

Agenda Item	
Report No	

Redesign Board Workshop

Date: 21 August 2018

Report Title: **Draft Final Report on Commissioned Children's Services**

Report By: Redesign Team – Children's Commissioned Services

1. Purpose/Executive Summary

1.1 This report submits the findings of the Redesign Review Team's review of Commissioned Children's Services. The report focuses on the potential benefits and saving that could be achieved for commissioned services including the development of an in-house hub. The report also considers the opportunities and benefits that could be achieved by aligning this work to the already approved review of Children's Services to improve outcomes for Looked After Children. More work is needed with the Third Sector in order to achieve changes in service requirements to meet priorities and achieve identified savings targets.

2. Recommendations

2.1 The review team wish to present the following draft recommendation to the Redesign Board for consideration:

- I. To take forward the proposals presented in section 11.3 and agree to integrate the proposed in-house hub for Placement and Support Services for Children into the overall agreed approach to the review of Children's Services delivery;
- II. To continue to have dialogue with Third Sector partners to ensure that proposed savings can be made with minimum impact to individual clients and families;
- III. Agree savings a savings target of £779k over 2019/20 and 2020/21 with contract lead officers delegated the responsibility to develop proposals as outlined above to achieve the overall targets indicated. It is recognised that these targets and timescales may need to be reviewed in the context of the Council's future budget considerations.

3. Introduction

3.1 This report sets out the findings of a review of the funding for preventative services commissioned for children. The review was undertaken by a redesign team which comprised:

- Councillor Maxine Smith
- Councillor Andrew Jarvie
- Allan Maguire, Head of Development and Regeneration
- Evelyn Johnston, Corporate Audit and Performance Manager
- Fiona Hampton, Head of Business, High Life Highland
- Ian MacPhee, Unison
- Sandra Campbell, Head of Children Services

3.2 The review was carried out in consultation with lead officers and other stakeholders and provides a series of recommendations for Members to consider in setting out how the Council takes forward key priority areas for children's services in the future.

4. Background

4.1 Children services were reviewed as part of the 2016/17 Redesign Programme and key recommendations were to:

- Scope and undertake a Best Value Review (BVR) of current funding against outcomes to establish value for money;
- Consider future commissioning arrangements.

4.2 In undertaking this review, it was anticipated that there would be potential savings through rationalising services, refocusing the allocation of funding and re-procurement. It was also acknowledged that, as well as potential savings, the process would ensure that funding is used to support initiatives and third sector contribution to the key aims of preventing children entering care or achieving the best outcomes for formerly Looked After Children.

4.3 The review group recognised that this is a very complex area of dispersed but interconnected service delivery with several statutory and discretionary functions which impact on some of the most vulnerable sections of Highland communities.

4.4 Currently there are 29 commissions in place which have a value of £5.85M. Some of these are long-standing legacy arrangements going back many years, and have only been reviewed as part of annual budget setting. Others were strategic initiatives, agreed by Committee at various points in the development of integrated children's services. While there are also some recommissioning arrangements, from recent tendering exercises, the majority of these contracts have not been subject to retendering. Written agreements have been developed to reflect current service demands, and regular contract monitoring visits are in place. A full list of the commissioned services under review is shown in **Appendix 1**.

5. Scope of Review

5.1 The scope of the review was agreed by the Redesign Board at the meeting of 19th September 2017 and is attached [here](#).

5.2 To complete the review the following key tasks were proposed by the review team and approved by the Board:

- Organise a workshop to confirm service priorities with key stakeholders;
- Map current provision to service priorities and carry out a gap analysis;
- Use the process to identify more affordable services to deliver priorities;
- Identify any opportunities for income growth for potential suppliers;
- Seek to adopt a more commercial process to commissioning services;
- Meet with NHS to identify a more cohesive approach.

6. Consultation Process

6.1 The review team met individually with all of the lead managers from the Council for each commission to obtain a full understanding of the following:

- The services provided by each commission;
- How each commission assists the Council in meeting its service priorities;
- Improvements that could be made in delivering the services;
- Alternative options for commissioning.

6.2 A half day workshop was then held in October 2018 with Members, managers and other stakeholders to confirm the service priorities for the Council and how they could be delivered in the most efficient and effective manner. The workshop also reviewed each of the ten re-design options against each commission to identify which options should be considered in more detail. **Appendix 2** summarises the outcome of the appraisal of the ten options for each commission.

6.3 A further workshop was held on 18th April at the Rugby Club in Inverness to explore the ALEO option with again a range of Members, managers and other stakeholders. This was helpful in developing the outline case for an ALEO which was resented to the Redesign Board on 25th April 2018. At this point the Board asked for the ALEO proposal to be further developed. On 8th June 2018 the Board received a further paper on the ALEO option considering current developments of its use at a national level and a paper on the option to create an in-house hub. The Board favoured the approach to an in-house hub in a final paper to the Board to propose recommendations for Council approval. This is the purpose of this paper.

6.4 Members of the team met with lead representatives for the 3rd sector contracts for the commissioned services at Eden Court on 19th April 2018. This was helpful input into the overall process and enabled the team to listen and respond to concerns. Views on current arrangements included:

- There is not enough focus in SLAs/Contracts on outcomes;
- That the focus should be on prevention;
- Access to Education is essential in getting the right support around a child and further work is needed on this area of support;
- More information was sought on the cost effectiveness of an ALEO in order to better understand the option;
- Identified a need to the Council to improve communication especially around budget decisions;
- A recognition that they (3rd Sector) needed to consider their own redesign process.

7. Service Priorities

7.1 The consultation process identified that the overall approach needs to refocus on prevention through a greater focus on care services and edge of care. This requires a shift in the balance of services in order to prevent children coming into care and its high costs both socially and financially. The following service priorities were highlighted:

- Services for Looked After Children (including placements);
- Support for alternative education packages which avoid Out of Authority Placements or enable the return of young people to Highland;
- Edge of Care Support (intensive support to families);
- Support for young carers;
- Support for children with a disability (including Autistic Spectrum Disorder);
- Support for Kinship Carers;
- Child-care provision including wrap around care;
- Information, advice and advocacy services.

8. Inter-dependencies

8.1 The consultation process also highlighted the following areas of inter-dependency which need to be reviewed to support the shift in focus to edge of care. This will require policy review and the support from Head Teachers and other Care and Learning teams:

- School exclusion of children in care;
- More wrap around care needed;
- Education provision needed in order to move children back into authority area including alternatives to the curriculum;
- Work in fostering and adoption.

A report on the Education of Looked After Children was approved by the People Committee on 6th October 2018, including an improvement plan which addressed many of these inter-related issues.

8.2 A small number of the services are commissioned jointly with NHS Highland, where a service covers both children and adults. NHS Highland are currently undertaking a similar review of their commissioned services and prior to implementation of any of the proposals outlined later in the report further discussion would be required with NHS Highland.

9. Initial Options Appraisal

9.1 The feedback from staff and stakeholders was used to identify which of the ten re-design options should be considered further. The workshop through a mapping analysis exercise narrowed the options appropriate to the redesign to the following five:

- Status quo;
- In sourcing;
- Re- procurement;
- Stop or reduce service;
- ALEO.

9.2 The review team then undertook an assessment of the benefits and risks of each of the five options, along with the mitigating actions that could be implemented to minimise each risk. The complete list of benefits and risks for each option is presented in **APPENDIX 3**. A summary for each option is listed below.

i) Status Quo

a) Benefits

The main benefit of this option is that it presents no new financial or reputational risk to the Council and no additional workload for internal staff.

b) Risks

The key risk to this option is that it offers no progress towards achieving savings, greater value for money or the ability to respond to commercial opportunities.

ii) In Sourcing

a) Benefits

This option offers the opportunity to re-design services to meet priorities and achieve greater value through alignment with core services. In doing so it increases the opportunity to develop a commercial approach to service delivery.

b) Risks

There is a risk that insufficient internal capacity or expertise in the short term will delay or limit the benefits from being realised. At the same time it is likely that there will be an adverse reaction from the third sector organisations who traditionally delivered commissioned services on behalf of the Council.

iii) Re-procurement

a) Benefits

This option will achieve savings or at least better value for the Council through exposing all commissions to a competitive market. The process will also ensure resources are matched to service priorities through the development of new specifications.

b) Risks

It is possible that the procurement process adds to the workload of internal staff and becomes more bureaucratic than beneficial. The same negative reaction from the third sector is also likely.

iv) Stop/Reduce

a) Benefits

This option would deliver savings for the Council.

b) Risks

There would be an inevitable reduction or cessation of some services which will reduce support to some clients and there would be an adverse financial impact on the organisation traditionally delivering the commission.

v) ALEO

a) Benefits

A Council owned arm's length organisation would be able to operate on a more commercial footing and be better placed to respond flexibly and quickly to market opportunities, ensuring resources were matched to service priorities while seeking to deliver savings.

b) Risks

The size of the commissioned services alone would not be large enough to warrant an ALEO on their own and would require the grouping of other core children's services within the ALEO. The removal of commissions from the third sector would stimulate an adverse reaction for the Council.

10. Developing Proposals

10.1 Having completed the options appraisal, the benefits and risks were applied to commissions that had been grouped by the review team into related service areas. **APPENDIX 4** shows the recommended option for each of the following groups of services taking into account the priorities identified at paragraph 5.1:

- Services for looked after children, residential ,support services, through care and aftercare;
- Counselling and advice services;
- Carers support;
- Childcare;
- Kinship;
- Awareness training.

10.2 It should be noted that while the review group has appraised each commission and the services in scope, the impact on other interdependent services will be significant and further work will be required to determine further synergies and potential savings that could be made. It should also be noted that any changes to existing contracts will require negotiation and have to take recognition of notice periods as specified within individual provider's contracts.

11. Analysis of Service Groupings

11.1 The recommendations from the review group for each group of services can be summarised as follows.

i) **Services for looked after children**

This is the area which has the greatest budget consideration and also the most implications for other services. The recommendation is that the various commissions are in-sourced to enable the Council to configure delivery with other core services and direct funding to achieve service priorities. In particular the service can prepare a business plan to deliver new residential homes with educational packages in the Highlands reducing the number of expensive out of area placements.

ii) **Counselling and advice services**

It is considered that while many of these commissions provide a very helpful service to some of the area's most vulnerable people, the services are not statutory, are sometimes not Highland wide, nor part of the core services for the Council. It is recommended that the Board consider stopping the funding of some of these commissions and group some of the services together as part of re-procurement exercise. This will enable the Council to redirect funding to meet the needs of core priorities and achieve better value for money. Close liaison would be required with the agencies concerned to try and identify alternative sources of funding were practicable.

iii) **Carers support**

These commissions are limited to specific geographic areas and in other areas of the Highlands no service is given whilst in other areas organisations deliver a similar service with no financial commitment from the Council. Whilst it is recognised that these commissions provide a very good service, it is recommended that the services are re-procured to ensure best value for money whilst other funding opportunities and a Highland wide model are explored.

iv) Childcare

Consideration was given to in-sourcing these commissions but due to the overall pressure on childcare in the Highlands and increased hours it was considered that re-procurement would be the most suitable option to ensure that the specification for services meets organisational priorities and achieves better value for money.

v) Kinship

This commission supplements support provided by Highland Council Care and Learning services and whilst there is some benefit in separation of role, the service could be delivered in-house.

vi) Awareness training

There are currently two commissions providing this training. Part of awareness training could be brought in house (in sourcing) as it ties in with other training provided through the Council, while other services could be re-procured to ensure the specification meets priorities and service staff are able to be tighter on the outcomes required.

11.2 Consideration of Arm's Length External Organisation (ALEO) option

The option to create an ALEO has been considered during the later stages of the re-design process and was viewed as viable for all commissions. The review team recommend however that the size and scope of the commissions alone were too small to warrant the creation of an ALEO and that further exploration of the opportunities and implications was required.

At that point the review team recommended that a full business case was developed to consider option to create an ALEO that would comprise core and commissioned children's services for the purposes of achieving further service enhancement, year on year efficiencies and future savings. Further investigation and report to the Board on 8 June 2018 resulted in a decision not to follow this option (see paragraph 11.3 below).

11.3 In-house hub for Placement and support services for children

i) Introduction

This approach came about following further research into the ALEO option and linked to feedback from officers, managers and 3rd sector representatives. Research suggested that an ALEO was potentially a high risk option considering the nature of children's services and model being a relatively untried in terms of strong evidence as yet to support the approach. A short paper on the issues was considered by the Board on 8 June 2018 (see **APPENDIX 5**) and at that point the Board determined to pursue an in-house option aligning the approach with the already agreed approach to the overall review of Children's Services.

ii) Rationale for hub approach

The number of Looked After Children in Highland is growing; after a number of years of stability at around 450, the total is now around 510. This has put pressure on placement capacity, both in residential care and fostering. The spot purchase of residential placements had reduced but has grown again in the last year, with a resulting increased overspend. At the same time there has been increased use of Independent Fostering Agency placements (spot-purchased), mainly for sibling groups and older children.

This growth is in response to changes in society, such as substance misuse, domestic violence, and poverty, impacting on families and children and an increase in children diagnosed with autism.

A business case was approved by the Education, Care and Learning Committee in March 2018 (see link below) to address these issues, and this aims to reduce dependence on expensive purchased placements, and replace them with Highland-based placement resources but with significantly enhanced support services to prevent the need for external placements and to support young people to remain with their families. This plan is now underway but the changes outlined in this report for the Redesign Board workshop would supplement the plan and bring overall cohesion to the management of services.

https://www.highland.gov.uk/download/meetings/id/73287/item_9_business_case_for_placement_services_highland

iii) Current structure managed by the Head of Children's Service

NB (only those posts/services relevant to this review are listed)

- Fostering and adoption
- Budget for purchased placements
- Programme manager for alternatives to Out of Authority Placements
- Resource manager for Residential care
- Resource manager for Looked After Children
- Some commissioned services
- Placement officer
- Small team to lead the plan to re-shape placement services

iv) Proposed hub

The in-house residential homes and residential respite centres would be brought together with the services described above, enabling an overview of placement services. It should be noted that residential homes were managed centrally until 3 years ago when the line management moved to the local areas where the resources are located.

In relation to commissioned services, the figures for savings and the grouping in the following tables are those presented at an earlier workshop. It is proposed that all services relevant to Looked After Children would be managed via the hub as they would form part of the development of services for Looked After Children and those on the edge of care.

The balance of commissioned services would remain with the individual designated managers to take forward proposals and deliver saving; this will require co-ordination between the lead officers to ensure targets are met across the three years. It is recognised that these targets and timescales may need to be reviewed in the context of the Council's future budget considerations.

The target savings listed below are in relation to the commissioned services only which are services which the redesign group were originally to consider. The real benefit of the in-house Hub approach however is to provide a more coordinated, focused approach to minimise the amount of out of area placements providing a better service for Looked After Children and tackling the current budget overspend in this area.

12. Potential Savings from the review of contracts within the in-house hub model

- 12.1 The largest element of the budget is in relation to Looked after children with commissioned services of over £3.8 million. It is considered that by bringing these services in house and therefore having greater control over the services delivered we could make a saving target of c. £380,000 per annum from year 2 outlined at 12.7 below.
- 12.2 Further Significant savings however would be achieved through a total redesign of placement services and wrap-around support, including educational support over the next 5 years, reducing the need for purchased (out of area) placements.
- 12.3 The budget for out of area placements is £9.3m but is significantly overspending. The demand for specialist placements is increasing and although actions to develop alternatives are estimated to save around £1.6m per year, in order to impact on the growing cost and demand there will need to be a redesign of placement resources. This would be a combination of additional support to maintain young people with their families or extended families, support for foster placements, education support and additional residential provision.
- 12.4 Each purchased placement costs on average £4,230 per week or £220k per year. Many young people remain in placement for 3-4 years; therefore the total cost is significant. Further detailed work is required to develop a full business case but it is estimated that if we replace purchased placements with Highland-based residential provision plus wrap-around support the saving per placement per year would be at least £40k per placement. Assuming 20 young people could be supported in this way, the saving each year would be £800k. This would be a year on year saving, amounting to £2.4m in three years. It should be noted that this will require capital investment, the servicing of which would be included as a cost of the project
- Other family-based placements would achieve much higher savings.
- 12.5 The remaining commissioned services are smaller financially but will have significant impact on third sector partners, however if the options identified in Appendix 4 are agreed by the Redesign board it is estimated that further savings of up to c. £400,000 could be made through a combination of stopping some services, reducing others and savings through re-procurement and combining contracts outlined in tables at 12.7 below.
- 12.6 The initial approach was discussed at a 2nd workshop of stakeholders on the 18th December 2018, where while there was a general consensus that bringing the residential care option in-house could generate significant savings there was concern that cuts to early intervention programmes aimed at preventing children going into care should be avoided.

12.7 Summary Financial Tables:

a) Looked After Children

Providers	budget £'000's	In- Sourcing	Re- procure	Year 1	Year 2	Year 3
Aberlour Child Care Trust	1946					
Action For Children	285					
Barnardos (Northern Lights)	732					
Barnardos (Throughcare & Aftercare)	374					
Highland Homeless Trust	147					
Who Cares? Scotland	98					
Who Cares? Scotland - Life Changes Trust (grant funded)						
Y-People	220					
Budget/saving	3802				380	

The target Savings equate to circa 10% of the budget, this group having been identified as the highest priority.

b) Counselling and advice services

Providers	budget £'000's	Stop	Re- procure	Year 1	Year 2	Year 3
Carr Gomm	108					
CHIP+	87					
Crocus Group	21					
Highland Children's Forum	48					
Highland Community Care Forum (Connecting Carers)	100					
National Autistic Society	18					
Relationships Scotland - Counselling Highland Ltd	9					
Sight Action	0					
Budget/saving	391					130

Savings equate to circa 33% of the budget as it was felt that these were either a lower priority or it was possible to obtain better value for money by re-procurement.

c) Carers support; Childcare; Kinship; Awareness training

Providers	budget £'000's	In- Sourcing	reduce	Re- procure	Year 1	Year 2	Year 3
Glachbeg Farm	18						
Skye & Lochalsh Young Carers	42						
Sutherland Young Carers Project (TYKES)	37						
CALA	923						
Direct Childcare	40						
Home-Start Caithness	40						
Home-Start East Highland Ltd	115						
Keeping Children Safe	26						
Safe, Strong & Free	56						
Children's Hospice Association Scotland		national					
Inverness Badenoch & Strathspey CAB		budget saving					
Children 1st	36						
Call centre	15						
Budget/Saving	1348						269

Savings equate to circa 20% of the budget as it was felt that whilst there were some priority services, better value for money could be obtained through re-procurement.

Total savings

Budget	Savings 2018/19	Savings 2019/20	Savings 2020/21	Savings over 3 years
Looked After Children		380		380
Counselling and advice services		65*	65*	130
Carers support; Childcare; Kinship; Awareness training		134.5*	134.5*	269
Total budget £5,541k	0	579.5	199.5	£779K

* assumes savings spread over 2 years.

13. Key Findings

In order to maximise the benefits of this review it needs to be considered in the context of the already agreed review of Children's Services. A programme team has been established for new services with a target of reducing the number of Looked After Children, improving outcomes and reducing costs. This could deliver savings in 2019/20 but will require leadership and focus to succeed.

A secondary focus will be required to take forward the review of the other commissioned services where savings were proposed, through one of the four options (in-source, stop, reduce or re-procure). This could deliver savings across 2019/20 and 2020/21, giving the Third Sector the opportunity to engage in the process and plan for changes.

Further dialogue will be required with Third sector partners to ensure that the proposed savings can be made with minimum impact on the individual clients and families and to ensure a more consistent service delivery throughout the Highlands.

The changes required to create an in-house hub are minimal and align with the already approved plan to shift the balance of care from out of authority placements to Highland-based services.

Provider		2017/18 Variation Annual Funding Level	Contract In Place?	Contract Number	End Date of Contract	Variation Status 2017/18
Aberlour Child Care Trust	Provision of Children's Residential Services	£1,946,343.00	Y	THC-14	31/03/2020	Complete and in Place
Action for Children	Intensive support and monitoring services to young people who meet the secure criteria or who are at risk of placement breakdown.	£285,239.00	Y	THC-15	31/03/2019	Complete and in Place
Barnardos (Northern Lights)	The Delivery of an Enhanced Residential Service with Educational Support (Northern Lights)	£732,553.00	N	THC-2	31/03/2016	Being Progressed
Barnardos (Throughcare and Aftercare)	The Delivery of Throughcare and Aftercare Services	£374,505.00	Y	SLA.15.08.19	31/03/2019	Complete and in Place
CALA	The purpose of promoting quality early years education and care within Highland	£923,409.00	Y	NS9.11.12	31/03/2018	Complete and in Place
CALL Scotland	The provision of specialist advice, assessment and support for up to 24 days working in Highland with pupils with complex needs.	£14,665.03	Y		31/03/2018	Complete and in Place
Carr Gomm	Individual support in the home or outside for all ages	£18.99 per hour	Y	SS3.11.01	31/03/2018	Being Progressed

Provider		2017/18 Variation Annual Funding Level	Contract In Place?	Contract Number	End Date of Contract	Variation Status 2017/18
Children's Hospice Association Scotland	The provision of hospice care services for children and young people.	£27,605.00	Y	n/a	31/03/2021	Complete and in Place
Children 1st	The delivery of family guidance and support services to enhance the development of children and their families.	£36,573.00	N	NS9.12.01	30/09/2018	Being Progressed
CHIP+	The delivery of information, support and advices to Parents and Carers of Children and Young People with additional needs	£87,000.00	Y	NS9.12.04	31/03/2020	Complete and in Place
Highland Hospice (formerly Crocus Group)	The Delivery of Bereavement Support Services to Children Living in Highland	£20,658.00	Y	NS9.10.06	31/03/2020	Complete and in Place
Direct Childcare		£40,109 + other grant funding	N			Information required to progress
Glachbeg Farm	The Delivery of an Educational Programme for Service Users with Additional Support Needs	£18,240.00	N	SLA.15.09.02	31/03/2020	Complete and in Place

Provider		2017/18 Variation Annual Funding Level	Contract In Place?	Contract Number	End Date of Contract	Variation Status 2017/18
Highland Children's Forum	The delivery of consultation, involvement and engagement services to maximise the potential of children in need and their families	£48,286.00	Y	NS9.10.04	31/03/2019	Complete and in Place
Highland Community Care Forum (Connecting Carers)	Purchase of a Carers' Centre Service and Advocacy Service for Carers	£100,000.00	Y	NS8.11.10	30/06/2018	Complete and in Place
Highland Homeless Trust	short term acommodation for T&A YP to proide independence training and skills	£147,264.00	Y	NS9.10.02	31/03/2018	Complete and in Place
Home-Start Caithness	The delivery of a support service to families living in Caithness.	£40,030.00	Y	NS9.10.08	31/03/2020	Complete and in Place
Home-Start East Highland Ltd	The Delivery of a support service to families living in the Ross and Cromarty area	£114,599.00	Y	NS9.08.01	31/03/2020	Complete and in Place
Inverness Badenoch and Strathspey CAB	Provision of benefit, welfare, financial and employment support and advice for Looked After Children.	£20,493.04	Y	THC-11	31/03/2018	Complete and in Place

Provider		2017/18 Variation Annual Funding Level	Contract In Place?	Contract Number	End Date of Contract	Variation Status 2017/18
Keeping Children Safe	The delivery of awareness raising and training of Child Protection policies, guidance and issues.	£26,447.78	N	NS9.10.07	31/03/2018	Complete and in Place
National Autistic Society	The provision of information and support to parents and carers on autism specific topics.	£18,045.68	N	THC-3	31/03/2020	Complete and in Place
Relationships Scotland - Counselling Highland Ltd	The provision of relationship counselling	£9,022.00	Y	THC-13	31/03/2020	Complete and in Place
Safe, Strong and Free	Distribution of awareness raising information to parents, facilitating meetings with parents & carers, delivering workshops for pre-school children; providing follow up materials for parents & carers covering how to react to bullying & staying safe.	£56,117.00	Y	NS9.12.02	31/03/2019	Complete and in Place
Sight Action	The delivery of advice, guidance and support services to people with a visual impairment living within the Council's boundary area	£303,957.50	Y	NHS-192	31/03/2019	Complete and in Place

Provider		2017/18 Variation Annual Funding Level	Contract In Place?	Contract Number	End Date of Contract	Variation Status 2017/18
Skye and Lochalsh Young Carers	The delivery of the Skye and Lochalsh Young Carers project.	£42,300.00	Y	NS9.10.01	31/03/2020	Complete and in Place
Sutherland Young Carers Project (TYKES)	The delivery of The Young Karers East Sutherland Project	£37,462.00	Y	NS9.10.03	31/03/2020	Complete and in Place
Who Cares? Scotland - Life Changes Trust	To increase the participation of Care Experienced Young People in local communities.	actual costs of post	Y	THC-23	31/03/2019	Complete and in Place
Who Cares? Scotland	Delivery of an advocacy service to children and young people with experience of being looked after in Scotland	£99,750.00	N	NS9.12.06	31/03/2019	Being Progressed
Y-People	Staffed Aftercare including outreach support	£220,106.64	Y	THC-17	31/03/2020	Complete and in Place
TOTAL		£5,750,670.67				

Commissioned Services – Appraisal of Costs, Benefits and Risks

Option	Benefits	Risks	Mitigation
Status Quo	No increased financial risk.	Limited ability to achieve savings.	Continue to liaise with providers to identify opportunities for savings.
	No increased reputational risk.	No guarantee of best value for the budget.	Continue to liaise with providers to ensure services meet Council needs.
	No negative impact on the third sector.	No direct match between service priorities and allocation of resources.	Work with providers to communicate service priorities and evaluation process.
	Continuity of business as usual.	No opportunity to respond to commercial opportunities.	Review opportunities to work with providers in a more commercial way.
	No additional workload on internal staff.	Reducing staff morale due to limited opportunity to improve or enhance service delivery.	Provide management support to service managers to ensure value of services commissioned is understood.
In Sourcing	Opportunity to reconfigure delivery with core services for better value.	Insufficient capacity within core services, including management capacity.	Reconfigure existing staffing to reflect the new service delivery proposals, using some of the funding to add to internal resources as required.
	Ability to direct funding to achieve service priorities.	Insufficient expertise within core services.	Identify training or new resources required and develop internal expertise through training and / or recruitment.
	Greater control over services delivered.	Delivery may be more expensive in house.	Identify short, medium and long term costs of in house delivery to determine if the cost of internal growth can be covered by medium to long term savings.
	Easier to address service failures.	Specialist services may not be available.	Identify any services that cannot be developed in house and consider

Option	Benefits	Risks	Mitigation
			external options for partnership.
	Greater ability to change in response to need.	Functions may be subject to internal savings process.	Identify options for income growth and efficiencies across the newly configured service that could contribute to the annual savings targets.
	Greater ownership of the services by the in house staff.	Adverse reaction from third sector organisations or charities.	Communicate regularly with those organisations that may be affected to advise them at an early stage of the proposed changes and work closely with Members to appraise them of the rationale.
	More opportunities for cross service working with community partners	Negative PR for Council if impact on external organisation is negative.	Liaise closely with Members to advise them of the rationale for the changes and issue press releases through corporate communications as required.
	Ability to develop more innovative approaches to service delivery.	Pressure from politicians in response to removing funding from traditionally supported organisations.	Work closely with Members to appraise them of the rationale for change and brief each political party at an early stage and before any Committee decision.
	Greater ability to identify internal efficiencies from a larger critical mass.	Democratic process makes change difficult, time consuming or not possible negating benefit.	Ensure devolved decision making to officials is agreed at the time when any change in approach is approved.
	Opportunity to improve the type, quality and frequency of service for the customer through greater focus on priority services.	Staff working on current commissions may require to transfer to the Council under TUPE	Use a manpower planning approach to calculate any staffing costs to be incurred under potential changes in T&Cs if transfers under TUPE are required and factor into budget calculations.

Option	Benefits	Risks	Mitigation
	Greater ability to maximise on identifying and acting upon commercial opportunities and income growth.	Council may not be as well placed to apply for grant funding to support the delivery of services as other external providers.	Identify external partners to work to enhance the service delivery process and who may be better placed to apply for grant funding.
	Greater control of the quality of service including capital projects.	Regulated services are subject to inspection and the Council would become liable for any inspection failure.	Use some of the funding to enhance management support to manage inspection risk.
Re-procurement	Ability to ensure the specification for services meets organisational priorities.	Adverse reaction from third sector organisations or charities.	Work closely with Members and seek consensus before progressing and manage change within the framework of the communications plan.
	Ability to be tighter on outcomes required.	Negative PR for Council if impact on external organisation is negative, especially if organisations have policy objectives linked to a national body.	Devise a communications plan linked to existing plans around budget consultation and key messages on the Council's financial position.
	Opportunity to achieve better value for the same funding.	Pressure from politicians in response to removing funding from traditionally supported organisations.	Work closely with Members to seek consensus before progressing and ensure the key messages on delivering priorities (edge of care) and value for money are prominent.
	Ability to test the market to achieve best value.	Alternative providers may not be available or providers may resist changing their remit or working in partnership.	Evidence from current contracts suggest there maybe options to build the contract in a way that one or several elements could be tendered for, allowing existing providers scope to partner up and deliver economies of scale.
	Chance to check volume and type of	The tender process may stimulate a	Set a budget limit on each tender.

Option	Benefits	Risks	Mitigation
	service is still required.	higher cost.	
	Opportunity to match with internal services to ensure outsourcing of only required elements.	Contract monitoring becomes over bureaucratic for in house staff.	Strengthen in-house capacity to manage contracts and minimise amount of tenders by combining services where possible.
	Fewer providers through combining contracts.	Specifications are poorly developed and produce poorer delivery and outcomes.	Develop in house capacity and expertise in devising service specifications.
	New providers may emerge who may provide higher standards of service provision for better value.	Procurement process becomes more time consuming than beneficial.	Ensure specifications and evaluations processes are clear at the outset.
	Opportunity to improve the type, quality and frequency of service for the customer through greater focus on priority services.	Lack of in house knowledge of procurement delivers poor specification / process.	Ensure sufficient time and investment to develop in house expertise prior to procurement process being initiated.
Stop / Reduce	Opportunity to re-direct funding to other priorities.	Adverse reaction from third sector organisations or charities.	Work closely with Members and seek consensus before progressing and manage change within the framework of the communications plan.
	Ability to identify and meet need matched to priorities.	Negative PR for Council if impact on external organisation is negative.	Devise a communications plan linked to existing plans around budget consultation and key messages on the Council's financial position.
	Opportunity to buy only essential services to avoid historic spend.	Pressure from politicians in response to removing funding from traditionally supported organisations.	Work closely with Members to seek consensus before progressing and ensure the key messages on delivering priorities (edge of care) and value for money are prominent.

Option	Benefits	Risks	Mitigation
	Identify alternative means of delivering same outcomes.	Clients suffer from reduction in service.	Ensure essential services are maintained and alternative options for support explored.
	Greater chance of contributing to savings targets through reduced spend.	Service cannot be provided by alternative means.	Ensure essential services are maintained.
	Opportunity to ensure best value is achieved by evaluating spend against service priorities.	Lack of agreement about service priorities.	Ensure effective internal communication to develop priorities and liaise with Members on the proposals.
ALEO	Greater ability to maximise on commercial opportunities.	Failure of the ALEO to achieve charitable status.	Obtain specialist advice to determine if the proposed approach is likely to achieve approval by both OSCR and HMRC.
	The opportunity for officials to benefit from governance by a Board of Directors with a range of business and commercial experience and expertise.	Failure to establish an effective Board of Directors to manage the strategic direction of the ALEO.	Ensure criteria and selection process is rigorous and that the aims of the ALEO and the opportunity to participate are published as widely as possible.
	The potential opportunity to secure alternative sources of funding not available to Local Authorities.	Loss of direct control of the delivery of commissioned services by the Council.	ALEO would be a wholly owned Council Company, with Council Directors on the Board. The suite of legal documentation would specify the priorities for services wanted by the Council. Performance against the Service Delivery Contract would be monitored on an ongoing basis. A full annual review of the agreement would be undertaken.
	The potential to enhance service quality and income through increased focus on service provision under the direction of	Loss of direct control of the financial management of the delivery of commissioned services.	In addition to the controls listed above, the Council's Internal Audit service would work with the ALEO to establish a

Option	Benefits	Risks	Mitigation
	the Board.		robust financial management structure for the set up and operation of the ALEO. Regular reviews of the financial performance and management of the ALO would be carried out under the direction of a Finance and Audit Committee within the Company, on which the Council would have representation.
	The potential to expand the business activities of the organisation through a trading subsidiary.	Poor or ineffective working relationship between the Council and the ALEO Board of Directors.	As a wholly owned Company, the Council will have the right to remove any Directors or Board of Directors that are acting in a manner contrary to the objectives within the legal agreements. The suite of legal documentation would specify the priorities of services required by the Council and the performance of the ALEO would be monitored on an ongoing basis by Committee. A Nominations Committee would govern the process of recruitment onto the Board and all nominations would be approved by the Council.
	The potential for greater ownership of the company and its activities by staff.	Poor service delivery by the ALEO.	The Articles of Association, Service Delivery Contract, and associated legal documents would specify the services to be delivered by the ALEO and the manner in which it should operate. Council officials would monitor the outputs and outcomes required from each agreement and work with the ALEO to address any deviations. The Service Delivery Contract would include

Option	Benefits	Risks	Mitigation
			a robust mechanism for addressing any service failures and the process by which they would be highlighted and rectified. Reports on progress against the specification would be made to Committee at least twice each year. A full review of the contracts would be undertaken annually.
	Opportunity to create more flexible services by bringing together a range of specialist services and budgets.	To maximise the benefit may mean moving other in-house services into the ALEO which would impact on the integrated structure in Care and Learning.	Robust agreements could be put in place which would also specify the desired cross-service co-operation required to deliver the best outcomes for children and young people.
	Need to achieve sufficient scale for a viable ALEO option.	Commissioned services don't offer sufficient scale for a viable ALEO on their own.	Consider a broader scope of children's services in order to scale up activity to a viable ALEO option.
		Adverse reaction from third sector organisations or charities.	Work closely with Members and seek consensus before progressing and manage change within the framework of the communications plan.
		Negative PR for Council if impact on external organisation is negative.	Devise a communications plan linked to existing plans around budget consultation and key messages on the Council's financial position.
		Pressure from politicians in response to removing funding from traditionally supported organisations.	Work closely with Members to seek consensus before progressing and ensure the key messages on delivering priorities (edge of care) and value for money are prominent.

Review of Benefits and Risks

The key benefits and risks of each option are summarised as follows.

1. Status Quo

a) Benefits

- The main benefit of this option is that it presents no new financial or reputational risk to the Council and no additional workload for internal staff.

b) Risks

- The key risk to this option is that it offers no progress towards achieving savings, greater value for money or the ability to respond to commercial opportunities.

2. In Sourcing

a) Benefits

- This option offers the opportunity to re-design services to meet priorities and achieve greater value through alignment with core services. In doing so it increases the opportunity to develop a commercial approach to service delivery.

b) Risks

- There is a risk that insufficient internal capacity or expertise in the short term will delay or limit the benefits from being realised. At the same time it is likely that there will be an adverse reaction from the third sector organisations who traditionally delivered commissioned services on behalf of the Council.

3. Re-procurement

a) Benefits

- This option will achieve savings or at least better value for the Council through exposing all commissions to a competitive market. The process will also ensure resources are matched to service priorities through the development of new specifications.

b) Risks

- It is possible that the procurement process adds to the workload of internal staff and becomes more bureaucratic than beneficial. The same negative reaction from the third sector is also likely.

4. Stop / Reduce

a) Benefits

- This option would deliver savings for the Council.

b) Risks

- There would be an inevitable reduction or cessation of some services which will reduce support to some clients and there would be an adverse financial impact on the organisation traditionally delivering the commission.

5. ALEO

a) Benefits

- A Council owned arms length organisation would be able to operate on a more commercial footing and be better placed to respond flexibly and quickly to market opportunities, ensuring resources were matched to service priorities while seeking to deliver savings.

b) Risks

- The size of the commissioned services would not be large enough to warrant an ALEO on their own and would require the grouping of other core children's services within the ALEO. The removal of commissions from the third sector would stimulate an adverse reaction for the Council.

Providers	budget £'000's	In- Sourcing	Stop	reduce	reprocure
Aberlour Child Care Trust	1946				
Action For Children	285				
Barnardos (Northern Lights)	732				
Barnardos (Throughcare & Aftercare)	374				
Highland Homeless Trust	147				
Who Cares? Scotland	98				
Who Cares? Scotland - Life Changes Trust					
Y-People	220	3802			
Carr Gomm	108				
CHIP+	87				
Highland Community Care Forum (Connecting Carers)	100				
National Autistic Society	18				
Highland Hospice(Formerly Crocus Group)	21				
Highland Children's Forum	48				
Relationships Scotland - Counselling Highland Ltd	9				
Sight Action	0				
Glachbeg Farm	18				
Skye & Lochalsh Young Carers	42				
Sutherland Young Carers Project (TYKES)	37				
CALA	923				
Direct Childcare	40				
Home-Start Caithness	40				
Home-Start East Highland Ltd	115				
Keeping Children Safe	26				
Safe, Strong & Free	56				
Children's Hospice Association Scotland					
Inverness Badenoch & Strathspey CAB					
Children 1st	36				
Call Scotland	15				
totals	5541				
Key					
looked after children					
Counselling and advice services					
Carers support					
Childcare					
Kinship					
Awareness training					

Redesign Board

8 June 2018

Children's Services ALEOs – National context

1. The Board expressed an interest in hearing from an ALEO directly about its operations; however it has not been possible to identify anyone able or willing to provide this information either in person or through discussion with the team. It has therefore not been easy to get a sense of the business model or any external audit reports about the ALEOs in place from a check of web pages. However there is some general information identified through web searches.
2. To date no examples of ALEO's for Children's Services have been identified in Scotland although there is use of the model for social care in Aberdeen, Glasgow City Council and Scottish Borders. A web search during the review did identify that there were ALEO models for children's service in the UK but finding detailed information or key contacts has been challenging. Information from national reports gives some detail on the ALEOs and the reasons for this.
3. In December 2015 the UK Government announced that poor-performing children's services which showed little sign of improvement within 6 months would be taken over by a trust led by a new service leader and formed of high-performing local authorities, child protection experts, and charities. Since then, several councils have made the move to the trust model, using slightly different arrangements. Doncaster and Slough had independent trusts imposed on them by the Government following successive inadequate Ofsted judgements. In these circumstances it wouldn't be appropriate to look at these models given the prescribed nature of the decision.
4. Others made the change voluntarily e.g. Sunderland's children's services are run by an arm's length company owned by and accountable to the council, but with an independent board of directors, while this model is closer to what the Council is familiar with, they are currently between Chief Executives. Birmingham and Reading are currently in the process of following this model so at this point it is too early to measure the success or otherwise of these authorities. An alternative method has been to establish a community interest company. Since April 2014, children's services for Richmond and Kingston councils (and for Windsor and Maidenhead since August 2017) have been run by Achieving for Children, which was created and is owned by the councils, but which delivers services independently. However this is a social enterprise model which would significantly reduce Council control or influence over service provision.

Review of ALEOs in Scotland

5. A recent national report by Audit Scotland on ALEO's looked at four elements: the reasons for using ALEOs, how councils oversee and govern them and what they have achieved. Overall the report recognises that tax benefits have been a driver and that oversight has been strengthened but both these issues have risks associated with them. There is recognition that ALEOs have brought cost benefits but that cost pressures remain. In terms of future direction the report concludes that councils must keep ALEOs under review and consider alternatives to deliver Best Value in terms of assessment cost, quality and other service benefits. Given the complexity of an option for a Children's Services ALEO risk needs to be a central concern and in this context the benefits might not outweigh the risks of moving to a model where the Council, while having influence, will not have full control of these critical statutory services.

6. This national report will be submitted to Audit & Scrutiny Committee on 14th June 2018 and the full papers can be found at:
https://www.highland.gov.uk/meetings/committee/101/audit_and_scrutiny_committee
7. The Peer Review Team would be eager to understand if the Board is still keen for the team to pursue this line of enquiry at this time.

Evelyn Johnston, 5.6.18