

Executive Board
22 February 2022

Subject:	Children's Social Care Service Redesign
Corporate Director(s)/Director(s):	Catherine Underwood, Corporate Director for People
Portfolio Holder(s):	Councillor Cheryl Barnard, Portfolio Holder for Children and Young People
Report author and contact details:	Catherine Underwood, Corporate Director for People catherine.underwood@nottinghamcity.gov.uk
Other colleagues who have provided input:	Ceri Walters, Head of Commercial Finance Richard Grice, Interim Director of Transformation
Subject to call-in: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
Key Decision: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
Criteria for Key Decision:	
(a) <input checked="" type="checkbox"/> Expenditure <input type="checkbox"/> Income <input checked="" type="checkbox"/> Savings of £750,000 or more taking account of the overall impact of the decision	
and/or	
(b) Significant impact on communities living or working in two or more wards in the City	
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
Type of expenditure: <input checked="" type="checkbox"/> Revenue <input type="checkbox"/> Capital	
Total value of the decision: Up to £6,500,000 for a delivery partner over a 2-year period, and Up to £2,400,000 for internal specialist resources over a 4-year period	
Wards affected: All	
Date of consultation with Portfolio Holder(s): Throughout the budget process	
Relevant Council Plan Key Outcome:	
Clean and Connected Communities	<input type="checkbox"/>
Keeping Nottingham Working	<input type="checkbox"/>
Carbon Neutral by 2028	<input type="checkbox"/>
Safer Nottingham	<input type="checkbox"/>
Child-Friendly Nottingham	<input checked="" type="checkbox"/>
Healthy and Inclusive	<input checked="" type="checkbox"/>
Keeping Nottingham Moving	<input type="checkbox"/>
Improve the City Centre	<input type="checkbox"/>
Better Housing	<input type="checkbox"/>
Financial Stability	<input checked="" type="checkbox"/>
Serving People Well	<input checked="" type="checkbox"/>

Summary of issues

This report presents a case for a multi-year investment and transformation programme to redesign Nottingham City Council's (NCC) provision of social care services for children and young people, as part of the council's overall improvement journey. The redesign would:

- improve the outcomes, safety and experience of the children supported by NCC while significantly reducing the cost of the service for Nottingham residents and
- Support the opportunities to improve service quality and OFSTED performance.

Due to the size, scale and pace of the transformation programme required, the council would need to procure an external delivery partner to provide the experience, expertise and capacity for a 2 year period and additional internal service capacity for a 4 year period.

Full implementation will take 8 years with 83% of the programme being delivered in the Medium Term Financial Plan (MTFP) time frame.

The value of savings delivered as a result of the investment over an:

- **8 year period** is:
 - £63.376m gross and £50.776m net.
 - The **Return on Investment (RoI)**, over the life of the programme, is **7.1 : 1**.
- **4 year** MTFP time frame is:
 - £20.759m gross and £16.549m net.
 - The **RoI** is **2.3 : 1**

The **3 : 1 ratio is achieved between year 4 and 5** due to the significant upfront investment required.

The savings anticipated through this investment and transformation programme have been accounted for in the MTFP and Budget Report at agenda item 6 at this Executive Board meeting; **if this investment is not approved this will destabilise the proposed budget.**

The savings in the MTFP do not reflect the 'stretch' target associated with this programme which could deliver up to a further £13m over the life of the programme. The rationale for exclusion at this stage is set out in section 5.1. Delivery of this would increase the RoI.

This report requests approval for the investment required to deliver this critical redesign of children's social care services and funding recommendations.

Does this report contain any information that is exempt from publication?

An appendix to the report is exempt from publication under Paragraph 3 of Schedule 12A to the Local Government Act 1972 because it contains information relating to the financial or business affairs of any particular person (including the authority holding that information) and, having regard to all the circumstances, the

public interest in maintaining the exemption outweighs the public interest in disclosing the information. It is not in the public interest to disclose this information because the required procurement process could be jeopardised in delivering value for money if the size of the programme and its associated implementation requirements are published at this stage.

Recommendation(s):

1. To note the proposed investment and transformation programme set out in the report, and that the savings to be derived from the programme have been incorporated into the Medium Term Financial Plan and Budget Report.
2. To approve the investment of **up to £6,500,000** to procure a delivery partner to support the delivery of this programme pending a procurement process, as set out in **section 2.3**.
3. To approve the investment of **up to £2,400,000** for additional internal specialist resources to support delivery of this programme, as set out in **section 2.3**.
4. To delegate authority to the Corporate Director for People to complete the procurement of a delivery partner and to allocate the budget set out above to deliver the service redesign programme.

1. Reasons for recommendations

- 1.1 To support the implementation of a substantial programme of transformation, service redesign and improvement, within a critical area of statutory service, with outcomes that are defined in section 2.3 below. The recommendations are to procure a delivery partner and additional internal capacity and expertise to ensure delivery of the outcomes (both financial and non-financial) within a timeframe that supports the Medium Term Financial Strategy.
- 1.2 The MTFP being presented as an agenda item at this meeting of the 22 February 2022 includes the financial benefits and if investment is not approved this will destabilise the budget position and change the assumptions in that report.

2 Background (including outcomes of consultation)

- 2.2 Children's Services in Nottingham have improved, however there is a need to go further and faster. There is scope to both improve the outcomes of children supported by NCC and significantly reduce the cost of doing so, thereby releasing pressure on the council's budget. An assessment of the Children's Social Care service conducted from October to November 2021, which compared NCC service activities to similar councils elsewhere, identified:
 - a number Children in Need (CIN) and Child Protection (CP) plans could have been prevented through an earlier intervention
 - a number of CIN and CP plans ran on for longer than necessary.
 - a revised focus on early intervention would avoid children being taken into care

- there is scope to increase the number of children in foster care with a corresponding reduction in residential care
- there is potential to enable more children in care to leave care earlier than is currently enabled.

Moreover, this assessment demonstrated that the implementation of a service redesign programme, centred on improving outcomes for children supported by NCC, would also result in a significant reduction in forecasted expenditure growth currently assumed within the MTFP.

- 2.2 Over the last two years the council's Children's Social Care budget has grown by approximately £11.7m as a result of continued growth and cost over the past 5 years. The 2022/23+ MTFP also contains a further £18.5m to support growth and increasing costs from 2022/23 to 2025/26.
- 2.3 In November 2018, NCC's OFSTED inspection was judged to be 'Requires improvement' and during two further targeted visits, further improvement requirements have been identified by OFSTED. The opportunities to improve that were identified in the October-November assessment are consistent with the opportunities to improve service quality and hence OFSTED performance. The October - November assessment identified the need for a substantial redesign of the Children's Social Care service, from Early Help (EH), through CIN, CP and Children in Care (CIC). The objectives of the redesign would be to:
- **Help families stay together** more safely and with greater resilience using effective targeted interventions. This will significantly reduce the trajectory of growth of children in care of the Authority
 - **Ensure the most timely and effective support is consistently provided from early help through CIN and CP.** This will be a significant driver of service quality and reduced risk as well as reducing future establishment growth requirements
 - **Reduce bottlenecks and improve processes** and ways of working to help practitioners spend more time helping young people, and thereby gain greater satisfaction from their roles
 - **Improve commissioning and recruitment processes** around residential and foster carers

This is a multi-year change programme, touching all parts of the service. Due to its ambition and scale, an option appraisal has been carried out to determine how best to resource the programme. A summary of the appraisal is set out in **Section 3** below. The option selected is to invest in expert, external support and the summary below makes clear that alternative options cannot deliver both the financial and non-financial benefits of the required programme at sufficient scale.

3. Other options considered in making recommendations

Option	Reason option was not selected
Option 1: to do nothing	There is significant risk to outcomes of residents and financial and reputational risk to the Authority if these opportunities to improve are not delivered.
Option 2: to undertake a transformation programme aimed at a smaller subset services	<p>NCC requires a transformation programme of sufficient size and scale to deliver improved and lower cost services. Undertaking only limited sections of the full identified opportunities within the October - November 2021 assessment would not achieve the necessary scale.</p> <p>There are also significant interdependencies between workstreams that would make the overall programme more difficult to deliver if not all done at once. For example, critical capacity from staff may be freed up through the CIN/CP work that will support more timely and effective interventions with young people and their families.</p>
Option 3: to undertake the transformation programme with only internal resources	<p>First, an experienced transformation partner will bring with them the wider expertise of an organisation that has conducted public sector, and Children’s Services transformational changes across the country.</p> <p>Second, an experienced transformation partner would negate the requirement for NCC to add significant additional transformation management capacity and capability resource. This would require hiring, onboarding, experiential learning and training before a transformation programme of this magnitude could begin. This would add a critical time delay to any programme and is likely to significantly reduce the magnitude of improvement achieved.</p>

4. Consideration of Risk

- 4.1 The programme links to the mitigating actions for the financial management, safeguarding children and workforce capacity risks on the Corporate Risk and Assurance Register.
- 4.2 The risks associated with this decision are as follows:
- a) **This decision not being approved** –
 - i. this will destabilise the MTFP being presented on the same agenda and result in an unbalanced budget and
 - ii. Put at risk the opportunities to improve services for children and families when Nottingham’s children’s services require improvement. A poor inspection outcome would have material additional financial implications for the council.
 - b) **Delay in the procurement** of a delivery partner and associated supportive resources – this will delay the delivery of the savings profile set out in **Table 1** below.

A risk value has been assigned to this programme and will form part of the robustness of the budget report to mitigate any risk of delay.

- c) **Slippage in delivery** of the programme – as above, a risk value has been captured in the robustness of the budget report to mitigate any impact from this.

5. Finance colleague comments (including implications and value for money/VAT)

- 5.1 This programme will deliver financial benefits in full by 2029/30 on the assumption that a delivery partner and additional specialist resources are invested in.

The profile of these benefits over the 8 year period is set out in **Table 1** below which shows **£63.376m gross savings**.

This equates to a **Return on Investment (RoI) of 7.1:1** on the basis of a maximum investment cost of £8.9m.

Any reduction in this estimate or increase in savings will increase the yield.

The programme contains ‘target’ and ‘stretch’ savings; the MTFP and the figures in this report are based on ‘target’ values. The ‘stretch’ savings could deliver a further £13m over the 8 year programme and have been excluded from the MTFP report as at this stage they are considered too high a risk to include but not to aim for through delivery.

As the programme progresses benefit realisation will be monitored and the budget updated accordingly.

Details of the investment are shown in **Exempt Appendix A**.

TABLE 1: Return on investment profile									
	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	TOTAL
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Gross	0.539	3.557	7.322	9.331	10.139	10.417	10.829	11.241	63.376
Net	0.539	3.557	5.222	7.231	8.039	8.317	8.729	9.141	50.776

The net return of £50.776m is after the alignment of any savings already assumed in the MTFP preventing future budget destabilisation.

- 5.2 The requirement of the transformation programme is that investments will yield a return of at least 3:1 over the 4 year period however, due to the need for long term systemic improvements from significant early years investment a slightly longer timeframe is required to deliver on this requirement.

By year 4 the RoI is 2.3 : 1 increasing to 7.1 : 1 by year 8.

The 3:1 return occurs between year 4 and 5.

5.3 The figures being captured in the 2022/23+ MTFP will only align to the reports timeframe (4 years) and therefore only capturing savings that total £16.549m net (£20.759m gross), this is 83% of the programmes progression.

5.4 Costs of delivery are estimates with:

- i. Robust procurement processes to ensure delivery of an appropriate and value for money contract and
- ii. Targeted recruitment processes to drive pace and success in the recruitment of temporary resourcing.

Robust contract management for the development and monitoring of the delivery partner contract is key to ensuring payments align to results and will capture:

- i. Agreement of a baseline in order to benchmark savings aligning to the MTFP and
- ii. Robust performance indicators.

5.5 The funding of this will be met from:

- The review and reduction of earmarked reserves;
- Reprioritisation of the Childrens budget resources;
- Transformation funding.

There will be other financial opportunities from:

- Delivery of stretch targets;
- Slippage and
- Further contractual reductions

The value of this report is predicated on an estimated contract value, if this value is exceeded the appropriate approval process will be required and further funding identified.

6. Legal colleague comments

6.1 The approval of the expenditure outlined in this report in order to procure a delivery partner is a key element in the delivery of savings as part of the Council's budget for 2022/23 onwards. Failure to agree this expenditure will mean that the budget itself then has savings targets but no funded delivery plan for elements of it. That could then lead to questions about the robustness and deliverability of the budget when viewed through a rationality lens. As a consequence it is recommended that this expenditure and the subsequent procurement that would follow should be considered in that light.

Comments provided by Malcolm R. Townroe, Director of Legal and Governance, on 11 February 2022.

7. Other relevant comments

7.1 Due to the likely value of the contract this service is covered by the Public Contract Regulations 2015 (PCRs) therefore the process used must comply with the legislation.

Procurement have explored the procurement routes for this service and will manage the process with the Transformation and Children's Teams, to ensure best value is secured through the process. It is proposed to undertake a further competition through a national

framework and all terms of that framework will need to be adhered to, in order to ensure compliance with PCRs 2015.

Comments provided by Steve Oakley, Head of Contracting and Procurement, on 7 February 2022.

8. Equality Impact Assessment (EIA)

8.1 An EIA is not required because the report does not represent proposals for a new or changing policy, service or function.

8. Data Protection Impact Assessment (DPIA)

9.1 Not applicable

10. Carbon Impact Assessment (CIA)

10.1 Not applicable

11. List of background papers relied upon in writing this report (not including published documents or confidential or exempt information)

11.1 None

12. Published documents referred to in this report

12.1 Medium Term Financial Plan – Executive Board 22 February 2022