

3b **Five Year Plan Outcomes**

Children and young people in Slough will be healthy, resilient and have positive life chances

4 **Other Implications**

Financial

- 4.1 To give members an indicative idea of the scale of the potential budgets to be transferred, the *total* net budget for Children's Social Care for the 2014-15 financial year is £21m. Once the scope of those children's services to be externalised is agreed the final budget information can be agreed.
- 4.2 Until the final scope of services and the delivery model is clarified the full financial implications of setting up this new company cannot be quantified.
- 4.3 The Council will be expected to fund the new organisation to a similar level as the current service provision. However, the parties have agreed that the due consideration will need to be given to the Council's savings targets when agreeing and setting the new organisation's budget. For the Council as a whole, the total savings quantum required over the next four years is circa 33% of the current net budget and the new Children's Service Organisation would be expected to provide a proportionate level of savings to this target. Being a separate organisation, the Council will have to ensure it avoids any state aid issues and consider any possible implications which may arise from any new funding or budget setting arrangements.
- 4.4 Similarly, under the New Burdens Funding, there will need to be an assessment of any additional strain on the local Council Tax payer, over and above the initial set up costs which result of any new burden being imposed by the Secretary of State from externalisation of children's social care functions. It would be expected that any shortfall will be met by central government and not by the local authority itself.

Risk Management

Risk	Mitigating action	Opportunities
Legal There are a number of legal risks arising from the externalisation. These include risks relating to the governance arrangements, scope, service delivery vehicle, and client arrangements which will prevent the council from exercising its statutory accountability effectively.	The Council has sought to address this through the Memorandum of Understanding (MOU) which was approved by Cabinet in November. The MOU sets out the means by which the risks arising from the nature of arrangements will be reduced.	

<p>There are also risks directly to the Council arising from a Direction which instructs the Council to bypass the required procurement routes / good practice in Public Sector appointments.</p>		
<p>Property</p> <p>Accommodation for the new organisation will require a detailed and robust options appraisal</p>	<p>Accommodation is also identified as a key project work stream and due consideration will be given to the financial and legal implications of any proposed options.</p>	
<p>Human Rights</p> <p>See below</p>		
<p>Health and Safety</p>		
<p>Employment Issues</p> <p>Council staff will be transferred to the new organisation and will naturally be concerned about their future and future terms and conditions of employment</p>	<p>Directly affected Council staff will be transferred under the TUPE regulations. Staff will transfer under their current terms and conditions of employment, pension rights and continuous employment rights.</p> <p>A programme of staff engagement and consultation will form part of the Transition Project teams key work stream – Stakeholder Engagement. Workshops have already taken place to compile a detailed Stakeholder and Engagement plan.</p>	
<p>Equalities Issues</p> <p>See below</p>		

Community Support		
The understanding and engagement of the community and particularly of stakeholders / partners will be critical to the success of transition	Workshops have taken place with the DfE's professional services team to identify all key stakeholders to ensure that information, communication and engagement are carried out in a consistent and timely manner.	
Communications	As above	
Community Safety		
Financial		
See above		
Timetable for delivery	The MOU provides for how and when the timetable will be agreed.	
The Council's experience of major externalisation suggests that 18 months will be an indicative timeframe within which any risks can be mitigated and managed effectively.	The parties have developed a project plan that seeks to establish a realistic timescale for the design and establishment of the new organisation, along with the transition of the service to the new organisation	
Project Capacity		
The Council's experience of major externalisation demonstrates the need to mobilise a full project team involving a range of senior professional officers to support the transition process.	A project team has been established to oversee the transition of the Council's children's services to a new organisation. The project is led by the Strategic Director of Customer and Community Services who has considerable experience of transitioning services and is supported by an experienced in house team. Where required, staff roles will be backfilled and external support has been engaged. Recovery of these costs will be met by the Secretary of State.	
The Council does not have the required capacity to support a project of this scale in addition to other projects the council has programmed including the budget programme		
Other		

Human Rights Act and Other Legal Implications

- 4.5 The Secretary of State has exercised her powers under The Education Act 1966 in relation to the Council's children's services functions.
- 4.6 The Secretary of State has directed that a separate organisation should be set up to carry out some of the Council's Children's services functions. There has been no procurement exercise for the design or selection of the new organisation. The Council has therefore sought the necessary assurances that it will not be liable for any breach of procurement requirements.
- 4.7 The new Organisation will have a contract with the Council to deliver children's social care functions. Since the Secretary of State has directed the externalisation it is likely that the contract will not have the traditional powers of control or termination.
- 4.8 Following an options appraisal the Council and the Department of Education have agreed that a Community Interest Company is likely to be the most suitable vehicle for the new children's services organisation and this option is now being considered in detail.

Equalities Impact Assessment

- 4.9 An EIA is needed and will be carried out once the outcome of detailed discussions confirm the exact nature and extent of services that are to be impacted by this externalisation.
- 4.10 Workforce
There will be significant implications for the Council's workforce. The externalisation of the service area will involve a transfer of current employees to the new organisation. There may be implications for other staff that currently undertake a support function for the service area in question. Until the Secretary of State confirms the scope of functions to be externalised, the Council is unable to assess the true impact and commence any TUPE consultation process with affected staff. The MOU provides for a TUPE transfer.

5 Supporting Information

- 5.1 A report was presented to Cabinet on the 17th November 2014 seeking authority to enter into a Memorandum of Understanding (MOU) with the Secretary of State for Education to enable the externalisation of the Council's Children's Services functions to a new organisation. The MOU was completed on the 21st November 2014.
- 5.2 In January 2015, following the appointment of the Department of Education's (DfE) support services team, a governance structure was set up to manage the transition of the services.
- 5.3 A joint Project Team, made of both Council Officers and DfE officials and service support partners have developed a project plan for the transition.
- 5.4 The DfE are currently in the process of recruiting both a Chairman and a Chief Executive for the new organisation. Both these appointments are seen as key as

they will be building the new children's organisation and ensuring the smooth transition of the services.

- 5.5 The key milestones for this phase of the transition project are for the parties to agree the scope of the services to transfer, the model of organisation and to incorporate the new organisation.
- 5.6 The MOU required agreement on the outline scope of the services to be transferred by the 31st December 2014 and this was achieved.
- 5.7 The detail of outline scope of services which have been agreed as being in scope has been agreed (referred to as the green services) and is set out below:

Service Area	Area and Assistant Director
Early Help	Children, Young People, and Families – Kitty Ferris
Assessment and Children in Need	Children, Young People, and Families – Kitty Ferris
Child Protection and Looked After Children	Children, Young People, and Families – Kitty Ferris
Placement and Resources (1)	Children, Young People, and Families – Kitty Ferris
Safeguarding and Quality Assurance – IRO etc	Children, Young People, and Families – Kitty Ferris
Special Projects and System Improvement	Children, Young People, and Families – Kitty Ferris
Administrative and business support for all services rated 'green' above	Children, Young People, and Families – Kitty Ferris
Learning and professional development	Kevin Gordon Assistant Director Professional Services
IT and information systems – professional support role	Kitty Ferris AD C&F

- 5.8 The scope of those services that will not transfer has also been agreed (red services) and they are set out below:

Service Area	Area and Assistant Director
Education functions (including school places, education client function and out-sourced provider of school support and related services)	Jane Wood Strategic Director, Wellbeing

5.9 The scope of those services that are currently under discussion as to whether they should be in or out of scope (know as amber services) are set out below

Service Area	Area and Assistant Director
Safeguarding and Quality Assurance LSCB functions	Children, Young People, and Families – Kitty Ferris
Youth Offending Team	Children, Young People, and Families – Kitty Ferris
Children’s centres	Delivered through contract with Mott McDonald
Virtual School	Consultant reporting to Jane Wood/Kitty Ferris; other posts within Placement and Resources Service
Operational commissioning for children’s services	Children, Young People, and Families Alan Sinclair Assistant Director Adult Social Care and Commissioning; matrix arrangements to Kitty Ferris
Youth Services	Andrew Stevens Assistant Director, Community and Skills with reporting line to DWB
Performance management	Joseph Holmes Assistant Director Finance & Audit
IT and information systems	Roger Parkin Strategic Director
Children with Learning Difficulties and Disabilities	Children, Young People, and Families – Kitty Ferris
Placement and Resources (2)	Children, Young People, and Families – Kitty Ferris

5.10 The full scope now needs to be finalised.

5.11 The legal vehicle for the new organisation also needs to be settled.

5.12 Although there is some urgency to finalise both the scope and the status of the structure both do still require detailed discussions and further due diligence work.

5.13 In light of the rules around purdah where both central and local government activity is restricted, the Council needs to be able to make the key milestone decisions described above during what will be the purdah period. It is for this reason that the delegations to finalise scope and structure are being sought.

6. Comments of Other Committees

None

7. Conclusion

7.1 It is recommended that the Council grants the delegations to enable matters to proceed with the agreed timetable set by the MOU.

8. Appendices Attached

None

9. Background Papers

'1' -OPM Report dated May 2014

'2' -Direction dated 7.10.2014

'3' -Cabinet Report dated 17th November 2014

'4' -Overview & Scrutiny Report dated 5th February 2015