

Appendix A

Cabinet Paper 9th November 2016

Outline Business Case

**New delivery vehicle for services to Vulnerable and Eligible
Adults and their Carers**

1 Executive Summary

- 1.1. The County Council's aspiration is to increase the wellbeing and outcomes of all adults in Northamptonshire. Some Adults are vulnerable to poor outcomes and need additional support, others fulfil the criteria for support from the Council based on an assessment. We also have a duty to support carers under the Care Act 2014. We will create a new organisational vehicle that will deliver services to protect vulnerable adults and support Adults with eligible need and their Carers.
- 1.2. Doing this in the face of severe financial constraints, rising demand and growing expectation means we must be enterprising, innovative and collaborative in our approach. To achieve this we will create a new organisational vehicle that will deliver services to those Adults that are vulnerable or eligible for social care and to their carers. We will adopt a new operating model, improved processes and effective management controls.
- 1.3. The vehicle will be a Company Limited by Guarantee ('the Company') and it will be a wholly owned subsidiary of Northamptonshire County Council. The Company will directly delivery services, unless there is a need for highly specialist provision that is best provided by others. This will reduce the time and cost of external commissioning, remove the duplication of management costs, and give flexibility for swift change.
- 1.4. There will also be a Trading Company which will retain the name and brand of Olympus Care Services. This will provide the continued opportunity to generate income and build on the good foundation built by OCS for traded services so we can sell these service to other authorities to maximize income and incentivize the market.
- 1.5. These arrangements will support innovation, flexibility and opportunities to increase the current resource base.
- 1.6. It will also provide the opportunity to form joint arrangements with Health partners for services to specific customer groups or cohorts as part of the new operating model.
- 1.7. The Council will commission the Company to deliver specified outcomes, within an agreed financial envelope, and performance will be monitored through the Director for Strategic Commissioning of People services and reported to the Council.
- 1.8. This arrangement will not transfer the accountability held by Northamptonshire County Council to delivery its statutory and regulated functions for services to

Vulnerable or eligible adults and their carers, nor will it remove the statutory accountabilities of the Lead Member for Adults Services, nor the Director of Adults Social Services (the DASS).

2 Vision

- 2.1 The County Council's aspiration is to increase the wellbeing and outcomes of all adults in Northamptonshire. We want to provide the opportunity for the County's adults to live well, age well and stay well in a manner that helps people to take charge of their lives or be supported when they genuinely cannot help themselves.

- 2.2 The new vehicle will contribute to the delivery of the following outcomes through the delivery of various services:

- I. **We are identifying problems earlier using the data, tools and techniques available** to us and act quickly to avoid people's needs escalating.
- II. Working age adults and older **people are living a healthy, full and active life, in homes that meet their needs**, and where their contribution to society is valued and respected.
- III. Working age adults and older **people have timely access to support within their community that maintains independence** and avoids hospital admission or admission to residential care.
- IV. **We have a wide range of providers that enable us to provide wider choice**; we work with a wide range of stakeholders and shareholders to stimulate a thriving eco-system of providers, combining cost effective models of commercial provision and a wider use of community capacity and voluntary sector provision.
- V. Working age adults and older **people are supported to live safely through strategies which maximise independence and minimise risk from abuse and neglect**.
- VI. **People understand what we will do and what they can expect from us** and increasingly think about what they can do for themselves and to plan for the future.

- 2.3 Resources will continue to be focused on targeted early help as part of a new short term support service designed to help people to stay independent and in their own homes, help them get home safely after a hospital admission and re-abled after illness. This alongside an increased use of assistive technology will help avoid escalating care needs and reduce the number of people going into residential care.
- 2.4 There will also be a focus on Adults with complex or long term needs with the creation of Continuing Support Teams. Skilled staff within these team will work on a progressive model of care, creating care packages that help service users on the basis of what they can do and the outcomes they can achieve rather than what they can't do.
- 2.5 The service will also become more evidence-driven in order to meet changing and projected population needs and to ensure we have appropriate and adequate market provision across the County.
- 2.6 It is recommended that the new organisation will operate at Tiers 3 and 4 as depicted below, and effective services at Tiers 1 and 2 will be vital to managing demand. The commissioning approach will ensure that all services are appropriately interfaced through a collaborative commissioning approach.

Tier 1	Universal services (for all)	Primary prevention
Tier2	Early help	Secondary prevention
Tier 3	Short term Need	Low level intervention & rehabilitation
Tier 4	Specialist & complex Need	High intervention support needed

3 Case for Change

3.1 The forward to the Council Plan 2015-16 and 2019-20 states the following:

Whilst the outcomes we want to achieve remain the same, the way we are set up to deliver these needs to be fundamentally redrawn. The old model of local government no longer works either financially or for the rapidly changing needs and requirements of the people and communities we serve.

3.2 The Council have been frequently briefed on the mismatch between the increasing demands for services against a declining resource based, this analysis is not repeated here. This situation is unlikely to resolve itself in the medium term and difficult decisions will need to be made over the services and standard of services the Council can continue to offer set against a background of statutory responsibilities it must meet.

3.3 The need to ensure that services are delivered in an effective and efficient manner and that decisions over what services and the standard of those services are based on clear evidence around efficacy and assessed risk have never been so important.

3.4 The Next Generation Council Model seeks to introduce new arrangements to help meet the challenges the Council faces.

4 Critical Success Factors

4.1 The following three critical success factors have been established against which the new model can be assessed:

- Clarity over the services and the standard of services that are commissioned and delivered by the Council (Commissioning);
- Efficient and effective delivery of services within the defined resource base of the Council (Accountability); and
- Greater service innovation, improved partnering and the development of new funding sources (Innovation).

4.2 To deliver against these Critical Success Factors the Next Generation Model establishes a new approach to the commissioning of services, a new governance regime with enhanced accountabilities and more freedoms within the services to nurture innovation, create closer partnerships and to improve income generation and trading activities.

4.3 The following language has been proposed to define the new Strategic Commissioning functions in the Council's constitution.

Strategic Commissioning in the context of local government has three distinct elements:

- *Establishing the outcomes, the Council requires.*
- *Contracting for the delivery of those outcomes within defined financial resources.*
- *Monitoring those contracts to ensure the outcomes are delivered.*

The Place function deals with strategic commissioning for Environment, Planning, Fire and Public Safety and Highways. Additionally, the Place function acts as the Council's asset holder, ensuring that those delivering the services have the necessary physical infrastructure to facilitate and support their delivery of Council services. As the Council's asset holder the Place function also works to support the Council's business and economic development role through the effective use of those same assets.

The People function deals with the strategic commissioning activities for Health and Wellbeing, Childrens Services and Adult Services.

In addition, the two main strategic commissioning functions of People and Place will also engage in the following core functions:

- Establishing the required service outcomes in collaboration with the directors who hold the relevant statutory responsibilities under the Constitution.*
- Contract for the delivery of those outcomes within the Council's financial resources in collaboration with the Strategic Director of finance.*
- Monitor the delivery of those contracts in collaboration with the directors holding the relevant statutory responsibilities and the Director of Finance.*

4.4 The move to commissioning outcomes from the services is new for the Council. It is seen within the public sector generally as a more effective means of business planning. In its implementation it asks a number of questions of the services:

- What are we trying to achieve?
- How are we going about it?
- How much does it cost?

4.5 The key element for the People commissioning process is to facilitate collaboration, to examine the service methodologies, the latest research and the statutory responsibilities that the Council must discharge. This process will be captured in the annual budget process that reconciles these defined outcomes with the Council's available resources. However, the development and collaboration process for People commissioning will be an ongoing process of refinement and development.

- 4.6 The agreed outcomes and associated resourcing will be captured in contracts between the Council and a newly established set of vehicles, that will remain under the ownership and control of the Council. These contracts will form the basis of monitoring and accountability in terms of the delivery of the outcomes within the defined resources.
- 4.7 The role of the Strategic Commissioner for Place has an additional role in that they are also looking at the disposition and exploitation of the Council's asset base. This role is discussed further below.
- 4.8 The two commissioning directors will prepare and lay before the Cabinet proposals for how their areas of responsibilities will be organised, funded and delivered.
- 4.9 A useful publication that describes the issues and argument around the move to strategic commissioning is: Smart Budgeting – Integrating Financial and Strategic Planning for Outcomes. Published by NLGN in 2014.

http://www.nlgn.org.uk/public/wp-content/uploads/Smart-Budgeting_FINAL11.pdf

5 The Group Structure

- 5.1 The forward to the Council Plan 2015-16 to 2019-20 made the following statement:

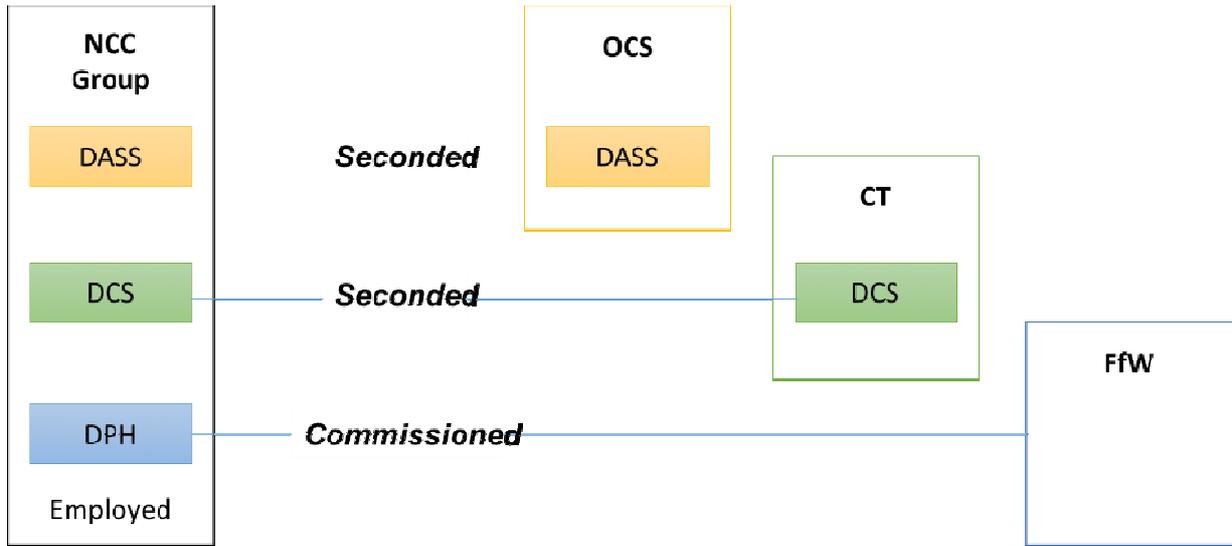
The plan outlines how we will evolve into a Next Generation Council seeing a far smaller retained organisation, right sourcing and commissioning services and outcomes from a new set of accountable organisations and social enterprises which may be owned, managed and run by current Council staff.

- 5.2 This initial statement of direction has now been examined and tested through due diligence with external lawyers and through QC.
- 5.3 The following comments are not an exhaustive reporting of the legal advice; they draw out the key elements of the advice to support the discussion of the issues.
- 5.4 There are certain legal requirements that the Council must meet in terms of awarding contracts to vehicles or other organisations. The procurement regulations require that the award of contracts must be made under public competition unless those receiving vehicles meet certain criteria. If the Council were to set up vehicles that were run and owned by the Council staff then contract cannot be awarded without public competition. If the Council provided financial assistance or financial guarantees to newly established employee owned vehicles this is likely to breach state aid rules and prevent the award of the contracts to those vehicles through public competition.
- 5.5 Therefore, if the Council were to put say Adults Social Care Services into a public competition a private sector provider would likely win and the service would be outsourced. The Next Generation Council Model has not been proposed to act as a means for the further outsourcing of Council services.
- 5.6 Employee ownership and outsourcing to the private sector have been excluded from further consideration.
- 5.7 The procurement regulations allow for the award of a contract to a vehicle without public competition where the Council 'exercises over the legal person concerned a control which is similar to that which it exercises over its own departments' as set out in the 2015 Regulations. In essence this means that the Council needs to own the new vehicles.
- 5.8 The proposed solution for the Next Generation Council Model is the establishment of a number of new vehicles in which the Council retains a controlling interest. In organisational terms the implementation of the new arrangements will see the establishment of a Group Structure.

5.9 This kind of arrangement is not new to the Council as it already has such arrangements in place for Olympus Care Services Ltd, Northamptonshire Trading Limited and Horizons. There are certain lessons learned from the establishment of those vehicles and that has been picked up in the proposed governance arrangements for the new vehicles.

6 Statutory Roles

- 6.1 Careful consideration has been given to the position of the Directors who hold Statutory roles and how they are facilitated in the proposed solutions.
- 6.2 Legal advice has been taken on this matter and the following comments draw on that advice but are not an exhaustive reporting of that advice.
- 6.3 The question that was considered is where the persons holding the Statutory roles should sit in the new arrangements. For instance, should the Director of Adults Social Care services role sit in Strategic Commissioning or should that role form part of the responsibilities for the person taking on the Managing Director role in the new vehicle? The directors holding the Statutory roles were also consulted in reaching a conclusion in this matter.
- 6.4 The legal advice was, in summary, different between the Director of Public Health role and the Directors of Childrens and Adults. In that, the Director of Public Health need not also perform the Managing Director role in the vehicle but could be part of the Strategic Commissioning Function. The advice then suggested it would be better given the levels of risk inherent in the other two roles if they were hands on in the vehicles in the role of Managing Director.
- 6.5 The two current Directors agreed with that analysis. However, technically, the appointees to both of those roles must be employees of the Council. The proposed solution to that is therefore that the two Directors of Childrens and Adults are seconded to the vehicles as Managing Directors but their employments remain with the Council. The following graphic illustrates these arrangements:



- 6.6 Discussions have been held internally on the apparent conflict of interest between the Strategic Commissioner role and the Statutory role. It is noted that this conflict was designed in to the legislation so that Councils could not simply take resource based decisions without due regard to addressing safeguarding responsibilities. Thereby suggesting that matters of conflict need to be collaboratively addressed.
- 6.7 The drafting for the Strategic Commissioning function proposed for inclusion in the constitution recognises the role of the Statutory appointees in the commissioning process.

7 Form of the Vehicles

- 7.1 The analysis of the appropriate form of vehicle brought together the legal advice and the approach to tax planning.
- 7.2 Three different forms of vehicle were considered:
- Establishing a social enterprise registered as a charity;
 - Establishing a company limited by shares; and
 - Establishing a company limited by guarantee.
- 7.3 The following comments are not an exhaustive reporting of the legal and advice; they draw out the key elements of the advice to support the discussion of the issues.
- 7.4 The two evaluating principles were:
- Can a contract be awarded to the vehicle without public competition? and
 - Would the vehicle be subject to corporation tax?

- 7.5 A charity is an independently regulated (Charity Commission) vehicle and the Council could not exert control over the vehicle as if it were a department of the Council. A charity is independent and cannot be owned. Therefore, a contract could not be awarded to the vehicle without public competition. Additionally, the Charity Commission has issued guidance that says public bodies may only contract with charities on the basis of standard commercial arrangements. In other words, the contract must build into it an element of profit. As the charity is independent of the Council the Council would not have a say on how those profits are applied. This would therefore represent an increase in the cost of services to the Council. Using a charity as the form of vehicle has therefore been rejected.
- 7.6 A company limited by shares could be owned by the Council. A contract can therefore be awarded without public competition. A share based vehicle is very likely to have its activities fall under the corporation tax regime. This has two impacts on the council's finance. Firstly, as it falls under the corporation tax rules any contracting arrangements between the Council and the vehicle must comply with the transfer pricing rules. These rules require the arrangements to be price at market rates. This will then lead to a profit being reported in the vehicle and corporation tax would become due.
- 7.7 This is exactly the position that has occurred for Olympus Care Services Limited, a share based vehicle, that pays corporation tax. Profits after tax can be remitted back to the Council. Using a company limited by shares has therefore been rejected.
- 7.8 A company limited by guarantee could be owned by the Council. A contract can therefore be awarded without public competition. A company limited by guarantee can declare in its articles to be a social enterprise and potentially negotiate a position with the tax authorities to exempt it from being subject to corporation tax.

7.9 The precedent here are vehicles such as already exist in local government which are called Arm's Length Management Organisations (ALMOs). The argument being that these are simply organisational arrangements and not an effort to avoid tax. The pushback on making this argument is whether the vehicle conducts other activities that the tax authorities do regard as trade. This is considered further under the Taxation section. Using a company limited by shares structure is therefore the proposed solution for the new vehicles.

8 Taxation

8.1 Tax planning advice has been taken with the objective of avoiding any negative financial impact arising from the new arrangements. The two taxes considered were VAT and corporation tax.

8.2 Tax advice has been taken on this matter and the following comments draw on that advice but are not an exhaustive reporting of that advice.

8.3 In terms of VAT there are three areas of potential sensitivity:

- Having to charge VAT to the public for services currently provided without VAT;
- Not being able to recover all of the input VAT currently being recovered; and
- Breaching the limits regarding partial VAT exemption and not being able to recover the level of VAT currently being recovered.

8.4 If we take for example schools meals. If the Council provided that service, then no VAT is charged to the pupils for those meals. If that service were delivered and charged to the pupils by a newly established vehicle, then VAT would need to be added to the cost of that service.

- 8.5 This situation would be replicated across a number of service areas. This can be legitimately avoided, in that the solution is commonly used, by the vehicle being paid to manage the service but the income derived goes directly to the Council. Therefore, when applied to the Next Generation Model, all income generation activities would be commissioned on a managed service basis.
- 8.6 Where a vehicle is providing services which are exempt from VAT then not all of the input VAT may be recovered. When Olympus Care Services Limited were established they faced this same issue. The tax planning solution in that case was to establish a holding company, Northamptonshire Trading Limited and then to register the two vehicles as a VAT group. This solution was available as Olympus Care Services Limited is registered with the CQC. The same arrangement is not available to Childrens or First for Wellbeing as their regulation is not covered by the exemption.
- 8.7 The analysis by the advisers has indicated that the matter relates to the recovery of the VAT on LGSS services. The tax advisers have suggested that if the Council provides LGSS services to the vehicles at no cost then the issue will be resolved and additionally there would no longer be a need for Northamptonshire Trading Limited.
- 8.8 The partial VAT exemption arrangements have been subject to internal analysis by the finance team and a briefing paper has been produced. Further monitoring and discussion with the tax advisers has been pursued.
- 8.9 The discussion around being liable to corporation tax and the suggested strategy of seeking clearance from the tax authorities that the activities are non-trading and the new vehicles are in effect ALMOs has been discussed above under the Form of Vehicle Section. One fact that weakens this argument is if the vehicles are trading.

- 8.10 A distinction needs to be drawn between the terms ‘trading’ and ‘income generation’. Traditionally Councils charge for certain services such as Libraries and school meals. They also charge for certain services through the exploitation of the assets, such as Country Parks. Those activities do not currently attract tax. Councils are also able to use their trading powers to enter the market and provide other services which would otherwise be provided by businesses. Under the procurement regulations one of the newly established vehicles who have been awarded a contract by the Council can engage in trading activities up to 20% of its turnover. So it is possible to trade in these entities. However, if that trading is carried out it may impact on the tax authorities’ agreement that the vehicle is non-trading.
- 8.11 The recommendation from the tax advisers is to carry out trading activities in separate vehicles established for that specific purpose and for the profits of those activities to be taxed. Additionally, those vehicles should be sister vehicles owned by the Council and not subsidiaries owned by the ‘service’ vehicles. The service vehicles would be paid to operate the trading vehicles via a management charge.

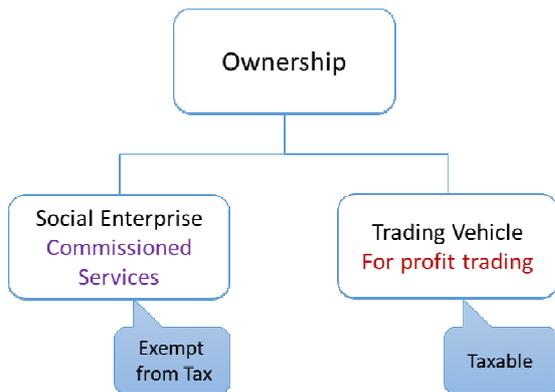
9 The Asset Base

- 9.1 The asset base of the Council would be held by the Director for Strategic Commissioning Place. That role is described under Strategic Commissioning above. The rationale behind these proposals is to ensure a consistent approach to property management, capital development and to facilitate a more commercial approach to the disposition of those assets and their utilisation.

10 Trading and Income Generation

- 10.1 Trading and income generation are activities that need to have a set of governance arrangements that see a development and funding of a business plan, an approvals process for those plans and a monitoring and accountability process to ensure those plans. As the council moves some of its staff into more commercial roles these will need to be supported and adequate processes and training developed.

The following graphic illustrate these arrangements:



10.2 Trading and income generation development will involve the Council in taking on more commercial risks. Processes will need to be developed to capture those risks, organise and fund mitigations and to ensure they are closely monitored.

10.3 Income generation targets will be established under the commissioning contracts. Trading activities will be established in the trading vehicles and agreement to those plans and funding will be agreed and monitored through the Ownership function.

11 The Governance Regime

11.1 There are two key elements to the new governance arrangements:

- Commissioning; and
- Ownership

Commissioning Governance

11.2 The commissioning process establishes a series of contracts with the new vehicles. A contract management process will be established to monitor the performance under those contracts. Where there is under performance then action plans will be agreed and further monitored.

11.3 Where there is continued under performance then this will be escalated to the Ownership function.

11.4 Financial monitoring under the contract will be limited to the commissioned categories of service.

11.5 Where the agreed underpinning demand and activity assumptions have been exceeded then the vehicle can seek a variation and additional funding under the contract. Where a service is meeting its performance requirements but is underspent in that category then commissioning cannot seek a variation to recoup that underspend. Where a service is meeting its performance requirements and has underspent they may use that underspend to cover overspends only where that overspend is not caused by the agreed underpinning demand and activity assumptions being exceeded.

11.6 This commissioning governance works strictly from the standpoint of the Council as the customer under the contract.

Ownership Governance

- 11.7 Ownership governance will be performed by the Ownership function, led by the Chief Executive.
- 11.8 The Ownership function will nominate the directors to the Boards of newly established vehicles. The function will establish clear guidance to the Board as to expectations as how they will perform their roles. The Ownership function will reserve certain decisions to itself that the Boards are excluded from taking. The Boards will submit annually to the Ownership function its business plan for approval. The Board will then be held to account for the delivery of this plan.
- 11.9 The Boards will appoint the Senior Management Teams for the vehicles.
- 11.10 The Ownership function includes the Strategic Director of Finance of the Council who will be an integral part of holding the Boards to account on their delivery of the annual business plan.
- 11.11 Ownership and Board meetings will all be facilitated through the Democratic Services Team.
- 11.12 The nominees to the vehicle Boards will be sourced externally to the Council. This is because those Boards need to be held to account by the Chief Executive. Custom and practice has seen Councillors appointed to vehicle Boards. A conflict of interest arises if the Chief Executive needs to take action due to poor performance where a Councillor sits on a Board.
- 11.13 The Strategic Commissioners also create a conflict of interest if they were nominated to the vehicle Boards as they would then be sitting on both the customer and provider sides of the contract.
- 11.14 The Managing Directors of the vehicles are to report to the Boards and not to sit on the Boards.

The Role of Finance in the Governance Process

11.15 Finance play an essential role in the governance process. They are involved in three ways:

- The new vehicles form part of a Group structure and the Strategic Director of Finance is essentially the Group Finance Director. This means that all finance staff in the structure are effectively accountable to him or her. The management arrangements need to be put in place to ensure that clear to all the staff involved. This is no different to any commercial group arrangement. The finance leads will form part of the Senior Management Team in the vehicles and provide support to the Managing Directors and the Boards of those vehicles;
- Finance are an essential part of the commissioning process ensuring that the resources applied to support the delivery of the contract available. Finance will also be involved in the financial monitoring under the contract.
- Finance are an essential element of the Ownership governance. This is where the detailed financial governance occurs as it is the delivery of the business plan where the majority of the financial risk will occur.

11.16 The Next Generation Council Model has an innovation in it that is not normally present in local government. That is the ability for the vehicles to make a loss. If we take the example of where a department is overspending this may be dealt with in a number of ways, by increasing the budget, covering the overspend with underspends or the use of reserves. Under this new model it works differently. Let's us take the example of a £100M commissioned contract. The vehicle involved overspends by £10M. It is agreed with the commissioner that £2M of the overspend related to unanticipated demand. The £8M left represents the vehicle's failure to deliver its business plan. That is initially a matter for the Board of the vehicle who were charged with meeting the plan. Allowing the vehicle to report a loss gives life to the governance process.

11.17 When these losses are consolidated at Group level then they can be mitigated by the use of other resources.

Councillors and the Governance Process

11.18 The Next Generation Model does not change the way Cabinet or the Full Council work.

11.19 There are slight changes in the way the Portfolio Holders relate to officers. As an example, the Portfolio Holder for Adults Social Care Services will be very interested in the development of the commissioning outcomes that are bought under the commissioning contract. The Portfolio holder will work with the Strategic Commissioner for People on the development of the contract. They will also be interested to receive reports on the performance under the contract in the delivery of the outcomes.

11.20 The Portfolio holder will also be interested in being closely in touch with the statutory post holder, Director of Adults Social Care Services, in terms of safeguarding and other issues. The change is that the Portfolio Holder no longer engages with the Managing Director of the vehicle.

11.21 The Scrutiny Committee work will largely be unchanged, except in so far as calling in the Boards of the vehicles and the Senior Management Teams as part of the process of their work.

11.22 The important matter to remember is that because the Council owns the vehicles they have complete access to them. There is and should be no sense that these new vehicles are independent of the Council.

12 Risk Management

12.1 Risk management process under the new arrangements will be developed in each of the new vehicles and in the Strategic Commissioning and Ownership functions. These will then be consolidated into the corporate risk management reporting arrangements.

12.2 Internal and external audit arrangements will continue to be under a single Council Audit Committee. The auditors will also report separately to the newly established Boards.

13 Benefits

13.1 The Next Generation Council Model has not been established to save money simply through its structure. How it saves money is through the changes in focus around how outcomes are purchased and the monitoring arrangements to secure delivery. It saves money by placing a stronger governance process over the delivery of the departmental plans. It saves money by allowing each of the vehicles to deliver the services in ways that best fit their services by introducing greater structural freedoms.

13.2 One of the objectives of developing the New Model has been to ensure the structural solutions don't create additional cost pressures through additional taxation. There will be an increase in costs because of the strength of the governance regime. This should pay for itself in terms of achieving greater control over the services in terms of what they do and how they do it.

13.3 Each of the services will bring to Cabinet a business case to identify and evaluate the benefits of the new arrangements. They will also be asked to describe how they will use the new flexibilities to drive change going forwards.

14 Due Diligence

14.1 The Development of the Next Generation Model has been delivered by the Director of Transformation under the guidance of the Chief executive and his Chairmanship of the Transformation Board.

14.2 The transformation Board consisted of the Council's senior management team, representation from LGSS and the Monitoring Officer.

14.3 The legal advice has been provided by Bevan Brittan who have extensive experience of these matters.

14.4 Additional advice was sought from Richard Clayton QC.

14.5 The s151 Officer and Monitoring Officer have been closely involved in the development of the proposals.

14.6 LGSS services in terms of HR, Finance, Property, Insurance and Pensions have also contributed to the development of these proposals.

15 Critical Success Factor Reconciliation

*Clarity over the services and the standard of services that are commissioned and delivered by the Council **(Commissioning)***

15.1 The New Model establishes a Strategic Commissioning Function that greatly enhance the clarity over the services and standards of services being delivered by the Council.

*Efficient and effective delivery of services within the defined resource base of the Council **(Accountability)***

15.2 The New Model creates a greatly enhanced governance regime through the Strategic Commissioning Function, the Ownership Function and the direct attention of externally appointed Boards over the vehicles delivering the services.

*Greater service innovation, improved partnering and the development of new funding sources **(Innovation)**.*

15.3 The New Model established a set of new vehicles that will deliver the freedom to innovate as well as develop entrepreneurial skills to attract additional income streams.

16 Next Steps

16.1 The programme is divided into 3 key phases:

- Phase 1 Planning and Design
- Phase 2 Build and Transition
- Phase 3 Transform and Operate

Phase	Action	
PHASE 1 PLANNING & DESIGN GOVERNANCE	<ul style="list-style-type: none"> • Programme Management, Project team, project board put in place • Communications and engagement – staff • Public Consultation planning • Collate/update current Risk Management Plans for services • Submit OBC Business Case & Report to Cabinet • Set up formal Company boards 	July 2016 – Nov 2016
PHASE 1 PLANNING & DESIGN	<ul style="list-style-type: none"> • Legal documentation planning • Set up bank account -- in line with LGSS deadlines. 	Nov 16 – Jan 2017



Phase	Action	
LEGAL ENTITY	<ul style="list-style-type: none">• Register Company Companies House and HMRC - in line with LGSS deadlines.• Cabinet approvals - Submit FBC Cabinet Report and Business Case	
PHASE 2 BUILD AND TRANSITION OPERATIONAL	<ul style="list-style-type: none">• Pensions Modelling and approach agreed• Accounting policies and processes• Agree LGSS Financial support for NASS management team for 1st April• Payroll arrangements• Agree Finance Support; communicate to staff; commence recruitment (if necessary)• Review, adapt and/or redesign service specific financial processes/reports• Issue detailed Operating/Administration Budgets• Agree Financial Reporting Requirements to Board/Management Team• Procure and appoint external auditors/tax advisors• Identify outstanding Pension and insurance issues and agree implementation plans	Aug 2016 – Mar 17



Phase	Action	
	<ul style="list-style-type: none">• Update any performance and contract monitoring for contracts• Draft service specification for areas going in to the NASS as part of CIC/ NCC contract• LGSS Law to draft novation agreement.• Issue new contracts for existing services.• OCS premises and assets arrangements• NASS/council contract agreed• LGSS SLA agreed• Execute contract novation• TUPE transfer of commissioning and contracting staff + recruitment to bring team to full capacity• Governance arrangements in place commissioning and NASS• Finalise brand	
PHASE 2 BUILD AND TRANSITION	<ul style="list-style-type: none">• Plan, prepare for delivery of marketing plan• Engagement and Consultation - operating model	Nov 16 – Jan 17



Phase	Action	
COMMS & ENGAGEMENT	<ul style="list-style-type: none">• Produce report from online assessment tool engagement• Management of Provider and Customer Involvement Groups• NASS Comms and Engagement Strategy• Provider Comms/Engagement - contract and Launch. Dates TBC• Trade Union meetings• Managers briefing• General communication to all staff to provide an update• Staff feedback/questions sent, compile answers and publish answers.	
PHASE 2 BUILD AND TRANSITION TRANSITION	<ul style="list-style-type: none">• Senior management team in post• Confirm staff transferring and finalise consultation documents• Confirm asset transfers and transferring documents• Confirm support services and SLAs• Finalise Business Plan and Annual Service Plan	Jan 17 – Mar 17
PHASE 3 TRANSFORM AND OPERATE	<ul style="list-style-type: none">• NCC Commissioning priorities and outcomes• NCC Success measures and KPIs	Jan 17 – Mar 17



Phase	Action	
COMMISSIONING CONTRACT	<ul style="list-style-type: none">• Commissioning Contract Agreed	
PHASE 3 TRANSFORM AND OPERATE BUSINESS PLAN	<ul style="list-style-type: none">• Outline Business Plan• Three year financial strategy• Outline Annual Service Plan• Outline Traded Services options• Plan to operationalise• Outline plan for partnering opportunities• Capital development plan• Quality and Improvement Framework	Feb 17



16.2 There are work streams with key responsibilities

which will support the delivery of the programme phases and stages:

- **Programme/Project Management** – programme/project planning and work streams, progress monitoring and reporting, risk management, programme governance
- **Finance** Financial Strategy, operating costs (salaries, services, accommodation, support services, 3rd party contracts), financial management, reporting and monitoring processes and systems
- **Contracts** - legal entity/service delivery model and vehicles, contract drafting, staff and asset transfer due diligence, support services SLAs, due diligence, 3rd Party contracts due diligence, Data Sharing
- **Comms and Branding** – internal and external communication plans, briefings, newsletters and media contacts, engagement and consultations
- **Operations** - accountabilities and governance arrangements for the new organisation, Board structure, terms of reference and appointments, induction for Board members.
- **LGSS Support services:**
- **Finance (professional support services):** operating costs (salaries, services, accommodation, support services, 3rd party contracts), financial management, reporting and monitoring processes and systems
- **ERP/Agresso** – planning for new system, configuration, establishment structure and financial management
- **HR and TUPE** - Organisational Design and Structure, Staff transfers consultation plan, Trade Unions involvement, TUPE, Pensions, HR processes and systems
- **Pensions** – ensuring pensions arrangements are in place for staff employed by NASS
- **IT** – ensuring IT arrangements are in place for staff employed by NASS (in line with existing provision within NCC)
- **Insurance** – ensuring appropriate insurance arrangements are in place for NASS.

- **Procurement** – supporting contractual arrangements for NASS.
- **HR/Finance Transactions** – ensuring transactional processes are in place (in line with existing provision within NCC) to support NASS.
- **Other** – Other LGSS support services as required.

16.3 A Programme Board has been set up for the delivery of the project. It is supported by the Programme Manager and chaired by the Programme Sponsor (or Senior Responsible Officer in his absence). The role of the group is to provide high level strategic oversight, co-ordination and critical steer to enable effective and timely transition of Adults services functions to the new organisation whilst ensuring this does not negatively impact on current service performance and/or the pace of improvement plans.

16.4 The board meets monthly and reports up to the Adults Programme Board

16.5 The project team is also supported by and LGSS project team in order to manage the IT, procurement, Finance, HR and Audit activities. The LGSS lead sits on the Adults Next Generation Project Board.