

Committee/Meeting: Cabinet	Date: 9 th February 2011	Classification: Unrestricted	Report No: CAB
Report of: Chief Executive Originating officer(s) Kevan Collins, Chief Executive		Title: Children's and Adults' Services Reorganisation Wards Affected: All	

Lead Member	Mayor Lutfur Rahman
Community Plan Theme	One Tower Hamlets; A Safe and Supportive Community
Strategic Priority	Efficient and effective services; Locally focused services empowering local people; Improved outcomes for vulnerable children and adults.

1. **SUMMARY**

- 1.1 This report is being brought forward to enable Members to consider the proposition that the existing two Council directorates of Children, Schools and Families Services and Adults, Health and Wellbeing Services should be reorganised into one new unified department, with some of the strategic and back offices functions passing to the centre.
- 1.2 Key issues include:
- 1.2.1 Whether the service and financial advantages of such a reorganisation in the medium to long term outweigh the disruption that any such major restructuring may bring in the short term;
- 1.2.2 Whether stakeholder support will be forthcoming for the proposal;
- 1.2.3 The risk to high performing Council services and well established links to key partners and stakeholders.

2. **DECISIONS REQUIRED**

Cabinet is recommended to:

- 2.1 Approve the immediate commencement of stakeholder engagement with schools, health, relevant third sector and community organisations and other key stakeholders to establish whether there would be support for the reorganisation of the current Children, Schools and Families and Adults, Health and Wellbeing Directorates into a single unified Families, Children and Adults Service.

2.2 Request a further report from the Chief Executive to the next appropriate Cabinet meeting following the consultation with key stakeholders.

3. REASONS FOR THE DECISIONS

3.1 The Council is going through a period of major budget reductions but at the same time is as far as possible trying to maintain and even improve front line services to residents. The decision to proceed with the amalgamation of the two major Council departments into the Families, Children and Adults Services would make a significant contribution to the savings targets that the Council is currently aiming to achieve over the next four years.

3.2 At the same time, from the perspective of families who use these Council services, which in the case of schools is all families with school age children, these changes would result in a better, more holistic and seamless service which does not require handover of services between departments when looking at the needs of children, young people and adults in the family.

3.3 While the reorganisation of Council Departments is an internal Council matter subject only to the Council's own agreed reorganisation procedures, nevertheless the creation of a new Families, Children and Adults Service would bring change for service users including individual children, adults, families and related institutional providers such as schools, health providers and local communities.

3.4 For this reason, it is important to secure stakeholder buy in and support for the proposal, therefore the proposed process and timescale allows the Chief Executive to meet with key stakeholders to discuss the proposal and to bring a report back to the next appropriate Cabinet meeting setting out the responses and recommendations for the Mayor's consideration.

4. ALTERNATIVE OPTIONS

4.1 Alternative options would be either to:

- Do nothing and maintain the status quo;
- Look for opportunities to amalgamate council adults' social care services with community health provision;
- Review the current management arrangements and look for closer alignment and the operation of a 'Joint' management team.

4.2 The first two options have been considered but neither is recommended. The current interim arrangements covering the Corporate Director positions in these services needs to be resolved and it would be inappropriate not to take this opportunity to consider alternative leadership proposals. The uncertainty surrounding the nature and impact of changes to health services that are currently under discussion and subject to future legislation rule out the alternative of an amalgamation between adult's social care services and health either inside or outside the Council at this stage. However, together with full amalgamation under one Executive Director, the third alternative, to

consider is a 'joint' management solution will be examined and evaluated as part of the process.

5. BACKGROUND

- 5.1 As many as 10% of Local Authorities (LAs) have already gone down the route of amalgamating their Children's and Adults Services in one form or another. The Improvement and Development Agency (IDEA) published a study 'Think Family, Think Community' which reported in detail on 10 such LAs. Some did it right at the start when all Councils were having to reorganise to bring education and children's social care together as children's services. Others did it more recently as part of Council wide reorganisations to reduce the number of Council departments. This was sometimes part of an overall strategy to classify all council functions under one of three headings: People, Places or Resources. However, whatever the nature of the reorganisation, making budget savings was always a key political driver. We know that other authorities are now actively considering the option.
- 5.2 Most of the LAs that have done this have been graded as good, and occasionally outstanding, in the two services pre amalgamation, and the evidence is that they at least maintained and mostly improved upon that performance. The two exceptions to this were Surrey and Middlesbrough.
- 5.3 A strong view coming through from the study is that there is no 'one size fits all' model and each LA needs to sort out the best structural solution to meet its local circumstances.
- 5.4 No institution ever reaches a point where there is nothing that can be improved upon, and even at the level of maintaining peak performance it is necessary always to be open to change and development. External circumstances also change, necessitating review and re assessment. It is important for maintaining its freedoms to operate through making decisions locally rather than having them imposed centrally, that Tower Hamlets remains at the top of the tree, so it needs to be open to considering change even in its most successful areas. Therefore the first question to ask when considering whether to go ahead with this major structural change of unifying Adults' and Children's Services in one department, is: "Will this have an impact on the four star quality rating we have achieved and continuous improvement?"
- 5.5 This will be the first time that Tower Hamlets has considered such a proposal but as well as potentially delivering service improvements, it is also very much in line with a trend over recent years. We have seen a significant reduction in the number of Council departments and a reduction in the Corporate Management Team (8 in 2008 to, potentially, 5).
- 5.6 These considerations come at a time when there is an imperative to reduce Council spending and delay the management of the organisation. This development would send a powerful signal and demonstrate our

determination to delay management at the most senior levels of the Council.

- 5.7 Additionally, the Council has recently found that the advertising for the Director of the single Children, Schools and Families Directorate has not resulted in a strong field; our experience is not untypical of the national recruitment situation for Directors of Children's Services. A new Executive Director role spanning both adults' and children's services is expected to be more attractive and bring applications from serving Directors.

6. BODY OF REPORT

BENEFITS AND RISKS OF AMALGAMATING CHILDREN'S AND ADULTS' SERVICES

- 6.1 There are a number of potential benefits and advantages that would flow from bringing together Children's and Adults' Services, both from the perspective of individuals and families, of the Council as a whole and of its partners.
- 6.2 From the point of view of those using the services there are potential benefits from an amalgamated department which include:
- 6.2.1 Smoother transitions for children with complex needs from 0 to 25 and for young people moving on from the care system;
- 6.2.2 Increased intergenerational work and working with the family as a whole rather than with individuals defined by age;
- 6.2.3 Improvement in general health and well being by bringing together universal (education and schools) and targeted (adults) services, which had previously operated separately and with different perspectives and priorities, (which in turn also reduces the need for and spend on targeted services for individuals later on in their life).
- 6.3 From the point of view of the Council there are to be gained potential efficiencies and consolidation of its work internally through eliminating overlap and duplication:
- 6.3.1 There are a number of essential 'back office' support functions that can be more efficiently delivered in a unified department, or unified across the Council from the centre. These include strategy, policy and performance, commissioning, research and development, finance, HR and workforce development, IT and information, administration and business management;
- 6.3.2 There are also professional and service areas which both departments are involved with where there would be potential benefit in service delivery terms for them to be unified within one department. These areas include drugs, alcohol, and substance abuse, disability, safeguarding, domestic

violence, health promotion, family support, access and inclusion, all of which it is reported can benefit from the more holistic approach that results from having a combined department;

- 6.3.3 Organisationally, more effective working can be achieved by learning from each other and sharing good practice e.g. children's from adults' on fully delivering on integration, and adults' from children's on safeguarding;
- 6.3.4 A unified department also makes it easier if a LA wants to go down the route of integrated teams and a locality focus working from community bases.
- 6.4 Externally there are potential benefits to be gained by improving working with partners:
 - 6.4.1 Partners, especially health, would find it easier to relate to a unified service, because although they do sometimes deal with children and adults separately, their overall structure is not predicated upon a rigid split between the two;
 - 6.4.2 An unified service would result in better communication and more effective use of joint appointments and the Joint Strategic Needs Assessment would be considerably strengthened by there being a single strategic approach for all services, genuinely 'cradle to grave';
 - 6.4.3 A preliminary analysis of the Health White Paper indicates that the benefits to the Council's working relationship with the health service, particularly in the area of public health and health prevention, would be enhanced by moving to an amalgamated service for adults, children and families.
- 6.5 In terms of financial savings:
 - 6.5.1 Initial estimates show that savings in the area of £300k can be achieved just from restructuring the chief officer posts and their directorate support;
 - 6.5.2 It is through the lower levels of the restructure that the economies of scale and efficiency savings can be driven through. The new Director would be tasked with drawing up the detailed restructure proposals but an initial estimate suggests that a significant further amount could be saved once the restructure is complete, albeit that some of these savings may arise from current restructures (e.g. Strategy, Policy and Performance);
 - 6.5.3 CSF and AHWB commission a significant level of services. At present the commissioning functions work in isolation and we do not ordinarily consider provision that cuts across different members of the same family or provide for longer time spans crossing from childhood into adult services;

- 6.5.4 A number of the organisations provide commissioned services to both AHWB and CSF. Aligning budgets and driving single commissioning contracts will give the Council the opportunity to deliver better value for money.
- 6.6 The new job will be a big one and will require the successful recruitment of an outstanding person, who can take overall responsibility across the broad range of services that the newly amalgamated department will encompass. This will almost certainly mean recruiting with very senior management and leadership experience, including serving at Director level. While the span of control is large, that is true for all Executive Directors. The new department would account for a large proportion approximately 55% of the Council's budget but of this, a much smaller amount would be spent on directly managed staff as the rest is accounted for through devolved services e.g. the schools budget accounts for over 200 million per annum.
- 6.7 There may be a tension between the need to move quickly to achieve the savings and the need to win hearts and minds as to the benefits of the proposal in terms of service delivery, regardless of the budget situation. As well as the staff, directly affected, particular attention needs to be paid to bringing key partners from the health community and schools on side. GPs, Headteachers and governors will need to be reassured that within the new arrangements there will still be the expertise to give the strategic leadership at the highest level. Close working between the Council and the schools has helped to secure improvements and high standards in schools in Tower Hamlets. Likewise, in period of change and turbulence health partners will need reassurance and confidence that the Council is devoting sufficient strategic attention to the broad array of health matters.
- 6.8 Our priority is, and will remain, protecting our most vulnerable children and ensuring the safety and wellbeing of adults at risk. The proposal to bring the services closer together under a single management regime must set out how all risk factors will be evaluated and possible appropriate mitigating actions.

NEXT STEPS

- 6.9 Following today's meeting, if the recommendation is approved, the Chief Executive will write offering meetings to consult with key stakeholders and will report to members at the next appropriate Cabinet meeting. If the final decision is to go ahead with the proposal, the recruitment timetable suggests that the new executive Director would be in post by August 2011.
- 6.10 It is also proposed that there be an overlap period with the current acting Directors (if neither has been appointed to the new substantive post) remaining in office after the appointment of the new Director for at least one month. During this time the new structure will be drawn up and statutory consultation with the Trade Unions will take place. The new Director would then take full operational responsibility by October 2011, thus achieving part

year savings in 2011/2012 and the full restructure completed and savings achieved in 2012/2013.

- 6.11 Under Article 7 (The Mayor and the Executive), part 7.05 (Cabinet Responsibilities) of the Council's Constitution, the determination of the number and scope of portfolios held by Cabinet Members is at the Mayor's discretion. These portfolios can be amended from time to time as and when the Mayor deems fit and will be effected by the Monitoring Officer as soon as reasonably practicable when so advised by the Mayor. Accordingly, if the reorganisation goes ahead, the Mayor will determine whether he wishes to have one Cabinet Member for the whole directorate or two Cabinet Members - one for Children and one for Adults – to ensure a specific focussed overview and political leadership for each area.

7. COMMENTS OF THE CHIEF FINANCIAL OFFICER

- 7.1 The report sets out proposals to unify the Children, Schools & Families and Adults, Health & Wellbeing Directorates into one new department. At this stage the decision Members are being asked to take is to refer the matter to consultation and there are no financial implications involved in that decision.

- 7.2 The reorganisation would save the budget for one Corporate Director post and relevant support and opens up the possibility of rationalising and reorganising back-office services of the two existing Directorates and reviewing the delivery of certain front-line activities. This is expected to deliver a minimum of £300,000 a year in savings with the potential for significantly greater savings arising from a detailed review. The first full year of savings would be 2012/13, and the current Medium Term Financial Plan identifies a savings gap in that year which this proposal could help to fill.

- 7.3 There would almost certainly be implementation costs especially in relation to the reorganisation and these would be likely to be affordable on an invest to save basis, although more specific proposals would need to be assessed in detail. The costs of reorganisation would need to be met from Council reserves and contingencies.

- 7.4 The reorganisation has the potential to facilitate greater value for money savings and efficiencies in future years from such areas as the use of finance, procurement, commissioning and localised working.

8. CONCURRENT REPORT OF THE ASSISTANT CHIEF EXECUTIVE (LEGAL SERVICES)

- 8.1 There are no legal implications in this report.
- 8.2 The Council's Human Resources procedures would be followed in any subsequent restructure.

9. ONE TOWER HAMLETS CONSIDERATIONS

9.1 As this report is only proposing the commencement of consultation, there are no immediate One Tower Hamlets considerations.

9.2 If Cabinet agree the recommendations contained within this report, the subsequent report to Cabinet will contain full One Tower Hamlets considerations for the proposed amalgamation.

10. SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT

10.1 There are no sustainability issues arising from this report.

11. RISK MANAGEMENT IMPLICATIONS

11.1 There are no risk management implications arising from this report.

11.2 If Cabinet agree the recommendations contained within this report, the subsequent report to Cabinet will contain full risk management implications for the proposed amalgamation.

12. CRIME AND DISORDER REDUCTION IMPLICATIONS

12.1 There are no crime and disorder reduction implications arising from this report.

13. EFFICIENCY STATEMENT

13.1 Although this report is concerned with reviewing and changing the use of resources, the recommendations only authorise the Chief Executive to carry out consultation with stakeholders on those proposed changes.

13.2 If Cabinet agree the recommendations contained within this report, the subsequent report to Cabinet will contain a full efficiency statement for the proposed amalgamation.

14. APPENDICES

None

Local Government Act, 1972 Section 100D (As amended)
List of “Background Papers” used in the preparation of this report
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Brief description of "background papers"

Name and telephone number of holder and address where open to inspection.

None

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