

READING BOROUGH COUNCIL

REPORT BY DIRECTOR OF RESOURCES

<b>TO:</b>	POLICY COMMITTEE (ACTING AS SOLE MEMBER FOR BRIGHTER FUTURES FOR CHILDREN)		
<b>DATE:</b>	9 MARCH 2020		
<b>TITLE:</b>	BRIGHTER FUTURES FOR CHILDREN 2020/2021 BUSINESS PLAN		
<b>LEAD COUNCILLORS:</b>	CLLR JASON BROCK, CLLR LIZ TERRY, CLLR ASHLEY PEARCE,	<b>PORTFOLIO:</b>	LEADER OF THE COUNCIL, LEAD COUNCILLOR FOR CHILDREN, LEAD COUNCILLOR FOR EDUCATION
<b>SERVICE:</b>	PROCUREMENT & CONTRACTS	<b>WARDS:</b>	BOROUGHWIDE
<b>LEAD OFFICER:</b>	KATE GRAEFE	<b>TEL:</b>	0118 937 4132/ 74132
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**1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY**

- 1.1 Brighter Futures for Children (BFfC) is a wholly owned company of Reading Borough Council. The company's Articles of Association set out its obligations in terms of reporting to the Council as Sole Member as well as the matters which are reserved to the Sole Member.
- 1.2 The Business Plan and Transformation Programme appended at Appendix 1 and Appendix 2 respectively have been submitted by the Company in response to its obligation to agree an annual Business Plan and contract sum, a matter reserved to the Sole Member.
- 1.3 BFfC staff terms and conditions are also a reserved matter. To support its strategic approach to improving staff recruitment and retention a further report at Appendix 3 has been submitted by the Company for consideration.
- 1.4 This covering report sets out the key points arising from the Company's Business Plan.

**2. RECOMMENDED ACTION**

It is recommended that Policy Committee, in its capacity as sole member for BFfC:

- 2.1 Agrees the Company's Business Plan and contract sum for 2020/21 as set out in Appendix 1 and 4.8 of this report, noting the recommendations set out in 4.8.2 and 4.8.3 regarding transformation funding
- 2.2 Considers and agrees the recommended changes to BFfC staff terms and conditions as set out in Appendix 3.

Appendix 1: BFfC Business Plan 2020/21

Appendix 2: BFfC Transformation Plan

Appendix 3: Proposal to amend BFfC Staff terms and conditions (Confidential)

### **3. BACKGROUND AND WORK TO DATE**

- 3.1 The Council has 100% ownership of BFfC, which is run by a senior management team reporting to the Company board of directors. In turn, the Board reports to the Council (Policy Committee) as its sole member.
- 3.2 Policy Committee acting as sole member/ shareholder for BFfC receives:
- An annual report from BFfC on performance (contract and financial);
  - An annual report from BFfC on the Company's Business Plan;
- 3.3 The agreement of the BFfC Business Plan and any changes to BFfC staff terms and conditions are reserved matters, requiring the approval of Policy Committee in its capacity as sole member. Policy Committee approved the BFfC Business Plan for 2019-21 on the 8th April 2019, subject to finalisation of, and agreement to, revised Key Service Contract Performance Indicators (KPIs), which were approved on the 26th September 2019. These revised KPIs are to remain in place for 2020-21.

### **4. BFfC BUSINESS PLAN**

- 4.1 The BFfC improvement journey centres on two key activities: the broader Transformation Programme, which covers transformation across all aspects of the Company, and the focused Children's Social Care Improvement Plan, which includes the Ofsted Plan.
- 4.2 The Transformation Programme focuses on five workstreams, within which there are currently 30 projects, although further projects will materialise as the analysis and review of operations continues. Financial details for the Programme are in Section 14 of the attached Business Plan, and a full list of the Transformation Programme projects can be found at Appendix 3 of the Business Plan.
- 4.3 Following the Ofsted ILACS inspection in September 2019, in which the rating across all areas improved from Inadequate to Requires Improvement to be Good, the Company has a set of seven improvement targets. During Year One, these were incorporated within an Ofsted Action Plan underpinned by three of the six Improvement Plan Priorities - Quality of Practice, Management Grip and Children and Young People's Voices. This Action Plan reflects the new focus and pace of improvement for children's social care. Much of this work is dependent on the work of the Transformation Programme projects and the HR strategies being developed. The intention is for day-to-day operational practices to improve continuously, as new processes are implemented into frontline practice to deliver better outcomes.
- 4.4 As at the end of period 9 (December 2019), savings verified to date total £3.499m which exceeds the savings target of £3.146m for the year. The savings verified for 2019-20 savings only captures the part-year effect of a number of projects. The remainder full-year effect also delivers a verified £1.15m for 2020-21.
- 4.5 The overall budget monitoring position for Period 9 is a forecast overspend of £1.002m projected for the financial year. This is a decrease of £0.606m from Period 8 (which due to timing issues is the period included in the Q3 Performance report which appears elsewhere on the agenda) and attributed to the reduction in Children Looked After placements (£0.500m) and allocating grant funds to core costs within the Early Help and Preventative Service (£0.106m). The overspend arose due to the increase in the number of Children Looked After (CLA), which, in November 2019, was at its highest figure of 290. The budget for CLA in 2019/20 was agreed at 267 based on actual numbers during the contract negotiations.

- 4.6 The reduction in the cost of CLA placements is a result of the panel reviews introduced in November.
- 4.7 Currently the key pressure for the Children's Social Care Service is the cost of CLA placements which has now reduced to £1.4m, compared to £1.9m reported in Period 8.
- 4.8 In agreeing the 2020-21 Business Plan, Policy Committee (acting as sole member), is especially asked to note:
- 4.8.1 The Council has made provision for an additional £1m one off increase in the contract sum for 2020/21;
  - 4.8.2 The assumption that the Company will carry forward the underspend on the Transformation Funding the Council has made available to it (£1.857m). It should be noted that the underspend is a result of a) the delay in implementation of a number of projects as it was not possible to start all from 1<sup>st</sup> April 2019; and b) the reallocation of costs (£580k) against agreed Department for Education (DfE) projects to maximise the use of in year grant funding;
  - 4.8.3 There is a continuing conversation between BFfC and DfE, supported by the Council, about additional transformation funding specifically for the Children in Need (CiN) project and demand management to enable them to continue for a period beyond that originally provided for. Subject to central government budget settlement, BFfC may be successful in securing funding for these projects. RBC and BFfC have committed to a mid-year review of the 2020/21 transformation programme linked to the outcome of these ongoing discussions and how Company projects and priorities may be evaluated as a result;
  - 4.8.4 The Business Plan makes reference to capital funding requirements to facilitate the move from North Street, (the current base of the Youth Offending Services) as a result of notice served by a private landlord as well as to facilitate further transformation. However, these business plans are still being developed and do not form part of the Council's recently agreed Capital Programme. As the business plans are developed, they will be managed on a case-by-case basis as in-year requests and reported to members in due course;
  - 4.8.5 The Business Plan makes specific reference to proposed changes in BFfC staff terms and conditions as part of the Company strategic approach to improving staff recruitment and retention. A separate confidential appendix regarding the proposed changes and implications for the Council are as provided in Appendix 3. The financial implications of these as far as is relevant have been allowed for within the Company's Business Plan attached at Appendix 1.
- 4.9 In order to support the delivery of the Services Contract to the Council, BFfC buys back a number of support services from the Council, all detailed within an overarching Managed Services Agreement with individual Service Level Agreements specific to each service. The Company has committed to the buy-back of support services for a minimum of 2 years from 1st April 2019, i.e. from the start of the first full financial year of operation, with a minimum of 12 months' notice for any SLAs it wishes to cease. This means that the earliest any SLA service delivery would cease would be from 1st April 2021. BFfC have confirmed that they wish to extend the Support Services SLAs for a further year to FY2021/22.

## **5. CONTRIBUTION TO STRATEGIC AIMS**

- 5.1 All elements within this report are focused on the Corporate Plan priorities of: Ensuring the Council is fit for the future and Protecting and enhancing the lives of vulnerable adults and children.

## **6. ENVIRONMENTAL IMPLICATIONS**

6.1 No environmental implications arising from this report.

## **7. COMMUNITY ENGAGEMENT AND INFORMATION**

7.1 No community engagement has been carried out or is required in the creation of or as a result of this report.

## **8. EQUALITY IMPACT ASSESSMENT**

8.1 In addition to the Human Rights Act 1998 the Council is required to comply with the Equalities Act 2010. Section 149 of the Equalities Act 2010 requires the Council to 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;
- foster good relations between persons who share a relevant protected
- characteristic and persons who do not share it.

8.2 An Equality Impact Assessment has been undertaken on the proposed changes to terms and conditions, which are attached as part of Appendix 2.

## **9. LEGAL IMPLICATIONS**

9.1 The agreement to the Business Plan for BFfC is a reserved matter under the Articles of Association for the Company. This requires agreement to the plan via Policy Committee acting as sole member for the Company.

9.2 Any amendment to BFfC staff terms and conditions is a reserved matter. Consideration has been given to potential Council and wider Group implications and there are none arising.

## **10. FINANCIAL IMPLICATIONS**

10.1 The proposed Contract Sum for BFfC for FY2020/21 as stated in this report has been provisioned for within the MTFs, as agreed at Council on the 25<sup>th</sup> February 2020.

10.2 The Company's overall budget monitoring position is reporting a gross overspend of £2.5m for the year. As at Period 8 (referenced here as it is referred to in the Business Plan), the Company has applied mitigation of £0.9m to curtail this to a projected overspend of £1.608m for the financial year. (As stated in para 4.5, this has reduced further for P9). The two key pressures are within the Children's Social Care Service area. These are the continued use of Agency Social Workers and the high number of Children Looked After (£1.9m). The Company has reduced costs through the year as a result of including staffing vacancies in non-statutory services and review of a number of higher cost LAC placements.

10.3 The Council's MTFs proposals make provision for the underspend to be carried forward into 2020/21 to progress approved transformation projects.

10.4 The Council does not have provision for additional transformation funding within its MTFs. Any contribution over and above that which is already provided for within the MTFs would be a draw on the Council's reserves and from a value for money perspective it would be essential that the Company guaranteed delivering its budget to plan.

10.5 Whilst there are no additional financial costs to the Council relating to the proposed changes to terms and conditions within BFFC as all costs relating to the proposals are accounted for within the Company's Business Plan, there is no provision within the Council's budget to similarly increase the leave entitlement of RBC staff.

**11. BACKGROUND PAPERS**

11.1 None