

CABINET REPORT



Report subject	Building Stronger Foundations - Children's Services Transformation Business Case
Meeting date	13 December 2023
Status	Public
Executive summary	<p>This report provides an update on the progress of the Children's Building Stronger Foundations (BSF) Programme. The programme is coordinating the action needed to sustain and accelerate the required improvements in children's services, namely the achievement of recurrent savings and to safely and appropriately manage and reduce the demand for statutory services. The report notes good progress made and proposes a detailed business case for a new service delivery model for children's services.</p> <p>The proposed new model will bring together many services and support for children and families into locality arrangements, with two integrated locality teams within natural communities across the area. It will enable delivery of savings of £2.9m in 2024/25 growing to £5.3m per year by 2026/27, as well as securing current performance levels, improve impact and outcomes for children and young people, and create capacity to seek continuing improvement.</p> <p>The model will enable the service to respond to the changing children's service agenda and be flexible enough to deal with un-predicted changes thereby building in system resilience. It will support the delivery of an early intervention culture, assisting children's needs to be identified and met at early stages of concern to reduce the demands on statutory social care services.</p>
Recommendations	<p>It is RECOMMENDED that:</p> <ol style="list-style-type: none">1. Note the progress made with the Children's Services Transformation Programme and delivery of savings.2. Approves a business case for the full implementation of a new children's service delivery model by 1 October 2024 to meet the strategic and operational requirements of the service and the Council, and to achieve financial efficiencies and savings enabled by investment approved in July 2023.
Reason for recommendations	The investment will enable improved outcomes for children and young people in BCP, and the more effective and efficient services which are needed to secure an improved Ofsted rating. In turn, this

	will contribute to the achievement of c. £5.3m in annual financial savings within the current MTFP cycle.
Portfolio Holder(s):	Councillor Richard Burton, Portfolio Holder for Children's Services
Corporate Director	Cathi Hadley, Corporate Director for Children's Services
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Wards	Council-wide
Classification	For Decision

1 Background

- 1.1 In July 2023, BCP Council Cabinet approved £4.462 million investment into Children's Services improvement and transformation. This £4.462m extra resource allocation was to be split £2.756m into supporting the Children's Services improvement journey and £1.706m into a specific Children's Services service layer transformation programme.
- 1.2 The Children's Building Stronger Foundations (BSF) Programme has been established to coordinate the action needed to sustain and accelerate the required improvements in children's services, namely the achievement recurrent savings and to safely and appropriately manage and reduce the demand for statutory services.
- 1.3 The Director of Children's Services (DCS) has put in place permanent senior management arrangements to enable and drive change at pace. The DCS has established improvement programmes and governance and assurance arrangements for SEND and children's social care in response to statutory inspections. Alongside service improvement, a single, coordinated comprehensive transformation programme has been established across children's services. This programme supports and enables improving outcomes for children and young people, ensuring value for money, and delivering financial efficiencies and savings.
- 1.4 The July 2023 report outlined that the £1.706m transformation expenditure will complement the council's overall transformation investment programme and enable delivery of savings of up to £3.9m in 2024/25 growing to £6.4m per year by 2026/27. However, the recommendations of the report suggested that these should be treated as indicative only at that (Outline Business Case) stage with more details of the actual savings, associated delivery plans, risks and consequences being presented as part of a further report to Cabinet (Full Business Case stage) in December 2023.
- 1.5 This paper sets out the progress with the Building Stronger Foundations Programme and a full Business Case is included in Appendix 1, based on the HM Treasury Five Business Case Model. It sets out:
 - a) The strategic context and case for change,
 - b) The operational case for a change in Children's Services structures,

- c) An options appraisal setting out an economic case for a preferred option,
- d) The process for implementation
- e) The requested areas for the investment that is needed to deliver transformation and financial efficiencies and savings.

1.6 As well as a financial challenge to deliver efficiency savings, Children's Services in BCP are facing significant challenges in relation to service demand, quality, effectiveness, and use of resources. The required improvements will not be made and sustained without a fundamental reset, and wide-ranging transformation and improvement of services. Without this, it is unlikely that long standing budget challenges will be resolved and BCP will not be able to achieve the improvement required in response to statutory inspections. This could potentially lead to further statutory intervention from the Department of Education in relation to SEND and children's social care.

2 Introduction – The Building Stronger Foundations Programme

2.1 The Building Stronger Foundations (BSF) programme has been designed within the well understood strategic context that is driving the need to transform the planning and delivery of services that support children and families in BCP, namely the need to improve the quality, effectiveness, impact and outcomes of services and the need to better manage and reduce the demand for statutory services thereby driving sustained financial efficiencies and savings. This is a similar experience facing other Local Authorities in England and one which is well described in the May 2022 'Independent Review of Children's Social Care'. [The-independent-review-of-childrens-social-care-Final-report.pdf \(childrensocialcare.independent-review.uk\)](https://www.childrensocialcare.independent-review.uk/Final-report.pdf)

2.2 The BSF Programme has been designed to take into account issues that have been identified as part of statutory inspections.

- a) The July 2021 joint local area SEND inspection determined that a Written Statement of Action was required due to significant areas of weakness.
- b) The October 2020 Ofsted focused visit to BCP children's services identified on-going serious and widespread weaknesses in the quality of children's services, leaving vulnerable children at risk of harm.
- c) The December 2021 ILACS Inspection recognised that BCP are still on an improvement journey, as well as experiencing the impact of COVID.

- 2.3 Statutory Direction was issued to BCP in March 2022, which appointed a new DfE (Department for Education) Improvement Advisor. The first Improvement Board under the Statutory Direction was held in late April 2022, and Hampshire County Council have been confirmed as the Sector Led Improvement Partner to BCP Council.
- 2.4 The delivery of a 3-year transformation and improvement programme, named Building Stronger Foundations (BSF), is now well underway. Programme governance arrangements have been established and detailed plans have been developed to underpin the proposed areas for transformation.
- 2.5 The Programme is showing good progress, including:
- a) Financial savings have been achieved this year of £1.183m against a target of £1.183m.
 - b) A stabilised senior leadership team in children's services, re-establishing leadership and managerial grip from a very low base.
 - c) Moving from inadequate. Children's Services has made progress over the last 18 months, but it is recognised that there is still a significant way to go. This is evidenced in on-going Ofsted monitoring visits and DfE review in October 2023.
 - d) Success in securing inward investment from DfE for improvement in Family Hubs and Children's Social Care totalling £1.92m and £1m secured through delivering better values grant to augment the Council's input of £4.46m in July 2023.
 - e) The service has strengthened partnerships in the system, including internal corporate services, health partners, and schools.
 - f) Increases in income from the NHS sharing costs for children with complex needs and joint funded posts in commissioning.
 - g) Staff are reporting they feel heard and more valued.
 - h) Improvements to social worker recruitment and retention have resulted in the ratio of permanent to agency staff moving from 30:70 in January 2022 to 62:38 in September 2023.

3 The Supporting Families, Strengthening Communities: A new Children's Service Delivery Model Business Case

- 3.1 The paper *Children's Services Building Stronger Foundations Programme* presented to BCP Council Cabinet on 26th July 2023 set out the proposed high-level objectives for the new service delivery model. That paper set out an outline plan to reimagine Early Help service delivery model leading to reduce expenditure in: (i) New foster care model; (ii) Brokerage; (iii) Children's Homes; (iv) Alternative Educational Provision from improved school inclusion and mental health provision in schools. A central premise to the new service delivery model is to support and sustain the local, and locality-based, delivery of services that build resilience, community engagement and family support. Both of these helps to manage demand for higher tariff, higher cost services.

- 3.2 A detailed plan for the operation and implementation of new service delivery model has now been developed and is attached in Appendix 1. The new model for delivering Children's Services in BCP will bring together many services and support for children and families into locality arrangements, with integrated locality teams within natural communities across the area. These integrated locality teams will bring together colleagues from across Early Help, Children's Social Care, Educational Psychology, SEND and Inclusion services, supported by an integrated operational leadership model, with matrix management in place to support professional practice development and supervision.
- 3.3 An options appraisal has been completed which recommends the establishment of 2 locality areas. Overall, this best met our strategic objectives to provide the level of savings required in the context of the current BCP financial climate, as well as providing a structure to improve outcomes and impact for children and young people; ensuring strategic alignment with the National Care Review and alignment with 'place' (ICB); optimising staffing levels; and avoidance of geography recreating the 3 previous council areas – Bournemouth, Poole and Christchurch.
- 3.4 A proposed organisational design blueprint has been developed which aligns with the BCP design principles in reducing the number of managers and overall supports an increase in the span of control. It:
- a) Removes arbitrary barriers within services and improves transition points, for example, teams being restricted on the cases they take based on professional functions, age of children or location, where there is no other overriding reason to do so apart from process.
 - b) Creates a more flexible and responsive organisation and staff base to allow people to move to meet changing levels of need.
 - c) Creates better management systems for new work coming into the service and for existing work being handled by teams.
 - d) Creates more capacity for proactive operational management of the day-to-day work and empowers employees at the front line to make more decisions without the need for intervention from management.
 - e) Creates more strategic capacity within the service to allow more proactive tackling of service-wide issues and for greater scope for service development and partnership working.
 - f) Moves resources to provide more support to front-line staff.
 - g) Reduces the overall establishment number.
 - h) Rationalises and consolidates the variety of differing roles that currently sit between Service Directors and front-line practitioners with the corporate workforce design principles.
 - i) Enables stronger strategic focus and operational grip.
 - j) Ensures the service improvements that are required in children's social care, education and SEND are delivered.
- 3.5 Efficiency savings from the model will be delivered from:
- a) Reduction in management costs. The re-modelling work has aligned with the BCP Organisational Design Principles and specifically, the 'vertical perspective' set out as one of the council's approaches. The proposed model increases spans of control of managers and reduces layers of management, thus fewer managers are

required. This is done while maintaining service integrity and without increasing risk.

- b) Improving the child's journey and reducing hand-off points within the children's social care system will lead to financial savings by streamlining processes, improving efficiency, and enhancing the overall effectiveness of interventions.
- c) To reduce the cost of service delivery where an integrated look at how the Council discharges its statutory duties with regards to the provision of information and advice and the involvement of children and young people in decision-making will yield efficiencies.
- d) Full cost recovery or cessation of Educational Psychology non-statutory elements.
- e) Streamlining quality, performance improvement and governance and budgets.

3.6 The business case sets out a plan for a new service delivery model that follows research undertaken by the LGA and ISOS Partnership, as well as the experience of several high-performing authorities, and builds upon the recommendations from the National Care Review (2022). Findings from independent evaluation of similar models in Hertfordshire, Bracknell Forest, Luton, Peterborough and West Berkshire. In each authority there have been statistically significant reductions in looked after children numbers and/or Child Protection Plans in the two years following the introduction of Family Safeguarding. It found that the financial case is strong, based on reductions in looked after children and Child Protection Plans. This evaluation has been used to assess the potential for financial savings in BCP.

3.7 The proposed new children's service delivery model is aligned with the Corporate Target Operating Model (TOM) and is aimed at achieving transformation savings aligned with this approach, specifically identifying where services can be delivered centrally and by corporate teams to enable efficiencies. The business case builds on the BCP Council Transformation Report from June 2022 with the principles agreed at initiation and is also aligned with the BCP transformation objectives with the proposed children's service delivery model supporting:

- a) A Council where customers are better understood and so better served;
- b) Modern, efficient ways of working, that give colleagues flexibility to improve work/life balance;
- c) A single BCP Council Civic Centre in Bournemouth and a Council-wide approach;
- d) Savings to tackle our medium-term financial pressure and establish a sustainable operating model for the future;
- e) A reduction in our workforce, over time, consistent with the needs of our operating model and the council's corporate priorities; and
- f) A carbon neutral position for BCP Council's operations and activities by 2030.

4 Options Appraisal

- 4.1 The business case for a new service delivery model sets out an achievable plan to reshape Children's Services to continue on their improvement journey and deliver better services to children and young people at reduced cost. This is an established model based on research and best practice from high performing authorities.
- 4.2 There are almost 300 statutory duties in relation to children's services. There will always be demand and a legal imperative to fulfil these duties. There are therefore few options available to BCP to make significant financial savings. The alternative option for the Council is to continue with the existing model and cease all non-statutory service provision within Children's Services. This would mean complete cessation of early intervention and discretionary services including: Early Help Family Support, Positive Activities, Youth Access Point, Care Experienced Young People's Hub, and early years nursery provision. It is estimated that ceasing all non-statutory provision in this way could deliver annual savings of £3.408m. However, this option would create the following risks:
- a) Lack of intervention will lead to increasing demand and continued overspending of the Children's Services budget.
 - b) The lived experience of children known to the local authority will continue to be poor or worsen, with poorer outcomes for children and young people.
 - c) Likely further Department of Education Statutory intervention in relation to SEND and/or Children's Social Care. This is very likely to include a direction to transfer services out of Council direct control into a children's trust.

5 Summary of financial implications

- 5.1 In July 2023, BCP Council Cabinet approved £4.462 million investment into Children's Services improvement and transformation. This £4.462m extra resource allocation was to be split £2.756m into supporting the Children's Services improvement journey and £1.706m into a specific Children's Services service layer transformation programme. The July 2023 Cabinet received provides the detailed analysis of this expenditure between the various workstreams. It is not proposed to alter this investment.
- 5.2 The July 2023 report outlined that the £1.706m Transformation Expenditure will complement the council's overall transformation investment programme and enable delivery of savings. This included three areas of cost reduction: from a new service delivery model, from transformation of commissioning to reduce third party expenditure, and from leveraging health expenditure. However, the recommendations of the report suggested that these should be treated as indicative only at that (Outline Business Case) stage with more details of the actual savings, associated delivery plans, risks and consequences being presented as part of a further report to Cabinet (Full Business Case stage) in December 2023.

- 5.3 A full business case has now been completed and is included in Appendix 1. The business case confirms that the £1.706m Transformation Expenditure will complement the council's overall transformation investment programme and enable delivery of savings of up to £2.9m in 2024/25 growing to £5.3m per year by 2026/27.
- 5.4 The total savings from this detailed full business case represents a shortfall against the original outline business case savings target of £994k in 2024/25, rising to £1.1m in 2025/26. In mitigation of the impact it will have on the revenue funding gap for 2024/25, as presented in the November Medium Term Financial Plan Update report to Cabinet, the service is anticipating reducing the spend relating to the transformation programme via alternative commissioning of resources and maximising the use of un-ringfenced grants to be received in the next financial year. The service is working on a longer-term plan to accommodate the lower savings for year 2025/26 onwards.

6 Summary of legal implications

- 6.1 The Council are required by law to hold direct accountability for the effectiveness, availability and value for money of the children's services. The functions of the portfolio holder and Director of Children's Services are set out in section 18(2) of the Children Act 2004. This includes responsibility for children and young people receiving education or children's social care services in their area and all children looked after by the local authority or in custody (regardless of where they are placed).
- 6.2 There are almost 300 statutory duties in relation to children's services, including the responsibility to:
- a) act as a corporate parent for looked after children
 - b) ensure fair access to a diverse supply of good schools
 - c) ensure access to high quality provision for children with SEND
 - d) provide alternative provision for children outside of mainstream education provision
 - e) provide suitable home to school transport arrangements
 - f) promote high quality early years provision
 - g) work with partners to provide services for children involved in the youth justice system
 - h) understand local need and secure the provision of services for children and young people to meet this need
 - i) secure access to sufficient educational and recreational leisure time activities
 - j) promote children and young people's involvement in public decision making and promote participation in education and training
- 6.3 This proposal will improve the Council's ability to discharge all of these duties more effectively.

7 Summary of human resources implications

- 7.1 The attached full business case sets out a plan for a large-scale restructuring of Children's Services. Any change will need to align with the BCP Council established policy and procedure for managing Organisational Change, redundancy, redeployment and pay protection and the agreed organisational design principles to work towards streamlining the number of layers in the organisation (referred to in the BCP Design Principles as 'delayering'). The People and Culture team have been involved from the outset and supported this work with attendance at key meetings and Trade Unions have been alerted to the fact that Children's Services are looking to create a locality model and further engagement with Trade Unions will be required throughout the process. Communications and engagement with staff has been held as part of the planning phase with good attendance and participation at the workshops that have taken place over the last three months.
- 7.2 The re-modelling work has aligned with the BCP Organisational Design Principles and specifically, the 'vertical perspective' set out as one of the council's approaches. This locality model proposal amends the structures as outlined in the guidance and the review of 'management and organisational layers and structures'. The new workforce model looks to optimise the agreed BCP approach to spans of control by increasing this across the senior leadership team and the expectation that this will continue to be a fundamental design principle in the next phase when the next layer below (Team Manager) is reviewed and re-modelled. The corporate design principles are being adhered to specifically; the span of control for managers across the organisation must be at least 4 direct reports and identifying opportunities to expand the number of direct reports to reduce the number of managers (an explicit part of the design principles agreed at BCP).
- 7.3 The aim will be to minimise redundancies through this change programme to ensure experience is retained and to limit the financial implications. There is likely to be a number of implications in this regard including pay protection and once the final model is agreed, HR processes completed and the workforce structure confirmed, a fully detailed costed plan can be provided.

8 Summary of sustainability impact

- 8.1 A Decision Impact Assessment has been completed. The business case fits within the overall BCP Estates and Accommodation Strategy, and will support aims to reduce the overall estate and thus reduce carbon emissions and need to travel between sites.

9 Summary of public health implications

- 9.1 One of the primary aims of this proposal is to increase positive impacts on all children's health and wellbeing across BCP. Detailed descriptions of these impacts are included within the business case.

10 Summary of equality implications

- 10.1 The Full Assessment has included children and young people as service users and staff. Consideration of age, disability, gender and race as protected characteristics have been considered. The principal potential impact is positive on service users. The impact on staff will continue to be reviewed during implementation.

11 Summary of risk assessment

- 11.1 Failure to deliver the proposed transformation of children's services risks negative impact on the lived experience of children known to the local authority. As part of the proposal, a detailed outcomes and impact framework is being developed to monitor and manage the delivery of outcomes for children and young people. Through this improved knowledge of our impact, we will effectively mitigate this risk.
- 11.2 In cases of persistent or systemic failure there is a presumption that children's services would be subject to further intervention from DfE. This is very likely to include direction to transfer services out of direct council control and into a children's trust. In order to mitigate this risk the leadership of the Council will prioritise the needs of children. Leaders will be well informed, will work positively with the Improvement Partner and Commissioner, and will hold the DCS and their leadership team to account for the quality of practice and the challenges in the local area. Strategic leaders will ensure that relationships with key partners provide a helpful and supportive context to work effectively with children and families.
- 11.3 Improving Children's Services will bring with it financial implications. Should improvement fail this will create additional budget pressures and continued overspending of the Children's Services budget. An integral part of this proposal is mitigation measures for financial risk to improve the skills and tools available to budget holders to ensure sound fiscal management.

12 Background papers

BCP Council – Cabinet Report - Children's Services Building Stronger Foundations Programme – 23 July 2023

13 Appendices

Appendix 1: Supporting Families, Strengthening Communities: A new Children's Service Delivery Model Business Case

Appendix 1 is exempt from publication under clause 9.2.3. of the constitution: Information relating to the financial or business affairs of any particular person (including the authority holding that information).