

**Birmingham children's services
model**

Case for change

July 2016



@BhamChildren'sServices
model provides an innovative
opportunity 4 total focus on
what matters #socialwork &
sustainable #Services4Children

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1 Executive summary

A trust model is about focussing on what matters. It would be predominantly about children's social work services and can represent that sole purpose with a strong, clear and confident voice to the council, partners and to the city. It can mobilise more joint commissioning and support better joined up thinking and partnering. Above all, its business is children, and it can be designed in a way that supports a single and unwavering focus on providing the best services to children, young people and families

Birmingham City Council's (Birmingham) children's services is on an improvement journey to strengthen social work practice and deliver relationship-based interventions with children and families. Whilst there is evidence of improvement the Council have recognised that **a step change is required in order to sustain the current improvement and create a stable and supportive system that enables further improvement.** Along with other Local Authorities, the Council has decided to explore placing its children's services in a different form (a version of a children's trust model, for example), in order to accelerate their improvement journey.

There has to be a clear reason for making a change **before** the change happens.

This document reviews the current context, analyses system challenges, provides an overview of critical success factors for achieving sustainable improvement and highlights the risks associated with change. Ultimately, it sets out a case for change to inform exploration of moving to an alternative delivery model (ADM), such as a children's trust model, which keeps children's services at its core and creates a new system around the service allowing for an increased focus on what really matters for children and their families.

There is currently insufficient historical or recent evidence to demonstrate fully that continuing to provide services in-house will sustain the current improvement and also allow for a step change in improvement. In order to further assess the need for change we spoke to staff, reviewed existing reports and grouped the challenges into themes. Each of these themes (focus on children; partnering and commissioning; recruitment and retention; workforce capability; organisational agility; and technology, digital and analytics) presents a barrier and if they could be addressed as a whole, a step-change in sustainable improvement could be secured. The themes enabled us to establish a set of critical success factors which are the key attributes that a new model would have to achieve.

The historical and current evidence together indicates that it would be difficult to secure the desired continued improvements at the pace required, whilst children's services continues to operate in-house within the current system.

Children's services vision:

"Our primary purpose is to ensure that Birmingham's children and young people are protected from significant harm and their development and wellbeing are promoted"

Vision taken from the workforce strategy

There is further work to be done in understanding the exact scope of the functions which would sit in an alternative delivery model; assessing which legal form is the most appropriate to adopt in order to create the best conditions for success; and transforming the critical success factors into a detailed design. However, **moving to a trust model offers much potential to support the desired step change.**

An alternative delivery model for children's services focusses on what matters. It creates the best conditions for great social work and provides the conditions for children's services to thrive



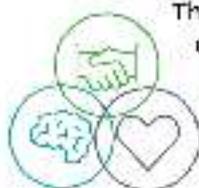
Cabinet approval is being sought now to agree the use of the case for change in appraising and developing options. Further work is needed to explore the options available, to establish a programme board and begin soft market testing on recruitment to a board.

2 Context

Birmingham children's services is on an improvement journey

The objective of the Improvement journey is to strengthen social work practice and deliver relationship-based interventions with children and families. At this point, in the final year of a three year improvement programme, much has been achieved. Focus on year three of the improvement plan is important and, as demonstrated in Leeds, preparing for year four and beyond and is also critical if services are to go on improving year on year. Children's services is showing signs of progress, and the Birmingham leadership team think that a step-change is now required to get children's services into a strong position for the future.

In the context of the DfE's (Department for Education) policy which stated "Our ambition is that, by 2020, over a third of all current local authorities will either be delivering their children's services through a new model or be actively working towards a different model"¹, Birmingham wants to be at the forefront of this policy by exploring the advantages of a voluntary trust in sustaining and possibly accelerating the Improvement journey. As evidenced by the work with Frontline, Birmingham has embraced change and is keen to test alternative approaches.



The current service Improvement plan is addressing the quality of services and the operational knowledge, processes and methods that deliver them. The case for change is focussing on the system that supports social work. **The aim is to create the system conditions that mean the best social workers stay in Birmingham and can do the best social work with children and their families.**

There have been a number of recent examples of ADMs in the sector:

Slough Children's services Trust went live on 1 October 2015 following an intense period of transition activity that commenced in January 2015. The Trust took over responsibility for the provision of children's early help and social care functions along with specific special educational needs services on behalf of the council under direction from the Secretary of State for Education. The DfE Direction and Memorandum of Understanding (MoU) between the Council and the DfE that set out the agreed plan to create a trust were signed in October and November 2014, following an Ofsted inspection that was published in February 2014.

Ofsted inspected children's social care services in Slough again in November 2015, less than 8 weeks after the Trust went live. The judgement was 'inadequate' overall. Despite the short amount of time that the trust had been in operation at the time of the inspection, Ofsted commented positively on the impact of the Trust leadership. Their report described how

Lessons learned: Slough spent a great deal of time ensuring that the scope of services transferring to the new organisation enabled the organisation to have the right level of control and influence over the improvement of children's services

¹ Putting children first, Delivering our vision for excellent children's social care, July 2015

the pace of improvement accelerated since it was established. Encouragingly the inspectors reported that there were clear signs that the Trust understands what needs to change and there is evidence that it can deliver the required improvements.

Slough children's services Trust is a [company limited by guarantee which does not distribute profit](#). The Director of Children's Services (DCS) sits within Slough Borough Council and is responsible for monitoring the performance of the Trust against the contract and KPIs that have been agreed.

Doncaster Children's services Trust took over responsibility for delivering all children's social care functions, apart from services for disabled children and universal early help services, on behalf of the council under Direction from the Secretary of State for Education and the Secretary of State for Communities and Local Government in September 2014 after transition activity which commenced in January 2014. The original MoU between the Council and the DfE that set out the agreed plan to create a trust was agreed in November 2013, following an Ofsted inspection that took place in November 2012.

Ofsted inspected children's services again in September 2015. The judgement was inadequate overall, however, the inspection found improvement since the previous inspection in 2012, when all sub-judgements were inadequate. In 2015, all sub-judgements were requires improvement, save for children in need of help and protection, which was inadequate; and adoption performance, which was good.

Like Slough, Doncaster children's services Trust is a [company limited by guarantee which does not distribute profit](#). The board includes local partners and national experts in different aspects of children services. The DCS remains within Doncaster Council.

Achieving for Children (AfC) launched in April 2014 and is a wholly owned local authority company, owned by Kingston and Richmond Councils. It is a [company limited by guarantee which has also registered as a community interest company](#) and delivers all education support and children's services, as well as integrated health services for children with disabilities, on behalf of Kingston Upon Thames and Richmond Upon Thames councils. Senior staff from both authorities share leadership positions in the new company, the chief executive of the company also acts as the DCS of Kingston and Richmond.

Prior to the creation of this voluntary trust in April 2014, safeguarding and looked after children services in Kingston were judged to be inadequate in May 2012, and child protection services were judged to be inadequate in June 2013. Children's services in Kingston were judged to be good when they were inspected again in May 2015. Children's services in Richmond were last inspected in March 2012 when they were rated good.²

Lessons learned: Doncaster trust staff are excited by the vision and desire to make a difference. They have noticed a positive shift in the feel and mood of the workforce – there is a real drive and determination to succeed

Lessons learned: Ofsted inspectors acknowledged Kingston's Children's Services had transformed in the period since joining AfC.

² OFSTED references are taken from:
<http://www.parliament.uk/business/publications/written-questions-answers-statements/written-question/Lords/2016-05-25/HL354>

3 Cause and effect

The positive impact of change can be sustained when the system conditions are geared to provide social workers with the best possible support

Considerable progress has already been made to address the challenges in Birmingham children's services and there is growing confidence from Birmingham's commissioners and its Improvement partner Essex that the service is improving. **The focus now is on creating a system that can sustain and increase the pace of the improvement.**

We spoke to staff and reviewed existing reports and our analysis identified 259 system challenges that we then clustered into six areas:

01

Focus on children

"We should have a clear purpose of why we are in children's services... If you were to ask 10 people in the service what their purpose is, each one should give the same answer"

BCC

02

Partnering and commissioning

"The board should challenge us when we aren't performing well, but they should challenge our partners too"

BCC

03

Recruitment and retention

"Our recruitment campaigns should be bold, brave and loud... the service should be seen as a great place for passionate and committed people to work"

BCC

04

Workforce capability

"Learning and development should follow a 'scaffold' approach, - coupling theory and practice, whilst ensuring a continuous learning-approach both in and out of the classroom. In short, we should follow the teaching hospital model"

BCC

05

Organisational
agility

"We shouldn't be so distracted by external pressures like Ofsted inspections. Our service should always provide the support needed by families and children using all of our staff to do so, not just social workers"

BCC

06

Technology, digital
and analytics

"We should give ministers and Ofsted what they want, but our practice should be informed by the data which is most relevant to families and children"

BCC

By tackling all system challenges together Birmingham will create and sustain the best conditions for social workers to deliver the best service for Birmingham's children and their families

Each of these areas presents a barrier to improvement and if they could be addressed as a whole, we propose that a step-change in sustainable improvement could be secured. The Birmingham model will have the ability to remove barriers to improvement and sustain progress by optimising the system as a whole rather than simply optimising the separate parts.

The aim is to create sustainable system conditions that mean the best social workers stay in Birmingham and can do the best social work with children and their families

An alternative delivery model would provide a new opportunity to sustain and accelerate that progress by wholesale optimisation of that system

4 Critical success factors

There has to be a clear reason for making a change **before** the change happens.

Starting with a clear and strong rationale for change is important for gaining support and commitment to the change process. It allows an assessment of whether the effort required is going to be worth it and to assess whether the change has the potential to deliver the improvement required. To this end, the critical success factors (CSFs) are the attributes required to create the environment for change in the new model. The key point is that they must be crucial, rather than just desirable.

The CSFs outlined below have been generated from our data gathering and the problem analysis and they have been checked against the children's services design principles (in appendix a) to ensure that the assessment of an appropriate model will provide an option that fits with the overall direction of travel of the service.

The critical success factors need to be achieved in order to provide a step change in improvement for children's services. Our research and analysis emphasised time and again a need to do something more than iterative improvement to create a real step change towards long term sustainable improvement.

A children's services trust model would be predominantly about children's social work services and can represent that sole purpose with a strong, clear voice to the council, partners and to the city. It can mobilise more joint commissioning and support better joined up thinking and partnering. Above all, its business is children, and it can be designed in a way that supports a single and unwavering focus on providing the best services to children, young people and families

| Critical success factor <i>('For the model to achieve the required step change, it should...')</i> | System challenge area <i>('Meeting the objective of improving...')</i> |
|---|---|
| 1 ... allow for a governance structure and governance behaviours that support an uncompromised focus on good outcomes for children and young people | ... focus on children |
| 2 ... an organisational design that enables leadership and management autonomy for decision making and accountability for the service | ... focus on children |
| 3 ... enable the right services to be commissioned when and where required and at the right cost for children and families | ... partnering and commissioning |
| 4 ... permit a broad governance structure that establishes collaborative partner and inter-council relationships and provides challenge to the service | ... partners and commissioning <i>and</i> focus on children <i>and</i> organisational agility |
| 5 ... allow for dedicated, specialist recruitment resource and a children's services-specific recruitment strategy | ... recruitment and retention |
| 6 ... allow for the creation and adoption of flexible packages of employment benefits | ... recruitment and retention |
| 7 ... cater for a renewed focus on children's services | ... recruitment and retention |
| 8 ... allow for a children's services-specific workforce strategy that incorporates a clear learning and development programme with career progression and a teaching and learning culture at its core | ... workforce capability |

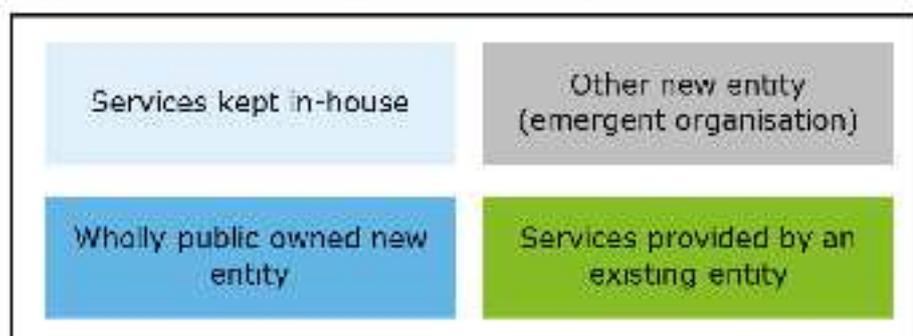
| | | |
|-----------|---|---------------------------------------|
| 9 | ... have the authority and ability to flex in response to changes in demand | ... organisational agility |
| 10 | ... allow operational staff to access and manipulate real-time data about the service, independent of the wider council | ... technology, digital and analytics |
| 11 | ... procure technology, digital and analytics that support innovation and service improvement for children's services without compromise | ... technology, digital and analytics |

The new Birmingham model will have the ability to remove barriers to improvement and sustain progress by optimising the system as a whole, rather than simply optimising the separate parts.

5 ADM options

The Birmingham trust model should have the ability to remove the system challenges identified by meeting the critical success factors. The improvement will **sustain progress by optimising the system as a whole** rather than simply optimising the separate parts. It is important also to **consider in the next stage of work the affordability of any model**.

The table below sets out the potential delivery model groupings which are, in theory, capable of delivering the required change. The specific models which are in these groupings are in the table at the end of this section. It is not an exhaustive list, rather we have selected the alternative models which may be used for the delivery of a local authority service.



Amongst the factors in progressively reviewing the ADM options, a key criteria to meet is the Council Imperative to consider affordability and financial sustainability as well as to protect its investment in children's services. Therefore the ADM should seek to minimise, where possible, any additional significant running costs. VAT is a significant potential additional cost and the ability to recover VAT (as the Council is currently able to do) in an ADM is determined by whether or not the ADM is making supplies which entitle it to recover VAT incurred on costs.

Officials in DfE have advised that options should not be ruled out solely on the basis of VAT issues as the treatment of VAT in relation to children's services delivery models is a live policy issue, and under review. We will continue to work with the department to understand the position as we work up the best possible options to deliver services in Birmingham.

Subject to approval from Cabinet to continue, the detail of each of these options needs to be explored, in the next phase of work, in relation to the scope of the services in the model and the VAT considerations.

| ADM | Brief description |
|-----|---|
| 1 | Continuation of in-house improvement activity Continuation of the services already provided in-house by the local authority |
| 2 | Managing agent Individuals or company manage the service, but it is still delivered in-house. They have a contract to manage the service for the Council |

| | | |
|----|--|--|
| 3 | Improvement Board / Advisors | Advice to management about the best running of the service |
| 4 | Shared service | Service delivery provided by another LA through agreement or contract |
| 5 | Joint delivery | Partnership with another body e.g. another LA - each one provides services to both under agreement or contract |
| 6 | Collaboration with other LAs | Each LA is responsible for their own service delivery but share some aspects e.g. training |
| 7 | Executive commissioners | Political control and executive authority rests with these individuals, service delivery is still through LA |
| 8 | Wholly owned council company (LATC) | New entity wholly owned by the LA |
| 9 | Wholly owned public sector JV | Joint venture with other public sector bodies (e.g. LA+LA) to deliver services |
| 10 | Limited company | Establishment of a new company limited by shares or guarantee, not wholly owned by a public sector entity |
| 11 | Community Interest Company | Established as a new limited company but with a community interest |
| 12 | JV between LA and not for profit provider | New entity established in partnership with a not for profit provider from the private sector |
| 13 | Mutualisation: JV between LA and newly established company | Joint venture with a new entity established from the service |
| 14 | Multi-party joint venture | New entity established with bodies from across the public, private and voluntary sectors |
| 15 | Employee owned Mutual | New entity taking the form of a mutual or management buy out |
| 16 | Charity | Foundation of a new entity as a charitable organisation |
| 17 | Commission by contract | Commissioning of parts or whole of the service to another existing entity by contract |
| 18 | Commission parts or whole service by grant | Commissioning of parts or whole of the service to another existing entity by grant |
| 19 | Joint commissioning | Commissioning of outcomes/delivery together with another body (e.g. Health) to commission outcomes/delivery |

6 Conclusion

Delivering children's services through an ADM is a new area of Government policy and as a result there is limited precedent in the sector to prove, with evidence, the positive impact of moving to an alternative delivery model, particularly on a voluntary basis. However, early indications of the company limited by guarantee formed in Doncaster and the wholly owned local authority company at Achieving for Children, amongst others, are showing early signs of positive outcomes. Future design of an agreed new model in Birmingham will need to deliver against the critical success factors in section 4 of this document, but at this stage it is worth summarising the clear reasons for making the change.

Track record – Birmingham has had a prolonged period of difficulty and certainly has not been able to sustain a period of confident children's social work under current models. A new model would facilitate creative tension in which the City Council as commissioner and the new organisation as provider would consider and decide upon difficult issues together. In this way, a new model allows for a focus on what matters for children – it allows for bold decisions and decisive action.

Governance – a governance framework with an uncompromised focus on good outcomes for children has been identified as a key component for future success. The new model for children's services would be an organisation with over £100m budget (which puts it into the scale of the big charity group on a national level) located in a major city. Therefore its chances of establishing a high quality board are good. This board would bring to the governance of children's safeguarding additional expertise, experience and skills to complement the role of the Lead Member.

Commissioning - the new model for children's services has to be supported by the right relationship with the Council, delivered through a commissioning approach. The new organisation would be of sufficient size to maintain clout in the market and be influential in stimulating offers of support. This is important in the replacement of CareFirst, as well as other back office support. In addition, with the Sustainability and Transformation Plans (STP) looking at the opportunity for new approaches to commissioning and having a clear priority for children, there is a unique chance to consider how this could work across agencies and in new ways. A new model would offer the opportunity to set up new commissioning arrangements with a sole focus on children's services.

Social work - a children's services-specific workforce strategy and flexible packages of employment benefits are critical in recruiting and retaining the best staff. We know that pay and conditions are not the only factors in the highly competitive market for staff - good supervision, strong professional development, manageable workloads and a sense of confidence whilst working with matters of considerable risk are crucial. A new delivery model offers the opportunity to embed a children's services-specific workforce strategy which would strengthen the ability to recruit and retain the best staff. A new delivery model also offers the opportunity to design an organisation to react to demand more effectively.

Finally, what Birmingham and its children need most is a new dialogue. Safeguarding children in Birmingham will always be complex and challenging

but it must be done with strong leadership and a narrative about possibilities for staff and, above all, for children and families. The future of children's services should not be a case of 'catching up' and a new delivery model allows the opportunity to break new ground and make a step change in improvement.

7 Risks, implications and challenges

The potential delivery model groupings in section 5 identify a set of alternative delivery models which may provide the environment for meeting the critical success factors and achieving step change in sustainable improvement. After scoping the functions in the new model and carrying out a full options appraisal, the detail of how the model will be established will emerge during design.

Whilst continuing to provide services in house may make it difficult to secure a step change in improvement, it is important to recognise that design and implementation of any of these models is a significant change and brings with it a set of risks, implications and challenges.

| Category | Risk/challenge | Consequence | Likelihood | Impact | Mitigation |
|------------------------------------|--|---|------------|--------|---|
| Operational design/ implementation | Considerable effort will be required to design and implement the new model | This will require significant resource and distraction/disruption to delivery of services would require careful management There is a cost that is unacceptable to the Council | H | H | Establish a design and transition team, separate leadership posts and shadow governance to manage change. Plan staff involvement and consider recruitment of specialist change resource Capability and capacity assessment allows clear planning for additional cost |
| | Operational social work does not continue to improve into year 3 of the improvement plan | Stability is disrupted and this delays transition to a new model | M | H | Establish a design and transition team, separate leadership posts and shadow governance to manage change so that operation and transition can run separately |
| | There is a national shortage of experienced social workers | Even with any enhanced benefits package this will not necessarily result in better performing staff and capability | H | M | Work with children’s services focussed HR team to maximise possibility of recruiting and retaining excellent staff |
| | Transition to a new model has a negative impact on partners and the rest of the council | Partners and the rest of the council cannot maintain delivery of services | M | M | Involve partners and the rest of the council in design process so that all parties have sufficient time to design and plan processes before transition |
| | Children’s services becomes too narrow in its focus as a result of separation from the Council | Children and families are not able to benefit from a systemic approach and there is service duplication | L | H | Constantly refer to design principles in design Engage partners and users in design phase |

| | | | | | |
|---------------------|---|--|---|---|--|
| Finance | The budget forecast is based on current levels of demand and may not consider significant increases | Children's services does not receive the funding it requires to meet demand and consequently the service fails in its vision to keep children safe | M | M | Thought needs to be given to a funding mechanism for unforeseen increases in demand such as increase in Unaccompanied Asylum Seeking Children |
| | Specified savings plan is not deliverable | Children's services is in a position of overspend and it is not possible to draw down more funds | L | H | Validation of demand assumptions included in the BCC business plans from 2016/17 to 2019/20 needs to be undertaken to ensure savings targets included in the plans are realistic and achievable by children's services as a stand-alone function |
| | Set up and transition costs place a burden on the council | Additional costs incurred by a separate structure cannot be met by the council Residual costs to the council of support services and client service. | H | H | Modelling of financials must start early in any design phase. Discussion with DfE need to be open and transparent regarding the design and implementation of any change. |
| | VAT implications | Detail covered in section 5 | | | |
| Staff transfer | Some models would require the transfer of employees to a new entity | Unease amongst staff can cause disruption to the service Engagement processes are burdensome and distracting | L | M | Early engagement with unions, early communication to gain staff buy-in and staff involvement in the design process Clear programme planning |
| Legal and contracts | Existing commissioning function in Council is not set up to manage contracts for the ADM | There are delays in setting up and/or transitioning contracts causing delay to the operational work of children's services | M | H | Upskilling of commissioning function and consideration of requirement for additional capability/capacity in design |
| | The council will be a significantly smaller entity if children's services spins out into a new organisation | BCC's commissioning clout is reduced and they are exposed to increased financial risk | H | M | Establish stronger partnership working relationships to achieve the best outcomes for Birmingham as a whole |
| | Potential legal implications of re-procuring or terminating existing services | There are delays in transitioning between contracts and/or new services need to be procured afresh, resulting in a disruption of services. Further, contract termination penalties may apply | M | H | Early discussions between all parties |
| | Existing contract with Frontline may be at risk if their approach does not align to the new delivery model | Additional resource of 6 social work student units (24 students) may be delayed (from summer 2017 start) or lost | L | M | Early discussions with Frontline and involving them in design |
| Comms | Significant changes to delivery model will require widespread consultation | Lengthy negotiations can cause a delay to implementation | M | M | Engage with unions early in the design |
| | Staff have been through a number of change programmes and may react adversely | Staff oppose key matters raised in the formal consultation process and significantly delay the transfer | M | M | Engage staff in design process |

| | | | | | |
|--|--|---|---|---|--|
| | Improvement in Ofsted rating may mean that plans are deemed unnecessary | Delays and possible blocking of design/implementation | L | L | Ensure all stakeholders are aware of purpose/impact of new model |
| | Partners not agreeing with the direction of travel for children's services | Could delay decision making and result in key partners not being involved in the change process | L | H | Partner involvement throughout preliminary discussions and design phase (<i>already started</i>) |

8 Next steps

Following the Cabinet meeting in July, we would work with Birmingham to scope what functions would form a new model, to fully appraise the alternative delivery models options and to develop a more detailed resource profile. We would support Birmingham to answer the following key questions:

Scope

- What services are in scope for the new organisation? This discussion should include both core children's services and support services. Currently in scope are core social work functions - assessment and short term interventions, safeguarding and looked after children. There is further discussion needed about a wider range of services ie. youth offending, disability, education etc. This also runs into the back office and other professional support

Governance

- What is the final option for the governance structure of the new organisation, who will act as members of the new organisation?

Commissioning

- What is the commissioning intention for support services (for example must they all be bought back from the council, supplied in house by the new organisation or a mixed economy? Who makes the decisions?)

Partnerships

- How do they interface in the day to day operations and/or governance of the trust?

Design and transition

- What are the key activities and timings of the design and transition to the new organisation?
- How will this impact Birmingham people?
- How will the transition arrangements and shadow running work?
- What are the performance measures the new organisation needs to operate within – quality, budget, risk approach?

Finance

- What is the budget for transition to the new organisation?

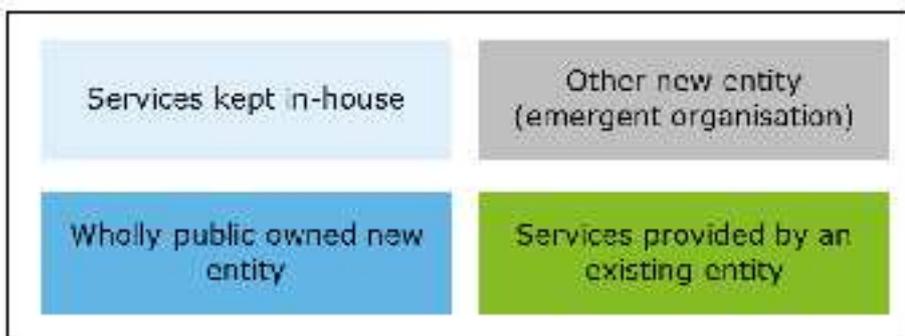
9 Appendix a – design principles

With a clear vision for children's services, design principles set the parameters that will guide future design. Crucially, for this phase of work, the critical success factors for choosing a delivery model will be tested against the design principles, to ensure they will meet the objectives of children's services and realise its vision.

| | Design principle | So that |
|-------------------------------|---|---|
| Our service users and quality | 1. We will promote the independence of citizens and enable them to step up and be part of designing solutions | Children are at the centre of our decisions and service delivery and they receive the support they need |
| | 2. We will share our data across the organisation, ensuring it supports our services by providing relevant insight | We make strategic decisions that impact children and families in a positive way |
| | 3. We will be an organisation with a culture of continuous improvement embedded | We provide children and families with high quality, and sustainable, support |
| Our people and capabilities | 4. We will be an organisation that retains, attracts and develops the people we need to succeed | Our staff are valued and central to our service delivery |
| | 5. We will be an integrated organisation, enabling knowledge transfer | We continue to provide an holistic service to children and families |
| | 6. We will respond to the needs of staff and provide them with the tools they require to succeed | Our staff can be proactive, rather than reactive, in the services they deliver |
| Building a sustainable future | 7. We will work with partners and providers, taking a 'whole system' view – exercising our clout and delegating power to local leadership wherever possible | Children and families receive the best possible support from the most appropriate providers |
| | 8. We will adapt and respond to demand and target the deployment of our resources accordingly | We are able to resource our organisation to meet demand whilst focusing on priorities and outcomes |
| | 9. We will use shared services across the Council where it make sense to do so | Our organisation can focus on providing the services of direct value to families and children |
| | 10. We will deliver services whilst ensuring value for money | Our service is financially sustainable and contributes to the 2020 Council financial plan |
| | 11. We will be a responsible and accountable commissioning organisation | The right services are delivered whilst adhering to governance and stewardship principles |

10 Appendix b – ADM options

The ADM options list below, lays out the various delivery models applicable for this piece of work. It is not an exhaustive list, rather it has selected the alternative models that are theoretically plausible for the delivery of a local authority service.



| ADM | Detailed description | Model considerations | |
|-----|---|---|--|
| 1 | Continuation of in house improvement activity | Continuation of the services already provided in house by the local authority | <ul style="list-style-type: none"> Stays within council control Would require internal transformation to achieve continued improvement and cultural change to address some of the barriers to improvement Need to Establish Material Factor Defence to justify difference in pay as compared to other BCC employees |
| 2 | Managing agent | Individuals or company manage the service, but it is still delivered in house. They have a contract to manage the service for the Council | <ul style="list-style-type: none"> Staff remain within the council A contract is set with a company or individuals to manage the service and they are held accountable for performance Requires strong contract management and a managing agent who is committed and invested to improve Payment by results for the managing agent could be considered Does not necessarily create the cultural or organisational transformation and the managing agent may have limited influence in the council and with partners The infrastructure that supports children's services would not change Need to Establish Material Factor Defence to justify difference in pay as compared to other BCC employees |

| | | | |
|---|------------------------------|--|---|
| 3 | Improvement Board / Advisers | Advice to management about the best running of the service | <ul style="list-style-type: none"> • Advisers and national experts who can support the council to identify issues and manage the service differently. • This is similar to previous interventions. • This needs to be thoughtfully managed to have the right advisers for enough time to be useful. • Advisers only advise, managers and the leaders in the service need to implement this. • The infrastructure that supports children's services would not change • Need to Establish Material Factor Defence to justify difference in pay as compared to other BCC employees |
| 4 | Shared service | Shared services provided by another LA through agreement or contract | <ul style="list-style-type: none"> • The other LA takes on the risk for the delivery of services • Control would be through the contract or agreement rather than direct day to day management • TUPE may apply – would need further details • Need to Establish Material Factor Defence to justify difference in pay as compared to a) other BCC employees and b) depending on contract terms with other LA, then comparison with that LA's employees also |
| 5 | Joint delivery | Partnership with another body e.g. another LA - each one provides services to both under agreement or contract | <ul style="list-style-type: none"> • This could offer new expertise, innovation and additional resources • Pooled resources could bring in greater economy/efficiency/effectiveness • Allows each partner to play to their strengths • TUPE may apply – would need further details • Art 157 'same service' likely to apply and so: • Need to Establish Material Factor Defence to justify difference in pay as compared to a) other BCC employees and b) depending on contract terms with other LA, then comparison with that LA's employees also |
| 6 | Collaboration with other LAs | Each LA is responsible for their own service delivery but share some aspects e.g. training | <ul style="list-style-type: none"> • Council retains control of children's services delivery but collaborates on certain aspects • Staff would not change organisation but may deliver services for another authority • Quality may improve in certain areas of collaboration, there may also be efficiencies. • The infrastructure that supports children's services would not change • Need to Establish Material Factor Defence to justify difference in pay as compared to other BCC employees |
| 7 | Executive commissioners | Political control and executive authority rests with these individuals, service delivery is still through LA | <ul style="list-style-type: none"> • Political control is taken from the Council for children's services • Staff remain within the council • The infrastructure that supports children's |

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| | | | <ul style="list-style-type: none"> services would not change Local accountability is reduced for children's services Need to Establish Material Factor Defence to justify difference in pay as compared to other BCC employees |
| 8 | Wholly owned council company (LATC) | A company, registered with Companies House and subject to companies' legislation, and wholly owned by the council. The operations, assets and staff are transferred into the company. | <ul style="list-style-type: none"> Stays within council ownership Can incentivise better cost control and surplus/profit generation Can continue to use existing staff Avoids EU procurement requirements Often difficult to realise change when management structure remains unchanged, albeit in a new entity TUPE would apply Need to Establish Material Factor Defence to justify difference in pay as compared to other BCC employees. Note this ADM would be regarded as an 'associated employer' for the purposes of determining 'same employer' test |
| 9 | Wholly owned public sector JV | Joint venture with other public sector bodies (e.g. LA+LA) to deliver services | <p><i>See notes on 'other new entity' JVs</i></p> <ul style="list-style-type: none"> TUPE would apply Need to Establish Material Factor Defence to justify difference in pay as compared to other BCC employees Note this ADM would be regarded as an 'associated employer' for the purposes of determining 'same employer' test |
| 10 | Limited company | Establishment of a new company limited by shares or guarantee | <ul style="list-style-type: none"> Model is not wholly owned by a public sector entity TUPE would apply Provided BCC did not have 'controlling' interest (less than 50%) and then may be able to lawfully change T &C's of employees in this Company as compared to BCC employees Would need to satisfy Art 157 – that BCC and this Company were not a 'Single Source' for the purposes of pay and reward |
| 11 | Community Interest Company | Community Interest Companies were introduced by the Companies (Audit, Investigations and Community Enterprise) Act 2004. This is the structure that to date has been quite widely adopted by health provider entities that have been externalised as social enterprises. A CIC cannot have charitable status and therefore is unable to access the full range of tax advantages of charitable entities. | <ul style="list-style-type: none"> Can reassure stakeholders, as the asset and community purpose are regulated Has transparency of operation Quick, easy and inexpensive to set up and specifically designed for social enterprise Company format can be tailored to a specific organisation structure, governance or membership Most funders who have historically favoured charities continue to do so and do not regard the CIC as being an equally valid recipient of funds |

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| | | | <ul style="list-style-type: none"> • As a brand, CIC remains relatively unrecognised outside of the social enterprise sector • TUPE would apply • Provided BCC did not have 'controlling' interest (less than 50%) and then may be able to lawfully change T &C's of employees in this Company as compared to BCC employees • Would need to satisfy Art 157 – that BCC and this Company were not a 'Single Source' for the purposes of pay and reward |
| 12 | JV between LA and a not for profit provider | A company, under companies legislation, owned by the council and a JV partner, which is used as a vehicle for pursuing external business, the risks and rewards of which would be shared with the JV partner. What transfers into the company would be determined by commercial considerations in negotiation with the JV partner. | <ul style="list-style-type: none"> • Council keeps a share of the service • Not for profit providers can bring expertise to improve service and operational delivery • Risks and rewards are shared • Can keep existing staff • Partners' and councils objectives can be difficult to align • Can be costly to set up • May not release cost savings without innovation and/or cost reduction • It is sometimes difficult to ensure profitability is transparent, i.e. the Council may not benefit as much as it should • TUPE would apply • Provided BCC did not have 'controlling' interest (less than 50%) and then may be able to lawfully change T &C's of employees in this Company as compared to BCC employees • Would need to satisfy Art 157 – that BCC and this Company were not a 'Single Source' for the purposes of pay and reward |
| 13 | Mutualisation: JV between LA and newly established company | This model involves setting up an entity (probably a company limited by shares but potentially a CIC) which is jointly owned by the parent entity (say a local authority), interested beneficiaries, e.g. staff and another existing organisation which is expected to bring something needed by the other parties to address the parent organisation's objectives, e.g. a commercial provider which could (for example) bring investment, skills, market channels or branding, etc. | <ul style="list-style-type: none"> • Give staff ownership of the company • More likely to protect staff terms and conditions • Can encourage innovation and improve profitability • Partners' and council's objectives are difficult to align • Can be costly to set up • Limited access to external capital and restricted voting rights may discourage external investors • JV and council partners may mean some members are distanced from the decision making process • May entail additional risk • May not release cost savings without innovation and/or cost reduction • TUPE would apply • Provided BCC did not have 'controlling' |

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| | | | <p>interest (less than 50%) and then may be able to lawfully change T &C's of employees in this Company as compared to BCC employees</p> <ul style="list-style-type: none"> • Would need to satisfy Art 157 – that BCC and this Company were not a 'Single Source' for the purposes of pay and reward |
| 14 | Multi-party joint venture | <p>New entity that enters into a joint venture with partners across the public, private and voluntary sectors.</p> <p>Accordingly, requires a complex set of contracts and agreements to be established.</p> | <ul style="list-style-type: none"> • Council retains a degree of control over the new entity • Partners can bring a wide range of expertise to improve service • Potential for sharing risks and rewards • Can keep existing staff • Partners' and council objectives might be difficult to align • Can be costly, complicated and time consuming to set up • TUPE would apply • Provided BCC did not have 'controlling' interest (less than 50%) and then may be able to lawfully change T &C's of employees in this Company as compared to BCC employees • Would need to satisfy Art 157 – that BCC and this Company were not a 'Single Source' for the purposes of pay and reward |
| 15 | Employee owned Mutual | <p>New entity taking the form of a workers' cooperative</p> <p>An independent business established by a mutual community who have a common interest in the goods and services the mutual provides. Members can be employees, customers or 'a mixed membership' model. Mutuals are funded from revenues from goods and services provided and / or contract fees.</p> | <ul style="list-style-type: none"> • Can have lower absenteeism and staff turnover than non-employee owned organisations • More likely to protect staff terms and conditions • Can deliver greater customer satisfaction • Can present opportunities for innovation, turning a profit and being resilient to changes in the economic climate • Limited access to external capital and restricted voting rights may discourage external investors • A big mutual organisation may mean some members are distanced from the decision making process • Smaller organisations may find that the "one person, one vote" procedure may delay decision making process • Unlikely to release cost savings without innovation and/or cost reduction and can be costly to set up • TUPE would apply • Provided BCC did not have 'controlling' interest (less than 50%) then may be able to lawfully change T &C's of employees in this Company as compared to BCC employees |

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| 16 | Charity | <p>A type of non-profit distributing organisation (NPDO). It differs from other types of NPDOs in that it centres on non-profit and philanthropic goals as well as social well-being. Most charities take the legal form of having a company limited by guarantee to process any fund generation, and a charitable trust to retain grants and reserves.</p> | <ul style="list-style-type: none"> • Recognised legal form • Can allow finance to come from grant funding and other non-public sources • Reassurance to stakeholders, as the asset and community purpose are regulated • No imperative to drive a profit – can break even • Tax benefits of having charitable status • Improvements in performance are reliant on capabilities of transferring management and appointed board • TUPE would apply • Provided BCC did not have 'controlling' interest (less than 50%) then may be able to lawfully change T &C's of employees in this Company as compared to BCC employees |
| 17 | Commission by contract | <p>Commissioning of parts or whole of the service to another existing entity by contract</p> <p>The council would commission a service currently provided in house to an external provider.</p> | <ul style="list-style-type: none"> • The most common way to externalise the delivery of local authority services • Widely adopted by local authorities • Maintain oversight of the service • Has the potential to achieve significant costs savings in certain service areas • Potentially time-intensive contract management • Relies on a diverse provider market • TUPE would apply. • New entity may be able to change T&C's provided BCC does not have a controlling interest in new entity |
| 18 | Commission parts or whole service by grant | <p>Commissioning of parts or whole of the service to another existing entity by grant</p> | |
| 19 | Joint commissioning | <p>Commissioning of outcomes/delivery together with another body (e.g. Health) to commission outcomes/delivery</p> | |



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