

BIRMINGHAM CITY COUNCIL

PUBLIC REPORT

Report to: AUDIT COMMITTEE

Report of: Director of Education & Skills

Date of Meeting: 26 March 2019

Subject: Early Years Health and Wellbeing Contract

Wards Affected: All

1. Purpose of Report

1.1. The Early Years Health and Wellbeing (EYHWB) Services contract was added to the corporate risk register in July 2018 after escalation from the Directorate risk register.

1.2. A detailed review of the risks associated with the contract by Audit Committee was requested at the January 2019 meeting to take place by April 2019.

2. Recommendation

2.1. To note the report.

Contact Officers:

Interim Assistant Director – Sarah Sinclair – 07530 459597

Strategic Commissioning Manager – Chris Atkins - 07920275501

3. **Compliance Issues**

3.1 Are Decisions consistent with relevant Council Policies, Plans or Strategies:

The EYHWB service helps to achieve the Council objective 'Birmingham is an aspirational place to grow up in'. The contract strategy for the provision of Early Years Health and Wellbeing Services was approved by Cabinet on the 28th June 2016.

3.2 Relevant Ward and other Members /Officers etc. consulted on this matter:

The Chairman of the Committee and Cabinet Member have been consulted.

3.3 Relevant legal powers, personnel, equalities and other relevant implications (if any):

In line with the law, provided by the Childcare Act 2006 and summarised in the Department for Education guidance 'Sure Start Children's Centres Statutory Guidance April 2013. Local authorities are required to:

- "improve outcomes for young children and their families;
- focus, in particular, on families in greatest need of support;
- reduce inequalities in child development, school readiness, parenting aspirations, self-esteem, parenting skills, child and family health and life chances".

The local authorities (public health functions and entry to premises by local healthwatch representatives) and local authority (public health, health and wellbeing boards and health scrutiny) (amendment) regulations 2015.

This instrument amends Part 2 of the Act, Regulations 2013 (S.I. 2013/351) to require provision of five health and development assessment and reviews as set out in the Department's Healthy Child Programme¹ (HCP) to be offered to pregnant mothers and children between the ages of 0 – 5.

- The Healthy Child Programme (HCP) Pregnancy and the first five years of life (DH Oct 2009) set out the key priorities for both commissioners and providers in the delivery of a universal preventive service at the same time as focusing on vulnerable babies, children and families;
- The Health Visitor Implementation Plan 2011-15 "A Call to Action" (Department of Health (DH) Feb 2011) clearly articulated that the delivery of the HCP would be led, at a local level, by Health Visitors

with increasing emphasis on partnership working and the integration of services where appropriate with the intention of bringing together Sure Start Children's Centre staff, GP's, Midwives, a range of community nurses and other relevant services dependent on local needs. At the same time the health visiting service will provide or be the gatekeeper to other services that families may need.

3.4 Will decision(s) be carried out within existing finances and resources?

Yes

3.5 Main Risk Management and Equality Impact Assessment Issues (if any):

The EYHWB contract risk is monitored by Audit Committee in line with its consideration of the Corporate Risk Register.

4. **Relevant background/chronology of key events:**

- 4.1. In January 2018 the Children and Young People Directorate (now Education and Skills Directorate) entered into a contract with the Birmingham Community Health Care NHS Foundation Trust (BCHCT) for the delivery of its early years services.
- 4.2. This is a five year contract with an annual value of approximately £33M with BCHCT sub-contracting services to four partners; with an expected savings target of £10.1M on previous levels of spending in these service areas.
- 4.3. In April 2017 Cabinet gave approval to award the contract for EYHWB services to BCHCT, with a planned start date of September 2017. However, due to delays the contract didn't start until January 2018. This delay caused immediate pressures of approximately £4M on the achievement of the planned £10.1M savings.
- 4.4. The contract was transferred for on-going management to the then Children's and Young People directorate in January 2018. In May 2018 commissioning review was undertaken which identified that there were wider risks relating to the construction of the contract and a lack of robust contract management arrangements. No Contract Management Plan was in place and the CPS Supply Chain Methodology had not been used.
- 4.5. Additionally there was no budget monitoring systems in place and there were a number of outstanding estates issues. Following this directorate review a request was made to Internal Audit to undertake further review and audit.

4.6. The Corporate Risk Register defines the risk with the contract as:

- The assumed financial savings from the contract will not be fully realised due to unforeseen costs and possible grant claw backs. Previous unforeseen costs have been identified in relation to estates and staffing issues;
- There are also wider risks relating to the construction of the contract itself and the lack of robust contract management arrangements;
- All risks have been increased due to a lack of permanent commissioning and contract management arrangements.

4.7. There is no Intelligent Client Function (ICF) in place and also no capacity or clear lines of responsibility within the service area to manage the contract. The Programme Board was disbanded too soon and as a result there were a number of high risk concerns that were unresolved when the contract started.

4.8. There is one hundred and forty Council staff that has been seconded to one of the four sub-contractor partners for a period of twelve months. The Secondment Agreement also sets out a series of Council liabilities that relate to the secondment situation, including liability for redundancy costs and any potential future claims.

4.9. A range of KPIs was established to measure and monitor the performance of BCHCT and its partners. These have been reviewed and revised and form part of the contract variation.

4.10. The sub-contractors were given the choice of property that they wanted rather than the Council identifying which properties they wanted the services to be provided from. This has left some properties empty and others unsuitable for the services that were being provided. No condition surveys have been undertaken and no budget allocated for any remedial work.

4.11. No leases have been drawn up and instead the properties have been occupied on a licence.

4.12. It was identified that there was a risk of claw back of grant by Department for Education (DfE), as some properties are no longer being used for the purposes for which the funding was provided. To offset this, smaller ad hoc outreach services are being provided from these properties but this means they are being under-utilised and it is proving difficult to let these properties outside of the hours that outreach services are being provided.

- 4.13. There are a range of discrepancies in the Estates Schedule with a number of buildings not being utilised as agreed in the contract.
- 4.14. There is a risk around VAT liability due to staff secondment arrangements. This cost has been picked up by the council and has created an additional budget pressure that was unfunded.
- 4.15. A number of mitigations have been established as follows:
- 4.15.1. A newly established Children's and Young People's Commissioning Board which has cross directorate senior representation;
 - 4.15.2. A Monthly EYHWB Programme Board was established and due diligence undertaken. Officers report formally about progress against the key actions required;
 - 4.15.3. Contract Governance mechanism in place that incorporates a Monthly Contract Management Review to hold BCHCT to account for contract performance against the metrics;
 - 4.15.4. A review of contract is underway with specific focus on performance measurement, estates, finance, employment and service specifications to be complete by end of March 2019;
 - 4.15.5. Discrepancies in the Estates Schedule are being jointly revised to ensure the correct buildings are in use or where appropriate changes made to correct these, following the process set out in the Change Control Schedule;
 - 4.15.6. The revised contract and schedules has been sent to the Councils legal services as part of a contract variation;
 - 4.15.7. There are formal Contract management arrangements in place through the recently established Intelligent Client Function (ICF) commissioning team in the Education and Skills directorate;
 - 4.15.8. A recent agreement has been reached with BCHCT to take on the staff currently seconded to BCHCT's sub-contractors from the end of June 2019;
 - 4.15.9. Monthly employee reports are being shared by HRBP to each of the sub-contractors to capture staffing data including resignations, changes to hours, moves, maternity, LTS, etc.;
 - 4.15.10. Discussion with the DfE around the Capital Clawback position with the children's centres is required.

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