

CHILDREN AND FAMILIES OVERVIEW AND SCRUTINY PANEL

13 NOVEMBER 2019

WORCESTERSHIRE CHILDREN FIRST

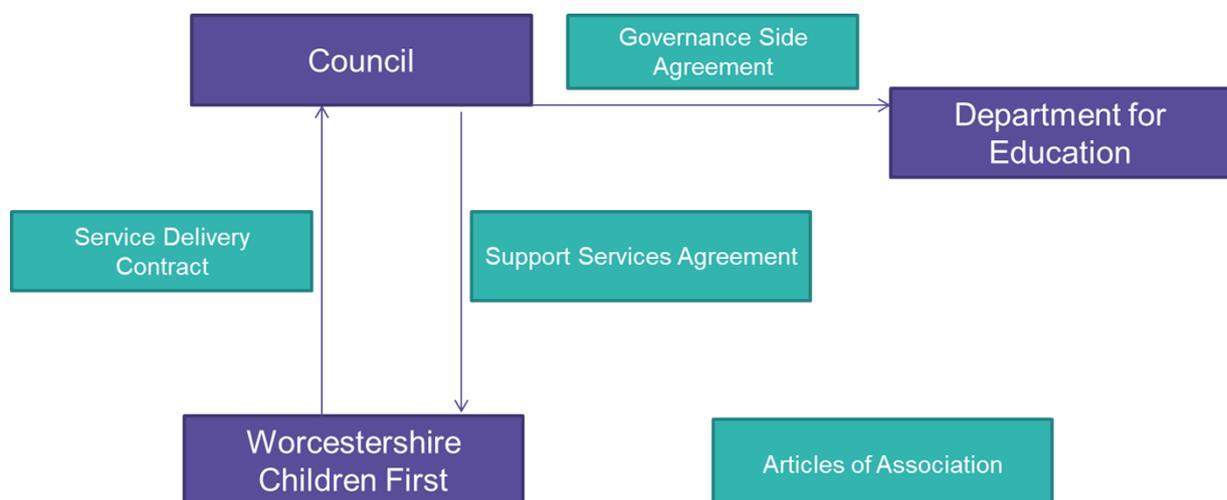
Summary

1. The Assistant Director of ADM Programme and Communities and Worcestershire Children's First Director of Resources have been invited to the meeting to update the Panel on developments relating to Worcestershire Children First.

Background

2. On 1 October 2019, Worcestershire Children First became operational, concluding a two-year programme of work. This report aims to provide an overview of the contract performance and contract monitoring regime that is now in place between Worcestershire County Council ("the Council") and Worcestershire Children First ("the Company")

3. In July 2019, the Panel received a briefing on the expected contract arrangement which are depicted in the diagram below. All contracts were signed and sealed on 26 September 2019 and came into force on 1 October 2019 when Worcestershire Children First went live.



4. As a reminder, the Service Delivery Contract is made up of a core terms document and 18 supporting schedules. Four of these schedules are considered the 'key pillars' of the contract. These are:-

- Service specification (schedule 2) – this confirms what the Council is expecting the Company to delivery on its behalf. It will outline the statutory

functions and a brief 'outcome-focused' description of each service area. It doesn't describe how these services will be delivered as this will be decided by the Company as part of its operational independence from the Council.

- Financial mechanism (schedule 5) – this describes how the Council will fund the Company including the approach to the jointly agreed financial management arrangements which include the initial contract sum, invoicing, payments and financial reporting, VAT, management of any in year changes and the contract sum negotiation process to ensure alignment with the Council's Medium Term Financial Plan process.
- Performance Framework (schedule 6) – this describes how the Council will be holding the Company to account for the services it is delegating to it. It includes a set of obligations on the Company which include the production of a Business Plan and the maintenance of several key performance indicators within an agreed tolerance level. The Performance Framework also describes the performance rectification process and confirms the expectations around contract monitoring.
- Governance Schedule (schedule 18) – this describes the expectations of the Company in participating in the Council's democratic structure along with participating in the range of partnership meetings such as the Children's Strategic Partnership meeting. It also describes the contract monitoring meeting cycle in more detail. The contract monitoring will cover both the service delivery contract and the support service agreements.

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

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

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

Performance and Contract Monitoring

8. The Council and Company are working together pro-actively and positively to provide quality services for children and young people. On a day to day basis there is an operational relationship focused on the provision of the range of support services the Council is providing to the Company and the collective work on improving outcomes for children and young people. More formally there are now contract monitoring meetings Performance and Commissioning Group (PCG) in place every month with every third meeting forming the Quarterly Review Board (QRB) and every 12th meeting forming the Annual Review.

9. Facilitating and attending these formal meetings is a contractual obligation for both parties as outlined within the Governance Schedule. They form the basis for agreeing contractual variations, performance rectifications and change notices. Whilst the Council remains under Direction, the DfE (Civil Servant and Children's Commissioner) will attend the PCG and QRB.

10. In relation to performance, the Company is being held to account against a set of key performance indicators (KPIs). The KPIs are provided in Appendix 1 and have been developed using several criteria broadly following the SMART principles; these include those indicators with an established trend, those that are representative of the core business of the company and are ones which the company has the majority of control or influence. In addition to this the timeliness and robustness of this data has been considered in the definitions of the KPIs.

11. For each KPI a baseline and tolerance level has been set. Baselines figures are the most recent annual figure, for the financial or education year as appropriate to the indicator. Tolerances are an attempt to capture the amount of variation that might be expected in the result for each KPI while broadly maintaining the level of performance. In calculating the tolerances statistical variation was considered based on the previous year's performance as well as the relative position within the statistical neighbour group where appropriate, or the position against a nationally set target.

12. Any slippage against these KPIs will form part of the performance rectification process defined in the performance framework. A summary of this process is provided in Appendix 2. Each month a KPI report will be produced and exceptions raised at the Performance and Commissioning Group, with more detailed narrative on each KPI produced quarterly for the Quarterly Review Board.

13. The Company will be holding the Council to account for the delivery of a range of support services along with several other services/functions that are intrinsic to the Company's success. Like the Performance KPIs a report on the support services KPIs will be produced by the Council on a monthly basis with a more detailed narrative produced quarterly. However, unlike the performance KPIs, there is no performance rectification process, rather both Parties are committed to work together to make necessary improvements.

Worcestershire Children First Reporting

14. The principles of setting up the governance for the Company is to ensure compliance as set out in Companies Act and Articles of Association whilst ensuring operation independence, challenge and added value without impacting and duplicating the current democratic process and internal governance process of Worcestershire County Council. The overriding principle of Company and Council working together in partnership to deliver the agreed vision, mission and values of the Worcestershire Children First. The diagram below outline governance structure of WCF.



15. The terms of reference of the WCF Board were agreed on 26 September, the key duties in monitoring performance are:

- Quality of Services
- Finance
- Operational performance - workforce
- Risk management
- Matters that may materially affect the reputation of the Company
- Monitor the contractual KPI's to ensure compliance with the contract

16. The Risk, Governance and Audit Board will provide assurance to the Board on the adequacy of the risk management framework and the associated control environment, scrutiny of WCF's financial and non-financial performance and to oversee the financial reporting process.

17. The Quality Assurance Board oversight of the quality and performance of our front-line services including seeking the views and opinions of children and young people.

18. In designing information required for the contractual Quarterly Review Board and Performance and Commissioning Group, it has been agreed by all parties that we use existing reporting process to the Council through to Children and Families Overview and Scrutiny Committee and other council meetings to ensure consistency and to avoid any duplication or repetition in effort, this principle has been agreed by the WCF Board.

19. The contractual Key Performance Indicators with tolerances are attached at appendix 1. There are also a set of proposed KPIs which need further work (mainly educational ones) and will be included in the contract in due course. These will be jointly agreed at Performance and Commissioning Group in the near future.

Purpose of the Meeting

20. The Children and Families Overview and Scrutiny Panel is asked to:

- consider the update on the development of Worcester Children's First; and
- Agree whether it would wish to make any comments to the Cabinet Member with Responsibility for Children and Families.

Supporting Information

- Appendix 1 – agreed set of KPIs that feature within the contract with Worcestershire Children First
- Appendix 2 – a summary of the performance rectification process as set out within the performance framework.

Contact Points for this Report

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Background Papers

In the opinion of the proper officer (in this case the Head of Legal and Democratic Services) the following are the background papers relating to the subject matter of this report:

- Agenda and Minutes of Children and Families Overview and Scrutiny Panel on 23 November 2017, 25 January 2018, 22 March 2018, 16 November 2018, 29 January 2019, 17 July 2019 and 11 September 2019

[All agendas and minutes are available on the Council's website here.](#)