

DECISION MAKER (TITLE): Commercial Revenue Committee

Signature of decision maker:

Date

London Borough of Hammersmith & Fulham

Subject: Family Support Services

Report of: David Pearlman

Responsible Director: Emily Hill, Director of Finance

RECOMMENDATIONS

- To note that the Council's Children's Services have made the decision to bring back into the Council Early Help case work and Early Years children centre provision currently provided by Family Support Services (FSS)
- To approve that upon Family Support Services becoming operationally inactive and satisfying all creditors a formal application is made to HMRC for the company status to be dormant.

REASON FOR DECISIONS

1. LBHF Family Support Services (FSS), incorporated in August 2017, is 100% owned by the Council and was established to deliver Early Help and Early Years together with several of our Children's Centre services on behalf of Children Services.
2. Children Services have invested significant funds into FSS since April 2018. Pursuant to the Cabinet decision of 6 July 2020 LBHF officers have been working to bring its services back within budget and deliver in year savings.
3. Children Services are increasingly seeing more families with complex needs requiring extra support from our specialist services and know that maximising the impact of their early help services is vital to stop this trend. Children Services want to build on the strong early intervention foundations laid by FSS to ensure families are getting the right support at the right time. An integrated approach is key to this, therefore, the intention is to integrate the FSS team within the Council's Children's Services department from 1st April 2021.

4. This will ensure families continue to get the support they need from staff both currently within FSS and LBHF under the banner of one Children's Services team.
5. Bringing Children Services in-house will improve coordination, integration and assurance over delivery of statutory duties. This will enable greater service integration and joint working across Early Years provision and will maintain and further integrate the joint working relationship.
6. Ultimately, the over-riding responsibility is to deliver the Council's statutory obligations in the safest and most financially efficient way, therefore Children Services have recommended bringing these services back in house.

PROPOSALS AND ANALYSIS OF OPTIONS

7. In coming to its recommendations Children Services considered several different operational models as to the safest and most financially efficient way to deliver its service. Ultimately it was decided that it should bring back in house the Early Help and Early Years services.
 - Bring in house the Early Help Service only;
 - Bring in the Children Centres only;
 - Retain FSS services; and,
 - Bring in house Early Help and Early Years children services provision
8. Consequently, FSS will cease to be operationally active on 31 March 2021. The shareholder options are:
 - Seek a Member Voluntary Liquidation;
 - Formally apply to HMRC to make the company dormant
9. Both options require FSS to satisfy all creditors the costs of which will be met from any remaining cash balances held by FSS, and where these are insufficient by the council as the commissioner of FSS services.
10. The option of making a company dormant will allow the Council to properly consider the possible future use of FSS and will avoid the negativity associated with a business being placed into liquidation.

FINANCIAL IMPACT

11. A savings target of £1.5m was originally established from 2018/19 with delivery via an Integrated Family Support Services. The delivery of this saving is still outstanding resulting in an overspend against the approved budgets in 2018/19 to 2020/21.
12. Officers have considered actions to reduce this overspend in-year with the forecast overspend in 2020/21 reduced to £0.3m after mitigating action, after a one-off agreed investment of reserves.

13. Proposals are being considered to provide these services in house, eliminating the historic budget shortfall and contributing to a wider £0.73m saving proposed from 2021/22 across the wider Family Support Framework, Children's centres and Youth commissioned services. Proposals for the delivery of novated contracts and staff transferred within the revised budget envelope are subject to a separate decision paper.
14. There is some risk with respect to residual costs from contracts for the Family Support Service to the end of the 2020/21 financial year. Contracts which will not novate to Children's Services will need to be negotiated with providers and agreement reached with Hammersmith & Fulham with respect to outstanding amounts. These are not expected to be more than £0.075m more than the current agreed payment values for 2020/21 and contained within the £0.3m forecast overspend in Children's Services. These estimates are based on cashflow forecasts provided by Family Support Service in early March 2021.
15. There may be some residual staff costs and redundancy in 2021/22 which would need to be subject to further decision.

Financial Implications drafted by Tony Burton, Head of Finance Children's Services and Education

Verified by Emily Hill, Director of Finance

LEGAL IMPLICATIONS

16. There is no formal duty to inform Companies House that a company has become dormant. However, annual Confirmation Statements must be completed.
17. In order not to be liable for Corporation Tax the company will need to inform HMRC that it is to be made dormant. The company does not have to file another Company Tax Return once they have informed HMRC that the company is dormant unless the company receives a further notice to deliver a Company Tax Return.
18. It is important to note that if a dormant company spends or receives money it will forfeit its dormant status and be considered active and liable to pay Corporation Tax.

Implications completed by: Grant Deg, Senior Litigation Solicitor 07798588766

RISK IMPLICATIONS

19. The Council is facilitating a managed transition and risk transfer to facilitate a new in-house service from 1 April 2021. This is being facilitated through a Project to take forward the service into a post Covid pandemic model. To do so means that the company will be made dormant after having identified its liabilities and made suitable provision for the new service within the Council.

Risk Implications verified by Michael Sloniowski, Risk manager, telephone 020 8753 2587

PROCUREMENT IMPLICATIONS [*for contract award only*]

20. There are no procurement implications as not a contract award.

CONSULTATION

21. There was no obligation to consult. All TUPE consultations are being undertaken in line with legal requirements.