

READING BOROUGH COUNCIL
REPORT BY MANAGING DIRECTOR

TO:	PERSONNEL COMMITTEE		
DATE:	1 DECEMBER, 2014	AGENDA ITEM:	5
TITLE:	CAPACITY AND RESILIENCE REVIEW - ENSURING WE HAVE THE RIGHT RESOURCES TO DELIVER OUR DUTIES		
LEAD COUNCILLOR:	COUNCILLOR JO LOVELOCK	PORTFOLIO:	PERSONNEL, BUDGET AND POLICY
LEAD COUNCILLOR:	COUNCILLOR JAN GAVIN	PORTFOLIO:	CHILDREN'S SERVICES & FAMILIES
LEAD COUNCILLOR:	COUNCILLOR RACHEL EDEN	PORTFOLIO:	ADULT SOCIAL CARE
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1. PURPOSE AND SUMMARY OF REPORT

1.1 To continue to survive and thrive as a council in a time of considerable change, we need to continually adapt the way we work to deal with the challenges we face in terms of our:

- Reduced funding;
- Additional responsibilities;
- Changing inspection regimes; and
- Increasing demands for some services.

1.2 We currently deliver approximately 700 services. The government sets statutory duties for us to provide certain services, ranging from adult social care to waste collection. We also provide discretionary services, according to local priorities such as leisure facilities.

- 1.3 The government will reduce its funding to local authorities by 37% in real terms between 2010-11 and 2015-16. This equates to 25% of local authorities' total income when taking into account council tax receipts (National Audit Office). To remain financially sustainable, we must be able to meet our statutory service obligations.
- 1.4 Delivering the range of services in a town that is growing is putting increased pressure on us whilst at the same time regulators are changing their inspection regimes which means that what we do is becoming extremely challenging in the current financial context.
- 1.5 Over recent months Officers have been assessing whether the organisation has the right skills and resources to deliver our service priorities for residents and businesses because of the changing landscape. We have been reviewing whether the way we are organised remains 'safe' and robust to deal with these many and varied challenges that this report will outline.
- 1.6 The purpose of this report is to seek your views for the Council to move to a new operating model that would restructure the Council to ensure that we have additional capacity and resilience to meet service needs and opportunities. These proposals are about ensuring we remain fit-for-purpose to deliver our duties.
- 1.7 This reports outlines:
 - The current context for delivering council services;
 - Proposals to increase our capacity and resilience for service delivery;
 - Proposed approach to consultation and involvement;
 - The proposed timelines and next steps; and
 - The financial and legal implications.

2. RECOMMENDED ACTIONS

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2.1 To approve the proposed changes in senior management outlined in the report following the capacity and resilience review and in particular approve the creation of the following posts:

- i. Director of Children, Education & Early Help Services; and
- ii. Director of Adult Care & Health Services.

3. CONTEXT FOR DELIVERING COUNCIL SERVICES

3.1 With the funding reductions imposed on the Council and service pressures we have some specific issues that impact on the way we deliver services for residents. The scale of change will require us to continue to develop new ways of working to be able to respond effectively to our changing environment.

A growing population

3.2 Reading's population continues to grow. The number of residents has increased by 9% since 2001 to 159,200 people. This comprises around 63,000 households. The population is forecast to increase by a further 24% by 2050 to 193,056 residents.

3.3 This growth, whilst welcome to continue to create a vibrant and thriving town, impacts on our services. For example:

- We are seeing some significant pressures on our services and as a result some overspends are materialising because of demands e.g. there is more refuse to collect and there are higher disposal costs;
- There has been significant growth in residents aged 0 to 18 representing 20% of our total population. There is significant pressure for school places in the 0-5 age range but in time this pressure will move through to older age groups. We have had to commit to borrow money to expand primary schools places because we did not get enough funding from the Government. This growth in the younger population is putting pressures on our Education and Children's services.

A reducing budget

3.4 As reported to Policy Committee in September 2014, we have struggled to deal with the Government budget cuts that we have faced since 2010 (see table below). On the whole, we have carefully managed the reduction in our income from Government in ways that have not impacted on frontline services by concentrating on changing the way we work and by delivering efficiencies. This won't be the case in coming years.

Forecast 2014-18		
Year	Amount of Government Grant	Amount of Reduction
2014/15	£33.179m	-
2015/16	£23.968m	£9.211m
2016/17	£18.587m	£5.381m
2017/18	£13.200m	£5.387m

3.5 We have responded to the significant funding cuts and new service responsibilities by:

- Making £44.8m of savings over the period 2011/12 to 2013/14;
- A further £15.4m of savings and income proposals were agreed in February 2014 for implementation over the 2014-17 period; and
- An additional £8.6m of savings and income proposals were agreed by Committee in September 2014 to be delivered between 2015-18.

Funding outlook

3.6 Further planned cuts to local government will bring the total reduction to 37% by 2015-16, excluding the Better Care Fund and public health grant.

3.7 HM Treasury forecasts that government resource budgets (less depreciation) will fall by £10.9 billion (3.8%) from 2015-16 to 2016-17, and by a further £11.4 billion (4.1%) by 2017-18. If the government continues to protect funding for education and health, local authorities will need to deliver savings well above these rates (National Audit Office).

3.8 We estimate that we will need to find additional significant savings between 2015-18.

3.9 We are now finding it harder to find further efficiencies of sufficient scale to meet the forecast loss in income from Government considering the savings that have already been achieved and the number of staff lost.

3.10 We will continue to find efficiencies where we can to protect services, but in the context of prioritising our service delivery to ensure residents and businesses get what they need, we still have to make savings and generate additional income. Additional proposals to reduce our spending or increase income where we can will be brought forward for councillors to consider through the course of 2015.

A changing inspection regime

3.11 Over the last 12 months there have been changes to the inspection regimes for a number of regulators. Of note are:

- The Ofsted framework and evaluation schedule for the inspection of services for children in need of help and protection, children looked after and care leavers (single inspection framework) and reviews of Local Safeguarding Children Boards was released in June 2014;

- The Ofsted framework for inspecting local authority arrangements for supporting school improvement in England under section 135 and section 136(1)(b) of the Education and Inspections Act 2006CQC has been updated and released in November 2014; and
 - The Care Quality Commission announced a new approach for health and social care sectors in October 2014 for inspection. They will carry out a mixture of announced and unannounced inspections with the aim of the new inspections to get to the heart of patients' experiences.
- 3.12 While on the whole, we do not question the intent of these new approaches, they are without doubt creating additional pressure on local authorities as the remit and approaches of these has wider implications and for Ofsted inspections this include partners - but it is the local authority that is held to account. This means that our improvement plans need to be sufficiently and adequately resourced to ensure we do justice to our residents and that our practice and service delivery is meeting professional expectations.

Reshaping and restructuring the Council

- 3.13 Over the years the Council has undertaken management restructures to create capacity and focus while making efficiency savings.
- 3.14 In 2011, Committee approved the merger of the Directorates of Education and Children's Services and Housing and Community Care. The key objective of the proposal was the continued improvement of both children's and adult services, in particular the Council's continuing top priority of safeguarding children and vulnerable adults. A newly formed Directorate encompassed all those services which are directed towards individuals' and communities' needs and aspirations. Bringing together adults and children's services and social care was done to enable more joined up work to be done across services and increasingly with health, without artificial 'age-related' barriers.
- 3.15 Through 2013 and into this year, the senior management structure of the Council was further reviewed to reflect that the organisation is becoming smaller with fewer people to manage, and to free up money that could be used for the delivery of important Council services. This 'Reshaping' was also to ensure that the council could meet future needs and opportunities.
- 3.16 These changes moved some services into different areas. Key changes were:
- Moving the Housing Service into the Directorate of Environment & Neighbourhoods to align our 'patch' approach to neighbourhood working;

- Moving some corporate services into service areas such as Emergency Planning, Health & Safety and Organisational Development;
 - Putting Children's Social Care and Early Help in the same service area; and
 - Creating a dedicated post for Commissioning and procurement.
- 3.17 A series of service reviews as part of this Reshaping Programme has followed and introduced new staffing structures and a decentralised and flatter structure. We are now in the final phase of Reshaping and the last few reviews will launch in January 2015. This programme alone has saved the Council approximately £2 million over the last 12 months and removed 58 manager's posts.
- 3.18 We have reduced our workforce by 622 posts over the period since 2010. We now employ approximately 2,500 people - 2000 FTE - excluding schools. In September 2014, committee agreed further budget saving proposals that, subject to consultation, would reduce our establishment by a further 90 posts (60 FTE).
- 3.19 Our need to make budget reductions and lose staff has put a lot of pressure on the remaining staff at the council and capacity and resilience in some parts of the council has become stretched.

Children's Services

- 3.20 Reading's Children's Service is responsible for supporting and caring for the most vulnerable children and young people in the borough. This is an area of significant media and public interest.
- 3.21 Reading handles a significant volume and complexity of referrals and at the moment is having recruitment and retention issues. A priority is to resolve this and deliver the improvement plan that was put in place over the summer.
- 3.22 The regulatory regime via Ofsted is ever more challenging from early years through to children's social care. Ofsted's single inspection framework is now in effect on a universal, three-year cycle. It brings together into one inspection: child protection; services for looked after children and care leavers; and local authority fostering and adoption services. It will also review the effectiveness of the Local Safeguarding Children's Board.
- 3.23 We also know that we need to complete the wider review of universal services and how this relates to our Early Help offer and neighbourhood assets. This will focus on where there are opportunities to take a whole family approach, improving early intervention and working holistically at neighbourhood level. There is also the opportunity to include a greater focus on the wider

demographic needs of the community including a greater ability to tackle poverty as well as Health Visitors transferring to the council next year.

Adult Care

- 3.24 More people are living longer and are likely to need additional care and support. We want to ensure they get the best care they can within their neighbourhood.
- 3.25 Older people are the largest single group receiving services from our Adult Social Care services. Currently our services help over 4,100 residents. We do not have the same demographic pressures for adult social care as some other boroughs but we have had an increase in the over 65s (about 8%) and people are living longer with long term health conditions. The over 65 population is expected to rise steadily in Reading, with a notable rise in the over 85 population. The chances of residents aged over 80 needing a service rises massively. By 2020, we predict that approximately 25% of people who pay for their own care are likely to have run out of funds and will therefore be eligible to have their care paid for by the Council.
- 3.26 In September 2014, Policy Committee approved a 3 year Adult Social Care Strategy. The aim of this strategy is to balance rising demographic demand and spending reductions with a commitment to provide the highest quality of care for people who need it. This strategic shift focuses on promoting wellbeing at whole population level, promoting independent living at home (with a corresponding shift away from residential and nursing care unless required) and developing neighbourhood based services - working alongside local GPs.
- 3.27 There have also been significant changes in legislation like the Care Act that means the Council has to respond very differently to wellbeing issues.
- 3.28 The world of health and adult social care has changed dramatically and it is now clear that there will be much greater integration of these two public services - which needs considerable strategic systems leadership. The £3.8bn Better Care Fund (formerly the Integration Transformation Fund) was announced by the Government in the June 2013 spending round, to ensure a transformation in integrated health and social care. The Better Care Fund (BCF) is viewed by some as one of the most ambitious ever programmes across the NHS and Local Government. It creates a local single pooled budget to incentivise the NHS and local government to work more closely together around people, placing their well-being as the focus of health and care services. The BCF is a critical part of the NHS 2 year operational plans and the 5 year strategic plans as well as local

government planning. The programme can also be seen as being very risky in terms of delivery and needs to be resourced accordingly.

- 3.29 There are also a number of resilience issues in the health economy and we have had higher number of Delayed Discharges from the Royal Berkshire Hospital than we would like meaning that residents have been judged clinically ready for discharge from hospital but continue to occupy a bed as we cannot find them suitable accommodation for their needs.

Health

- 3.30 We assumed responsibility for Public Health functions in April 2013 and the initial priority was for a safe landing of these services. The aim now is to ensure that Public Health is more embedded within our way of working and has more emphasis on early intervention, prevention and community development. We said when we were Reshaping the Council in summer 2013 that the location of this team would be reviewed over time so that it gets the support it needs and to take advantage of the opportunities the public health responsibilities bring to the council.

Education Services

- 3.31 In September 2014, the Policy Committee were advised of the Education Service proposals outlining the changing education landscape that requires the Local Authority to focus on the achievement, both academically and personally, of every young person attending a publicly funded school or early years setting in the Reading while recognising the professional expertise of schools and their leadership teams. The Committee approved a 3 year strategy focussing on engaging local authority resources with projects that build sustainable activity within schools; develop further the capacity for good schools to support others to raise standards; and to challenge all schools to ensure that every child is making good progress in school.
- 3.32 We had previously thought that many more schools would have wanted to become Academies - this hasn't happened so there remains a significant role for Council leadership of the education system which has a bearing on our capacity.
- 3.33 Committee has also committed to delivering an ambitious £64m Primary School Places Expansion Programme to create 2,500 extra school places through 2015-16.
- 3.34 There remain issues with narrowing the gap and increasing educational attainment that we need to continue to pursue with vigour.

4.0 PROPOSALS TO INCREASE OUR CAPACITY AND RESILIENCE

- 4.1 While there are clearly significant challenges for the Council to address, it also brings with it opportunities to redesign the way we operate, deliver services and continue to work with people to achieve better outcomes.
- 4.2 When the Directorate of Education, Social Services and Housing was created some 18 months ago the merger enabled much better delivery of services from a whole family perspective. We need to build on this work.
- 4.3 Because of the challenges outlined in section 3 above, we need to address these and ensure we have sufficient capacity. It has become clear in recent months that because of the volume of changes over the last 12 months, the senior management team in the Directorate of Education, Adult & Children's Services, whilst making progress, is struggling at times to enable people to focus on day-to-day service delivery, service improvement and deliver budget savings through efficiency and the transformation programme. In addition, the current Director of Education, Adult and Children's Services has recently resigned from the Council for a larger post in a County Council. It is clear that we need to increase our capacity in this area.
- 4.4 It is therefore necessary that some changes are made to the Council's structure to increase capacity.
- 4.5 It is proposed we do not replace the role of Director of Education, Adult & Children's Services but instead create two new roles to ensure we have additional resources and focus. The two new roles would be:
- Director of Children, Education & Early Help Services; and
 - Director of Adult Care & Health Services.

A current senior management family tree is included at appendix 1 and a proposed senior management family tree is included at appendix 2.

Director of Children, Education & Early Help Services

- 4.6 This Director would hold the role of Statutory Director of Children's services (DCS) as defined in the Children Act 2004 and set out in statutory guidance in 2009. The focus on this role would be:
- Ensuring our services remain safe;
 - Implementing our children's services improvement plan to 'get us to good';

- Ensure we deliver our plans with schools to narrow educational gaps and improve attainment;
- Deliver additional school places as part of the Primary School Expansion Programme;
- Being the lead for delivery of all services from a whole family perspective no matter what service areas they reside in; and
- Review and implement a comprehensive approach across all our services to ensure we have a new service offer for universal and targeted services in Early Help and our neighbourhoods.

4.7 It is also proposed to create some new roles in this area to ensure we have the capacity to discharge our duties and also to make service improvements and savings such as support for school expansion.

Director of Adult Care & Health Services

4.8 This Director would hold the position of Director of Adult Social Services (DASS) as defined in statute and guidance. This role would include both Adult Services and the Public Health Team. The Public Health Team would move from Corporate Support Services.

4.9 The focus on this role would be:

- Ensuring we deliver our 3 year Adult Social Care Strategy;
- Ensuring we deliver the Better Care Fund Programme;
- Lead on health integration;
- Reducing our Delayed Discharges; and
- Being the lead for quality assurance across all social care services.

It is proposed to create some new roles in this area to ensure we have the capacity to discharge our duties and also to make service improvements and savings.

Corporate Support Services

4.10 Our support services are supposed to provide the 'backbone' to our organisation supporting delivery of services. Some of the services have reshaped their service offer and made real progress over the last 12 months. We need to ensure that the 'service offer' remains fit-for-purpose considering the changes in the council. We will continue to ensure that these support services reflect the needs of the organisation so staff have the tools for their roles and also support services have the right input and support from service areas. We will be checking in the New Year that we have the right professional capacity and management direction of our support functions.

Environment & Neighbourhood Services

4.11 Following the formation of this new directorate in September 2013 and the reshaping of teams within it that will be concluded in the Spring, there are no proposals to make any further structural changes to this area of the Council in the short term. We have highlighted some capacity issues so some roles will be recruited to such as specialist skills to deliver the Council Housebuilding programme that has been agreed.

In addition, we will be recruiting to the post of Head of Transportation & Streetcare due to the current post holder leaving the Council in the New Year and putting in place appropriate interim arrangements.

Recruitment support

4.12 Because of the specialist nature of the some of the senior roles, simply advertising these posts will not be enough to ensure that Members have a high quality shortlist to consider.

4.13 It is clear from the market testing that has been undertaken that hiring to adult, children's and project management roles are extremely challenging. There is a finite pool of social care professionals with the right level of experience and credibility operating within local government. Finding the right candidates for us will not be straight forward and as councillors will be aware we were recently unable to recruit a Head of Children's Services despite a national recruitment exercise. Good candidates are in high demand and short supply.

4.14 Alongside an advertising and attraction campaign both in the professional press and online, we would need to use executive search which is a specialist and time-consuming process to ensure that any approaches are sensitive to confidentiality.

4.15 We would also need to screen potential candidates before being considered even for a shortlist for Members.

5.0 CONSULTATION

Involvement in preparing these proposals

5.1 Over the last two weeks, several discussions, team meetings, 1-2-1's have been held to help inform these proposals including sessions with:

- The Leader and Deputy Leader;
- Relevant Lead Councillors;

- Director's;
- Heads of Services within the Directorate of Education, Adult & Children's Services; and
- Other members of the Corporate Management Team.

Consultation and involvement next steps

5.2 Subject to further views, and Committee approval, it is proposed that a period of formal consultation on the proposals would be launched in December for two weeks.

5.3 Because of the urgency for having cover arrangements for both the statutory roles an interim recruitment process has already commenced. Interims would be sought both internally and externally.

6.0 TIMELINES

6.1 Subject to Committee approval and the consultation process, the closing date for the permanent posts would be the end of January. The shortlisting and selection process would happen through February with offers made, subject to suitable candidates, by the end of February. Based on a 3 month notice period the new posts holders would commence with the Council in May.

6.2 Because of the statutory and important nature of the posts, interim cover is already being sought with the aim of having people in post in January to allow a handover with the current director.

7.0 FINANCIAL IMPLICATIONS

7.1 Our financial situation is challenging as outlined. However, if we do not have the resources in place to deliver our statutory duties and key service priorities it will threaten the viability of the Council.

7.2 The financial implications of these proposals are estimated to be £113,000 in staffing costs (not including on-costs) which is the cost of the new director's role. This budget requirement is being built into the budget setting process. There will be one-off recruitment costs which are currently being negotiated.

8.0. LEGAL IMPLICATIONS

8.1 Legislation underpinning the Council's Constitution is contained within section 4 of the Local Government and Housing Act 1989 as follows:

(2) It shall be the duty of the head of a relevant authority's paid service, where he considers it appropriate to do so in respect of any

proposals of his with respect to any of the matters specified in subsection (3) below, to prepare a report to the authority setting out his proposals.

(3) Those matters are—

- (a) the manner in which the discharge by the authority of their different functions is co-ordinated;
- (b) the number and grades of staff required by the authority for the discharge of their functions;
- (c) the organisation of the authority's staff; and
- (d) the appointment and proper management of the authority's staff.

(4) It shall be the duty of the head of a relevant authority's paid service, as soon as practicable after he has prepared a report under this section, to arrange for a copy of it to be sent to each member of the authority.

(5) It shall be the duty of a relevant authority to consider any report under this section by the head of their paid service at a meeting held not more than three months after copies of the report are first sent to members of the authority; and nothing in section 101 of the Local Government Act 1972 or in section 56 of [or Schedule 10 or 20 to,] the Local Government (Scotland) Act 1973 (delegation) shall apply to the duty imposed by virtue of this subsection.)

9. RISK MANAGEMENT

- 9.1 The key risk to the Council is our statutory responsibilities and having the resources to ensure that our services remain safe. The aim of these proposals is to mitigate the risks presented to the Council as a result of the significant changes in the external environment over the last 12 months.

10.0. CONTRIBUTION TO STRATEGIC AIMS

- 10.1 Our service priorities are supported by the four key priorities within the Council's Corporate Plan 2014-17. These proposals contribute to ensuring we have the right knowledge, experience and skills to meet the council's priorities.

Priority 1:	Creating and sharing prosperity
Priority 2:	People are supported and protected when they need to be People are healthy and can thrive in their community
Priority 3:	An attractive, safe and well kept town
Priority 4:	Good quality public services

11.0 EQUALITY IMPACT ASSESSMENT

11.1 Under the Equality Act 2010, Section 149, a public authority must, in the exercise of its functions, have due regard to the need to:

- Eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
- Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and
- Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

11.2 The proposals outlined in this report will not have a differential impact on: racial groups; gender; people with disabilities; people of a particular sexual orientation; people due to their age; people due to their religious belief.