

# Council

28 January 2025



# Reading

Borough Council

Working better with you

<b>Title</b>	Brighter Futures for Children Ltd (BFfC) Contract Review
<b>Purpose of the report</b>	To make a decision
<b>Report status</b>	Public report
<b>Report author</b>	Charlie Stewart, Executive Director of Resources
<b>Lead Councillor</b>	Cllr Liz Terry, Leader of the Council
<b>Corporate priority</b>	Thriving Communities
<b>Recommendations</b>	<ol style="list-style-type: none"><li>1. That the contract with Brighter Futures for Children Ltd to deliver Children's Services is not extended beyond 31<sup>st</sup> March 2026 when it is due to end.</li><li>2. That by 1<sup>st</sup> April 2026, services currently provided by BFfC, including all remaining support services, are brought in-house to be delivered directly by the Council.</li><li>3. That the Executive Director of Resources, in consultation with the Leader of the Council, the Lead Councillors for Children and Education, the relevant statutory officers and Chair of the Board, is authorised to:<ul style="list-style-type: none"><li>• Transfer all staff from BFfC to the Council</li><li>• Remove the secure designated pension arrangements between BFfC, the Council and the Pension Fund.</li><li>• Novate all BFfC contracts to the Council.</li><li>• Take all steps legally required to close the BFfC Company.</li><li>• Make any changes required to the Terms of References for Committees to reflect the change of delivery model and remove reference to the Company and contract within the Terms of References for Lead Councillors.</li><li>• Make any other necessary amendments to the Council's Constitution and Scheme of Officer Delegation to reflect the changes of the delivery model.</li></ul></li><li>4. That the Executive Director of Economic Growth and Neighbourhood Services (DEGNS), in consultation with the Leader of the Council, the Lead Councillors for Children and Education and Chair of the Board, is authorised to:<ul style="list-style-type: none"><li>• Transfer all property held by BFfC under lease arrangements back to the Council and arrange for the leases to be surrendered.</li></ul></li><li>5. That the Executive Director of Children's Services, in consultation with the Leader of the Council and the Lead Councillors for Children and Education is authorised to:<ul style="list-style-type: none"><li>• Close the Independent Fostering Agency and transition this to a Local Authority Fostering Service.</li></ul></li></ol>

	<ul style="list-style-type: none"> <li>• Make all relevant changes to all Ofsted registrations.</li> </ul> <ol style="list-style-type: none"> <li>6. That the Chief Executive, in conjunction with the Chair of the Board and in consultation with the Leader, Assistant Director of Legal and Democratic Services and Executive Director of Children’s Services, set up an independently chaired Improvement Board including developing its Terms of Reference for noting at Council.</li> <li>7. That the Assistant Director of Legal and Democratic Services is authorised to execute all legal documents that are necessary to give effect to the above resolutions.</li> <li>8. That the cost of transition is funded from earmarked reserves.</li> </ol>
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## 1. Executive Summary

### Establishment of BFfC

1.1. Under the direction of the Secretary of State, the Council established Brighter Futures for Children Limited ('BFfC') on 1<sup>st</sup> December 2018, a company limited by guarantee, to deliver its Children’s Services (Social Care and Education). The Council is the sole member. Delivery of the Council’s Children’s Services is through a seven-year service contract with BFfC which came into effect on 30<sup>th</sup> November 2018 and expires on 1<sup>st</sup> April 2026.

### Contract Review Process

1.2. The contract stipulates that:

- BFfC must be given notice of the future for the contract by 31<sup>st</sup> March 2025.
- A review of the performance of the contract must be concluded to inform the Council’s decision on the future of the Company.

1.3. The review of the performance of the contract took place in two parts during the current financial year and involved both BFfC and the Council. The Chartered Institute of Public Finance and Accountancy (CIPFA) were engaged as an independent consultant with significant experience in local government:

**Part 1            Review of Performance**  
CIPFA validated the Council’s review process.

**Part 2            Assessment of Options**  
CIPFA assessed the options and provided recommendations.

### Options for Future Delivery

1.4. Appendix 1 contains CIPFA’s Part 2 report. In the report, CIPFA acknowledges the significant progress made by BFfC over the last six years in improving the quality of Children’s Services. However, despite this progress, CIPFA notes '*BFfC has not yet been able to deliver against contractual ambitions'... 'in its 6 years of operation, BFfC has yet to achieve the overarching ambition set the Company, i.e., an Ofsted rating of "Good".'*

1.5. CIPFA sets out the following options available for the future delivery of Children's Services.

**Option 1            BFfC delivery:** Renew the contract with BFfC, continuing delivery by BFfC as a local authority controlled company, with a review of governance arrangements.

**Option 2            In-house delivery:** Do not renew the contract with BFfC and bring delivery back in-house to be managed by the Council, supported by an Improvement Board.

**Option 3 Re-procurement:** Re-tender the contract so that it is delivered by a third party.

**Option 4 Hybrid:** Partly in-source the Service to the Council and partly outsource to BFfC or another third party.

1.6. CIPFA identifies options 1 and 2 as most viable, dismissing options 3 and 4 for the reasons set out in Section 6 of the Executive Summary of Appendix 1. CIPFA's recommendation is that delivery of Children's Services is brought back 'in-house' (Option 2) on the basis that it:

- Provides the Council with better direct control of Children's Services.
- Removes a layer of governance and so increases visibility of Service performance likely leading to '*more agile decision making*' and removing duplication in reporting.
- Removes the pressure on Council services of maintaining Service Level Agreements.
- Improves integration and synergy with other Council services, joining up decision-making, innovation and improvement.

1.7. Recognising that BFfC has further to go on its improvement journey, it is recommended that an independently chaired Improvement Board is set up to provide advice and support to the delivery of service improvement in meeting the needs of Reading's children and families.

1.8. Both options will require significant resource to implement.

1.8.1. Option 1 (BFfC delivery) requires the following headline activities:

- Rewrite of the contract to address current challenges.
- Review, update and maintenance of 16 Service Level Agreements, or restructure of the method for providing support services to BFfC.
- Review of the governance arrangements for BFfC including the composition and appointment of the Board of Directors, the Contract Management Group, performance reporting and contract management arrangements.
- Review and improve the financial recharging process.

Option 1 is estimated to cost approximately £309,000 to implement, with additional annual running costs of approximately £85,000 depending on the governance method that would be implemented following the review. In addition to the implementation cost, this option would put a substantial demand on staff time to review the SLAs and bring in the revised governance arrangements. Additionally, the maintenance of this delivery model is significantly more resource-intensive than Option 2.

1.8.2. Option 2 (in-house delivery) requires the following headline activity:

- Transfer of c.550 staff from BFfC to the Council via TUPE (Transfer of Undertakings (Protection of Employment))
- Novation of c.100 contracts from BFfC to the Council
- Surrender of the Council's 12 leases with BFfC
- Closure of the Independent Fostering Agency and transition to a Local Authority Fostering Service
- Changes to all relevant Ofsted registrations
- Formal closure of the Company
- Establishment of an independently chaired Improvement Board to support continuous improvement, which is critical for the successful delivery of Option 2.
- Make any changes required to the Terms of References for Committees to reflect the change of delivery model and remove reference to the Company and contract within the Terms of References for Lead Councillors.

- Communication and engagement with staff to maintain stability and support change.

Option 2 is estimated to cost approximately £600,000 to implement, with savings of between £200,000 and £300,000 to Children's Services' base budget. Payback is therefore anticipated to be within 2-3 years.

While Option 2 will require approximately 33% more upfront officer resource to support the transition, the demand on officers' time to maintain the arrangements under Option 2 annually would be approximately 85-90% less than Option 1.

#### 1.9. Regarding timescales for implementation:

1.9.1. Option 1 would be completed within the 12-month period between the Council's decision by 31<sup>st</sup> March 2025 and the end of the current contract on 1<sup>st</sup> April 2026.

1.9.2. For Option 2, the preference would be to complete the transition as soon as possible to reduce any uncertainty staff are likely to feel during the change. Implementing this option is likely to take six months. Subject to Council's decision in January 2025, work would start in February 2025. To meet this timeframe, the contract will need to be terminated early. This is allowed, provided both BFfC and the Council mutually agree to the termination.

1.10. Policy Committee considered this report at its meeting on 18 December 2024 and agreed to recommend to Council Option 2 with the actions set out in the Recommendations section above.

## 2. Policy Context

2.1. In August 2016, an Ofsted inspection report found the Council's Children's Social Care Services to be 'inadequate' and the Secretary of State for Education directed the Council to develop an alternative delivery model by September 2017.

2.2. The decision to outsource Reading's Children's Services (Social Care and Education) was made by Council on 16<sup>th</sup> October 2018. Council approved a set of recommendations to transfer the delivery of Children's Services to BFfC, a separate company of which the Council would be the sole member.

2.3. Delivery of the Council's Children's Services is through a seven-year contract with BFfC which came into effect on 30<sup>th</sup> November 2018 and expires on 1<sup>st</sup> April 2026.

2.4. In accordance with the contract, BFfC must be given notice of the future for the contract by 31<sup>st</sup> March 2025 and a review of the performance of the contract had to be undertaken in 2024.

2.5. The purpose of the review is to inform the Council's decision. That decision is crucial to ensuring the continued improvement of the Service including maintaining the stability of the BFfC workforce and its culture. It is recommended that the decision should not be based mainly on costs and potential savings. The estimated savings are less than 1% of the BFfC annual budget; the provision of excellent services to children in Reading far outweighs these financial considerations.

## 3. The Proposal

### Background

3.1. **The Review Process:** The contract stipulated the need for a formal contract review in 2024. The Review had two parts, both of which were supported by CIPFA in its role as an independent consultancy with significant experience in local government.

3.1.1. **Part 1 – review of performance.** The first part of the review was managed by the Contract Management Group, who manage the BFfC contract on behalf of the

Council. Part 1 included officers from both the Council and BFfC. The specific areas for assessing performance were stipulated in the contract; these were enhanced by mutual agreement between the Council and BFfC to become a set of 13 review questions. The process and assessment were supported and independently validated by CIPFA.

- 3.1.2. **Part 2 – options appraisal.** The output of Part 1 was taken into the options appraisal and included in CIPFA’s report at Appendix 1. This report also includes additional evidence supplied by BFfC building on the Part 1 review, and 20 stakeholder interviews including members. In the report, CIPFA acknowledges the significant progress made by BFfC over the last six years in improving the quality of Children’s Services. However, a key ambition of the contract was for BFfC to achieve an overall “Good” Ofsted rating which it has not yet achieved. The Ofsted inspection in May 2024 rated the Service as “Requires improvement to be good”, with ‘experience and progress for children in care’ rated “Good” and ‘experience and progress for care leavers’ rated “Good”.
- 3.2. CIPFA considered 4 main options in its Part 2 options appraisal:
- Option 1**      **BFfC delivery:** Renew the contract with BFfC, continuing delivery by BFfC as a separate company, with a review of governance arrangements.
- Option 2**      **In-house delivery:** Do not renew the contract with BFfC and bring delivery back in-house to be managed by the Council, supported by an Improvement Board.
- Option 3**      **Re-procurement:** Re-tender the contract so that it is delivered by a third party.
- Option 4**      **Hybrid:** Partly in-source the Service to the Council and partly outsource to BFfC or another third party.
- 3.3. Options 1 and 2 were seen as most viable. Option 3 was dismissed due to the increased time and cost and resource implications. Additionally, there are limited potential providers in the market and working with these would involve unknown risk and potential challenges with control and governance. Option 4 was dismissed as there is neither any current rationale nor appetite to pursue an option that would split part of the Service from the portfolio with no perceivable benefit.
- 3.4. A summary of the main advantages and disadvantages for Options 1 and 2 are given below.
- 3.4.1. **Option 1: BFfC Delivery**
- Advantages**
- Contract arrangements are in place and retaining BFfC provides continuity.
  - BFfC could continue to deliver improvements in service and may achieve an equivalent to a “Good” rating over a new contract term.
  - Relationships are well-established and work well between BFfC officers and Council staff and members.
  - The Board provides a level of independent expert advice and scrutiny not currently available within the Council.
  - The culture and stability of the workforce has improved significantly since the decision was taken to set up the Company.
- Disadvantages**
- BFfC has not achieved the overarching ambition of the contract, including reducing the cost of services, achieving an equivalent Ofsted rating of “Good”, and becoming nationally regarded as a sector leader.
  - Improvements are required in contract and performance management to ensure best value service delivery and continuous improvement.

- Continuation of duplication in reporting to support governance arrangements, and the resource-intensive maintenance of the 16 Service Level Agreements.
- A BfFC Board succession plan is not in place.

#### 3.4.2. **Option 2: In-house Delivery**

##### **Advantages**

- Greater direct control over service delivery and operations, given that BfFC has yet to achieve the Council's ambition for Children's Services.
- Rationalises reporting and governance requirements, removing duplication, reducing demands on officers' time to maintain the Service Level Agreements and Board, and eliminating a '*layer of separation*' between Children's Services and the Council.
- Potential for greater integration of Children's Services into wider Council operations, enhancing cost-effectiveness of service delivery.
- Assurance that Children's Services are supporting the wider corporate plans and other Council policies and initiatives, making the Service more agile to respond to changing plans and needs of the Council.
- Potential cost savings resulting from the removal of governance structures and operational duplication totalling approximately £200,000 - £300,000 a year.

##### **Disadvantages**

- Disruption to staff may lead to a destabilised workforce and disruption to effective service delivery for children.
- Complexity of the transition with a greater upfront cost and demand on staff time to support the change.
- Loss of external expert advice and guidance to the Children's Services management team.

#### **Transition activities and costs**

3.5. To support the evaluation of options, the high-level transition activities and costs for both Option 1 and Option 2 are set out below.

3.5.1. **Option 1 – BfFC Delivery.** Transition to this option would cost approximately £309,000 and would require the following activity which is estimated to take approximately 450-500 days in officer time.

- Negotiate and update the contract, including the following amends:
  - Overall simplification of terms
  - Agreeing the new contract term and contract review process
  - Resetting how the contract sum is calculated
  - Redefining the overarching ambitions of the contract
  - Updating Key Performance Indicators
  - Increasing the focus on Education and Schools
  - Updating governance arrangements
- Review and update 16 Service Level Agreements with Services
- Review and update governance arrangements for BfFC including the role and composition of the Board of Directors, the Contract Management Group, performance reporting and the need for a Contract Manager
- Recruit a new Chair and Non-Executive Directors to the Board as terms end
- Review the corporate services model and where BfFC support services are best placed
- Implement a temporary programme board to oversee the programme, with representation from both the Council and BfFC, and support of a wider programme team.

3.5.2. **Option 2 – In-house Delivery.** Transition to this option costs approximately £600,000 and would require the following activity which is estimated to take approximately 600-650 days in officer time.

- Transfer c.550 staff from BFfC to the Council via TUPE (Transfer of Undertakings (Protection of Employment))
- Novate c.100 contracts with BFfC to the Council
- Surrender the Council's 12 building leases with BFfC
- Close the Independent Fostering Agency and transition this to a Local Authority Fostering Service
- Change all relevant Ofsted registrations
- Close the Company
- Revise Council Constitution and Committee Terms of References to reflect the change
- Establish an independently chaired Improvement Board to support continuous improvement of the Service
- Communication and engagement with staff to maintain stability and support change
- Transition finance data
- Transition IT system data (e.g. email addresses)
- Review of the corporate services model and where BFfC support services are best placed. For a small number of roles, there will also need to be decisions made about where they would sit within the Council and, potentially, staff consultation on any changes
- Review and align BFfC policies and processes with those of the Council
- Implement a temporary programme board to oversee the programme, with representation from both the Council and BFfC, and support of a wider programme team
- A decision regarding the name and brand will need to be made as part of the transition; a change to the name would carry additional cost and officer time.

### **Annual Savings/Costs**

3.6. Option 1 has an additional ongoing cost above the normal operations in terms of:

- The cost to maintain the governance arrangements, including the BFfC Board, and separate audit arrangements.
- The additional officer time to maintain the 16 SLAs, the Contract Management Group and the Board, and the level of work this requires of officers in terms of reporting and meetings.

3.7. Option 2 costs less annually to upkeep. Overall, there would be a saving of approximately £200,000 - £300,000 annually. This would come from:

- Closure of the Company and end of requirement to have a Board of Directors
- Reduction in audit requirements and fees
- Rationalisation of some services where there is duplication.

Any rationalisation of services delivery would be subject to a full review and consultation process.

Option 2 includes an ongoing annual cost of approximately £20,000 for the Independent Chair of the Improvement Board. This cost has been accounted for in the net savings calculation.

### **Recommendation**

3.8. The BFfC Board considered CIPFA's report on the 26<sup>th</sup> September 2024 and have provided a statement (see Appendix 2 attached), accepting and supporting the recommended option. The Statement also reflects that *'alternative delivery models for Children's Services have become less popular in recent years and are now very rarely the preferred option in response to statutory intervention.'* The Board note that the implementation of any option will need to be managed in a way that *'maintains and supports the continuous improvement in the full breadth of services currently delivered*

by *Brighter Futures for Children*, maintains stability of service, manages key risks, is communicated effectively, and expedites the process as quickly as possible.

- 3.9. CIPFA notes the current delivery model is no longer *'the norm'*. It recognises the *'increased maturity'* of both the Council and Children's Services in 2024, compared to 2018, which *'means that Reading is in a good position to take Children's Services back in house'* and for these reasons, together with the above-listed advantages of the delivery model, CIPFA recommends to the Council Option 2.
- 3.10. However, simply bringing the Service back in house does not in itself guarantee the delivery of the Council's aspirations for its Children's Service. The Company currently has a significant transformation plan in place to address cost pressures and better manage demand, as well as an action plan in place to address the issues identified by the latest Ofsted inspection of Children's Services. It is vital that both have sufficient scrutiny and informed input to ensure effective delivery going forward.
- 3.11. For these reasons, officers made the recommendation to Policy Committee, and Policy Committee now recommends to Council, that all services currently provided by BfC are brought back in-house subject to the coterminous setup of an independently chaired Improvement Board.

### In-house Service Delivery

- 3.12. **Improvement Board:** It is proposed that the purpose, governance and membership of the Improvement Board be informed by best practice examples and learning from other local authorities, and will be detailed in clear and agreed Terms of Reference to be noted by Council. It is proposed to be an independently chaired board designed to provide advice and support delivery of service improvement and performance.
- 3.13. **Engagement of Staff:** Change is difficult and the move to the Council may be unsettling for staff within BfC. Maintaining the stability and wellbeing of staff will be of the utmost importance in ensuring effective service delivery through the transition period. An initial communications plan is in place and has had input from both the Chief Executive and Chair of the Board. A further engagement plan will be developed depending on the option chosen which will include TUPE arrangements as defined by the Council's Assistant Director for HR &OD.
- 3.14. **Transition governance:** A programme board will be established with appropriate officer representation to oversee the transition programme.

### Transition Risks for Option 2

- 3.15. The table below sets out the main risks associated with the transition to Option 2 together with the proposed mitigations. The risk level reflects the likelihood and impact of the risk after mitigation. A full risk register will be produced and managed by the programme board.

Risk	Risk level	Mitigation
1. Loss of staff or staff-morale due to a lack of certainty or disagreement with the change leading to resignations, service disruption, and increased costs where agency cover/re-recruitment is needed.	Low	Staff engagement to be critical component of communications plan - led by the Council's Chief Executive and the BfC Board Chair, with regular and open communication with staff to address concerns, celebrate milestones, and reinforce the reasons for the change. Aim for swift transition to minimise disruption, with effective TUPE management.
2. Delay to transition leading to additional costs, service disruption, and	Medium	Adequate additional resourcing brought in for the most resource-intensive workstreams. Develop full

increased uncertainty among staff.		transition plan over coming months. Senior leaders to direct priorities to support transition.
3. Unforeseen costs where a greater level of resource is required than budgeted for, or non-budgeted cost items arise.	Medium	Programme board to regularly monitor expenditure against budget and take mitigating action as required.
4. Operational disruption due to the resourcing demands on existing staff of the transition process	Medium	Detailed transition plan to be developed. Additional resources brought in to support the most resource-intensive processes. Front line services will remain unchanged.
5. Lack of clarity around governance during transition leading to a reduction in oversight and possible effectiveness of the Service.	Low	Governance transition to be a separate workstream of the transition programme, including the roles of, and interaction and handover between the BFfC Board and Improvement Board. BFfC Board to have active role in supporting transition.
6. Confusion amongst supported children and families, the local community and other agencies/organisations, leading to increased queries and possibly lower customer satisfaction.	Low	Clear communication via multiple channels of any changes that the public and other agencies/ organisations need to be aware of, tailoring and targeting messages to subgroups as necessary. Agree standard answers to FAQs. Set up a way for children and families to ask questions and provide feedback. If the name of the Service changes, the risk level will increase, and greater management of this risk will be needed.

#### 4. Contribution to Strategic Aims

4.1. Children's Services (Social Care and Education) support all three themes of the Corporate Plan:

- Healthy Environment – ensuring the safety, and improving the mental and physical health, of children
- Thriving Communities – providing essential services for children and families, including social care, special educational needs and disability provision, and early years support
- Inclusive Economy – ensuring high quality education for all children and reducing educational inequalities.

4.2. Ensuring that the Council continues to improve Children's Services is essential to these strategic aims and the wellbeing of the children of Reading. How these services are delivered is therefore crucial, and the decision on the future model for delivery and subsequent management is fundamental to the Council.

## **5. Environmental and Climate Implications**

- 5.1. A Climate Impact Assessment has been conducted, confirming that the decision will have no negative environmental or climate implications in itself. The transition will not affect the organisation's emissions of greenhouse gases or ability to adapt to the impacts of climate change.
- 5.2. BfFC's environmental and climate policies will be reviewed and, if necessary, aligned with the Council's policies. This alignment aims to support the collaborative efforts of both parties towards achieving the Council's Net Zero target by 2030.

## **6. Community Engagement**

- 6.1. CIPFA held 20 stakeholder interviews as part of its work for Part 2 of the review. These included Foster Carers, Reading Families Forum (Special Educational Needs family 'voice' group), Police, Health representatives, the Independent Safeguarding Scrutineer, staff (both BfFC leadership and a group of staff representatives), the BfFC Board, Council Leader and Lead Councillors for Children's Services and Education. Stakeholders were asked for their views on BfFC and future possible delivery models for Children's Services in Reading.
- 6.2. The Council Leader, Chief Executive and BfFC Board of Directors have been consulted throughout, to ensure the review process best supports the Council in making this decision.
- 6.3. A communications plan is being prepared to engage all major stakeholder groups and ensure both internal and external stakeholders are informed and supported throughout the change.

## **7. Equality Implications**

- 7.1. 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;
  - foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
- 7.2. In this regard it must be considered whether the decision will or could 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.
- 7.3. An Equality Impact Assessment was deemed unnecessary for this decision, as the move of BfFC staff to the Council will not disproportionately affect any specific protected group. The overall Council staff profile will remain largely unchanged, with the most notable difference being a 5% increase in the proportion of female staff. Additionally, there will be a slight increase in the diversity of the Council staff ethnicity profile after the move, with a 3% reduction in the number of staff who self-identify as White.
- 7.4. Both BfFC and the Council are subject to the Equalities Act 2010. The two organisations have closely aligned internal policies, though as part of the transition a full review and alignment of policies will be needed.

## **8. Other Relevant Considerations**

- 8.1. Policies and processes within BfFC will be reviewed to ensure parity with those of the Council, and where needed standardised and brought in line. In due course there will also need to be a harmonisation of staff terms and conditions.

## 9. Legal Implications

- 9.1. The review process has been completed in accordance with the Terms and Conditions of the contract between the Council and BFfC. The contract ends on 1<sup>st</sup> April 2026. By 31<sup>st</sup> March 2025 the Council must have made a decision on future provision and notified BFfC accordingly.
- 9.2. The contract allows for early termination, with the mutual agreement of both the Council and BFfC as to the contract 'Break Date'. This would allow implementation of Option 2 prior to the 31<sup>st</sup> March 2026.
- 9.3. The Council has powers to reverse its previous decision of October 2018 as it is no longer subject to any intervention from the Secretary of State as regards its Children's Services. The Council has all the necessary legal powers to resume provision of Children's Services.

## 10. Financial Implications

- 10.1. The costs and indicative savings for each option are summarised in the following table:

Estimated costs	Option 1 – BFfC Delivery	Option 2 – In-house Delivery
	£000	£000
Costs – One-off (up to)	309	600
Net Costs / Saving - Annual	Annual Cost 85	Annual Saving (-200) – (-300)

- 10.2. Option 2 has a higher cost of transition to recognise the additional administrative, legal, HR and finance costs to support the transfer of services. This option would deliver annual savings of approximately £200,000 - £300,000 and as such would break even in around 2-3 years, and thereafter provide a benefit.

The ongoing annual cost of approximately £20,000 for the Independent Chair of the Improvement Board has been accounted for in the net savings calculation for Option 2. This compares to an annual net cost of approximately £85,000 for Option 1 that would need to be considered for inclusion in the 2025/25 budget and Medium Term Financial Strategy.

However, the annual saving equates to less than 1% of the BFfC annual budget and therefore the decision should not be driven by this financial benefit.

- 10.3. It is anticipated that the one-off costs of transition of £309,000 for Option 1 or £600,000 for Option 2 will be funded from the Council's earmarked reserves, with an expectation that internal resources will be utilised where possible to reduce costs.

## 11. Timetable for Implementation of Recommended Option

The high-level transition timetable is set out below:

Council Decision	28 January 2025
Set up programme board for transition	29 January 2025
Decision notice to BFfC - legal deadline	31 March 2025
Target transition completion date	Autumn 2025

## 12. Background Papers

- 12.1. There are none.

## **Appendices**

1. CIPFA Report: 'Brighter Futures for Children Review Part 2 – Assessment of Options for Children's Services'
2. Statement of Support from the BFfC Board