

# Report to Cabinet

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<b>Title:</b>	<b>Alternative Service Models - Lessons Learned</b>
<b>Date:</b>	Monday 24 July 2017
<b>Date can be implemented:</b>	Tuesday 1 August 2017
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<b>Local members affected:</b>	All
<b>Portfolio areas affected:</b>	All

*For press enquiries concerning this report, please contact the media office on 01296 382444*

## Summary

The purpose of this report is to review the progress of a range of alternative service models which were developed to deliver services on behalf of the County Council, and to consider lessons arising from the process to date.

## Recommendation

### Cabinet is asked to:

- i) note the progress of the individual service models;**
- ii) agree the recommendations in the report for the development of current and future models;**
- iii) agree to receive a report in six months on the Council's progress in implementing the recommendations.**

## Background

1. Over recent years, the Council has increasingly moved towards a commissioning model for the delivery of local services. Key drivers for change have included:
  - Financial Savings
  - Income generation
  - Opportunities to access external funding
  - Resilience – particularly for small, specialist services
  - Innovation to achieve service improvement.

2. In 2016/17, approximately 70% of the Council's expenditure was spent on externally commissioned services.
3. A range of different operating models and commissioned services have been developed according to the needs of different services. These include for example:
  - shared services with other authorities (for example, the Trading Standards service with Surrey County Council; the shared legal, HR and payroll services with London Borough of Harrow)
  - community delivery models (community libraries and youth centres)
  - commissioning the voluntary and community sector (for example Barnardos)
  - joint ventures with the private sector (for example Ringway Jacobs).
4. Like a number of other authorities, the County Council has also been involved in the development of delivery models which have been resulted in the establishment of separate legal bodies. These "Alternative Delivery Vehicles" (ADVs) have provided the opportunity to explore the benefits of new forms of governance and legal arrangements in the provision of public services. They have taken a variety of different forms from independent Trusts through to wholly owned subsidiaries.
5. In Buckinghamshire, the following delivery vehicles have been established since 2013:
  - Buckinghamshire Learning Trust (BLT)
  - Bucks Care
  - Adventure Learning Foundation (ALF)
  - Bucks Law Plus
  - Buckinghamshire Museum Trust.
6. Each of these bodies established their own internal governance arrangements to manage their business – for example the BLT Board within the Trust. In addition, in each case, the Council developed internal governance arrangements to oversee its relationship with the individual organisation, and to hold each new organisation to account for the delivery of services commissioned by the Council. These arrangements included the shareholder commissioning group for Bucks Care and the commissioning groups for ALF and BLT, comprising Cabinet Members and senior officers. Taken together, these delivery vehicles have reduced the Council's spend by £4.3m to date, rising to £4.6m by 2019/20.
7. In line with the recommendation from Budget Scrutiny in February 2017, Cabinet commissioned a review of the progress of the alternative delivery vehicles, and the lessons arising from the Council's experiences with these models.
8. The purpose of the report is to review the progress of the delivery vehicles to date and consider lessons which will benefit the organisation in future projects. The review has been undertaken by revisiting the original published business cases for each of the delivery models and comparing these against actual financial and performance monitoring information in order to assess the degree to which the benefits have been delivered. In each case, the review has also considered local and national developments which have taken place since the

establishment of the delivery vehicles and the options for future service delivery. In addition, the review draws on the findings of internal audit reviews of Buckinghamshire Care, Bucks Learning Trust and Adventure Learning Foundation over the past 3 years.

### **Performance of Alternative Service Models**

9. A template setting out key information about each delivery vehicle is attached to this report. Key issues are summarised below.

#### **Bucks Law Plus (Appendix 1)**

10. Buckinghamshire Law Plus Ltd. was created in 2014 as a 'shell company' in order to trade with external clients within the increasingly rigorous compliance framework set out by the Solicitor's Regulation Authority.
11. No new senior management posts were created and no budget or staff transferred to the company. Existing officers discharged administrative roles on the company board. The company generated revenues of £186,000.
12. The County Council subsequently entered into a shared service with HBPL which is projected to make savings of £600k p.a. by 2019/20. Staff transferred to HBPL and are no longer working on behalf of BLP Ltd. The decision was therefore taken to dissolve Bucks Law Plus. No net costs were incurred by the Council in relation to BLP during its lifetime and decisions were taken on a clear business basis both in relation to the creation and cessation of the company.

#### **Bucks Museum Trust (Appendix 2)**

13. The Bucks Museum Trust was established as a company limited by guarantee in 2014. The services transferred to the Trust represent 4% of the Council's budget for Community Engagement services in 2016/17.
14. Since the transfer, the Trust has been delivering services to our specification, and within budget. There have been some slight variations from the original business case but on the whole the performance of the Trust is in line with the projections. The Trust has realistic aspirations for growth and becoming more self-sustaining, through developing additional SLAs with smaller collections and museums, and accessing new funding streams. It has recently been announced that the Trust's application to the Arts Council of England to become a National Portfolio Organisation has been successful, resulting in an award of £400k over 4 years from 2018.
15. The Trust is managing its finances appropriately and is managing to deliver a small surplus (estimated £25k this year) which it is holding as reserves in line with Charity Commission recommendations. The Trust model has achieved savings of £59k p.a. from 2016/17 (£181k cumulative savings for BCC over the first 4 years of operation).

### **Buckinghamshire Care Ltd (Appendix 3)**

16. Bucks Care was established in 2013 by the Council as a Local Authority Trading Company (LATC) to provide adult day care, respite and reablement services for people eligible for social care services. A key reason for setting up Bucks Care was to be able to 'directly' provide services to clients in receipt of direct payments & self-funders, which the County Council was not able to do at the time. This was subsequently changed by the Care Act.
17. The annual contract with the Council was £8m. The model delivered savings to the Council, which had built up to be £1.4m p.a. from 2016/17, on both contract costs and service delivery. This was in line with projected savings. The services transferred to Bucks Care represented 6.2% of the Council's budget for adult social care services in 2016/17. Approximately 5.5% of people in receipt of adult social care services across the county were supported by Bucks Care.
18. In December 2016, the County Council took the decision to end the contract. This was largely due to concerns around the quality of care and safety of service users at Seeleys House respite-care, following an inspection by the Care Quality Commission in November 2016. These concerns were compounded by the management and financial difficulties at Bucks Care which had emerged in mid-2016. The staff and services were transferred to the County Council in January 2017 and an improvement action plan put into operation. Consideration is currently being considered to the options for the provision of the services in the longer term.

### **Bucks Learning Trust (Appendix 4)**

19. The BLT was established in 2013 in order to deliver school improvement services on behalf of the County Council. The contract is due to expire in 2018, although there is provision for an extension.
20. The key focus of the BLT is to improve the % of pupils attending a school judged as Good or Outstanding by Ofsted, and there has been steady improvement against this indicator in recent years.
21. The grant provided by the County Council to BLT reduced from £8.0m in 2013/14 to £6.8m in 2016/17. It has further reduced to £5.6m in 2017/18 following further cuts to government grants. The services transferred to BLT represented 8.7% of the Council's budget for education services (excluding Direct Schools Grant) in 2016/17.
22. The Council is currently in discussion with the BLT about the management of these grant reductions, and the future landscape in relation to school improvement services. The emerging local children's education and skills strategy for Buckinghamshire will set a clear direction on what is required. Subject to consultation and decision making on the strategy this will set the framework for the Council's future role in school improvement, its service delivery model and, therefore, its commissioning relationship with BLT.

### **Adventure Learning Foundation (Appendix 5)**

23. ALF was established as a charity in 2013 to take on the running of Green Park Outdoor Education and Training Centre and Shortenills Environmental Education Centre and the provision of outdoor education activities.
24. Whilst ALF has been successful in delivering outdoor education opportunities for children and young people, the ongoing challenge for the charity remains the need for significant investment in the facilities available in order to provide a competitive offer to schools in Buckinghamshire and beyond.
25. The Council has been proactive in supporting ALF to date, including through the provision of working capital loans and investment funding. We are closely monitoring ALF's financial performance in order to manage the risks around its future sustainability, and also developing contingency plans for the site.

### **Key Lessons for Future Service Models and Recommendations**

26. A number of lessons have been identified which can be applied both to current and future service delivery models. A consistent theme is the need to apply greater scrutiny and monitoring of the activities of the new businesses, and the management controls, particularly during the start-up phases of operation when the risks are heightened. It is also notable that the external environment has changed significantly since these vehicles were originally established, and the Council needs to retain the flexibility to respond to the changing landscape and review its strategy for service delivery over time.

### **Start Up Phase**

27. The initial emphasis for the alternative delivery vehicles was to reduce the Council's direct involvement in running services, with the intention of promoting commercialisation and innovation. Whilst governance arrangements have been in place in all cases, it is proposed that in the future, any similar type of delivery vehicle should be established within a tighter governance framework and with greater input at the start of the process to ensure the new organisation makes a solid start.
28. In the case of any new service delivery vehicle in future, it is recommended that:
  - A full internal audit should be undertaken within six months of go live, in order to provide assurance about the governance arrangements and identify any issues. A further internal audit should be triggered in the event of any change in financial system, change in key controls and/or change in key personnel;
  - An independent challenge of both the service and financial risks of the business case should be undertaken prior to the handover of business, and a well documented risk management strategy should be produced which specifies those risks that the Council is sharing, retaining or transferring;

- Risks associated with new delivery vehicles should be included on the Business Unit risk register of the relevant Business Unit.

## **Outcomes**

29. Whilst the business cases for the new delivery vehicles were very precise in relation to savings targets, the outcomes which were expected in relation to customer experience and service quality were not always specified as clearly as they might have been. These are critical to the Council in being able to judge performance and understand triggers for intervention/exit.

30. In the case of Bucks Care, there was evidence of a loss of sight of users and their families and they were not engaged sufficiently in care. Users have to be placed at the centre of the Council's systems and processes to ensure that they are supported to achieve good quality lives. In the case of Seeley's House, we are now working much more closely with service users and carers to keep them informed and engaged and to understand the service as they experience it.

31. It is recommended that:

- Each business case should identify specific performance measures and targets in relation to customer satisfaction and the quality of service delivery, as well as financial performance. The performance regime should then focus on ensuring that these outcomes are delivered;
- Systems and processes need to be established for the systematic engagement of users and carers for all social care services.

## **Governance**

32. Governance arrangements had been established for each of the new service models, involving both senior officers and Members, with the aim of holding the delivery vehicle to account for performance. However, the review has identified some concerns about the frequency of meetings as well as the scope and focus of the discussions. For example, in the case of Bucks Care, the meetings of the Shareholders Commissioning Group (the Council's internal group overseeing the relationship with Bucks Care) focused primarily on financial performance. However, it should also have had a clearer remit in relation to quality of care and been supported to take a more robust and thorough approach triangulating contract monitoring information with service user and carer feedback and information from care managers as well as financial information.

33. In terms of frequency of monitoring, it is recognised that start-up businesses are particularly vulnerable and the risks associated with them should be closely scrutinised in the initial phase of operation. Monitoring arrangements need to be sufficiently frequent to be able to pick up any issues in sufficient time to take appropriate remedial action.

34. It is recommended that:

- The terms of reference of each of the commissioning groups should be reviewed to ensure that the scope of the meetings covers service quality and user experience as well as financial performance. Going forward, the terms of reference should be reviewed on an annual basis by the Regulatory and Audit Committee;
- Annual training should be provided for officers and Members appointed to such governance boards to ensure that they have access to the skills, expertise and advice required to fulfil their roles;
- Governance boards should meet more frequently in the early days of a new delivery vehicle, with meetings reducing over time as confidence is gained in the ability of the organisation to deliver the desired outcomes;
- An annual report should be presented to Cabinet on the performance of individual delivery vehicles, specifically Bucks Learning Trust, Adventure Learning Foundation and the Museum Trust.

### **Contract Management**

35. Contract management in relation to the new service models has not always been as robust as would be expected with commercial suppliers and the Council's approach has sometimes been too light touch. This was a particular issue with Bucks Care. In this case, contract monitoring should have coordinated intelligence from different sources – including users, carers, care managers, complaints etc - and triangulated this with performance data to ensure an accurate picture was developed about performance. Although numerical performance and financial data was considered, insufficient attention was given to other information which could have indicated emerging concerns in relation to Bucks Care prior to the CQC inspection in Autumn 2016.

36. In future, contract managers should ensure that they collect and take account of a wide range of data and information including views of users, partners and other stakeholders and report these regularly to senior officers and governance structures. Contract management processes should distinguish between existing and new businesses, and recognise the risks associated with newly formed businesses in terms of the frequency and rigor applied to the scrutiny of performance.

37. It is recommended that:

- For commissioned services, commissioning should co-ordinate and collate contract management information and ensure a full and detailed picture of commissioned services is understood and communicated to stakeholders;
- In the case of new businesses, contract managers should produce a monthly report on services for senior managers and Members outlining any issues of concern and also areas of good practice;

- In the case of alternative delivery vehicles, Commissioning Groups should determine key triggers for escalation/intervention, which should include any delays in providing the Council with accurate or timely access to financial information;
- Reports to Commissioning Groups should present a wide range of data and information including views of users, partners and other stakeholders, complaints information and data about service quality, according to a rigorous schedule;
- In the case of registered services, commissioning should work closely with CQC/OFSTED on inspections of services and ensure that action plans are robust and actions delivered.

### **Support Services**

38. The County Council's Operating Framework made provision to allow new service delivery vehicles to withdraw from BCC support services after one year. The purpose of this was to give the new companies the flexibility to move to alternative arrangements to encourage the commercialisation of the business. It also provided an incentive to internal support services to be as competitive as possible. This approach has however caused a number of issues. The reduction in the use of support services had an impact on the economies of scale available to these services and therefore their viability. Furthermore, as delivery vehicles have developed separate finance and HR systems, the Council's ability to oversee key management information was reduced. A similar issue arose in relation to health and safety; where delivery vehicles opted out of the County Council's health and safety service, the Council's line of sight on the health and safety standards of service provision was reduced.

39. It is recommended that, unless exceptional circumstances can be demonstrated, any future ADVs should normally be expected to continue to use the Council's support services.

### **Future Development of Alternative Delivery Vehicles**

40. A guidance document has been developed for officers which takes account of the lessons learned and clarifies roles, responsibilities and processes in relation to the establishment of any future delivery vehicles. This will ensure that the lessons identified are consistently applied across the Council.

### **Monitoring**

41. This report contains a series of recommendations for developing the Council's approach to establishing and commissioning alternative models of service delivery. It is proposed that Cabinet should receive a further report in six months setting out the Council's progress in implementing these recommendations.



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### **Your questions and views**

*If you have any questions about the matters contained in this paper please get in touch with the Contact Officer whose telephone number is given at the head of the paper.*

*If you have any views on this paper that you would like the Cabinet Member to consider, or if you wish to object to the proposed decision, please inform the Member Services Team by 5.00pm on Friday 21 July 2017. This can be done by telephone (to 01296 382343), or e-mail to [democracy@buckscc.gov.uk](mailto:democracy@buckscc.gov.uk)*

## Appendix 1 - Buckinghamshire Law Plus Ltd.

### Executive Summary

- Buckinghamshire Law Plus Ltd. was created in 2014 as a 'shell company' in order to trade with external clients within the increasingly rigorous compliance framework set out by the Solicitor's Regulation Authority.
- Unlike other Alternative Delivery Vehicles, no new senior management posts were created except those discharged by existing officers to fulfil administrative roles on the company board and no budget or staff transferred to the company.
- The company has generated revenues of £186,000.
- BCC has subsequently entered into a shared service with HBPL which is projected to make cumulative savings of £600k over a 4 year period. Staff have transferred to HBPL and are no longer working on behalf of BLP Ltd.

### Background and Context

Buckinghamshire Law Plus Ltd (BLP) was an 'Alternative Business Structure' (ABS) for legal services, with 95% owned by Buckinghamshire County Council (BCC) and 5% by Buckinghamshire and Milton Keynes Fire and Rescue Service (BMKFR). The company was set up in to allow the council's legal team to trade on a commercial basis with non-public sector clients, which has to date been a requirement of the Solicitors Regulation Authority (SRA). In August 2014, BCC became the first local authority to be awarded ABS status.

This was an impressive achievement for the legal team and the council and an important milestone in the commercialisation of our services, for which we won the Legal Team of the Year at the Lawyers in Local Government Awards (2014).

The operating model for the company differs in a number of significant ways from other 'Alternative Delivery Vehicles' established by the County Council:

1. There was no TUPE transfer of staff to the new organisation; solicitors opted onto dual contracts with BCC and BLP to allow them to undertake work.
2. No new management was recruited for the company (e.g. Managing Director). Director roles were created as a requirement of setting up the company but these were fulfilled by existing officers and Members of BCC and BMKFR.
3. There was no transfer of budget or any contract or funding agreement in place between BCC and BLP.
4. There was no transfer of leases for office accommodation and no transfer of support services budget (nor any intention that there ever would be).

In summary, the company was established as a means by which to undertake commercial work while maintaining compliance with SRA regulations but in all material respects acts as a 'shell' company.

There are two statutory roles required by the company:

- Compliance Officer for Legal Practice (COLP) – currently Graham Britten (also Director of Legal and Governance, BMKFR)
- Compliance Officer for Finance and Administration (COFA) – currently Mark Preston (also Resources Finance Director, BCC)

## Performance

In its first full year of trading (15/16), the company generated revenues of £186,000. A loan of £100k was provided for start-up costs and this was repaid in full in 2016/17.

Overall, the legal team generated external revenues of £598,000 but the majority of work (£412,000) was received directly by the County Council's Legal Services Trading Account.

This was a deliberate strategy to maximise the net revenue received as local government is the most efficient tax model but having the ABS in place allowed us to do work with clients that the compliance framework set by the SRA would not otherwise allow. To that end, BLP Ltd. performed its intended function well.

## Subsequent Developments

An options appraisal for Legal Services was undertaken in November 2014, which considered a number of options for the future of the service. In April 2015, Cabinet agreed the recommended option to enter into a shared service with the London Borough of Harrow – becoming the largest customer of HB Public Law (HBPL), the largest local government legal practice in the country, hosted by Harrow Council.

The business case was predicated on the greater efficiencies offered by a larger legal practice and the greater range of specialisms which will reduce the amount of work that is commissioned to external law firms. The financial modelling in the business case produced council-wide savings projections of £600k p.a. from 2019/20 onwards. The profiling of these savings is as follows:-

16/17	17/18	18/19	19/20
-200	-100	-200	-100

To support this, BCC staff TUPE transferred to Harrow Council in July 2016. Solicitors are still based at County Hall, Aylesbury as a 'branch office' in order to provide an on-site presence and maintain high standards of customer care but are now under the line management of HBPL. In line with this strategy, all fee-earning solicitors have resigned from BLP and so the company no longer has the capability in practice to trade.

## Current Status and Future Developments

On 30<sup>th</sup> September 2016, all legal instructions and cases were transferred to HBPL. BLP has no live legal matters and is not currently pursuing new business. This led to the view that it would be a logical time to consider the future of the company, including the option to dissolve it. A decision was taken by the Cabinet Member for Resources and by the BLP Board to bring the company balance sheet to a break-even position and dissolve the company.

## **Appendix 2 - Bucks County Museum Trust**

### **Executive Summary**

- The Bucks County Museum Trust was established as a company limited by guarantee in August 2014.
- Since transfer the Trust has been delivering services to the County Council's specification, and within budget. There have been some variations from the original business case but on the whole the performance of the Trust is good.
- It has realistic aspirations for growth and becoming more self-sustaining, through developing additional SLAs with smaller collections and museums, and accessing new funding streams.
- Its work with community and heritage groups across the county is broadening the range and appeal of its offering, to ensure that the museum service remains relevant and beneficial to our residents.
- The Trust model has achieved savings of £59k p.a. (from 2016/17 onwards) which is slightly below that originally planned.

### **Background and Context**

The Buckinghamshire County Museum attracts around 90,000 visitors and provides educational visits to over 14,000 school children each year. The museum site in Aylesbury Old Town also contains The Roald Dahl Children's Gallery. The Resource Centre in Halton is home to the 150 year old museum collection containing 130,000 objects which represent the heritage of the county.

The Museum works in partnership with Bucks Archaeological Society which owns the Church Street site in Aylesbury and owns the museum collections pre-1957. The site is leased to BCC at a peppercorn rent for 125 years with the legal conditions placed on BCC that the building is maintained and the collections are cared for to museum accreditation standards. The Museum is accredited through Arts Council England. The other key partners are the Museum Friends and Patrons who support collections acquisition and conservation and volunteer across both Museum sites.

The Bucks County Museum Trust was established as a company limited by guarantee with exclusively charitable objects. The Museum is accredited by Arts Council England. Dr Bob Sutcliffe was appointed as Chair of the Trust and a further five trustees have been appointed including Cllr Bill Chapple as the BCC trustee. The skills base and experience of the trustees is wide and covers finance, HR, marketing, heritage, local government and the charitable sector.

Charitable status brings a number of financial benefits: Charitable rates relief obtained of 100% at Missenden Store, 90% at Halton MRC and 85% at Church St. Each year this saves around £48,000. The public purchase of Roald Dahl Children's Gallery tickets and donations for projects are eligible for gift aid – realising extra income of £10,700 in 2016/17. The Trust has a range of other fundraising possibilities e.g. membership scheme, legacy funding, more association between the public and a charity for philanthropic purposes than BCC, and commercial partnerships/sponsorships. Additionally, some streams of grant funding are only available to charities.

The relationship between BCC and the Bucks County Museum Trust is well developed.

Regular review meetings are held at 2 levels: quarterly service review meetings between the BCC Contract Manager and Museum Director and twice-yearly Executive Committee meetings which also include Chair of Museum Trust, Cabinet Member for Community Engagement and Communities Service Director. One of these meetings each year is the formal annual review of performance.

## Performance

The Funding and Management Agreement includes performance measures in relation to visitor numbers and school visits. If either of these drops by more than 15% of benchmark (2013/14) levels, this will trigger a review, while taking into account strategic decisions which may affect these levels.

### Actual Performance:

	<b>2013/14(benchmark)</b>	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>
Total Attendance	91088	85292	89163	88874
Schools attendance	15391	13194	14311	14990

In addition, the following areas are reported on:

- Current and future exhibition programme
- Development and approval of a revised forward plan and financial plan projections
- Proposals for acquisitions using the Purchase Fund
- Acquisitions, disposals and loans over the period
- Achievement of full museum accreditation status under the ACE scheme.
- Summary update on key partnerships and attendance at scheduled partner/stakeholder meetings
- Compliments and complaints.
- Health and Safety.

The service review and monitoring reports ensure that museum delivery meets the required objectives and continues to contribute to the Council's strategic priorities.

### Financial Performance against original/business case:

<b>BCC contribution</b>	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>
<b>Planned</b>	435k + 26k	420k + 10k	400k	400k
	<i>transition funding</i>	<i>transition funding</i>		
<b>Actual</b>	448k + 26k	435k + 10k	414k	414k
	<i>transition funding</i>	<i>transition funding</i>		
<b>BCC savings</b>	25k	38k	59k	59k

The Trust is managing its finances responsibly and is managing to deliver a small surplus which it is holding as reserves in line with Charity Commission recommendations. The Trust has achieved £59k savings p.a. (from 16/17 onwards) and will achieve £181k cumulative savings for BCC over the first 4 years of operation. This is slightly below the planned savings, due to incorrect assumptions in the business case about charitable rates relief on properties and the salary uplift awarded to staff in 2014 which BCC agreed to honour.

## **Current Status and Future Developments**

The Bucks County Museum Trust has run a successful exhibition and events programme since spin out, and is developing its programming to appeal to the changing demographic of the county. The Trust has recently re-launched its Roald Dahl Children's Gallery, having raised funds to refresh the gallery last year. The gallery is a very popular choice for visiting school groups as well as local families. It is hoped that the relaunch will improve falling visitor numbers.

Subject to final auditor's adjustments, the budget for 2016/17 indicates a net surplus of around £20k, which the Trust is keen to build into a healthy reserve over the next few years. The BCC management fee is now fixed at £400k per annum until the end of the first year 5 year funding period, after which time a new funding package will be negotiated to take effect from 2019/20.

The Museum Trust is working to become increasingly self-sustaining, and is working on a commercial membership scheme, to add to the support of its successful Friends and Patrons scheme. It has recently been announced that the Trust's application to the Arts Council of England to become a National Portfolio Organisation has been successful, resulting in an award of £400k over 4 years from 2018. It is developing new collections care and management SLAs to generate additional income – specifically with The Embroiderers Guild and The National Paralympic Heritage Trust. The Trust also has aspirations to work more closely with other Culture and Leisure services. The current Museum Director recently retired and a new director has been appointed to start in August.

## **Appendix 3 – Bucks Care**

### **Executive Summary**

- Bucks Care was established in October 2013 as a wholly owned subsidiary of Buckinghamshire County Council to provide day care, employment, respite, reablement and laundry services to 900 social care clients and their families
- A key reason for setting up Bucks Care was to be able to provide services to clients in receipt of direct payments & self-funders, which the County Council was not able to do at the time. This was subsequently changed by the Care Act.
- In December 2016, the Council concluded that it had lost confidence in Buckinghamshire Care's ability to manage and deliver services to the high standards required
- Services and eligible staff were transferred back 'in-house' in January 2017. Consideration is currently being considered to the options for the provision of the services in the longer term.
- An improvement action plan was developed and initiated to improve service quality. Actions have been taken to address the weaknesses identified, and lessons arising from the relationship with Bucks Care have been assessed.
- The annual contract with the Council was £8m (6% of Adult Social Care (ASC) expenditure). The model delivered savings to the Council which have built up to £1.4m p.a. by 2016/17 on both contract costs and service delivery.

### **Background and context**

Buckinghamshire Care was established in October 2013 as a limited company known as a Local Authority Trading Company (LATC) and as a wholly owned subsidiary of Buckinghamshire County Council. The company provided day care, employment, respite, reablement and laundry services. It employed 394 staff (approx. 250 FTE).

Buckinghamshire Care Ltd managed two services which are regulated by the Care Quality Commission (CQC) – one of these services was respite care which is based in Seeleys House, Beaconsfield. The service can provide overnight respite care for up to 12 adults with learning disabilities, autism and physical disabilities.

At the time Buckinghamshire Care Ltd was established it was anticipated that such a vehicle could increase business and sell services outside the county. A Shareholder Commissioning Group was created to enable oversight by BCC and provide assurance to the Council. Membership of this Group included the Cabinet Member for Health and Wellbeing, the Cabinet Member for Resources, the Director of Adult Social Care, the Director of Finance & Assurance and the Director for Service Provision. The contract for social services was commissioned and contract managed by Adult Social Care.

The contract period was for three years from October 2013 with a possible extension of a further two years to 30 September 2018. This option was not taken but the contract was extended until the end of March 2017 while future plans were being considered. The annual contract value for Buckinghamshire Care was approximately £8m.

### **Performance**

#### **a. Financial**

During the first year of trading (2014 /15) a break-even position was anticipated. However at year-end, on the instruction of Grant Thornton, an additional charge was made to Profit & Loss

of £600, 000 creating a loss for the year. This related to pension deficit accounting criteria, which are different in the private from the public sector. Prior to this advice being received, BCC was not aware of this requirement and it had not been highlighted as part of the business case prepared for the Council.

In 2015/16, Bucks Care exercised their right not to use SAP (the County Council's finance and human resources business system) and purchased an alternative financial system which resulted in reduced visibility of trading performance. The expected outturn was reported to the Council (via the Shareholding Commissioning Group) in April 2016 as a breakeven position.

In February 2016 the Finance Director of Bucks Care left, followed by the Managing Director in June 2016. Following an investigation by an interim Financial Director appointed by Bucks Care, the outturn was revised to a loss making position of £900k in July 2016, and a potential loss of £1.2m was forecast for 2016/17. The interim MD and FD in Bucks Care developed a recovery plan with the aim of reducing the forecast loss for 2016/17 to £900k and break-even in 2017/18. This plan included a robust restructure of staffing across the organisation.

Internal Audit was commissioned in October 2016 to carry out an internal audit of the financial systems and controls in place within Bucks Care. The audit reported limited assurance in all areas. This was presented to Regulatory and Audit Committee early in January 2017. However, at this point the services had been transferred back to the Council.

#### **b. Service performance**

While performance against a range of KPIs was generally good, they indicated under-utilisation in some day centres and initially in Seeleys respite, particularly during weekdays. Similarly utilisation of reablement and the laundry service was lower than anticipated in the business case.

In May 2016 the Seeleys Respite service received an overall 'Requires Improvement' rating from CQC with 'Good' in two categories and 'Requires Improvement' in the other three. A warning notice was also served around some safeguarding concerns. While a CQC rating of 'Requires Improvement' applies to approximately a third of all registered services, it is a clear call to action, particularly when combined with the deteriorating financial position at Bucks Care and concerns from a range of stakeholders about performance. In hindsight, it is recognised that contract and performance monitoring was not sufficiently robust to identify the issues at an early stage and escalate to key stakeholders accordingly. An improvement plan was developed and some actions were taken, with additional funding made available to address concerns on staffing levels. However, actions did not respond sufficiently to the poor performance that had been identified by the CQC.

When CQC visited again in November/December 2016 they found that improvements had either not been made or sustained and they issued an 'Inadequate' rating. In November CQC also inspected the Reablement/Homecare service and gave this an overall rating of 'Requires Improvement' with 3 elements as 'Good' and two areas as 'Requires Improvement' (Safe and Responsive).

In December 2016, the Council concluded that it had lost confidence in Bucks Care's ability to manage and deliver services to the high standards required. It decided that it was in the best interests of service users and their families to bring the services and eligible staff back 'in-house', while a longer term solution was considered.

#### **Current Status**



Following the decision to terminate the contract, the services and staff have transferred back into the Council. A Bucks Care transfer management group, chaired by the Executive Director for Communities, Health and Adult Social Care (CHASC), has been meeting regularly to ensure the smooth transition of former BC staff into the Council. This has included regular meetings with staff and newsletters to keep them informed of changes and to induct them into the Council. A report was presented to the Senior Appointments and Buckinghamshire Pay Awards Committee on 30<sup>th</sup> May addressing the terms and conditions for former Bucks Care staff following their TUPE transfer into the Council.

Firm and decisive action has been taken since December 2016 to address the failings identified in the CQC reports. Improvement plans have been drawn up, addressing both health and safety and service quality issues, and implementation has been overseen by the Director of Adult Social Care. In relation to Seeleys House in particular, it is recognised that it will take some time to embed some of the improvements and we are working closely with CQC to achieve this.

Action has included:

- Appointing an Interim director to oversee Bucks Care Services including Seeley's House
- Appointing a new service manager and deputy manager for the respite service and not for respite and day centre as in the previous structure
- Training for staff including record keeping, infection control and bed care/positioning
- Improvements to the medication process
- Developing a new Quality Assurance framework to monitor quality and competence checks for staff
- Developing a programme of maintenance and action to address health and safety issues, tackling immediate priorities and planning for the premises in the longer term
- Risk assessment awareness training, safeguarding training and accident, incident awareness training has been delivered to all staff.
- A file audit for all staff working for the respite service was undertaken and all gaps or concerns have been corrected
- Internal audit review of Bucks Care contract management and commissioning has been undertaken and management action plan drawn up
- Appropriate action progressed with some staff in relation to their involvement with Bucks Care management, oversight and contract monitoring.

At the instigation of the Executive Director CHASC, a review was undertaken by Buckinghamshire Safeguarding Adults Board in response to concerns about Seeley's House Respite Service. Due to the number of people involved, this is known as a Large Scale Enquiry (LSE). Immediate actions undertaken as part of the enquiry included reducing the number of people accessing the respite unit at any one time, robust multi-agency training for staff, full reviews of all clients in receipt of respite care and dependency/compatibility tools introduced. In March 2017 the LSE concluded its enquiries and is satisfied with the actions taken. Any further concerns, should they arise, would be referred to the Multi Agency Safeguarding Hub for follow up action.

During this period there have been meetings with Seeley's House service users and carers to keep them informed and engaged. Parents have been very open about their views and what changes they would like to see. CQC have recently reinspected Seeley's House and we are awaiting the outcome.

## **Future Developments**

Strategic commissioners are developing options for the future of the former Bucks Care services taking full account of the lessons learned and in close partnership with service users and carers. They will look at good practice models nationally and the profile of current and projected service users' needs. It is anticipated that the market will be tested for suitable providers to deliver these services. All services will remain in-house until these can be re-commissioned and will remain in the Council unless suitable providers can be identified.

## **Appendix 4 – Buckinghamshire Learning Trust**

### **Executive Summary**

- The Buckinghamshire Learning Trust (BLT) was established in 2013 in order to deliver school improvement services on behalf of the County Council. The contract with BLT will expire in 2018.
- The key focus of the BLT is to improve the % of pupils attending a school judged as Good or Outstanding by Ofsted, and there has been steady improvement against this indicator in recent years.
- The removal of the Education Support Grant and the National Funding Formula for schools has significantly impacted on the budget available to support the current arrangements for school improvement. The grant provided by the County Council to BLT reduced from £8.0m in 2013/14 to £6.8m in 2016/17. This was predominantly due to efficiencies / additional income expected to be delivered by BLT. The grant then further reduced to £5.6m in 2017/18 and has meant genuine cuts around school improvement. This followed significant reductions in government funding (Education Support Grant).
- Alongside the reducing budgets, policy drivers indicate clearly that schools are responsible for their own improvement. However, the Children's Act makes clear that some statutory duties remain and the local authority remains 'champion of the learner', particularly the vulnerable learner, whatever the status of an individual school.
- The Council is currently in discussion with the BLT about the management of these latest grant reductions, and the future landscape in relation to all activities currently managed by the BLT. As part of these discussions we have made clear our intention to give notice in line with the current agreement (by end of July 2017).

### **Background and Context**

BLT was established in 2013 as an independent charitable trust to deliver a range of educational services to schools and early years' settings, including school and early years improvement services, workforce development, Governor Services, financial management and specialist teaching services.

A Commissioning Group, including the Deputy Cabinet Member for Resources and the Cabinet Member for Education and Skills oversees the County Council's relationship with the BLT.

## Performance

The overarching Key Performance Indicator that the work of the Trust is held accountable for is:

### ***% of pupils attending a school judged as Good or Outstanding by Ofsted***

There has been a steady improvement in the Trust's contribution to this as demonstrated in the table below:

<b>Date –</b>	<b>% of pupils attending a school judged as Good or Outstanding by Ofsted – Buckinghamshire</b>	<b>% of pupils attending a school judged as Good or Outstanding by Ofsted - National</b>
Summer Term 2013 (prior to the Trust becoming operational on 1 August 2013)	79%	76%
Summer Term 2014 (end of Trusts first year of delivery)	79%	78%
Summer Term 2015	82%	82%
Summer Term 2016	87%	87%
18/1/2017 (Latest data)	89%	87% (31/08/16)

### Key Attainment Indicators – 2015/6

	<b>Buckinghamshire</b>	<b>South East</b>	<b>National</b>
% children achieving a good level of development at EYFS	71%	73%	69%
% pupils achieving the expected standard at Year 1 phonics	81%	81%	81%
% of pupils achieving the expected standard at KS1			
• Reading	77%	76%	74%
• Writing	65%	67%	65%
• Mathematics	72%	74%	73%
% of pupils reaching the expected standard at KS2	56%	54%	53%
Average score of pupils at attainment 8	55.4	51.0	50.1

The outcomes for children fitting the criteria for free school meals and/or subject to an Education, Health and Care Plan and children and young people who are looked after do not have as positive outcomes as their peers.

## **Financial Performance**

In terms of a financial summary, the BLT's accounts for year ending 30<sup>th</sup> June 2016 show:

- The Trust broke even on income of £12.9m, compared to a loss of £1.6m the preceding year.
- £0.9m reserves, including designated funds of £1.1m and deficit on unrestricted funds of £0.2m.
- Net current liabilities of £0.5m. This has impacted on BLT's ability to repay debts (including to BCC) on a timely basis.

The BLT's management accounts for year ending 30<sup>th</sup> June 2017 is forecasting a small surplus on £12.7m of activity, of which

- £4.7m comes from trading (schools buyback)
- £1.2m from other grants and
- £6.8m from the Council.

## **Current Status and Future Developments**

There have been a number of significant changes in the educational landscape since the development and launch of the BLT. Increasing 'academisation', selection and choice through the development of free schools, along with the changing role of the LA and the development of Regional School Commissioners mean that the environment in which the BLT now operates is fundamentally different to that in which it was created.

Policy drivers including 'Educational Excellence Everywhere' all make very clear that school Improvement needs to be led by schools through a system led model operating in a collaborative way where best practice is shared and opportunities for staff to develop their skills and expertise create opportunities for continuous professional development.

The Children's Act also makes clear that some statutory duties remain and the LA remains 'champion of the learner', particularly the vulnerable learner, whatever the status of an individual school.

In light of these recent considerations, the Council has recently launched a consultation with the education community regarding a future Education and Skills Strategy.

This provides the opportunity to explore a new system led models for school improvement and access to a full range of services that will support children and young people in their learning environments. The strategy will set the framework for the Council's future role in school improvement, its service delivery model and therefore its relationship with BLT.

To support the consultation process, it is necessary within the terms of the agreement to indicate our intention to terminate the contract by the end of July 2018. Whilst this does not preclude the opportunity for BCC to sustain the relationship with BLT, it presents an opportunity to explore options for sustainable delivery models to tackle local priorities.

In parallel to the consultation, we have also commenced negotiations with BLT to develop a revised 2017/18 (academic year) activity plan and specification aligned to the anticipated ambitions of the draft Education and Skills strategy. In particular, this plan should include a focus on improving outcomes for targeted groups of vulnerable pupils and children, including SEND, and avoiding further schools and early years' settings slipping into special measures around quality and financial management. Current performance indicators will also be under review through this process.

## Appendix 5 – The Adventure Learning Foundation

### Executive Summary

- ALF was created in November 2013 to provide quality outdoor education services at reduced costs to the County Council;
- Numbers of children and young people participating in the outdoor education programmes has remained fairly steady, and satisfaction levels are high;
- Since its inception ALF has struggled financially due to a number of reasons, including:
  - Significant reduction in income from conferencing, mainly due to reduced use by BCC;
  - Non recurrent issues (and associated costs) relating to premises and grounds;
  - Large amount of non-recoverable VAT from sales, reducing profitability;
  - Difficulty in growing the business sales partly due to poor asset quality e.g. accommodation.
- The Council has been proactive in supporting ALF to date, including through the provision of working capital loans and investment funding (some in loan form).
- There are a number of implications if ALF was unable to see through its 25 year partnership agreement including financial risks to the Council due to the loans provided.
- The arrangement is being closely monitored and contingency plans are being developed in the event that ALF is not sustainable in the longer term.

### Background and Context

ALF was established in 2013 to provide outdoor education services to children, young people and families. It is a registered charity and a company limited by guarantee. The County Council leased Green Park Outdoor Education and Training Centre and Shortenills Environmental Education Centre to the Trust for a period of 25 years, with the ambition of protecting and building on the centres' provision for children and young people.

Following recent investment in the accommodation at Green Park, the site is now shared as follows:

- ALF youth activity, managed through newly provided pods and group rooms
- County Council uses the Coach House conferencing and meeting rooms on weekdays, under an SLA with ALF;
- Buckinghamshire Learning Trust subleases the Main Building from ALF for their learning centre

Overall responsibility for the strategic direction of ALF sits with the Board of Trustees. An internal Strategic Advisory Group was established in September 2016, consisting of Elected Members and senior officers, with the purpose of acting on behalf of the County Council in holding the Adventure Learning Foundation to account for performance (financial and non-financial) against the Partnership Agreement and Business Plan. This is designed to provide assurance to the Council in relation to the management of associated financial, reputational and service risks. The Group meet on a quarterly basis.

Additionally, there are monthly contract management meetings between the Business Unit and ALF that pick up on day to day issues as well as any performance issues.

## Service Performance

ALF is generally performing well against targets for participation in and satisfaction with the opportunities provided for young people. Satisfaction with accommodation and catering tends to be poor, reflecting the poor condition of many of the facilities.

Measure	Actual 14/15	Actual 15/16	Target 16/17	Actual 16/17
Green Park – Total number of children and young people participating in Learning Outside the Classroom (LOC) or Outdoor Education (OE)	4,642	4,185	4,000	4,095
Shortenills – Total number of children and young people participating in LOC or OE	1,985	2,628	2,500	3,278

## Customer Satisfaction – average @ Q4 2016/17

Measure	Target	Actual
<b>Green Park</b> % of schools accessing LOC or OE that report overall satisfaction with the price, facilities, services and range of programmes as good or better	85%	77%
<b>Green Park</b> % of children and young people accessing all activities that report overall satisfaction with the facilities, services and range of programmes as good or better	85%	55%*
<b>Shortenills</b> % of schools attending LOC or OE activities report good or better satisfaction with the facilities and services provided	85%	100%
<b>Shortenills</b> % of children and young people that report good or better satisfaction with the facilities and services provided	85%	93%

\* Most concerns raised from those using Green Park are in relation to the poor accommodation and catering. The Council has been working with ALF on addressing many of these problems.

## Financial performance

*“ALF overall results were very positive despite a very challenging year.*

*Sales were 29% over target and were 37% above the previous year. In comparison costs were only 6% above budget and 28% higher than 2015. This resulted in a deficit of £66,718 which was only 35% of the budgeted deficit and only 25% of the 2015 position. This shows that the cost savings and cash management measures that the Operations Team put into place are moving the charity in the right direction and we need to continue to build on this in 2016/17. This position was achieved with the help of all of the sites doing better than predicted.” (ALF Report to Trustees March 2017)*

## Accounts

ALF’s 2015-16 profit & loss account (year ending 31<sup>st</sup> October 2016) reported a deficit of £67k. ALF have been pro-active in managing their costs down by reducing permanent staff and finding lower cost alternatives and the latest (Quarter 1) monitoring shows better than budgeted sales with bookings for the 2017 season looking strong. This is positively impacting on their cash flow, profitability and balance sheet.



The cash position for ALF is negative and they do not have an overdraft facility to aid them with cash management. They have relied on working capital loans and forward funding from the County Council. In 2015/16 donations represented circa 24% of total income. These are predominantly for specific projects / activities. Should donations reduce in future years then costs will also reduce by the same amount.

### County Council Commitments

The County Council's grant funding to ALF for youth activities has now ended, in accordance with the original business case, (£40k paid in 2016/17). The County Council pays ALF £144k p.a. for the use of the conference and meeting spaces at the Coach House (Green Park). The County Council receives c£30k per annum of income from renewal heat incentive payments relating to the biomass boiler installed at Green Park.

In order to place ALF on a more sustainable footing, the following arrangements were agreed between the Council and ALF in June 2016:-

- Sustained losses in the first two years led to significant cash flow problems for ALF. The Council agreed, a few years ago, to increase the working loan advance to £580k (from the originally agreed £250k). This is now not due to be repaid until November 2021. A bad debt provision has been made in the accounts for this £580k loan;
- An additional investment loan of £185k over three years was provided for safari lodges. This was based on a sound business case and was needed to secure a 3 year contract from National Citizenship Services, due to the poor state of accommodation blocks at Green Park. (Contract for summer 2017 worth c£100k gross). This is due for repayment in November 2018. Other new bookings have also been taken as a direct consequence of having the safari lodges;
- £190k capital investment in Green Park to facilitate exclusive occupancy of the main centre by Buckinghamshire Learning Trust;
- £350k capital for the re-provision of ALF services (pod buildings and group rooms).

A Service Level Agreement for BCC weekday use of the Coach House was agreed in January 2016 (£144k p.a. guaranteed income from conferencing for ALF) and an exclusive use agreement for Green Park's Main Building was agreed (effective from November 2016) with the Buckinghamshire Learning Trust (also £144k p.a.).

### Current Status and Future Developments

The County Council is keen if possible to support the ongoing relationship with ALF to enable them to continue to trade successfully, in order to develop the opportunities for young people, and deliver future trading surpluses which will support the repayment of loans from the Council.

In recognition of the financial uncertainties, however, the County Council is closely monitoring ALF's financial position and will carry out a further review after the end of their financial year (31<sup>st</sup> October 2017).

A high level study has also been commissioned to examine possible options for alternative uses of the Green Park site if some, or all, of the site were no longer required to provide outdoor education at some point in the future.

