend.
- Social media community management – establishing and managing regular conversations with online audiences.
- Website – ensuring the WCC website and other digital channels continue to inform residents and stakeholders about service activity, performance and changes to the services provided.
- Media and social media monitoring – daily updates on media and online coverage and comments.
- Event management and support, creative campaign development and recruitment marketing.

#### **Proposed option(s)**

A buy-back option is being considered for Communications services, in addition to the new posts created in the Company, which would likely lead on brand development and manage the buy-back of the wider communications services (1 x Communications Manager and 1 x Communications officer).

Within the Content and Communications various team members support the Children's directorate work depending on demand. This enables all the skills within Content and Communications to be available to the directorate (for example social media experts, ex journalists, designers, video

producers, internal communications experts). This approach and range of services would be applied to the Company.

### **5.7.6 Transactional Finance & HR**

#### **Summary of Company service requirements**

HR and Finance Transactional Services are provided through a contract with Liberata. The contract is in place until 2024. Through the contract the Council's HR and Finance systems are provided, in addition to the following services; payroll, recruitment, accounts payable and receivable.

#### **Proposed option(s)**

A full buy-back option is being considered for the Company which is to use Liberata in the same way the service currently does. If the Company were to move away from Liberata, significant additional budget would be required to fund the implementation and ongoing provision of the systems and services from an alternative provider. The third-party contract is currently under performance review, and improvements need to be made to the quality of service provided.

### **5.7.7 Property (incl. facilities management)**

#### **Summary of Company service requirements**

- A space or building for the service to operate in
- Corporate property contract management: PPL Contract management and monitoring, compliance monitoring, training, accident reporting, property maintenance programmes
- Delivery services: Management of leases /issuing of service charges, condition surveys, maintenance, compliance and condition survey projects, FM services (caretaking, cleaning, grounds maintenance, security), asset reviews

#### **Proposed option(s) – space / building**

The working assumption is that the Company will operate from an existing building, i.e. Wildwood, as this building may be fit for purpose subject to refurbishment and rebranding. However, a full property options appraisal has yet to be completed, therefore all options must be considered in full.

The property option requires significant investigation during the implementation phase, including the proposals for future locality-based working. At this stage £1.3m has been costed into the financial model, which is a mid-point in the typical range of the property cost for new children's services companies.

#### **Proposed option(s) – property contract management and delivery services**

A full buy-back option is being considered for the Company to continue to use corporate property contract management and delivery services. The Council will retain the maintenance responsibilities and properties will be maintained to the same standard as across the WCC estate and the maintenance prioritised through technical recommendations and WCC budget management. The Company will access the FM/repair and maintenance contact centre provided by Place Partnership Ltd for reporting retained WCC responsible repair issues.

The Company will finance and commission any property related projects (e.g. internal redesign) independently (with Landlords consent) and won't necessarily use WCC's Property Contracted Service delivery partners, Place Partnership Ltd (PPL). A provision for property-related costs is included in the business case.

The Company will lease WCC freehold assets. A rental cost should be calculated and incorporated within the lease even if the initial agreement is not to charge (assume initial position). The Company will enter into Sublease where WCC lease the building (subject to Landlord approval. This would be the position for Wildwood).

The Company will be responsible for the payment of the utility costs, rates and any local agreements that aren't picked up through the PPL Facilities management services. WCC will retain the external and structural repair and maintenance of the building, the maintenance of main plant, e.g. lifts, boilers etc. WCC will retain responsibility for internal maintenance for normal wear and tear.

### **5.7.8 IT**

#### **Summary of Company service requirements**

- Supply, Support and Maintenance of end user devices and mobile phones, core productivity hardware, casework software, network connectivity, remote access solution
- Re-procurement of Care Management System
- User administration (for all services)
- Systems Integration with 3<sup>rd</sup> party partners/contractors/commissioned organisations
- Capacity and Performance management
- Delivery of Digital programme

#### **Proposed option(s)**

A full buy-back is being considered for this service. This is the most cost-efficient model based on current contracts and service provision of IT. It would be expensive for the Company to procure its own IT solution. This option means there would be no staff transfer and all services would be provided through an SLA. The IT business partner in the Company would manage the service and any requirements for change.

### **5.7.9 Performance**

#### **Summary of Company service requirements**

- Statutory reporting
- Provision of management information
- Management of Corporate complaints

#### **Proposed option(s)**

A part buy-back and part-transfer option is being considered for this service: a transfer of the Children's performance team and buy-back of the corporate team which manage customer complaints. The performance team are a critical part of service improvement and the service is delivered primarily from a dedicated team that will be identified through TUPE.

## 5.6 USE OF NON-PROPERTY ASSETS/SYSTEMS

- The new organisation will need continued access to assets and equipment currently utilised in service delivery. The Company needs to ensure that liabilities are equitable and affordable. This excludes property / buildings.
- The use of assets is driven by the following principle: the simplest arrangement, that meets operational needs and is tax efficient.
- The current assumption is that the majority of current assets/equipment utilised in service delivery will be transferred to the Company. Tax advice was sought regarding the implications of licensing/leasing office space and assets (found in Appendix 9.4) which concluded that generally, rent is exempt from VAT unless the landlord has opted to tax. It would be necessary to establish whether the Council has opted any of the premises that the Company will lease from the Council. Relevant Residential Premises, such as care homes, cannot be opted and the rental will always be exempt.
- It is proposed that WCC is to transfer Intellectual Property and data to the Company, with the terms and conditions of the use of these assets to be detailed within the transfer agreement between the two parties. It is also proposed that the Company will have operational access to WCC information systems/databases which are relevant to the companies' services.
- Based on the type and volume of assets likely to transfer to the Company, it is not expected that State Aid will be an issue. During implementation, once the asset list is finalised advice will be sought from the Council's chosen legal partner to confirm this position.

## 5.7 CASHFLOW AND PAYMENT MECHANISMS

- The Company, like any new business, may have short term working capital requirements. Modelling will be conducted during the implementation phase regarding capital requirements.
- It is proposed that the commissioned contract is to be paid advance by WCC, either monthly or quarterly. The preference is quarterly, to provide the company with more flexibility, with access to float at the value of 1 month. There are also options that may be modelled and considered regarding 2-4 months up front, followed by a monthly arrangement for the remainder of the year.
- It may be that Revenue In Advance (RIA) is required from WCC during/prior to Year 1. If required, WCC may be asked to provide a working capital loan to the Company - interest rate to be agreed and affordability to be discussed with WCC during implementation.

## 5.8 NOVATION AND ASSESSMENT OF 3<sup>RD</sup> PARTY CONTRACTS

### The novation process

The novation process will apply to service-specific contracts only (i.e. Children's Services) and does not apply to shared corporate contracts which cut across the Council. The Commercial workstream will be required to find and read third-party contracts, liaise with legal to create the novation and make contact with the supplier to advise them of the background to the request and the need to novate the contract. Following this, the novation documentation needs to be created and sent through to the supplier for both parties to execute, return and archive. Finally, the systems of



record need to be updated. For some contracts, variations, extensions or terminations will also need to be considered.

There is a small market risk that some suppliers may be reluctant to agree to the change. Typically, suppliers run a credit check on their customers, and the lack of trading history of the Company may raise concerns. This can be mitigated with suppliers being provided with some form of guarantee from the Council as the parent organisation. In discussions with Achieving for Children, a Teckal-compliant organisation that has already gone through this process, they reported that this market risk did not materialise during their novation exercise. Access to wider corporate contracts (e.g. Liberata) will be managed through the Service-Level Agreements (SLA).

### **Contract review to date**

There are approximately 80 contracts that would transfer to the Company across Children's Social Care, Education and Early Help, as identified by the Commercial workstream. A number of these are frameworks contracts, and contain multiple suppliers and services, therefore the number of providers will be significantly higher than the number of contracts above. It is anticipated that these contracts will novate in line with contract terms, or by agreement where there is no novation provision set out. At this stage, WCC are assessing the future of these contracts as to whether they will novate, extend, vary or terminate.

Children's Services are a key user of a number of corporate contracts covering including agency staff, Transactional HR & Finance, Insurance and Internal Audit. The detailed Company operating model will determine where services will continue to be provided through a buy-back agreement with the Council and where services will be procured directly by the Company. Requirements will be determined during the implementation period.

Children's Services source small value contracts directly. Whilst it is not envisaged that these contracts will be for ongoing services, a review of non-core contract spend will be undertaken during the implementation phase to identify other potential novation or re-procurement requirements.

## **5.9 REGULATORY REQUIREMENTS**

The new organisation will also be subject to regular and extensive national oversight of its performance and effectiveness by the Department for Education and Ofsted. The new Ofsted framework for the inspection of local authority children's services<sup>12</sup> makes explicit reference to arrangements for the inspection of children's services delivered via a Company. Furthermore, the Company will register directly with Ofsted for its Children's Homes and be subject to the Inspections of Local Authority Children's Services (ILACS) framework. The Council will continue to be inspected and held to account for the delivery of all children's services in Worcestershire. The Company will be acting as an agent for the Council via the services contract and therefore the Company will be required to demonstrate that it meets the standards set by the Council. The Council's contract monitoring arrangements will be inspected by Ofsted with a specific focus on:

- How the Council ensures children receive services that meet their needs and how these arrangements are reviewed to ensure they remain effective.
- Whether proportionate scrutiny arrangements are in place.

<sup>12</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/680379/ILACS\\_framework\\_and\\_evaluation\\_criteria.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/680379/ILACS_framework_and_evaluation_criteria.pdf)

- How the Company engages with partners.
- How the Council is holding the Company to account and whether these arrangements are proportionate to the nature and extent of delegation.

### **5.10 EXIT STRATEGY**

A contingency plan and detailed exit strategy will be developed to enable the Council to exit the arrangements if necessary in the future, subject to detailed discussion and agreement between all relevant parties, whilst still ensuring service delivery. The requirements for a formal exit clause will be established during implementation, with a full exit strategy being put in place prior to the transfer of staff.

The articles of association and governing documents of the Company will contain provisions that will allow the Council, as the sole shareholder, to wind up the new organisation. The exit provisions will cover voluntary exit (e.g. where the Council wishes to voluntarily wind up the new organisation) and compulsory exit (e.g. unresolved failure such as insolvency, loss of Teckal status).

Under the articles of association, shareholder/member decisions can be set at different levels of the majority required to make the most critical decisions as a way of ensuring stability and sustainability of service provision.

The Contract will include an exit/termination clause. This exit strategy would apply to all services the Council commissions from the Company.

### **5.12 VAT LIABILITY**

High-level VAT advice was sought during the Business Case phase of the ADM Programme from PS TAX, who are experienced children's services company tax advisers. However, this was to address VAT regarding the old scope of services (social care services only).

Regarding a wider scope where Education and Social Care Services are included HMRC's view as of May 2018 stated "Where a Children's Services Trust supplies both welfare services and educational support services and the educational support services form the larger part of the contract between the parties, we are content that the supply is a single supply of educational support services. This is a standard rated supply by the Children's Services Trust to the local authority."

### **Conclusion**

The Company is likely to incur a similar amount of VAT on the in-scope services as WCC does currently. The implications of the full scope of services regarding recovery (as of November 2018) will be sought from ahead of the final scope report to Cabinet in Spring 2019.

Where WCC currently uses 'in-house' services, such as legal, there will be an additional irrecoverable VAT charge if such services are supplied to the Company. Generally, all in-house corporate support services supplied to the Company will be subject to VAT. It may be possible to exclude services from the contract and retain responsibility within the Council, thereby removing the VAT cost. However, such separation could be difficult both legally and practically and will not be without its risks.

The rental of commercial property will be exempt unless the landlord has opted to tax, in which case it will be standard-rated. The rental of Relevant Residential Purpose property will be exempt or, in exceptional circumstances, zero-rated.

In summary, it is unlikely the Company will incur additional VAT costs as a result of services transferring into the Company. 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.

#### **DfE funding – VAT**

(Please note, the following wording was provided in the event of a social care only company being created – updated wording will be sought in 2019). The position in respect of VAT liabilities for local authorities implementing alternative delivery models is currently under discussion between Department officials and Her Majesty’s Revenue and Customs and the Treasury. The Department is hopeful of reaching agreement on a long-term solution. Irrespective of the outcome of this discussion, in delegating children’s social care functions to a new Company, the DfE’s view is that local authorities should not incur greater costs through the value added tax (VAT) regime than would be the case were it to continue providing services in-house, and the Department would seek to provide funding accordingly. As such, within the financial case, it is assumed that the irrecoverable VAT is funded.

### **5.13 COMMERCIAL CASE CONCLUSIONS**

The Commercial Case currently includes the starting positions put forward by the ADM Programme (developed in conjunction with service and support staff) to investigate further and confirm during the implementation phase.

A number of key principles have driven these positions, including:

- It is imperative that staff retain their current terms and conditions, including pensions.
- The Company shall seek a corporate support model that allows it to meet its long-term objectives and priorities of service improvement, however serious consideration must be given to WCC’s remaining services and impact on costs.

#### **Recommendations for the implementation phase**

- The procurement route has been confirmed by legal partners and WCC as using Teckal. The implications of this on operational independence and control within the contract must be tested during the implementation phase.
- The TUPE list is to be created based on the scope of services during March and April 2019, following which pensions and redundancy liabilities will be quantified.
- All support service options must be investigated regarding service, staff and cost impact during the implementation phase. Significant work has already been conducted which has informed this Business Case.
- Detailed cashflow modelling will be conducted during the implementation phase and following this the payment schedule and mechanisms with the Council will be agreed.
- Detailed analysis of the 3<sup>rd</sup> party contracts will be conducted to confirmed the novation list, and contracts to be renewed and terminated.

- Confirmation of the Company's VAT position is to be sought ahead of the Cabinet report on scope in Spring 2019.
- The ADM Programme Board has given permission to further develop and investigate these items during the implementation phase using the positions within the Commercial Case as a starting point.

## 6 THE FINANCIAL CASE

This section describes the estimated budget to implement and run the ADM, proposed funding arrangements, and key considerations for the ADM's affordability.

The previous version of the financial case had the Safeguarding service within scope; the scope has been increased to include Education and Early Help, and it is the increased scope that is detailed within this version of the business case.

For illustrative purposes, the recurrent gross expenditure for the Safeguarding service, for 2019/20 (excluding the additional costs of the ADM and Support Services), is £69M. With the increase in scope, to include Education and Early Help this has increased the gross expenditure to £120M.

For further illustrative purposes, the service staff (FTE) for the Safeguarding service, for 2019-20 (excluding the additional posts of the ADM and Support Services), is 661 FTE. With the increase in scope, to include Education and Early Help this has increased the transferring FTE to 824 FTE.

Further breakdown of the gross expenditure and FTE is provided within the Financial Case.

### 6.1 INTRODUCTION

This chapter presents the projected financial impact of establishing the WOCC. The key driver for the ADM is improvement of outcomes for children, not cost reduction or income generation. The financial projected budget thus shows an ongoing increased cost of delivering the service in a WOCC.

- 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 S31 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, Vatable 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. More detail can be found within Section 6.9 Key Consideration and Risks.
- 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.

#### Summary of budget

**Error! Reference source not found.** shows the net budget position for children's services in scope of the ADM. This is based on there being no additional cost for property services, corporation tax, additional pensions contributions or future redundancy liabilities, and these are highlighted in the key considerations section of this financial case, and in the commercial case.

Table 3: Net budget for children's services in scope of the ADM (£'000)

Ref	Budget Element	2019-20	2020-21	2021-22
		£000	£000	£000
A	Service Budgets	92,269	92,997	93,740
B	Additional costs of the ADM	490	895	909
C	Support Services (Transfer/buy-back)	6,381	6,509	6,639
<b>D</b>	<b>Total</b>	<b>99,140</b>	<b>100,401</b>	<b>101,288</b>

- **Service Budgets (A):** This is the net budget of WCC children's services in scope. These projections are purely for delivering the current service, irrespective of the ADM. Figures are based upon the annual Council budget setting cycle between November 2018 and January 2019.
- **Additional costs of the ADM (B):** The delivery of services through an ADM will necessitate the creation of additional management posts 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 requirement for Audit Fees for the Company.
- **Support Services (Transfer/buy-back) (C):** These are based upon the corporate recharges for services in WCC which support children's Services in scope of an ADM. These figures will be reviewed with Support Service leads, now that the 2019/20 draft budgets are known, and reflected in the latest SSA (Support Service Agreements) being prepared by Council Support Service Leads. The support services are shown in more detail in sections 6.3 and 6.7.2.
- **Total (D):** This is the cost of delivering the service in a WOCC, including the costs of in-scope children's services, additional staff posts required in the WOCC, corporate support services transferring to the WOCC and corporate support services bought-back from WCC. Any additional costs incurred before go-live (for example, early recruitment of directors and board) have been included in the transitional costs, not in recurrent costs in Table 3.

### Summary of Transition Costs

The transition costs are shown in Table 4. £324K was incurred by 31<sup>st</sup> March 2018 in carrying out the options analysis, business case and preparing for implementation. An additional £2,826K is expected to be required for implementation, based on financially prudent, worst-case scenario assumptions. A breakdown of all these transition costs is shown in Section 6.4.

Table 4: Transition Costs of ADM

Transitional Costs	£000
Pre-business case costs incurred (up to 31 <sup>st</sup> March 2018)	324
Costs of Implementation (1 <sup>st</sup> April 2018 to 1 <sup>st</sup> October 2019)	2,826
<b>Total set-up costs</b>	<b>3,150</b>

The remainder of this chapter shows:

**Section 6.2:** Recurrent Income

**Section 6.3:** Recurrent Expenditure

**Section 6.4** Additional costs of the ADM

**Section 6.5** Support services costs

**Section 6.6:** Transitional Costs

**Section 6.7:** Staffing

**Section 6.8:** Financial Case Summary

**Section 6.9:** Key Considerations and Risks

**Section 6.10:** Financial Case Conclusions

## 6.2 RECURRENT INCOME

The recurrent income of the WOCC is shown below. This is based on the expected income from WCC to deliver the service (including improvement activity). This figure is the delivery of in-scope services only and excludes the cost associated with Support Services and excludes the additional cost associated with the ADM

Table 5: 2019/20 Gross Expenditure budget (excluding Support Services)

Ref.	Income Source	2019-20	2020-21	2021-22
		£000	£000	£000
A	Dedicated Schools Grant	1,499	1,499	1,499
B	Public Health Ring-fenced Grant	2,581	2,581	2,581
C	NHS Income	15,978	15,978	15,978
D	Other Grants	1,554	1,554	1,554
E	Sales, Fees and Charges	15	15	15
F	Other Income	3,239	3,239	3,239
G	Funding From Reserves	52	52	52
H	Central Support Income	969	969	969
I	HTST Income	1,458	1,458	1,458
J	Capitalised Revenue	498	498	498
<b>K</b>	<b>Total External Funding</b>	<b>27,844</b>	<b>27,844</b>	<b>27,844</b>
<b>L</b>	<b>Council Base Budget</b>	<b>92,269</b>	<b>92,997</b>	<b>93,740</b>
<b>M</b>	<b>Total Gross Expenditure</b>	<b>120,113</b>	<b>120,841</b>	<b>121,584</b>

- **A - J:** In the absence of other information, for 2020/21 onward, income streams outside of the WCC Base Budget are expected to continue as they are for 2019/20. For the purposes of this analysis it is assumed that any loss in this income will be matched by a corresponding reduction in activity and therefore costs, so that the bottom line is not affected.

- **K: Total External Funding:** Is the total of all income to Children’s Services that is not from the Council’s Base Budget.
- **L: Council Base Budget:** The WCC contribution to the direct costs of children services is based upon the annual Council budget setting cycle between November 2018 and January 2019.
- **M: Total Gross Expenditure:** This is the total operating cost of delivering Children’s Services. This figure excludes the cost associated with Support Services and excludes the additional cost associated with the ADM.

### 6.3 RECURRENT EXPENDITURE

- The two tables below show the recurrent annual costs of operating the transferred services in the WOCC at different levels of detail. Table 6 shows the aggregated costs of the WOCC.
- It should be noted that in these tables, the only assumptions on growth or savings in future years (20/21 and 21/22) are for 2% staffing inflation. All other growth and savings items are subject to the Council's usual budget planning process as part of the budget cycle.
- The 2019/20 budget is subject to further change following allocation of Corporate Items

Table 6: Recurrent operating costs of Children’s WOCC(2019-20)

Ref.	Service	Staffing	Premises	Transport	Other Non-staffing	Total Gross Expenditure
		£000	£000	£000	£000	£000
A	Early Help DSG	1,178	0	27	295	1,499
B	Safeguarding	28,485	478	670	39,798	69,432
C	Education & Skills and HTST	4,120	189	13,672	6,335	24,315
D	Early Help and Prevention	844	252	17	21,726	22,840
E	Social Care Management & Admin	1,788	0	12	227	2,027
<b>F</b>	<b>Total Gross Expenditure</b>	<b>36,416</b>	<b>919</b>	<b>14,398</b>	<b>68,380</b>	<b>120,113</b>

Table 7: Gross Expenditure of Children’s WOCC, over-time.

Ref.	Service	2018-19	2019-20	2020-21	2021-22
		£000	£000	£000	£000
A	Early Help DSG	1,499	1,499	1,523	1,547
B	Safeguarding	64,159	69,432	70,002	70,583
C	Education & Skills and HTST	22,211	24,315	24,397	24,481
D	Early Help and Prevention	22,606	22,840	23,300	23,324



E	Social Care Management & Admin	1,746	2,027	2,063	2,099
<b>F</b>	<b>Total Gross Expenditure</b>	<b>110,722</b>	<b>120,113</b>	<b>120,841</b>	<b>121,584</b>

- **A: Early Help DSG:** Early Intervention Family Support Workers currently funded through DSG
- **B: Safeguarding:** Recurring costs of delivering the safeguarding service broken down in to Staffing, Premises, Transport and other Non-Staffing costs. The Safeguarding service includes Safeguarding Locality Teams, Through Care Locality-based Hubs. Family Front Door, Targeted Family Support, Safeguarding and Quality Assurance, Placements and Provision and the Worcestershire Safeguarding Children Board.
- **C: Education & Skills and HTST:** Recurring costs of delivering the Education & Skills and HTST service broken down in to Staffing, Premises, Transport and other Non-Staffing costs. The Education & Skills and HTST service includes Education and Skills and Home to School Transport.
- **D: Early Help and Prevention:** Recurring costs of delivering the Early Help and Prevention service broken down in to Staffing, Premises, Transport and other Non-Staffing costs. The Early Help and Prevention service includes Early Help & Prevention and WCC Contribution to West Mercia Youth Justice Service.
- **E: Social Care Management & Admin:** Recurring costs of delivering the Social Care Management & Admin service broken down in to Staffing, Premises, Transport and other Non-Staffing costs. The Social Care Management & Admin service includes the Senior Management posts of the Directorate, the Business & Systems Development Team, Administrative support for senior posts, and the Directorate Programme Team
- **F: Total Gross Expenditure:** This is the total operating cost of delivering Children's Services. This figure excludes the cost associated with Support Services and excludes the additional cost associated with the ADM

## 6.4 ADDITIONAL COSTS OF THE ADM

The table below outlines the recurrent additional costs incurred by WCC as a result of setting up the WOCC.

Table 8: Breakdown of additional costs.

Ref.	Additional cost element	2019-20	2020-21	2021-22
		£000	£000	£000
A	Additional/enhanced posts in Company	198	469	478
B	ICT licencing	68	68	68
C	Additional Finance costs for Audit/Close of Accounts	90	90	90
D	Additional cost within the Council	134	268	273
<b>E</b>	<b>Total</b>	<b>490</b>	<b>895</b>	<b>909</b>

- **A: Additional/enhanced posts in Company:** There are Management Structure posts required for the WOCC Senior Management Team. Certain posts are funded by the DfE e.g. Chair. Certain posts are funded from existing budgets e.g. CEO and some posts require significant additional funding e.g. Director of Resources. From 1st October 2019, DfE funding is not available – the costs above exclude those funded by the DfE grant up to 30th September 2019.
- **B: ICT licencing:** increased software licensing costs as the Company cannot obtain Public Sector discount from some suppliers.
- **C: Additional Finance costs for Audit/Close of Accounts:** requirement for Audit Fees for the Company that are not covered under the contract with the Council Auditors.
- **D: Additional Cost within the Council:** there are new posts within the Council required as a result of establishing the ADM. These posts include a Lead Commissioner, Performance Manager, Commissioning Managers and Administrative Support.
- **E: Total:** The total additional cost incurred by WCC.

## 6.5 SUPPORT SERVICES COSTS

The table below outlines the most recent calculation for the cost of delivering support services to Children’s Services. Each support service line represents an existing Corporate Support Service currently recharged to the Directorate.

Table 9: Breakdown of support services costs for 2019-20

Ref.	Support Service	2019/20 Total Cost to Company
		£000
A	Kidderminster Library	108
B	CIMU	231
C	Financial Services	306
D	Consumer Relations Unit	69
E	Legal Services	856
F	Human Resources	839
G	Health and Safety Teams	25
H	Technology - Civica	26
I	Technology – ICT	1,878
J	Property Services	614
K	Research Function	38
L	Business, Planning & Performance	259
M	Communications Unit	158
N	Commercial & Procurement	168
O	HR/Transactional Finance	225
P	Administrative Buildings	545
Q	UNISON Branch Secretary	37
	<b>TOTAL</b>	<b>6,381</b>

- **A – Recharge for space used by in-scope services at Kidderminster Library**
- **B– CIMU and Archival services, incorporating**

- Data Protection (DP) request management including SAR processing and disclosure and single point of contact for information sharing request
  - Records management advice and guidance
  - Records management physical records storage
  - Freedom of Information (FOI) advice and request management
  - Environmental Information Regulations (EIR) advice and request management
  - In addition, there are two key statutory elements of the Worcestershire Archive and Archaeology Service in relation to the services it will provide to the Company
  - To ensure the storage and the preservation of Worcestershire County Council records (collections). This role will continue after the launch of WCF
  - To make stored information available to those who request access. This includes Worcestershire County Council colleagues and external organisations as well as researchers and the general public. The Archive and Archaeology Service hold the archive records of Children's Services including adoption services, for example minutes of the committees, correspondence, records from schools and children's homes and adoption and fostering case files
- **C- Financial Services, incorporating:**
    - The day-to-day Budget Monitoring Function to provide accurate financial projections to the Company Board
    - Corporate Finance support including advice for Budget Setting
    - Banking and Treasury Management to ensure that the Company can meet daily Treasury demands.
  - **D. Consumer Relations Unit:** The Complaints Manager/Council Consumer Relations Team will support the Company by providing a comprehensive framework to record and allocate Complaints, Compliments and Comments to the right person in the Company for response and for information. We will ensure that the Company fulfils statutory requirements regarding complaints, and that system records are maintained and will produce reports on a monthly, quarterly and annual basis to enable the Company to monitor performance and understand customer issues and learning.
  - **E – Legal support to the Company:** Worcestershire Legal Services will provide efficient and appropriate legal advice services to the Company for the relevant areas
  - **F. Human Resources:** Policy Guidance and Advice on all HR matters, facilitation and support for Recruitment and staff retention. In addition, HR provide support for learning and development.
  - **G: Health and Safety:** The Service will provide the competent health and safety (H&S) assistance to the company as required under regulation 7 of the management of health and safety at work regulations 1999
  - **H: Technology (Civica):** Supply of customer contact centre services, enabling the effective handling of customer queries and referrals made through the Worcestershire Hub
  - **I: Technology (IT), incorporating:**

- Service Management aligned with ITIL (Information Technology Infrastructure Library) standards, to include problem management, change management, and continual service improvement
- Digital Services and website design
- ICT service desk to handle general queries and resolve issues
- The supply, support and maintenance of hardware e.g. laptops, printers, and mobile phones
- Application services
- System and Communication infrastructure including cyber-security
- **J: Property Services:** Facilities Management, Project Management and Health and Safety training, delivered largely by third-party contractors with oversight from the WCC management team
- **K: Research Function:** The research team provides an in-house primary and secondary research function, research commissioning service, mapping service, data analysis and prediction, and (from 1st April 2019) a central consultation resource.
- **L: Business, Planning & Performance:** The performance monitoring team that delivers management information, key performance indicators etc. to Senior Management/Company Board and feeds into the completion of statutory returns.
- **M: Communications Unit, incorporating:**
  - Reputation management including media relations and crisis communications
  - Social media & online content and community management
  - Communications counsel
  - Video production
  - Marketing campaign management and delivery
  - Graphic design
  - Event support
- **N: Commercial and Procurement:** Support from the WCC Corporate Procurement function, including advice and guidance on any procurement rules, changes to regulations, contract management and monitoring
- **O: HR/Transactional Finance:** The payroll function and transactional finance (e.g. paying of invoices, coding of received income), currently provided through a third-party.
- **P: Administrative Buildings:** A proportional recharge for usage of County Hall campus, including Wildwood
- **Q: UNISON Branch Secretary:** A proportional recharge for the UNISON Branch secretary

These provisional figures will be reviewed with Support Service leads, now that the 2019/20 draft budgets are known, and reflected in the latest SSA (Support Service Agreements) being prepared by Council Support Service Leads. The figures will also be subject to changes as more detail on the Company e.g. sites occupied is decided.

## 6.6 TRANSITIONAL COSTS

Table 6 shows the expected transitional (set-up) costs of the WOCC. These exclude contributions from WCC, for example input from senior staff who are not back-filled. WCC have already incurred £324K in the period up to April 2018 during which they completed an options appraisal, full business case and made preparations for implementation. A further £2,826K will be required for implementation, taking the total spend for the implementation period to £3.15m. This spend forecast matches the S31 grant issued by the DfE. Any expenditure exceeding this grant would result in an additional cost to the Council, unless further DfE funding could be secured.

Table 10: Transitional Costs of the ADM

	Cost item	Pre-business case cost incurred (£'000)	Cost of Implementation (£'000)	Total (£'000)
A	ICT segregation and set-up for company	0	364	364
B	Refurbishment of company headquarters and other sites	0	221	221
C	Programme Management	189	804	993
D	Commercial Support	67	40	107
E	Legal & Scrutiny Costs	17	498	515
F	HR & Recruitment Costs	20	213	233
G	Finance Costs	8	21	28
H	Early recruitment of ADM staff	0	524	524
I	Stakeholder Engagement and Comms	23	128	151
J	Other Non-staffing costs, including OFSTED registration	0	15	15
<b>L</b>	<b>Total transition costs</b>	<b>324</b>	<b>2,826</b>	<b>3,150</b>
	DfE Funding (S31 grant)			(3,150)
	<b>Net cost to the Council</b>			<b>0</b>

The costs include the following:

- **A: ICT Segregation and Set-up:** Costs incurred to ensure that the Company is not only operationally independent, but has the systems in place to deliver the Business Plan. This includes setting up the Company website and intranet.
- **B: Refurbishment of Company Headquarters and other sites:** This is for changes to premises made specifically due to the transfer of services from the Council to the Company. It is not for general refurbishment/improvement.
- **C: Programme Management:** The programme management costs include

- 2 x senior project manager, 1 project management officer, and 1 Admin/BSO to cover implementation period
- Specialist project management and ADM / Company advice during the FBC and implementation.
- Speciality commercial advice up until business case and throughout implementation.
- **D: Commercial Support:** This is external advice from commercial specialists on the novation of contracts etc.
- **E: Legal & Scrutiny costs:** Independent legal advice for both company side and Council-side, including support in drafting contracts and during negotiations.
- **F: HR resource:** Competency development training of £20K has already been incurred. This is a programme to be put in place within the existing HR team to ensure all HR Advisers are upskilled in readiness for ADM implementation. Resource for implementation includes a HR team of 3: 1 HR project team manager, 1 senior HR advisor and 1 seconded union rep.
- **G: Finance cost:** Costs for setting up bank account, VAT advice, and any other financial considerations ahead of Company go-live.
- **H: Early Recruitment of ADM staff:** Costs of the board, management team and administration team pre-go-live are based on early start dates of between January 2019 and October 2019 for the directors and non-operational senior management staff; and start date of May 2018 for the WCC commissioning function.
- **I: Stakeholder Engagement and Comms:** The costs of Stakeholder Engagement Officers as well as costs for branding of the new Company, materials, banners or any other branding within Company premises.
- **J: Ofsted registration:** Work to ensure that the Company registration is in-place for go-live date.

## 6.7 STAFFING

The staffing profile, Full Time Equivalent (FTE) is outlined below for each of the key service areas within scope of the WOCC.

Table 11: Projected FTE in the WOCC

Service	FTE
<b>Early Help DSG</b>	
EIFSW Teams	38.04
<b>Subtotal</b>	<b>38.04</b>
<b>Safeguarding</b>	
CSC Safeguarding Locality Teams	192.38
CSC Through Care Locality based Hubs	86.41
CSC Family Front Door	89.15
CSC Targeted Family Support	62.72
CSC Safeguarding and Quality Assurance	33.69

CSC Placements & Provision	191.15
Worcestershire Safeguarding Children Board	5.16
<b>Sub-Total</b>	<b>660.66</b>
<b>Education &amp; Skills and HTST</b>	
Education & Skills	74.74
Home to School & College Transport	0.00
<b>Sub-Total</b>	<b>74.74</b>
<b>Early Help and Prevention</b>	
Early Help & Prevention	17.37
WCC Contribution to West Mercia Youth Justice Service	0.00
<b>Sub-Total</b>	<b>17.37</b>
<b>Social Care Management &amp; Admin</b>	
Management & Admin	33.10
<b>Sub-Total</b>	<b>33.10</b>
<b>Total</b>	<b>823.91</b>

## 6.8 FINANCIAL CASE SUMMARY

- **Total Recurrent Expenditure:** The recurrent expenditure for the service is estimated at £120.1M in 2019-20, rising to £121.6M in 2021-22.
- **Total Recurrent Income:** The recurrent income for the service is estimated at £27.8M in 2019-20 from external funding and £92.3M from the Council's base budget.
- **Transition Costs:** It is estimated that an investment of approximately £3.2M will be required to establish a WOCC. This may change during implementation as key decisions are finalised.
- **FTEs:** There are currently 824 FTEs in scope of the ADM (as of 2019-20). This FTE figure excludes any support services staff that may transfer or new posts that may be agreed.

## 6.9 KEY CONSIDERATIONS AND RISKS

- **Future budget reductions:** As it stands, the Council has a financial gap for 2019/20 and therefore it is expected that further savings targets will need to be found for all services, including Children's Social Care
- **VAT:** The ADM may incur an irrecoverable VAT bill as a result of setting up a WOCC. DfE committed to covering the costs of irrecoverable VAT that arise as a result of delivering through

an ADM rather than the Council, whilst under direction. A new interpretation of VAT rules (not a change to VAT rules) has been agreed by HMRC and DfE. The new position is that welfare exemption only applies to elements of service 'actively regulated' (i.e. registered) by OFSTED. The activities of the Company therefore fall into two categories – some that are subject to welfare exemption, and others that are not. HMRC retain ability to look at each case on its merits, but accept the argument in relation to existing Trusts (and the current plan for Worcestershire) that their primary activity for the Local Authority is assessing need of children, planning to meet need, and ensuring those needs are met. On that basis, registered services i.e. Adoption/fostering being delivered are incidental. Therefore, the Company can class all services as a single, Vatable supply, and can therefore invoice the Council at standard rate, recovering the VAT on their purchases.

- **Cashflow:** the WOCC will require some working capital. A high-level assessment of the services in scope suggests that the cashflow is spread relatively evenly from month to month. A detailed cashflow forecast will need to be carried out during implementation. Working capital provision could include the provision of a 2-month cash float (approximately £13M in the first month of operation); or providing the first 3 months in advance, and monthly thereafter until year end.
- **Assets:** Current assets/equipment utilised in service delivery may be transferred to the WOCC, with freehold assets leased. Asset transfer and/or lease costs have not been included in the financial projections, apart from where these are included in support services recharges. During implementation, a plan for transfer and licensing/leasing space and assets will be developed.
- **Property Services and Administrative Buildings:** The working assumption is that the Company will remain in (and refurbish) existing buildings, however a full analysis has yet to be completed. The recurrent costs of property services / administrative buildings have been included based on the current recharge projected forwards without any headcount inflation. This assumes that transferring services will remain in existing buildings, with the additional staff included for the service/ADM being managed within existing space, and not resulting in an additional charge.
- **Pensions Liabilities:** Pension contributions are assumed to be the same in the absence of other information. No additional costs have been included above existing and projected staff on-costs.
- **Future Income:** As a prudent assumption, and to ensure the projections do not overestimate the affordability of the ADM, no future income has been included. There is, however, potential for income generation and this is described in the Economic Case, section 4.5.1.
- **Staff Productivity / Sickness absence savings:** Staff productivity, or sickness absence savings have not been included, as any savings would not necessarily release cash, but improve service quality.
- **Section 17 & 20 Spend:** Section 17 and 20 spend will transfer to the WOCC (£1.1m). These are high-volume, small value amounts most of which go out of the imprest account or the purchase wallet. The WOCC will ensure it has sufficient cash to deal with these regular payments (see cashflow) and capacity within the finance team.
- **Insurance:** The cost for insurance of the WOCC can be provided under the existing council programme, adding it as joint insured. It is not possible to estimate the likely premium of this before the structure and management of the company is designed, and risks to be transferred



and retained are known. Therefore, no cost has been included for insurance. If the insurance premium is substantial, this may affect the additional costs associated with the WOCC.

- **Corporation Tax:** The WOCC will be liable to pay corporation tax. However, as it is not seeking to generate new income within the period of the financial projection, it is not anticipated that a profit will be made. Therefore, no cost for corporation tax has been included in the financial projections. The costs of a finance team to carry out statutory accounting, including for corporation tax, has been included in the corporate support services costs.
- **Third Party Payments:** No inflationary increases have been included for third party payments or suppliers and services. This assumption is based on any increase in contract prices being offset by contract demand management and efficiency strategies.

## 6.10 FINANCIAL CASE CONCLUSION

In order to formulate the Finance Case to estimate the costs and risks associated with the ADM and create a robust 3-year Financial Model, a number of informed assumptions have been made regarding the areas below. These have been based on detailed discussions across WCC and the finance team:

- Proposed scope of services and FTE transferring
- Proposed technical and financial considerations (e.g. pensions, insurance, contracts)
- Proposed property arrangements (to be confirmed) and use of non-building assets
- Anticipated set up costs and additional needs of the ADM and WCC

The affordability of the ADM is heavily dependent on an agreement being made between the Council and the Board of the WOCC. Once an agreement between the WOCC and the Council has been made, the Financial Model must be revisited to ensure WCC has the budget to be able to successfully deliver the service within the proposed ADM. The costs associated with the implementation of the WOCC will be funded by the DfE Section 31 Grant.

## 7. THE MANAGEMENT CASE

### 7.1 INTRODUCTION

This section of the FBC addresses in detail how the scheme will be delivered and the ‘achievability’ of the preferred option. Its purpose is to set out the actions that will be required to enable the successful delivery of the scheme, within specific timescales, in accordance with best practice. It considers the organisation’s ability to deliver a large-scale programme that cuts across a number of disciplines which will impact all children's services staff, a significant proportion of the wider Council and Council partners and suppliers.

The timescale to achieve this change is estimated to be 18 months, starting in April 2018 for a go-live goal of 1st October 2019. This is an achievable timescale, based on similar implementation timescales for other children’s services companies, provided the sufficient capabilities and resources are dedicated to implementation. A significant programme of work is required to create a Wholly Owned Council Company for approximately 824+ transferring staff (est. in 2019/20 budget). The expected implementation timescales and detailed programme is described in the section below.

Management of the programme will adhere to the following key principles:

- **Focus on improving outcomes** – The purpose of the programme is to establish a sustainable ADM that has the capacity and capability to improve services for the benefit of Worcestershire’s children, young people and their families.
- **Clear communication** – The effectiveness of the programme relies on effective communication and strong relationships. Regular formal and informal meetings are proposed to ensure all stakeholders are updated and are able to identify and resolve issues as early as possible.
- **Defined roles and responsibilities** – All members of the ADM Programme Team and governance bodies working on the programme will have a clear understanding of the nature of their involvement, their responsibilities, and to whom they are they accountable.
- **Risk management** – Risks and dependencies will be identified and addressed effectively. Actions to mitigate the risks will be monitored closely by the Programme Team and workstream leads.
- **Adaptability** – The management approach will be appropriate to the Council’s existing ways of working. Procedures and the approach will be adapted where needed to meet requirements.
- **Learning from experience** – Each ADM is unique, and a learning culture is required throughout the Programme in order to succeed. This includes reflecting on what went well or could be improved and incorporate these lessons into the ongoing approach. The Programme will also reflect on previous lessons learned in WCC and elsewhere from other children’s services companies.
- **Time commitment** – The programme team will coordinate activities and attend key meetings. Nominated council officers will commit time to attend programme meetings and carry out activities. Where possible, remote working provisions will be made.

- **Governance** – The project will be subject to robust governance through the Council’s governance arrangements, and Programme governance, including the DCS, Worcestershire CC Strategic Leadership Team and close overview and scrutiny by Members.

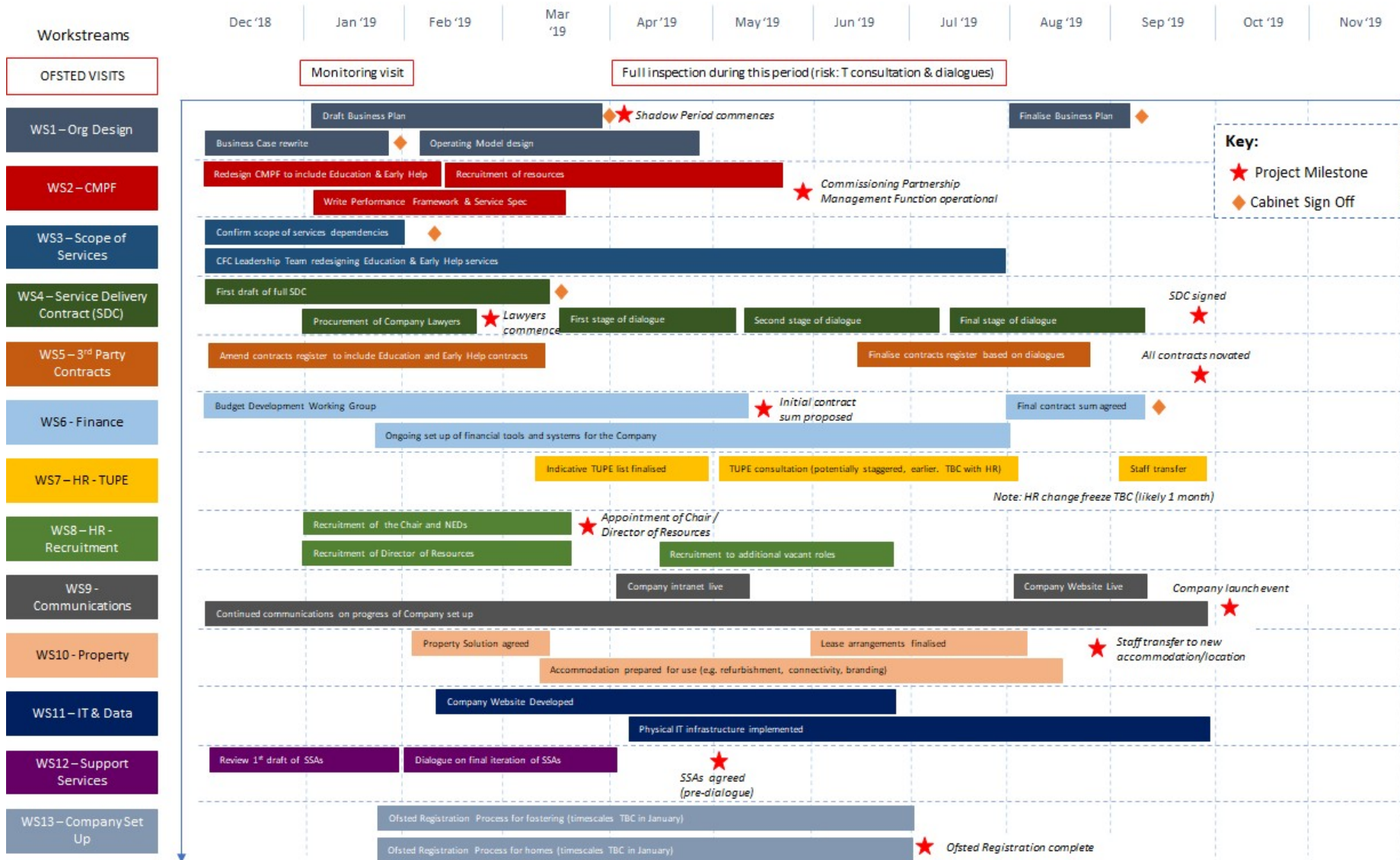
## 7.2 IMPLEMENTATION TIMESCALES AND PLAN

There are a number of critical path activities that will enable the Company to go-live successfully and provide the foundation of the detailed implementation plan. These are listed in the table below:

Category	Activity	Target date
<b>MoU &amp; DfE funding</b>	Memorandum of Understanding and DfE Funding agreed	August 2018
<b>Companies House</b>	Company registered	30 <sup>th</sup> July 2018
	Final constitutional documents filed at Companies House	September 2019
<b>Contracts</b>	Council client function operational (i.e. commissioners in place)	April 2019
	Contract negotiations of schedules commence	11 <sup>th</sup> March 2019
	Third party contracts novated / assigned etc.	September 2019
	Draft services contract ready for testing	February 2019
	Services contract signed (including Cabinet/Council approval)	September 2019
<b>Accommodation</b>	Commencement of any refurbishment required	February 2019
	Property ready for move-in	August 2019
<b>Staff transfer</b>	Organisational structure / design completed	February 2019
	Indicative staff list for transfer	March 2019
	TUPE consultation commences	May 2019
	Staff TUPE transfer	30 <sup>th</sup> September 2019
<b>Chair recruitment</b>	Chair appointed (commences December 2018)	March 2019
<b>Board recruitment</b>	Executive Directors & Non-Executive Directors appointed	April 2019
	Company Board fully operational in shadow form	July 2019
<b>Business plan</b>	Business plan completed and designed off in principle (Final version signed off by new Board)	April 2019
<b>Cabinet approval</b>	Company budget 2019/20 and business plan presented to Cabinet	May 2019
	Company final SDC, business plan and budget to be signed-off by Cabinet just prior to go-live	September 2019
<b>Regulatory approval</b>	Ofsted registration complete	August 2019
<b>Go live</b>	Company go-live	1 <sup>st</sup> October 2019

The target dates have been devised through an understanding of ‘standard’ lead times (gathered through similar programmes), WCC’s capabilities and resources, the current state of services and the scope of services change. These dates are indicative and subject to change following the detailed design. Please note that timescales aspire to a minimum of a 6-month shadow period, where the Board will be operational in shadow form. This provides the Board and transferring staff the opportunity to identify design issues and embed ways of working. The shadow period is likely to be phased, in that several aspects of the Company will become operational during the first two months of shadow (such as the Board being in place carrying out meetings) and some areas will still be being developed (such as the SDC negotiations or the property move).

The proposed high-level implementation plan which addresses the above critical activities is found below, which includes the key milestones to be achieved through the programme of work from December 2018 onwards. The plan focuses on the achievement of core activities across 13 workstreams:



### 7.3 COMMUNICATIONS AND ENGAGEMENT PLAN

The full ADM Communications Plan is in place and being carried out. The plan was updated following the scope of services change in November 2018 with the aim of ramping up communications to staff, partners and users from January 2019.

A number of key overarching principles and questions were gathered during the workshop in addition to the exercises:

- All communications planning should start from Children & Young People and the key principles behind this, to drive the rest of the communications. If a child understands it, then everyone else should understand it.
- An ADM Communications Plan already exists, and this will act as the foundation for the Communications workstream going forward. It currently includes a long list of stakeholders, their current impact / attitude regarding the ADM Options Analysis, and Business Case and current channels of communication.
- The ADM Programme does not assume to have captured everything stakeholders want to know or how they should be communicated with. The ADM Programme need to speak to stakeholders directly as part of the Communications workstream for the Project, to gather their feedback on what is important to them and how they would prefer to be informed or contacted.
- What does improvement mean for each stakeholder? E.g. measurement for CYPF may be different to staff or partners. Therefore, there may be a different focus in each communication, even though the messages and values will be consistent.
- The amended vision, mission and values should feed into all ADM work throughout the process.
- The naming and branding of the company is a great opportunity to engage with CYPF and staff.
- The existing communication and engagement with Children and Young People is not sufficient. The ADM programme, alongside the improvement work, is an opportunity to improve this not just for the implementation but in the long-term.
- Avoid 'message fatigue' – use existing communications if they are effective, and do not create multiple communications to the same stakeholder.
- A robust timeline and plan for the Communications workstream is required for implementation. This will give clarity to stakeholders over when they will receive information to avoid confusion or discontentment.

The following suggested activities have been devised in order to ensure the ADM Programme has mechanisms in place to communicate with both internal and external stakeholders.

This is not an exhaustive list and activity will be reviewed and revised on a regular basis as the ADM programme progresses. A detailed communications plan with specific dates and activities will be created early during implementation.

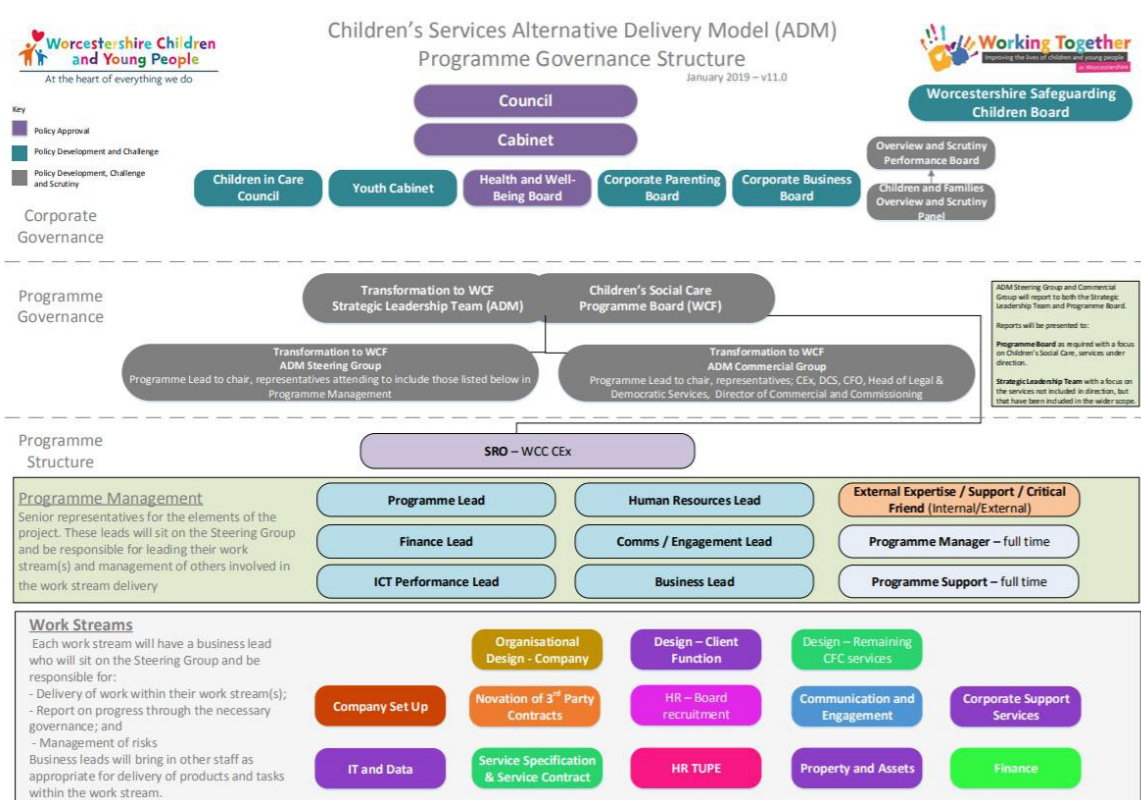
**Internal:**

Stakeholder	Channel	Frequency	What
All CFC Staff	DCS Update	Weekly	ADM updates and key messages to be issued to all CFC staff from DCS each Friday via email
All staff	Council Catch-up	Fortnightly	ADM updates and key messages to be issued to all staff from CEX alternate Fridays via email
Members	DCS Update	Weekly	ADM updates and key messages included in Catherine's weekly update to members on the improvement plan
Members	Members' Top 5	Monthly	Include key messages tailored for members
All staff	Drop-in sessions	Weekly	Weekly opportunities for staff to ask questions to members of the ADM project team
All staff	OurSpace and Yammer	Weekly	To compliment external website and promote key messages and events internally
All staff	Digital Displays and Poster sites	As required	Use to promote key messages and events
CFC staff	Staff briefings and staff conferences	Monthly	Share key messages and themes to staff
COaCH staff	Staff briefings	TBD	Share key messages and updates for both in-scope and out-of-scope CoaCH staff
CFC staff and CoaCH staff	Team Meetings	Fortnightly	Regular messages are to be issued by Team Leaders at meetings and via email and Yammer to reinforce key messages
CFC staff	Principal Social Worker Forums	Monthly	Communications resources will be assigned to pre-publicise the events, deliver them with impact and to share content from them with all staff
ADM Programme Board	Report to Board	Monthly	Provide monthly updates on progress against communications activities
Cabinet & Scrutiny Panel	Report to Cabinet	Quarterly	Report on ADM Business Case to be presented to Cabinet in March for decision
CYP Partnerships	As per meeting schedule	Monthly	Provide tailored monthly updates to CYP Partnerships facilitated by WCC
CYP Commissioned Services	Tailored email	Monthly	Provide tailored monthly updates to CYP Commissioned Services facilitated by WCC
SLT	Meetings	Weekly	Share key messages and updates
WLT	Leadership Exchange and WLT meetings	Monthly	Share key messages and updates to cascade to teams across the council
Unions	Face to Face	Monthly	Engage with unions as business case is developed

**External:**

Stakeholder	Channel	Frequency	What
DfE and DfE Commissioner	Highlight report for DfE	Monthly	Provide monthly updates on progress with ADM business case and improvements within ChS
PEG (Partnership Executive Group)	Partnership meetings	Monthly	Provide update for ADM programme progress at monthly PEG meetings
Service users (foster carers, children, young people, families)	Cascade through principal social workers	Monthly	Implications to be communicated with service users
Children & Young People and Families	Website CYPF forums Social workers	Ongoing	Provide update to date information and refreshed FAQ on website; Develop a pack of information for all staff who engage with CYP, so that all questions can be answered consistently; check how they would like to be informed; Youth Cabinet, Children in Care Council, CYPF engagement forums; facilitated workshop with CYPF including social workers and foster carers
Schools	DCS's Update	Weekly	ADM updates and key messages included in DCS's weekly update to schools on the improvement plan and Company developments
Schools	Black Bag and School Head Network	Monthly	Key messages to be tailored for schools
Strategic Partnerships	Partnership meetings	Monthly	Provide tailored monthly updates to Strategic Partnerships as required
Strategic Partnerships	DCS's Update	weekly	ADM updates and key messages included in DCS's weekly update to partners on the improvement plan
VCS (Children's Services)	Worcestershire Voices newsletter	Monthly	Tailored key messages to be circulated through VCS network
Regional Adoption Agency	Email	Monthly	Messages to be determined dependent on scope of ADM
Media	Media briefings, interviews and press releases	Ongoing	Provide information to press through proactive management of local media
Districts	Management Team Briefings & Leaders' Board	As required	Provide key messages and to districts CEX, Leader and SLTs
Residents	Roadshows	February 2018 & Summer 2018	Raising awareness of our commitment to improve the lives of children and young people through Winter resident roadshows.
Residents	Website	Ongoing	Regularly review content to provide residents with up to date information on ADM including frequently asked questions
Residents	Social media	Ongoing	Through Facebook and Twitter issue key messages and programme updates in-line with website content

## 7.4 PROGRAMME REPORTING STRUCTURE AND GOVERNANCE



A description of each major governance group is found below:

### ADM Programme Board

The Programme Board will provide strategic leadership and management in the identification, development, appraisal and implementation of the ADM for the delivery of Children's Services in Worcestershire. It will be the key decision-making group within the governance structure of the Programme, outside of formal democratic decision-making, and will sign-off major deliverables.

The Programme Board will own the scope and direction of the ADM Programme, providing guidance and direction for the ADM Steering Group and ADM Programme Team, from whom it will receive progress reports. It will monitor progress against key milestones, risks and agree change requests.

The Programme Board will also ensure that interdependencies between other existing/planned change programmes and business as usual projects are aligned to the ADM programme, to ensure impacts and outcomes are fully understood and supported (e.g. improvement activity, Regional Adoption Agency). The Board will meet monthly with the following core members:

- DfE Commissioner and Chair of the Board
- Cabinet Members with Responsibility for Children and Families, Education and Skills
- DfE Intervention Unit, responsible for programme assurance and DfE alignment
- Chief Executive, Senior Responsible Officer
- Cabinet Member with responsibility for Commissioning and Transformation.
- (Additional Cabinet Member to be confirmed)



- Chief Finance Officer
- Director of Children's, Families and Communities (DCS)
- Director of Commercial and Commissioning
- ADM Programme Director / Lead

Additional members may join during the early stages of implementation once resources are in place.

### **ADM Steering Group**

The ADM Steering Group will report to the ADM Programme Board. It will be responsible for the production and assurance of products, defined by the ADM Programme Board, to appropriate quality, standards and time. It will ensure that appropriate resource is provided to complete programme work-streams to appropriate quality and within timescales set, and monitor milestones and actions relating to the programme work-streams.

The Steering Group will accurately identify, communicate and plan mitigation for risks associated with the programme, so that they may be reported / raised to the Programme Board via the Programme Lead. It will also oversee and coordinate the communications and engagement strategy for the ADM programme and provide clarity on key messages for the workforce and wider stakeholders. The Steering Group will meet monthly with the following core members:

- ADM Programme Lead and Chair of the ADM Steering Group
- ADM Programme Manager
- Assistant Director: Children's Social Care
- Assistant Director: Early Help and Commissioning
- Assistant Director: Education & Skills
- Head of Human Resources
- Head of Finance (Children, Families and Communities)
- Head of Legal and Democratic Services
- Transformation Lead for Children's Services
- Head of Content and Communications

### **ADM Partnership Executive Group**

The ADM Partnership Executive Group will ensure that the ADM Programme gives sufficient opportunity for the impacted partnership stakeholders to influence the development and consideration of options for service change. It will facilitate awareness and understanding of the ADM Programme and encourage engagement from a wide range of key stakeholders. The Group will meet monthly. Key members will include partners across Education, Health, Police and local government.

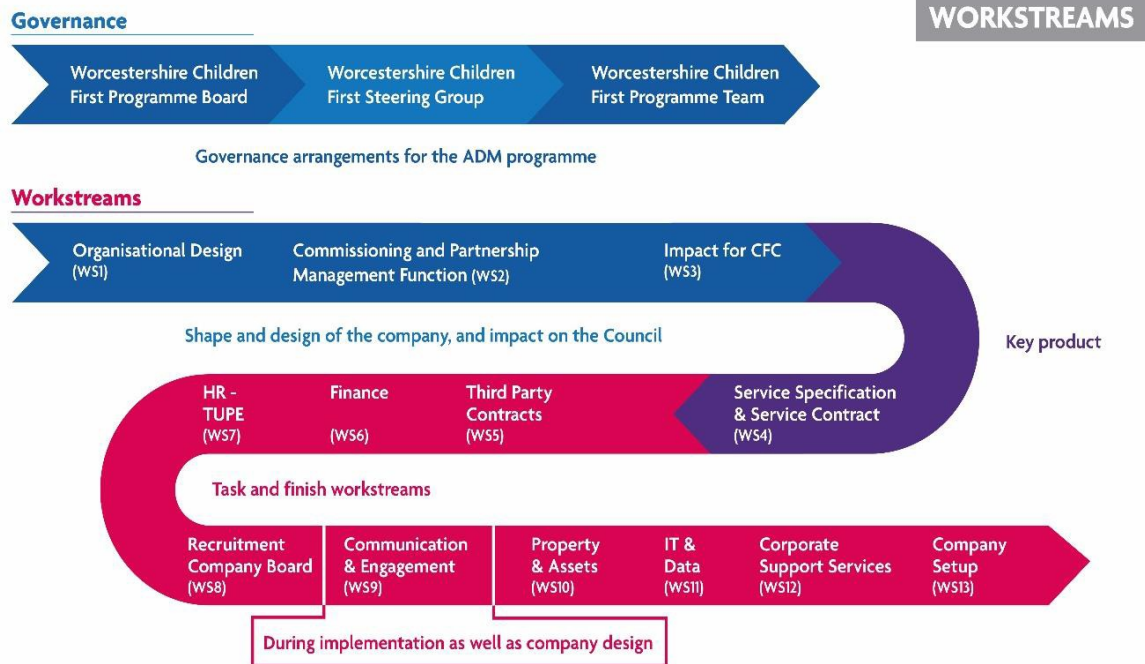
## **7.5 PROGRAMME MANAGEMENT AND WORKSTREAMS**

### **ADM Programme Management**

The Assistant Director: Families, Communities and Partnerships will continue as the ADM Programme Lead, managing the ADM Programme Team. There will also be approximately 7 dedicated ADM resources working across the Programme who will form the 'ADM Programme Team'. This excludes dedicated workstream resources.

## ADM Programme Workstreams

The ADM Programme is made up of 13 workstreams. The implementation plan demonstrates the achievement of core activities, some of which may be split across workstreams, therefore it is not split out into the proposed workstream structure. However, a description of the 13 workstreams is found below:



Workstreams	Activity	Lead
<b>WS1: Org Design- Company</b>	Development of the senior management structure, company organisational structure, operating model, workforce requirements (including skills and capabilities), workforce culture and behaviours, and developing the company's business plan.	Hannah Needham / CFCLT
<b>WS2: Client Function</b>	Development of the client function within the Council including commissioning, commercial, quality assurance and performance functions	Louise West / Sarah Wilkins
<b>WS3: Impact on remaining services</b>	impact on services and structure of teams that are not in scope of the ADM, and mitigating risks and issues associated with the transfer of in-scope services to the ADM, to ensure that remaining services are not disrupted.	Hannah Needham
<b>WS4: Service Spec &amp; Service Delivery Contract</b>	Development of the contract between the Company and the Council; procurement of services by the Company; Council objectives and standards and development of a performance framework.	Bevan Brittan / Hannah Needham
<b>WS5 – Novation of 3<sup>rd</sup> Party Contracts</b>	Identification of all contracts to be novated, part novated to the company, and contracts to be terminated or amended; legal work to novate amend or terminate; assess and address any procurement related issues.	Andrea Blake
<b>WS6 – Finance</b>	Identification and disaggregation of capital and revenue budgets; VAT implications; finalise, monitor and report set up costs and additional costs; impact of ADM on WCC budgets, set up of Finance systems and processes; set up of Company treasury management, banking and insurance; finalise Company budget.	Chris Bird / Sue Alexander
<b>WS7 – HR TUPE</b>	Identification of all posts/staff in scope to be transferred to the Company; all TUPE issues and consultation (90-days); engagement with Unions (liaise with Comms); pensions implications for transfer; payroll arrangements for Company; HR records for the Company/transfer.	Sharon Booth / Richard Taylor

Workstreams	Activity	Lead
<b>WS8 – HR Recruitment</b>	End-to-end recruitment to Company Board posts and Senior Management Team, including on-boarding. Workstream 13 will agree the Board structure and positions with the ADM Programme Board	Richard Taylor
<b>WS9 – Communications and Engagement</b>	Development of a communications and engagement plan for the implementation phase, and the communication strategy/plan for the Company including formal mapping of all stakeholders and protocols.	Alan Smith
<b>WS10 – Property &amp; Assets</b>	Identifying the appropriate property solution for the Company, determining 'lease' arrangements if necessary for council buildings being provided for the use of the Company or procurement of new building; provision of Facilities Management (possible SLA); oversee refurbishment of buildings; transfer/lease arrangements of equipment, vehicles and assets.	Richard Lessels / Janette Becket
<b>WS11 – IT &amp; Data</b>	Arrangements for the Company to use ICT and telephony systems; set up new systems where necessary for the Company; contractual and supporting arrangements relating to data and ICT; data audit; data input, quality, sharing and security compliance; lead data security and responsibility for SIRO; disaggregation of ICT Services including consideration of hosting arrangements with third party suppliers.	Sandra Heaney / John Gladman
<b>WS12 – Corporate Support Services</b>	Confirm the relationship between corporate support services and the Company including developing service specifications and agreements and managing service transfer to the Company. This includes building on the Business Case and depends on the final scope.	Hannah Needham / Tina Russell, Sarah Wilkins, Nick Wilson
<b>WS13 – Company Setup</b>	Development of the company board design; companies house registration; Ofsted registration; Company governance; Teckal / procurement requirements; scope of the reserved matters; DfE rights and policies & procedures.	Judith Barnes (Bevan Brittan) / Simon Mallinson

The project and its workstreams will be managed in accordance with PRINCE 2 methodology.

## 7.6 IMPLEMENTATION RESOURCE REQUIREMENTS

### Internal resources

Internal WCC resources specifically dedicated to the ADM Programme Team are as follows:

- The ADM Programme Director
- 2 x Senior Project Manager
- 1 x Project Management Officer
- 1 x Admin/Business Support Officer

The majority of workstream leads will be existing WCC staff who will take on the workstream lead role alongside their existing job. Further internal WCC resources have been requested or allocated against specific workstreams (which have yet to be finalised), including:

- Communications workstream lead and resources
- Commissioning workstream lead resources
- Finance workstream lead and resources
- HR resources

As well as the above dedicated resources, significant time is required from the CFF Leadership Team, particularly the Assistant Directors for Safeguarding, Education and Skills and Early Help, as well as the DCS. The Programme Team have realigned governance and workstream engagement for Workstreams 1, 4, 9 and 12 in particular to ensure those transferring to lead the new Company are leading much of the Company design.

### External resources

- **Legal:** £30k has already been requested. Future costs include a further £160k for WCC legal support, and £190k for Company-side legal support.
- **Tax:** A full VAT assessment will be required during implementation, cost to be confirmed.
- **Pensions:** £11k for a pensions coordinator and one Mercers report has already been requested. A further £7.5k has been budgeted for a further actuarial report from Mercers, as two may be required.
- **Project management & ADM advice:** £400k has been budgeted for specialist project management and ADM advice.
- **Commercial advice:** £100k was originally budgeted for commercial advice to support the novation of 3rd party contracts. This is likely to be reduced now that implementation has commenced.
- **Branding:** £30k has been budgeted for external branding materials and logo design.
- **Recruitment:** £150k has been budgeted for an external recruitment agency to recruit Board members and senior management.

It is anticipated that if the above resources, both internal and external, are provided for the ADM Programme, that the Programme will be set up to succeed within the timescales.

#### **7.7 ARRANGEMENTS FOR RISK MANAGEMENT**

A comprehensive risk register and issue log are already in place and will continue to be used during the implementation stage. These capture the risks across each of the work streams, categorise each risk using a standard approach based on likelihood and impact and describe the mitigation activities. All programme risks are subject to regular review and monitoring. Any deviations in progress will be monitored by the ADM Programme Board and escalated to the ADM Steering Group as required.

A copy of the detailed ADM programme risk register is attached at Appendix 9.7. This sets out who is responsible for the management of risks and the required counter measures.

#### **7.8 ARRANGEMENTS FOR POST-PROJECT EVALUATION**

The arrangements for post implementation review (PIR) have been established in accordance with best practice and are as follows:

This review ascertains whether the anticipated benefits have been delivered. The review is timed to take place during April-June 2019, following go-live. This will be comprised of:

- Lessons learned workshop with workstreams and project management
- Benefits analysis and learning
- 360 review interviews with Council, Trust, DfE, DfE Commissioner and project management
- Analysis of workshop output and production of a summary report

#### **7.9 MANAGEMENT CASE CONCLUSIONS**

- The Management 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 WCC capabilities and resources.

- It provides a description of a robust governance structure and process which is already in place and working well. It is anticipated that this will continue throughout implementation.
- It provides a considered resource profile required for implementation which has increased during the implementation programme to ensure enough capacity is given to key activities.

Consequently, the ADM Programme has demonstrated it is able to resource and plan the implementation phase 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.

Project plans and project documentation have been created to support the Programme, including:

- Detailed overall programme plan and workstream plans
- Detailed risk register and dependencies register
- Updated PID
- Regular workstream lead meetings and communications planned and diarised
- Confirmation of funding from WCC and the DfE

## **8. BUSINESS CASE SIGN-OFF AND APPROVAL**

### **SIGN-OFF OF FULL BUSINESS CASE**

**Signed:**

**Date:**

**Senior Responsible Owner**

**Project Team**

