

**REPORT FOR: OVERVIEW AND
 SCRUTINY COMMITTEE**

Date of Meeting: Tuesday 5th July 2011

Subject: Integrated Children's Services

Responsible Officer: Catherine Doran
 Corporate Director Children's Services

**Scrutiny Lead
Member area:** Policy Lead Member: Councillor
 Christine Bednell – Children and
 Young People
 Performance Lead Member: Councillor
 Krishna James – Children and Young
 People

Exempt: No

Enclosures: None

Section 1 – Summary and Recommendations

This report sets out progress towards delivering the new operating model for Children's Services that is scheduled to go live on 31st October 2011.

Recommendations:

Overview and Scrutiny Committee is invited to note progress and offer comments.

Section 2 – Report

Introduction

1. Following changes in national policy and funding, Children's Services has carried out extensive consultation to develop a new operating model to better meet the needs of Harrow's children, young people and families.
2. Comparisons with other London authorities show Harrow's total spend on Children's Services to be low. Education, social care and youth service budgets are well below average.¹ Children's Services does not have a developed commissioning function to deliver robust procurement of services based on a rigorous needs analysis. Despite this and thanks to strong individual divisional leadership and the commitment and hard work of staff, children and young people's outcomes are good, looked after children numbers are low and services are regularly inspected as good or better.
3. This is a time of significant change in local government with new Government policy coupled with the challenge of considerably reduced funding. The Schools White Paper and Education Bill have already fundamentally altered the local authority's relationship with schools and the recent Department for Education Green Paper proposes change the Special Needs and Disability landscape. Savings targets for 2011-12 have already begun to have an impact on all services. Increasingly smaller teams are attempting to work with each other from six different sites scattered across Harrow. This is not sustainable. Children's Services have redesigned systems to ensure that the best outcomes for children and young people are secured and all resources are used efficiently.

Vision for Children's Services

4. To set the context for the Children's Services transformation programme a vision and underlying principles were developed. The vision is to create fully integrated children's services which offer a seamless service to vulnerable children, young people and families. The core underlying principles include:
 - Seamless multi-agency service with one point of contact and Team around the Family
 - Improving outcomes through rigorous quality assurance
 - Maximising the efficient use of resources through robust planning, commissioning and procurement
 - New relationship with schools acknowledging their increasing autonomy and building on their understanding of children and family circumstances
5. In order to deliver the vision for Integrated Children's Services a new operating model is currently being implemented following approval by Cabinet on 17th March 2011 and extensive consultation with service users, staff, unions, members and partners.

¹ CIPFA Benchmarking local authority report 2010

Background

6. Recognising that services for children, young people and families need to work more effectively and efficiently to meet the challenges of the future within the context of shrinking budgets, Harrow Council's Children's Services has been working closely with staff and partners in the police, health and the third sector since June 2010 to consider improvements to its services. Undertaken as part of the Council's Better Deal for Residents Programme and with an aim of jointly delivering more efficient and effective services for vulnerable children, young people and families, the Council and its partners have considered a wide range of evidence as part of the "Integrated Targeted Services Review". A Stakeholder Reference Group of partner representatives, including trade unions, meets monthly to discuss the proposals.
7. The following work has been undertaken:
 - An information gathering period was held from June to November 2010. This included: discussions with 500+ individuals – staff, partners, parents and young people; input and feedback from a multi-agency Management Steering Group; observations of teams, systems and panels; local and national data comparisons; visits to other local areas; consideration of best practice from around the country; academic research, think tank papers, policy papers.
 - Consultation was held from 2nd December 2010 to 4th January 2011 on a New Operating Model for Children's Services. Over 250 staff and partners responded to the consultation during a series of consultation workshops, via a Council blog and through written contributions. The responses supported the model that proposed services aligned more appropriately to meet the needs of vulnerable children, young people and families.
 - On 10th January 2011, an all-party briefing was held at which Members were updated on progress and fed in their comments and ideas on the development of the model.
 - A separate consultation on a Quality Assurance, Commissioning and Schools Division during January-February 2011 received over 100 further responses.
 - Cabinet agreed proposals for a new operating model for school improvement at their meeting in January 2011 – a "Harrow Schools' Improvement Partnership" (HSIP) led by schools with the Council as a key partner. It is expected to be implemented from September 2011.
8. Based on all of these pieces of work, proposals for a New Operating Model for Integrated Children's Services were developed and endorsed by Cabinet on 17th March 2011. A formal consultation pack was issued on 31st March 2011, which included more details of the proposed model and a staffing structure. The consultation ran until 10th May 2011 with wide support for the model.
9. 6 staff events were run during the consultation period. A total of 240 staff attended these consultation events. A written record was kept of feedback given at the events and these have been considered carefully. 57 written

responses from staff were also submitted and a written response was received from Unison. The Stakeholder Reference Group, including Trade Union partners, was updated and consulted. A special Children's Services Joint Committee meeting was held with Trade Union partners. A multi-agency management steering group considered the consultation during two of their sessions and submitted a written response.

10. Although details of the staffing restructure were not shared with partner agencies, an updated briefing pack for them was prepared and two partnership events were held to gain their feedback on the broad model of the 4 divisions. 21 partners attended the events and 8 submitted written responses. Partners also provided comments via the Stakeholder Reference Group meetings and the project lead met with both the primary and secondary/colleges SENCO groups during the consultation to hear their comments.
11. The Corporate Director has now responded to staff and Trade Union partners following the consultation and implementation has begun.

Implications

12. The implementation of the new operating model is a major change programme over 2 – 3 years. There are implications across the Council and Children's Services which are outlined as follows:

Organisational Structure

13. The integrated operating model requires a different organisational structure to bring together teams differently. A re-organisation of the current directorate will enable integrated working both within the local authority and with partner agencies. Staff have been consulted on a full structure and are in the process of being recruited to it.
14. Given the magnitude of the transition to the new model there will be a phased approach that will ensure the system is safe and will enable strategic functions to develop and be consolidated e.g. commissioning, business support. There will be an on-going support for staff and there is a workforce development programme through the transition to the new model.
15. All staffing changes are being undertaken in accordance with the Council's Protocol for Managing Organisational Change.

Special Needs Services

16. The Government is currently considering responses to the Green Paper on Special Educational Needs and Disability. Children's services are planning a comprehensive review of this area of business with stakeholders to take into account any subsequent changes to SEN and disability policy as well as the White Paper on schools and the Education Bill. The review will take place once the outcomes of the consultation on the SEN and Disability Green Paper are clearer. Further proposals for changes in this area will be developed as a result of the review.

Consolidation of Children's Services Re-Location

17. Currently Children's Services are provided from 6 main sites, which can lead to duplication and inefficient use of resources. The services need to be co-located with partners, to enable seamless provision. Many Children's Services teams will be re-located to the Civic Centre. The re-location contributes to improved use of resources by reducing building related costs. Potential capital receipts could also be realised.

Business Support Services Review

18. Work is being undertaken with the Business Support Team to develop a model fit to support this new operating model for Children's Services.

Improved Outcomes and Value for Money

19. Many benefits of this new approach have been identified for children, young people and families as services are delivered in a more efficient way to meet their needs more effectively.
20. To secure value for money, the quality assurance and commissioning functions are being developed across Children's Services. These functions are currently dispersed across the directorate and at various stages of development. The strategic approach within Children's Services will reduce duplication within the directorate and achieve consistency of approach with providers. This will be essential as the public sector role becomes increasingly as a commissioner of services. In addition, it will contribute to the Council's corporate procurement function.

Equalities implications

21. An Equalities Impact Assessment has been carried out and will remain under consideration in draft format until all the consultation on this work has been completed. No areas of a negative impact were identified.
22. The assessment to date found that the Children's Services Directorate already strives to ensure its commitment to equalities is upheld and that the new operating model will continue to do so by focussing on outcomes for children, young people and their families. There will be a stronger quality assurance and commissioning function and outcomes for all groups will be central to these activities with services particularly focused on meeting the needs of vulnerable groups.

Financial Implications

23. Children's Services net budget in 2011/12 totals £40.8m. This budget is adequate for the existing care population however does not allow for any growth in the care population or any room for managing the significant risks resulting from demographic change or the current economic climate. The new operating model presents an opportunity for more cost effective services as it aims to drive out savings on back office functions and premises costs, to reduce costs through better commissioning and through more collaborative working between key professionals.

Estimated Savings

24. The different strands of this transformation programme are interdependent and delivery of the savings relies on the co-location of staff. Given the scale of the programme the savings will be delivered in two phases. The

first phase is expected to generate full year savings totalling £552k, of which £452k results from implementing the new organisational structure including applying, where possible, the council's policy on spans of control. The remaining £100k relates to full year savings on the running costs of the Pinner Road site. This assumes that an alternative use can be found for the site or the site is disposed of. The aim is to implement the new staffing structure by November 2011 however any savings in 2011/12 have been earmarked to cover implementation costs and to allow for any complications resulting from the considerable staffing restructure.

25. In addition the new operating model will facilitate the delivery of the £407k efficiencies from implementing the corporate business support model and £300k in respect of better commissioning and procurement. The centralised commissioning function will work with the Council's enhanced procurement team to drive efficiencies, which will assist with meeting the corporate procurement savings target. These savings have already been included in the Medium Term Financial Strategy (MTFS) however the new operating model facilitates their delivery. The table below summarises the savings of the project. By 2013/14 the model is expected to deliver savings totalling £1.3m per year.

	2011/12	2012/13	2013/14	Total
Savings	£,000	£,000	£,000	£,000
Staffing Restructure – New to MTFS		-312	-140	-452
Premises costs – New to MTFS		-100		-100
Commissioning & Procurement Savings – Included in procurement target in MTFS		-300		-300
Business Support – Included in MTFS		-202	-205	-407
Estimated Savings – Phase 1	0	-914	-345	-1,259

26. It is expected that in the second year of operation the new structure will produce additional savings as the new structure is bedded in and better ways of working are explored. The model will also be updated to take into account the expected announcements and future funding changes around Special Educational Needs and Disability.

Implementation Costs

Relocation costs

27. The cost of the relocation and refurbishment of Civic 1 is part of the wider Civic Centre modernisation project already included in the Council's capital programme.

Potential Redundancy Costs

28. The aim is to try to manage the move to the new operating model without any redundancies. The worst case scenario based on the loss of approximately 12 FTE is indicative redundancy costs of £300k. The redundancy costs would be met from the corporate provision.

Training and change management costs

29. Money for staff training and change management costs including project implementation and Human Resources capacity are estimated at £120k in 2011/12. As the new model is due to be in place by November 2011 it is anticipated that these costs will be funded from the part year savings in 2011/12. Consequently any significant delay in implementation is likely to result in a budget pressure.

Performance Issues

30. Harrow Children's Services are judged as 'performing well' by Ofsted, which concluded that *'the majority of services, settings and institutions inspected by Ofsted are good or outstanding'*, and that indicators show that *'the large majority of outcomes are in line with or above those for similar areas or nationally'*².
31. Ofsted is reviewing and revising its assessment framework to bring it into line with the major changes that are happening to Children's Services nationally. In the interim, Harrow Children's Services are working with performance teams to monitor inspections and indicators to ensure that the improvement continues.
32. At the same time, new performance and quality assurance measures are being developed in line with the ambitions of the Integrated Children's Services model that is described in this report. This involves working across organisational boundaries and, with national indicators no longer in place, using new freedoms to focus on local indicators and local accountability. A significant number of the old national indicators that remain relevant will continue to be monitored and benchmarked on a voluntary basis. Guidance from Ofsted and DfE with regard to the new performance frameworks will also be considered carefully as it emerges.

Environmental Impact

33. Rationalisation of the Directorate's estate and the adoption of new methods of working will contribute to the council's over-arching policy to reduce carbon emission by 4% a year.

Risk Management Implications

Risk included on Directorate risk register? Yes

Separate risk register in place? Yes

34. An overarching strategic risk around change and restructure is included on the Directorate risk register. High level risks related to the project are included in a dedicated risk register. The risk register is reviewed on a regular basis and implementation risks are led by operational leads with oversight from the Children's Services Programme Board.

Corporate Priorities

35. This report contributes to the corporate priority to improve support for vulnerable people. The new operating model for Children's Services will provide seamless services to vulnerable children, young people and families, with partners, and maximizing the efficient use of resources.

² Ofsted Annual Report published December 2010

Section 3 - Statutory Officer Clearance

Name: Emma Stabler / on behalf of the
Chief Financial Officer

Date: 13.6.11

Name: Sarah Wilson / on behalf of the
Monitoring Officer

Date: 13.6.11

Section 4 - Contact Details and Background Papers

Contact:

Jo Hawley, Head of Integrated Targeted Services Development, 0208 416 8122

Background Papers:

None