

Children's Services

Tri-Borough Service Plans and Proposals

Cabinet Meeting

20 June 2011

Children's Tri-Borough Model

Introduction

At its heart, the Tri-Borough Children's Service would have:

- A single commissioning function arranging social care and family support services to prevent family failure. This commissioning function would be responsible for £80m of existing commissioned spend across the 3 Councils. But the plan would be to extend the extent that services are commissioned to deliver improvements in cost and quality.
- A single education commissioning function responsible for raising standards and preventing failure in 153 schools; working with more than 1,800 children with statements of special educational needs, and having oversight of a combined Dedicated Schools Grant spend of (£277m)
- 3 Borough based delivery units with responsibility for protecting children, supporting families and delivering early help in the most efficient manner possible. However, where appropriate, specialist services will be combined to share overheads and expertise (e.g. Youth Offending Service)

Each borough would retain its 'sovereign' capacity to commission a variation to the common service level or specific provision. The Tri-Borough Service would follow an annual 'Commissioning Cycle' with each Lead member agreeing with the Director of Children's Services the Borough's commissioning intentions for the following year (and beyond) within the context of the Council's financial and strategic requirements. These requirements would be captured in the relevant Borough's Children's Plan which would in effect become the 'Mandate' for the Tri-Borough Service. Progress against this Plan would be monitored and the Lead member kept informed through regular briefings with performance reports. The Plan would be reviewed as reset as required (see diagram: "The Borough's Children's Plan: Annual Commissioning Cycle" in Appendix A).

The Children's Tri-Borough Model is being designed to maximize the contribution to spending targets by:

- reducing management, support service and overhead costs.

- making more efficient use of shared resources (e.g. pooling foster carers)
- procuring at scale (e.g. supported accommodation for care leavers)
- Improving practice by comparing inputs and outputs (e.g. the rates of children in care achieved by each authority)
- Whilst maintaining the ability for each Borough to specify its own service level.

Currently the money is spent across the 3 Boroughs with each Council discharging its statutory responsibilities towards the school system, protecting children, promoting family life and raising standards of educational attainment.

The 3 Councils gross spend on Children's Services (including schools) in 2011/12 was £536m. The 3 Councils have plans to reduce this spend to £525m.

The 3 Councils also seek to avoid the cost of failure. Intervening where necessary to prevent schools from failing or to lift them out of an 'Ofsted category' is a complex business. Intervention in families with complex needs is expensive and to do so effectively is difficult. All 3 Councils are committed to the principle that prevention is better than attempted cure.

The Children's Service Business Case

The Children's Services Business Case sets out savings of £11.8m to be achieved by 2014/15. In the course of challenge to these proposals by senior members of the 3 Councils, it was determined that the Business Case also needed to identify the "additionality" the proposed model would bring to the Councils. This "additionality" needed to include savings highlighted to date plus possible "knock on" savings such as the corresponding reductions in support costs to staff exiting the organisation.

The key information highlighted in this paper includes on a service by service basis:

- The existing structures (staff and costs) for the proposed services.
- The revised structures for the proposed services.
- The "additionality" these changes bring in terms of savings to the Councils.
- The attribution method used for cost and savings in each case.
- A summary of how the business will work under the new structure and the potential for additional savings/rationalization in the future.

This paper summarises the additionality the Tri-Borough model brings to the Councils and potential improvements that could take place in the future with the revised structures.

Savings Proposed

The savings of £11.8m that have been proposed can be divided into:

Assured savings – where agreement to Tri-borough working will confidently yield the savings on implementation.

Projected savings - where savings are more likely given the “compare and contrast” potential of Tri-borough working, and because of the potential for seeking savings from aggregated procurement, but where figures can only be estimated at this stage.

Possible savings - where professional opinion suggests that savings are possible from reducing duplication, harmonising pay and conditions and optimising practice, but where more detailed work has not yet been completed.

A cautious approach has been adopted in the calculation of “projected” and “possible” savings.

Table 1 Assured savings

	H&F	RBKC	CoW	Total	Attrib
	£m	£m	£m	£m	
Single management team	0.68	0.34	0.07	1.09	C
Single adoption and fostering team (reduced staffing)	0.07	0.065	0.065	0.20	A
Single Youth Offending Team (reduced staffing)	0.27	0.14	0.16	0.57	A
Single local Children’s safeguarding Board (admin overhead)	0.07	0.05	0.07	0.19	A
Education Services (GF)	1.52	0.58	0.15	2.25	D
Education Services (DSG)	0.42	0.49	0.056	0.97	D
Commissioning Staff	0.70	0.80	0.40	1.90	A
Finance Staff	0.17	0.17	0.17	0.51	B
Sub Total	3.90	2.64	1.14	7.68	

Table 1 Projected savings

	H&F	RBKC	CoW	Total	
	£m	£m	£m	£m	
Reduced costs from private fostering providers	0.23	0.23	0.23	0.69	B
Fostering – trading with other councils	0.067	0.067	0.067	0.20	B
Projected savings from combined procurement of supported accommodation for care leavers (current spend £3.9m)	0.16	0.12	0.12	0.40	
Sub Total	0.46	0.42	0.42	1.30	

Table 1 Possible savings

	H&F	RBKC	CoW	Total	
	£m	£m	£m	£m	
Further finance savings	0.08	0.08	0.09	0.25	B
Procurement – general fund savings (£50m) at £2%	0.33	0.34	0.33	1.00	B
Procurement DSG services (£30m) at 2%	0.20	0.20	0.20	0.60	B
Other middle mgt savings from social care delivery	0.34	0.33	0.33	1.00	B
Sub Total	0.95	0.95	0.95	2.85	

Total Projected and Possible Savings	Assured, and	5.30	4.00	2.50	11.80
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Notes:

A - Costs were attributed based on the relative size of net controllable staffing budget 2011/12.

B - Savings apportioned equally across the three boroughs.

C – Costs apportioned equally across the three boroughs.

D – Savings based upon where proposed fte reductions have been made in the respective boroughs starting baseline

The above table also uses the revised apportionments for Educational Services.

All totals are the 4 year ongoing savings for those services specified.

There is scope to deliver additional savings with the model through the following initiatives:

Single Management Team

- Changes can be made to the Single Management Team as needs arise.

Fostering and Adoption

- Better procurement of high cost external placements
- The potential to outsource the merged provision at a later date

Youth Offending Team

- the potential to collaborate on 'a payment by results' project offering alternatives to custody as part of the Government's wish to trial alternative approaches
- the ability to spread the risk should the Government press ahead with its plan to devolve financial responsibility to local authorities for custodial provision for young people.

Education Services

- the potential for the growth of the Social Enterprise as a trading entity, delivering a further return to the participating Councils
- the outsourcing of the Statutory Delivery component as a social enterprise or joint venture or just straightforwardly outsourced with the possibility of further reducing overheads

Commissioning

- the scope of commissioned services to be extended to include additional services currently being directly managed such as the adoption service, the fostering service, and services for disabled children and their families.

These options have not been fully assessed at this time.

Single Management Team

Overview of the Service

The Service will be managed by one management team with one post responsible for Education, one responsible for Commissioning other services and one post responsible for providing the financial support. However, within these services there will be senior officers with a specific brief in respect of each borough, ensuring that Members in each Borough can rely upon senior officers with specialist expertise AND knowledge and understanding of local circumstances. Each borough will have a Director responsible for the delivery of child protection, children in the care of the local authority and family support services. With the appointment of one DCS, there will be an individual with technical expertise and unambiguous accountability for Children's Services serving each borough

The new model offers the following additional possibilities:

- Changes can be made to the Single Management Team as needs arise.

Summary Financial Position

Assured Savings

Staffing budgets	H&F	RBKC	CoW	Total
	£m	£m	£m	£m
Starting Position	1.122	0.777	0.504	2.403
Closing Position	0.438	0.438	0.438	1.314
Additionality	0.684	0.339	0.065	1.089

Staffing	H&F	RBKC	CoW	Total
	fte	fte	fte	fte
Starting Position	12.5	9.0	5	26.5
Closing Position	4.67	4.67	4.67	14
Additionality	7.83	4.33	0.33	12.5

Attribution methodology –

Costs of the Service are evenly attributed across the three boroughs

Single Fostering & Adoption Team

Overview of the Service

The overall proposition is to reduce staffing by 5 fte (4%, £200k). This is in order to maintain capacity so that the focus of savings can be on the higher cost of placement in the independent sector.

There is currently a high vacancy rate (37%) in the current in house provision in all three Councils. The proposed placement savings is to reduce this vacancy factor and make better use of in house staff and providers before using more expensive external providers. The differential between the two is currently estimated at £15k per placement. By taking advantage of these factors, a savings of £680k can be made and high quality services can be maintained to clients. The Councils presently spends £6.1m on independent sector placements. The in-house budget for placements in 2011/12 is £5.6m.

The advantages of the tri borough model are:

- There is a greater pool of available carers to match against client needs.
- The ability sell surplus capacity to other Council's (£200k additional income).

The new model offers the following additional possibilities of

- Better procurement of high cost external placements
- The potential to outsource the merged provision at a later date

Summary Financial Position

Assured Savings

Staffing budgets	H&F	RBKC	CoW	Total
	£m	£m	£m	£m
Starting Position	1.694	1.000	1.254	3.948
Closing Position	1.624	0.935	1.189	3.748
Additionality	0.070	0.065	0.065	0.200

Staffing	H&F	RBKC	CoW	Total
	fte	fte	fte	fte
Starting Position	33	29	28.5	90.5
Closing Position				85.5
Additionality				5.0

Projected savings

IFA Placements	H&F	RBKC	CoW	Total
	£m	£m	£m	£m
Starting Position	2.287	1.240	2.601	6.128
Closing Position	2.057	1.010	2.371	5.438
Additionality	0.230	0.230	0.230	0.690

External Trading	H&F	RBKC	CoW	Total
	£m	£m	£m	£m
Proposed Income	0.067	0.067	0.067	0.200

Attribution methodology

- Staffing costs were attributed based upon the relative size of net controllable staffing budget 2011/12.
- Placement cost savings and the sales of capacity to other Councils are apportioned equally across the three boroughs.

Single Youth Offending Team

Overview of the Service

The merged service will meet the full range of responsibilities designed to reduce youth offending; provide the required service to Youth Justice Court including remand arrangements and pre-sentencing reports; and undertake the delivery of the required community sentence arrangements. At present the 3 Boroughs each provide a court service to the West London Court which covers the 3 Boroughs. The new arrangement will put in place one court Team also delivering some specialist services. Otherwise each Borough will continue to have a dedicated team, albeit under one management structure.

The new model offers the following additional possibilities:

- the potential to collaborate on 'a payment by results' project offering alternatives to custody as part of the Government's wish to trial alternative approaches
- the ability to spread the risk should the Government press ahead with its plan to devolve financial responsibility to local authorities for custodial provision for young people.

Summary Financial Position

Assured savings

Staffing budgets	H&F	RBKC	CoW	Total
	£m	£m	£m	£m
Starting Position	1.218	0.711	0.906	2.835
Closing Position	0.943	0.574	0.751	2.268
Additionality	0.275	0.137	0.155	0.567

Staffing	H&F	RBKC	CoW	Total
	Fte	Fte	fte	fte
Starting Position	27.5	18.5	19.5	65.5
Closing Position	22.1	15.8	16.5	54.4
Additionality	5.4	2.7	3.0	11.1

Attribution methodology

- Staffing costs were attributed based upon the relative size of net controllable staffing budget 2011/12.

Single Local Childrens Safeguarding Board (LCSB)

Overview of the Service

At present each Borough runs its own LSCB which has responsibility for ensuring that all the key agencies work together effectively to safeguard children. Merging the 3 LSCBs will deliver efficiencies for partners (some of whom have, under the current arrangements, to be represented at all 3 Boards); in support arrangements and in the provision of multi-agency training.

The new structure gives the ability to operate a single board across the three boroughs, which will cut down on administration and support costs. Overall, there will be a savings of 1.7 fte (£69k), but more importantly a reduction of £121k in other support costs. This brings a combined savings of £190k.

Summary Financial Position

Assured Savings

Gross expenditure	H&F	RBKC	CoW	Total
	£m	£m	£m	£m
Starting Position	0.162	0.105	0.136	0.403
Closing Position	0.092	0.055	0.066	0.213
Additionality	0.070	0.050	0.070	0.190

Staffing	H&F	RBKC	CoW	Total
	fte	fte	fte	fte
Starting Position	2.5	1.5	1.5	5.5
Closing Position	1.88	1.04	0.88	3.8
Additionality	0.62	0.46	0.62	1.7

Attribution methodology

- Staffing costs were attributed based upon the relative size of net controllable staffing budget 2011/12.
- Other savings were attributed based on the same principals.

Education Services

Overview of the Service

Education services under the new structure is split into 5 distinct areas, with funding coming from a combination of General Fund, DSG Sources and service bought back by schools:

- Schools Funded
- Social Enterprise
- Alternative Provision
- Statutory Delivery
- Senior Commissioning

The City of Westminster position is lower due to restructuring that has been carried out

The new model offers the following additional possibilities:

- the potential for the growth of the Social Enterprise as a trading entity, delivering a further return to the participating Councils
- the outsourcing of the Statutory Delivery component as a social enterprise or joint venture or just straightforwardly outsourced with the possibility of further reducing overheads

Summary Financial Position

Assured Savings

General Fund/Other	H&F	RBKC	CoW	Total
	£m	£m	£m	£m
Starting Position	3.602	3.062	2.618	9.282
Closing Position	2.082	2.481	2,470	7.033
Additionality	1.520	0.581	0.148	2.249

DSG	H&F	RBKC	CoW	Total
	£m	£m	£m	£m
Starting Position	6.972	2.609	0.919	10.500
Closing Position	6.551	2.115	0.863	9.529
Additionality	0.421	0.494	0.056	0.971

Staffing Summary	H&F	RBKC	CoW	Total
	fte	fte	fte	fte
Starting Position	194.05	117.62	72.20	383.88
Closing Position	172.45	98.92	68.2	339.57
Additionality	21.6	18.7	4.0	44.3

Attribution Method

- Based upon where proposed fte reductions have been made in the respective boroughs.

Commissioning

Overview of the Service

In the first instance the Commissioning unit would have responsibility for the £80m. spend of services already commissioned by the 3 Councils. Immediate priorities would include:

- the procurement of Transport (including home to school, contact for children in care and adult service users attending day centres) – total spend £7.5m
- procurement of placements (foster care and residential) for children in care – total spend £14.7m
- supported accommodation for care leavers – total spend £3.9m

Total projected savings £1m of General Fund spend and £0.6m from DSG, calculated at 2% of the total spend (based upon specialist advice from procurement consultants commissioned by WCC. Spend on staffing of this function will be reduced from £4.4m to £2.5m; with the headcount reduced from 85 to 46.

The new model offers the following additional possibilities:

- the scope of commissioned services to be extended to include additional services currently being directly managed such as the adoption service, the fostering service, and services for disabled children and their families.

Summary Financial Position

Assured Savings

Staffing budgets	H&F	RBKC	CoW	Total
	£m	£m	£m	£m
Starting Position	1.493	1.706	1.199	4.398
Closing Position	0.793	0.906	0.799	2.498
Additionality	0.700	0.80	0.40	1.900

Staffing	H&F	RBKC	CoW	Total
	fte	fte	fte	Fte
Starting Position	29.7	35.2	20.5	85.4
Closing Position	15.2	18.6	12.2	46
Additionality	14.5	16.6	8.3	39.4

With commissioning being combined, sharing of best best practice should enhance the potential of what is possible. At the moment a 2% reduction is assumed on these budgets. With inflation running at over 3% at the moment, the magnitude of these reductions is significantly more than 2% in cash terms.

Projected savings

Care Leavers	H&F	RBKC	CoW	Total
	£m	£m	£m	£m
Proposed savings	0.160	0.120	0.120	0.400

Possible Savings

Commissioning Budgets	H&F	RBKC	CoW	Total
	£m	£m	£m	£m
Starting Position	31.586	19.727	27.374	78.687
Closing Position	31.053	19.193	26.841	77.087
Additionality (G/F)	0.333	0.334	0.333	1.000
Additionality (DSG)	0.200	0.200	0.200	0.600

Attribution methodology –

- Staffing costs were attributed based upon the relative size of net controllable staffing budget 2011/12.
- Commissioning budgets are apportioned equally across the three boroughs.

Note, There are already savings targets proposed for Fostering & Adoption at Westminster. When undertaking the detailed savings plans in this area there needs to be reference to those already put forward to avoid any risk of double counting.

Finance

Overview of the Service

Both WCC and LBHF are re-organising their finance functions in 2011/12 to a business partner/transaction centre model. This change, along with rationalisation of local systems and processes is leading to staffing savings before any implementation of tri-borough working.

The tri borough model takes the Children's business partners, and locates them in one unit (in multiple locations) supporting their customers and the Director of Children's Services. It is assumed that this consolidation will add resilience to the service and remove duplication. A 30% reduction in terms of cost and fte's is assumed in the business plan (£510k, 9fte).

In finance in particular, there is a significant dependence on the systems being used and the reduction in numbers assumes that by 2014/15 all parts of Children's Services will be running off the same system. If this does not happen this and other savings will be difficult to achieve.

If all systems are implemented properly, and work as expected, there is a possibility that up to 50% of the staffing compared to the original numbers can be removed. This would lead to an additional savings for each council of £80k per year, which converts to just over 3 fte's. This reduction, which is over the 33% Assured level reductions highlighted below, are classed as "Possible Savings".

Financial Position

Assured Savings

Staffing budgets	H&F	RBKC	CoW	Total
	£m	£m	£m	£m
Starting Position	0.530	0.490	0.482	1.502
Closing Position	0.360	0.320	0.312	0.992
Additionality	.170	.170	.170	0.510

Staffing	H&F	RBKC	CoW	Total
	fte	fte	fte	fte
Starting Position	9	10	9	28
Closing Position	6	7	6	19
Additionality	3	3	3	9

Attribution methodology –

- Staffing budgets are apportioned equally across the three boroughs in both cases. There is a potential duplication here with possible future savings within existing business plans.

Other Middle Management savings from Social Care

There is approximately £6m of staffing costs across the three boroughs that relate to Social Care. These costs and structures are yet to be reviewed. As part of the Children's savings plans it is assumed that these costs can be reduced by £1m (17%). At the moment, the savings are attributed evenly across the three boroughs. This savings is listed in the possible savings options at the moment due to the fact that the detailed work that has been undertaken in other areas is still to happen here to establish Tri-Borough structures.

Possible additional scope for Savings

This paper concentrates on the savings that can be made from those services assessed. There are additional savings that can be made from the possibilities highlighted in each operational section in this report.

Reviewing these proposals, along with services that have yet to be included, has the potential to increase the quantum of the overall savings figures. As an example, if a similar approach is taken to the management structure of staff dealing with disabled children as with the Youth Offending Services, there is the potential to deliver another £700k of savings.

In terms of indirect cost savings, this report highlights the reduction of 114 staff. The reduction will potentially free up office accommodation as well as reducing ICT costs. The average cost per person for office accommodation is £3-6,000, and the cost per computer of £1,500.

At a reduction of 114 fte, this has the potential to save between £648k and £855k, although this will be dependent on the release of office space.

Costs

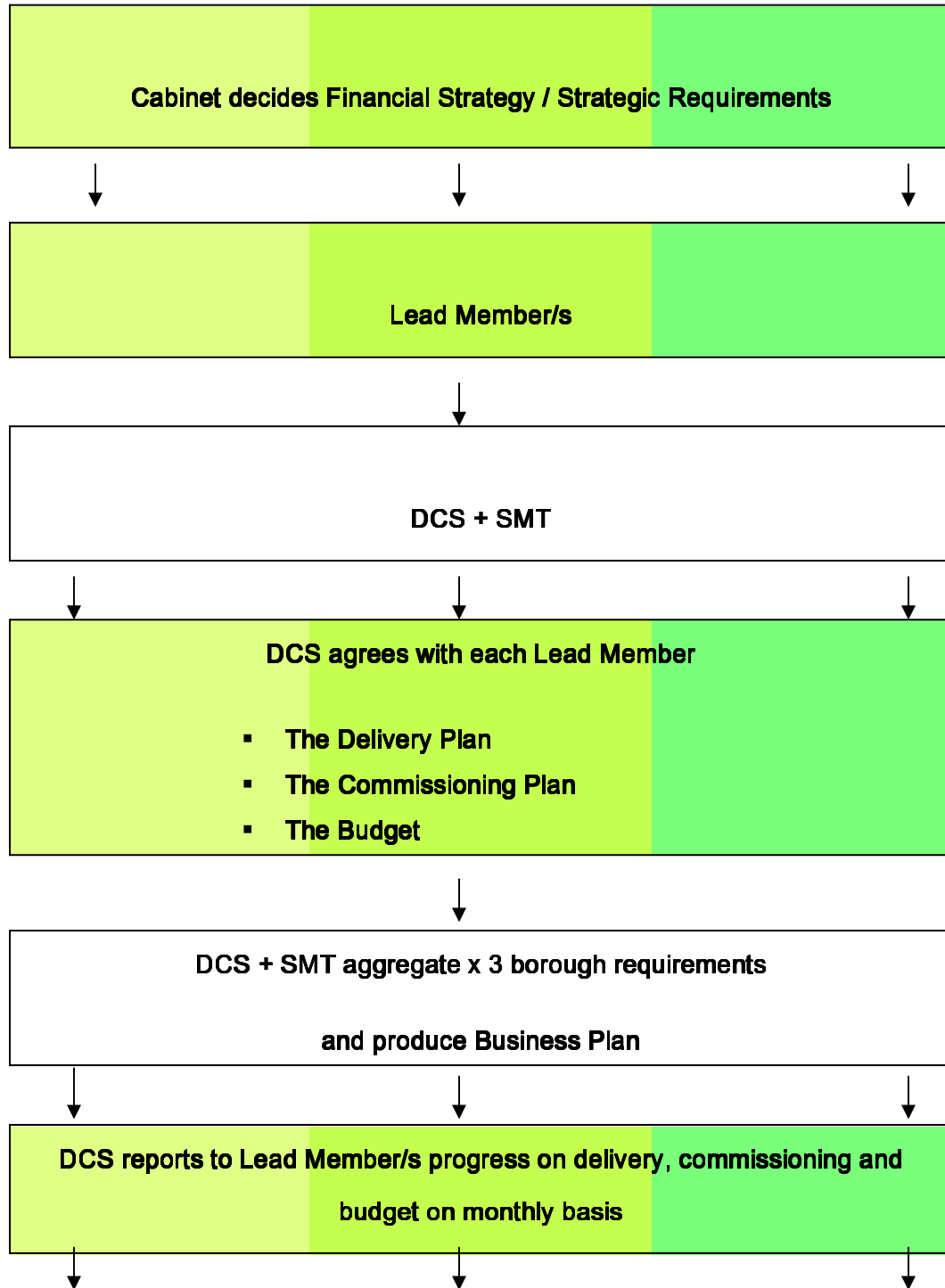
The following costs are estimated to implement the business model:

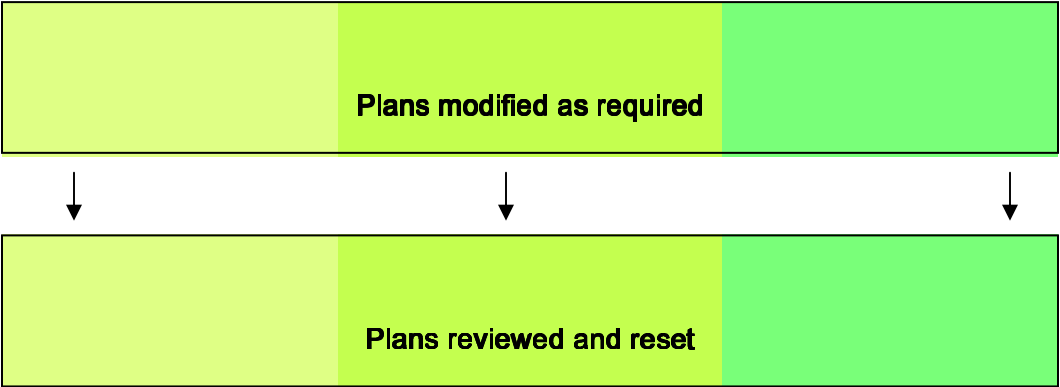
- Cost of staff exiting – it is estimated that there will be 70 staff receiving exit compensation at £25k per head – total cost £1.75m
- Cost of change process – staff will need to be freed up to manage the changes agreed. It has been agreed that all such “costs of change management” will be met from existing budgets or earmarked reserves. However, it is assumed these costs will be £250k per year for 3 years.
- Costs of new ICT – At some point a Tri-borough Children’s service will need a common record system. There will be an integration cost which is not known at the present time, although no account has yet been taken of reduced IT operating costs when one system is achieved.

H&F

K&C

WCC





3 Borough Children's Service – Member/Officer Working Arrangements

Fortnightly Lead Member Briefing x 3

Attendees (as required)

DCS
Borough Director of Family Services
Director of Resources; Borough Accountant
Director of Schools; Borough Schools Commissioner (Standards); Borough Head of Education for Vulnerable Children
Director of Family Services Commissioning; Borough Commissioning Lead; Relevant Commissioning Manager

Joint Lead Member Briefing

DCS
Directors
Relevant specialist staff

'Informal' Cabinet / Cabinet Briefing / Leaders' Group & Cabinet Meetings

DCS
As for Lead Member Briefing – as required

Scrutiny Committee x 3

As for Lead Member Briefing – as required
