

## **AGENDA ITEM NO. 4**

### **CABINET**

Minutes of a meeting of the Cabinet held in Conference Room 1a, County Hall, Ruthin on Tuesday, 24 January 2012 at 10.00 am.

### **PRESENT**

Councillors: P.A. Dobb, Lead Member for Health, Social Care and Wellbeing; H.H. Evans, Leader; S. Frobisher, Lead Member for Environment and Sustainable Development; M.M. Jones, Lead Member for Welsh Language, Children, Young People and Leisure; P.J. Marfleet, Lead Member for Modernising the Council; D.A.J Thomas, Lead Member for Regeneration and Tourism, J. Thompson Hill, Lead Member for Finance and Efficiency and E.W. Williams, Lead Member for Education.

**Observers:** Councillors J.R. Bartley, W.L. Cowie, M.LI. Davies, G.C. Evans, R.L. Feeley, D. Owens, D.I. Smith and C.H. Williams.

### **ALSO PRESENT**

Chief Executive (MM); Corporate Directors: Learning & Communities (HW); Demographics, Wellbeing & Planning (SE), and Business Transformation & Regeneration (BJ); Head of Legal and Democratic Services (RGW); Head of Finance and Assets (PM); Head of Strategic HR (LA); Head of Leisure, Libraries and Community Development (JG); Strategic Regeneration Manager (MD) and Committee Administrator (KEJ).

### **POINTS OF NOTICE**

- the Leader advised that the Chief Executive had risen to the challenge to taking part in a flying lesson in aid of Children in Need. The flight would take place on 25 January and he encouraged members to support the event through sponsorship
- Councillor E.W. Williams had been saddened to hear of the death of Ysgol Cyffylliog's Chair of Governors and conveyed his condolences

#### **1 APOLOGIES**

There were no apologies.

#### **2 DECLARATION OF INTERESTS**

No declaration of personal or prejudicial interest had been raised.

#### **3 URGENT MATTERS**

No urgent matters had been raised.

#### **4 MINUTES**

The minutes of the Cabinet meeting held on 13 December 2011 were submitted.

## **Matters Arising –**

Page 2 – Item No. 5 Monitoring the Corporate Plan – Outcome Agreement 3 – The Corporate Director Demographics, Well being and Planning updated members on progress advising that follow up work had been carried out with the Welfare Rights Unit, Citizen’s Advice Bureau and the Benefits Advice shop and the situation had improved. Additional staff had been employed and the target in the outcome agreement was close to being reached.

Page 5 – Item No. 10 Scala Cinema and Arts Centre Update – Councillor P.A. Dobb reported that the meeting with the Scala Board had been arranged for 20 February.

**RESOLVED** that the minutes of the meeting held on 13 December 2011 be approved as a correct record and signed by the Leader.

## **5 ROUTINE REPORT ON HR STATISTICS**

Councillor P.J. Marfleet presented the report which provided a Headcount Analysis and a comparison of collated data for Sickness Absence within the authority between April and September 2011 for members’ consideration. He highlighted a number of issues arising from the report as follows –

- the overall number of FTE employees had reduced and the intention was to compare payroll figures with the previous year to reflect any saving as a result, particularly given the reduction in the number of senior managers
- it was pleasing to note most recruitment had been internal and commendable that over 50 employees had been redeployed over the past twelve months
- sickness absence was slightly higher than last year but still ahead of target showing gradual improvement which had in part been due to the effectiveness of the HR Business Partner Team
- the Head of Strategic HR had recently delivered a presentation to the North Wales Partnership Support Services Board during which absence rates had been considered (an absence analysis for North Wales from 2008 to date had been circulated at the meeting)
- whilst it was useful to compare with other authorities it was also useful to compare our own services to identify areas of concern and success and to share best practice

During consideration of the sickness absence data discussion focused upon the value of comparisons with other authorities and ensuring that best practice was shared together with the appropriate management of absenteeism within services and the impact of on colleagues. The need to make employees aware of their service’s performance in comparison with others was also raised. The officers referred to a number of best practice initiatives to reduce sickness absence including the work of the HR Business Team and a pilot involving social services staff whereby staff would be contacted on their third day of sickness. The Chief Executive referred to the need to differentiate between good and bad levels of

stress and advocated the use of reward type initiatives to reduce general absenteeism. He acknowledged the need to communicate performance data to staff and agreed to take the matter to the Senior Leadership Team.

**RESOLVED** that Cabinet receive and note the report.

## **6 RUTHIN TOWN PLAN**

Councillor D.A.J. Thomas presented the report seeking Cabinet's support for the proposed town plan for Ruthin (attached as appendix to the main report). The plan set out the town's current situation, key challenges and opportunities together with a vision and actions to deliver that vision.

The Strategic Regeneration Manager (SRM) advised that the plan's format had been slightly changed to take into account members' comments at the last meeting and now included reference to rural wards. He reported upon the responses to the consultation, particularly referring to a response from a local resident in an outlying ward highlighting the need for coordinating bus timetables with services in the town which would be acted upon.

Councillor P.A. Dobb raised concerns about the lack of opportunities to address the needs of older people in the town and asked that reference be made to establishing services to meet the needs of older people within the community. She referred to strategies discussed by the People and Places Board to reach out to people within the community which could also be incorporated into the Plan.

During the ensuing debate assurances were sought regarding the delivery of the Plan and questions raised regarding the availability of funding to progress particular initiatives and the timescales involved. The need for monitoring to ensure the Plan's delivery was also raised as was the possibility of appointing a Town Manager. It was highlighted that officers had an important part to play in ensuring the Plan's success. As a point of accuracy the Environment Agency was responsible for removing rubbish around the river and not the County Council. The SRM advised that when funding opportunities presented themselves to deliver projects they would be in a position to respond rapidly.

The Leader noted the levels of accountability built into the Plan and was optimistic regarding its delivery. He considered such plans important in raising the profile of the towns within the county and had been pleased to see organisations working together for the benefit of the town by the establishment of a town team. He felt that the progress of providing more flexible public transport for people living in outlying communities to make it easier for them to access facilities within the town needed to be monitored. The Chief Executive added that the Council needed to improve its reputation with residents and businesses and the Town Plans helped to achieve that aim. In order to deliver, the Area Member Groups needed to take ownership of the Plans and there was a need to allocate funding to progress initiatives.

Councillor Thomas thanked members for their comments and agreed that there was a need to for the Plans to be monitored and there was a role for the scrutiny

committees in that regard. He added that the Plans were working documents and their delivery needed to be managed by the Area Member Groups.

**RESOLVED** that, subject to members' comments above, Cabinet supports the proposed town plan for Ruthin.

## **7 FINANCE REPORT 2011 - 2012**

Councillor J. Thompson-Hill presented the report detailing the latest financial position and progress against the agreed budget strategy and sought Cabinet's consideration of how they wished to deal with the likely corporate under spend. He provided a summary of the Council's financial position as follows –

- a net under spend on the revenue budget of £487k was forecast for services (£294k last month) with the forecast for schools remaining £446k over spent
- £6.024 of the savings agreed as part of the budget had been achieved and £0.275 were being progressed
- the likelihood that the provision made to cover non achievement of savings would generate a cash surplus and a number of options had been put forward for members' consideration on how to deal with the under spend
- his preference that the likely under spend be allocated to a specific reserve for 21st Century Schools
- highlighted key variances from budgets or savings targets and details of individual service budget reviews
- a general update on the Capital Plan and Housing Revenue Account.

Cabinet agreed with the suggestion put forward by Councillor E.W. Williams to consider the allocation of the likely corporate under spend with the next agenda item on the 2012/13 Budget.

Councillor P.A. Dobb took the opportunity to highlight the impact of the future funding cuts on Supporting People services and the serious implications for the people of Denbighshire. In addition a Regional Collaborative Committee was looking into how people in North Wales were being supported which would likely have an impact on service provision.

Councillor Dobb also sought clarification regarding the major capital project relating to the Apollo Cinema and the source of the funding provision. Councillor Thompson Hill and officers explained that the original improvements undertaken last year had provided for an Entertainment Plaza but it had not been possible to progress that element from the original funding available. However a 50% contribution had been secured from Apollo Cinemas to fund the Plaza and there was now an opportunity to progress the project. The Council's contribution would be raised from reprioritising the Regeneration Service's revenue budget using slippage on the funding allocated to the town plans. The Strategic Investment Group and Corporate Executive Team (CET) had considered the project and it was part of the Rhyl Going Forward Plan. Members discussed the detail of the proposal and wider implications including car parking provision and attracting investment into the area. As it was unclear whether the original scheme's progression had been dependent upon the future Plaza project and the terms of the funding provision, the Leader asked that

details of any further investment in the scheme be brought before Cabinet prior to being committed. He was concerned that funding may be made available for one town over others. Members were advised that CET had requested further information on the project and the matter could then be brought back to Cabinet.

Councillor Thompson Hill also responded to questions from Councillor M.LI. Davies regarding the additional costs identified in relation to the removal of asbestos and the Corporate Director: Demographics, Well being and Planning agreed to report back to Councillor Davies regarding the procedures for dealing with asbestos in council housing stock.

**RESOLVED** that –

- (a) *the latest financial position and progress against the agreed budget strategy be noted, and*
- (b) *the allocation of the likely corporate under spend be considered with the following agenda item on the 2012/13 Budget.*

At this juncture (11.20 a.m.) the meeting adjourned for a refreshment break.

## **8 2012/13 BUDGET**

Councillor J. Thompson-Hill presented the report detailing the proposed budget for 2012/13 and seeking Cabinet's recommendations to full Council on those proposals and the resulting 2.8% increase in the level of Council Tax. The Council's overall budget position had been detailed in Appendix 1 to the report.

Members were advised of the final settlement from the Welsh Government including the cut in the capital settlement which was a significant loss. The implications on the Medium Term Financial Plan were highlighted together with the savings required over the next three years and the latest forecasts in terms of pressures previously identified. An update was also provided on the outcomes of the budget workshop held for members in December. Finally members were asked to consider the allocation of the likely corporate under spend as deferred from the previous item.

Members considered the allocation of the under spend and Councillor E.W. Williams put forward a case to spend the full allocation on the Council's priorities split between Modernising Education 200k (total £400k) and Town Plans/Regeneration £100k (total £200k). He also asked that the Town Plans/Regeneration priority be amended to read Town and Community Plans/Regeneration. Councillor P.A. Dobb disagreed with the proposed allocation to Modernising Education arguing that growth in the number of older people outweighed that of younger people in the community and was not in keeping with the outcome of the residents survey wanting older people looked after in the community. In terms of spend on Town and Community Plans/Regeneration Councillor Dobb supported an allocation if money was spent specifically on demographics throughout the county and not confined to one town. Councillor Williams replied that any bid would need to fit the criteria within the Plan and the Corporate Director: Business Transformation and Regeneration highlighted the

need for a clear process to decide how funding was to be prioritised to the different areas.

Councillor S. Frobisher referred to the positive highways programme leading to visible improvements on roads but indicated that there had been no investment in smaller estates for some time. It was noted that in addition to the extra £100k allocated to highways they would also be receiving an allocation of approximately £200k from the Welsh Government. Members acknowledged the positive feedback from residents regarding highways and were generally satisfied that the investment proposed was sufficient to continue the improvement work.

Members also discussed the potential impact of the second judgement on Pembrokeshire and the possibility of additional monies being required to address the issue. The Head of Finance and Assets advised that the best estimate at this time had been provided but if more funding was required in the future general balances could be used and funding built into the budget process for future years. The Corporate Director: Demographics, Well being and Planning provided an update on the ongoing negotiations for care home fees advising that a report would be submitted to Cabinet's next meeting providing a more accurate position.

The Chief Executive felt that the proposal put forward by Councillor Williams was the right approach in view of the funding requirements for 21st Century Schools and if the authority was serious about developing the Town and Community Plans. It was clarified that the under spend would be a one off allocation and would not be carried forward to next year's budget.

Cabinet also considered the proposed level of Council Tax for the authority and comparisons with other authorities. The Head of Finance and Assets provided indicative figures of neighbouring authorities advising that they were closing the gap to approximately £10 on a Band D property.

Having considered the report and financial implications members generally supported the allocation of the corporate under spend to the corporate priorities together with the proposal put forward from Councillor Williams regarding its allocation. It was also agreed that in future, references to the 'Town Plan' should read 'Town and Community Plan'. Upon being put to the vote it was –

**RESOLVED** that Cabinet –

- (a) *supports the allocation of the likely corporate under spend to priorities;*
- (b) *supports the budget proposals for 2012/13 as detailed in the appendix to the report subject to the allocation of monies to priorities shown in the table in paragraph 4.20 being amended to show £400k for Modernising Education and £200k for Town and Community Plans/Regeneration, and recommends accordingly to full Council, and*
- (c) *recommends the resulting 2.8% increase in the level of Council Tax for 2012/13 to full Council.*

Councillor P.A. Dobb voted against resolution (b) above.

## 9 RECOMMENDATIONS FROM PERFORMANCE SCRUTINY COMMITTEE - ENERGY EFFICIENCY

Councillor R.L. Feeley, Chair of Performance Scrutiny Committee presented the report informing Cabinet of scrutiny's concerns regarding the Council's performance in meeting the performance indicator (PI) with respect to 'the percentage change in carbon dioxide emissions in the non-domestic public building stock' and the authority's overall progress in becoming more energy efficient.

Councillor Feeley reported that the scrutiny committee had considered a report on energy efficiency and had taken the opportunity to question the Lead Member and officers regarding the Council's performance in this area. She drew Cabinet's attention to a number of the committee's concerns arising from the scrutiny process, as detailed within the report, particularly in terms of the financial and reputational risks to the authority. Consequently the committee had resolved to draw their concerns and recommendations on the way forward to Cabinet's attention.

The Leader welcomed reports from scrutiny committees to Cabinet and hoped that the facility to bring scrutiny reports forward was utilised more in the future.

Councillor P.J. Marfleet confirmed that there had been a difference of opinion on a number of issues arising from the scrutiny process and he felt that some issues had been taken out of context and he highlighted a number of distortions within the report. That aside, Councillor Marfleet was happy to move the scrutiny committee's recommendations as detailed within the report. He added that he was convinced that progress was on track and that officers were doing a good job. Both he and the Senior Leadership Team would be reporting back to scrutiny on the matter.

Councillor J. Thompson Hill clarified that the two Internal Audit reports referred to within the main report related to different phases of the project.

Finally Councillor R.L. Feeley highlighted that the Council's position in the third quartile was not in keeping with their status as a high performing authority and needed to be improved.

**RESOLVED** that Cabinet –

- (a) *acknowledges the concerns raised by Scrutiny with respect to the Council's performance in reducing carbon emissions in its non-domestic building stock, and*
- (b) *instructs officers to raise the profile of energy efficiency across the authority and, where agreed protocols exist and reasonable support has been provided to enable services to adhere to those protocols, implement the relevant enforcement procedures to address repeated non-compliance.*

## 10 CABINET FORWARD WORK PROGRAMME

Councillor H.H. Evans presented the Cabinet Forward Work Programme for consideration and members noted that Graham Boase was the officer responsible for the Regional CCTV report in February and not Steve Parker.

**RESOLVED** that Cabinet's Forward Work Programme be noted.

## **EXCLUSION OF PRESS AND PUBLIC**

**RESOLVED** that under Section 100A of the Local Government Act 1972, the Press and Public be excluded from the meeting for the following items of business on the grounds that it involved the likely disclosure of exempt information as defined in Paragraphs 13 and 14 of Part 4 of Schedule 12A of the Local Government Act 1972.

## **11 PRESTATYN LIBRARY RELOCATION**

Councillor P.J. Marfleet presented the confidential report seeking Cabinet approval for the relocation of Prestatyn Library and the submission of a formal application for grant funding towards the relocation scheme. The report detailed the current condition of the library; presented the options appraisal in considering alternative locations and/or actions for continued service delivery, and recommended a preferred option and financing package for moving forward.

Councillor Marfleet and the Head of Leisure, Libraries and Community Development (H:LL&CD) provided some background history to the report and work undertaken to date. The Strategic Investment Group had approved the proposal and in order to meet CyMAL's deadline a formal application for grant funding towards the scheme had already been submitted.

Cabinet considered the report and sought clarification on the options, particularly in terms of logistics, financial implications and service delivery. During the ensuing debate Cabinet felt that the relocation scheme represented the best value and outcome for Prestatyn and expressed their support for the scheme in principle. However there were some reservations regarding the lack of firm costing to progress the venture and ensure its affordability. The H:LL&CD reported upon further work being undertaken to progress the scheme pending the outcome of the funding bid together with the latest financial position. If the bid proved successful further work would be undertaken with a view to formalising the proposal and providing definite costing.

**RESOLVED** that Cabinet –

- (a) *approves the relocation of Prestatyn Library as detailed within the report, subject to approval of a detailed business case by the Strategic Investment Group, and*
- (b) *approves the submission of a formal application to CyMAL for grant funding of up to £300k towards the relocation scheme.*

The meeting concluded at 1.15 p.m.



**REPORT TO:** Cabinet  
**DATE OF MEETING:** 21 February 2012  
**LEAD MEMBER:** Councillor Eryl Wyn Williams  
**LEAD OFFICER:** Hywyn Williams, Corporate Director Learning & Communities  
**CONTACT OFFICER:** Danielle Edwards – Project Manager  
**SUBJECT:** **Regional School Effectiveness and Improvement Service Project (RSEIS) – Full Business Case**

**1. WHAT IS THE REPORT ABOUT?**

To seek Cabinet approval for the Full Business Case for a new Regional School Effectiveness and Improvement Service, across the six North Wales Authorities.

**2. WHAT IS THE REASON FOR MAKING THIS REPORT?**

The project aims to establish a Regional School Effectiveness and Improvement Service (RSEIS) to be accountable to, and undertake the statutory responsibilities of, the six local North Wales Authorities in respect of the duties to monitor; challenge; provide support services for curriculum continued professional development and management of schools, and in addition provide services that can be commissioned by schools and local authorities.

The RSEIS will be central to school improvement in North Wales. It will be a powerhouse to drive good practice across the region. It will ensure a consistency of challenge and support for schools across the six counties leading to our children and young people fulfilling their potential.

In September 2011, the draft OBC was presented to all six Executive Boards who resolved:

- that the OBC should be widely consulted upon with stakeholders from October 2011;
- to establish a regional service by September 2012, subject to the FBC; and
- that the recruitment process for the appointment of a Chief Officer can begin, with the appointment to take place once the FBC has been adopted in all six authorities.

The FBC takes account of the issues highlighted by the six North Wales Cabinets / Executive Boards when approving the OBC for consultation and by the stakeholders during the consultation:

- the case for change and the vision for the new service needs to be much stronger;
- the quality of the new service for each council as well as the region must be addressed more explicitly;
- the governance and accountability model must be resolved;
- the pensions deficit issues, including the additional complication of Cynnal must be addressed;

- the model must be able to demonstrate how it will service the diverse cultural and linguistic needs of the region;
- the model must be able to demonstrate how it will drive standards; and
- the financial and HR issues, including possible impact on staff needs to be set out.

### **3. WHAT ARE THE RECOMMENDATION(S)**

That Cabinet approve the Full Business Case for a new Regional School Effectiveness and Improvement Service.

## **4. REPORT DETAILS**

### **4.1 Key Developments for the FBC**

- A clear vision has been developed in consultation with stakeholders.
- The current position in respect of Standards, Welsh Language, Population and Schools is clearly explained.
- The educational (standards agenda) and financial (current spend) case for change is clearly explained.
- The governance arrangements for the new service are recommended as a Joint Committee with a Host Authority (*see section 4.2 of this report*).
- In order to deliver the six key functions, the FBC explains that programme will be delivered in four inter-dependant tiers:
  - ❖ Tier 1 will deliver the NW regional strategy for raising standards to meet the national School Effectiveness Framework.
  - ❖ Tier 2 (*the focus of this FBC*) will deliver the new NW RSEIS to support Tier 1.
  - ❖ Tier 3 will deliver the MIS Structure (Capita ONE) to support Tiers 1 and 2.
  - ❖ Tier 4 will deliver the 'Support Functions' to support Tiers 1 and 2 (Host Authority).
- The FBC explains how the new service will meet the linguistic and local needs of the schools and LAs.
- The full financial model has been developed which includes; the Cost of the RSEIS, Implementation Costs of the New Service, Leaving Costs, Cost per Local Authority.
- A HR model has been developed and set out in the FBC which includes; Key HR Timescale, Planning for Change, Roles available in the new RSEIS, TUPE Arrangements, Salary Ranges, Policies and Procedures.

## 4.2 Governance Arrangements

Based on the findings of the option appraisal, the recommendation by the Education and Other Related Services Board is that a 'Joint Committee with a Host Authority' is adopted as the governance model for the Regional School Effectiveness and Improvement Service, with the expectation that the model is reviewed as part of the post implementation review.

In the context of the regional service being developed, the main disadvantages (scoring 0 - does not meet the criteria) associated with a 'Company' model are in relation to:

- the pensions deficit (*see also 4.2.1 below*) - whilst both options will have a pensions deficit evaluation which will need to be paid back over a number of years, the contribution rate towards the past service deficit may be unaffordable due to a more restrictive pay-back arrangement as a company in its own right (based on an actuary evaluation on estimated data); and
- the ability to take advantage of VAT exemption - with a company limited by guarantee in this context, because the majority of its income will come from the provision of education and closely related services (exempt from VAT), it is not permitted to recover VAT on any purchases/overheads which relate to those services.

It was also recognised that:

- the initial set-up and ongoing costs relating to ICT for the service under a company model would be double that of a Joint Committee with a Host authority, requiring support to be procured in the private sector (there being a conflict of interest in the case of an LA providing this support);
- political buy-in would be more unlikely in the Company model when considering the potential personal liability for Directors of the company (although insurance should be taken out and indemnities given), and the potential conflict of interest between Members sitting as Directors versus Members sitting as Councillors; and
- staff buy-in would be more unlikely in the Company model with staff preferring an option where they remain employed by the LA and remain in the LGPS, and likely to result in opposition from staff and their unions due to perceived worries about pay, conditions, pensions etc.

### 4.2.1 Deciding on the Host Authority

In order to employ staff under the Joint Committee, the new RSEIS will need to use a Host Authority, which will be one of the six North Wales authorities.

Complimenting the 'employment' role, the Host Authority will also be responsible for providing HR, Finance and Legal support to the staff and the new service (Tier 2).

Expressions of interest to be the Host were invited from Local Authorities. Following careful consideration, the NW Chief Executives Group are by majority decision recommending Gwynedd as the RSEIS Host Authority.

#### 4.2.2 Pension Deficit

Based on the recommendation of a 'Joint Committee with a Host Authority', the options for the *treatment* of the pension deficit evaluated for the regional service are:

**Option 1: Fully Funded Approach (the pension deficit remain with the current employer)**

- The overall pension deficit for the employer would remain unchanged.
- Existing employer could voluntarily pay amount of the pension deficit to the pension fund and crystallise the amount within the authority accounts, with regard to the staff transferring.
- If the existing employer chooses not to crystallise the amount this would be reflected within the next valuation of the pension fund. There would be fewer staff from which to recoup the deficit in contributions which could lead to a higher contribution rate for the employer.

**Option 2: Share of Deficit Approach (the pension deficit transfers to the new regional service)**

- The actuary for the pension fund would make a valuation with regard to the regional body to assess the required contribution rate to reflect both the future service contribution and the past service deficit

It is anticipated that all collaborative arrangements will use Option 2, and in this particular case Option 1 is not a viable option when we take account of the company Cynnal, who with Company status, has no obligation to retain the pensions deficit for staff transferring to a new service.

Therefore, the financial modelling for RSEIS has included the estimates on the basis of Option 2 with a 'Share of Deficit Approach', based on the spreading period normally allowed for a Local Authority (past service adjustment 'spread' over 20 years).

#### 4.3 Staffing the RSEIS

- The RSEIS will be managed by a Chief Officer.
- The role of the System Leader will have a clear focus on leadership and management, and provide strategic leadership and management in Literacy & Numeracy and Curriculum (subject) areas.
- It is anticipated that there will be a requirement for 30 FTE System Leaders within the North Wales region.
- There will be a number of additional posts that will be available according to:
  - the number of staff (Home Team) each LA will require to support those functions that are not covered by the RSEIS nor the other 'LA School Improvement Teams'; and
  - additional commissioning from the RSEIS for System Leaders from either the LA or schools, through budgets or grants.
- The RSEIS will provide professional opportunities for Headteachers and Teachers to be seconded for short-term periods, ensuring that the Service can draw on the best practice from schools across the region.
- Schools will have the opportunity to strengthen and extend collaborative working across the region to collectively commission targeted support and share good practice.

- The Support Staff requirement will be 1 Business/Finance Manager, 7 Administrative Staff and 2 Translators.

#### 4.4 Timescale for the RSEIS (2012/2013)

Feb / Mar	-	FBC to Cabinets / Executive Boards
Mar	-	Host Authority for the RSEIS agreed
Apr	-	Appointment of the Chief Officer
Sept	-	Appointment of the System Leaders and Support Staff
	-	Joint Committee established
Nov - Mar	-	Team, cultural, induction, skills training for the staff appointed to the RSEIS
Apr	-	Staff transfer to the RSEIS, employed by the Host Authority

### 5. HOW DOES THE DECISION CONTRIBUTE TO THE CORPORATE POLICIES?

In relation to the national and regional context the relevant considerations are:

#### National

- Transformation and Modernisation agenda – Welsh Government expectations (Thomas Report; Simpson Report)
- Emphasis on raising educational standards and performance
- Implications of School Effectiveness Framework
- Implementation of ESTYN's Common Inspection Framework
- Current deliberations on distribution of functions – local, regional and national
- Resource reductions – the need to provide system efficiencies

#### Regional

- Limited capacity of some Local Authorities (LAs)
- Current patterns of provision are not fit for purpose and change is required
- Importance of relationships between LAs and their schools
- Impact of stakeholders
- Recognition and commitment to develop regional services and joint working across the 6 LAs
- Recognition of current strengths and faith in incremental development
- Commitment to regional school effectiveness and improvement service as the first stage towards a complete regional service

#### 5.1 Links to Corporate Priorities/Plan

This project relates to the Modernising Education priority and will assist Denbighshire to respond to the agenda for raising standards and the school improvement strategy. The creation of this service will enhance the sustainability of a service to the future. The Service will blend with services that will be retained locally and accountability at political and officer level will remain within Denbighshire.

## 5.2 Assessment of impact on the Community Strategy, Equalities and Sustainability

The project:

- supports the focus of the Big Plan towards the development of **children and young people**;
- strives to provide **equality of opportunity** for all children to receive the best possible education in schools across North Wales; and
- is focused on providing **sustainable options** for education that meets the needs of children and young people now and in the future.

## 6. WHAT WILL IT COST AND HOW WILL IT AFFECT OTHER SERVICES?

### 6.1 Regional

The current cost of delivering the existing statutory and advisory in-scope school improvement functions for each LA is £5.1m.

This has been adjusted to establish the influenceable spend that will provide a basis for building up the financial model by (i) £406k to reflect posts in-scope (>60%) at 100% cost and reduced by posts not in-scope (<60%) and (ii) £311k to reflect expenditure funded by grants. The influenceable spend is **£4.4m**.

The cost of the RSEIS is £3.5m, equating to an average cost per pupil of £35, (compared to £51 currently).

The cost of the New Regional Service compared to the influenceable spend identifies a potential overall regional saving of £882k (20%), which can be re-invested in Education, or released as a cashable saving, depending on the needs of each local authority.

### 6.2 Local

The cost of the RSEIS to Denbighshire is £539k. The charging methodology selected to apportion the cost to each of the 6 LAs is based on the annual Welsh Government '*Indicator Based Allocation for Education Funding*'. The methodology takes the percentage for each LA (allocated for service components, Nursery and Primary school teaching, and Secondary school teaching) and applies it to the RSEIS. The formula includes factors to reflect pupil numbers, settlement threshold and the number of pupils eligible for free school meals.

## 7. WHAT CONSULTATIONS HAVE BEEN CARRIED OUT?

### 7.1 Findings of the Stakeholder Consultation on a Regional Service (March 2011)

The findings of the '*Report on the Feasibility and implications of establishing a Regional School Effectiveness and Improvement Service for the six North Wales Local Authorities*', indicate that such a service is feasible and would provide a key transformational development that could provide high quality provision and contribute to achieving improved outcomes for learners. It would also enable both schools and LAs to fulfil their statutory obligations.

In March 2011, individual Authority consultation meetings with relevant stakeholders within each authority were organised by the individual Directors/Chief Officers, with further reports to scrutiny

committees and executive boards of the six LAs. In addition, consultation with relevant Focus Groups (with Headteachers; School Governors; Trade Unions), comprising of representatives from across the region were conducted by the Consortium Officer and the Independent Consultant. The subsequent Report found considerable support for the strategy; in many cases the establishment of a regional School Effectiveness and Improvement Service was welcomed; others recognised the drivers towards such a service and their impact. At the same time there was support for the implementation of the Option.

The ensuing decision of the Education and Related Services Regional Board was to proceed collaboratively and seek to establish a regional School Effectiveness and Improvement Service fit for future purpose, (in particular the implementation of SEF), that builds on current strengths, and provides an integrated service across the region. This regional service will be owned by the six LAs and will operate as a separate entity under a joint commissioning framework. This will require the regional service to be professionally rigorous and focus on pedagogy, learning, and leadership in its dealing with schools; similarly, professional rigour will be required of schools and LAs. Such an approach will be crucial to the success and credibility of this development.

## **7.2 Findings of the Stakeholder Consultation on the RSEIS Outline Business Case (OBC) (October 2011)**

In September 2011, the draft OBC was presented to all six Executive Boards who resolved:

- that the OBC should be widely consulted upon with stakeholders from October 2011;
- to establish a regional service by September 2012, subject to the FBC; and
- that the recruitment process for the appointment of a Chief Officer can begin, with the appointment to take place once the FBC has been adopted in all six authorities.

Consultation on the OBC was carried out with stakeholders across the six authorities during October and November 2011. A full Consultation Plan for the OBC was developed and each Local Authority was provided with a 'Consultation Pack' which included a copy of the OBC, a generic presentation, an executive summary, discussion papers, a copy of the Consultation Plan, and a feedback form.

## **8. CHIEF FINANCE OFFICER STATEMENT**

The proposals contain significant financial implications. The project is split into a number of 'tiers'. The business case simply concerns itself with the 'Tier 1' and 'Tier 2' proposals. The business case shows projected savings from Tiers 1 and 2 of over £188K for Denbighshire. At this stage these can only be estimates as it is not yet known which staff will leave, be transferred etc. There are still some queries on the costing of the new service, but these should not prevent a decision being taken.

The most significant financial risk is that of staff pension liabilities. A significant amount of work has been undertaken on this aspect, but the full liabilities cannot be calculated until it is known which staff will transfer.

Tier 3 of the project involves the alignment of all ICT across the region and this may be a significant cost to Denbighshire, although proposals are still being developed.

## **9. WHAT RISKS ARE THERE AND IS THERE ANYTHING WE CAN DO TO REDUCE THEM?**

A full Risk Register has been developed within the project documentation.

Risks have been and will continue to be identified by the Project Team (in association with colleagues across the remit of the project) and the NW ADEW Consortium, and reviewed as a standing item on the agenda for the project element of the regular NW ADEW Consortium meetings.

The Project Manager will actively manage Project Risks, and put in place a mechanism to ensure those allocated responsibility for mitigating risks are proactively working to ensure the mitigation. In order to facilitate this, the owners of risks are required to provide an update at regular intervals at the request of the Project Manager.

## **10. POWER TO MAKE THE DECISION**

The School Standards new Framework Act places a duty on Local Authorities to provide support and challenge to schools in terms of improving standards and quality of education provision. There is also a clear drive from Welsh Government to consider and develop a regional approach to school improvement services.





# North Wales Regional School Effectiveness and Improvement Service (RSEIS)

## Full Business Case (FBC) Overview

The RSEIS will be central to school improvement in North Wales. It will be a powerhouse to drive good practice across the region. It will ensure a consistency of challenge and support for schools across the six counties leading to our children and young people fulfilling their potential.

### Background

In September 2011, the draft OBC was presented to all six Executive Boards who resolved that the OBC should be widely consulted upon with stakeholders from October 2011.

### Key Developments for the FBC

The FBC takes account of the issues highlighted by the six North Wales Cabinets / Executive Boards when approving the OBC for consultation and by the stakeholders during the consultation.

- \* A clear vision has been developed in consultation with stakeholders.
- \* The current position in respect of Standards, Welsh Language, Population and Schools is clearly explained.
- \* The educational (standards agenda) and financial (current spend) case for change is clearly explained.
- \* The governance arrangements for the new service are recommended as a Joint Committee with a Host Authority.
- \* In order to deliver the six key functions, the FBC explains that programme will be delivered in four inter-dependant tiers:
  - Tier 1 will deliver the NW regional strategy for raising standards to meet the national School Effectiveness Framework.
  - **Tier 2 (the focus of this FBC) will deliver the new NW RSEIS** to support Tier 1.
  - Tier 3 will deliver the MIS Structure (Capita ONE) to support Tiers 1 and 2.
  - Tier 4 will deliver the 'Support Functions' to support Tiers 1 and 2 (Host Authority).
- \* The FBC explains how the new service will meet the linguistic and local needs of the schools and LAs.
- \* The full financial model has been developed which includes; the Cost of the RSEIS, Implementation Costs of the New Service, Leaving Costs, Cost per Local Authority.
- \* A HR model has been developed and set out in the FBC which includes; Key HR Timescale, Planning for Change, Roles available in the new RSEIS, TUPE Arrangements, Salary Ranges, Policies and Procedures.

### Staffing the RSEIS

- \* The RSEIS will be managed by a Chief Officer.
- \* The role of the System Leader will have a clear focus on leadership and management, and provide strategic leadership and management in Literacy & Numeracy and Curriculum (subject) areas.
- \* It is anticipated that there will be a requirement for 30 FTE System Leaders within the North Wales region.
- \* There will be a number of additional posts that will be available according to:
  - i. the number of staff (Home Team) each LA will require to support those functions that are not covered by the RSEIS nor the other 'LA School Improvement Teams'; and
  - ii. additional commissioning from the RSEIS for System Leaders from either the LA or schools, through budgets or grants.
- \* The RSEIS will provide professional opportunities for Headteachers to be seconded for short-term periods, ensuring that the Service can draw on the best practice from schools across the region.
- \* Schools will have the opportunity to strengthen and extend collaborative working across the region to collectively commission targeted support and share good practice.
- \* The Support Staff requirement will be 1 Business/ Finance Manager, 7 Administrative Staff and 2 Translators.

### Cost of the RSEIS

The cost of the new RSEIS is £3.5m, equating to an average cost per pupil of £35 (compared to £51 currently).

The RSEIS can achieve a potential overall regional saving of £882k (20%), which can be re-invested in Education, or released as a cashable saving, depending on the needs of each local authority.

### Timescale for the RSEIS (2012/13)

Feb / Mar	- FBC to Cabinets / Executive Boards
Mar	- Host Authority for the RSEIS agreed
Apr	- Appointment of the Chief Officer
Sept	- Appointment of the System Leaders and Support Staff - Joint Committee established
Nov - Mar	- Team, cultural, induction, skills training for the staff appointed to the RSEIS .
Apr	- Staff transfer to the RSEIS, employed by the Host Authority

# Feedback from the Consultation on the Outline Business Case (OBC)

Consultation on the OBC was carried out with stakeholders across the six authorities during October and November 2011.

## Key Findings from the Consultation on the Delivery Model:

### Core Team

- The number of Systems Leaders will need to be more than 31.
- 3 visits per schools per year is not enough.
- 'Additional Support' should be available to all schools to drive rising standards.
- Schools want System Leaders that have local knowledge of their schools.
- Need to clearly define the Vision for the RSEIS in the FBC.
- Geographical issues will need to be identified and addressed.
- The Core Team will require data stream / analysis (ICT).

### Subject Specialists Extended Team

- Concern that Curriculum Specialists are in the RSEIS Extended Team (not permanent posts).

### Secondments

- Whilst it is recognised that a secondment is good opportunity for staff development, schools are finding it increasingly difficult and impractical to release good staff.

### LA Based Officers

- Need to further define the Home Team, its responsibilities and its relationship with the RSEIS.

### Standards / Quality

- Need to show how the RSEIS will improve standards, delivering at least, if not more, than what is currently in place.

### Welsh Language / Bilingualism

- The RSEIS must be a bilingual service.
- All staff employed by the RSEIS do not have to be bilingual in order to ensure a bilingual service.

### Costings / Savings/ Delegation

- Concerns that, whilst increased delegation is welcome, there will not be enough money delegated for schools to buy in the extended team provision.

## How these Findings have influenced the FBC Delivery Model :

### Core Team

- The FBC delivery model was built identifying the needs of schools in the North Wales, which resulted in a requirement for 30 FTE System Leaders. This new delivery model; increases the number of days allocated to each school to 6, targets support based on pro-active school profiling, provides post inspection support and allows for pre-inspection reviews. Schools and LAs will be able to commission additional 'System Leader' support (RSEIS secondments).
- The model allows for RSEIS System Leaders to have a local presence in LAs to ensure local knowledge.
- The vision has been developed for the FBC in consultation with stakeholders.
- The geographical location of the RSEIS and its staff will be considered by the Chief Officer once in post.

### Subject Specialists Extended Team

- The role of the System Leader has been redefined to have a clear focus on leadership and management, and provide strategic leadership and management in Literacy & Numeracy and Curriculum (subject) areas.

### Secondments

- The RSEIS will provide professional opportunities for Headteachers and Teachers to be seconded for short-term periods, ensuring that the Service can draw on the best practice from schools across the region.

### LA Based Officers

- In addition to the RSEIS System Leaders there will be a number of additional posts employed by the LA (Home Team) that will cover duties not undertaken by the RSEIS, nor the other teams in the LA.

### Standards / Quality

- When established, the RSEIS will increase the pace of meeting the aspirations and outcomes for driving standards agreed by the 6 NW LAs in the vision.

### Welsh Language / Bilingualism

- The RSEIS will be a bilingual service that can fully provide Welsh medium support across the region, an underpinning feature of the new Service. Whilst it will not be a requirement for all staff to be able to work bilingually, in order to secure a linguistic balance some of the posts will be designated as Welsh essential roles. The balance will be a matter for the RSEIS Chief Officer to address once in post, and may vary on further consultation with schools.

### Costings / Savings/ Delegation

- The RSEIS can achieve a potential overall regional saving of £882k, which can be re-invested in Education (e.g. delegation to schools), or released as a cashable saving, depending on the needs of each local authority.

A copy of the full analysis of the consultation responses is available at [www.consortium.org](http://www.consortium.org), or alternatively e-mail [danielle.edwards@conwy.gov.uk](mailto:danielle.edwards@conwy.gov.uk)

# Full Business Case

## North Wales Regional School Effectiveness and Improvement Service (RSEIS)



# Contents

<b>1</b>	<b>Introduction</b>	<b>4</b>
1.1	Foreword	4
1.2	Purpose of the Full Business Case	4
<b>2</b>	<b>Vision for the Regional School Effectiveness and Improvement Service (RSEIS)</b>	<b>6</b>
<b>3</b>	<b>Regional Overview of North Wales in Context</b>	<b>7</b>
3.1	Standards	7
3.1.1	National Banding of Secondary Schools	8
3.1.2	Programme for International Student Assessment (PISA)	9
3.2	Welsh Language	9
3.3	Population and Schools	9
<b>4</b>	<b>Background and Case for Change</b>	<b>11</b>
4.1	Current Arrangements	11
4.2	The Educational Case for Change	11
4.3	Financial Case for Change	12
4.3.1	Current Gross Cost / Cost per Pupil	12
4.3.2	Current Spend Based on Staff in Scope	13
4.3.3	Current Delegation Arrangements	14
4.3.4	School Improvement Functions Funded by Grants	14
<b>5</b>	<b>Key Functions of the RSEIS</b>	<b>15</b>
5.1	Key Aims and Objectives of the RSEIS	15
<b>6</b>	<b>Consultation with Stakeholders</b>	<b>16</b>
6.1	Findings of the Stakeholder Consultation on a Regional Service (March 2011)	16
6.2	Findings of the Stakeholder Consultation on the RSEIS Outline Business Case(OBC) (October 2011)	16
<b>7</b>	<b>Governance Model</b>	<b>18</b>
7.1	Governance Option Appraisal	18
7.2	Pensions Deficit – Estimated Contribution Rates for the RSEIS	19
7.3	RSEIS Governance Accountability Model	20
7.4	Deciding on a Host Authority	21
7.5	Constituency of a Joint Committee	21
<b>8</b>	<b>RSEIS – Delivering the 6 Key Functions</b>	<b>22</b>
8.1	NW School Effectiveness and Improvement Agenda in the Wider Context of School Improvement	23
8.2	Tier 1 – North Wales Regional Agenda for Raising Standards	24
8.3	Tier 2 – New North Wales Regional School Effectiveness and Improvement Service (RSEIS)	27
8.3.1	The Delivery Model	27
8.3.2	Serving the Cultural and Linguistic Needs of the Region	30
8.3.3	Commissioning from the New Service	31
8.4	Tier 3 – MIS Structure (Capita ONE)	32
8.4.1	Purpose	32
8.4.2	Collective Implementation of ONE	32
8.4.3	Project Progress	33

8.5	RSEIS Tier 4 – Support Functions	34
<b>9</b>	<b>Financial Model</b>	<b>35</b>
9.1	Cost of the Tier 2 - New Regional School Effectiveness and Improvement Service (RSEIS)	35
9.2	Implementation Costs of the RSEIS	36
9.2.1	Leaving Costs	36
<b>10</b>	<b>HR Model</b>	<b>38</b>
10.1	Key HR Timescale for the RSEIS	38
10.2	Planning for Change	38
10.3	Roles Available in the RSEIS	39
10.3.1	System Leader Roles	39
10.3.2	System Leader Secondment Opportunities	39
10.3.3	Support Roles	39
10.4	TUPE Arrangements	40
10.5	Salary Ranges	40
10.6	Policies and Procedures	40
Appendix 1	Socio-economic Profile of the North Wales Local Authorities	42
Appendix 2	School Improvement Functions Considered 'In-Scope'	45
Appendix 3	Local Authority Arrangements for Delivering School Improvement Services	47
Appendix 4	Six Key Functions of a Regional School Effectiveness and Improvement Service	51
Appendix 5	Option Appraisal – RSEIS Governance Models	53
Appendix 6	Overview of the Pension Issues for the RSEIS	68
Appendix 7	RSEIS Delivery Model	71
Appendix 8	Cost of Tier 2 - RSEIS	72
Appendix 9	Full Breakdown of Implementation Costs	74
Appendix 10	Financial Report on Potential Leaving Costs	75
Appendix 11	Planning for Change (Staff) Flowchart Redundancy Flowchart	78
Appendix 12	'System Leader' DRAFT Job Description and Person Specification	80
Appendix 13	Support Staff DRAFT Job Descriptions and Person Specifications	85

# **1. Introduction**

## **1.1 Foreword**

North Wales Local Authorities are committed to ensuring that the children and young people in their schools are given the best possible start in life and achieve life skills of the highest standard.

We recognise that Wales has a major challenge in ensuring that its levels of educational attainment are at least comparable with its competitors in the world economy. Our society and economy have no greater asset than the skills and learning capacity of our people. North Wales must play its part in making a significant change in the way it monitors, challenges, supports and intervenes in schools, in order to work in partnership with schools to drive the raising of standards in pupil achievement. New ways of delivering LA school improvement statutory functions must be established that will make a difference to the pace of school performance improvement. The formation of a Regional School Improvement and Effectiveness Service (RSEIS) is an important step within the new delivery mechanisms.

No individual authority can address the current performance issues as a single entity, divorced from working collaboratively with other authorities. The tasks to be engaged and implemented are too onerous and complex. The improvement agenda, common to all authorities, driven on an individual LA basis, would result in a grossly inefficient duplication of effort and processes. Enhancing the collaborative work that is already taking place, through current regional consortia initiatives and processes, allows us to establish and develop a Regional School Improvement and Effectiveness Service.

This exciting development will provide north Wales with a quality school improvement and effectiveness service in a cost effective and efficient manner, to raise standards and 'make a difference' for children and young people. It will champion a new way of driving standards. It will: host new robust systems of performance information to measure effectiveness; raise standards – improving literacy and numeracy; promote well being, raise aspirations; improve pupils resilience as learners; improve outcomes and reduce variation between and within schools to realise the moral purpose of education; support education improvement in schools; and support leadership development within schools and governing bodies.

The RSEIS will be central to school improvement in North Wales. It will be a powerhouse to drive good practice across the region. It will ensure a consistency of challenge and support for schools across the six counties, leading to our children and young people fulfilling their potential.

## **1.2 Purpose of the Full Business Case**

This document will address the issues highlighted by the six North Wales Cabinets / Executive Boards when approving the OBC for consultation (Sept/Oct 2011), and by the stakeholders during the consultation (Oct/Nov 2011):

- the case for change and the vision for the new service needs to be much stronger;
- the quality of the new service for each council as well as the region must be addressed more explicitly;
- the governance and accountability model must be resolved;
- the pensions deficit issues, including any issues relating specifically to the Cynnal company must be addressed;

- the model must be able to demonstrate how it will service the diverse cultural and linguistic needs of the region;
- the model must be able to demonstrate how it will drive standards; and
- the financial and HR issues, including possible impact on staff needs to be set out.

## 2. Vision for the Regional School Effectiveness and Improvement Service (RSEIS)

The North Wales Consortium will aspire to deliver the following outcomes:

- O1 - Improved standards in literacy (Welsh/English) and numeracy (Maths) that compare well with the best in other countries.
- O2 - A single coherent service for the monitoring, supporting, challenging and intervention within schools across the region.
- O3 - Deployment of System Leaders with a consistent approach and recent proven record of school improvement.
- O4 - All schools able to access a much broader range of specialist support than that available in individual LAs currently.
- O5 - No Local Authorities or schools [learning settings] in any Estyn Inspection category of needing significant improvement or special measures.

When established, the new Regional School Effectiveness and Improvement Service will increase the pace of meeting the aspirations that:

### **Our Children and Young People:**

- individually realise their full potential, and, achieve standards and learner outcomes comparable with the best in other countries
- have access to high quality provision delivered on a consistent basis

### **Our Schools will access a service that will support them to:**

- have leadership and management that drive the best standards and provision
- employ teachers that understand how to meet their learners needs
- have learning environments (working within the constraints of the built environment) that inspire learners to realise their full potential

### **Our Local Authorities can commission a service that will:**

- provide their statutory school improvement functions
- be a centre for excellent practise (and support) that will ensure greater capacity and expertise to be available for schools, utilising System Leaders with a coherent approach and recent proven record of school improvement.
- drive Welsh medium and bilingual development for education communities across North Wales
- deliver value for money, through efficiencies of scale, without compromising on quality
- be driven by the needs of our schools, individually and collectively



### 3. Regional Overview of North Wales in Context

North Wales is divided into the six Authority areas of Anglesey, Gwynedd, Conwy, Denbighshire, Flintshire and Wrexham. A socio-economic profile of each Local Authority is available in *Appendix 1*.

#### 3.1 Standards

Absolute performance at Consortium level shows a general trend of improvement, comparing well with the other consortia, despite a slight decrease in 2011 when compared with 2010. Performance remains above the all Wales averages.

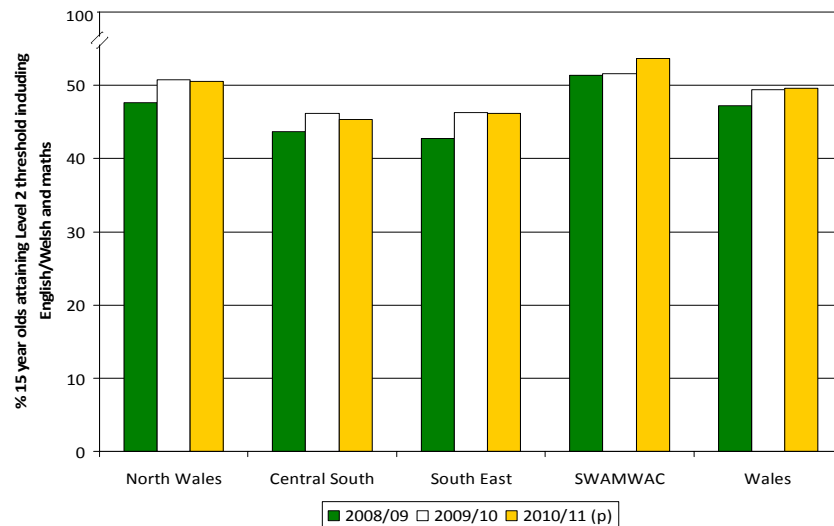


Fig. 1

A data analysis of the three year performance of regions across Wales, in the key performance indicators (*Table 1*), demonstrates that students in north Wales schools on average achieve (i) higher than the national average across all indicators; (ii) the highest standards at Level 1; (iii) the second highest standards at Level 2, Level 2+ and Core Subject Indicator; and, (iv) the second highest standards in the point score indicators.

Table. 1

	Pupil No.	Pupil No.	Pupil No.	TL1	TL1	TL1	TL2	TL2	TL2	TL2+	TL2+	TL2+	CSI	CSI	CSI	AWPS	AWPS	AWPS	CPS	CPS	CPS
	9	10	11	9	10	11	9	10	11	9	10	11	9	10	11	9	10	11	9	10	11
North Wales	7959	7880	7766	89.6	91.5	92.3	60.7	65.1	68.9	47.7	50.7	52.1	46.9	49.9	50.8	384.1	404.9	443.4		310.2	317.6
South West	10439	10268	9937	89.6	91.1	92	63.6	65.1	69.6	51.4	51.6	53.9	50.2	50.2	51.9	390.1	405	443.6		311.2	320.2
South Wales	9526	9235	9041	87.7	88.6	89.2	59	61.6	65.4	43.6	46.1	45.6	42.4	45	44.7	379.2	389.7	410.9		297.6	303.5
South East	8676	8614	8258	86.7	88.4	89.5	57.2	61.8	64.6	42.7	46.3	46.4	41.6	44.6	45	358.8	377	398		298.7	304.9
Wales	37607	37072	36088	88.2	89.7	90.3	60.7	63.8	67.3	47.2	49.4	50.1	46	48	48.7	378.9	394.3	422.9		305.1	311.6

Findings by the Welsh Government (on the progress by the North Wales Consortia to meet the objective to facilitate raising standards through; working with partners, self evaluation, use of data, and assessment of capacity) are that:

- for the North Wales Consortium the difference between the level 2 threshold and the level 2 threshold inclusive English/Welsh and Maths, is around the national average;
- there is wide variation across the consortium in the difference between the level 2 threshold and the level 2 threshold inclusive;
- the difference between the level 2 threshold and the level 2 threshold inclusive has increased from 13% to 17% between 2009 and 2011;
- nearly half of the schools in the consortium show a difference of between 10 and 20 percent between the level 2 threshold and the level 2 threshold inclusive; and
- the difference between the percentage of students gaining a GCSE A\*-C in English/Welsh, the same grade GCSE in Maths and those gaining the level 2 threshold inclusive is similar to Wales as a whole.

### **3.1.1 National Banding of Secondary Schools**

In February 2011, the Minister for Education and Skills set out the case for improvement and a clear set of actions to drive forward his improvement agenda. The national school banding system is one of these actions and will group schools into bands which will reflect their performance and progress, and consider the challenges they face and their individual circumstances. The Minister has stated:

- categorically that banding is not about labeling schools, naming and shaming, or creating a divisive league table;
- that banding is about grouping schools according to a range of factors to establish priorities for differentiated support and to identify those from whom the sector can learn;
- that the most important element of the banding system will be the framework of support and challenge that will be developed over time to accompany each band;
- that the bands will inform support, challenge and intervention in a more standardised and transparent way than at present; and
- that it will be for local authorities and consortia to agree the detail of how they will use banding to help target support and raise standards for all.

*Welsh Government, Topics – ‘School Banding’, 08 December 2011*

In December 2011, the Welsh Government release the banding of Secondary schools based on 2011 data<sup>1</sup>. For the Secondary schools in the North Wales region (with Band 1 being the highest) this placed:

- 15% in Band 1
- 35% in Band 2
- 24% in Band 3
- 16% in Band 4
- 11% in Band 5

The NW Consortia will utilise good practice within the region’s schools to support and drive improvement within these schools in Band 4 and 5.

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<sup>1</sup> *Welsh Government Secondary School Banding - 2011 Data*

### 3.1.2 Programme for International Student Assessment (PISA)

The 2009 PISA survey of the educational achievement of 15- year-olds, found that standards in Wales have lowered since 2006, and in the key areas of reading, mathematics and science the mean score in Wales was significantly lower than the rest of the UK. In all three domains the mean score for Wales and our international 'ranking' was lower than in 2006.

The Minister for Children, Education and Lifelong Learning responded to the survey stating that:  
*'We must all take a level of responsibility for the problem and resolving it. We need to refocus on higher standards, set our ambitions and expectations high and look for improvement in every aspect of our system.'*

### 3.2 Welsh Language

Welsh medium school provision varies between and within authorities. Across North Wales authorities, 51% of Primary and Secondary schools are classified as Welsh Medium (including those categorised as 'dual stream', or 'bilingual type B').

With 99% of its schools classified as Welsh Medium, Gwynedd has the highest percentage across the region and the whole of Wales, closely followed by the Isle of Anglesey with 96% (including those categorised as 'dual stream', or 'bilingual type B'). As we move to the east of the region towards Flintshire and Wrexham, the percentage of Welsh medium schools (including those categorised as 'dual stream', or 'bilingual type B') is 7% and 12% respectively.

*Table.2*

	Welsh Medium <sup>2</sup>			Total Schools (Prim & Sec)	% that are Welsh Medium schools
	Primary (Welsh Medium and Dual Stream)	Secondary (Welsh Medium and Bilingual Type B)	Total		
<b>North Wales</b>	<b>207</b>	<b>25</b>	<b>232</b>	<b>454</b>	<b>51%</b>
<b>Anglesey</b>	49	4	53	55	96%
<b>Gwynedd</b>	101	14	115	116	99%
<b>Conwy</b>	26	2	28	68	41%
<b>Denbighshire</b>	19	3	22	60	37%
<b>Flintshire</b>	5	1	6	86	7%
<b>Wrexham</b>	7	1	8	69	12%

During consultation, schools in the North East welcomed the prospect of welsh medium support from bilingual RSEIS System Leaders and the prospect of sharing good practice with schools that have extensive welsh medium experience.

### 3.3 Population and Schools

North Wales has a total resident population<sup>3</sup> of 678,461, 23% of the total population in Wales. Projections suggest that the population of under 16 year olds across North Wales will remain fairly constant over the next 25 years, expecting a decrease of less than 1%. Within the individual authorities the variance fluctuates, with Denbighshire projected to have the highest increase of around 6% and Flintshire the highest decrease of around 9%.

<sup>2</sup> WAG, *Defining Schools According to Welsh Medium Provision, October 2007*

<sup>3</sup> *Statistical Directorate, Welsh Assembly Government, 2010 Mid-Year Population Estimates*

In January 2011<sup>4</sup>, there were a total of 466 Nursery, Primary, Secondary and Special schools within the six LAs, with over 100,000 full time and part time pupils.

Table.3

	Number of Schools				% of the total number of schools in North Wales	All Pupils by Region & LA (Nursery, Pri, Sec & Special)	% of all pupils in Wales
	Nursery	Primary	Secondary	Special			
<b>North Wales</b>	<b>2</b>	<b>399</b>	<b>55</b>	<b>10</b>	<b>466</b>	<b>101,504</b>	<b>22%</b>
<b>Anglesey</b>	0	50	5	1	12%	9,540	2%
<b>Gwynedd</b>	0	102	14	3	26%	17,342	4%
<b>Conwy</b>	0	61	7	1	15%	16,012	3%
<b>Denbighshire</b>	0	52	8	2	14%	15,830	3%
<b>Flintshire</b>	1	74	12	2	20%	23,800	5%
<b>Wrexham</b>	1	60	9	1	16%	18,980	4%

Gwynedd has the highest percentage of schools in the region, followed by; Flintshire, Wrexham, Conwy, Denbighshire and Isle of Anglesey.

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<sup>4</sup> *Welsh Assembly Government, 2010/11 Number of Schools, by sector and 2010/11 Pupils on roll, by sex and sector*

## **4. Background and Case for Change**

### **4.1 Current Arrangements**

The six North Wales LAs are Anglesey, Gwynedd, Conwy, Denbighshire, Flintshire and Wrexham.

Across the six LAs arrangements for delivering school improvement services vary.

Conwy, Denbighshire, Flintshire and Wrexham have a team of officers based within each authority to deliver the core School Improvement functions to the schools within that authority. Core School Improvement functions refers to the school improvement statutory and advisory functions (monitor, challenge, support and intervene). These are supported by a range of additional school improvement functions e.g. Early Years, 14-19, Inclusion, Music, Athrawon Bro(teachers), ICT support staff, Healthy Schools, Active Young People, PESS, MIS.

A full breakdown of the School Improvement functions considered 'in-scope' for this project is available in *Appendix 2*.

Anglesey and Gwynedd commission Cynnal to provide support for core and additional School Improvement functions.

Across the six North Wales LAs extra subject specific support is commissioned from Cynnal or Curriculum Support, directly by the LAs or schools.

### **4.2 The Educational Case for Change**

Standards achieved by pupils in Wales are not as good as pupils in some other countries.

The most able pupils in Wales are a year behind in their development of literacy skills than pupils in some other countries.

We currently have unnecessary duplication of systems across the six Local Authorities to manage services and to deliver common requirements, such as, to appoint and train System Leaders; set up Professional Learning Communities; set up School Profiling Systems [data analysis systems]; meet the requirements of the School Standards and Effectiveness Frameworks; collaborate with other authorities to coordinate the implementation of various WG initiatives and grants.

Given the current financial climate, collectively, there are inefficiencies in use of monies when there is the potential to ensure decreasing resources are used to greater effect through efficiencies of scale.

#### **Opportunities**

- The RSEIS demonstrates that North Wales Local Authorities understand the need to change the way School Improvement Services monitor, challenge, support and intervene with schools in order to further improve the standards of education within schools.
- The RSEIS mitigates the risk of decreasing LA budgets and fewer resources, negatively affecting the quality of individual LA School Improvement Services.
- The RSEIS ensures all schools across the region have access to Welsh language support.

- The RSEIS aspires to develop and build on current good practice (in individual LA School Improvement Services) as the minimum level of quality from which to establish the new service whilst, (i) retaining local delivery and ownership where appropriate (ii) ensuring linkage to current Inclusion and ALN Services, and (iii) progressing the increasing collaborative working at Consortium level.
- The RSEIS enables key issues from current Estyn Inspection Reports of LA Services, Schools and other settings to be addressed collectively, and, to prepare for the new Estyn Consortium Inspections from 2014.
- The RSEIS enables the dissemination of good practice across the region.
- 

## 4.3 Financial Case for Change

### 4.3.1 Current Gross Cost / Cost per Pupil

Based on the information received and verified by each of the six Statutory Chief Education Officers, analysis was undertaken to establish the current 'cost per pupil' of delivering the existing statutory and advisory 'in-scope' School Improvement functions for each LA (defined in *Appendix 2*).

In order to establish a true spend, the analysis takes account of all time spent delivering the functions, regardless of the percentage identified (e.g. no minimum or maximum percentage bar), and includes salaries funded by grants and estimated transport costs.

	Total FTE of Advisory Employees (all %ages)	Total FTE Admin Staff	Cost of School Improvement Services (all %ages)	Pupil Numbers	Cost per Pupil
<b>Cynnal</b>	16.75	10.84			
<b>Ynys Mon</b>	0.95	0.00	489,000	9,540	51.26
<b>Gwynedd</b>	1.00	0.00	779,000	17,342	44.92
<b>Conwy</b>	10.13	1.67	724,000	16,012	45.22
<b>Denbighshire</b>	14.01	4.65	1,004,000	15,830	63.42
<b>Flintshire</b>	17.01	5.47	1,264,000	23,800	53.11
<b>Wrexham</b>	11.68	4.00	859,000	18,980	45.26
	<b>72</b>	<b>27</b>	<b>5,119,000</b>	<b>101,504</b>	<b>50.43</b>

*Table.4*

*The cost of school improvement staff within Cynnal is not included separately in the table as the associated charges are with each individual LA.*

The total gross cost of providing the 'in-scope' functions across the six NW LAs is **£5.1m**. This equates to an average cost of £51 per pupil, with a high of £63 and a low of £45. The Minister has stated his expectation that the cost per pupil should reduce in order to release funding to schools, and has referred to a target in the region of £33 per pupil.

### 4.3.2 Current Spend Based on Staff in Scope

An analysis by LA is available in *Appendix 3*.

For the purpose of this project, the NW ADEW Directors agreed that if a member of staff spends equal to, or more than, 60% of their time on the identified functions, they are considered 'in-scope' (see *Appendix 2*).

There are 112 members of staff 'in-scope' across the six LAs and Cynnal, 72 directly delivering 60% or more of the identified school improvement functions, and 40 administrative staff (including translation staff) delivering 27 full time equivalent (FTE) contribution on these activities.

The following considerations have been applied:

- to reflect the influenceable spend within each LA, salary costs for the 72 members of staff in-scope are included at 100% cost;
- salary and transport costs associated with staff in-scope for Cynnal, are reflected within each LA costs as the actual charges made for that service (impacts on Ynys Mon, Gwynedd and Conwy costs);
- salary costs associated with staff in-scope for CS, are included as staff salaries within the employing LA, with any balance shared between the partnership LAs (Conwy, Denbighshire and Flintshire);
- to ascertain the overall current transportation costs for LA based staff - for each individual the percentage identified as spent on in-scope activities was applied to their total transport costs. This results in overall current estimated transportation cost of £97k; and
- actual administrative salary savings will in the future depend on which support staff are transferred to the new service, and which will remain with the LA.

	<b>Total Number of Advisory Employees (&gt;60%)</b>	<b>Total FTE Admin Staff</b>	<b>Influenceable Spend*</b>
<b>Cynnal</b>	21	10.84	
<b>Ynys Mon</b>	0	0.00	435,000
<b>Gwynedd</b>	0	0.00	711,000
<b>Conwy</b>	11	1.67	723,000
<b>Denbighshire</b>	10	4.65	728,000
<b>Flintshire</b>	17	5.47	1,122,000
<b>Wrexham</b>	13	4.00	684,000
	<b>72</b>	<b>27</b>	<b>4,403,000</b>

*Table.5*

*\*Salary and transport costs for all staff in-scope, plus any charges for in-scope services with Cynnal and/or CS, are excluding expenditure funded by external grants. The cost of school improvement staff within Cynnal is not included separately in the table as the associated charges are with each individual LA.*

The influenceable spend that will provide a basis for building up the financial model within this Full Business Case is **£4.4m** (staff in-scope, plus transport costs).

From this revenue the project is committed to achieving a 10% saving, and each LA will need to consider how they will meet the cost of commissioning the new service, and possibly fund posts to deliver the residual School Improvement functions.

### **4.3.3 Current Delegation Arrangements**

Arrangements for funding school improvement services vary across the six LAs. Some Authorities have delegated part of the school improvement functions to individual school budgets.

The level of current delegation will need to be considered by each LA when funding the new regional service. It is proposed that each LA reviews the current arrangements to ensure sufficient centrally held budget to enable the LA to pay their share of the cost of the regional service whilst also maximising the funds to be delegated to schools.

Each LA is responsible for reviewing its own funding arrangements, which will inform the implementation stage of this project.

### **4.3.4 School Improvement Functions Funded by Grants**

Some of the LAs currently fund elements of the school improvement service with grants totalling £311k.

It is important to note that whilst expenditure funded by grants is included in 4.3.1 'Current Cost per Pupil' to demonstrate total costs, expenditure funded by grants is excluded from the costing exercise in 4.3.2 'Current Spend Based on Staff in Scope' to establish the LA budget for this project, the 'influenceable spend'.

Grants may be used by LA and/or schools in future to commission additional service from the regional service, depending on the individual terms and conditions of each source of funding.



## 5. Key Functions of the RSEIS

The vision is to establish a regional School Effectiveness and Improvement service to be accountable to, and undertake the statutory responsibilities of, the six local North Wales Authorities in respect of the duties to monitor; challenge; provide support services for curriculum continued professional development and management of schools, and in addition provide services that can be commissioned by schools and local authorities.

The **6 key functions** of the new regional service, underpinned by the core principle of delivering on local and national Welsh language strategies to develop and increase excellence in pedagogy and Welsh medium/bilingual education in communities across North Wales, are as follows:

1. supporting LAs to undertake their statutory functions in relation to school effectiveness;
2. provide support for both LAs and Schools (jointly and separately as the case may be) in School Improvement activity;
3. specifically undertaking responsibility for the Implementation of SEF and for CIF accountability;
4. making provision for the development, maintenance, and review of regional frameworks on a commissioned basis;
5. providing a centre of expertise for MIS service and for the management analysis and interpretation of data; and
6. provide a specialist centre for Education Management matters and an Education Human Resources Service to provide expertise and advice.

For a full description of the 6 key functions see *Appendix 4*.

### 5.1 Key Aims and Objectives of the RSEIS

Taking due regard for the national and regional drivers, the **key aims** are to establish a regional school improvement service which will:

- implement the national School Effectiveness Framework to raise standards and improve wellbeing by reducing variance within and between schools and local authorities, whilst taking account of local need;
- respond to the Estyn inspection regime, which has raised the bar and emphasised partnership working in its revised inspection criteria;
- identify efficiency savings; and
- provide a foundation that allows future regionalisation of other/linked Education services.

The *Education and Other Related Services Regional Board* will aim to deliver the project against two overarching **objectives**:

- to be delivering the School Effectiveness and Improvement Service under the regional arrangements across the six North Wales Authorities, by September 2012; and
- to identify savings through the delivery of a regional School Effectiveness and Improvement Service of 10% of North Wales expenditure.

## **6. Consultation with Stakeholders**

### **6.1 Findings of the Stakeholder Consultation on a Regional Service (March 2011)**

The findings of the *'Report on the Feasibility and implications of establishing a Regional School Effectiveness and Improvement Service for the six North Wales Local Authorities'*<sup>5</sup>, indicate that such a service is feasible and would provide a key transformational development that could provide high quality provision and contribute to achieving improved outcomes for learners. It would also enable both schools and LAs to fulfil their statutory obligations.

In March 2011, individual Authority consultation meetings with relevant stakeholders within each authority were organised by the individual Directors/Chief Officers, with further reports to scrutiny committees and executive boards of the six LAs. In addition, consultation with relevant Focus Groups (with Headteachers; School Governors; Trade Unions), comprising of representatives from across the region were conducted by the Consortium Officer and the Independent Consultant. The subsequent Report<sup>6</sup> found considerable support for the strategy; in many cases the establishment of a regional School Effectiveness and Improvement Service was welcomed; others recognised the drivers towards such a service and their impact. At the same time there was support for the implementation of the Option.

The ensuing decision of the Education and Related Services Regional Board was to proceed collaboratively and seek to establish a regional School Effectiveness and Improvement Service fit for future purpose, (in particular the implementation of SEF), that builds on current strengths, and provides an integrated service across the region. This regional service will be owned by the six LAs and will operate as a separate entity under a joint commissioning framework. This will require the regional service to be professionally rigorous and focus on pedagogy, learning, and leadership in its dealing with schools; similarly, professional rigour will be required of schools and LAs. Such an approach will be crucial to the success and credibility of this development.

### **6.2 Findings of the Stakeholder Consultation on the RSEIS Outline Business Case (OBC) (October 2011)**

In September 2011, the draft OBC was presented to all six Executive Boards who resolved:

- that the OBC should be widely consulted upon with stakeholders from October 2011;
- to establish a regional service by September 2012, subject to the FBC; and
- that the recruitment process for the appointment of a Chief Officer can begin, with the appointment to take place once the FBC has been adopted in all six authorities.

Consultation on the OBC was carried out with stakeholders across the six authorities during October and November 2011. A full Consultation Plan for the OBC was developed and each Local Authority was provided with a 'Consultation Pack' which included a copy of the OBC, a generic presentation, an executive summary, discussion papers, a copy of the Consultation Plan, and a feedback form.

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<sup>5</sup> *'Report on the feasibility and implications of establishing a Regional School Effectiveness and Improvement Service for the six North Wales Local Authorities'* Gerson Davies, Independent Consultant, January 2011

<sup>6</sup> *Report on Consultation in relation to the proposal to establish a Regional School Effectiveness and Improvement Service for the six North Wales Local Authorities'* Gerson Davies, Independent Consultant, April 2011

<b>DELIVERY MODEL</b>	
<b>Core Team</b>	The number of Systems Leaders will need to be more than 31.
	3 visits per schools per year is not enough.
	Schools want System Leaders that have local knowledge of their schools.
	Need to clearly define the Vision for the RSEIS in the FBC.
	'Additional Support' should be available to all schools to drive rising standards.
	Geographical issues will need to be identified and addressed.
	The Core Team will require data stream / analysis (ICT).
	Additional considerations for the Core Team (based on the OBC model).
<b>Subject Specialists Extended Team</b>	Concern that Curriculum Specialists are in the RSEIS Extended Team (not permanent posts).
	There would need to be a basic commitment from Schools to the service from the Extended Team (based on the OBC model).
<b>Secondments</b>	Whilst it is recognised that a secondment is a good opportunity for staff development, schools are finding it increasing difficult and impractical to release good staff.
<b>LA Based Officers</b>	Need to further define the Home Team, its responsibilities and its relationship with the RSEIS.
<b>Standards / Quality</b>	Need to show how the RSEIS will improve standards, delivering at least, if not more, than what is currently in place.
<b>Welsh Language / Bilingualism</b>	The RSEIS must to be a bilingual service.
	All staff employed by the RSEIS do not have to be bilingual in order to ensure a bilingual service.
<b>Costings / Savings/ Delegation</b>	Concerns that, whilst increased delegation is welcome, there will not be enough money delegated for schools to buy in the extended team provision.
<b>Project Timescales</b>	Concern that the project timescales are too tight and that this may result in an ineffective service.
<b>GOVERNANCE MODEL</b>	
<b>Constituency of the Governance Arrangements</b>	There need for fair representation in the Governance arrangements to include; schools, governors and diocese – all with voting rights.
<b>Accountability within the Governance Arrangements</b>	The FBC will need to show the accountability within the Governance arrangements.
<b>ROLE OF SYSTEM LEADER / HR</b>	
<b>Transitional Arrangements</b>	Clarification is required with regards to; safeguarding pay, pensions and employment of affected staff; early retirement / voluntary redundancy packages; timetable for staff changes; redundancies process, process for appointment and the proposed structure of the RSEIS.
<b>System Leader Posts</b>	A rigorous approach is required to appoint the System Leaders.

## 7. Governance Model

### 7.1 Governance Option Appraisal

In July 2011, the OBC undertook an initial exercise which considered the various options for Governance, and recognised that further work would need to be undertaken before a decision could be reached.

The NW ADEW Directors commissioned expert legal advice from Trowers and Hamlins, who produced two reports on the types of, and benefits / disadvantages of, the various Governance models. The initial assessment from Trowers and Hamlins on the governance options in relation to the RSEIS, recommended that the project consider the options for a 'Joint Committee with a Host Authority' and a 'Company Limited by Guarantee':

- **Joint Committee with a Host Authority** – functions are delegated by each LA to a Joint Committee with membership from all six LAs and Service stakeholders. A Host Authority is identified to employ staff and provide some support functions.
- **Corporate Arrangements (e.g. Company Limited by Guarantee)** – an arms length arrangement would be set up as the 'corporate vehicle' to deliver the service. All LAs would need a contract with this corporate vehicle to buy services, and arrangements would need to be in place for ownership and governance.

A workshop (attended by the Project Team, ADEW Directors and Legal Officers from across the six North Wales Authorities) was then facilitated by Trowers and Hamlins to consider the options in the context of the RSEIS. Following this a full Option Appraisal was carried out with a range of stakeholders on the 'Joint Committee with a Host Authority' and a 'Company Limited by Guarantee' governance models (see *Appendix 5*).

Based on the findings of the option appraisal, **the recommendation by the Education and Other Related Services Board is that a 'Joint Committee with a Host Authority' is adopted as the governance model for the Regional School Effectiveness and Improvement Service**, with the expectation that the model is reviewed as part of the post implementation review.

In the context of the regional service being developed, the main disadvantages (scoring 0 - does not meet the criteria) associated with a 'Company' model are in relation to:

- the pensions deficit (see 7.2) - whilst both options will have a pensions deficit evaluation which will need to be paid back over a number of years, the contribution rate towards the past service deficit may be unaffordable due to a more restrictive pay-back arrangement as a company in its own right (based on an actuary evaluation on estimated data); and
- the ability to take advantage of VAT exemption - with a company limited by guarantee in this context, because the majority of its income will come from the provision of education and closely related services (exempt from VAT), it is not permitted to recover VAT on any purchases/overheads which relate to those services.

It was also recognised that:

- the initial set-up and ongoing costs relating to ICT for the service under a company model would be double that of a Joint Committee with a Host authority, requiring support to be procured in the private sector (there being a conflict of interest in the case of an LA providing this support);

- political buy-in would be more unlikely in the Company model when considering the potential personal liability for Directors of the company (although insurance should be taken out and indemnities given), and the potential conflict of interest between Members sitting as Directors versus Members sitting as Councillors; and
- staff buy-in would be more unlikely in the Company model with staff preferring an option where they remain employed by the LA and remain in the LGPS, and likely to result in opposition from staff and their unions due to perceived worries about pay, conditions, pensions etc.

## 7.2 Pensions Deficit - Estimated Contribution Rates for RSEIS

The Actuary for the Gwynedd Pension Fund has provided an initial estimation of the potential pension deficit and pension contribution rate for the new regional service. The information provided to the actuary to base this estimation was limited and the conclusions made can only be an indication of the potential rates as the actual employee information will not be known until the HR process has been implemented.

The Options for the *treatment* of the pension deficit evaluated for the regional service are:

### **Option 1: Fully Funded Approach (the pension deficit remain with the current employer)**

- The overall pension deficit for the employer would remain unchanged.
- Existing employer could voluntarily pay amount of the pension deficit to the pension fund and crystallise the amount within the authority accounts, with regard to the staff transferring.
- If the existing employer chooses not to crystallise the amount this would be reflected within the next valuation of the pension fund. There would be fewer staff from which to recoup the deficit in contributions which could lead to a higher contribution rate for the employer.

### **Option 2: Share of Deficit Approach (the pension deficit transfers to the new regional service)**

- The actuary for the pension fund would make a valuation with regard to the regional body to assess the required contribution rate to reflect both the future service contribution and the past service deficit

It is anticipated that all collaborative arrangements will use Option 2, and in this particular case Option 1 is not a viable option when we take account of the company Cynnal, who with Company status, has no obligation to retain the pensions deficit for staff transferring to a new service.

Therefore, the financial modelling for RSEIS has included the estimates on the basis of Option 2 with a 'Share of Deficit Approach', based on the spreading period normally allowed for a Local Authority (past service adjustment 'spread' over 20 years).

A full overview of the pension issues for the RSEIS is available in *Appendix 6*.

### 7.3 RSEIS Governance Accountability Model

The following model shows the accountability relationship between the Local Authority and the RSEIS.

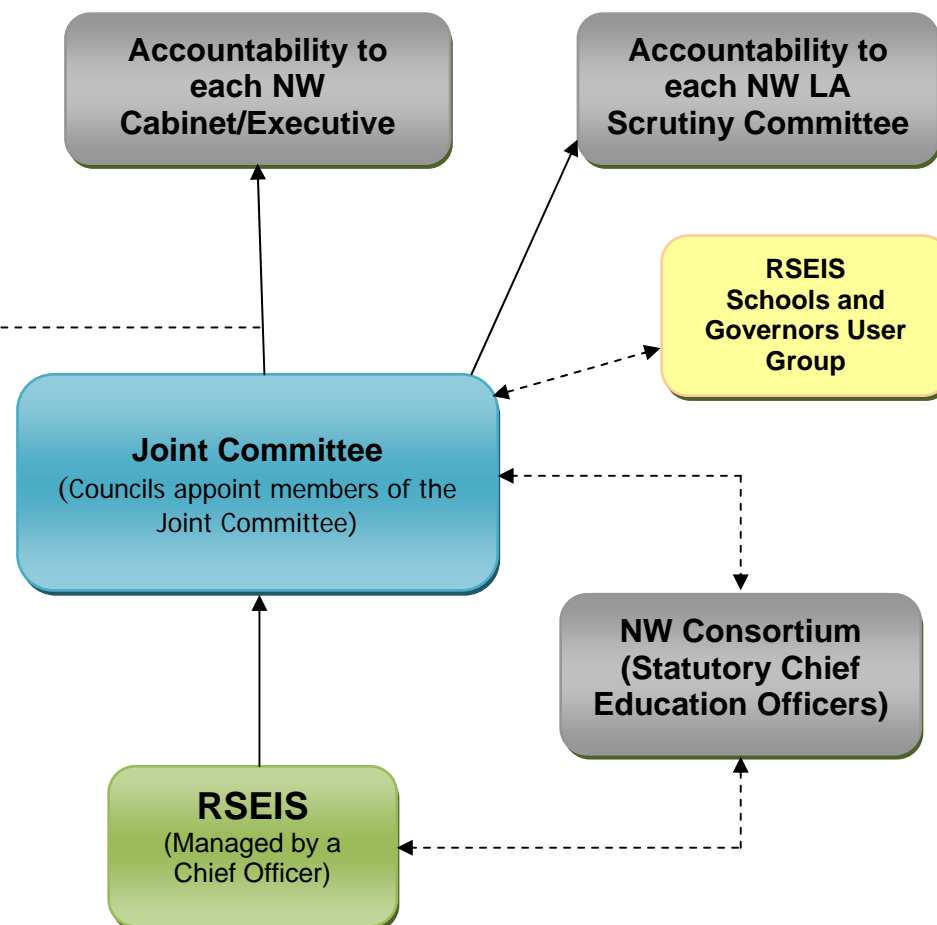
#### Local Accountability

- Each local authority(LA) will commission (buy) the service from the collaborative RSEIS organisation
- The LA retains power to negotiate the service level agreement / contract with the RSEIS or delegation arrangements with schools, which may require local variation
- The LA Chief Education Officer retains the statutory responsibility for the delivery of the functions with the support of the Executive Member
- The Joint Committee are accountable to the council as a whole
- The LA Chief Education Officer and Executive Member will ensure that the service meets the needs of their schools

#### Regional / Collective Accountability

- Achieved through a *Joint Committee with a Host Authority* model
- Councils can appoint members of the Joint Committee, who can be Members and otherwise
- Joint Committee members need to put the interests of the collaborative entity first to manage the 'whole service', focusing on the 'collective' interests
- The Joint Committee will oversee management of the RSEIS, with the support of the NW Consortium in their role as Educational Specialists responsible for driving standards
- The Joint Committee are accountable to the council as a whole, with Joint Committee members accountable to their own LA council and scrutiny members
- The RSEIS Chief Officer will be responsible to the Joint Committee
- The Joint Committee will receive support and challenge from the *'RSEIS Schools and Governors User Group'*

Fig.2



## 7.4 Deciding on the Host Authority

In order to employ staff under the Joint Committee, the new RSEIS will need to use a Host Authority, which will be one of the six North Wales authorities.

Complimenting the 'employment' role, the Host Authority will also be responsible for providing HR, Finance and Legal support to the staff and the new service (Tier 2).

Expressions of interest to be the Host were invited from Local Authorities. Following careful consideration, the NW Chief Executives Group are by majority decision recommending Gwynedd as the RSEIS Host Authority.

## 7.5 Constituency of a Joint Committee

This is an outline approach, which would be developed and established by the RSEIS 'Chief Officer' and 'Joint Committee' during April to September, following the adoption of the FBC.

The JC would consist of 'voting members' and 'co-opted non-voting members'

Table.7

Voting Members	Co-opted Non-voting Members
6x Education Portfolio Members <i>one from each NW LA</i>	6x Statutory Chief Education Officers <i>one from each NW LA</i>
1x Diocese Representative <i>nominated from across the Wrexham, St Asaph and Bangor Diocese, on a rotating bi-annual term</i>	1x Legal Representative <i>nominated by the members of the NW Legal ADEW, on a rotating bi-annual term</i>
1x Secondary Schools Representative*	1x S151 Representative <i>nominated by the NW S151 Treasury Group on a rotating bi-annual term</i>
1x Primary Schools Representative*	
1x Special Schools Representative*	
1x Governor Representative*	

**11 voting members**

**8 non-voting members**

Total of **19 members** (voting and non-voting)

Notes:

1. In addition, a 'RSEIS Schools and Governors User Group' would be established to provide support and challenge to the JC. The members of this group would nominate a Secondary, Primary, Special and Governor representative to take the voting seats on the JC\*. This would be on a rotating bi-annual term.
2. Trowers and Hamlins have confirmed 'that the six Councils may appoint third parties (Diocese, Schools and Governors) to sit on the Joint Committee, but it is then a matter of choice as to whether they are given voting rights. Without further specific action, the position under the Local Government Act 1972 is that they would have voting rights, in that the Act is silent on it. However, there would be nothing to stop the Councils appointing on a non-voting or observer status if they so chose'. The model assumes voting rights for these third parties to satisfy stakeholder concerns expressed in the OBC consultation and to recognise the Schools as key 'buyers' of the RSEIS Service (albeit in most cases through the LA).

## 8. Delivering the 6 Key Functions

In order to deliver the six key functions (section 5), the programme will be delivered in four inter-dependant tiers:

- Tier 1 will deliver the NW regional strategy for raising standards to meet the national School Effectiveness Framework, through the NW Consortium.
- Tier 2 will deliver the new NW Regional School Effectiveness and Improvement Service(RSEIS) to support Tier 1.
- Tier 3 will deliver the MIS Structure (Capita ONE) to support Tiers 1 and 2.
- Tier 4 will deliver the 'Support Functions' to support Tiers 1 and 2 (Host Authority).

Whilst this Section (8) will describe all four Tiers, the focus of this Full Business Case is on the Tier 2 project to deliver the new NW Regional School Effectiveness and Improvement Service.

### Key Milestones Dates for Tiers 1 to 4

Table.8

Milestone Date	Description	Tier
Feb / Mar 2012	RSEIS Full Business Case to LA Cabinets / Executive Boards	2
Mar 2012	Host Authority for the RSEIS agreed	4
April 2012	Appointment of the RSEIS Chief Officer	2
	Procedures and processes in place for sharing & disseminating expertise within and between ONE and SIMS	3
	Appointment of full-time Information Manager to manage the Regional Management Information Project	3
Jun 2012	Procedures and processes developed for B2B (student data and attendance), Bases, and PULSE	3
Sept 2012	Appointment of the RSEIS System Leaders and Support Staff	2
	Joint Committee established	2
	Common System Leaders approach to monitoring and challenge school performance.	1
	Common System Leaders approach to support and intervention in school performance	1
	Common single collation of school performance data collection and analysis	1
	Common School Leadership and Management Tool	1
	Common Profiling of Local Authority Performance	1
	Common approach for Facilitating and Capturing Good Practice	1
	Common School Heads and Governing Body Roles and Responsibilities in relation to Standards	1
	Common practice for facilitating and capturing good practice from Professional Learning Communities [PLCs]	1
	Coordination of regional Literacy, Numeracy and Inclusion Strategies	1
	Capita ONE hosted solution goes live – users across the region access their data from Flintshire	3
	B2B (student data and attendance), Bases, and PULSE modules are implemented with access to a harmonised set of standard reports identified and developed with all Heads of School Improvement	3
	Information sharing protocol and data transfer agreement in place for all Authorities and their schools	3
	Nov 2012 to Mar 2013	Team Building, cultural alignment workshops, induction programmes, specific skills training for the staff appointed to the RSEIS
April 2013	Staff transfer to the RSEIS, employed by the Host Authority	2 / 4
	Host Authority for the RSEIS provides HR, Finance and Legal support to the staff and the new service	4



### 8.1 NW School Effectiveness and Improvement Agenda in the Wider Context of School Improvement

The NW School Effectiveness and Improvement Agenda (Tiers 1 to 4) will contribute to the wider School Improvement Service being delivered locally for schools.

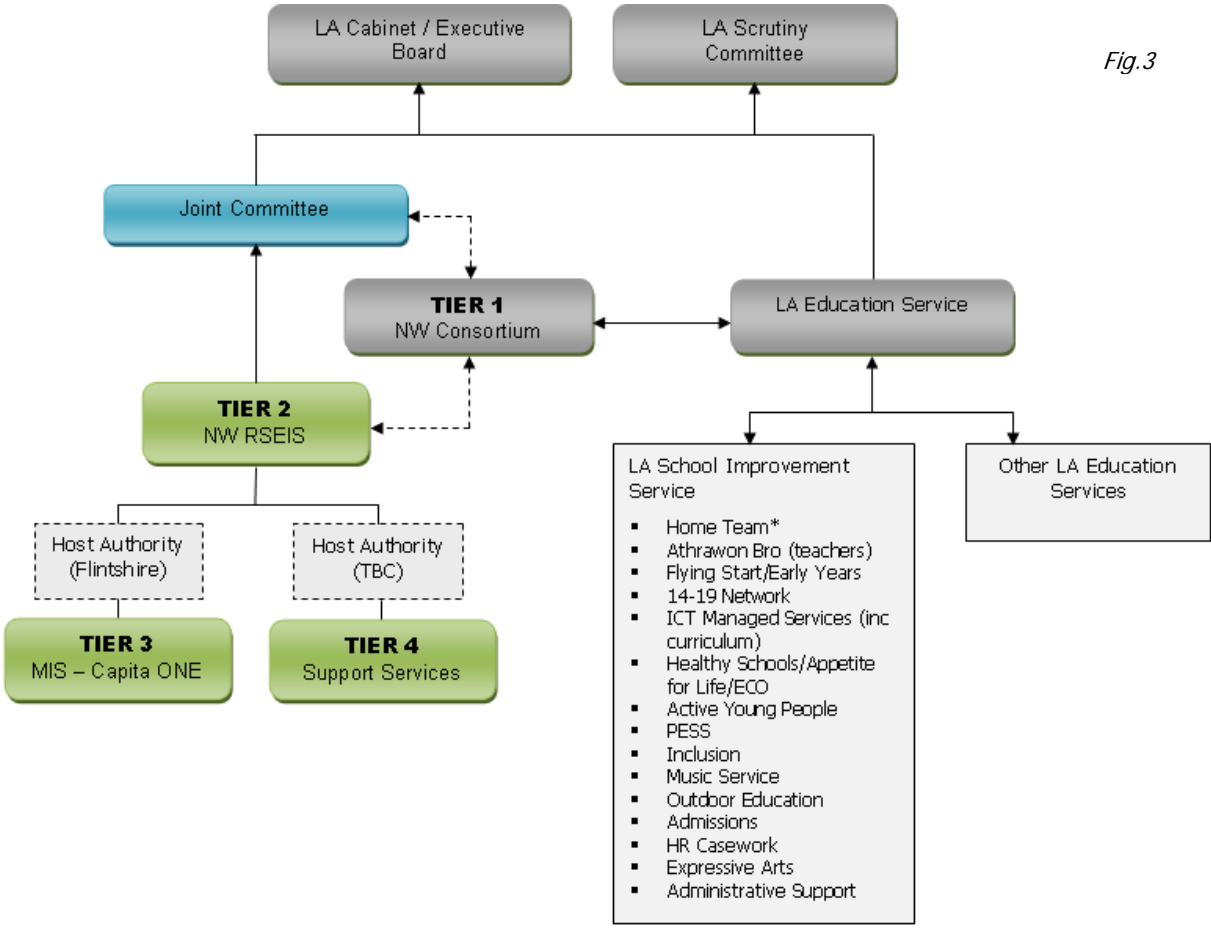


Fig.3

The statutory role of Chief Education Officer will remain with the 'LA Education Service'.

The 'LA School Improvement Service' includes those areas that contribute currently to the overarching 'LA Education Service', but (with the exception of HR Casework) are not carrying out the 6 Key Functions that are currently 'in scope' for the RSEIS.

The 'Home Team\*' staff will be identified by each LA as staff required to fulfil those school improvement functions not covered by the RSEIS nor the other teams in the 'Local Authority School Improvement Service'. These staff will remain employed by the Local Authority.

The 'Other LA Education Services' are those areas e.g. Site Management, Catering, SEN, that work alongside the School Improvement Service, contributing to the overarching 'LA Education Service'.

The four Tiers of the RSEIS are explored in the subsequent sections 8.2 to 8.5.

## **8.2 Tier 1 - North Wales Regional Agenda for Raising Standards**

From September 2012, all (current) LA School Improvement Teams, Cynnal and CS will be working to an agreed regional strategy that will ensure consistency in the processes to monitor, challenge, support and intervene in schools across North Wales.

This will result in a significant change across the six N Wales Local Authorities in the process for engaging with schools to drive increasing standards and improving performance. Local Authorities across the region are committed to ensuring that this new way of collaborative working will result in improved standards and make a positive difference to school and pupil performance.

### **Background**

This approach has been driven by the Association of Directors of Education Wales (ADEW) North Wales Consortium. The group comprises the Chief Education Officers of each constituent authority, and is supported by a Consortium Coordinator and Consortium Office (hosted by Gwynedd LA).

In 2009, the Consortium established an operational group - the School Effectiveness Framework(SEF) Steering Group to drive the School Effectiveness Framework agenda forward and identify potential joint working arrangements. The SEF Steering Group consists of; a senior representative of each LA, the Chief Executive of Cynnal, and the Cynnal's Senior Primary School Improvement officer representing Gwynedd and Anglesey (the two authorities regard Cynnal as an extension of the authorities). The Group is chaired by the Consortium Co-ordinator. The Group has worked on a number of areas that will, from September 2012, deliver a single unified strategy and processes for a collaborative approach, allowing the six authority teams, Cynnal and CS to work in new ways to deliver LA school improvement statutory functions that will increase the pace of school performance improvement.

### **Delivering the Regional Strategy**

Tier 1 work incorporates the linkage with Inclusion, ALN and School Support Services that are so essential to provide schools with the necessary support to meet the needs of each individual pupil. This linkage extends also to multi agency work, especially when developing the Team around the Family concept of meeting individual needs through partnership working.

From September 2012, there will be in place various interdependent strands of collaborative common approaches in operation within Tier 1 to monitor, challenge, support and intervene in schools across the region:

Strand 1 – Common System Leaders approach to monitor and challenge school performance.

All monitoring and challenge meetings with Head teachers and senior LA officers in every LA will have a new common agenda, focus and quality of delivery. All officers will have received System Leader training.

Strand 2 – Common System Leaders approach to support and intervention in school performance.

All support and intervention for individual schools in every LA will have been targeted from common regional criteria set from a new common School Improvement element within each LA School Partnership Agreement. All officers will have received System Leader training.

### Strand 3 – Common single collation of school performance data collection and analysis

All LAs will have access to a regional core data set of individual school performance across the region and an analysis of performance utilising Key Performance Indicators with Free School Meal ranking. This will facilitate a consistent use of data for the identification of key trends across and within LAs, to facilitate (i) the sharing of good practice from high performers, and, (ii) targeted regional support for groups of schools with common causes of poor performance.

### Strand 4 – Common School Leadership and Management Tool

All schools across the region will have access to a School Leadership and Management tool that will ensure a common understanding of agreed criteria for professional standards and quality. This will assist System Leaders to secure a common understanding of the criteria, allow school management teams to utilize it for self assessment purposes, provide a useful training tool within and between schools and in monitoring and challenge meetings with LA officers / System Leaders. It will ensure common regional quality of assessment outcomes for targeting support and intervention to improve school performance.

### Strand 5 – Common Profiling of Local Authority Performance

There will be a profile of each LA performance against a series of performance indicators. The profile will identify (i) those schools with good practice in specific fields, and (ii) individual and groups of schools requiring specific levels of support and common key issues that require attention. This will facilitate sharing good support and intervention activities across the region.

### Strand 6 – Common Approach for Facilitating and Capturing Good Practice

Further work will be undertaken in formalising criteria for good classroom observation practice. This will facilitate consistency in quality practice for system leadership across the board.

### Strand 7 – Common School Heads and Governing Body Roles and Responsibilities in relation to Standards

Further work will be undertaken in developing a regional protocol to ensure head teachers and governors have clarity regarding their roles and responsibilities in relation to professional discussions on school performance. This will facilitate consistency in quality practice for system leadership across the board.

### Strand 8 – Common practice for facilitating and capturing good practice from Professional Learning Communities (PLCs)

Monitoring meetings between LAs and schools across the region will include a focus on the developing PLCs that were established as a result of a regional programme of training and guidance in 2010-11. WG is developing a national website in relation to PLCs which overrides the Consortium Moodle based interactive tool which focuses on research for improvement and effective practice. The national and regional thrust for collaboration has highlighted the need for practitioners to share best practice and this has been enthusiastically endorsed by the Regional Education and Related Services Programme Board as a means of raising standards. The SEF Steering Group has facilitated the national training programme and already conducted an initial overview of effectiveness and outcomes during the Autumn Performance Visit 2011.

## Strand 9 – Coordination of Regional Literacy, Numeracy and Inclusion Strategies

Further work will be undertaken to develop the regional strategies driven by the established regional steering groups for Literacy, Numeracy and Inclusion. The work will link to national strategies and intended outcomes.

Besides the strands mentioned above, the ADEW North Wales Consortium is involved in a number of other developments to progress greater collaborative working, such as, (i) Regional ICT Managed Service (including VLE), (ii) Music Peripatetic and Ensemble Service (iii) Coordination of Delegated School Funding arrangements.

The strands identified above will support the delivery of the following outcomes:

- O.1 - Improved standards in literacy (Welsh/English) and numeracy (Maths) that compare well with the best in other countries.
- O.2 - A single coherent service for the monitoring, supporting, challenging and intervention within schools across the region.
- O.3 - Deployment of System Leaders with a consistent approach and recent proven record of school improvement.
- O.4- All schools able to access a much broader range of specialist support than that available in individual LAs currently (linked to Tier 2).
- O.5 - No Local Authorities or schools (learning settings) in any Estyn Inspection category of needing significant improvement or special measures.

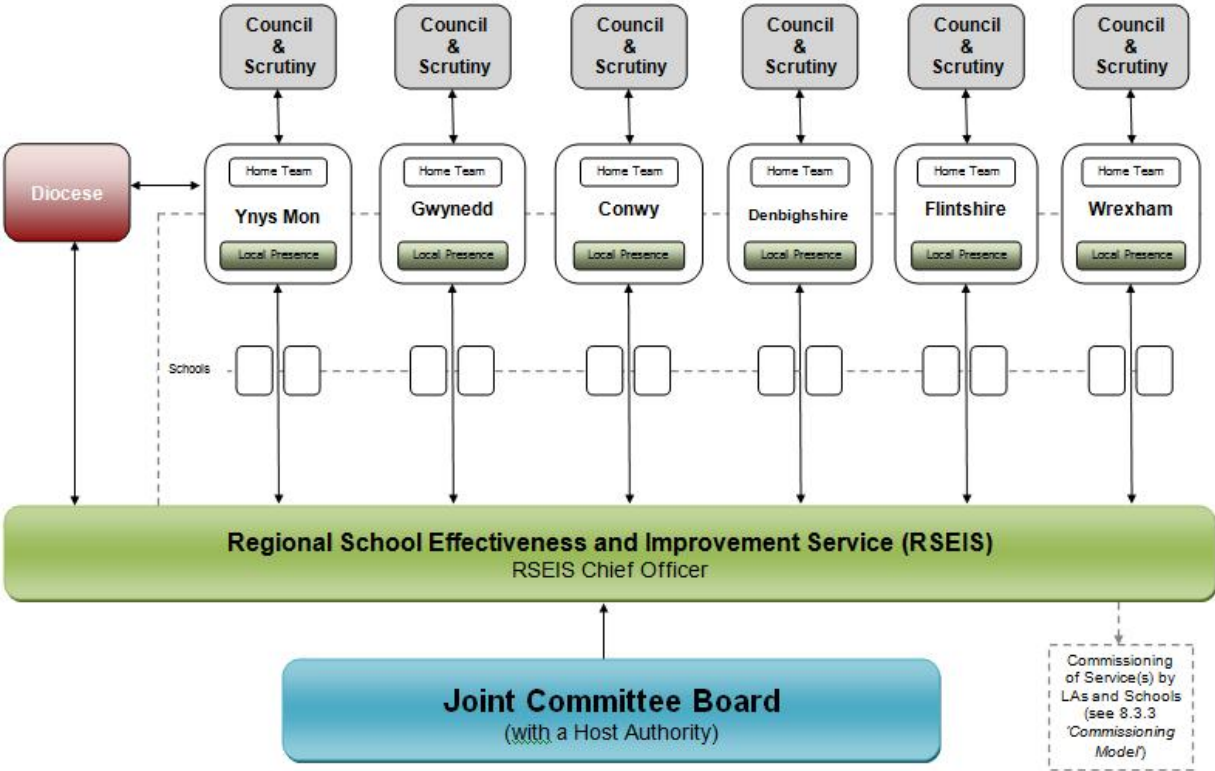
### **Meeting the Regional Agenda for Raising Standards through the RSEIS (Tier 2)**

The common approaches outlined above will result in the six authorities, Cynnal and CS working, from September 2012 on the same standards agenda in the same way. Initially, there will be eight management processes and structures mirroring each other across North Wales.

The establishment of a single structure, the Regional School Effectiveness and Improvement Service (RSEIS) will provide a means of employing efficiencies of scale and a central focus for school improvement across North Wales. This Tier 2 delivery mechanism will absorb the Tier 1 common approaches and will be a powerhouse to drive good practice across the region. It will champion a new way of driving standards. It will provide good quality school improvement and effectiveness service in a cost effective and efficient manner to raise standards and 'make a difference'. It will ensure a consistency of challenge and support for schools across the six counties, leading to our children and young people fulfilling their potential.

**8.3 Tier 2 - New North Wales Regional School Effectiveness and Improvement Service (RSEIS)**

*Fig.4*



**8.3.1 The Delivery Model**

The new RSEIS (Tier 2) will be managed by a Chief Officer with a team consisting of System Leaders, a Business/Finance Manager, Administrative Support and Translators.

Section 10 of this Full Business Case explores the roles in respect of the Job Descriptions and Person Specifications, their impact on existing staff (TUPE), and salary in more detail.

**Chief Officer**

The Chief Officer will be required to: shape the new organisation, preparing, developing and delivering the strategic direction for the new service; implement, monitor and review regional policies; and lead, manage and direct a team in coordinating quality service delivery effectively, efficiently, economically and responsive to local circumstances.

As agreed by the six North Wales Cabinets / Executive Boards in October 2011, the recruitment process for the post of Chief Officer is already underway, with the appointment to take place once the FBC has been adopted in all six authorities.

**System Leaders**

With a clear focus on Leadership and Management, System Leaders will also provide strategic leadership and management in Literacy & Numeracy and Curriculum (subject) areas. System Leaders will be responsible for:

### *Leadership*

- Providing support and guidance to ensure that the school's vision, ethos and moral purpose is shared by all staff and stakeholders.
- Providing support and challenge to improve the practice of effective self- evaluation and school improvement planning.
- Providing support and guidance to ensure that leaders and managers to make best use of their expertise to improve their effectiveness.
- Providing a level of challenge by evaluating provision objectively, gathering valid and reliable evidence from a range of sources both within the organisation and beyond.
- Understanding comparative and value-added data and use it to identify high performance and underperformance of pupils, schools and subject areas/departments.
- Analysing and use data to judge the performance and challenge underachievement of groups of learners by gender, ethnicity, special educational needs and prior attainment.
- Challenging the school to set ambitious but realistic targets.
- Using an appropriate range of quantitative and qualitative data to synthesise a wide range of information to formulate hypotheses.
- Providing constructive feedback that forms the basis for future improvement.
- Being able to build the capacity of others to carry out self-evaluation.

### *Teaching and Learning (Pedagogy)*

- Providing support and advice on and evaluating the quality of; teaching and learning styles, and subject specialism's.
- Providing guidance on the rigorous use of formative and summative assessment and on their use to improve learners' work.
- Promoting and support the development of networks of professional practice.
- Identifying effective teaching and learning practice which can be shared within and across networks.
- Ensuring all schools adequately develop the skills agenda, particularly in literacy and numeracy.

### *Developing People and the Organisation*

- Initiating and support action research into effective practice.
- Providing advice on how development needs might be met by referring to examples of good CPD practice.
- Facilitating the development of networks of professional practice.
- Providing advice and guidance on procedures, to evaluate the effectiveness of CPD and the impact of networks of professional practice.

### *Curriculum*

- Providing support and challenge for curriculum development.
- Providing support in developing a curriculum which is relevant, personalised, promotes engagement with learning and reflects the ethnic, cultural and linguistic diversity of the school.
- Providing support and guidance on curriculum planning and the development of effective schemes of work, short term plans and planning for assessment for learning.

### *Student Attitudes*

- Identifying other agencies working with the setting and the nature and scope of their involvement.
- Supporting the school in its attempts to gather the views of parents, children and young people and how these are acted upon.
- Providing guidance on promoting an inclusive ethos and maximising opportunities for children and young people to benefit from links with other agencies.

### Internal Accountability

- Providing guidance and support to evaluate classroom practice against specific and rigorous criteria so that staff; know and understand the characteristics of high-quality learning and teaching, recognise and analyse aspects of good practice which will transfer to other learning contexts, and provide constructive feedback that forms the basis for future improvement.
- Providing guidance and support to establish robust performance management systems that make effective use of attainment data.
- Developing criteria which trigger intervention procedures at whole school and departmental level.

### Partnership Beyond the School

- Supporting a multi-agency approach based on the needs of the local learning community or family of schools.
- Identifying other agencies working with the setting and the nature and scope of their involvement.

It is anticipated that there will be a requirement for **30 FTE System Leaders** to deliver the above areas of work across the schools within the North Wales region. This has been based on the following analysis of Service provision (taking account of the consultation feedback):

(see accompanying notes in Appendix 7)

Table.9

	Days
School Visits (all schools – 466 inc N, P, Sec, Spe) 6 days allocation per school: 3 regular visits 3 days planning and preparation (including Performance Management)	2796
Schools Requiring Additional Support * - Targeted Support (based on pro-active school profiling) : 388 schools 20% = 10 days x 78 schools = 780 19% = 6 days x 74 schools = 444 6% = 16 days x 23 schools = 368 - Post Inspection : Estyn Monitoring = 16 x 10 days (160 days) LA Monitoring = 15x 6 days (90 days) Significant Improvement/Special Measures = 5 x 32 days (160 days)	1592      410
Pre-Inspection Review (inc. pre-inspection report) * 9 Secondary schools x 10 'person' days (90 days) 67 Primary schools x 3 'person' days (201 days) 2 Special schools x 10 'person' days (20 days)	311
<b>Total Days Support Required from the RSEIS</b>	<b>5109</b>
School Contact Days Based on 195 school days (inc training days) Minus 20 days (accumulative) to account for 5 days each side of the summer and Christmas holidays Minus an average of 3 days sickness leave	172
<b>Number of System Leaders Required for the RSEIS</b>	<b>30 FTE</b>

\* Number of days is an average requirement, allowing flexibility for more or less as required

It is important to note that there will be a number of additional posts that will be available according to:

- (i) the number of staff (Home Team) each LA will require to support those functions that are not covered by the RSEIS nor the other 'LA School Improvement Teams'; and
- (ii) additional commissioning from the RSEIS for System Leaders from either the LA or schools, through budgets or grants. This approach will provide professional opportunities for Headteachers and Teachers to be seconded for short-term periods to the RSEIS, ensuring that the Service can draw on the best practice from schools across the region. Schools will have the opportunity to strengthen and extend collaborative working across the region to collectively commission targeted support and share good practice.

### **Business/Finance Manager**

Reporting to the Chief Officer, the Business/Finance Manager will manage a small administrative team that will be tasked with the direct management of the business support and financial budget of the Service, reporting quarterly to school governing bodies. The Business / Finance Manager will play a key role in monitoring spend against the budget, delivering quarterly updates to the management team and wider stakeholders.

### **Administrative Support**

It is anticipated that the RSEIS will need administrative support at a ratio of 1:5. Based on the anticipated requirement for 30 FTE System Leaders, the Service there will be a requirement for 6 FTE administrative posts. These posts will report to the Business / Finance Manager. In addition there will be 1 FTE post of a Personal Assistant reporting directly to the Chief Officer.

### **Translator**

In order to ensure the new regional service is underpinned by the core principle of delivering on local and national Welsh language strategies to develop and increase excellence in pedagogy and Welsh medium/bilingual education in communities across North Wales, it is anticipated that the RSEIS will require 2 FTE Translators. These posts will report to the Business / Finance Manager.

## **8.3.2 Serving the Cultural and Linguistic Needs of the Region**

What is clear from the consultation with stakeholders is the need to have a bilingual service that can fully provide Welsh medium support across the region, an underpinning feature of the new Service. This contributes to local and national Welsh Language Strategies to drive Welsh-medium and bilingual development for education communities across North Wales.

Consultation with stakeholders also identified the need to ensure that local diversity and variations are considered in any delivery model, and schools in particular wanted to retain the advantages that the local service currently offers – namely school improvement staff knowing their school and its teachers.

The local knowledge is particularly important to help deploy practitioners to work alongside those in similar linguistic contexts and to develop pedagogical skills to a high standard. Some schools will teach a greater proportion of those learning English or Welsh as a second language than others, therefore the support has to be appropriate. In some areas there will be those who are learning both Welsh and English as additional languages and the RSEIS will need to be sensitive to all needs. Effective pedagogy involves having a respected command of linguistic issues and opportunities.

Consequently, it is anticipated there will be a local presence of officers from the regional service working with local schools. This realises the benefits of a consistent and common approach to frameworks and protocols, whilst meeting the needs of individual schools across the region.



### **8.3.3 Commissioning from the RSEIS**

This is an outline approach, which would be developed and established by the RSEIS 'Chief Officer' and 'Joint Committee' during April to September 2012, following the adoption of the FBC.

Commissioning of the RSEIS will be via a two-part Service Level Agreement (SLA).

#### **Part A SLA for RSEIS Main Provision**

Each North Wales Local Authority will be committed to commission (buy) the 'main' provision from the RSEIS.

The 'main' service refers to the entitlement for all schools within that LA to receive 6 days allocation, with; 'targeted support', 'post inspection' and 'pre-inspection' support being received by those schools as identified by the RSEIS. This work will be carried out by a permanent team of 30 FTE System Leaders. (See *breakdown of service provision and responsibilities of a System Leader in section 8.3.1 of this FBC*)

Part A of the SLA will include:

- standard terms and conditions
- period of agreement
- status of agreement
- resolution of disputes
- payment arrangements
- review period
- penalty charges

Payment arrangements will be in-line with the agreed approach as set out in section 9.1 of this FBC.

#### **Part B Call-off Agreements**

Local Authorities and schools, individually and collectively from across the region, can 'call-off' (buy) additional System Leader support (which includes curriculum specialist support) from the RSEIS. This will provide schools with the opportunity to strengthen and extend collaborative working across the region, to collectively commission targeted support and share good practice.

Part B of the SLA will include:

- register of additional services available
- eligibility criteria
- beneficiaries
- payment arrangements
- review period

Payment arrangements will be based on a tariff for a unit of service (e.g. the cost of a curriculum specialist on a daily rate), to be negotiated by the Chief Officer prior to the service being available. This work will be carried out by currently practicing Headteachers and Teachers, seconded for short-term periods to the RSEIS, ensuring that the Service can draw on the best practice from schools across the region.

## 8.4 Tier 3 - MIS Structure (Capita ONE)

### 8.4.1 Purpose

This is a three-year interdependent project (Tier 3) to the RSEIS to establish a Regional *Management Information Service* that will support and enable the delivery of; statutory responsibilities, performance monitoring, review and improvement, plus development activities of the Consortium of six local North Wales Authorities and their schools in respect of the duties to monitor, challenge, improve performance and outcomes. Provision of a Regional Management Information Service will see the collective implementation of a **shared hosted system** with **common software** tools based on **common database structures** used by services that have adopted **common business processes**.

All Authorities use Capita's 'ONE' management information system, capable of holding a single, detailed, core record for each pupil, and through a range of application modules enables access and reporting by professional staff.

### 8.4.2 Collective Implementation of ONE

The collective implementation of Capita ONE is based upon:

- adoption of a strategic approach to identification and delivery of regional management information services incorporating services for Authorities and schools; and
- development and implementation driven by business needs and implementation of efficient common business processes that are outcome focused in supporting improvement and contributing effectively to delivery of best outcomes for pupils.

The result will be regional support for collection, analysis, presentation and reporting of data, for both individual Local Authorities and the Consortium, to inform decision making and the work of education services and schools in raising standards.

The project has six work streams.

1. Database harmonisation – bringing all Authority databases to the same high quality and implementing agreed codes to facilitate searching, analysis and reporting across the Consortium.
2. Business processes – identifying, developing and documenting business processes for use across all Authorities to maximise operational efficiency, data integrity and to capture best practice.
3. Implementation of software modules – phased implementation incorporating identification of needs, training and standardisation of reporting.
4. Technical implementation – identification of hosting Authority, technical design and provision of a secure hosted environment for use by all Authorities.
5. Security and privacy – undertaking a privacy impact assessment, identifying needs and solutions and incorporating them into technical design/provision and operational use of software to ensure security and privacy in data handling and use of software.
6. Working together – identification, development and implementation of operational procedures to maximise collaborative working, implement efficient operational procedures and realise savings.

Expected benefits are:

- provision of a shared management information service ensuring that greater capacity and expertise is available for Local Authorities and schools;

- consistency of service and support provision for education services across the Consortium through use of common business processes for data quality/integrity and use of application software modules;
- increased efficiency through application of consistent best practice business process and protocols employed across the Consortium;
- equity of high quality service provision across the Consortium through adoption of smarter management, access to high quality peer support and collaboration;
- decision making and performance improvement based on timely, high quality performance information;
- increase in the range of functional service areas supported by the use of management information systems;
- measurable cash savings and enhanced value for money on annual maintenance of Capita ONE software;
- added value from a hosted technical solution in respect of security, resilience and business continuity; and
- trust and confidence amongst stakeholders in the Consortium's commitment and ability to securely manage personal data and meet legislative requirements for data protection.

#### **8.4.3 Project Progress**

- Lead Officers have begun work on harmonising databases within the areas of Bases, B2B and addresses.
- Review of lookups completed and harmonisation planned.
- Initial business processes focusing on data quality and integrity drafted for Bases, B2B and Pulse with A & T in progress for completion in March.
- Migration to A & T version 4 plus implementation for Authorities not using the module scheduled via a support package to be delivered by Capita for this critical and public facing service.
- In November 2011, following a collaborative process involving agreement of evaluation criteria and structured method for accepting and evaluating proposals, the unanimous decision by Heads of IT was that Flintshire should host the shared technical solution. Hardware and system software have been installed.
- Secure Extranet purchased via PSBA with installation requested for end of February.
- Privacy Impact Assessment (based on ICO guidance) completed and development of protocols, procedures and agreements scheduled for completion when the hosted solution goes live.
- Draft Information Sharing Protocol, incorporating a data transfer agreement, for North Wales Authorities and their school completed ready for review and consultation with stakeholders.
- Collaborative support package devised for implementation of B2B with limited external input.

## **8.5 Tier 4 – Support Functions**

In order to employ staff under the Joint Committee, the new RSEIS will need to use a Host Authority, which will be one of the six North Wales authorities (see section 7.4 *'Deciding on the Host Authority'*).

Complimenting the 'employment' role, the Host Authority will also be responsible for providing HR, Finance and Legal support to the staff and the new service (Tier 2).

In respect of the Key Function 6 to *'provide a specialist centre for Education Management matters and an Education Human Resources Service to provide expertise and advice'*, referring in particular to HR casework (e.g. providing specialist support and advice to schools), this will be considered as a separate project in collaboration with the North Wales Support Services Regional Board. In the interim period, this function will continue to be carried out by each LA, directly with their schools.

## 9. Financial Model

### 9.1 Cost of Tier 2 – New Regional School Effectiveness and Improvement Service (RSEIS)

	Total £
Employee Related Costs	2,916,689
Premises Related Costs	49,600
Transport Related Costs	190,370
Supplies & Services	57,725
Commissioning Budget	250,000
Support Services	50,647
<b>Total Annual Revenue Cost</b>	<b>3,515,031</b>

Table.10

This is based on one premises, with each additional hub requiring an estimated additional £19k. A full breakdown of these costs is available in *Appendix 8*.

The current cost of delivering the existing statutory and advisory in-scope school improvement functions for each LA is £5.1m (section 4.3.1).

This has been adjusted to establish the influenceable spend that will provide a basis for building up the financial model by (i) £406k to reflect posts in-scope (>60%) at 100% cost and reduced by posts not in-scope (<60%) and (ii) £311k to reflect expenditure funded by grants. The influenceable spend is **£4.4m** (section 4.3.2).

The **cost of the RSEIS is £3.5m**, equating to an average cost per pupil of £35 (which would increase with any additional commissioning by LAs or schools, through budgets or grants).

The cost of the RSEIS compared to the influenceable spend identifies a potential overall regional saving of £882k (20%), which can be re-invested in Education, or released as a cashable saving, depending on the needs of each local authority.

The cost of the RSEIS to each Local Authority is detailed below:

Table.11

	Ynys Mon	Gwynedd	Conwy	Denbighshire	Flintshire	Wrexham	Total
<b>Total number of Schools</b>	56	119	69	62	89	71	466
<i>%age of pupils</i>	9.4%	17.1%	15.8%	15.6%	23.4%	18.7%	100.0%
<b>Cost of School Improvement (all %ages)</b>	489,096	779,165	723,764	1,004,370	1,263,738	859,322	<b>5,119,455</b>
Adjustment to reflect posts in-scope (>60%) at 100% cost and reduced by posts not in-scope	(54,374)	(68,232)	46,972	(195,340)	(8,424)	(126,683)	(406,080)
Cost of in-scope expenditure	434,722	710,933	770,736	809,031	1,255,314	732,639	4,713,374
Less Grant funded expenditure	0	0	(48,020)	(81,152)	(133,309)	(48,366)	(310,847)
<b>Influenceable Spend</b>	<b>434,722</b>	<b>710,933</b>	<b>722,716</b>	<b>727,879</b>	<b>1,122,005</b>	<b>684,273</b>	<b>4,402,528</b>
<b>Cost of RSEIS (System Leaders with additionality of Strategic Literacy, Numeracy &amp; Subject Specialisms)</b>							<b>3,520,000</b>
Charging Methodology	10.25%	18.02%	15.70%	15.32%	22.39%	18.32%	100.00%
<b>Charge for RSEIS</b>	<b>360,800</b>	<b>634,304</b>	<b>552,640</b>	<b>539,264</b>	<b>788,128</b>	<b>644,864</b>	<b>3,520,000</b>
<b>Saving compared to Influenceable Spend</b>	<b>73,922</b>	<b>76,629</b>	<b>170,076</b>	<b>188,615</b>	<b>333,877</b>	<b>39,409</b>	<b>882,528</b>
Saving as %age of Influenceable Spend	17.0%	10.8%	23.5%	25.9%	29.8%	5.8%	20.0%

The charging methodology selected to apportion the cost to each of the 6 LAs is based on the annual Welsh Government 'Indicator Based Allocation for Education Funding'. The methodology takes the percentage for each LA (allocated for service components, Nursery and Primary school teaching, and Secondary school teaching) and applies it to the RSEIS. The formula includes factors to reflect pupil numbers, settlement threshold and the number of pupils eligible for free school meals.

**9.2 Implementation Costs of the RSEIS**

In order to set up the new service, implementation costs have identified in the region of £1.2m, these include one off costs associated with:

- potential redundancies (these are further explored in section 9.1.2);
- staff transfer and recruitment (i.e. assessment centre for new appointments, training needs analysis, team building and cultural alignment, induction);
- office costs (i.e. basic office furniture and resources); and
- ICT costs (i.e. infrastructure, information systems, support and consultancy)

	Capital £	Revenue £	Total £
Redundancy Cost		1,027,000	1,027,000
Staff Transfer/Recruitment		34,000	34,000
Office Costs	27,000	5,000	32,000
ICT Costs	107,000		107,000
<b>Total Implementation Costs</b>	<b>134,000</b>	<b>1,066,000</b>	<b>1,200,000</b>

Table.12

A full breakdown of these implementation costs are available in *Appendix 9*.

The six NW Authorities are in the process of working with the WG to secure support for these costs.

**9.2.1 Leaving Costs**

Across the six LAs and Cynnal there are 112 members of staff in-scope, 72 directly delivering 60% of more of the identified school improvement functions, and 40 administrative staff (including translation staff) delivering 27 FTE contribution on these activities.

Of the 72 advisory members of staff in scope, 1 post is due to become vacant and 16 are currently seconded and will revert to their previous permanent posts when the new regional service is operational. The LAs have an anticipated requirement for 8 posts in their Home Team to support those functions that are not covered by the RSEIS nor the other 'LA School Improvement Teams'. The remaining 47 will transfer to the new service.

Of the 40 administrative staff identified, as supporting advisory staff delivering the in-scope functions, the total percentage of their time spent on this activity is rounded to 27 FTEs. Therefore, for the purpose of identifying potential leaving costs associated with administrative staff, the average salary for all 40 staff will be multiplied by the 27 FTE posts.

The Full Business Case (FBC) is based on a service delivery, which requires 30 System Leaders and 9 support posts.

When we consider the 47 advisory posts in-scope against the potential requirement for 30 system leaders in the new service, and assuming all 47 staff will have the right to transfer to the new service under TUPE, there is an estimated surplus requirement of 17 staff. It is important to note that there will be a number of additional posts available for the 17 staff to apply for according to (i) additional number of staff (Home Team) each LA will require to support those functions that are not covered by the RSEIS nor the other 'LA School Improvement Teams', and (ii) additional commissioning from the RSEIS for System Leaders from either the LA or schools, through budgets or grants. Based on their current salaries, and calculated as an average, this totals an estimated £705k under local policies and £867k under a harmonised policy (see Appendix 10).

The new service anticipates administrative support to a ratio of 1:5, which may provide 9 administrative posts (including translation). As there are 27 FTEs identified in the current arrangements, there is potentially a surplus of 18 posts. Based on their current salaries, and calculated as an average, this totals an estimated £141k under local policies and £160k under a harmonised policy.

Table.13

	Number of Staff	Redundancy Payment Policy Local £	Harmonised £
<b>Advisory Staff in-scope</b> (excl.secondments and vacancies)	55	2,280,000	2,806,000
RSEIS requirement	30		
Anticipated Home Team requirements	8		
<b>Potential Surplus of Advisory Posts</b>	<b>17</b>	<b>705,000</b>	<b>867,000</b>
<b>Administrative Staff in-scope</b> (based on average)	27	211,000	241,000
RSEIS requirement	9		
<b>Potential Surplus of Administrative Posts</b>	<b>18</b>	<b>141,000</b>	<b>160,000</b>
<b>Potential Redundancy Payment</b>	<b>35</b>	<b>846,000</b>	<b>1,027,000</b>

The total potential leaving costs for advisory and administrative staff is **£1m**, based on harmonised terms and conditions.

The full RSEIS Financial Report on Potential Leaving Costs is available in *Appendix 10*.

## 10. HR Model

### 10.1 Key HR Timescale for the RSEIS

April 2012	Appointment of RSEIS Chief Officer
April to May 2012	Formal consultation with Staff to include expressions of interest for voluntary redundancy and retirement.
May 2012	Confirm the jobs that will be available in the LA 'Home Teams'.
July 2012	Assessment process for posts in the new RSEIS Service.
August 2012	Appointments made for the posts in the new RSEIS Service.
Sept 2012	Further consultation with staff not appointed to either the LA Home Team posts or the posts in the new RSEIS Service.
Nov 2012 to Mar 2013	Team building, cultural alignment workshops, induction programmes, specific skills training for the staff appointed to the new RSEIS Service.
April 2013	(i) Staff transfer to the new RSEIS Service and (ii) contracts end for the staff not appointed to either the LA Home Team posts or the posts in the new RSEIS Service.

### 10.2 Planning for Change

It will be necessary to consult with unions on the process for managing the change with staff. Two flow charts have been developed to summarise the process for change from the existing arrangements to the new RSEIS Service, and the process for redundancy (see *Appendix 11*). It will also be necessary to agree a detailed timetable for consultation, recruitment, redeployment, redundancy activity with all employing organisations and the unions. This will be made available to all staff during the formal consultation with staff during April and May 2012.

There have been a number of pieces of work already undertaken on the alignment of culture and induction to a new organisation, which will form the basis of approach for the RSEIS. In addition, further discussion is required to identify opportunities to align culture and build the new team ethos within the service.

Key areas for consideration include:

- Responsiveness and Culture, which will include reviewing the IT requirements of the service as this will directly impact on the new service's ability to be flexible, agile and responsive;
- Perceptions of influence including employer/employee perception to ensure a unified approach to the delivery of a regional school improvement service;
- Full engagement with each Local Authority in terms of how the home teams and new service will work together to ensure consistent delivery across North Wales;
- Resourcing the HR issues so they do not excessively delay the implementation of the new service; and
- Develop an appropriate accommodation and location strategy for the new service.



## **10.3 Roles Available in the RSEIS**

### **10.3.1 System Leader Roles**

Currently each LA provides monitoring, support, intervention and challenge to schools on all aspects of school improvement. The new service model will mean that the System Leaders will be engaging in support, monitoring, challenge and intervention directly with schools on 7 key areas of School Improvement; leadership, teaching and learning, developing people and organisations, curriculum, student attitudes, internal accountability, and partnership beyond schools.

Of the identified 30 System Leader roles there will be 4 'Team Leaders' to provide day to day management supervision of the remaining 26 System Leaders. The 'Team Leaders' will report directly to the Chief Officer. The System Leaders will have responsibility for the areas of work documented in section 8.3.1.

Whilst it will not be a requirement for all staff to be able to work bilingually, in order to secure a linguistic balance some of the posts will be designated as Welsh essential roles. The balance will be a matter for the RSEIS Chief Officer to address once in post, and may vary on further consultation with schools. Any bilingual requirements for additional roles commissioned over and above the core team will be determined by need.

See *Appendix 12*, for draft System Leader Job Descriptions and Person Specifications, which will be developed by the Chief Officer on appointment, in consultation with staff and unions.

### **10.3.2 System Leader Secondment Opportunities**

There will be the opportunity for practicing Headteachers and Teachers to take short-term secondments within the RSEIS according to additional commissioning from the RSEIS for System Leaders from either the LA or schools, through budgets or grants. This approach will provide professional opportunities for Headteachers, ensuring that the Service can draw on the best practice from schools across the region.

Headteachers wishing to take advantage of secondment opportunities will need to be released from their current posts with the agreement of the school's Governing Body.

### **10.3.3 Support Roles**

#### **Business/Finance Manager**

Reporting to the Chief Officer, the Business/Finance Manager will manage a small administrative team that will be tasked with the direct management of the business support and financial budget of the Service, reporting quarterly to school governing bodies. The Business / Finance Manager will play a key role in monitoring spend against the budget, delivering quarterly updates to the management team and wider stakeholders.

#### **Administrative Support**

It is anticipated that the RSEIS will need administrative support at a ratio of 1:5. Based on the anticipated requirement for 30 FTE System Leaders, the Service there will be a requirement for 6 FTE administrative posts. These posts will report to the Business / Finance Manager. In addition there will be 1 FTE post of a Personal Assistant reporting directly to the Chief Officer. The role of the administrator will not vary greatly however the tasks they undertake will need to be reviewed in line with the new service delivery model.

## Translator

In order to ensure the new regional service is underpinned by the core principle of delivering on local and national welsh language strategies to develop and increase excellence in pedagogy and Welsh medium/bilingual education in communities across North Wales, it is anticipated that the RSEIS will require 2 FTE Translator. These posts will report to the Business / Finance Manager.

See *Appendix 13* for draft Job Descriptions and Person Specifications for the support roles, which will be developed by the Chief Officer on appointment, in consultation with staff and unions.

## 10.4 TUPE Arrangements

Members of staff who are currently engaged in delivering the school improvement 'in-scope' functions through their individuals organisations, may have a right to transfer to the new organisation, which will be providing that function on a shared service basis. This transfer would be subject to TUPE regulations. Under these regulations, members of staff will transfer with at least their existing statutory employment rights and contractual entitlements. Any resulting redundancies would be the responsibility of the new organisation.

## 10.5 Salary Ranges

All Authorities use the GLPC job evaluation and the Soulbury scheme. However how this is applied across the six authorities does vary.

Once a host authority has been agreed all future job evaluations should be undertaken in accordance with the host authority evaluation schemes.

For the purpose of the financial modelling the above schemes have been used in addition to engaging Hay Job evaluation services to benchmark the values both regionally and nationally. A salary range has therefore been awarded to each of the roles using the bottom and top of six council salaries.

*Table.14*

Role	Total Points	Upper Quartile	Median	Lower Quartile
Senior System Leader	702	67,349	59,949	54,570
System Leader	634	60,609	54,489	49,762
Business & Finance Manager	406	42,890	38,730	34,569
Translator	240	29,470	26,137	23,583
Administrator	144	22,094	19,602	17,213

## 10.6 Policies and Procedures

A complete review of policies and procedural differences across the 6 authorities will need to be undertaken. This will need to be carried out by the host authority to ensure that correct policies, procedures and terms and conditions are applied to the employee. There will also need to be a commitment by the new employer to agree a Pay, terms and conditions harmonisation strategy within 3-5yrs of the new service formation, in order to address any equal pay issues in line with legislation.

However for managing the transfer process, there needs to be a common process and policies for:

- **Redeployment**(the process not entitlements such as pay protection);
- **Applications for Premature retirements**( the process not the entitlements);
- **Job matching;**
- **Recruitment and Selection to the new posts;**
- **Redundancy Management**( however in terms of redundancy entitlements the employees current terms and conditions will apply and so consultation will not be required on this aspect);
- The **Sickness Absence Policy;** and
- **Flexi time arrangements.**

These will be developed with the six LAs and unions during February and May 2012.

## Socio-economic Profile of the North Wales Local Authorities

The Isle of **Anglesey**<sup>7</sup> County Council is the smallest authority but one in Wales with population of approximately 69,000. Although the county's population increased by 900 between 1997 and 2007 there has been a reduction the number of children under 10 and of young people 20-30 years of age.

In general, the county, which covers a surface area of 714km<sup>2</sup>, is fairly rural with only four urban centres, namely Holyhead, Llangefni, Amlwch and Menai Bridge. Over 60% of the population (over three years of age) speak Welsh.

Although the county's average weekly wage [£427.90] is marginally above the average for Wales [£425.30], there is a high level of deprivation in parts of the county with 15.3% of the population aged between 16 and 54 being economically inactive.

There are six Communities First wards in the county with four of them in Holyhead and one each in Amlwch and Llangefni. Around 15% of the population is in receipt of housing benefit and council tax benefit and 18.4% of primary school pupils, 14.4% of secondary school pupils and 45.3% of pupils in the special school receive free school meals.

**Gwynedd** is a rural county with small, scattered settlements and larger urban settlements, including Bangor and Caernarfon in the north, Pwllheli in the west, Porthmadog and Blaenau Ffestiniog in its centre and Tywyn and Dolgellau in the south. Gwynedd's economy is based primarily on agriculture and the services sector. It has substantial areas of economic and social deprivation.

Gwynedd has a low population density. The county covers over 12% of the surface area of Wales but has only approximately 4% of the population. The mid-year estimate for 2010 gave the population of Gwynedd as 119,007. There are approximately 28,135 children and young people aged 0 – 19 years. By 2021, it is anticipated that there will be a reduction of approximately 4% in the under 16 population.

Over 60% of the population of Gwynedd (over three years of age) speak, read and write Welsh, compared with 16% in the rest of Wales. The council's public administration is bilingual and the council seeks to ensure that people have services in their preferred language, be it Welsh or English. As part of the county's education language scheme, the local authority had adopted a bilingual education policy that is implemented in schools throughout the county.

**Conwy**<sup>8</sup> is centrally located in north Wales. It has a population of 111,400. In Conwy, 34.3% of people over the age of three speak Welsh compared to the Wales average of 25.6%.

Conwy has the lowest proportion of residents of working age in Wales at 58.7%. Of these, 26.8% are economically inactive, which is slightly lower than the 27.2% across the whole of Wales. Of the working age population in Conwy just under 13% have no qualifications, which is below the Welsh average at 15%.

<sup>7</sup> ESTYN 'A report on the quality of Isle of Anglesey local authority, November 2009'

<sup>8</sup> ESTYN 'A report on the quality of local authority education services for children and young people in Conwy County Borough Council - March 2011'

The percentage of Conwy pupils of compulsory school age eligible for free school meals is 18.1%, similar to 18.9% nationally. This level of eligibility is the 11th highest in Wales. Only four of the 71 areas in Conwy are in the 10% most deprived areas within Wales.

Ethnic minorities account for 1.1% of the population, which is lower than the Wales average.

The Welsh Government's Standard Spending Assessment (SSA) for Conwy County Borough Council for 2010-2011 was £1,698 per head of population. This is at the average level across Wales. As in the past, the council set its overall revenue budget at about 98% of SSA, allowing it to maintain very low levels of Council Tax.

**Denbighshire**<sup>9</sup> is largely a rural county in North Wales, with a population of 97,000. It contains some of the most prosperous areas within Wales along with some of the most deprived. It covers an area which runs from the North Wales coastal resorts of Rhyl and Prestatyn down through the Vale of Clwyd, south as far as Corwen and Llangollen. Around a quarter of the overall population speaks Welsh but this rises to over 60% in some rural areas.

Service industries and tourism are the main employers in Denbighshire. Together, these groups provide for around 64% of all jobs. Manufacturing provides 13% and agriculture accounts for a further 3%.

Denbighshire has 62.4% of its working-age adults economically active compared with 61.0% for Wales. The proportion of self-employed workers (9.8%) is higher than that in Wales (7.7%). A quarter of the workforce is partly skilled or unskilled. The unemployment rate in the County is 4.2%, compared with 4.3% for Wales as a whole. A high level of seasonal employment is the main cause of the transient school population in one area in Rhyl.

The county of **Flintshire** occupies a unique location in the North East area of Wales, sharing its west border with Denbighshire, south with Wrexham and east and south east border with Cheshire. Most of its north border is bounded by the Dee Estuary. It serves as a main tourist and business gateway between North Wales and England and performs an important role in the economic operation of the North East Wales sub-region. The county is characterised by diversity, and has a significant and prosperous industrial heartland, a mixed pattern of rural, semi-rural and urban settlements the majority of which support a growing population.

According to the Annual Mid Year Population Estimates, the population of Flintshire has grown from 142,036 in 1991 to 149,709 in 2010.

According to the 2001 Census of Population 20,599 people in Flintshire could speak Welsh; this represents 14.4% of the population aged 3 and over compared to the 1991 Census, this is an increase of 2200 more Flintshire residents. Whilst the overall figure for Welsh speakers in Flintshire is 14.4%, several wards in Flintshire contain a higher proportion of Welsh speakers than the national average (20.8%).

According to ONS 71.8% of Flintshire residents are in employment compared to 66.4% in Wales and 70.3% in Great Britain.

**Wrexham**<sup>10</sup> is located in North East Wales and is bordered by Flintshire to the north west, Denbighshire to the west, Powys to the south and England to the east. The total population is 133,207.

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<sup>9</sup> ESTYN 'A report on the quality of Denbighshire Local Authority, March 2009

<sup>10</sup> ESTYN 'A report on the quality of LAESCYP in Wrexham County Borough Council November 2010'

In Wrexham, 17.6% of people over the age of three have at least one or more skills in the Welsh language (i.e. speaking, reading or writing) compared to the Wales average of 25.6%. Overall 64.3% of the population in Wrexham are of working age. Of these 18.5% are economically inactive, which is significantly lower than the 24.6% across Wales. Thirteen point eight per cent claim some form of Department of Work and Pensions (DWP) allowance. Of those claiming job seekers allowance, 31.3%% are under 25 years of age. This is lower than the 34.2% for Wales.

Of the working population in Wrexham, 11.2% have no qualifications, which is lower than the Wales average of 13.7%.

The percentage of Wrexham pupils of compulsory school age eligible for free school meals is 19%, similar to 18.9% nationally. This level of eligibility is the 10th highest in Wales (PLASC 2010). Only six of the 85 areas in Wrexham are now in the 10% most deprived areas within Wales.

As of 31 March 2010, Wrexham had 100 children being looked after by the authority. There were 119 children on the Child Protection register. Ethnic minorities account for 3.5% of the population, similar to the Wales average.

### School Improvement Functions Considered 'In-Scope'

#### Categories NOT in Scope

- Athrawon Bro (teachers)
- Flying Start / Foundation Phase / Early Years
- 14-19 Network
- ICT Technical / System Support / MIS
- Healthy Schools / Appetite for Life / ECO
- Active Young People
- PESS
- Inclusion
- Music Service
- Outdoor Education
- PA to the Statutory Chief Education Officer / Head of Service
- Admissions
- HR Casework
- Expressive Arts

#### Categories IN Scope

- Primary or Secondary Inspector / Advisors
- Subject Advisors
- Literacy / Numeracy Advisors
- School Performance Data Collection/Analysis Officers
- Administrative Staff (see section below)

#### Administrative Staff

Across the number of administrative staff employed within the School Improvement Department/Service, consider the proportion of time spent directly supporting the categories 'IN scope'. This should be presented as a FTE figure on the collection template, followed by the details of the administrative staff that contribute to the FTE figure.

#### Criteria for Establishing Individual Staff in Scope

Any member of staff involved in one or more of the activities listed below equating to more than 60% of their time:

1. The deployment, management, recruitment and CPD of School Improvement Professionals (now to be called Systems Leaders).
2. Routine Visits (now to be three per year per School) to Schools to undertake monitoring of a School's Performance.
3. Undertaking and managing interventions in Schools Causing Concern.
4. Thematic Interventions, e.g. concerned with specific, normally Under Achieving, groups of learners (e.g. whose first language is not Welsh or English, ALN, Looked After Children, etc.)
5. Collection, interpretation and dissemination of Schools and Pupil Performance Data to Schools, within the LA, to Elected Members, et al.
6. Provision of reports concerning School Standards and Performance to Elected Members, ESTYN, the Welsh Government and the general public. (Note: it is a statutory

requirement for the LA to provide a commentary upon a School prior to it being Inspected).

7. Commentary upon and approval of a School's Post Inspection Action Plan. (These duties are more demanding in the case of a School which has been placed in a formal category by ESTYN).
8. Attendance at appointments of Headteacher, and routine attendance at appointments other than Headteachers
9. Management of Literacy and Numeracy Strategy and deployment of literacy and numeracy experts and literacy and numeracy CPD programmes.
10. Challenge to Schools only via Systems Leaders on: Leadership, Teaching, Learning, Under Achieving Groups, Attendance, Behaviour, Financial Management, use of Performance and Assessment data, Looked After Children, PLCs and use of resources to support improvement.
11. Support and guidance for NQTs.
12. Leading the development of School to School working.
13. Curriculum support, including subject advice, phase and aspect-specific advice.
14. Delivery of local initiatives.
15. Undertaking the performance management scheme functions and responsibilities.
16. ICT advice and support.
17. Convening and managing theme or phase-specific groups.
18. Professional Development Centres.
19. Undertaking research.



### Local Authority Arrangements for Delivering School Improvement Services

#### Cynnal Company

Cynnal was established back in 1996 by Gwynedd and Ynys Môn to provide support services for schools within the two authorities. Cynnal was registered as a limited company under warranty, and management of the company invested in a Board of Directors, representing the two authorities and their schools.

Cynnal's main objectives are to provide curriculum support services through a team of subject advisors and advisory teachers, and information technology support services through a team of computer and network technicians.

Ynys Mon and Gwynedd commission Cynnal to provide support for school improvement and curriculum functions by a series of service level agreements. In addition, Conwy commissions curriculum support, with other organisations such as ESTYN and Welsh Government commissioning ad hoc services.

Cynnal have a team of officers to deliver the core school improvement functions. A total of 21 members of staff currently spend the majority of their time delivering school improvement functions, equating to 16.75 full time equivalent (FTE). All 21 staff are considered to be in scope (60% >), 1 of whom is on a secondment arrangement. In addition there are 13 members of staff (10.84 FTE) providing support (e.g. administration, translation) with all 13 staff initially in scope.

Within Cynnal there is a total of 33 staff in scope.

The advisory staff in scope currently spend time on other functions equating to 1.65 FTE work. Cynnal will need to review these other functions to consider whether the work can be absorbed by other officers at the Company, or if new posts will need to be developed.

The cost of the time spent on school improvement functions by members of the Cynnal staff, including transport, is £1,605k of which a total £1,192k is charged to Ynys Mon, Gwynedd and Conwy. The full costs of the staff in scope, including transport, is £1,725k.

#### Ynys Mon

Ynys Mon commission Cynnal to provide support for school improvement functions by a series of service level agreements. Ynys Mon delegates some aspects of the school improvement service, with schools commissioning directly with Cynnal.

The current cost of the service level agreement for school improvement functions with Cynnal is £435k, of which £139k is paid from schools' delegated budgets and £296k is paid from the LA non-delegated budget.

In addition to the support from Cynnal, 4 members of staff within the LA spend some of their time doing school improvement functions equating to 0.95 FTE, with no support staff identified. Ynys Mon will have approximately 0.95 FTE capacity in relation to the percentage of officers' work that will be transferred to the new service. The cost of the time spent on school improvement functions by members of the LA staff is £54k.

Of the 72 advisory staff identified as in-scope (60% or more), none of these are employed by Ynys Mon.

## **Gwynedd**

Gwynedd commission Cynnal to provide support for School Improvement functions by a series of service level agreements. Gwynedd delegates some aspects of the school improvement service, with schools commissioning directly with Cynnal.

The current cost of the service level agreements for school improvement functions with Cynnal is £711k, of which £254k is paid from schools' delegated budgets and £457k is paid from the LA non-delegated budget.

In addition to the support from Cynnal, 7 members of staff within the LA spend some of their time doing school improvement functions equating to 1 FTE, with no support staff identified. Gwynedd will have approximately 1 FTE capacity in relation to the percentage of officers' work that will be transferred to the new service. The cost of the time spent on school improvement functions by members of the LA staff is £68k.

Of the 72 advisory staff identified as in-scope (60% or more), none of these are employed by Gwynedd.

## **Conwy**

Conwy have a team of officers based within the authority to deliver the core school improvement functions. Conwy delegates some aspects of the school improvement service, with primary schools commissioning from the LA, and some of the secondary schools commissioning directly with Cynnal.

A total of 12 members of staff currently spend time delivering school improvement functions equating to 10.13 FTE. Of these, 11 are considered to be in scope (60% >), 1 of whom is on a secondment arrangement. In addition there are 6 members of staff (1.67 FTE) providing support (e.g. administration, translation) with all 6 staff initially in scope.

Within Conwy there is a total of 16 staff in scope.

The advisory staff in scope currently spent time on other functions, equating to 1.15 FTE work. Conwy will need to review these other functions to consider whether the work can be absorbed by other officers, or if new posts will need to be developed.

Conversely, Conwy will have approximately 0.4 FTE capacity in relation to the percentage of officers' work that will be transferred to the new service.

The current cost of school improvement services is £724k, which includes any commissioning for curriculum support from Cynnal and Curriculum Support (CS), to the value of £22k. The influenceable spend in Conwy is £723k, with £311k paid from the LA non-delegated budget and £412k paid from delegated schools' budgets.

## **Denbighshire**

Denbighshire have a team of officers based within the authority to deliver the core school improvement functions.

A total of 25 members of staff currently spend time on delivering school improvement functions equating to 14.01 FTE. Of these, 10 are considered to be in scope (60% >), 2 of whom are on secondment arrangements. In addition there are 6 members of staff (4.65 FTE) providing support (e.g. administration, translation), with all 6 staff initially in scope.

Within Denbighshire there is a total of 14 staff in scope.

The advisory staff in scope currently spent time on other functions, equating to 1.92 FTE work. Denbighshire will need to review these other functions to consider whether the work can be absorbed by other officers, or if new posts will need to be developed.

Conversely, Denbighshire will have approximately 6.53 FTE capacity in relation to the percentage of officers' work that will be transferred to the new service. This amount is higher than the average across the six authorities, as there are 15 employees remaining in their current posts who currently spend up to 50% of their time on school improvement functions. Further analysis of all these post will be required by Denbighshire, with the potential to identify further savings.

The current cost of school improvement services is £1m, which includes commissioning for curriculum support from Curriculum Support (CS), to the value of £21k. The influenceable spend in Denbighshire is £728k. None of this budget is delegated to schools.

## **Flintshire**

Flintshire have a team of officers based within the authority to deliver the core school improvement functions. Flintshire delegates some aspects of the school improvement service, with schools commissioning direct from the LA.

A total of 20 members of staff currently spend time delivering school improvement functions equating to 17.01 FTE. Of these, 17 are considered to be in scope (60% >), 5 of whom are on secondment arrangements. In addition, there are 7 members of staff (5.47 FTE) providing support (e.g. administration, translation), with all 7 staff initially in scope.

Within Flintshire there is a total of 19 staff in scope.

The advisory staff in scope currently spent time on other functions, equating to 1.2 FTE work. Flintshire will need to review these other functions to consider whether the work can be absorbed by other officers, or if new posts will need to be developed.

Conversely, Flintshire will have approximately 1.3 FTE capacity in relation to the percentage of officers' work that will be transferred to the new service.

The current cost of school improvement services is £1,264k, which includes commissioning for curriculum support from Curriculum Support (CS), to the value of £11k. The influenceable spend in Flintshire is £1,122k, of which £990k is paid from the LA non-delegated budget and £132k is paid from delegated schools' budgets.

## **Wrexham**

Wrexham have a team of officers based within the authority to deliver the core school improvement functions.

A total of 22 members of staff currently spend time delivering school improvement functions equating to 11.68 FTE. Of these, 13 are considered to be in scope (60% >), 7 of whom are on secondment arrangements, and 1 post due to become vacant. In addition there are 8 members of staff (4.00 FTE) providing support (e.g. administration, translation), with all 8 staff initially in scope.

Within Wrexham there is a total of 13 staff in scope.

The advisory staff in scope currently spent time on other functions, equating to 0.40 FTE work. Wrexham will need to review these other functions to consider whether the work can be absorbed by other officers, or if new posts will need to be developed.

Conversely, Wrexham will have approximately 2.38 FTE capacity in relation to the percentage of officers' work that will be transferred to the new service. This amount is higher than the average across the six authorities, as there are 9 employees remaining in their current posts who currently spend between 5% and 50% of their time on school improvement functions. Further analysis of these post will be required by Wrexham, with with the potential to identify further savings.

The current cost of school improvement services is £859k. Wrexham does not currently commission any additional support. The influenceable spend in Wrexham is £684k. None of this budget is delegated to schools.

## Six Key Functions of a Regional School Effectiveness and Improvement Service<sup>11</sup>

The 6 functions are as follows:

1. **Supporting LAs to undertake their statutory functions in relation to school effectiveness by:**
  - Monitoring the work and performance of schools on the basis of a range of evidence and reporting on this.
  - Challenging schools on the basis of whole school performance and provision, and in relation to individual learning programmes and pupil support arrangements so as to drive improvement in pupil outcomes.
  - Intervening in the provision made by a school when necessary, and supporting schools in difficulty and those with serious weaknesses.
  - Facilitating the use and interpretation of data to ensure intelligent accountability.
  
2. **Provide Support for both LAs and Schools (jointly and separately as the case may be) in School Improvement activity by:**
  - Supporting schools to address issues of school effectiveness/improvement and pupil outcomes.
  - Providing advice and support for pedagogy (learning, teaching), leadership and management, and in intelligent accountability and professional development. (Self evaluation, assessment and monitoring).
  - Developing and deploying, on an associate basis, system leaders and progressing proactively the system leadership agenda.
  - Facilitating and supporting where required networking and networks of professional practice.
  - Addressing issues of concern in schools and LAs and supporting schools needing significant improvement.
  - Provide expertise on IT (Curriculum & Pedagogy) and VLE
  
3. **Specifically undertaking responsibility for the Implementation of SEF and for CIF accountability by:**
  - Providing and developing staff expertise and organisational knowledge in pedagogy and learning.
  - Supporting school self evaluation.
  - Supporting the LAs and schools in exercising their responsibilities in relation to SEF – including improvement in pupil outcomes and their wellbeing.
  - Ensuring that all the activities of a regional service are undertaken in the context of SEF.

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<sup>11</sup> 'Report on the feasibility and implications of establishing a Regional School Effectiveness and Improvement Service for the six North Wales Local Authorities' Gerson Davies, Independent Consultant, January 2011

- Facilitating the development and work of Professional Learning Communities.
- Providing Support for, and addressing the needs of, Schools Causing Concern.
- Contributing to preparations for Estyn inspection of individual schools and other surveys.
- Making arrangements for continuous professional development through courses, brokerage, collecting and disseminating good practice, and developing a regional Portal.

**4. Making provision for the development, maintenance, and review of regional frameworks on a commissioned basis, to include:**

- Protocols.
- Operational guidance and documentation.
- Documentation and bulletins.

**5. Providing a centre of expertise for MIS service and for the management analysis and interpretation data**

**6. Provide a specialist centre for Education Management matters and an Education Human Resources Service to provide expertise and advice.**

Whilst the responsibilities indicated above provide a framework for the regional service arrangements would need to ensure that the needs of individual authorities and schools were reflected in service provision; this will be the responsibility of the Joint Commissioning Committee. If these functions are to be the responsibility of a regional service then it should not be involved in other activities unless specifically commissioned.

## Option Appraisal

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Regional School Effectiveness and Improvement Service (RSEIS)

### **Governance Models**

This report covers the following:

1. Methodology
2. Governance Options for the Regional School Effectiveness and Improvement Service
  - 2.1 Governance Arrangements in Relation to Individual Local Authorities and Members
  - 2.2 RSEIS Governance Accountability Model
3. Weighting the Criteria
4. Scoring the Options
5. Conclusions to the Option Appraisal

## 1. Methodology

The purpose of this report is to consider the Governance options in relation to the development of the Regional School Effectiveness and Improvement Service(RSEIS).

The following stakeholders were involved in this option appraisal:

- NW S151 Officers
- NW ADEW Directors
- NW Legal Officers
- RSEIS Project Team
- NW Regional Education and Other Related Service Board (*membership: Project Sponsor, Executive Members, NW ADEW Directors*)

In June 2011, the Regional Education and Other Related Service Board engaged a Project Team to support the NW ADEW Directors to write an Outline Business Case(OBC) for the development of the new Service. The OBC undertook an initial exercise which considered the various options for Governance, and recognised that further work would need to be undertaken before a decision could be reached.

The NW ADEW Directors commissioned expert legal advice from experts Trowers and Hamlins, which produced two reports on the types of, and benefits / disadvantages of, the various Governance models. A workshop (attended by the Project Team, ADEW Directors and Legal Officers from across the six North Wales Authorities) was then facilitated by Trowers and Hamlins to consider the options in the context of the RSEIS.

During the workshop, the criteria for assessment was developed taking account of the Outline Business Case and feedback from the Executives of the six Authorities.

The exercise of weighting the criteria was undertaken by the NW ADEW Directors.

The Option Appraisal template is a recognised approach of the WLGA, having been tested for use within the public sector.

The following sequence of activities was undertaken:

- the initial draft was considered and developed by the NW Legal Officers, including an attempt at scoring the options against the criterion;
- the full draft was then shared with the NW S151 Officers, who were invited to score the options (without the benefit of seeing the scores assigned by the Legal officers);
- the full draft was then shared with the NW ADEW Directors, who were invited to score the options (without the benefit of seeing the scores assigned by the Legal officers or the S151 Officers); and finally
- the full draft was presented to the NW Regional Education and Other Related Service Board, who considered the previous scoring to agree a final score set, and make a recommendation for the Governance model for the RSEIS.

The recommendation will inform the Full Business Case, which will be presented to the six LA Executive Boards in February 2011.



## 2. Governance Options for the Regional School Effectiveness and Improvement Service (RSEIS)

Governance is the way in which Local Authorities (LAs) govern, own and hold services to account. There are several legal structures which can be adopted by local authorities to support a shared service arrangement:

- **Secondment** – some LAs would either make available staff to the other council, or it will receive staff from the other.
- **Delegation to One Authority** – functions are delegated by each LA to one of them, which then delivers the functions on behalf of the others.
- **Delegation to a Joint Committee (with a Host Authority)** – functions are delegated by each LA to a Joint Committee with membership from all six LAs.
- **Commercial Contractual Arrangements (Contractual Model)** - one LA provides services to the other public sector bodies in return for payment under the Local Authorities (Goods and Services) Act 1970.
- **Corporate Arrangements (e.g. Company Limited by Guarantee)** – an arms length arrangement would be set up as the ‘corporate vehicle’ to deliver the service. All LAs would need a contract with this corporate vehicle to buy services, and arrangements would need to be in place for ownership and governance.
- **Collaborative Arrangements** – as per the Commercial Contractual Arrangements it involves a robust arrangement between the six LAs, and will avoid procurement obstacles if arrangements are put in place properly.

The initial assessment from Trowers and Hamlins on the options in relation to the project found that:

- ✘ *‘the **Secondment** model would not (in itself) seem to be suited in commercial or legal terms to the proposed arrangement for the transforming education project’.* It would however be a practical option for some specialist staff who would be delivering discrete services (Extended Team). Whilst it avoids procurement implications, is well understood, and can be a useful alternative to staff transfer - its application is generally limited and is more suited to short-term projects, rather than as a means of delivering shared services.
- ✘ the option to **Delegate to Another Authority** is *‘unlikely to be attractive for political and practical reasons’.* Although it is well known in local government, is able to avoid procurement rules, and clear statutory powers exist to facilitate such an arrangement – it can be politically difficult if involving front-line services, relies heavily on trust and involves transferring funds rather than getting a payment for a service, which may lack accountability.
- ✓ *‘a **delegation** by all six LAs to a **Joint Committee** constituted under Section 102 (of the Local Government Act 1972) would be more attractive than a delegation from one authority to another’,* but would require a Host Authority to employ staff and enter into contracts, as a Joint Committee is unable to do this.

The initial assessment recognised that it has the same advantages as delegating to another authority (being well known in local government, able to avoid procurement rules, and clear statutory powers exist to facilitate such an arrangement), but can also provide equality between LAs and political transparency.

The disadvantages are similar to delegating to another authority (that it relies heavily on trust and involves a transfer of funds), but also recognises that balanced representation can be difficult, and constitutional arrangements must be thoroughly set out from the offset.

- ✘ the option of a **Contractual Model** was also considered not to be *'suited in commercial or legal terms to the proposed arrangement for the transforming education project'*. The main issue is that most contracts will be caught by the procurement rules, which will prevent a direct award of a contract to another LA without testing the market.
- ✓ *'a **Corporate Arrangement** (e.g. Company Limited by Guarantee) as the delivery vehicle could be effective through a number of different structures, with no one model having a stronger legal case than another'*.

The advantage to this model is the flexibility it provides in the management of the Service, with potential for a new culture, less bureaucracy and quicker decision making than the public sector. The corporate vehicle can employ its own staff, trade and enter into contracts.

However, the Corporate Arrangement is less straightforward than all the other models. If a corporate model is to be chosen, a deeper analysis of matters relating to risk and finance (including tax) needs to be undertaken. A corporate model needs to be constituted and run so that it is able to be exempt from procurement requirements (Teckal), with LAs being the controlling shareholders. A corporate vehicle will have articles of association which sets out its power and objects, and a shareholders agreement and contracts will need to be in place with each LA.

- ✘ *'the **Collaborative Arrangement** model would not seem to be suited in commercial or legal terms to the proposed arrangement for the transforming education project'*.

This is an emerging concept relying on the case of *Commission v Germany* which confirmed a genuine collaborative arrangement would not need to be formally tendered.

Whilst this can work well for two authorities who wish to deliver a service without the route of formal delegation or contracts, as the numbers grow it becomes more difficult to tie down the arrangements. When working to deliver a clear set of functions across six LAs, there needs to be some formality to the arrangements.

## 2.1 Governance Arrangements in Relation to Individual LAs and Members

Implementation of the proposal to establish a regional service does not dilute the role and responsibilities of individual LAs in relation to school effectiveness and improvement. The statutory responsibilities continue to apply to the LAs. The following statements are true for all the models:

- the regional service will be in the ownership of the six LAs;
- monitoring of the way the service carries out the functions will be with the Joint Committee / Limited Company Members appointed by LAs, whose membership will include; portfolio holders, the individual Directors of Education/Chief Education Officers of the six LAs, and schools;
- the Joint Committee / Limited Company Members ensure the LA requirements are met through the functions and responsibilities delivered by the Service;
- individual LAs will still need to monitor and scrutinise the services received through regular monitoring involving their scrutiny and other relevant political processes; and
- Scrutiny Committees would have the opportunity to request specific reports on matters relating to school effectiveness over and above the service operational arrangements.

These arrangements ensure that political accountability remains with local members. In fact, there is opportunity for any of the governance models to strengthen local accountability by ensuring that local members become advocates for children and champions for community needs.

## 2.2 RSEIS Governance Accountability Model

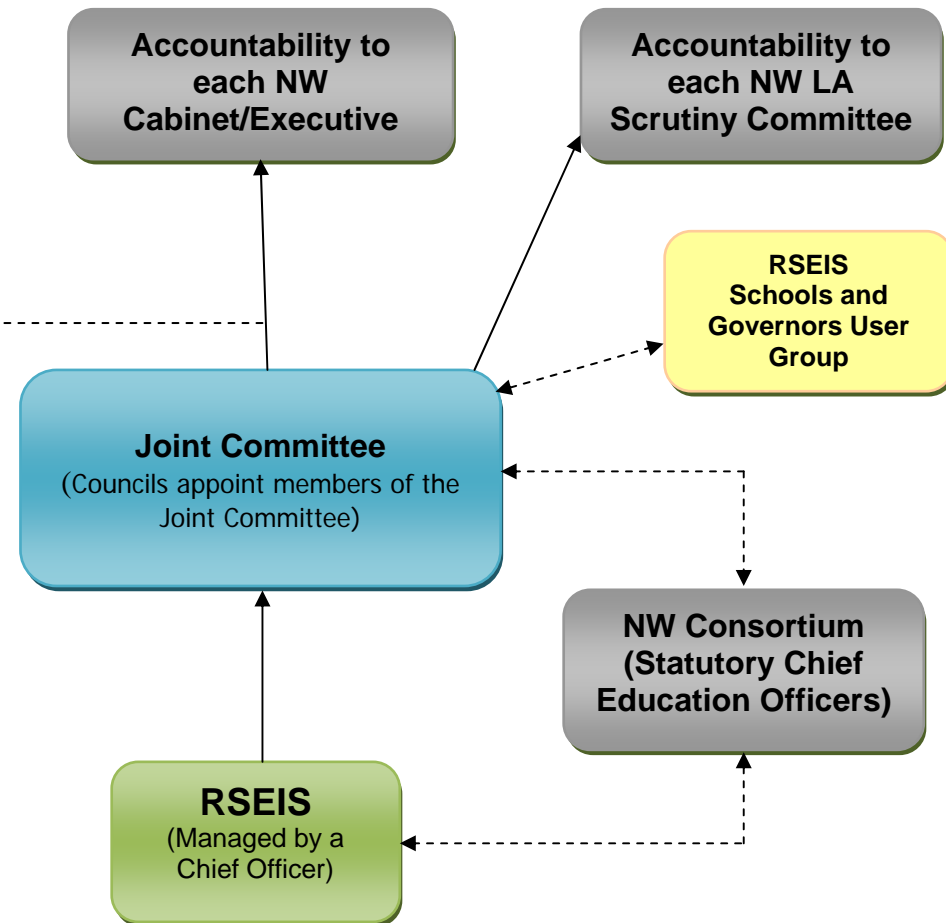
The following model shows the accountability relationship between the Local Authority and the RSEIS.

### Local Accountability

- Each local authority(LA) will commission (buy) the service from the collaborative RSEIS organisation
- The LA retains power to negotiate the service level agreement / contract with the RSEIS or delegation arrangements with schools, which may require local variation
- The LA Chief Education Officer retains the statutory responsibility for the delivery of the functions with the support of the Executive Member
- The Joint Committee are accountable to the council as a whole
- The LA Chief Education Officer and Executive Member will ensure that the service meets the needs of their schools

### Regional / Collective Accountability

- Achieved through a *Joint Committee with a Host Authority* model
- Councils can appoint members of the Joint Committee, who can be Members and otherwise
- Joint Committee members need to put the interests of the collaborative entity first to manage the 'whole service', focusing on the 'collective' interests
- The Joint Committee will oversee management of the RSEIS, with the support of the NW Consortium in their role as Educational Specialists responsible for driving standards
- The Joint Committee are accountable to the council as a whole, with Joint Committee members accountable to their own LA council and scrutiny members
- The RSEIS Chief Officer will be responsible to the Joint Committee
- The Joint Committee will receive support and challenge from the '*RSEIS Schools and Governors User Group*'



### 3. Weighting the Criteria

The criteria for the option appraisal are listed below. The NW ADEW Directors have considered their relative importance by distributing 100 points between them.

Table 1

<b>Governance Models – Criteria</b> <i>(further definitions where necessary are in Table 2 below)</i>		<b>Points Awarded</b>
1	Strategic Fit	
1.1	Enables the transfer of the Key Functions (4 of the 6) into the new Service	6
1.2	Must be able to support the core principle of delivering on local and national Welsh language strategies to develop and increase excellence in pedagogy and Welsh medium/bilingual education in communities across North Wales	6
2	Value for Money	
2.1	Enables the realisation of Objective 2 <i>‘to identify savings through the delivery of a regional School Effectiveness and Improvement Service of 10% of North Wales expenditure’</i>	6
2.2	Must have the potential for future savings	4
2.3	Enables the realisation of the Key Aims of the Outline Business Case	6
2.4	Must not have unaffordable <i>Pensions Deficit</i> costs	4
2.5	Must not have unaffordable start-up staffing costs e.g. relocation, redundancy	4
2.6	Must not have unaffordable start up ICT costs	4
2.7	Must have the ability to take advantage of VAT exemption	3
3	Deliverability	
3.1	Enables the realisation of Objective 1 – <i>‘to be delivering the School Effectiveness and Improvement Service under the regional arrangements across the six North Wales Authorities, by September 2012’</i>	6
3.2	Must limit bureaucracy	3
3.3	Must be able to employ staff	6
3.4	Must be able to contract	3
3.5	Must be able to trade	3
4	Sustainability	
4.1	Must have the ability to grow and change	6
4.2	Must be able to secure appropriate support services (e.g. legal, finance, HR)	6
5	Acceptability	
5.1	Must be able to alleviate tensions with key stakeholders (Schools and their Governing Bodies)	6
5.2	Must be acceptable to regulators (e.g. ESTYN, WLGA, WG)	6
5.3	Must be likely to receive Political buy-in	6
5.4	Must have staff buy-in or the potential to overcome staff opposition	6
<b>Total</b>		<b>100</b>

Table 2 – Definitions for Table 1

1.1	<p>The 4 of the 6 Key Functions in scope for this project are:</p> <ul style="list-style-type: none"> <li>▪ supporting LAs to undertake their statutory functions in relation to school effectiveness;</li> <li>▪ provide support for both LAs and Schools (jointly and separately as the case may be) in School Improvement activity;</li> <li>▪ specifically undertaking responsibility for the Implementation of SEF and for CIF accountability;</li> <li>▪ making provision for the development, maintenance, and review of regional frameworks on a commissioned basis;</li> </ul>
2.3	<p>The Key Aims are:</p> <ul style="list-style-type: none"> <li>▪ implement the national School Effectiveness Framework to raise standards and improve wellbeing by reducing variance within and between schools and local authorities, whilst taking account of local need;</li> <li>▪ respond to the Estyn inspection regime, which has raised the bar and emphasised partnership working in its revised inspection criteria;</li> <li>▪ identify efficiency savings; and</li> <li>▪ provide a foundation that allows future regionalisation of other/linked Education services e.g. Inclusion</li> </ul>
2.4	Need to give consideration here to the potential impact on Cynnal with respect to their company status
4.1	Does the model allow for additional (Education and Non-Education) Services to be brought into scope?
5.1	Is it capable of having Schools as formal Stakeholders, what is the potential level of impact on LA staff 'in-scope'?
5.3	Political buy-in needs to be at both a Local and National level - must limit the liability for any one, or all of the six North Wales authorities

#### 4. Scoring the Option

- The weightings have been transferred into the 'Agree Weightings' column.
- Each option has been awarded a score of between 0 and 3 and entered in the column 'Raw Score'.
- The 'Raw Score' has been multiplied by the 'Agreed Weightings' score to give the weighted score.

3 – Meets all of the criteria  
 2 – Meets some but not all of the criteria  
 1 – Meets some of the criteria  
 0 – Does not meet the criteria

Based on the initial assessment by Trowers and Hamlins (section 2), the Governance Models that will be considered in this option appraisal are a 'Joint Committee with a Host Authority' and a 'Company Limited by Guarantee'.

Table 3 (reference to Table 1)

Governance Models – Criteria		Agreed Weighting	Option A Joint Committee with a Host Authority		Option B Company Ltd by Guarantee		Contributing Factors <i>(obtained from LA Legal Representatives)</i>
			Raw	Weighted	Raw	Weighted	
1.1	Enables the transfer of the Key Functions (4 of the 6) into the new Service	6	3	18	3	18	<p>Both options can deliver the four functions with stipulations in the agreement. In addition:</p> <p>Option A</p> <ul style="list-style-type: none"> <li>▪ Staff will transfer under TUPE to a Host Authority</li> <li>▪ Each Authority can delegate their functions to the Joint Committee</li> <li>▪ Third parties can sit on a Joint Committee (e.g. School Governors or Headteachers)</li> <li>▪ Requires a great level of trust and goodwill between the partners</li> <li>▪ Measures need to be in place to prevent imbalance</li> <li>▪ The Authorities will enter into a delegation agreement, including the constitutional arrangements for the Joint Committee</li> </ul> <p>Option B</p> <ul style="list-style-type: none"> <li>▪ Staff will transfer under TUPE to the Company</li> <li>▪ Company can enter into contracts in its own name</li> <li>▪ Local Authorities cannot delegate their functions to a Company</li> <li>▪ Board of Directors can be made up of Local Authority members, others or a mixture of both</li> </ul>

Governance Models – Criteria		Agreed Weighting	Option A Joint Committee with a Host Authority		Option B Company Ltd by Guarantee		Contributing Factors <i>(obtained from LA Legal Representatives)</i>
			Raw	Weighted	Raw	Weighted	
1.2	Must be able to support the core principle of delivering on local and national Welsh language strategies to develop and increase excellence in pedagogy and Welsh medium/bilingual education in communities across North Wales	6	3	18	3	18	<p>Option A</p> <ul style="list-style-type: none"> <li>This can be one of the stipulations when the Joint Committee is set up</li> </ul> <p>Option B</p> <ul style="list-style-type: none"> <li>This can be one of the stipulations through a Shareholder's Agreement</li> </ul>
2.1	Enables the realisation of Objective 2 'to identify savings through the delivery of a regional School Effectiveness and Improvement Service of 10% of North Wales expenditure'	6	3	18	3	18	<p>Both options will incur costs related to branding, leaving costs, office accommodation, TUPE and general on-costs (all considered as part of the FBC).</p> <p>Option A</p> <ul style="list-style-type: none"> <li>Virtually no start up costs for the Joint Committee itself</li> </ul> <p>Option B</p> <ul style="list-style-type: none"> <li>Start up cost for registering the Company – nominal</li> <li>Structure will be free of local authority terms and conditions and more easily able to bring about further efficiencies</li> </ul>
2.2	Must have the potential for future savings	4	2	8	3	12	<p>Both options allow other LA Services to join and sell to the public sector (e.g. further and higher education).</p> <p>Option A</p> <ul style="list-style-type: none"> <li>A Joint Committee is not able to trade with the private sector</li> </ul> <p>Option B</p> <ul style="list-style-type: none"> <li>Has the ability to trade and generate profit (depending on model chosen)</li> </ul>

Governance Models – Criteria		Agreed Weighting	Option A Joint Committee with a Host Authority		Option B Company Ltd by Guarantee		Contributing Factors <i>(obtained from LA Legal Representatives)</i>
			Raw	Weighted	Raw	Weighted	
2.3	Enables the realisation of the Key Aims of the Outline Business Case	6	3	18	3	18	<p>Both options allow other LA Services to join and sell to the public sector (e.g. further and higher education), and both respond to Estyn inspection regime which has emphasised partnership working in its revised inspection criteria.</p> <p>Option A</p> <ul style="list-style-type: none"> <li>A Joint Committee would reduce variances within and between schools and LAs, allowing more flexibility to respond to changing local needs</li> <li>Rationalisation of staff would increase efficiency</li> </ul> <p>Option B</p> <ul style="list-style-type: none"> <li>A Company would reduce variances within and between schools and LAs. However, whilst it would be more difficult to change the contract and anticipate future need - this should be surmountable by shareholder control</li> <li>Rationalisation of staff would increase efficiency</li> </ul>
2.4	Must not have unaffordable Pensions Deficit costs	4	2	8	0	0	<p>Both options will have a pensions deficit evaluation which will need to be paid back over a number of years. The contribution rate towards the past service deficit:</p> <p>Option A</p> <ul style="list-style-type: none"> <li>May be lower due to a more favourable pay-back arrangement (similar to current LAs)</li> </ul> <p>Option B</p> <ul style="list-style-type: none"> <li>May be higher due to a more restrictive pay-back arrangement (as a company in its own right)</li> </ul>
2.5	Must not have unaffordable start up staffing costs in relation to relocation, redundancy and culture of the new service	4	2	8	2	8	<p>Start up costs in relation to relocation and redundancy would be the same for both Options, with any variance being due to the delivery model, rather than the Governance model.</p>



Governance Models – Criteria		Agreed Weighting	Option A Joint Committee with a Host Authority		Option B Company Ltd by Guarantee		Contributing Factors <i>(obtained from LA Legal Representatives)</i>
			Raw	Weighted	Raw	Weighted	
2.6	Must not have unaffordable start up ICT costs	4	2	8	1	4	<p>There would be considerable start up and ongoing ICT costs for both options</p> <p>Option A</p> <ul style="list-style-type: none"> <li>A Host(s) LA would be able to provide ICT support to the Joint Committee, offering the opportunity to reduce both start-up and ongoing costs</li> </ul> <p>Option B</p> <ul style="list-style-type: none"> <li>Any LA would be unable to support the Company if there was a conflict of interest - ICT would need to be procured in the private sector, which may double the start-up and ongoing costs to that of a Joint Committee</li> </ul>
2.7	Must have the ability to take advantage of VAT exemption	3	2	6	0	0	<p>Option A</p> <ul style="list-style-type: none"> <li>If a joint committee remained within the VAT registration of one of the parent local authorities as an accounting body (not unusual, but technically would require HMRC approval), then the VAT on the “exempt-related” purchases of the joint committee would be within the “de-minimis” limits for Partial Exemption.</li> </ul> <p>Option B</p> <ul style="list-style-type: none"> <li>With a company limited by guarantee in this context, because the majority of its income will come from the provision of education and closely related services (exempt from VAT), it is not permitted to recover VAT on any purchases/overheads which relate to those services.</li> </ul>
3.1	Enables the realisation of Objective 1 – ‘to be delivering the School Effectiveness and Improvement Service under the regional arrangements across the six North Wales Authorities, by Sept2012’	6	3	18	3	18	<p>Option A</p> <ul style="list-style-type: none"> <li>The timetable can be achieved</li> </ul> <p>Option B</p> <ul style="list-style-type: none"> <li>The timetable can be achieved</li> </ul>

Governance Models – Criteria		Agreed Weighting	Option A Joint Committee with a Host Authority		Option B Company Ltd by Guarantee		Contributing Factors <i>(obtained from LA Legal Representatives)</i>
			Raw	Weighted	Raw	Weighted	
3.2	Must limit bureaucracy	3	2	6	2	6	<ul style="list-style-type: none"> <li>▪ Option A</li> <li>▪ A Joint Committee(JC) sits between each Council and the service and has its functions delegated to it by each Authority</li> <li>▪ The JC members would still need to report back to each Authority through scrutiny</li> <li>▪ Extent of delegation would be granted by each Authority’s Cabinet/Executive</li> <li>▪ The Authorities would enter into a delegation and Joint Committee agreement, which would include measures for recompense for the Host Authority for staff, accommodation etc.</li> <li>▪ JC can delegate day to day functions to the Head of Service or to sub-committees</li> </ul> <p>Option B</p> <ul style="list-style-type: none"> <li>▪ The Company is independent of the LAs</li> <li>▪ It is possible for the LAs to set up a Joint Committee to oversee the work of the Company so that shareholder control is managed collectively, but this adds a layer of bureaucracy</li> <li>▪ Each LA would have to have a contract with the Company</li> <li>▪ The Company would report back to each LA and there would be a Shareholders Agreement underpinning their relationship</li> </ul>
3.3	Must be able to employ staff	6	3	18	3	18	<p>Option A</p> <ul style="list-style-type: none"> <li>▪ JC cannot employ staff – this has to be done through the Host Authority</li> </ul> <p>Option B</p> <ul style="list-style-type: none"> <li>▪ Company can employ staff direct</li> </ul>
3.4	Must be able to contract	3	3	9	3	9	<p>Option A</p> <ul style="list-style-type: none"> <li>▪ JC cannot enter into contracts – this has to be done through the Host Authority</li> </ul> <p>Option B</p> <ul style="list-style-type: none"> <li>▪ Company can enter into contracts</li> </ul>

Governance Models – Criteria		Agreed Weighting	Option A Joint Committee with a Host Authority		Option B Company Ltd by Guarantee		Contributing Factors <i>(obtained from LA Legal Representatives)</i>
			Raw	Weighted	Raw	Weighted	
3.5	Must be able to trade.	3	2	6	3	9	<p>Option A</p> <ul style="list-style-type: none"> <li>No opportunity to trade outside the public sector</li> </ul> <p>Option B</p> <ul style="list-style-type: none"> <li>Has the ability to trade, subject to satisfying provisions in Section 95 Local Government Act 2003</li> </ul>
4.1	Must have the ability to grow and change	6	3	18	3	18	<p>Option A</p> <ul style="list-style-type: none"> <li>Has the flexibility to grow and to be a stepping stone for another model if appropriate i.e. if successful and wanting to trade then it can become a Company later on</li> </ul> <p>Option B</p> <ul style="list-style-type: none"> <li>Can grow and change with little formality – a very flexible format</li> </ul>
4.2	Must be able to secure appropriate support services (e.g. legal, finance, HR)	6	3	18	3	18	<p>Option A</p> <ul style="list-style-type: none"> <li>The Host LA would be able to provide Support Services to the Joint Committee – agreeing the Host Authority will need a process for identification.</li> </ul> <p>Option B</p> <ul style="list-style-type: none"> <li>Any LA would be unable to support the Company if there was a conflict of interest - Support Services would need to be procured in the private sector</li> </ul>
5.1	Must be able to alleviate tensions with key stakeholders (Schools and their Governing Bodies)  <i>(For School Improvement Officers and Unions see 5.4)</i>	6	3	18	3	18	<p>Option A</p> <ul style="list-style-type: none"> <li>Outside bodies can have members sitting on a JC</li> </ul> <p>Option B</p> <ul style="list-style-type: none"> <li>Outside bodies can have members sitting on a Board of Directors of a Company in LA control</li> <li>Entirely new Body may have a new culture and identity that stakeholder will need to adjust to</li> </ul>

Governance Models – Criteria		Agreed Weighting	Option A Joint Committee with a Host Authority		Option B Company Ltd by Guarantee		Contributing Factors <i>(obtained from LA Legal Representatives)</i>
			Raw	Weighted	Raw	Weighted	
5.2	Must be acceptable to regulators (e.g. ESTYN, WLGA, WG)	6	3	18	3	18	<p>Both options respond to Estyn inspection regime which has emphasised partnership working in its revised inspection criteria.</p> <p>Option A</p> <ul style="list-style-type: none"> <li>A creature of Local Government subject to LA rules</li> </ul> <p>Option B</p> <ul style="list-style-type: none"> <li>Outside the Local Government regulatory field – but there is strong evidence of acceptability e.g. Cynnal</li> </ul>
5.3	Must be likely to receive Political buy-in	6	2	12	1	6	<p>Option A</p> <ul style="list-style-type: none"> <li>A well-known and familiar concept</li> <li>LAs other than the Host Authority may fear loss of power/input but it is the JC not the Host Authority who controls the service and balancing controls can be built into the agreement.</li> </ul> <p>Option B</p> <ul style="list-style-type: none"> <li>Often a fear about setting up a Company although this can be a good way of maximising the potential of the service particularly if there are trading opportunities</li> <li>Potential personal liability for Directors of the company although insurance should be taken out and indemnities given</li> <li>Potential conflict of interest between Members sitting as Directors versus Members sitting as Councillors</li> </ul>
5.4	Must have staff buy-in or the potential to overcome staff opposition	6	2	12	1	6	<p>Option A</p> <ul style="list-style-type: none"> <li>Staff and Unions will probably prefer an option where they remain employed by the LA and remain in the LGPS</li> </ul> <p>Option B</p> <ul style="list-style-type: none"> <li>Likely to result in opposition due to perceived worries about pay, conditions, pensions etc</li> </ul>

## 5. Conclusions to the Option Appraisal

	Option A Joint Committee with a Host Authority	Option B Company Ltd by Guarantee
<b>Totals</b> (weighted score)	<b>263</b>	<b>240</b>

Based on the findings of this option appraisal, **the recommendation by the Education and Other Related Services Board is that a 'Joint Committee with a Host Authority' is adopted as the governance model for the Regional School Effectiveness and Improvement Service.**

In the context of the regional service being developed, the main disadvantages (scoring 0 - does not meet the criteria) associated with a 'Company' model are in relation to:

- the pensions deficit - whilst both options will have a pensions deficit evaluation which will need to be paid back over a number of years, the contribution rate towards the past service deficit may be unaffordable due to a more restrictive pay-back arrangement as a company in its own right (based on an actuary evaluation on estimated data); and
- the ability to take advantage of VAT exemption - with a company limited by guarantee in this context, because the majority of its income will come from the provision of education and closely related services (exempt from VAT), it is not permitted to recover VAT on any purchases/overheads which relate to those services.

It was also recognised that:

- the initial set-up and ongoing costs relating to ICT for the service under a company model would be double that of a Joint Committee with a Host authority, requiring support to be procured in the private sector (there being a conflict of interest in the case of an LA providing this support);
- political buy-in would be unlikely in the Company model when considering the potential personal liability for Directors of the company (although insurance should be taken out and indemnities given), and the potential conflict of interest between Members sitting as Directors versus Members sitting as Councillors; and
- staff buy-in would be unlikely in the Company model with staff preferring an option where they remain employed by the LA and remain in the LGPS, and likely to result in opposition from staff and their unions due to perceived worries about pay, conditions, pensions etc.

## Overview of the Pension Issues for the RSEIS

### 1. Estimated Contribution Rates for RSEIS

The Actuary for the Gwynedd Pension Fund has provided an initial estimation of the potential pension deficit and pension contribution rate for the new regional service. The information provided to the actuary to base this estimation was limited and the conclusions made can only be an indication of the potential rates as the actual employee information will not be known until the HR process has been implemented.

#### **Option 1: Fully Funded Approach (the pension deficit remain with the current employer)**

The RSEIS would have no initial deficit and the employer's contribution rate is the 'future service' rate with no past service adjustment.

#### **Option 2: Share of Deficit Approach (the pension deficit transfers to the new regional service)**

The total contribution rate includes both a 'future service' rate and a 'past service adjustment' rate. The 'past service adjustment' rate is dependant on the overall value of the past service adjustment and the 'spreading period'. The 'spreading period' will be determined based on the perceived risk of the new employer. The riskier the employer is deemed to be, the shorter the deficit spreading period.

The financial modelling for RSEIS has included the estimates on the basis of option 2 with a 'Share of Deficit Approach' based on the spreading period normally allowed for a Local Authority (past service adjustment 'spread' over 20 years). If the governance model is a company model the rate could be substantially higher, dependant on the determined spreading period (e.g. past service adjustment 'spread' over 8 or 10 years). The overall amount of past service adjustment is the same in all circumstances; it is the spreading period which creates a variance in affordability between the governance models.

### 2. Current Pension Arrangements

Employees with the 6 LAs and Cynnal have opted-in to the relevant employer's pension scheme

- Gwynedd Pension Fund
- Clwyd Pension Fund
- Teachers' Pension Scheme (exceptions)

Gwynedd, Ynys Mon, Conwy and Cynnal Company are employers with the Gwynedd Pension Fund, and Flintshire, Denbighshire and Wrexham are employers with the Clwyd Pension Fund. The new regional service will request to be an admitted body with one of these 2 funds, under the Local Government Pension Schemes (LGPS). On transfer to the new regional service the staff will start to contribute to that pension fund, via their new employer.

### 3. Admitted body of pension fund

If the regional service operates with a host authority, the pension fund would be the same as that of the host authority. The host authority would need an agreement with the 5 other LAs that the regional service should be treated as a separate entity to the host authority and to have discrete actuarial reports and employer's contribution rate.

If the regional service is set up as a company, it would need to request to become an admitted body under the LGPS in either the Gwynedd or the Clwyd Pension Fund.

#### **4. Valuation of transferring staff's pension deficit**

The pension fund will make a valuation with regards to all the staff transferring from their previous employer to the new admitted body. This value will depend upon individual staff's age and service, but will primarily depend upon market factors (bond yields, etc) at the time of transfer.

##### Existing pension deficit for each current employer (6 LAs and Cynnal)

The pension fund currently makes a triennial valuation of the pension deficit for each admitted body within the pension fund and sets the contribution rate for the 3 years subsequent to the valuation to reflect the individual characteristics of each employer. The pension deficit is not created due to staff transferring to another employer, but it requires a valuation at point of transfer.

##### Options for the treatment of the pension deficit evaluated for the regional service

#### **Option 1: Fully Funded Approach (the pension deficit remain with the current employer)**

- The overall pension deficit for the employer would remain unchanged.
- Existing employer could voluntarily pay amount of the pension deficit to the pension fund and crystallise the amount within the authority accounts, with regard to the staff transferring.
- If the existing employer chooses not to crystallise the amount this would be reflected within the next valuation of the pension fund. There would be fewer staff from which to recoup the deficit in contributions which could lead to a higher contribution rate for the employer.

#### **Option 2: Share of Deficit Approach (the pension deficit transfers to the new regional service)**

- The actuary for the pension fund would make a valuation with regard to the regional body to assess the required contribution rate to reflect both the future service contribution and the past service deficit.

##### Pension fund valuation of employer's contribution rate

Employers' contributions to a LGPS fund are set as to 'secure the fund's solvency', whilst the actuary must also have regard to the desirability of maintaining as nearly constant a rate of contribution as possible (over time) and at reasonable cost.

Separate employer contribution rates are assessed by the actuary for each participating employer. The rates are assessed taking into account the experience and circumstances of each employer, following a principle of no cross-subsidy between the distinct employers in the fund. In attributing the overall investment performance obtained on the assets of the fund to each employer a pro-rata principle is adopted.

The rate for a local authority may reflect a recoupment of past service deficit over a 20 year period whilst the regional service (if the governance model is a company) may be assessed to reflect recoupment over 8 or 10 years. This is generally assessed in terms of the average 'remaining working lifetime' of the employees of the admitted body.

### New recruitment of staff will impact on the regional service

A pension deficit valuation is made on each recruitment whereby the past service deficit transfers from the existing employer to the new employer. The regional service may be particularly vulnerable to pension deficits by new recruitment with a high possibility of recruitment requiring expensive “club” transfers from the Teachers’ Pension Scheme (TPS) to the LGPS.

## **5. Teachers’ Pension Scheme (TPS)**

The TPS is a contributory scheme administered by Teachers’ Pensions (TP) on behalf of the Department for Education (DfE). It is a defined benefit ‘final salary’ scheme. It is a statutory scheme subject to the Teachers’ Pensions Regulations (1997).

When a member of staff transfers from the TPS to the LGPS there is a valuation of pension deficit and arrangements made for a ‘club transfer’. The TPS evaluates the pension contributions that have been paid into the scheme and will transfer these to the LGPS fund. The LGPS fund will receive the contributions paid e.g. over 20 years but will also inherit the accrued pension rights over the 20 years. The accrued pensions’ rights will be higher than that already paid in contributions (particularly where employees’ salaries have increased over their careers with increments and promotions) and therefore there is a pension deficit on transfer.

## **6. Local Government Pension Schemes (LGPS)**

The LGPS is a defined benefit final salary scheme under which the benefits are specified in the governing legislation (the Local Government Pension Scheme Regulations). The required levels of employee contributions are specified in the Regulations. Employer contributions are determined in accordance with the Regulations which require that an actuarial valuation is completed every 3 years.

The funding of defined benefits is by its nature uncertain and is based on both financial and demographic assumptions. When actual experience is not in line with the assumptions adopted a surplus or shortfall will emerge at the next actuarial assessment and will require a subsequent contribution adjustment to bring the funding back in line with the target. The last actuarial valuation was in March 2010. The next valuation will evaluate the impact of the recent economic crisis on the financial markets and pension funds’ overall investment performance.

The fund will have an investment strategy together with an aim to generate returns to meet future pension liabilities and contribute towards repaying the current deficit. Ideally, the return on the investments within the fund would fund a significant proportion of the pension liabilities, rather than the employee and employer contributions.

### Deficit Recovery Plan

Where the assets of the scheme relating to an employer are less than the funding target at the actuarial valuation date, a recovery plan is put in place, which requires increased contributions from the employer to meet the shortfall.

The following factors may determine the actual recovery period to apply for any particular employer:

- The size of the funding shortfall (proportionate to employers’ payroll).
- The business plan of the employer (quality of MTFP and business prospects).
- The security of future income streams (certain for tax raising bodies).
- Any contingent security (e.g. guarantee or bond).
- Length of expected period of participation in the fund (demographic profile of staff and HR policies).



## RSEIS Delivery Model

## APPENDIX 7

	Days
School Visits (all schools – 466 inc N, P, Sec, Spe) 6 days allocation per school: 3 regular visits 3 days planning and preparation (including Performance Management)	2796
Schools Requiring Additional Support *	
- Targeted Support (based on pro-active school profiling) : 388 schools      20% = 10 days x 78 schools = 780 19% = 6 days x 74 schools = 444 6% = 16 days x 23 schools = 368	1592
- Post Inspection : Estyn Monitoring = 16 x 10 days (160 days) LA Monitoring = 15x 6 days (90 days) Significant Improvement/Special Measures = 5 x 32 days (160 days)	410
Pre-Inspection Review (inc. pre-inspection report) * 9 Secondary schools x 10 'person' days (90 days) 67 Primary schools x 3 'person' days (201 days) 2 Special schools x 10 'person' days (20 days)	311
<b>Total Days Support Required from the RSEIS</b>	<b>5109</b>
School Contact Days Based on 195 school days (inc training days) Minus 20 days (accumulative) to account for 5 days each side of the summer and Christmas holidays Minus an average of 3 days sickness leave	172
<b>Number of System Leaders Required for the RSEIS</b>	<b>30 FTE</b>

\* Number of days is an average requirement, allowing flexibility for more or less as required

### Notes:

- 1 Based on the ESTYN 6 year rolling programme, 466 total NW schools / 6 = an average 78 schools each year will be inspected.
- 2 During the period September 2010 (start of the new ESTYN arrangements) to October 2011.
  - 20% (or 13 schools) were in the category of ESTYN Monitoring
  - 19% (or 12 schools) were in the category of Local Authority Monitoring
  - 6% (or 4 schools) were in the category of Significant Improvement (3) or Special Measures(1)
- 3 Based on the one year snap shot (Note 2) and the estimated 78 schools inspected in one year (Note 1)
  - 20% (or 16 schools) may be in the category of ESTYN Monitoring
  - 19% (or 15 schools) may be in the category of Local Authority Monitoring
  - 6% (5 schools) may be in the category of Significant Improvement or Special Measures
- 4 The number of 'person' days support required in one year allocated to each category is based on LA experience
  - Estyn Monitoring = 10 days
  - LA Monitoring = 6 days
  - Significant Improvement / Special Measures = 16 days x 2 (schools remain in this category for a period of 2 years)
- 5 In this period a total of 64 schools were inspected out of a total of 466 (N, P, Sec, Spe)
  - 2 Nursery
  - 399 Primary
  - 55 Secondary
  - 10 Special
- 6 Based on Note 1 - this leaves 388 schools, of which it is anticipated that
  - 20% will require additional support to address issues equivalent to the level of Estyn Monitoring follow up,
  - 19% will require additional support to address issues equivalent to the level of LA Monitoring follow up,
  - 6% will require additional support to address issues equivalent to the level of Significant Improvement / Special Measures follow up.

## APPENDIX 8

### Cost of Tier 2 - RSEIS

Employee Costs	Chief Officer	Snr System Leader	System Leader (SL)	Translator	Admin	Business manager	Total
1 Number of posts	1	4	26	2	7	1	41
2 Employee Cost - Salary	86,000	60,609	56,000	29,470	22,094	42,890	297,063
3 Salary On-cost	0.417	35,862	25,274	12,289	9,213	17,885	123,875
4 Employee Cost	121,862	85,883	79,352	41,759	31,307	60,775	420,938
<b>5 Total Employee Cost</b>	<b>121,862</b>	<b>343,532</b>	<b>2,063,152</b>	<b>83,518</b>	<b>219,150</b>	<b>60,775</b>	<b>2,891,989</b>
Employee Related Costs	per employee	per SL	per premises	per service			
6 Training	100	300					13,100
7 Broadband Allowance		332					9,960
8 Medical	20						820
9 Insurance	20						820
<b>10 Total Employee Related</b>	<b>140</b>	<b>632</b>	<b>-</b>	<b>-</b>			<b>24,700</b>
Premises Related Costs	per employee	per SL	per premises	per service			
11 Number of Premises			1				
12 Repair & Maintenance			500	2,000			2,500
13 Rent			5,000	22,000			27,000
14 NNDR (Business Rates)			1,000	7,000			8,000
15 Utilities: Water			400	1,600			2,000
16 Utilities: Electricity/Gas			900	4,800			5,700
17 Building Cleaning			500	2,500			3,000
18 Window Cleaning			100	100			200
19 Waste Removal			100	200			300
20 Insurance			100	800			900
<b>21 Total Premises costs</b>	<b>-</b>	<b>-</b>	<b>8,600</b>	<b>41,000</b>			<b>49,600</b>
Transport Related Costs	per employee	per SL	per premises	per service			
22 Essential User Posts		1,239					37,170
23 Essential Mileage		3,700					111,000
24 Casual Mileage	1,000						41,000
25 Allowances for Board Members				1,200			1,200
<b>26 Total Transport Costs</b>	<b>1,000</b>	<b>4,939</b>	<b>-</b>	<b>1,200</b>			<b>190,370</b>
Supplies & Services	per employee	per SL	per premises	per service			
27 Office: Equipment & Furniture	50		500				2,550
28 Office: Printing & Photocopying	50		2,500				4,550
29 Office: Stationery	50						2,050
30 Comms: Postage	50						2,050
31 Comms: Phones	25						1,025
32 Comms: IT	500		7,000	13,500			41,000
33 Expenses: Professional Subscriptions		100					3,000
34 Expenses: Subsistence		50					1,500
<b>35 Total Supplies &amp; Services</b>	<b>725</b>	<b>150</b>	<b>10,000</b>	<b>13,500</b>			<b>57,725</b>
Brokerage	per employee	per SL	per premises	per service			
36 Commissioning Budget used by SL				250,000			250,000
<b>Total Commissioning Budget</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>250,000</b>			<b>250,000</b>
Support Services Costs	per employee	per SL	per premises	per service			
37 Legal				5,000			5,000
38 HR	148			2,500			8,572
39 Finance	75			34,000			37,075
40 IT (see Supplies & Services)							-
<b>41 Total Support Services Costs</b>	<b>223</b>	<b>-</b>	<b>-</b>	<b>41,500</b>			<b>50,647</b>
Total Annual Revenue Cost	per employee	per SL	per premises	per service			
<b>42 Total Annual Revenue Cost</b>	<b>2,088</b>	<b>5,721</b>	<b>18,600</b>	<b>347,200</b>			<b>3,515,031</b>
43 Total cost of new Service							3,520,000

Notes:	
1 Number of posts	Based on the delivery model with 30 System Leaders.
2 Employee Cost - Salary	Salaries are based on a benchmarking exercise by Hay Job Evaluation Services. All the posts will be subject to the host Authority Job evaluation schemes.
3 Salary On-cost	Includes an estimate for both National Insurance and pension contributions.
4 Employee Cost	Cost of basic salary and on-cost per post.
5 Total Employee Cost	Total costs dependant on the number of posts.
10 Total Employee Related	Includes estimates for training, web access, medical costs and insurance charges.
11 Number of Premises	The total cost of the new service is based 1 location. The model identifies the additional costs per location.
21 Total Premises costs	Based on a comparison with similar sized services's accomodation costs in Conwy and Wrexham.
26 Total Transport Costs	Based on the current level of transportation costs by staff in-scope. Albeit the new service will have fewer staff it is not anticipated that transport costs can be reduced comparatively.
35 Total Supplies & Services	Includes office costs, communication and expenses. An additional cost of £10k is identified for photocopying and ICT per location.
36 Commissioning Budget used by SL	Estimate of budget required for brokering additional support for LAs and Schools.
41 Total Support Services Costs	Includes estimates for legal, HR and Finance services.
42 Total Annual Revenue Cost	Total cost of the new service, identifying an estimated increase of £19k per additional premises.
43 Total cost of new Service	Total cost rounded up to be recharged, by an agreed charging methodology , to the 6 LAs.

## NW RSEIS - Full Breakdown of Implementation Costs

## APPENDIX 9

	Capital Cost £	Revenue Cost £	
<i>Redundancy Costs</i>			
Advisory Staff		867,000	Based a harmonised policy on the most favourable terms
Support Staff		160,000	
		<b>1,027,000</b>	
<i>Staff Transfer / Recruitment</i>			
Assessment Centre Costs for New Service posts		21,000	Figures based on 62 SEPO/advisors and 50 Administrators being in scope with assesemnt centre costs based on daily rate for CO post and inclusive of OPQ and leadership tests.
Training needs analysis		3,000	Based on 31 SL and 6 administrators and 3 snr management team 40 staff estimate of 4 focus groups/workshops based on previous collaboration work based on two day programme with two facilitators
Team Building & Cultural Alignment		8,000	
Induction		2,000	
		<b>34,000</b>	
<i>Office Costs - assuming good decorative and carpet condition</i>			
Curved desk (1600mm)	202		
Operator chair (with arms)	150		
Desk high pedestal (600mm, 3 drawer)	58		DESK CENTRE (All Wales Framework - pre-tendered)
Filing cabinet (4 drawer)	85		
Open front bookcase (2004mm) 5 shelf	86		
Whiteboard (900mm x 600mm)	23		
A4 lever arch files x20		8	
Suspended filing wallets x200		93	BANNER (Corporate Mandate)
Desk trays (3 tiers incl risers)		8	
<b>Cost for Service (based on 40 staff)</b>	<b>24,200</b>	<b>4,300</b>	Above office costs multiplied by 40
Window blinds (average per 4 staff)	250		estimate based on Aberconwy Blinds Ltd
<b>Cost for Service (based on 40 staff)</b>	<b>2,500</b>		Blinds cost multiplied by 10 (apx)
<i>ICT Costs</i>			
Infrastructure	89,000		Inc. Data Centre, Cabling, Servers, Comms, Security & Resilience, Desktop Hardware, Phones, Printers, Blackberries
Information Systems	10,000		Inc. Migration, Consolidation and Procurement of New Systems - Finance, HR, Email, EDRMS, Web, GIS, CRM
Support & Consultancy	8,000		Inc. ICT Staff Costs, Skills Training, Technical & Consultancy Services
	<b>107,000</b>		
<b>TOTALS</b>	<b>133,700</b>	<b>1,065,300</b>	
<b>Total Capital and Revenue £1.2m</b>	<b>1,199,000</b>		

## RSEIS - Financial Report on Potential Leaving Costs

### 1. Introduction

The six North Wales Authorities(LAs) are Ynys Mon, Gwynedd, Conwy, Denbighshire, Flintshire and Wrexham.

Each LA provided information against a criteria for identifying the percentage of time staff spend on the school improvement functions (statutory and curriculum specific), as defined in Appendix A. In addition to identifying the staff contributing to these functions, LAs were also requested to consider the full time equivalent(FTE) contribution for administrative support, including translation staff.

### 2. Refining Staff In-scope

For the purpose of this exercise, the NW ADEW Directors agreed that if a member of staff spends equal to, or more than, 60% of their time on the identified functions, they are considered 'in-scope'.

There are 112 members of staff in-scope across the six LAs and Cynnal, 72 directly delivering 60% of more of the identified school improvement functions, and 40 administrative staff (including translation staff) delivering 27 FTE contribution on these activities.

Of the 72 advisory members of staff in scope, 1 post is due to become vacant and 16 are currently seconded and will revert to their previous permanent posts when the new regional service is operational. The LAs have identified a requirement for 8 posts in their Home Team to support those functions that are not covered by the RSEIS nor the other 'LA School Improvement Teams'. The remaining 47 will transfer to the new service.

Of the 40 administrative staff identified, as supporting advisory staff delivering the in-scope functions, the total percentage of their time spent on this activity is rounded to 27 FTEs. Therefore, for the purpose of identifying potential leaving costs associated with administrative staff, the average salary for all 40 staff will be multiplied by the 27 FTE posts.

The total number of advisory and administrative staff in scope is 74.

### 3. Regional Service – Potential Staffing Requirement

The Full Business Case (FBC) is based on a service delivery, which requires 30 System Leaders and 9 support posts.

When we consider the 47 advisory posts in-scope against the potential requirement for 30 system leaders in the new service, and assuming all 47 staff will have the right to transfer to the new service under TUPE, there is an estimated surplus requirement of 17 staff. Based on their current salaries, and calculated as an average, this totals an estimated £705k under local policies and £867k under a harmonised policy (see Fig 1).

The new service anticipates administrative support to a ratio of 1:5, which may provide 9 administrative posts (including translation). As there are 27 FTEs identified in the current arrangements, there is potentially a surplus of 18 posts. Based on their current salaries, and calculated as an average, this totals an estimated £141k under local policies and £160k under a harmonised policy (see Fig 1).

The total potential leaving costs for advisory and administrative staff is **£1m**, based on harmonised terms and conditions.

This figure will contribute to the overall set-up costs for the project, currently in the region of £1.2m

#### **4. Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE)**

Members of staff who are currently engaged in delivering the school improvement 'in-scope' functions through their individual organisations, may have a right to transfer to the new organisation, which will be providing that function on a shared service basis. This transfer would be subject to TUPE regulations. Under these regulations, members of staff will transfer with at least their existing statutory employment rights and contractual entitlements.

Any resulting redundancies would be the responsibility of the new organisation.

The project is trying to secure WG funds to cover all implementation costs, including redundancy costs.

#### **5. Contributing Factors**

##### **5.1 Secondments**

As previously stated, it is expected that any officers on seconded posts will return to their permanent posts at no additional cost to the authority.

##### **5.2 Redeployment**

There may be opportunities for redeployment with the existing employer for some of the staff in-scope.

Some of the members of staff in-scope currently work on other functions as well as school improvement functions (6.32 FTE over all current employers). Each employer will need to review these other functions to consider whether the work can be absorbed by other officers, or if new posts will need to be developed. Employers will need to be aware of the timescales to consider whether any posts need to be advertised locally prior to the TUPE negotiations with staff.

Conversely, across all the current employers there will be approximately 12.56 FTE capacity in relation to officers' work, who are not considered to be in scope, that will be transferred to the new service.

If there is redeployment, each employer will need to be aware of any local policies for the payment of 'protected pay'. This cost will be incurred by each individual employer.

##### **5.3 Retirement Options**

There are a number of retirement options which may be available to members of staff. The amount of leaving costs has been calculated on the basis of redundancy payments only, as potentially the most expensive option for the organisation.

## 5.4 Redundancy Payments

The cost of redundancy payments has been calculated on the basis of (i) each employer's current policy and (ii) a potential harmonised policy with harmonisation at the most favourable policy to the employee.

Fig 1.

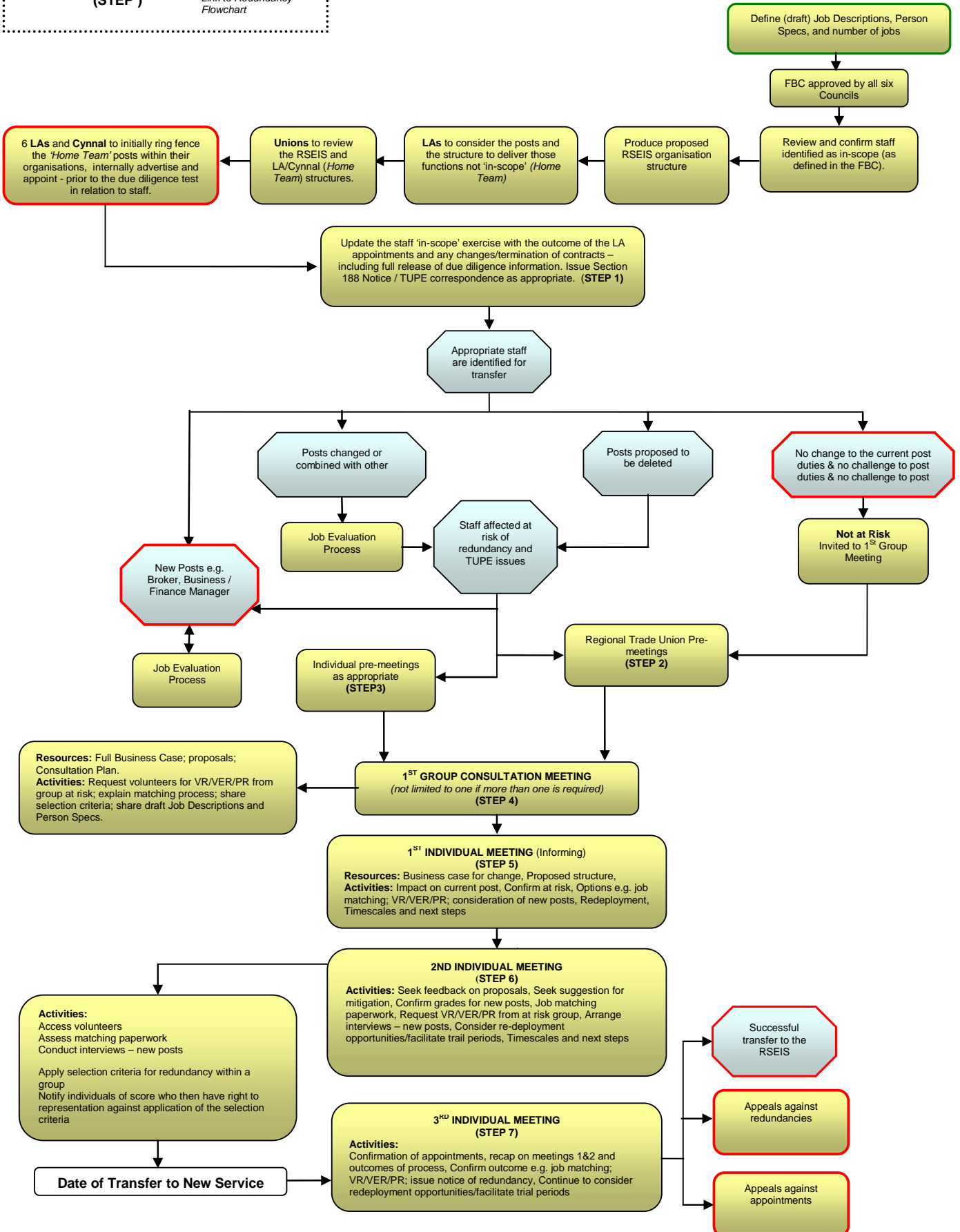
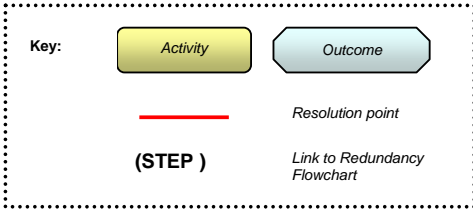
### Summary of Potential Leaving Costs

Current Advisory Staff	Advisors	Redundancy Payment		
		Total	Local Policy	Harmonised Policy
Cynnal	20		1,204,342	1,204,342
Ynys Mon	0		-	-
Gwynedd	0		-	-
Conwy	10		133,856	461,693
Denbighshire	8		332,217	403,089
Flintshire	12		386,476	465,969
Wrexham	5		222,873	270,600
<b>Total Current Staff</b>	<b>55</b>		<b>2,279,764</b>	<b>2,805,693</b>
RSEIS requirement	30			
Anticipated Home Team requirement	8			
<b>Redundancy Payment based on average</b>	<b>17</b>	<b>17</b>	<b>705,000</b>	<b>867,000</b>

Current Staff	All Support		Redundancy Payment	
	Staff	Total	Local Policy	Harmonised Policy
Cynnal	13		95,284	95,284
Ynys Mon	0		-	-
Gwynedd	0		-	-
Conwy	6		41,123	82,179
Denbighshire	6		46,600	46,600
Flintshire	7		56,327	56,635
Wrexham	8		73,267	75,789
Total Number of employees	40		312,601	356,488
<b>Total Current FTE</b>	<b>27</b>		<b>211,000</b>	<b>241,000</b>
RSEIS requirement	9			
<b>Redundancy Payment based on average for FTE</b>	<b>18</b>	<b>18</b>	<b>141,000</b>	<b>160,000</b>

<b>Potential Redundancy Payment</b>	<b>17</b>	<b>18</b>	<b>35</b>	<b>846,000</b>	<b>1,027,000</b>
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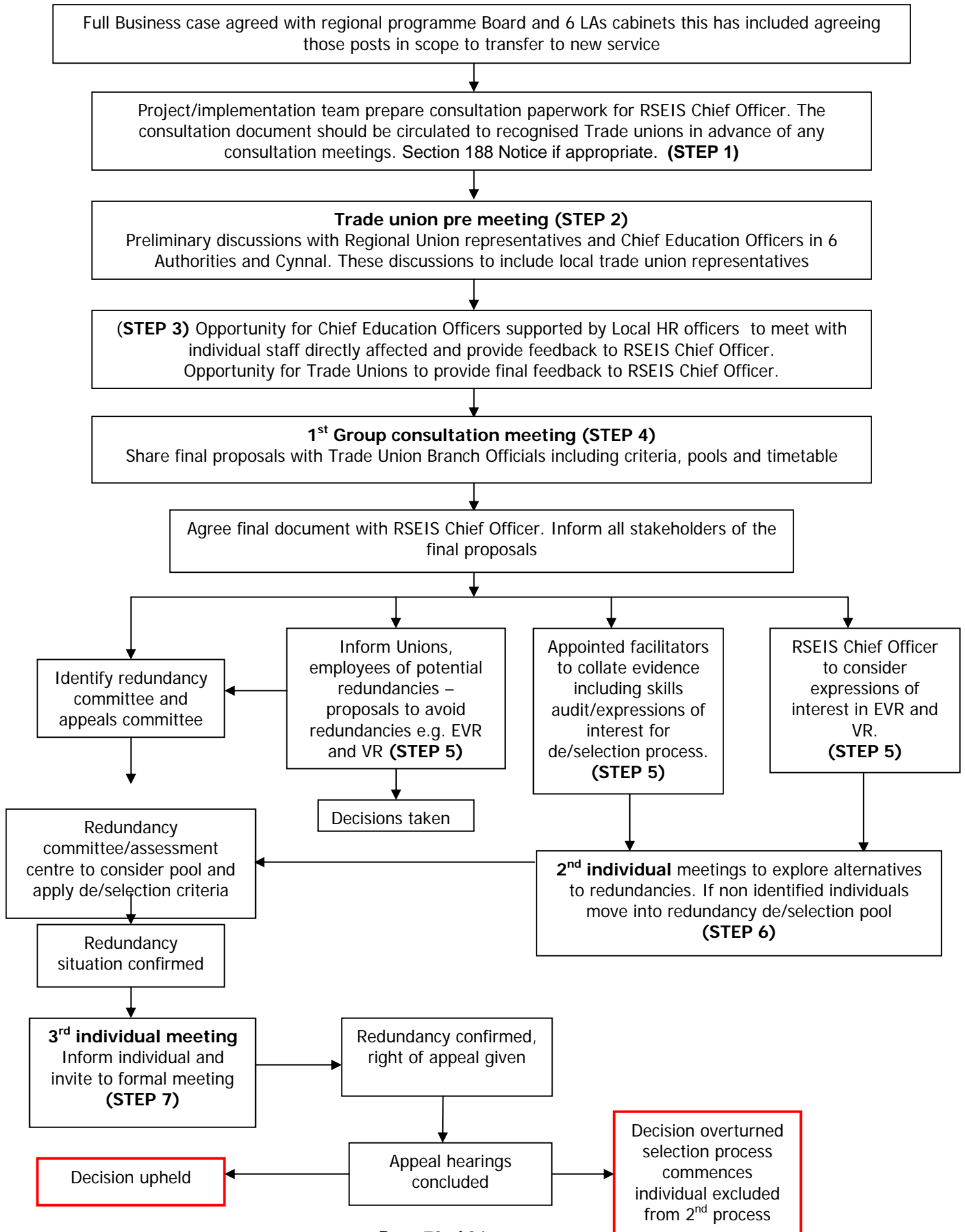
**PROCESS: Planning for Change (Staff)**  
 Organisation Structure Change Process  
 (process for both incoming and outgoing organisations)





## Redundancy Flowchart

The flowchart outlines the steps the new service proposes to take once the FBC has been approved. LAs must ensure that they follow their own local arrangements.



## DRAFT Job Description

### JOB TITLE: **TEAM LEADER/SYSTEM LEADER**

*Please note: items highlighted in grey are specific to the role of Team Leader*

**SERVICE: SCHOOL IMPROVEMENT AND INCLUSION**

**GRADE: 49,792- 60,609(INDICATIVE)**

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### Key Relationships/Liaison

All Officers and consultants within the Regional Service, relevant Officers within Authorities, schools including Governors and external agencies.

### Overall Job Purpose

The team leader will have responsibility for the day to day management of a small team of system leaders. The System Leader will bring levels of knowledge and experience that quickly and decisively analyse and offer solutions to problems of underperformance and support for higher achievement. Specific allocation of time will be determined by the formula agreed in the FBC. The role will need to secure consistent and suitably challenging targets and improved performance across schools in the consortia. With responsibility for a designated number of schools, you will be expected to work within the context of the strategic values and aims of the Regional Service and the National Standards for School Improvement / Effectiveness Professionals in Wales in order to:

- to function as Line Manager and Performance Manager for finance and administration staff ;
- contribute directly, or by supporting the commissioning of additional support as appropriate, to the resolution of specific issues and thereby support whole school improvement. This will include agreeing commissioning strategies for the school;
- monitor and challenge resource management in the school to ensure that financial and human resources are directed at securing improved pupil outcomes;
- use support and challenge, along with development of professional learning communities, to enable schools to build and sustain capacity for improvement;
- represent the consortium strongly and directly in the appointment of head teachers, their performance management, mentoring and other areas of professional development;
- lead on post inspection activities; and
- ensure that appropriate measures are in place to enable school Governors to play an appropriately strong challenging role in terms of the school, and to ensure that performance data is presented and used by Governors.

### Specific Duties and Responsibilities

#### *Leadership*

- To manage and develop System Leaders in the designated team and to implement changes and manage activities as indicated through any service review and support career programme opportunities for the designated group of staff.
- Providing support and guidance to ensure that the school's vision, ethos and moral purpose is shared by all staff and stakeholders.
- Providing support and challenge to improve the practice of effective self- evaluation and school improvement planning.

- Providing support and guidance to ensure that leaders and managers to make best use of their expertise to improve their effectiveness.
- Providing a level of challenge by evaluating provision objectively, gathering valid and reliable evidence from a range of sources both within the organisation and beyond.
- Understanding comparative and value-added data and use it to identify high performance and underperformance of pupils, schools and subject areas/departments.
- Analysing and use data to judge the performance and challenge underachievement of groups of learners by gender, ethnicity, special educational needs and prior attainment.
- Challenging the school to set ambitious but realistic targets.
- Using an appropriate range of quantitative and qualitative data to synthesise a wide range of information to formulate hypotheses.
- Providing constructive feedback that forms the basis for future improvement.
- Being able to build the capacity of others to carry out self-evaluation.

#### *Teaching and Learning (Pedagogy)*

- Providing support and advice on teaching and learning styles and on evaluating the quality of teaching and learning.
- Providing guidance on the rigorous use of formative and summative assessment and on their use to improve learners' work.
- Promoting and support the development of networks of professional practice.
- Identifying effective teaching and learning practice which can be shared within and across networks.
- Ensuring all schools adequately develop the skills agenda, particularly in literacy and numeracy.

#### *Developing People and the Organisation*

- Initiating and support action research into effective practice.
- Providing advice on how development needs might be met by referring to examples of good CPD practice.
- Facilitating the development of networks of professional practice.
- Providing advice and guidance on procedures, to evaluate the effectiveness of CPD and the impact of networks of professional practice.

#### *Curriculum*

- Providing support and challenge for curriculum development.
- Providing support in developing a curriculum which is relevant, personalised, promotes engagement with learning and reflects the ethnic, cultural and linguistic diversity of the school.
- Providing support and guidance on curriculum planning and the development of effective schemes of work, short term plans and planning for assessment for learning.

#### *Student Attitudes*

- Identifying other agencies working with the setting and the nature and scope of their involvement.
- Supporting the school in its attempts to gather the views of parents, children and young people and how these are acted upon.
- Providing guidance on promoting an inclusive ethos and maximising opportunities for children and young people to benefit from links with other agencies.

#### *Internal Accountability*

- Providing guidance and support to evaluate classroom practice against specific and rigorous criteria so that staff know and understand the characteristics of high-quality learning and teaching, recognise and analyse aspects of good practice which will transfer

to other learning contexts, provide constructive feedback that forms the basis for future improvement.

- Providing guidance and support to establish robust performance management systems that make effective use of attainment data.
- Developing criteria which trigger intervention procedures at whole school and departmental level.

#### *Partnership Beyond the School*

- Supporting a multi-agency approach based on the needs of the local learning community or family of schools.
- Identifying other agencies working with the setting and the nature and scope of their involvement:
  - undertake work as a School Effectiveness Performance Officer with a designated group of primary or secondary schools;
  - develop and implement the role of the LEA in raising standards by challenging and identifying areas for development and intervention and support schools in accordance with the Partnership Agreement;
  - monitor continually the performance of schools and pupil groups on behalf of the Council to fulfil its School Improvement obligations;
  - develop a lead area of responsibility;
  - contribute to the development of the Council's success in meeting its corporate priorities;
  - liaise with other Departments and Council colleagues in order to fulfil the Council's corporate aims; and
  - manage and oversee projects, strategies and responsibilities.

#### **Additional Factors**

- The nature of the work may involve the post holder carrying out work outside of normal working hours.
- The post holder may be required to attend, from time to time, training courses, conferences, seminars or other meetings as required by his or her own training needs and the needs of the Service.
- Expenses will be paid in accordance with local conditions of service.
- This post is subject to a check being carried out at an Enhanced level by the Criminal Records Bureau regarding any previous criminal record.
- Essential Car User status in accordance with Council policy.

**N.B.** This job description sets out the duties and responsibilities of the post at the time when it was drawn up. Such duties and responsibilities may vary from time to time without changing the general character of the duties or the level of responsibility entailed. Such variations are a common occurrence and cannot justify a reconsideration of the grading of the post.

## Person Specification : Team Leader / System Leader

<b><u>CRITERIA</u></b>	<b><u>ESSENTIAL</u></b>	<b><u>Method of Assessment</u></b>
<b><u>Qualifications</u></b>	<p>Qualified teacher                      Able to show evidence of further study e.g. post graduate  <u>Management Qualification</u></p>	
<b><u>Experience</u></b>	<p><u>Experience of directly leading and managing a small team</u></p> <p>Proven track record of significantly improving school performance(in a leadership position in a school or professional in a local authority)</p> <p>Have made a wider contribution to educational developments which have contributed to significant sustainable improvement Proven track record of managing school interventions successfully</p> <p>Be able to demonstrate effective leadership and management in their current role</p> <p>Be able to demonstrate strategies used to ensure high levels of consistency in the quality of teaching and learning.</p> <p>Experience of influencing , thinking, policy and practice for positive impact on learning outcomes and life chances for children and young people</p> <p>Experience of budget management</p> <p>Experience as an effective per mentor and/or coach</p>	
<b><u>Knowledge</u></b>	<p>Knowledge and understanding of implications of current educational legislation and frameworks                      Show a commitment to their own CPD                      Knowledgeable about improving schools facing difficulties</p>	
<b><u>Values and beliefs</u></b>	<p>Appreciate the central importance if the learner in education</p>	
<b><u>Skills/Attributes</u></b>	<p>To be able to demonstrate the ability to work sensitively and collaboratively with a range of partners and stakeholders to bring about positive change</p> <p>Demonstrate emotional intelligence skills to support effective working with underachieving schools and partners</p> <p>Skilled communicator , both written and oral</p> <p>Ability to identify key issues and provide accurate and meaningful feedback both oral and written</p> <p>Able to manage time effectively, use initiative and prioritise tasks</p> <p>Skilled at analysing and evaluating performance indicators, accurately and quickly and probe explanations of root causes and apparent inconsistencies</p> <p>Demonstrate the ability to understand and implement the principles of quality assurance systems</p> <p>Able to understand equal opportunities legislation and the issues</p>	

	<p>surrounding the achievement of different groups of pupils</p> <p>Proven leadership skills, with the ability to be self motivating and also to motivate others</p> <p>Is able to work effectively as a team member and show a willingness to share skills, expertise, knowledge and ability to encourage others to follow suit</p> <p>Is able to think and work innovatively, independently and strategically</p> <p>Can demonstrate a commitment to school effectiveness through an open, shared and flexible approach</p> <p>Skilled and is able to demonstrate successful experience of promoting initiatives and sustaining and managing change</p> <p>Strong collaborative skills with the ability to demonstrate successful partnerships and collaborative working</p> <p>Has a commitment to the language, culture and context of Wales.</p> <p>In order to secure a linguistic balance some of the posts will be designated as Welsh essential roles.</p> <p>Decisive in identifying key performance issues and capable of managing LA School Interventions including the ability to make accurate judgements on schools' leadership and management.</p> <p>Ability to distinguish between operational and strategic leadership responsibilities</p> <p>Good understanding of ICT and its applications</p> <p>Able to work under pressure and meet deadlines</p> <p>Willing to work outside normal working hours when necessary</p> <p>Car driver</p>	
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**Support Staff DRAFT Job Descriptions and Person Specifications****DRAFT Job Description****JOB TITLE: FINANCE AND BUSINESS MANAGER****ORGANISATION: RSEIS****REPORTS TO: CHIEF OFFICER****GRADE: 34,569-42,890(indicative)**

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**1. Job Purpose**

- 1.1 To support the production, development and submission of appropriate strategic and business plans within relevant timescales.
- 1.2 Act on behalf of the RSEIS Chief Officer in issues relating to business administration of the department.
- 1.3 To promote and develop high quality services, ensuring service user satisfaction and that achievement performances meet Service standards.
- 1.4 To develop and maintain effective and innovative communication processes with all Local Authorities, Schools and partner organisations e.g. colleges and work based service providers.
- 1.5 To contribute to the overall management of the School Effectiveness and Improvement Service through the membership of the Senior Team.
- 1.6 To function as Line Manager and Performance Manager for all translation and administration staff, and to support career programme opportunities for these staff.
- 1.7 To manage and develop Administrative and Translation Services and their staff; to implement changes and manage activities as indicated through any administration review.

**2. Principal Responsibilities**

- 2.1 Being responsible for the planning, management, development and delivery of the administration and translation services to meet the needs of the service. This is to include maintaining adequate networking and liaison arrangements concerning administration matters across the service, to ensure the development and implementation of cohesive regional working arrangements and standards as required.
- 2.2 Being responsible for the quality assurance of areas of responsibility and for ensuring the adequate audit and checking of necessary documents and processes to effectively deliver within the RSEIS.
- 2.3 Participating in key groups to ensure the business meets local, regional and national requirements and priorities, with those priorities reflected in the necessary key strategic plans as required.

- 2.4 Drawing on the support of the Host Authority, prepare detailed budgets that show the forecast budget position for the Service, based on the service business plan link with the priorities identified in the business development plans.
- 2.5 Prepare budget monitoring reports for presentation to the Joint Committee and management team of the new service. This includes monitoring income and expenditure throughout the year and providing advice and recommendations to ensure expenditure stays within the cash limited budget.
- 2.6 Work proactively to identify new ways of working and challenge the existing methods of service provision in order to reduce future cost pressures and support potential fluctuations.
- 2.7 Develop a RSEIS performance management framework that incorporates, and complies with organisational and legislative requirements and includes a comprehensive analysis and quality monitoring framework within School Improvements. Advise the Chief Officer and the Joint Committee on the best use of resources that will facilitate the raising and monitoring of performance as well as the measurement of accurate and timely performance targets.
- 2.8 Oversee the financial management of external funding streams (administered by the Host Authority) by providing timely and accurate information on grants to the Services management team and Joint Committee and ensure that robust arrangements are in place that adhere to financial rules and regulations.
- 2.9 Work with the Host Authority to implement the closure of accounts at year end in accordance with Financial Regulations and professional accounting standards
- 2.10 Identifying and reporting current and future resource requirements.
- 2.11 Maintain and develop an effective communication network through the medium of display, publications and documents and through electronic means including the appropriate websites and databases to develop an approach to consultation where necessary.
- 2.12 Ensure the workforce, training and staff development priorities of the School Improvement service are identified and incorporated into the workforce strategy for the service.
- 2.13 To responsible for the facilities management of the Service negotiating, managing and monitoring contracts, procurement, tenders and agreements for the provision of services to the Service, and ensure the buildings are maintained and operated in accordance with emergency procedures and Health and Safety requirements Ensure effective use of accommodation through a premises development plan
- 2.14 Monitoring, managing and reviewing implementation and compliance with the organisations policies and procedures to ensure services are delivered in the most effective manner incorporate good practice and comply with legislative requirements..
- 2.15 To identify and support the provision of in service training opportunity for all staff in order to improve service delivery.
- 2.16 To play a central role in the strategic leadership and vision of the Service.
- 2.17 To advise the Senior Management Team on matters relating to Finance, Premises and Staff Issues and to provide a link to HR.
- 2.18 Co-ordinating of business planning bids.
- 2.19 Ensuring the provision of ICT resources and ICT support to meet the needs of the department.



**3. Vision/Context**

3.1 This post aims to achieve coherent financial, business and administrative management to shape and support and communicate business planning, performance management and effective quality service delivery within the service.

3.2 This post will manage staff responsible for administration, quality control and business planning.

**4. Contacts**

4.1 Regional Board, ADEW Consortium ,service providers, contractors, head teachers and governing bodies other external agencies include GTCW and WAG.

**5. Dimensions**

5.1 Financial: TBC

5.2 Staffing: TBC

5.3 Statistics: TBC

**6. Span of control**

TBC

## Person Specification : Finance and Business Manager

Criteria	Essential	Desirable	Method of Assessment
<b>Education &amp; Qualifications.</b>	Educated to degree standard or equivalent – Qualified CCAB accountant (or equivalent)	Minimum qualification of NVQ level 4 (ideally AAT)	
	Hold a degree/ professional qualification in a business related discipline, together with an appropriate management qualification.		
<b>Relevant Experience.</b>	Significant strategic and complex financial experience in a Finance and /or Business related discipline.	Knowledge, experience and understanding of issues relating to Education	
<b>Job Related Knowledge &amp; Skills</b>	Effective performance management skills and excellent interpersonal skills	The ability to operate through the medium of Welsh and English is highly desirable.	
	Budget and Business management, knowledge, skills and ability along with effective presentation, writing and reporting skills		
	Ability to influence the attitude and opinions of others to achieve agreement, using active co-operation, persuasion, influential and negotiating skills to develop ideas and proposals linked to management, service delivery and quality assurance activities		
	Ability to interpret data in order to draw conclusions and make appropriate recommendations.		
	The post holder will have experience of supervising staff and allocating workloads effectively		
	Excellent ICT skills		
<b>Personal Qualities.</b>	Personal kudos, drive and energy, combined with self motivation and an ability to manage and direct own workload with minimum intervention.		
	Commitment to equal opportunities, corporate, directorate and departmental policies and procedures.		

## **DRAFT Job Description**

**JOB TITLE:** TRANSLATOR  
**ORGANISATION:** RSEIS  
**GRADE:** 23,583- 29,470 (INDICATIVE)

### **Overall Job Purpose**

To translate all variety of documents into English and Welsh. To provide a simultaneous translation service from Welsh into English at meetings across the North Wales region.

### **Principal Accountabilities / Key Tasks**

1. To provide a simultaneous translation service at meetings across the North Wales region. This is a service from Welsh into English only.
2. To provide the above service as required by the RSEIS in the event of meetings being held jointly with other organisations.
3. To ensure that the translation equipment is in good working order at all times.
4. To translate a variety of documents into English and Welsh.
5. To commission work from external translators (individuals and companies), as required.
6. To oversee the quality of the translation work by external organisations.
7. To support the development of the service and its delivery through business planning, target setting, appraisals, training needs, benchmarking and the preparation, publication and regular review of appropriate performance data.
8. To support the development of the service through joint and collaborative working with other public sector organisations and, where appropriate private sector organisations.
9. Consultation with internal and external agencies to formulate an effective translation service linked with the Welsh Language Policy.

## **Demands Within the Job**

### *Physical demands*

- *Carrying heavy and awkward translation equipment periodically for use in meetings outside the Council's main headquarters.*
- *The ability to operate technical translation equipment and record meetings and resolve any technical difficulties.*

### *Mental demands*

- *Sustaining periods of intense concentration in a pressurised environment to provide a prompt and accurate simultaneous translation service for service users.*
- *Working under pressure to meet strict deadlines and completing tasks quickly and accurately with the ability to prioritise as required.*

### *Emotional demands*

- Translating in difficult and sensitive conditions for vulnerable clients e.g. child protection case conferences.

## **Work Arrangements**

### Working week:

- [TBC] hours per week (Monday – Friday).

### Location:

- [TBC] You may, however, be required or permitted to work anywhere with the Council's area, on a permanent or temporary bases, without additional time or payment for doing so.

### Bilingual Requirement (Welsh & English):

- ESSENTIAL

## **Flexibility**

Your attention is drawn to the fact that in some cases, particular duties and responsibilities are difficult to define in detail and may vary from time to time without changing the general character of the duties and level of responsibilities entailed. In addition, it is a requirement of all employees that they accept levels of flexibility in duties and responsibilities and when necessary, interchange within the organisation which will meet the changing needs and demands of the service. Such a requirement will enable the particular expertise of the post-holder to be developed and maximised to the mutual benefit of both employer and employee.

## Person Specification: Translator

Criteria	Essential:	Desirable
<b>Education &amp; Training</b>	A degree in Welsh or any other relevant subject.	Membership of the Association of Welsh Translators and Interpreters.
<b>Experience</b>	Proven skills in translating reports and documents	
<b>Key Qualities</b>	<p>The ability to communicate/ engage with officers and members.</p> <p>A commitment to oral and written bilingualism.</p> <p>An appreciation of the function and importance of bilingualism in the administration and the politics of local government.</p> <p>Knowledge of the County Council's procedures generally – specifically the provisions safeguarding bilingualism.</p> <p>The ability to respond flexibility and creatively to any new circumstances that may arise in future.</p>	
<b>Job specific knowledge and skills</b>	<p>A willingness to seek advice in the context of legal issues which may arise and to clarify any occasional financial issues, but particularly in order to receive technical assistance</p> <p>The ability to deal with a substantial written workload and to provide translations in a timely fashion to meet strict deadlines and to accomplish tasks through prioritisation.</p> <p>Good communication skills - written and oral.</p> <p>An appreciation of the need to respect confidentiality in dealing with sensitive information.</p> <p>Good problem solving skills.</p> <p>The ability to concentrate for prolonged periods under considerable pressure.</p> <p>The ability to collate statistical information as evidence of compliance with key performance indicators.</p>	<p>Attention to detail, accuracy and quality</p> <p>The ability to work to a work programme with strict deadlines/closing dates.</p> <p>The ability to prioritise work.</p> <p>The ability to deal with staff and service users in a courteous, professional and effective manner.</p>
<b>Personal Attributes</b>	<p>A valid driving licence and access to transport.</p> <p>The ability to work evenings</p>	

## **DRAFT Job Description**

**JOB TITLE:** ADMINISTRATION SUPPORT OFFICER  
**ORGANISATION:** RSEIS  
**REPORTING TO:** FINANCE AND BUSINESS MANAGER  
**GRADE:** 17,213-22,094 (INDICATIVE)

### **JOB PURPOSE**

Under the instruction/guidance of senior staff, and utilising a variety of ICT packages, provide general clerical/administrative support to the RSEIS.

### **PRINCIPLE RESPONSIBILITIES**

1. Undertake reception duties, answering general telephone and face to face enquiries.
2. Provide general clerical/administrative support e.g. photocopying, filing, faxing, complete standard forms, respond to routine correspondence from Local Authorities, Schools, Governors, Councillors, Parents/Guardians and other organisations.
3. Validate and maintain manual and computerised records/management information systems.
4. Utilise ICT packages (e.g. Outlook, Word, Excel spreadsheets, Access Databases, Internet, SIMS, ONE) and produce lists/information/data as required.
5. Organise meetings and undertake note-taking at meetings.
6. Participate in training and other learning activities and performance development as required.
7. Provide appropriate cover for colleagues on same grade (or above) during periods of holidays, sickness and other unforeseen events.
8. Undertake other relevant duties as directed by Line Manager within post-holders' remit.

**Person Specification: RSEIS Administrative Support Officer**

<b>CRITERIA</b>	<b>ESSENTIAL</b>	<b>DESIRABLE</b>	<b>METHOD OF ASSESSMENT</b>
<b>EDUCATION &amp; QUALIFICATIONS</b>	NVQ level 3 or equivalent qualification	Recognised qualification in business or administration	Application form
	Recognised qualification in IT with a word processing element	Recognised qualification in word processing and typing	
<b>EXPERIENCE</b>	Some experience of administration in a busy office environment	Use of a content management system to maintain a website	Application Form
	Experience of arranging meetings and seminars	Experience in processing orders and invoices	
		Experience of minute taking	
<b>JOB RELATED KNOWLEDGE AND SKILLS</b>	Effective use of ICT packages. Use of relevant equipment/resources. Good Communication Skills Good keyboard skills High level of competency in word processing (speed and accuracy)	Awareness of Data Protection and Freedom of Information Act	Application Form  Exercise  Interview
	Extensive use of Microsoft applications	inventive use of spreadsheets and presentation software	
	Ability to use creativity in the production and presentation of documents	Understanding of the Council's policies, procedures and standards	
<b>PERSONAL QUALITIES</b>	Excellent communication skills with ability to communicate effectively with people at all levels within the council		Application Form  Interview
	The ability to deal tactfully and diplomatically with people at all levels		
	Ability to work on own initiative		
	Highly organised		
	Ability to work under pressure to tight deadlines		
	Enthusiastic and conscientious viewing challenges with a positive attitude		

CRITERIA	ESSENTIAL	DESIRABLE	METHOD OF ASSESSMENT
	Ability to maintain confidentiality at all times		
<b>OTHER REQUIREMENTS</b>	<p>Work constructively as part of a team, understanding roles &amp; responsibilities and your own position within these.</p> <p>Empathy with the welsh language and culture</p>	Confidence to communicate fluently in Welsh verbally and in writing	Application Form Interview



**REPORT TO:** CABINET

**DATE OF MEETING:** 21<sup>st</sup> February, 2012

**LEAD CABINET MEMBER:** Cllr Pauline Dobb, Lead Member for Social Care Health and Wellbeing  
Cllr Morfudd Jones, Lead Member for Welsh Language, Children, Young People and Leisure

**LEAD OFFICER:** Sally Ellis Corporate Director of Demographics, Wellbeing and Planning

**SUBJECT:** Regional Commissioning, Procurement and Monitoring Hub

- 1. What is the report about?**  
Establishment of a Regional Commissioning, Procurement and Monitoring Hub in North Wales for local authorities (education and social services) and BCUHB for high cost, low volume residential placements
- 2. What is the reason for making this report?**  
A decision is required by partners to the establishment of a Regional Commissioning, Procurement and Monitoring Hub for North Wales.
- 3. What are the Recommendations?**  
That each partner agrees to the establishment of a Regional Commissioning, Procurement and Monitoring Hub in North Wales to serve the six local authorities and Betsi Cadwaladr University Health Board (BCUHB) following completion of the Full Business Case which is attached at Appendix 1.
- 4. Report Details**
  - 4.1** The establishment of a Regional Commissioning, Procurement and Monitoring Hub (RCH) is supported by a range of national, regional and local policy drivers. These include national policy documents such as the Simpson review “National, Regional and Local: what services are best delivered where?” and “Sustainable Social Services: A Framework for Action”, as well as key health and education policy documents. [refer to Section 3 – Strategic Case within full business case]
  - 4.2** The fragmentation of the current arrangements to commission high cost, low volume placements and ‘proof of concept’ derived from working across North Wales on learning disability placements provide good local evidence to support this initiative. [refer to Section 4 – Economic case within full business case]
  - 4.3** The initial scope of the services that the RCH will provide is limited to high cost, low volume residential care placements above £500 per week. This includes:
    - Learning Disabilities
    - Mental Health
    - Physical disability and sensory impairment; and
    - Children’s services (no £500 lower limit) [refer to Section 1 – Executive Summary within full business case].

**4.4** The scope of the RCH will cover elements of the commissioning cycle, covering the following three key areas:

- Analysis and planning;
- Procurement; and
- Monitoring and Review [refer to Section 4 – Economic Case within full business case].

**4.5** It is however, recognised that other activities may lend themselves to regional collaborative working also and could prove effective additional to the work of the RCH [refer to Section 4.9 – Economic Case within full business case].

#### **4.6 Preferred Option**

The preferred option for the RCH is a Structured Regional Collaboration and it incorporates features of the Outline Business Case Options 3, 4 and 5.

##### **4.6.1 Description**

The preferred option would see the structured coordination of a collaborative approach. It would include a formal partnership agreement and service level agreements or memoranda of understanding between partners, NWPP and other regional collaboratives. Placement information would be shared for analysis and benchmarking. RCH staff would undertake a range of functions for each of the four areas in scope ranging from analysis and planning to procurement (including through a placement brokerage service), commissioning, monitoring and review. Optimum procurement strategies would be developed and, for at least two or three years, the focus would be on improving quality, driving down costs, collaborative commissioning activity, market management and market shaping. Development into further areas would be considered.

##### **4.6.2 Activities**

Providing a placement brokerage service for new placements (Capita Option 5)

Negotiating with providers to ensure optimum prices across each of the in-scope services for existing placements (Capita Option 4)

Development and implementation of a regional contract monitoring framework and provision of contract monitoring service where required – including development of outcomes framework/criteria (Capita Option 3)

Within 2 years development of capacity to commission alternative service provision on a regional/sub-regional basis and capacity to support regional and sub-regional commissioning activities networking with other regions. (Capita Option 4)

Support and advice to local commissioning teams including supporting them to lead in specific areas (Capita Options 3 and 4)

Co-ordination and management of specific databases for in-scope services (Capita Options 3 and 4)

Co-ordination and analysis of agreed information, datasets and benchmarking across partners (Capita Option 4)

Market management to respond to gap analysis (Capita Option 5)

Being a single point of contact for Providers in relation to in-scope services (Capita Option 5).

- 4.7** Financial modelling has shown the proposed development to be cost effective for all partners. The costs and benefits are based on £46m identified in-scope spend. The total running costs of the RCH are estimated as approximately £145k annually in addition to existing commitments. The main principle for cost sharing will be sharing proportionately on the basis of projected savings with other costs shared equally or based on population. Projected total net financial benefits range from approximately £1m to £1.8m over a 3 year period. However, these figures do not include potential savings arising from cost avoidance or the commissioning of more cost effective alternative service delivery models [refer to Section 6 – Financial Case within the full business case]. The detailed potential savings and projected costs for Denbighshire are shown on pp 36 – 39 of the Full Business Case (sections 6.4 and 6.7).
- 4.8** Benefits to partners will also include qualitative improvements for all individuals within the residential care sector through improved market management and contract monitoring arrangements [refer to Section 4.12 – Economic Case within the full business case].
- 4.9** It is proposed that the RCH will be hosted by Denbighshire County Council and managed by a Management Board reporting to the Social Services and Health Programme Board. The Management Board will be responsible for setting priorities, developing the work programme, performance monitoring and ensuring the planned benefits for the RCH are realised. Board members will be expected to account for performance to their sponsoring organisations, including local authority Scrutiny Committees [refer to Section 4.12.4 – Governance Arrangements and Section 7.6 and 7.7 – Management Case].
- 4.10** The team proposed for the RCH comprises of 3 staff plus contract monitoring capacity and, while there are HR and other practical issues to be negotiated, these are small in scale and do not present a barrier to implementation [refer to Section 4.12 – Preferred Option and Section 7.8.7 HR issues].
- 4.11** It is anticipated that implementation of the RCH will commence immediately it has been approved by all 6 Local Authorities and BCUHB's Full Board [refer to section 8 – Next Steps within the full business case].
- 4.12** It is anticipated that cost reductions in residential care will come into fruition 6-8 months after implementation. Immediate implementation priorities include recruitment to staff posts; setting up the Management Board; finalising the Partnership Agreement and undertaking key awareness/change management

work with both partners and providers [refer to section 4.12.11 – Implementation Overview and section 8 – Next Steps within the full business case].

The full business case is attached in Appendix 1 and provides comprehensive detail in relation to the project and information above.

**5. How does the decision contribute to the Corporate Priorities?**

The RCH will assist partners to deliver on the collaborative agenda and efficiency savings whilst improving quality of services. Collaboration on social care and education are part of Compact commitments and are assumed as part of the Medium Term Financial Plan. In addition, the Hub initiative contributes to mitigating the impact of demographic change, specifically through optimising commissioning and procurement practice for some of Denbighshire's most vulnerable residents.

**6. What will it cost and how will it affect other services?**

Projected costs are set out in para 6.7 of the Full Business Case (pp 38 – 39). The FBC covers education as well as social care so work will be required to apportion costs and savings appropriately. The estimated additional annual cost to Denbighshire is £5615. As it is recommended Denbighshire be the host, a range of Support Services will be required to support (e.g. Legal). Annual running cost estimates include these costs where they are likely to be significant. IT implications have been considered, and are not considered complex at this stage. An initial Equalities Impact Assessment has been completed.

**7. What consultations have been carried out?**

Key members and officers have been extensively consulted throughout the development of both the OBC and FBC including senior Social Care officers, Social Services and Health Programme Board, Regional Leadership Board Chief Executives, senior education officers and Section 151 Officers as well as BCUHB. The indications are that all support the establishment of the Hub.

Partnerships Scrutiny Committee discussed the Full Business Case on 26<sup>th</sup> January, 2012. They also supported the establishment of the Hub. They did raise general issues relating to the effective scrutiny of regional collaborations and as an initial response to this they resolved that:-

- (i) Cabinet be recommended to commit Denbighshire County Council to the establishment of a Regional Commissioning, Procurement and Monitoring Hub in North Wales to serve the six local authorities and the Betsi Cadwaladr University Health Board (BCUHB), initially for the purpose of commissioning local authority (social care and education) and health services high cost, low volume residential placements; and
- (ii) further work is done to strengthen and clarify the role of local government scrutiny, on a regional and local basis, in scrutinising and monitoring the work and performance of this and other regional collaborative projects.

## **8. Chief Finance Officer Statement**

The project has been subject to challenge throughout the process. The financial information in the business case is based on data collected as part of the project. This data was initially weak but has been refined throughout the project to give a more robust view of activity.

Some of this data is the same that was used in the outline business case and is now out of date. However it still provides a reasonable estimate of likely activity and cost savings.

The likely savings have been conservatively estimated and for the purpose of decision making, members should expect the lower end of the scale- that is net savings of around £1m across the region but with a realistic prospect of achieving savings in the order of £1.8m. There is the potential for this to be higher.

Savings percentages have been informed by local experience and vary across the region depending on current cases and care packages provided. Due to the nature of the services being procured – high value, low volume, complex – negotiations will take place on an individual basis so each case will be different.

Cost sharing has been informed by estimates of savings but cannot be finalised until actual savings are known. The apportionment of costs can be reviewed once the hub has begun operating.

There is a risk to the financial assumptions if all partners do not sign up to the project though sensitivity analysis shows that it is still financially viable without all potential partners.

Overall, the project is financially viable. Based on the research and evidence available it will bring savings to each partner. The financial risk to each partner is low given the relatively low investment required.

## **9. What risks are there and is there anything we can do to reduce them?**

A risk register is detailed in Appendix 4 of the full business case.

## **10. Power to make the Decision**

It is expected that the Partnership Agreement for the RCH will be based on legal powers contained in:

- A) Section 33 of the National Health Service (Wales) Act 2006
- B) S2 Local Government Act
- C) S.101 Local Government Act 1972
- D) S.113 Local Government Act 1972
- E) S.111 Local Government Act 1972
- F) S.19 Local Government Act 2000
- G) Local Authority Goods and Services Act 1970

The decision to establish the RCH in North Wales can be made under Section 3 of the Local Government Act 1999 and Section 11 of the Local Government Act 1972.



## Regional Commissioning, Procurement and Monitoring Hub FULL BUSINESS CASE

January 2012

Authors:  
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## CONTENTS

Clause		Page No
1	<b>Executive Summary</b>	4
2	<b>Introduction and Purpose</b>	6
2.1	Background and context	6
2.7	Purpose of Full Business Case	7
2.8	Format of Full Business Case	7
3	<b>Strategic Case</b>	8
3.2	Drivers for Change	8
3.2.1	National Drivers	8
3.2.3	Sustainable Social Services: A Framework for Action	8
3.2.4	Together for Health – 5 Year Vision for the NHS in Wales	8
3.2.5	A Picture of Public Services	8
3.2.6	Draft SEN Regional Provision	9
3.2.7	Compact 2012	9
3.3	Regional Drivers	9
3.3.1	Regional Leadership Partnership Board	9
3.4	Regional Context	10
3.5	Existing Arrangements	10
3.6	Risks	10
3.7	Summary	11
4	<b>Economic Case</b>	12
4.2	Current Arrangements	12
4.4	High Cost, Low Volume Placements	12
4.5	Learning Disabilities	13
4.6	Mental Health	13
4.7	Physical Disability and Sensory Impairment	13
4.8	Children’s Services	14
4.9	Vision for the future	14
4.10	Design Principles	15
4.11	OBC Options	16 - 20
4.12	Preferred Option	21-22
4.12.5	Staffing Arrangements	22
4.12.6	Accessing other Skills	23
4.12.7	Outcomes and outputs	23
4.12.9	Benefits Analysis	24
4.12.10	Assumptions	25
4.12.11	Implementation overview	26
4.13	Variation from the OBC	28
5	<b>Commercial Case</b>	30
5.6	Procurement Strategy	30
5.7	Contractual Relationships	30
6	<b>Financial Case</b>	33
6.1	Detailed data and financial appraisal	33-35
6.3	Projected Savings	36

6.4	Financial benefits	37
6.7	Financial Modelling	38
6.7.6	Finance Protocol	40
7	<b>Management Case</b>	41
7.2	Governance options	41
7.4	Evaluation of options	41
7.5	Delegations	42
7.6	Scrutiny	43
7.7	Management Board	43
7.8	Partnership Agreement and Key Content	44
7.8.3	Agreeing work programme	44
7.8.4	Performance Management Framework	45
7.8.5	Equalities Impact Assessment	45
7.8.6	Service Level Agreement	45
7.8.7	HR Issues	46
7.8.7.1	Job Descriptions and Person Specifications	46
7.8.7.2	Welsh Language Policy	46
7.8.7.3	Length of contracts	46
7.8.7.4	Consultation process	46
7.8.7.5	Current post holders	47
7.8.7.6	Size of RCH team	47
7.8.7.7	Advertising and Appointments process	47
7.8.7.8	Secondment Arrangements	48
7.8.7.9	Terms and Conditions of Employment	48
7.8.7.10	HR Policies and Procedures	48
7.8.7.11	Implementation and HR Strategy	48
7.9	Provider Consultation	49
7.10	Relationship with local services	49
7.11	Relationship with Providers, Service Users and Carers	49
7.12	IT arrangements	49
7.13	Information governance arrangements	50
7.14	Evaluation arrangements	50
7.15	Implementation Arrangements	50
8	<b>Next Steps</b>	51
	Appendices	
1	Aims, Principles and Objectives	52
2	Performance Framework	54
3	Draft Finance Protocol	56
4	Risk Register	58
5	Implementation Action plan	60

## EXECUTIVE SUMMARY

- 1.1 This Full Business Case (FBC) recommends that a Regional Commissioning, Procurement and Monitoring Hub is established in North Wales to serve the six local authorities and Betsi Cadwaladr University Health Board (BCUHB). Its purpose would be to commission local authority (social care and education) and health services, initially in relation to high cost low volume residential placements.
- 1.2 The Full Business Case is supported by a range of national, regional and local policy drivers. These include national policy documents such as the Simpson review “National, Regional and Local: what services are best delivered where?” and “Sustainable Social Services: a Framework for Action”, as well as key health and education policy documents.
- 1.3 The fragmentation in the current arrangements to commission high cost low volume placements, and “proof of concept” derived from work across North Wales on learning disability placements provide good local evidence to support the change.
- 1.4 The initial scope of the services that the Regional Commissioning, Procurement and Monitoring Hub (RCH) will provide is limited to high cost, low volume residential care placements above £500 per week. This includes:
  - Learning disabilities
  - Mental health
  - Physical disability and sensory impairment; and
  - Children’s services (no £500 lower limit).

The scope of the Regional Commissioning, Procurement and Monitoring hub will extend to elements of the commissioning cycle, covering the following three key areas:

- Analysis and planning;
- Procurement; and
- Monitoring and review.

It is however, recognised that other activities may lend themselves to regional collaborative working also and could prove effective additions to the work of the RCH.

- 1.5 Financial modelling has shown the proposed development to be cost effective for all partners. The costs and benefits are based on £46m identified in-scope spend. The total running costs of the RCH are estimated as approximately £145k annually in addition to existing commitments. The main principle for cost sharing will be sharing proportionately on the basis of projected savings. Projected total gross financial benefits range from approximately £1.1m to £2m over a 3 year period with net savings of £0.9m to £1.8m.

However, these figures do not include potential savings arising from cost avoidance or the commissioning of more cost effective alternative service delivery models.

- 1.6 Benefits to partners will also include qualitative improvements for all individuals within the residential care sector through improved market management and contract monitoring arrangements.
- 1.7 It is proposed that the RCH is hosted by one partner and managed by a Management Board reporting to the Social Services and Health Programme Board and it has been recommended by Chief Executives that Denbighshire County Council host the RCH. The Management Board will be responsible for setting priorities, developing the work programme, performance monitoring and ensuring the planned benefits for the RCH are realised. Board members will be expected to account for performance to their sponsoring organisations, including local authority Scrutiny Committees.
- 1.8 The team proposed for the RCH comprises 4 staff (3 core staff plus 0.75 FTE contract monitoring capacity) and, while there are HR and other practical issues to be negotiated, these are small in scale and do not present a barrier to implementation.
- 1.9 It is anticipated that implementation of this Full Business Case will begin immediately it has been approved by all 6 Local Authority political processes and BCUHB's Board of Directors and its Full Board.
- 1.10 It is anticipated that cost reductions in residential care will come into fruition 6 -8 months after implementation. Immediate implementation priorities include recruitment to staff posts, setting up the Management Board, finalising the Partnership Agreement and undertaking key awareness/change management work with both partners and providers. A summary of risks can be found in Appendix 4.

## 2 INTRODUCTION AND PURPOSE

### 2.1 Background and context

This full business case has been commissioned following consideration of an outline business case (OBC) received from Capita Consulting (formerly Tribal). The outline business case (OBC) was commissioned by the North Wales Social Services Improvement Collaborative (NWSSIC) and Betsi Cadwaladr University Health Board (BCUHB) under the auspices of the Social Services and Health Programme Board as part of a co-ordinated approach to delivering efficiencies and savings in the commissioning of high cost, low volume residential placements for the following service user groups:

- Children’s services
- Learning disabilities
- Physical disability and sensory impairment; and
- Mental health.

2.2 The RCH project responds to growing financial pressures facing public sector organisations, and also addresses the Welsh Government’s policy and strategy for social care and health services and for increased collaboration in commissioning and procurement activity. The recent Simpson review (*Local, Regional, National; What Service are Best Delivered Where?*), the Welsh Government’s paper *Sustainable Social Services For Wales: A Framework for Action*, and its ongoing implementation programmes make it clear that Local Authorities will need to demonstrate that they are working more closely together to plan and deliver social care services.

2.3 Health Boards have an essential part to play in relation to these services, with many service users having both health and social care needs. Joint funding of care packages and services is significant, and it is vital that health boards and Local Authorities work together to maximise benefits and opportunities.

2.4 NWSSIC has already made important progress, with the development of the regional approach to procuring individual learning disability placements which has delivered a number of real benefits, including significant savings. The Children’s Services Commissioning Resource has also improved the way which Councils share information about available services and costs.

2.5 The outline business case provided sufficient evidence for partners to agree to commission a full business case to explore the preferred option for a regional approach to commissioning, procurement and monitoring services in adult and children’s services. This is an ambitious and challenging approach which covers three services in each of the six councils (adults, children’s and education) as well as health. Whilst these partnerships and relationships can be complex and demanding, they offer significant opportunities to improve the way in which resources are used.

2.6 This FBC builds on a preferred option which comprises the staffing levels identified in Option 3 of the OBC and the functions as presented in options 4 and 5 of the OBC. The FBC also sets out the model and benefits that can be delivered.

**2.7 Purpose of the full business case (FBC)**

The purpose of this FBC is to lay out the strategic, financial and qualitative benefits which can be gained through a collaborative commissioning approach. It builds upon the outline business case and details the preferred model developed by the Project Board.

**2.8 Format of the FBC**

The FBC details the selected and preferred options in relation to the strategic, economic, commercial, financial and management cases and includes detailed descriptions about how the RCH will work, what the governance arrangements will be, performance management and HR implications of establishing the RCH.

It is recommended that this FBC is read in conjunction with the previous OBC produced by Capita.

### **3 STRATEGIC CASE**

- 3.1 The Strategic Case sets out the case for change, how the RCH could meet the needs of local authorities and BCUHB and how it would benefit local authorities and the Health Board.

#### **3.2 Drivers for change**

##### **3.2.1 National drivers**

There are a number of national policy drivers which make a case for changing the way services are currently being commissioned and these point to the adoption of regional, collaborative arrangements which deliver efficiency savings and reduce service costs, whilst at the same time improving the quality of care provided.

The key policy documents which recommend greater collaborative working across Wales are summarised below, along with how they are relevant to the development of the RCH.

##### **3.2.3 Sustainable Social Services: A Framework For Action**

The Welsh Government's paper (February 2011) outlines the considerable challenges currently facing the provision of social services in Wales. This paper highlights that social care and social services are facing significant and unsustainable pressures on demand, making the financial outlook increasingly difficult. Whilst pointing to fundamental changes in delivery of service to meet these challenges, the action plan is based on the assumption that efficiencies will be gained from pooling back office functions such as commissioning, and procurement. This will ensure that funds for front line improvements are not diverted to duplicated back office functions, enabling a greater focus of resources on delivery. This paper's priority is to ensure that resources are used in a way that makes better use of existing capacity and it explicitly sets out the Welsh Government's expectation to see commissioning taking place on a regional basis.

##### **3.2.4 Together for Health: A Five Year Vision for the NHS in Wales**

This vision document acknowledges the rising demands and expectations placed on the NHS and states that whilst increasing demands have previously attracted increased budgets 'these days are over' as the Welsh NHS staff faces a tougher financial future. As the NHS in Wales strives to develop its services to world-class quality this requires 'a drive for improvement throughout the NHS and beyond'. To enable these changes the NHS will need to work closely with the whole public sector to ensure best possible services and best use of available resources, acknowledging that Local Government is vital to improving health and well-being.

##### **3.2.5 A Picture of Public Services 2011: The key financial challenges facing Welsh public services**

This report was presented by the Auditor General in October 2011 with the aim of supporting public services to respond to the financial challenges facing them. It recognises

that public services should be ambitious in finding new ways to deliver services and that long term sustainable solutions can only be achieved through innovation, sharing and acting on good practice and improvement efficiency. The report also acknowledges that Local Authorities and the NHS are facing rising demands for services particularly for older people and vulnerable children. In the past Councils have been able to partially bridge funding gaps by increasing council tax or drawing on their reserves however this is not sustainable in the longer term. It goes on to state that in the short term, in some areas, for instance procurement, there is scope to make savings through collaboration.

### **3.2.6 Draft SEN Regional Provision: Support Document for Authorities in the development of SEN provision collaboratively**

A WG working party is currently developing guidance in preparation for 2014 when the centrally held education budget will be devolved to local authorities. This guidance is being developed to give support to local education authorities in the development of regional provision of education and services in Wales in accordance with Section 191 of the Education Act 2022. This development would dovetail neatly with development of a Regional Hub.

### **3.2.7 Compact 2012**

These national policy drivers sit within an overall context in which WG and local government are developing a strategic agenda of collaboration. It is envisaged this will be formalised through a Compact, early in 2012. It is expected that the development of Regional Procurement Hubs for social care will be a key commitment.

## **3.3 Regional drivers**

### **3.3.1 Regional Leadership Partnership Board: Vision for Collaboration**

In January 2010 the Leaders and Chief Executives of the six North Wales Local Authorities signed up to a regional vision for collaboration. Each Local Authority in North Wales has a strong regional identity and good working relationships and have, to date, successfully worked together and collaborated. The regional vision states that these relationships must be built upon to enable the promotion of radically different models for delivering public services to communities. This vision of collaboration and partnerships sits alongside each Local Authority's individual visions which aim to make the six Local Authorities more efficient, effective and responsive through internal change programmes.

3.3.2 The Regional Leadership Board, augmented by leaders of each of the major public sector organisations, oversees a programme of collaboration led by Programme Boards, each driving a programme of collaboration in specific service areas e.g. School Improvement, Waste, Transport. The RCH is a key project within the portfolio of the Social Service and Health Programme Board. This Board also has a role in responding to 'Sustainable Social Services' overall, and in the governance of a range of other regional and sub-regional social care initiatives.



### **3.4 Regional context for the commissioning of high cost low volume residential placements**

- 3.4.1 In terms of residential placements, specifically, there is a lack of provision in North Wales for children's placements which has led to market control essentially being with providers. There is a need to stimulate the market and identify preferred providers who are willing to provide quality care at sustainable costs.
- 3.4.2 Learning disabilities services are predicted to have a 44% increase in service users over the next 13 years and effective commissioning of alternative services, especially for those with complex and challenging needs, is imperative to ensure that services are sustainable in the future.

### **3.5 Existing Arrangements**

- 3.5.1 Over the last two years North Wales local authorities along with the Social Services Improvement Agency have co-funded the post of Regional Learning Disability Manager to take forward key developments in Adult Services for improved procurement, alternative service delivery and service user engagement. This joint work has delivered 'proof of concept' for the RCH. The development of the RCH will enable learning from the earlier joint work to be rolled out to a broader set of services and formally in conjunction with BCUHB as well as education services.
- 3.5.2 Across North Wales there is fragmentation of existing arrangements to procure placements which has led to duplication of functions by multiple partners. The commissioning and procurement of high cost, low volume placements is a very small percentage of existing posts within partner organisations therefore there is lack of expertise in these functions. For providers there are multiple points of contact across the region. Due to these multiple points of contacts providers have been charging partners differently for similar or the same packages of care. The introduction of the RCH would mean that there would be one point of contact for Providers. Having a helicopter view of information relating to Providers and the market, both in terms of quality and cost, will put the region in a much stronger purchasing position. As the in-scope services are low volume there is also lack of capacity within partner organisations to develop better value alternative services. By working together there will be more opportunity to develop these services via the RCH.

### **3.6 Risks**

The risks associated with delivering the RCH are varied, the relationships between the partners are complex and this could cause issues where perhaps one partner does not benefit as much as others. Therefore it has been essential during the development of this FBC to prioritise detailed governance arrangements, financial protocols and a robust Partnership Agreement in mitigation. Throughout the development of the FBC stage there has been extensive consultation at all levels with Partners across all work streams.

### **3.7 Summary**

There are strong drivers at national, regional and local levels to support the development of a Regional commissioning, procurement and monitoring Hub for high cost low volume placements. In particular this development would put the North Wales region in a position to implement the RCH thus delivering against a key commitment within the Compact.

## **4 ECONOMIC CASE**

4.1 The economic case details current arrangements for commissioning and procuring placements, and appraises sub-options around the form and structure of the RCH. It describes how it will improve commissioning arrangements for in-scope services – in terms of both financial and non-financial benefits to North Wales as a region.

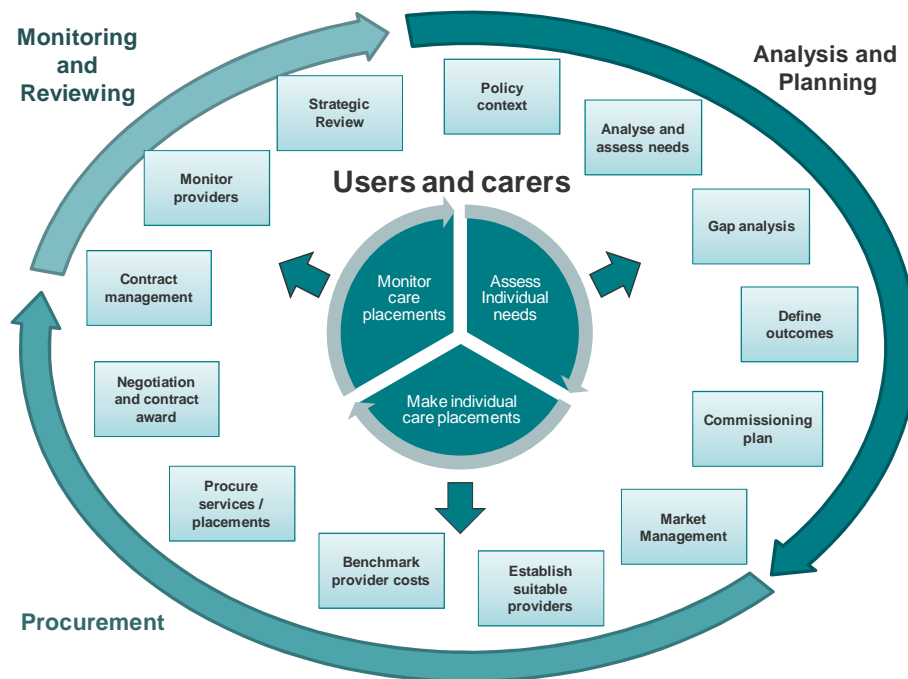
### **4.2 Current arrangements- the Commissioning Landscape**

The existing landscape for commissioning social care services across North Wales paints a complex picture. It spans multiple departments of the six local authorities, and also includes joint commissioning with BCUHB where an individual's health and social care needs are closely linked.

4.3 The large number of organisations and individual departments involved results in a multitude of interfaces which need to be managed in a joined up fashion to ensure that the end user receives seamless care. It also leads to areas of repetition and overlap between commissioning functions and activities, which can cause internal inefficiencies and a diluted, fragmented market place for providers.

### **4.4 High Cost, Low Volume Placements**

With some notable exceptions, the majority of residential high cost, low volume social care placements are commissioned by each individual local authority or BCUHB across North Wales on behalf of their own populations. These arrangements cover the whole commissioning cycle- from assessing an individual's complex needs to procuring residential care placements and monitoring quality of the placements – and are often replicated several times within each local authority and BCUHB across each unique service area. Each of the Local Authority areas and BCUHB have different processes and standards in place within the commissioning process and there are some gaps and areas of duplication within the commissioning cycle outlined below.



#### 4.5 Learning disabilities

In the case of individuals with complex learning disabilities some specific elements of the commissioning cycle, most noticeably procurement and market management activities, are now undertaken on a regional collaborative basis. This has enabled full transparency of all costs, and improved the ability of North Wales as a whole to control and manage the market in an effective and efficient fashion on a regional basis.

#### 4.6 Mental health

The vast majority of mental health commissioning and procurement is funded by and led by BCUHB. Close working with clinicians will be required to embed new commissioning and procurement arrangements and to deliver successfully cost efficiencies and quality improvements.

#### 4.7 Physical disability and sensory impairment

The number of PDSI placements that fall into the high cost low volume category is relatively small. Teams may only have to deal with such cases once every few months or longer, but it can take a large amount of time to find suitable placements to meet what are usually very complex needs.

## **4.8 Children's Services**

There are a significant number of children's placements within residential care and residential schools, funding for which can be joint or tripartite between social care, education and health. All the packages are extremely high cost to the partners and there would appear to be merit in working collaboratively to make efficiencies.

Within children's services there is a requirement to use the Children's Commissioning Support Resource (CCSR) to identify residential placements wherever possible. However, partners report that for the high cost low volume services that are the subject of this FBC, CCSR is often not that relevant or helpful, and a refreshed approach to identifying suitable placements may prove to be very productive.

As part of the RCH development, leaders of Children's Services across North Wales (social care, education and health), have agreed in principle to work with SEWIC (the South East Wales Improvement Collaborative) in terms of becoming part of the All Wales Framework for Foster Care. Foster care is not within the scope of the RCH project currently, but there are strong synergies with the commissioning of children's residential care, which is within scope. They wish to explore the benefits of expanding their collaborative work with SEWIC and equally with the North West of England procurement project- which is also dealing with high cost low volume foster care placements.

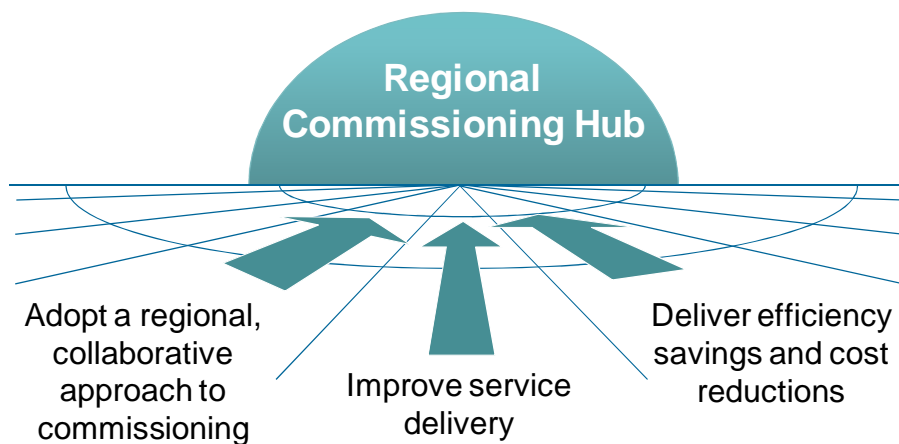
## **4.9 Vision for the future**

- 4.9.1** The Vision for the RCH, developed at Outline Business Case stage is to 'develop a regional commissioning, procurement and monitoring hub for social services, education and BCUHB high cost, low volume placements'.
- 4.9.2** All partners want to work towards developing alternative, more cost effective services in the community but expect there to be a continuing need to procure good quality residential placements which deliver improved outcomes for individuals at a sustainable cost for partners.
- 4.9.3** The vision for the RCH is currently restricted to high cost low volume residential placements or alternative provision which substitutes for such placements. However, partners can see the potential for the RCH to develop beyond its current scope to cover other services and other regional functions, particularly in line with "Sustainable Social Services: a Framework for Action." However, these services and functions are not part of the current FBC and all partners agree that building trust and confidence through delivering on the current scope will be key to expansion.
- 4.9.4** The design of the RCH, however, is such that it does have the flexibility to support other regional or sub-regional collaborative initiatives where opportunities for efficiencies are identified and where the work programme allows. For example, additional commissioning

or contract monitoring capacity, relating to other categories of spend, could be added without fundamentally altering the proposed staffing structure of the RCH.

#### 4.10 Design principles

4.10.1 The process of developing the OBC led to the following Design Principles being generated for the RCH, incorporating three key objectives.



4.10.2 The design principles derived from a series of workshops that were facilitated by Tribal/Capita during the OBC phase and included a strategic workshop comprising executive members and Directors and thematic workshops for Contracts and Commissioning, Learning Disabilities, Mental Health, Physical Disability and Sensory Impairment (PDSI) and Children's services colleagues from each partner organisation.

4.10.3 The key design principles are:

- Collaboration must allow for local accountability, flexibility and delivery
- Emphasis on equity, quality and outcomes
- Collaborative arrangements must place individual needs and carers at the heart of commissioning
- To achieve the best possible value for money, in terms of both commissioning and delivery
- Standardise wherever possible (in particular data, process and outcomes)
- All processes and frameworks should support collaboration
- Do things once as a region where possible
- Decisions should be based firmly on knowledge and information
- Manage and control the market as a single region which supports the North Wales economy
- Everyone must gain from collaboration (or at least no-one should lose)
- Build on existing good practice
- Change needs to be appropriately resourced and managed
- Collaboration needs to reflect cultural and language needs.

4.10.4 To complete the FBC 8 work streams were established to develop the following areas. The Design Principles above were used as benchmarks in developing options and proposals.

**Finance and Data** – data cleansing, financial profiling, cost sharing principles, protocols between partners (led by Paul McGrady, Denbighshire County Council on behalf of Section 151 officers)

**Regional/Local** – clarifying the anticipated functions of the unit and sharing of roles/responsibilities between the RCH and each partner (led by Neil Ayling, Director, Flintshire County Council)

**Governance** – focussed on the governance, performance framework, work programme, partnership agreement (led by Sally Ellis, Director, Denbighshire County Council)

**HR** – working through issues including job descriptions, person specifications, HR strategy (lead- Joanna Griffiths, Director, Conwy County Borough Council)

**IT**- identifying short and medium-term IT requirements for the RCH with associated costs and implementation requirements (led by Meilys Smith, Gwynedd County Council)

**Communication and Learning** – focussing on methods of disseminating information to partners and change management issues (lead- T Gwynn Jones, Director, Anglesey Council)

**Provider engagement** – focussed on how to communicate with independent sector providers (lead- Steve Williams, Head of Performance, Wrexham County Borough Council)

**Children’s services** – (led by Heads of Children, Chaired by Leighton Rees, Denbighshire County Council) focussed on identifying new procurement strategies for acquiring placements and commissioning priorities.

The outputs from these work streams and recommendations from various options comprise key content within this FBC. More detailed information can be made available if required.

The desired outcomes of the RCH have been defined in a measurable way. Proposed aims, principles and objectives and the related performance framework are set out in Appendices 1 and 2.

#### 4.11 Options

Five options were detailed in the OBC for potential delivery of the RCH. However this was based on an in-scope spend of £62.1m. Data cleansing has indicated that the current in-scope spend is now £46m.

The options were as follows:

Option 1	Loose Collaboration
Option 2	Basic Regional Collaboration
Option 3	Co-ordinated Regional Collaboration

Option 4	Co-ordinated regional commissioning
Option 5	Fully integrated model

#### 4.11.1 Option 1 – Loose Collaboration

##### Description

This option would require the least change and active collaboration from partners. It would build on a range of collaborative activities already in place and place these on a more formal basis. A framework would be developed that would be used by each partner to categorise its commissioning activities and to share information with other regional partners. This framework could also work on a regional or sub-regional level and would be relatively informal. It would not require standard processes or definitions, although these would make it easier to share information and use it effectively.

##### Costs

Costs associated with this option would be low – virtually zero. It is anticipated that partners could accommodate the proposed collaboration within existing staffing levels and activities.

##### Benefits

0-2% savings. No additional benefits to accrue in Learning Disabilities. On an expenditure of £38.5m estimated savings £0-770,000 if all 7 organisations participated.

##### Risks

Contracts would need to be checked and might need to be revised to ensure that commercial information could be shared appropriately.

Data collection and management varies across organisations which might hinder capacity to benchmark.

Level of collaboration might not meet Compact requirements.

Low potential savings

Little different to status quo.

#### 4.11.2 Option 2 – Basic Regional Collaboration

##### Description

This option envisaged a step up from loose collaboration. What would distinguish this option from loose collaboration is that partners would commit to working together in a basic way to enhance their procurement and commissioning activities. A framework would be developed that sets out some agreed functions and activities that partners would undertake together. It might be agreed that certain partners would undertake particular activities on behalf of others. Staffing arrangements – staffing required would be provided within each partner's organisation. Partners would agree lead partners for particular activities.



### **Costs**

Minimal staffing costs – should not increase but might need re-shaping.

### **Benefits**

0-5% savings. No additional benefits to accrue in Learning Disabilities. On an expenditure of £38.5m estimated savings would be £0-1,925,000 if all 7 organisations participated.

### **Risks**

As Option 1 plus:

Collaborative contract monitoring would depend on effective reciprocal arrangements to provide all partners, service users and carers with necessary assurances

No defined structure or tangible legacy to ensure benefits are achieved.

## **4.11.3 Option 3 – Co-ordinated regional collaboration**

### **Description**

This option would see the more structured co-ordination of a collaborative approach, with a small dedicated staff team to take on activities as agreed by partners. It is likely that activities would be carried out by existing commissioning teams but these would be supplemented by additional resource, paid for by the partners in order to drive cost savings, quality and efficiency activities.

Staffing arrangements – 1 x Commissioning Manager, 0.5 x Resource Officer (in addition to current regional Learning Disabilities team).

### **Costs**

The annual costs associated with this option would be:

Staffing £67k plus costs of existing learning disabilities team = £42k. Total £109k

Hosting costs £7k

Implementation costs £7k

### **Benefits**

2-7% savings to include additional savings in Learning Disabilities. On expenditure of £62.1m estimated savings £1.24m to £4,347m.

### **Risks**

As options 1 and 2 above plus:

Partners may be reluctant to fund posts without assurance of how benefits will be distributed.

Savings may not be realised

Partners may be vulnerable as there would be only 1.5 additional posts with a heavy workload.

## **4.11.4 Option 4 – Co-ordinated regional commissioning**

**Description**

This option would establish an RCH with staff resources to focus on each of the four areas in scope for at least two or three years. The focus would be on driving down costs, collaborative commissioning activity, market management and market shaping. The proposed staffing would be 4 commissioning officers (including the current LD Regional Manager), a data officer and two resource officers.

**Costs**

Staffing £353k  
Hosting costs £30k  
Implementation costs £28k

**Benefits**

5-10% savings to include additional savings in Learning Disabilities. On expenditure of £62.1m estimated savings £1.928m - £5.033m.

**Risks**

As Option 3 above plus:  
Impact of RCH would be limited if partners opt out  
Data security problems through sharing information between different systems  
Benefits in terms of reducing costs for partner organisations' remaining commissioning teams not addressed .

**4.11.5 Option 5 – Fully integrated model**

Establishment of a fully integrated RCH that would undertake a range of activities ranging from analysis and planning to procurement and commissioning and through to monitoring and review. It would see a number of staff working together across the region, although still operating from within local bases. They would deal with commissioning, service development, contract monitoring and potentially make placements in line with locally identified service user requirements. Staffing arrangements – 1 x Senior Commissioning Manager, 3 Commissioning Managers, 2 x Development Officers, 1 x Contract Monitoring Officer, 2 x Data Manager/Analyst, 3 x Resource Officers.

**Costs**

Staffing £564k  
Hosting costs £50k  
Implementation costs £40k

**Benefits**

8-12% savings. On expenditure of £62.1m estimated savings £3.086m to £5.570m.

**Risks**

Complexity of bringing staff together

Local partners disempowered  
Large step for partners to deal with  
Political and corporate agreement required  
Net benefits not significantly higher than Option 4  
Staff recruitment  
Savings may not be realised  
Robust performance management indicators  
Impact of the model is limited if parties opt out.

4.11.6 When the OBC was discussed partners expressed the following views:

Options 1 and 2 were felt to offer few advantages over current arrangements.

Option 5 was considered high cost and, at OBC stage, there proved little appetite for an option which, while delivering little by way of additional financial benefit over Option 4, was felt to take over activity best delivered locally (eg development of local commissioning plans). Doubts were also expressed as to the evidence base of the higher level savings claimed, and these doubts were not satisfactorily answered by Tribal/Capita. Some features, however, were considered valuable eg provision of a brokerage service.

While many of the features of Option 4 were felt to be attractive, this option, as described at OBC stage, was also felt to be staff heavy and it was felt this aspect needed further scrutiny within a FBC.

The final preference was for an Option which would sit between Options 3 and 4 of the OBC. The process of developing the FBC has enabled this to be fleshed out and the detail of a preferred option to be worked through.

#### **4.12 Preferred Option**

4.12.1 Following completion of the OBC by Tribal/Capita the Project Board, NWSSIC, BCUHB and the Social Services and Health Programme Board endorsed the development of this FBC. A 'common script' report was taken through each Local Authority's political processes and BCUHB's Board of Directors which outlined the options presented in the OBC and recommended that further work be undertaken to develop an FBC with features sitting between Options 3 and 4 of the OBC.

The preferred option for the RCH is a **Structured Regional Collaboration and it incorporates features of the OBC Options 3, 4 and 5.**

#### **4.12.2 Description**

This option would see the structured coordination of a collaborative approach. It would include a formal partnership agreement and service level agreements or memoranda of understanding between partners, NWPP and other regional collaboratives. Placement information would be shared for analysis and benchmarking. RCH staff would undertake a range of functions for each of the four areas in scope ranging from analysis and planning to procurement (including through a placement brokerage service), commissioning, monitoring and review. Optimum procurement strategies would be developed and, for at least two or three years, the focus would be on improving quality, driving down costs, collaborative commissioning activity, market management and market shaping. Development into further areas would be considered.

#### **4.12.3 Activities**

Providing a placement brokerage service for new placements (Capita Option 5)

Negotiating with providers to ensure optimum prices across each of the in-scope services for existing placements (Capita Option 4)

Development and implementation of a regional contract monitoring framework and provision of contract monitoring service where required – including development of outcomes framework/criteria (Capita Option 3)

Within 2 years development of capacity to commission alternative service provision on a regional/sub-regional basis and capacity to support regional and sub-regional commissioning activities networking with other regions (Capita Option 4)

Support and advice to local commissioning teams including supporting them to lead in specific areas (Capita Options 3 and 4)

Co-ordination and management of specific databases for in-scope services (Capita Options 3 and 4)

Co-ordination and analysis of agreed information, datasets and benchmarking across partners (Capita Option 4)

Market management to respond to gap analysis (Capita Option 5)

Being a single point of contact for Providers in relation to in-scope services (Capita Option 5).

#### **4.12.4 Governance arrangements**

The recommended approach is for the Host Partner to employ the staff underpinned by a management board and partnership agreement together with memoranda of understanding or service level agreements between partners, the North Wales Procurement Partnership and other regional collaboratives. (See also Management Case section).

#### **4.12.5 Staffing Arrangements**

- 1 x Regional Manager
- 1 x Commissioning and Procurement Officer
- 1 x Resource/Data Officer
- 1 x 0.75 FTE Contracts Monitoring Officer.

#### **Rationale**

It has been identified that 3 staff would be needed to deliver the management, procurement and commissioning aspects of the RCH with a further post holder required to deliver a regional contract monitoring framework and a monitoring services for some partners.

Tribal/Capita, who delivered the OBC for this project and also the business case for the regional procurement project use a baseline of £15m of procurement spend per procurement officer needed. Local experience from the Regional Learning Disabilities project was of one officer taking forward work against a £13.5m spend. The current in-scope spend is now £46m therefore 3 officers appears reasonable. One of these officers will have leadership and management responsibilities for the RCH also. The potential savings also justify a staffing investment of this size.

The size of the contract monitoring resource has been calculated based on an equal investment to deliver a contract monitoring framework for all partner and for those partners who have opted to purchase monitoring services calculations have been based on percentage of population.

Given the small size of the team there would be an expectation of flexibility across post holders to enable cover for each other to match work flows and specific demands.

#### **4.12.6 Accessing Other Skills**

Such a small team could not be expected to have all the skills that may be needed to maximise the effectiveness of the RCH. It is expected that specialist procurement expertise would be available via the North Wales Procurement Partnership or its successor, and a range of support services would be available from the Host partner (e.g. legal services, audit etc).

#### **4.12.7 Outcomes/ Outputs**

- Development of a common approach to analysing local needs and service usage, built on best practice across the region and beyond. This will include collection of common information on the nature of in-scope services, on unit costs, contract prices, providers, capacity and outcomes- to a consistent format
- Benchmarking of data regionally and sub-regionally
- Development of procurement strategies for in-scope services to deliver best possible value for money. Negotiation with providers on behalf of partners to achieve best value for money
- Procurement of placements and services and provision of a regional brokerage service for in-scope services
- Exploring the development and management of databases for partners for each in-scope service
- Exploring the development and maintenance of preferred provider lists
- As opportunities arise exploring better value procurement of other categories of spend, or commissioning alternative service models
- On the basis of needs and gap analysis, development of regional/sub-regional commissioning plans in accordance with agreed work programme priorities
- Commissioning of new services and support for local commissioning teams to commission new services in areas agreed within the work programme
- Development of a regional framework for the contract monitoring of in-scope services, providing a direct service as required and ensuring monitoring information is shared and held to promote safeguarding and appropriate information security
- Networking with other regions in Wales to ensure that practice and initiatives are in line with best practice and well co-ordinated
- Provision of a single point of access for providers of in scope services
- Use of market intelligence to enable the market to be shaped to deliver best use of local provision/capacity
- Monitoring of market sustainability
- Monitoring of trends to anticipate future needs

#### **4.12.8 Financial Evaluation**

See Financial Case section for detail

In summary - additional funding required - approximately £145k per year

Gross savings range = £1.1m to £2m or approximately 2.5% - 4% on spend of £46m (NB These figures do not include potential savings from cost avoidance ie that the costs of future placements will reduce as the result of the RCH's procurement work. Nor do they include potential savings from the commissioning of alternative more cost effective services)

#### 4.12.9 Benefit Analysis

Benefit Category	Benefit	How this benefit will be realised
Enablement	<b>Regional support for commissioning</b>	The regional resource will provide a source of knowledge and expertise with regard to commissioning for the in scope services.
	<b>Development and management of provider database</b>	Such a database can be managed and maintained on a regional basis and provide accessible information on costs, capacity, quality and other criteria.
	<b>Co-ordinated market management</b>	
	<b>Regional commissioning plan</b>	The regional resource and database will enable more effective market management , which will include an increasing ability to work with potential providers to address gaps in provision as well as driving down costs.
	<b>Direct cost savings</b>	This approach could provide the resource for developing a regional commissioning plan, linked to effective market management activity. On a regional level, improved Management Information will allow market trends to be spotted and analysed across LA boundaries, and enable benchmarking of key factors such as cost and quality to be carried out across the region as a whole – helping to identify savings opportunities.
Financial	<b>Efficiency savings</b>	Increased transparency over costs will help partners to reduce costs by paying only for services which are necessary and have actually been delivered
	<b>Efficiency savings</b>	Collaborative procurement and leveraging the collective purchasing power of the region will

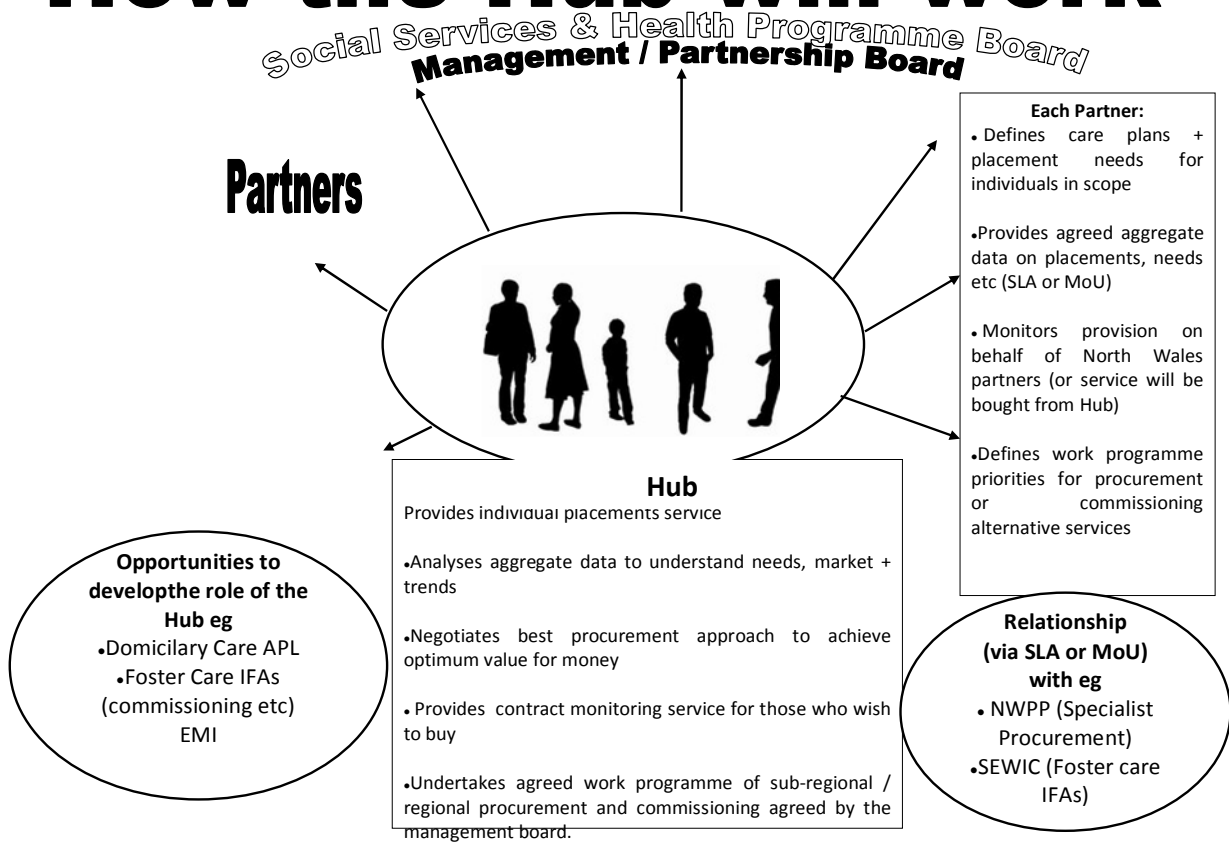




It is assumed that the commissioning manager and the commissioning officer will have come from a different service background .

Robust information sharing protocols will need to be in place in order for local authorities to act on behalf of others in terms of collection of data and sharing information about service users in the quality monitoring process.

# How the Hub will work



## 4.12.11 Implementation overview

Implementation of this option is defined as: **Medium.**

Key tasks relating to governance arrangements and financial modelling and savings have already been undertaken for the development of this FBC. However these will need to be finalised at the implementation phase.

A substantial change management programme would need to take place with all partner organisations.

Implementation is expected to take about six to eight months (depending on ability to recruit to all posts at first attempt). Costs will include officer time to recruit and to develop governance arrangements in addition to staff and running costs.

Initiate	Plan	Implement	Deliver	Benefits realisation
March 2012	April – September plan procurement strategies	September	December – savings from fees negotiated	2013 onwards (6 months from go-live)

#### 4.12.12 Risks

The funding required for the RCH staff requires initial outlay. Partners may be reluctant to fund posts when it is not possible to guarantee benefits. Financial modelling has sought to address this issue.

Risks associated with collaborative contract monitoring will be addressed through the development of a regional quality monitoring framework.

It may not be possible to recruit the number of staff required with the appropriate skills, particularly to short term contracts.

The varied way in which partners collect and manage data, and the variable quality of this data, may hinder the capacity to benchmark and collaborate efficiently. However the RCH should help move partners systematically to a more consistent approach to data collection and management information.

Predicted savings may not be realised. This is a risk based on the variation in costs across the region and across providers and different market conditions. The range of benefits quoted reflects the challenges and difficulties that may be encountered. Robust performance management arrangements should be put in place to set and monitor the delivery of targets. The RCH remains viable, however, and delivers savings to all partners. even at lower range assumptions.

The impact of the RCH will be limited if partners opt out of the arrangement. This needs to be addressed by ensuring that a broad and long term approach to measuring gains and losses across all services in scope is taken.

## **4.13 VARIATIONS FROM THE OBC**

### **4.13.1 Data adjustments**

Data collected for the OBC was collated at a range of points in 2010/11 from each of the key stakeholders. The data gave a snap shot picture of the highest costing placements across North Wales on a given date in time.

4.13.2 More intense scrutiny of the data following completion of the OBC revealed that there were a number of high cost placements included in the submissions which were, in fact, out of scope of this particular project. This included placements which were part of a national NHS Mental Health Secure Services Collaborative Procurement Project. Placements in Independent hospitals were also out of scope of this project and this data had to be removed

4.13.3 There were also a number of care packages identified which were community living packages which were out of scope. There were a small number of duplicated cases found within the data too. An adjustment was also made to the cost of Children's Placements in Flintshire- as the result of intensive local work to improve procurement practice. With the removal of these care packages the value of the in scope packages reduced to £46m.

The population within residential care is not static and therefore there is likely to be variation of funding levels by the time of implementation.

### **4.13.4 Learning Disabilities Network/Project**

The 6 Local Authorities have been working together during the past 3 years on several levels to ensure that LD services are sustainable for the future. This has included the "proof of concept" work in learning disabilities placements. Several joint commissioning priorities, have been agreed across local authorities and with BCUHB and these are consistent with the RCH remit. It is therefore recommended that the regional learning disabilities work, and the local authority part funding contribution attached to it, should become an integrated part of the RCH.

### **4.13 5 Regional Care Home Fee setting project – (Older People)**

NWSSIC has established a joint regional group with BCUHB to explore a regional approach to care home fee setting. This is particularly focused on placements for older people. However, the RCH will also need to be involved in the regional work around fee setting for Older Peoples residential care homes to ensure consistency of approach across all adult services. The resource implication for this is negligible and will not impact on RCH staffing.

### **4.13.6 Administration of the Regional Quality Approved Provider List – (Domiciliary Care)**

The administration of the APL is currently undertaken by the North Wales Procurement Partnership. However this arrangement cannot continue for the long term. The function involves providing the administrative function of managing the APL process using Bravo Solutions. As this is a regional contracting approach it is recommended that this becomes a

function of the RCH. The resource implication for this is negligible and will not impact on staffing.

4.13.7 Future suggested projects for inclusion into the RCH are:

A lead role in regional care home fee setting processes

EMI bespoke placements

Specialist day placements

Commissioning of Independent Foster Care Placements.

When the RCH is established these can be considered as part of the process for agreeing the RCH's work programme or considered for additional resourcing, depending on the circumstances.

#### **4.14 Summary**

Current commissioning arrangements for high cost low volume social care placements across the three key elements of the commissioning cycle are complex and time consuming, and, with the exception of learning disabilities, are not using the potential collaborative power of partners to manage and shape markets and reduce costs. While projected savings at OBC stage are considered to have been optimistic, the FBC is still viable at more pessimistic assumptions.

No single structural option for a RCH at OBC stage was preferred and further work has been undertaken within the FBC to build an option which incorporates key functions, scales capacity to workload and has potential for further development.

## 5 COMMERCIAL CASE

5.1 This section of the FBC sets out the commercial benefits from establishing the RCH, and the distinctive contribution of key partners to delivery and risk management.

5.2 In the recent past, residential placements have been arranged through spot purchasing arrangements, in the main using contracts negotiated by each partner separately. Often placements have been made outside the region. However, contract arrangements are changing and prior collaboration work means that national and/or regional “outcomes-based” contracts are coming into place across both local authorities and BCU. This offers a more coherent contracting environment for providers and the RCH will be well placed to build on and contribute further to these developments.

5.3 In addition to more streamlined contracting arrangements, the RCH’s improved approach to market management will bring a number of advantages.

5.4 The RCH will enable North Wales to drive, manage and shape the market as a collective body rather than being driven by the market as individual organisations. This will allow the region to manage capacity as a whole and reduce current gaps between supply and demand. It will enable work in partnership with current providers and potential market entrants to ensure future needs are met. It will encourage competition, ensure the right care is available in the right place and support the North Wales economy.

5.5 The RCH will enable commissioners to improve the steer and advice they offer providers thus enabling them to ensure their businesses are relevant and viable.

### 5.6 Procurement Strategy

With the advice of North Wales Procurement Partnership, the RCH expects to use a range of procurement approaches to secure value for money. These will include “Open Book Accounting”, which is being used successfully with learning disability placements in North Wales, but other approaches such as tendering, dynamic purchasing or block contracting will also be explored suitable to different market sectors and conditions. Particular focus will centre on enabling providers local to North Wales to develop their businesses to meet current and future needs and market gaps.

### 5.7 Contractual relationships

The roles and relationships of each of the partner organisations within the RCH are ascribed below

Organisation	Role/s	Responsibilities
Host partner	Establishment of RCH Employment of staff	Accountancy and s 151 officer support/ financial monitoring Legal, HR, audit support Access to Experian (Provider

		credit checks) Performance reporting
Local authority partners	Management Board representatives	Ensuring the RCH delivers the benefits planned Reporting to governance structures Ensuring partner organisations comply with agreed systems/procedures to enable the RCH to operate effectively Providing expertise/leadership in agreed areas
BCUHB	3 x Management Board representatives	Ensuring the RCH delivers the benefits planned Reporting to governance structures (CPGs and Board) Ensuring partner organisation complies with agreed systems/procedures to enable the RCH to operate effectively Providing expertise/leadership in agreed areas
North Wales Procurement Partnership	Provision of specialist procurement advice	Reporting to NWPP Board Ensuring RCH procurement approaches benefit from best practice
Social Services and Health Programme Board	Overseeing implementation of RCH on behalf of the Regional Leadership Board	Political leadership for regional social care/health collaboration

## 5.8 Risk allocation

All six local authorities and BCUHB share the risk that savings will be less than projected.

The RCH Manager, with the Management Board and the Social Services and Health Programme Board, bear the risk of ensuring that robust arrangements are in place for the establishment of the RCH, performance monitoring and delivery of the benefits outlined.

All partners face reputational risks around any failure in delivery.

## 5.9 Summary

There are a range of potential commercial benefits associated with the successful implementation of the RCH both to commissioners and to local businesses. The roles and

responsibilities of each partner have been clearly set out so as to build on strengths, ensure delivery and mitigate risk.

## 6 FINANCIAL CASE

### 6.1 Detailed data and financial appraisal

6.1.1 For the development of the OBC data was collected at a range of points in 2010/11 and further verification and cleansing of the original data revealed the inclusion of out of scope spend. For example the inclusion of independent hospitals and community living packages was identified and this data had to be removed.

6.1.2 Data also confirmed that differential rates were being paid across the region to Providers, for example one Provider generated packages of care ranging from £612 to £3150 per week with no clear differentiation in what was being purchased.

6.1.3 Evidence from the Learning Disability Regional project has revealed that it is less feasible that savings will be made from packages that cost below £1000 a week or from respite. Packages of care that fall into the category of between £500 and £1000 a week and respite have been left in the in-scope spend figures however have not been included in the savings profile within this Financial Case. As the result of intensive local work to improve procurement practice in Flintshire, 5 children's placements have been re-negotiated and therefore have been removed from the expenditure and savings profile. The total in-scope spend therefore, has now reduced from the £62.1m quoted in the OBC to £46m.

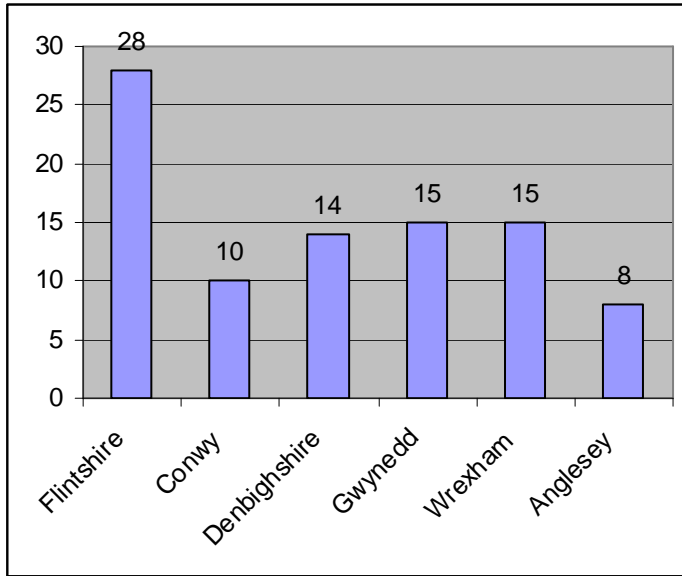
#### 6.1.4 Children's placement costs

This table shows the expenditure for children's placements broken down between BCUHB, social care and education.

<b>Placement Costs</b>	<b>Health</b>	<b>Social Care</b>	<b>Education</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Flintshire		1,925,310	1,176,818	3,102,028
Conwy		748,745	593,749	1,342,494
Denbighshire		899,255	733,406	1,632,661
Gwynedd		1,668,269	729,426	2,397,695
Wrexham		1,803,050	258,476	2,061,526
Anglesey		850,052	220,455	1,070,507
Health	2,800,784			2,800,784
<b>Total</b>	<b>2,800,784</b>	<b>7,894,581</b>	<b>3,712,330</b>	<b>14,407,695</b>
Under £1000				335,486
Respite		330,864	281,566	612,430



6.1.5 Number of Children’s placements per authority area which includes BCUHB placements



6.1.6 The total cost of in-scope children’s placements is **£14,407,695**.

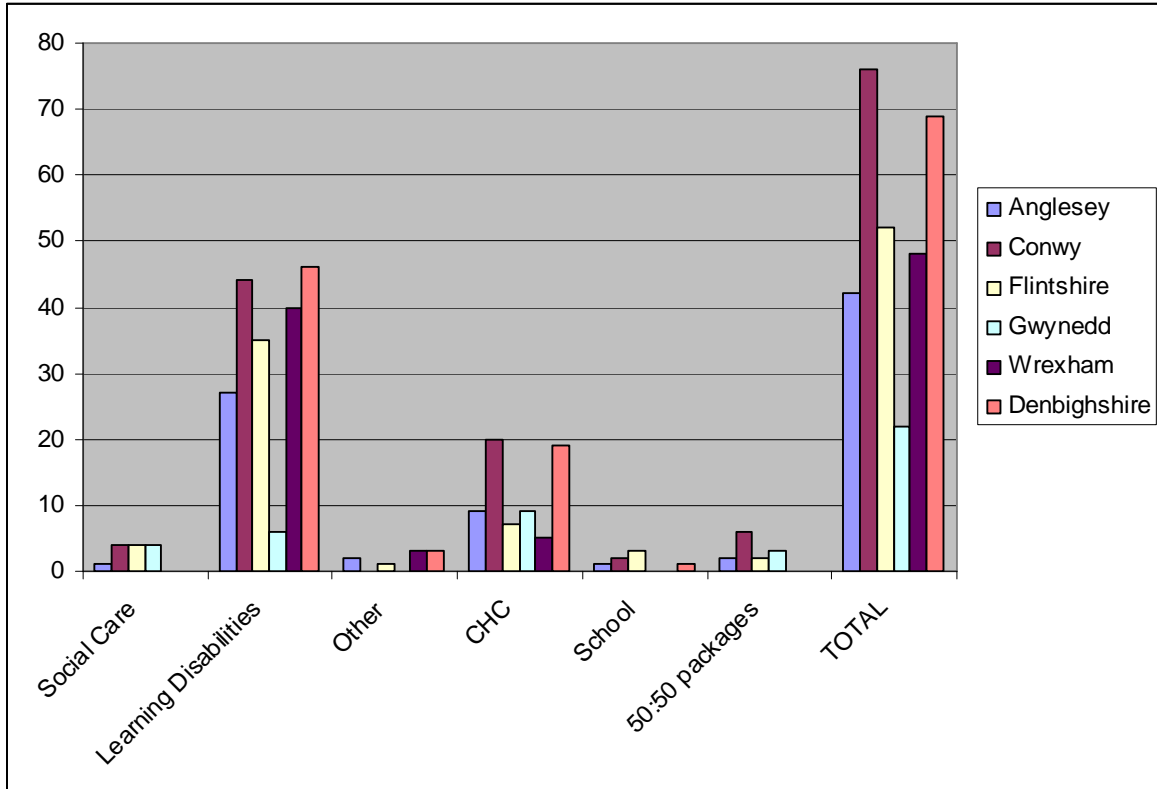
6.1.7 Adults Placement Costs:

This table shows the total expenditure per authority area, BCUHB and client contribution. This table does not include independent hospital or community living costs which were included in the OBC.

Partner	Gross £	LA £	Health £	Client Contribution £
Anglesey	3,003,336	1,953,724	976,957	72,654
Gwynedd	3,537,039	2,106,251	1,259,931	170,857
Conwy	6,751,126	4,436,452	2,132,601	182,074
Denbighshire	7,943,339	4,738,687	2,868,897	335,755
Wrexham	5,284,125	3,886,471	1,282,577	115,077
Flintshire	4,772,734	3,846,697	887,650	38,386
<b>TOTAL</b>	<b>£31,291,699</b>	<b>£20,968,282</b>	<b>£9,408,613</b>	<b>£914,803</b>

6.1.8 Number of adult placements per partner:

This graph shows the number of adult placements broken down into categories.



<b>Social Care</b>	Packages of care in residential/ nursing Homes primarily funded through Local Authorities .This group does include those in receipt of free nursing care contribution of £121 per week .
<b>Learning Disabilities</b>	Specialist bespoke packages of care in residential sector funded through LD budgets for both health and social care.
<b>Other</b>	Insufficient data received to identify whether funding is from health or social care.
<b>CHC</b>	Packages of care either within a nursing home or residential care home fully funded by BCUHB
<b>50:50</b>	Placements in Residential Care or Nursing home with a proportion of joint funded care
<b>Schools</b>	Adult residential colleges costing above £500 per week

6.1.9 The total number of in-scope adult placements is 309 across the region. The total per local authority area is:

Local Authority area	Total number
Anglesey	42
Conwy	76
Flintshire	52
Gwynedd	22
Wrexham	48
Denbighshire	69

The anticipated level of savings that can be achieved through procurement from the £46m spend, discounting the packages under £1000 per week and respite, is in the range of £1.1m to £2m (gross) over a 3 year period.

## 6.2 Financial modelling- savings

6.2.1 The tables below analyse how benefits and costs would be shared on the basis of the data gathered in 2010/11. Data will be updated as part of implementation arrangements to provide the most current picture of projected financial benefits and costs to each partner.

6.2.2 While all partners strive to manage placement costs, the general experience is that the numbers of individuals with complex/challenging needs is increasing. This is in part a reflection of demographic change, for example people with learning disabilities living longer, or children with complex congenital disabilities surviving to adulthood. In some cases, other factors are at play – the increase in the number of looked after children linked to national safeguarding concerns provides an example.

## 6.3 Projected Savings - Assumptions

The original assumption made was that the methodology adopted in the Regional Learning Disability project would achieve the highest level of savings. However, market sectors vary and work carried out in Flintshire’s children services suggests a lower percentage saving there. This may well be because competition in North Wales in the provision of placements for children is less developed than for learning disability placements. We have therefore made our savings predictions based on both local experiences and given a range of outcomes.

## 6.4 Projected Savings

A range of saving predictions have been calculated including levels of between 2% on packages under £4500 and 5% on packages over £4500, 5% across the board and 5% on packages under £4500 and 10% on packages over £4500 in both adults and children’s placements. However, within this range the savings can be anywhere within the 2% and

10% spectrum. A more optimistic prediction could have been made however, based on the Learning disabilities project and Flintshire's children's re-negotiations to generate a saving of between £1.2m and £1.9m appears feasible.

### Financial benefits to each partner

The tables below show the anticipated savings on existing care packages broken down into adults, Learning Disabilities and children's services. Savings projections from the Learning Disabilities project for 2012-14 are included within these anticipated savings and will not be in addition.

#### Scenario 1

##### Savings

Savings based on adult and childrens savings of 2% under £4500 and 5% over £4500

Authority	Adults Saving	LD Savings	Children's Saving	Total Saving	% of Overall Saving
Flintshire	£7,074	£241,151	£78,798	£327,023	28.40
Conwy	£13,664	£65,786	£45,361	£124,811	10.84
Denbighshire	£4,127	£7,468	£39,771	£51,366	4.46
Gwynedd	£11,722	£34,764	£74,530	£121,016	10.51
Anglesey	£5,268	£30,450	£34,721	£70,439	6.12
Wrexham	£5,643	£162,674	£62,236	£230,553	20.02
BCUHB	£153,166		£73,225	£226,391	19.66
<b>Total</b>	<b>£200,664</b>	<b>£542,293</b>	<b>£408,642</b>	<b>£1,151,599</b>	<b>100.00</b>

#### Scenario 2

##### Savings

Savings based on adults and childrens savings of 5% under £4500 and 10% over £4500

Authority	Adults Saving	LD Savings	Children's Saving	Total Saving	% of Overall Saving
Flintshire	£17,685	£241,151	£183,032	£441,868	22.49
Conwy	£34,160	£65,786	£97,976	£197,922	10.07
Denbighshire	£10,317	£7,468	£93,496	£111,281	5.66
Gwynedd	£29,304	£34,764	£164,179	£228,247	11.61
Anglesey	£13,169	£30,450	£75,710	£119,329	6.07
Wrexham	£14,108	£162,674	£138,085	£314,867	16.02
BCUHB	£382,915		£168,723	£551,638	28.07
<b>Total</b>	<b>£501,657.85</b>	<b>£542,293.00</b>	<b>£921,201</b>	<b>£1,965,152</b>	<b>100.00</b>

## 6.7 Financial modelling- costs

- 6.7.1 A number of options for sharing the costs of the RCH were considered. These included sharing costs on an equal basis between partners, or sharing on the basis of head of population served.
- 6.7.2 However, the recommended option at this stage is for 3 core staffing costs to be shared proportionately to projected savings and the Contract Monitoring visits costs to be shared proportionately on a population basis and the running costs to be shared on a population basis, and the results of this are set out below. Given that it will not be possible to define actual savings until the RCH has completed negotiations with providers, a process of signing off savings, and reconciling these with costs will be used. A different method of sharing costs may be appropriate in future as the function of the RCH develops and changes (eg if new local services are commissioned as an alternative to out of area placements).
- 6.7.3 The modelling below sets out cost sharing assumptions showing the core staffing plus a 0.75 FTE Contract Monitoring post.
- 6.7.4 Each local authority currently contributes £7k per year to meet the costs of the regional learning disability project, as it is proposed that the functions of this project will essentially be subsumed into the RCH, these financial contributions have been offset against the costs of each Council.

### RCH operational costs – 3 core staff plus 0.75 FTE Contract Monitoring plus running costs

Authority	Staffing Costs – 3 members of staff	Delivery of Contract monitoring framework	Contract Monitoring Visits	Running Costs £20k year 1	Total	Less Current Contribution to LD Project	Additional Contribution Required
Flintshire	£30,986	£2000	£1195	£2,200	£36,381	£7,000	<b>£29,381</b>
Conwy	£13,879	£2000	£1725	£1,600	£19,204	£7,000	<b>£12,204</b>
Denbighshire	£7,804	£2000	£1411	£1,400	£12,615	£7,000	<b>£5,615</b>
Gwynedd	£16,006	£2000	£0	£1,800	£19,806	£7,000	<b>£12,806</b>
Anglesey	£8,368	£2000	£0	£1,000	£11,368	£7,000	<b>£4,368</b>
Wrexham	£22,080	£2000	£0	£2,000	£26,080	£7,000	<b>£19,080</b>
BCUHB	£38,683	£2000	£10,347	£10,000	£61,030		<b>£61,030</b>
<b>Total</b>	<b>£137,806</b>	<b>£14,000</b>	<b>£14,678</b>	<b>£20,000</b>	<b>£186,484</b>	<b>£42,000</b>	<b>£144,484</b>

- 6.7.5 Following the formula used above, and assuming 4 members of staff, these are the anticipated net savings for each of the partners.

### Net Savings

Authority	Net Savings with 4 members of staff assuming adult and childrens savings of 2% under £4500 and 5% over £4500	Net Savings with 4 members of staff assuming adult and childrens savings of 5% under £4500 and 10% over £4500
Flintshire	£289,642	£404,487
Conwy	£105,607	£178,718
Denbighshire	£38,751	£98,666
Gwynedd	£101,210	£208,441
Anglesey	£59,071	£107,961
Wrexham	£204,473	£288,787
BCUHB	£165,361	£490,608
<b>Total</b>	<b>£964,115</b>	<b>£1,777,668</b>

#### 6.7.6 Finance protocol

The principal purpose of the RCH is to improve quality and optimise value for money in residential placements through collective approaches to commissioning, procurement and monitoring quality. These placements are frequently funded on a joint or tripartite basis by partners. There is the potential for costs to be moved around between partners rather than focusing on more efficient procurement. For this reason, a protocol setting out rules of engagement and processes for monitoring savings patterns and for dispute resolution have been developed. A draft is attached at Appendix 3.

It will also be necessary to undertake substantial awareness raising/training work with front line staff and managers across partners as part of implementation. This will be required to ensure that the purpose and collective endeavour of the RCH are fully understood and embedded in day to day practice.

#### 6.8 Risks

There is a risk to the financial assumptions if all partners do not sign up to the RCH though sensitivity analysis shows that the RCH is still financially viable without all potential partners

Data collected and used within this FBC is based on that collected for the OBC and some is now out of date.

Savings percentages have been informed by local experience but cannot be guaranteed

Cost sharing has been informed by evidence based estimates of savings but cannot be finalised until actual savings are known.

## 6.9 **Summary**

While a range of savings assumptions have had to be made on the basis of local experience, even pessimistic assumptions show the RCH to be financially viable. This remains true even if one partner decides not to take part and without all partners' buying into the contract monitoring function. This does not take account of further financial benefits from cost avoidance or from local commissioning of alternative service models.

## **7 Management Case**

**7.1** The Management Case sets out the proposed delivery arrangements for the RCH including governance arrangements, HR implications, benefits realisation, implementation and change management requirements.

### **7.2 Governance Options**

The governance options considered for the RCH included an option using existing governance arrangements to a corporate option of establishing an arms length company. Consideration and evaluation of the options, however, using agreed evaluation criteria, has concluded that the preferred option for this project is to have a host partner underpinned by a partnership agreement and management board. It has been recommended by Chief Executives that Denbighshire County Council host the RCH.

**7.3** The governance options considered for the RCH were:

#### **Option 1**

##### **Collaborative Option**

Using existing governance structures such as NWSSIC plus the Regional Social Services and Health Programme Board.

#### **Option 2**

##### **Host Authority single employer/delegation model**

Host partner to employ the staff underpinned by a management board and partnership agreement with reporting to the Social Services and Health Programme Board.

#### **Option 3**

##### **A new organisation (Corporate option)**

An arm's length arrangement would be set up as the 'corporate vehicle' to deliver the service; there are many different options e.g. a company limited by shares, a company limited by guarantee, a limited liability partnership, a co-operative or community company. The parties would still need a contract with this corporate vehicle, whichever form it could take. Staff could be employed by this new organisation.

### **7.4 Evaluation of Options**

Evaluation of the governance options was carried out by members of the governance work stream using pre-set criteria as below.



The outcome of the evaluation was as follows:

Criteria	Weighting	Option 1		Option 2		Option 3	
		Raw	Weighted	Raw	Weighted	Raw	Weighted
Staff and Structure	7	1	7	2	14	2	14
Stakeholder buy-in	15	1	15	2.5	37.5	0	0
Quality and Service User led	20	1.5	30	2	40	1.5	60
Scrutiny	13	1	13	3	39	2	26
Risk and Liability	10	0	0	2	20	1	10
Collective Influence	20	1.5	30	3	60	2	40
Business potential and enterprise	5	1	5	3	15	3	15
Sustainability	10	1	10	2.5	25	1.5	15
<b>TOTALS</b>	<b>100</b>		<b>110</b>		<b>250.5</b>		<b>180</b>

Full details of the options considered and the valuation criteria are available. Option 2 was the clear favourite following scoring.

## 7.5 Delegations

Implementation of the preferred governance option will not take away individual partner's responsibilities in relation to providing social care and health services and statutory responsibilities will remain with each partner. Functions however, would be delegated to the RCH as follows:

<b>Delegating</b>	<b>Not Delegating</b>
Collection and collation of accurate information around placements	Care Planning Decision on appropriate placement
Contract Monitoring – health, social services and education (at the request of partners)	Care management responsibilities Individual service user reviews
Price negotiations	Budget
Relationship with Providers	Contract Monitoring – some partners
Market management	Safeguarding

Commissioning functions	Contract Compliance
Information security	Relationship with service users and carers
Brokerage of in-space placements	

## 7.6 Scrutiny

Each partner will still need to monitor and scrutinise the services of the RCH through regular monitoring involving their scrutiny and other relevant political processes. It is proposed that responsible persons from each partner are identified to be responsible for taking reports through the scrutiny process of their own organisation on an annual basis. Responsible persons will be members of the Management Board for the RCH or members of the Social Services and Health Programme Board. To enable this to happen the RCH will be responsible for compiling a 'common script' report to be used by every partner. Reports for these purposes will be available in both English and Welsh. The strength of this model is that:

- the workload is shared;
- accountability is maintained at partner level;
- it fits in with current constitutional arrangements;
- it requires representatives on the Management Board and Social Services and Health Programme Board to 'own' the performance of the RCH;
- it aligns individual and collective accountability.

## 7.7 Management Board

7.7.1 The composition of the Management Board has been considered and options range from each partner simply having one officer, plus a representative from NWPP, to more complex options.

7.7.2 To avoid making the Management Board complex, a Management Board consisting of the following representation is recommended:

1 Chair – Director or Associate Chief of Staff level

6 Local Authority representatives – ensuring coverage of adults, children's, business, finance and education

3 BCUHB representatives

1 NWPP representative

7.7.3 Adopting this option will give a maximum of 11 members sitting on the Management Board. A quorum for the Management Board is recommended as 4 out of 7 Local Authority representatives and 1 out of 3 BCUHB representatives. Each member of the Management Board will nominate a named deputy. Members of the Management Board will have voting rights and this voting right will be transferred to the deputy if the named representative cannot attend. In the event that both the named member and deputy are

in attendance only one vote will be permitted. It is only envisaged that voting will occur when consensus has not been reached. The Management Board will report to the Social Services and Health Programme Board.

7.7.4 Terms of Reference for the Management Board are being compiled in preparation for implementation.

## **7.8 Partnership Agreement and Key Content**

7.8.1 A draft Partnership Agreement is in the process of development with the assistance of a Denbighshire County Council Legal Officer. This however, will need to be reviewed by legal advisors acting for the partners also. A mature draft of this agreement is available.

7.8.2 The agreement will be based on the following Acts:

- A) Section 33 of the National Health Service (Wales) Act 2006
- B) S2 Local Government Act
- C) S.101 Local Government Act 1972
- D) S.113 Local Government Act 1972
- E) S.111 Local Government Act 1972
- F) S.19 Local Government Act 2000
- G) Local Authority Goods and Services Act 1970

### **7.8.3 Agreeing work programmes/benefits realisation**

It is recommended that an annual work programme, with associated targets, is agreed at least annually to ensure delivery of RCH objectives. The broad phasing of work within the RCH is recommended as follows:

#### **Year 1**

Priority will be given to delivering savings from procurement of current care packages.

Establishment of regional contract monitoring arrangements will be finalised in relation to those partners who will conduct contract monitoring themselves and those which have opted to buy this function from the RCH.

Establishment of core services which all partners will buy into ie: information sharing, data collection and sharing, negotiation, procurement arrangements for existing placements, placement brokerage service for new placement.

#### **Year 2 onwards**

As capacity becomes available, and as opportunities arise for better value procurement of other categories of spend, or commissioning alternative service models, the following would apply:

- at the beginning of each year (or other time period as agreed ) every partner would be asked to propose priorities for the following time period
- these could relate to regional proposals, sub-regional proposals, or local authority/BCU proposals but at least two partners would be expected to be involved
- In deciding on priorities for the work programme, regional proposals involving all partners would generally be prioritised
- Sub-regional proposals with good potential to benefit, or be rolled out wider would be prioritised next
- Over time (a maximum of 3 years) all partners would have access to a ‘fair’ share of commissioning activity
- For the foreseeable future, it would not be expected to charge partners separately for commissioning activity. This would be in order to keep financial transactions as simple as possible and also to maintain an ethos of consensus and collective advantage rather than a commercial relationship between partners and the RCH.

#### **7.8.4 Performance Management Framework**

To manage the success and productivity of the RCH a performance management framework has been drafted based on the benefits identified for the RCH and a results based accountability model (RBA). This has been divided into four quadrants to include reporting on:

- Activity
- Performance
- Feedback
- Finance

The RCH will be responsible for reporting on the performance of the RCH to the Management Board on a regular basis. The performance management framework can be found in Appendix 2.

#### **7.8.5 Equality impact assessment**

An initial Equality Impact assessment for the project has been completed based on the Denbighshire County Council assessment tool which has been slightly adapted to incorporate the BCUHB assessment tool. The Equality Impact Assessment will need to be reviewed annually during the lifetime of the project.

The RCH will work with partners in an inclusive way recognising the importance of promoting communication in both Welsh and English. This has been reflected in the HR strategy for the RCH. A translation budget has also been included in the running costs.

### **7.8.6 Service Level Agreements with partners and what they will cover**

It is envisaged that a Service Level Agreement or Memorandum of Understanding will be needed between the RCH and other collaborative projects such as NWPP and possibly South East Wales Improvement Collaborative. Specialist procurement expertise would be available via the North Wales Procurement Partnership or its successor along with a range of support services such as legal and audit from the host partner. North Wales has been in negotiations with the South East Wales Improvement Collaborative (SEWIC) in relation to their regional developments and should North Wales wish to work with SEWIC to develop any All Wales initiatives in future then an agreement would be needed. A Memorandum of Understanding will be needed between the RCH and each individual partner to ensure clarity about which functions remain local and which functions are delegated to the RCH. It is envisaged that any such agreements could be developed on behalf of the RCH via the Host Authority's legal department.

### **7.8.7 HR issues**

#### **7.8.7.1 Job Descriptions and person specifications**

Job descriptions and person specifications for each role within the RCH have been developed drawing on those for similar posts in existence in North Wales. These will be subject to job evaluation by Denbighshire County Council as host partner.

The RCH team will need a mix of professional background and experience in Adult Social Care, Children's Services, Health, Education and Procurement. It may be difficult to get the full range of experience ideally needed and development/training of staff is likely to be required.

#### **7.8.7.2 Welsh Language Policy for posts in the RCH**

It is recommended that at least half of the post holders in the RCH will be bilingual. This is to ensure that all aspects of the work of the RCH can be delivered in either language according to need. It is not proposed to designate which posts to give a degree of flexibility in appointment. This will be critical given the small scale of the team and the scarcity of the skills required to undertake these posts.

#### **7.8.7.3 Length of Contracts**

Contracts of employment will be offered initially for a 3 year period. The rationale for this is that it is expected that the majority of savings from high cost, low volume residential placements will have been achieved within 2 years. A small brokerage service will be required to maintain services subsequently.

It is also anticipated that there will be a demand to use the RCH to undertake procurement of other services too. However, this is not part of this FBC and has not yet been agreed. In addition it is anticipated that there will be further demand for regional commissioning of alternative services both to improve quality and for cost avoidance but again this has not yet been agreed. There is expected to be growth in demand for regional contract

monitoring arrangements however these are new arrangements and there is value in reviewing arrangements before potentially a permanent service pattern is agreed.

#### **7.8.7.4 Consultation process**

Staff groups affected by the RCH have been briefed during the development of the OBC and FBC. It is anticipated that formal staff and Trade Union consultation will take place once the FBC has been agreed via partners' governance processes in February 2012.

#### **7.8.7.5 Current post holders potentially impacted by the RCH**

Given that this service has only been undertaken as a very small part of the responsibilities of existing post holders previously, it is anticipated that there is only a small risk of redundancy within existing services. In addition, given the nature of the RCH, it is expected that only a tiny number of job holders within existing partners might have a claim on posts in the new structure.

Processes developed for the planned Regional School Effectiveness and Improvement Service (RSEIS) will, however, be used to ensure appropriate rigour to identify post holders who may have a claim and to consider possible ring fenced groups of staff and possible matches. As with RSEIS, it is recommended that independent facilitation be used for job matching purposes to ensure transparency.

TUPE could also arise if there are found to be existing employees with a job match and the RCH is hosted by a partner who is not their current employer. The extent of this needs to be identified and suitable processes need to be put in place. Again, work developed for RESIS will be used as a template. Similarly redundancy could arise if the base for the RCH was located at a distance too far for a post holder with a job match.

#### **7.8.7.6 Size of the RCH Team**

The RCH team will be small comprising 4 staff only. In addition, the skills required to undertake the roles are scarce, requiring a mix of professional care and procurement expertise. As such, the delivery of agreed outcomes will be vulnerable to risks such as sickness or maternity leave. To mitigate this risk there are several options:

- A contingency budget could be included in the RCH costings to enable cover, though this may be difficult to source (and contingency budgets can be an unpopular concept)
- Be explicit that the costings do not cover contingencies like this and, if they arise, partners will be expected to make resources available to enable the RCH to function effectively
- Build in training/development opportunities for staff in related services e.g. Commissioning and Contracts staff within local authorities, procurement staff within BCU or the staff of NWPP so that a broader group of staff with relevant skills is built over time.

The third option, possibly in conjunction with either of Options 1 or 2 seems most promising.

#### **7.8.7.7 Advertising and appointment processes**

Following conclusion of appropriate job matching/TUPE processes, it is envisaged that any posts not filled by these routes will be advertised internally in the first instance, among partners. This will include consideration of employees in redundancy pools.

All potential internal candidates will be subject to competitive recruitment and selection processes. Prior consideration will be given to employees facing redundancy. Prudence however, will be taken over ensuring that the right staff are employed to ensure the success of the RCH.

#### **7.8.7.8 Secondment arrangements**

Given the length of contract, the RCH would welcome applicants from candidates who wish to be seconded from partners. Organisations however, are increasingly placing a limit on the length of secondments and this may limit the feasibility of this option. Detailed possibilities will be worked out through Denbighshire County Council as host partner.

All candidates who would wish to be seconded will be subject to competitive recruitment and selection process.

If partners want to make their contribution to the RCH via a post rather than cash through offering a potential secondee, this would only be considered if the employee concerned can demonstrate appropriate skills and experience as the case would be for employees being matched.

#### **7.8.7.9 Terms and Conditions of employment**

The general principle is that the terms and conditions applying would be those of the host partner. In the event of a secondment, the employee's existing terms and conditions will apply. If there is a financial difference between the salary within the RCH structure and the substantive role, the employing partner would be expected to pay the difference.

#### **7.8.7.10 HR policies and procedures**

The HR policies and procedures of the host partner would be applied. In the event of a secondment, the policies and procedures of the employing organisation will apply. However, for simplicity and to support the development of the RCH team, consistency and fairness, partners would be expected to commit to ensuring common approaches across the team as far as possible.

#### **7.8.7.11 Implementation of HR strategy**

An indicative HR implementation plan has been compiled identifying actions to be taken, by whom, lead time and HR time. The total HR capacity required to deliver on this plan has been estimated as costing approximately £3k. It is anticipated that this funding will come

from the Regional Partnership Board's Transformation Fund and will therefore, not impact on partner contributions.

### **7.9 Provider Consultation**

It is expected that the Regional Manager appointed to the RCH will meet with Providers to introduce the project and thereafter inform them of the strategic direction of the partnership. The RCH will then become the single point of contact in relation to in-scope services.

### **7.10 Relationship with services retained locally within partner organisations**

The RCH Team will have regular contact with local Commissioning, Procurement and Monitoring officers retained within partner organisations.

### **7.11 Relationship with Providers, Service Users and Carers**

Each partner has its own forums with Providers, service users and carers which assists them to inform the commissioning direction required for future service development. These will continue to exist and inform via the Management Board the strategic direction for each particular service area.

At present childrens' services do not specifically consult with families and children in care about high cost low volume residential placements and the RCH could explore methods of improving consultation processes in Childrens' services.

Within Learning Disabilities a regional service user forum has been established which meets twice a year and seeks feedback from service users about their priorities for service improvements. It is envisaged that this will continue and be supported administratively via the RCH.

### **7.12 IT Arrangements**

During the initial implementation, basic databases will be workable, similar to those used in the current Regional Learning Disabilities project. However, for the longer term, IT requirements will need to be further explored with IT colleagues and will require detailed consideration of systems currently available. To develop a database with a secure portal will cost around £10k and a total of 25 days to develop using an in-house IT department. It is anticipated that this funding can be secured through the Regional Partnership Board's Transformation Fund.

There is an All Wales initiative beginning to emerge around an IT system that links CCSR and Bravo in addition to developing an adults version of the CCSR database. It is essential for the preferred system to be able to link to any national systems. However, it is too early to predict whether there will be any costs associated with this development.



### **7.13 Information Governance Arrangements**

It has been recognised that a robust information sharing protocol will be required and this will be incorporated into the Partnership Agreement. In relation to sharing of personal data, partners will be expected to sign up to the WASPI agreement.

### **7.14 Monitoring and post implementation evaluation arrangements**

The RCH would be overseen by the Management Board and the Social Services and Health Programme Board. Both of these meet quarterly or more frequently and comprise high level officers and politicians from partner organisations. They would be responsible for monitoring delivery against the benefits, activity, finance and quality measures in the Performance Management Framework and reporting appropriately to the governance arrangements of each partner.

### **7.15 Implementation arrangements -Risks**

This is a complex partnership involving multiple partners with risk of conflicting priorities and expectations. However, work has already been undertaken on a draft Partnership Agreement, Performance Management Framework and approach to work programming which, when complete, will help to mitigate this risk. Comprehensive awareness raising and training for practitioners and managers will be required to support successful implementation.

The work of the RCH will involve sharing personal and commercially sensitive data. Appropriate information sharing protocols will be part of the Partnership Agreement and development of these is a high priority following agreement of the FBC.

The small size of the proposed RCH team means that the risks of redundancy in partner organisations are small. However, policies and approaches developed for RSEIS are being used to mitigate any risk of HR difficulties. Cultural and linguistic risks have been addressed through the language profile established for the team.

The small scale of the RCH team carries risk of not being able to recruit and of significant impact on realising the benefits of the RCH if staff are off sick or absent for other reasons. The best mitigation for this risk medium term appears to be to ensure staff roles are appropriately flexible and to develop skills within partners so that cover is possible. Making partners aware of this risk, and the need to find additional resource to enable cover, is the other potential mitigation identified.

IT arrangements for this project do not need to be complex and are not considered costly in the short-term. However, development of a secure portal will be needed .

### **7.16 Summary**

Though the RCH team is small in scale, the partner relationships are complex and the commissioning budgets involved are significant. However, work developed for the RCH FBC

has begun to address systematically the practical arrangements that will need to be in place to enable the RCH to operate effectively. Providing this work is finalised in the implementation stage, none of the issues identified present a significant barrier to implementation.

## **8 Next Steps**

- Recruitment of staff to the RCH
- Induction of staff
- Change management training for each partner organisation
- Developing and finalising policies, procedures and protocols for the RCH
- Provider engagement
- Service User consultation
- Finalising and signing of Partnership Agreement
- Development of MoU and SLA's with partners, NWPP and other collaboratives
- Setting up management board
- Agreement of benefits realisation plan ,work programme and targets for year 1
- Re-collection and collating of in-scope data

An action plan with proposed timescales is included in Appendix 5 which will be developed further in the implementation phase and when Regional Manager is in post.

## Appendix 1

### AIMS, PRINCIPLES and OBJECTIVES

#### Context

The Regional Commissioning, Procurement and Monitoring Hub will deliver collaborative commissioning activities across North Wales for social services, education and health. “Sustainable Social Services for Wales: A Framework for Action” (2011) notes the Welsh Government’s expectation that more efficient and effective service delivery is carried out through collaboration and integrated working and states that ‘doing things 22 times is not an option’. It also expects to see positive examples of planning of services on a regional or, where appropriate, national basis. Establishing a Regional Commissioning, Procurement and Monitoring Hub in North Wales, based on the LHB’s footprint will begin to deliver on WG’s requirement to collaborate on commissioning of services. We understand commissioning to cover a range of activities including needs assessment, service specification, procurement, monitoring and review. Over time, we see potential to collaborate on a range of initiatives within this cycle.

“Sustainable Social Services for Wales” itself notes that ‘change cannot be achieved overnight’ and recognising this, the North Wales RCH will initially undertake regional commissioning, procurement and monitoring for high cost, low volume residential placements. However, it expects to agree a future work programme of regional and sub-regional collaboration in other service areas too.

In relation to health ‘Together for Health: A Five Year Vision for the NHS in Wales’ and the ‘NHS Wales: Forging a Better Future 2008-2011 documents are pertinent as they advocate the need for partnership working between the NHS and other public sector organisations to drive out waste and maximising efficiencies.

#### Aims

The aims of the RCH are

- To achieve better quality local authority and health services for vulnerable adults and children- initially in high cost low volume residential placements
- To achieve better value for money for both local authority and health services
- To share and co-ordinate information and intelligence and plan together in service areas of common interest
- To commission different and local services which promote independence and inclusion and offer good value for money
- To develop and maintain sustainable provision in North Wales to meet current and future needs

#### Principles

- Putting the individual and carer’s needs at the heart of commissioning
- Ensure sustainability of market
- Use of resources in a joined up way
- Using purchasing power/leverage to obtain best value for money for North Wales
- Better outcomes for service users
- Deliver collaborative commissioning arrangements across North Wales allowing for local accountability, flexibility and delivery
- Collaboration to reflect cultural and language needs

## Objectives

- Develop a common approach to analysing local needs and service usage, built on best practice across the region and beyond. This will include collection of common information on the nature of in-scope services, on unit costs, contract prices, providers, capacity and outcomes- to a consistent format
- Benchmark data regionally and sub-regionally
- Develop procurement strategies for in-scope services to deliver best possible value for money. Negotiate with providers on behalf of partners to achieve best value for money
- Procure placements and services and provide a regional brokerage service for in-scope services
- Explore the development and management of databases for partners for each in-scope service
- Explore the development and maintenance of preferred provider lists
- As opportunities arise explore better value procurement of other categories of spend, or commissioning alternative service models
- On the basis of needs and gap analysis, develop regional/sub-regional commissioning plans in accordance with agreed work programme priorities
- Commission new services and support local commissioning teams to commission new services in areas agreed within the work programme
- Develop a regional framework for the contract monitoring of in-scope services, providing a direct service as required and ensuring monitoring information is shared and held to promote safeguarding and appropriate information security
- Network with other regions in Wales to ensure that practice and initiatives are in line with best practice and well co-ordinated
- Provide a single point of access for providers of in scope services
- Use market intelligence to enable the market to be shaped to deliver best use of local provision/capacity
- Monitoring market sustainability
- Monitoring trends to anticipate future needs

## APPENDIX 2 – Performance Framework

### CONTEXT

1. This Performance Framework provides the required key financial, activity, performance and feedback information to be reported to the 'Management Board'. In addition to this data, it will also be expected that the RCH reports on the wider benefits realised in the form of a report.
2. It is envisaged that the measures within the framework will be reported upon by service user group, by partner organisation or collectively.
3. Individual performance indicators, within the final agreed version of the Performance Framework, will be required to have their baselines established in order for the performance curve to be monitored from that point.
4. Performance indicator targets could be established, or preferably, performance could be monitored in terms of ensuring that the curve is turning in the required direction (RBA style).

### CRITERIA FOR SUCCESS

1. Evidence of making cost savings (cashable and non-cashable for partners)
2. Improved service provision for service users
3. Ensuring sustainable provision of placements in North Wales

<i>Indicator</i>	<i>Source of information</i>	<i>Frequency of reporting</i>	<i>Baseline (Q4 11/12?)</i>
<b>Activity quadrant</b>			
Number of placements on Hub database by partner by service type	Hub database	Quarterly	200 LD
Number of referrals received from partners per quarter	Hub database	Quarterly	13?
Number of negotiations carried out	Hub database	Quarterly	
Number of new placements made per month	Hub database	Quarterly	10?
Number of providers lost to market	APL	Quarterly	TBC
Number of new providers added to market	APL	Quarterly	TBC
Number of vacancies (to inform trend information)	Hub database	Quarterly	TBC
Number of safeguarding referrals made by Hub to Local Authority	Hub database	Quarterly	TBC
Number of safeguarding notifications made by Local Authority to Hub	Hub database	Quarterly	TBC
Number of complaints received regarding Hub	Hub database	Quarterly	TBC
<b>Performance quadrant</b>			
Length of individual tendering process (benchmark 3 days to get quote back from Providers).	Hub database	Quarterly	3 days

<i>Indicator</i>	<i>Source of information</i>	<i>Frequency of reporting</i>	<i>Baseline (Q4 11/12?)</i>
% of contract monitoring visits to providers completed within timescales [dependent on whether this becomes function of hub].	APL	Quarterly	TBC
% of complaints received by Hub and responded to within Welsh government social services complaint procedures.	Hub database	Quarterly	TBC
<b><i>Feedback –outcomes quadrant</i></b>			
% of Providers satisfied with the service	Survey plus forum	Annually	TBC
% of Partners satisfied with the service	Survey	Annually	TBC
Number of complaints received about Provider by service type	Hub database	Quarterly	TBC
Number of compliments received about Provider by service type	Hub database	Quarterly	TBC
Feedback from stakeholders regarding monitoring activity	Survey	Quarterly	TBC
<i>The following could be reported upon via care management process or quality monitoring process currently being developed.</i>			
% of service users (and family?) indicating that they feel involved in developing their care plans.			
% of service users indicating they feel listened to.			
% of service users indicating they are treated with dignity and respect.			
% if service users saying their (agreed?) needs are being meet.			
% of service users saying their independence has improved as a result of the support they receive.			
<b><i>Finance quadrant</i></b>			
Average unit cost of placements managed by Hub by service type.	Hub database	Quarterly	TBC
Confirmed savings by Hub, by partner and by service type	Hub database	Quarterly	TBC
Savings made on new placements from original £ quoted by Provider	Hub database	Quarterly	TBC
Finance report on the running costs of the Hub		Quarterly	

### **Appendix 3 - DRAFT Finance Protocol/ Rules of engagement**

The aim of the Regional Commissioning Procurement and Monitoring Hub (RCH) is to achieve collective advantage through a common approach to procurement, commissioning and improving quality. Achieving overall collective advantage requires a set of collaborative behaviours and agreements, not least in relation to financial matters. This is because what will achieve most benefit to most partners will not necessarily benefit an individual partner most at all times. In addition, a partner may stand to lose financially in occasional negotiations and it will be key to mitigate this in order to maintain commitment and stability in the partnership.

The protocol sets out some key principles and expectations. It has been developed in recognition that public services currently operate in extraordinarily difficult financial circumstances. This can lead to behaviours which put the short term financial interests of organisations above that of the whole system while it is the whole system on which vulnerable residents depend.

#### **Practical Matters**

- Partners will be expected to pay their contribution to the running costs of the RCH up front. No services will be delivered until the host authority has received payment from all partners

#### **Cost sharing/benefits**

- Costs for core staff to be shared proportionately to each partner's projected savings
- Costs of the contract monitoring post will be shared on the basis of a set amount to deliver the monitoring framework and contract monitoring visits per population of those partners who wish to purchase this service
- Running costs have been divided equally across each partner
- A process for signing off savings will be agreed by the Management Board/Section 151 officer
- A reconciliation process will take place to reconcile costs once savings have been achieved

#### **Key Principles to meet RCH aims and objectives**

- achieving collective financial advantage in this partnership means achieving financial advantage both for the NHS and for each local authority during the life of the RCH
- success will be achieved if savings from current baselines are achieved in accordance with savings projections and targets set for the RCH. This may require patience. Not all partners may be winners on Day 1

- achieving savings at the expense of another partner will not constitute success – this will create financial stress in a different part of the system and undermine the collaborative partnership behaviours on which successful partnerships and improved services to vulnerable residents within the scope of the RCH
- local market sustainability, quality and development to meet service user needs are key RCH objectives. Achieving savings at the expense of this will not constitute success

### **Procurement**

- Procurement of all in-scope placements by partners must be made via the RCH
- No organisation is allowed to negotiate fees separately with providers of the in-scope services as this could potentially undermine the collective negotiating position. Where discussions of this nature is required this can only be undertaken with agreement from the RCH Manager who will report this to the Management Board.
- Records will be maintained to evidence savings from procurement activity and these will be verified by the Management Board

### **Commercially sensitive information**

- detailed financial information gathered by the RCH for negotiation purposes will not be shared with any partner in order to protect commercial sensitivity. Aggregated data will be shared.

### **Commissioning**

- where new/alternative services are to be commissioned, partners will be expected to evidence the full costs of providing the current service to groups/individuals. This is to enable clarity on current baseline costs and to enable realistic setting of targets for saving/cost avoidance
- Robust records to evidence savings and quality improvements will be kept by the RCH

The disputes procedure within the Partnership Agreement will be utilised to address any issues arising from this protocol



Appendix 4 - Risk register								
Risk No	Risk description	Caused by	leads to	Impact	Likelihood	risk level	Mitigating action	Risk level after action
1	Insufficient Resources for initial funding the unit	Inequitable investment from Partners.	viability issues for the remaining partners	HIGH	MED	7	Robust Financial modelling & profiling has been completed recommending investment based on predicted savings and population stats.	6
2	Projected savings not being achieved	Market Conditions	Loss of investment	HIGH	LOW	6	MOA with NWPP which will enable RCH to Draw down advice and expertise re alternative procurement strategies	3
3	Lack of investment in Regional Quality Monitoring service	Partners opting to carry out monitoring responsibilities within their own localities	Inconsistency of quality monitoring across the region	HIGH	HIGH	9	Development of Regional Quality monitoring framework in year 1	5
4	Staff Recruitment	Short term Contracts	Delay in Service delivery and projected savings being achieved	MED	LOW	3	HR Strategy & Action plan developed	1
5	HR Difficulties	Proposed staff team is small	Impaired Service delivery & delayed targets	MED	MED	5	Policies and approaches for RSEIS are to be implemented & contingency plans will need to be agreed.	2





### Appendix 5 - IMPLEMENTATION ACTION PLAN

STEP	Description	Who	Lead Time	Start/Finish	Time	Notes
Recruitment of staff	Agree Job Descriptions and Person specs for 4 posts	SS and HR	2 weeks		16 hours	
	Evaluate job descriptions	JE Panel	Panel held monthly			
	Identify job holders across North Wales who are potentially impacted	SS and HR	2 weeks		1 day	
	Determine elements of current roles which could be impacted by the Hub	SS and HR	1 week			
	Calculate redundancy costs if required	HR/Payroll				
	Undertake Job matching/slotting exercise	SS and HR	1 week		2 days	
	Recruit to new posts – advertisements /interviews/ assessment centre		4 weeks		2 days	
	Determine whether TUPE/Secondment is appropriate					
	Meeting with trade unions to give them overview of project	Host Authority Director	Can take place Jan/Feb		Total consultation 4 days	
	Consultation meeting with TU	SS/HR	Feb 2012		Inc above	
	Staff consultation meetings	SS/HR	Feb 2012		Inc above	
	Individual meetings with staff involved	SS/HR	Feb 2012		Inc above	

STEP	Description	Who	Lead Time	Start/Finish	Time	Notes
	TUPE due diligence and other admin		Feb 2012		2 days	
Induction of staff	Induction via Host Authority process	Host Authority	Commences on start date		2 weeks	Depends on successful candidates
Change management training sessions	Training sessions with partner organisations and identified partner champions	Project sponsor and RCH Manager	April 2012		3 month programme	Champions responsible for cascading training within their organisation
Policies, procedures and protocols for the RCH	Developing and finalising documents and compiling operational guidance manual for RCH	RCH Manager and RCH staff	May 2012		2 months	
Provider engagement	Meeting with Providers for both children services and adult services	Lead Officer – Children’s work stream and Lead Officer – Provider engagement work stream [and RCH staff]	Children’s Feb 2012  Adults May 2012  [RCH staff to be involved when in post]		1 day event  1 day event	
Service User consultation	To be undertaken utilising existing service user forums and planning groups	RCH staff to attend appropriate meetings	TBC – May 2012		½ day event [frequency to be determined]	
	Learning Disabilities regional	Facilitated by	June 2012		½ day event	

STEP	Description	Who	Lead Time	Start/Finish	Time	Notes
	service user forum	Regional Manager			twice annually	
Partnership Agreement	Finalising of partnership agreement and associated protocols	Governance work stream with DCC Legal Officer	Feb/March 2012			Advance draft available at present
	Development of MOU's and SLA's with partners	Governance work stream/Management Board with DCC Legal Officer	March/April 2012			
Management Board	Management Board members to be agreed	Partner organisation	March 2012		1 day	
Work Programme	Agree work programme for year 1	Management Board [and RCH Manager]	April 2012			RCH Manager to be involved as soon as in post
	Agree targets for year 1	Management Board [and RCH Manager]	April 2012			
	Agree verification process for recording savings	Management Board [and RCH Manager]	April 2012			
	Agree appropriate procurement strategy(ies)	RCH Staff in conjunction with relevant operational colleagues	June 2012			
	Implement procurement strategy	RCH staff	Sept 2012			
	Benefits realisation	RCH staff	2013 onwards			
Data	Recollection of in-scope data (except LD)	RCH Manager [and RCH team]	As soon as RCH staff recruited		1 month	Priority for RCH once 1 or more staff recruited
	Collation and verification of in-	RCH Manager [and			1 month	

<b>STEP</b>	<b>Description</b>	<b>Who</b>	<b>Lead Time</b>	<b>Start/Finish</b>	<b>Time</b>	<b>Notes</b>
	scope data (except LD)	RCH team]				

**Report To:** Cabinet

**Date of Meeting:** 21 February 2012

**Lead Member / Officer:** Pauline Dobb / Phil Gilroy

**Report Author:** Phil Gilroy, Head of Adult & Business Services

**Title:** Care Home Fees

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**1. What is the report about?**

This report is about a revised methodology for setting a fair rate for care home fees in collaboration with Wrexham and Flintshire Councils which is in line with the Welsh Government's guidance on commissioning adult social care services.

**2. What is the reason for making this report?**

To provide information regarding the background to the current situation regarding care home fees and the work undertaken to develop a revised methodology for setting a fair rate that ensures the Council is compliant with statutory guidance.

**3. What are the recommendations?**

That Cabinet agree that the revised methodology for agreeing care home fees on an annual basis is adopted.

**4. Report details.**

**4.1 Commissioning Guidance**

Delivering high quality Social Care Services is recognised as being one of the most important priorities of Local Authorities. In August 2010, The Welsh Government published "*Fulfilled Lives, Supportive Communities – Commissioning Framework Guidance and Good Practice*", a statutory document which encourages Local Authorities and their partners to ensure that commissioning practices are underpinned by the core values of social care which enable service users to "keep control of their lives within the wider context of promoting social inclusion, sustainability and delivering value".

The guidance sets out 13 Commissioning Standards which are designed to assist Local Authorities in achieving effective commissioning practices for Social Care Services and establishing sound governance of the process.

Standard 10 of the guidance is of particular relevance to the methodology of setting fees for providers of Residential Care. It emphasises that "*Commissioners have understood the costs of directly provided and contracted social care services and have acted in a way to promote service sustainability*". It refers to commissioners having a "rationale" to its fee setting process and describes the wider responsibility of understanding the market in terms of the distribution and provision of sustainable services.



## 4.2 Existing Arrangements

Historically, all three local authorities have had separate but broadly similar approaches to their annual fee setting processes. These approaches have included information from a mixture of different sources such as that provided annually by Care Forum Wales, which has provided information on financial pressures facing the sector. Local information has also been used together with meetings with providers to discuss market issues as well as fees. The outcome has, in latter years, been an inflationary increase to the current fee level which has led to differences in the fees paid within different Local Authority boundaries.

## 4.3 Judicial Review of Pembrokeshire County Council

In December 2010, 3 care home owners successfully obtained judicial review against Pembrokeshire County Council resulting in the Council being required to re-evaluate their decision to pay the care homes £390 per week per resident due to the decision making process being unlawful.

The Council fixed the fee of £390 per resident per week using a well-known economic toolkit called the Laing Model. The providers claimed that the methodology used by the Council to set the fee rates was incorrect due to the following reasons:

1. it failed to deal properly with the calculation of capital costs in relation to the assessment of the provider's costs;
2. it failed to use appropriate local data in relation to the average number of care hours spent on each resident per week by staff members, it relied on benchmark figures and did not take into account local variations in staffing levels;
3. it failed to recognise that some residents received both nursing care (paid for by the local health board) and non-nursing care (paid for by the Council) and did not differentiate between the levels of non-nursing care required by those residents who required nursing care and those who did not;
4. it based its calculations on data from homes with 20 or more registered places and failed to take into account data from smaller care homes, which represent a significant proportion of the care homes in Pembrokeshire; and
5. it failed to take into account inflation and the introduction of the new Working Hours' Regulations which increased the minimum holiday entitlement of staff and resulted in real terms in a cut in the fee rate compared to the previous year.

The providers also claimed that the Council took into account its own limited resources in determining the rate of fees without properly taking into account the potential adverse consequences of the decision for providers and residents which it should have balanced against the constraints on its own financial resources.

The outcome was that Pembrokeshire recalculated their fees based on a more robust methodology that addressed the issues raised. Fees were set at £448 per resident per week at an additional cost to the Council of £1.5m.

A second judicial review of Pembrokeshire was successfully obtained in December 2011 based on the fact that the Council had not taken the full costs associated with the development of a home into account in setting a return on investment figure. Pembrokeshire have had to return to their model to re-look at this issue.

#### 4.4 Proposed Methodology for Denbighshire

4.4.1 The costs of running a residential care home will always vary and are dependant on a number of issues, including, but not exclusively:

- The size of the home
- Its occupancy levels
- The age and layout of the premises
- The financing arrangements which are in place
- The range and complexity of clients and their needs

4.4.2 The elements that make up the running costs consist of three main areas, with staffing being the largest, followed by hotel and management costs and, finally, other costs such as additional expenses and an allocation for return on investment. The proposed methodology addresses each of these main areas and uses a combination of factors to identify a cost per week for each service user to build up into an overall fee.

4.4.3 Throughout this process, reference has been made to the 2008 version of the Laing and Buisson toolkit, "A Fair Price for Care Wales", as well as a note on hours received from Care Forum Wales in October 2011. Information was also derived from data obtained from the Open Book Accounting review of high cost, low volume placements for clients with Learning Disabilities throughout the North Wales region. Information from the Care Forum Wales annual submission and from its representative on the working group has also provided credible information for us to work with.

#### 4.4.4 Hotel and Management Costs

Within this category, expenditure has been identified as a cost per week per service user using data from the following sources:

The median level based on the Open Book Accounting work has been applied to the following categories:

- Furniture and Fittings including repairs and renewals
- Local/Central admin costs
- Registered Manager Costs

Care Forum Wales' information has been applied to the following categories:

- Utilities costs
- Registration
- Recruitment
- Equipment to meet service user care needs
- Training
- Insurance

- Groceries and household provisions
- Property Maintenance

This information has been derived from the Care Forum Wales annual submission together with the 2008 guidance. Inflation has been applied for 2012/13 and will be considered for each area annually, in accordance with the information provided from Care Forum Wales together with initiatives which will involve Local Authorities working with providers to reduce their costs in the future as part of the efficiencies needed to deliver public services within restricted resources.

#### 4.4.5 Other Costs

This includes:

- Uniforms – Figure derived from Care Forum Wales
- Return on investment – New build cost plus 12% in line with the second Pembrokeshire judgement.

#### 4.4.7 Staffing Costs

Identifying an appropriate level at which to quantify staffing costs has been a challenge due to the changing levels of complexity of clients receiving care. This methodology has consulted with Care Forum Wales and used the data used in the 2008 Laing and Buisson toolkit which reflects the increase in care staffing between 2004 and 2008. The levels below were checked by each Local Authority against actual hours within local homes and adjusted accordingly. From Denbighshire's point of view they are fairly accurate.

This has resulted in the following being applied to this methodology:

- Personal Care of Frail Older Clients – 16.5 hours per person per week
- Personal Care of Frail Older Clients with nursing needs – 22.9 hours per person per week
- Personal Care of Clients with Dementia – 20 hours per person per week
- Personal Care of Clients with Dementia with nursing needs – 25.7 hours per person per week

It is recognised that there may be instances where the needs of an individual service user may exceed these hours or the size or design of a home may require different staffing levels. This will necessitate local negotiation regarding the required hours of support and may result in the care fee being increased in agreement between the care home and the purchaser.

#### 4.5 Regional Work

The North Wales Heads of Adult Services Group have been tasked by the North Wales Social Services Improvement Collaborative to develop an agreed methodology across North Wales. The work across Denbighshire, Flintshire and Wrexham will greatly inform this development.

Conwy have recently set their fees for 2011/12, backdated to 1 April 2011. They range from £448 to £478 for personal care and from £478 to £517 for

personal care of clients with nursing needs (plus the Health Board contribution).

## 5. How does the decision contribute to the Corporate Priorities?

The availability of quality residential care for vulnerable people contributes to the corporate priority of responding to demographic change by ensuring that there is sufficient capacity within the sector to meet the growing demand for services from an aging population.

## 6. What will it cost and how will it affect other services?

The table shows what the existing rates are and what they would be under the proposed methodology. Members will note that there are no longer 2 separate rates for older people's care other than an additional element for increased care for people with nursing needs as identified in the Pembrokeshire Judgement. This will require a revision to the eligibility criteria for residential care.

Category	2011/12 per week	2012/13 per week
Older People – Basic	£348.00*	
Older People – VDE	£424.72*	
Older People Mental Health	£437.13*	
Physical Disability	£365.32*	£431.97
Mental Health	£383.45*	£431.97
Learning Disability	£435.29*	£431.97
Personal Care		£431.97
Personal Care – Nursing		£486.18
Elderly Mental Health		£461.16
EMH – Nursing		£509.75
<b>Total Cost</b>		

\* These figures are the fees which applied from April 2011. A further £7 per person per week was paid from November 2011.

The estimated difference is £950,000 per year.

## 7. What consultations have been carried out?

Representatives from each of the three Local Authorities together with a Senior Policy Officer from Care Forum Wales have all contributed to developing this methodology in an attempt to reach a consensual position that is acceptable and sustainable.

In addition, individual meetings have been offered to all home owners within Denbighshire. At the time of writing, 13 providers have attended these.

## 8. Chief Finance Officer Statement

This clearly has significant financial implications for the council. The budget setting process for 2012/13 included an assumed increase of £800k in care home fees and around £100k had been included in the 2011/12 budget. This means that the Council

can afford the increase as set out in this paper however no further increases have been built into budget assumptions and would cause problems.

The Council must continue to be fair but robust in its negotiations with the care home sector to ensure that any agreements are affordable.

## **9. What risks are there and is there anything we can do to reduce them?**

Although Care Forum Wales have been involved from the beginning of this process and have been largely supportive of the developments, the publication of Conwy's fees has resulted in CFW writing to all their members suggesting that they push for the higher rates agreed by Conwy. If this happened, there is a potential for a small additional financial risk.

Our original calculations that were discussed in Scrutiny Committee were based on Pembrokeshire's original plan. Further work following the second judgement added a further £0.5m to the potential costs, based on the numbers of people in residential care at the end of 2010/11 which stood at a total of 641 people.

In terms of managing the potential additional risks, Members will be aware that it is Denbighshire's policy to provide alternatives to residential care where possible. Evidence over the last 3 years shows that the rate of admissions to care homes continues to decrease as effective alternatives that promote independence are developed. The numbers of people in residential care at the end of January 2012 stood at 609 people, reducing this potential cost by £0.45m. This trend is planned to continue.

In addition, the three North East Authorities have advised all home owners that, if they have evidence that their home has legitimate additional costs not accounted for, this will be taken into consideration in agreeing a fee for that home.

## **10. Power to make the Decision**

As stated in 4.1 above, Welsh Government has issued statutory guidance to Local Authorities under s.7 of the Local Government Act. The effect of this is that Local Authorities have to take all legitimate costs of provider services into account in setting a fee and also to have a clear rationale set out.

**Report To:** Cabinet  
**Date of Meeting:** 21<sup>st</sup> February 2012  
**Lead Officer:** Councillor D A J Thomas  
**Report Author:** Mark Dixon  
**Title:** Rhuddlan Town Plan

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**1. What is the report about?**

The report is about the town plan which has been prepared for Rhuddlan.

**2. What is the reason for making this report?**

The County Council has invited the town councils, and the business, community and voluntary sectors in each of its main towns to join together to develop Town Plans. Cabinet is requested to confirm support for the Rhuddlan Town Plan on behalf of the County Council.

**3. What are the Recommendations?**

To support the proposed town plan for Rhuddlan

**4. Report details.**

The town plan sets out the current situation in the town, the key challenges and opportunities which it will face over the next decade, a vision which will provide it with a sustainable future, and realistic and achievable actions which will deliver that vision.

The proposed town plan for Rhuddlan is attached as the annex to the report.

**5. How does the decision contribute to the Corporate Priorities?**

Preparing town plans will assist the County Council achieve its strategic objective of “bringing the Council closer to the community” and the outcomes for its corporate priority for regeneration.

**6. What will it cost and how will it affect other services?**

There are no costs arising directly from supporting the proposed town plan considering whether the structure and nor are there any consequences for other services. Any of the actions proposed which have not already been agreed previously will need to be considered through relevant statutory or business planning processes at the appropriate time.

**7. What consultations have been carried out?**

A workshop for members took place on 14<sup>th</sup> March 2011 about the purpose and structure of the town plans and this was also an agenda item at the Cabinet briefing on 5<sup>th</sup> April 2011, at the Senior Leadership Team meeting on 19<sup>th</sup> May 2011 and at Communities Scrutiny Committee on 27<sup>th</sup> October 2011.

All Heads of Service were invited to participate at every step in the development of the draft plan. It has been considered by the local members for the Rhuddlan ward and by members of Rhuddlan Town Council. It has also been the subject of a public consultation on the council's website and in the town's library. Reference will be made to any additional comments received at the meeting.

**8. Chief Finance Officer Statement**

The cost and funding implications of any actions not already agreed arising from the plan would have to be considered and approved on an individual basis.

**9. What risks are there and is there anything we can do to reduce them?**

The risk of not adopting all the town plans before the next County Council election has been reduced by including them in the Cabinet forward work programme for the meetings leading up to March 2012.

**10. Power to make the Decision**

Section 2 of the Local Government Act 2000 gives the Council the power to do anything which it considers is likely to promote or improve the economic, social and environmental well-being of the area.

# DRAFT RHUDDLAN TOWN PLAN 2012 - 2020

"Looking Forward Together"





# Introduction

Denbighshire County Council has adopted a strategic aim of being “a high performing council closer to the community”.

To help achieve this aim, the County Council is inviting the town and community councils and the businesses, community and voluntary sectors in each of its main towns and the smaller outlying communities which relate to them to join together to develop “town plans”. These will be living documents which will be subject to regular reviews and will set out

- the current situation in the towns
- the key challenges and opportunities which they will face over the next decade
- a vision for each town which will provide it with a sustainable future, and
- realistic and achievable actions which will deliver that vision.



## Map showing the wards in the Rhuddlan Area



Rhuddlan has a long and distinguished history, stretching back to about 7,000 BC.

Rhuddlan's key position beside an ancient crossing of the river Clwyd led to it becoming a flashpoint in Anglo-Welsh relations; whoever held this ford, controlled the easiest invasion route to and from the heartland of North Wales and Rhuddlan marsh was the scene in 795 of the defeat of the Welsh by the Saxons. During the 10th century, the Anglo-Saxons established several towns or "burhs" in North Wales including Cledemutha at what is now Rhuddlan which was founded in AD 921 by Edward the Elder but it had a rather short-lived existence as a settlement.

Between 1077 and 1277, there were frequent changes of control between the Welsh and English with the medieval township of Edward 1 beginning around 1278. It was when Edward 1 built his new castle that a new town north of his fortress was

established. Its original grid pattern of streets – the present High Street, crossed by Castle Street, Church Street, Parliament Street, Gwindy Street and Cross Street, still form the heart of modern Rhuddlan and part of its ditched defences are still visible between Vicarage Lane and Kerfoot Avenue.

The castle also played a role in Welsh history: it was here that a new system of English government was established over much of Wales by the Statute of Rhuddlan in 1284 – a settlement that lasted until the Act of Union in 1536.

The stone bridge across the river Clwyd was first built in 1358 and subsequently improved in 1595. The quay to the north of the bridge was used by coastal shipping until the opening of the Chester to Holyhead railway in 1848 which involved the construction of a railway bridge across the Clwyd estuary which prevented taller vessels from navigating the river further upstream to Rhuddlan.

In the late 19<sup>th</sup> century, a foundry was established on the west side of the river and this employed around 100 people making agricultural machinery.

More recently, and following the opening of the Rhuddlan by-pass in the late 1990's, the town has seen major environmental improvements to the High Street and the development of the Castle View Retail Park on land to the west of the river which is the location for a Premier Inn and Table Table restaurant together with a drive-thru Kentucky Fried Chicken restaurant.

Public facilities in the town include a primary school, library with part time youth provision, community centre, GP surgery, playing fields and bowling green, a number of places of worship including St Mary's Church which was built in 1301, and a Local Nature Reserve.

The population of Rhuddlan is 4,425.

# Where we are now

## People

Compared to the county as a whole, the town of Rhuddlan has

- a similar percentage of people aged over 65,
- a similar percentage of over 85's,
- fewer young people under 15,
- fewer people claiming housing or Council Tax benefit
- a lower proportion of households which are overcrowded

## Community

Compared to the county as a whole, more people in the town of Rhuddlan

- have been born in Wales,
- but less people can speak Welsh.

The crime rate in the Rhuddlan ward is lower than the average rate for the county as a whole for incidences of violence against the person, criminal damage and theft and handling.

The Welsh Government uses a formula to measure deprivation. Wales is split into 1896 areas which are smaller than County Council wards. Each area is then ranked with the most deprived given a score of 1 and the least deprived as score of 1896. The scores in different years are not directly comparable because the way in which the index is calculated changes over time.

In the 2011 edition of the Index, all the areas were given a lower ranking than in the previous one except Rhuddlan 2. The biggest move upwards in the "domains" which make up the Index for this particular area was for low incomes followed by unemployment and health.



## Map showing the Lower Super Output Areas in Rhuddlan



## Jobs

Compared to the county as a whole,

- more people who live in Rhuddlan work in the public sector (and more people in Denbighshire work in this sector than in any other local authority area in Great Britain),
- more people who live in Rhuddlan work in retail
- a lower percentage of people work in manufacturing
- fewer people commute more than 20km to work, and
- a lower percentage of people of working age claim Job Seekers' Allowance.

Annual household incomes in the Rhuddlan are slightly higher than the average for Denbighshire but there is a higher percentage of households below the 60% GB median than across the county as a whole.

## The place

Rhuddlan is, in the main, a residential town providing services to the local population.

It is situated on busy routes connecting the larger towns of Rhyl and Prestatyn with the district general hospital which is also one of the area's biggest employers, other local centres of employment such as St Asaph Business Park, and also to destinations further afield via the A55.

The principal visitor attraction in the town is the 13<sup>th</sup> Century castle which had 26,300 visitors in 2010.

The number of bed spaces in graded visitor accommodation in the town has increased to 87 with the opening of the Premier Inn.

### Vacancy rates for retail premises – Autumn 2011

Rhuddlan	6%	(3 units)
UK	13.3%	(Colliers International)

The vacancy rate for town centre premises in the town is well below the UK average.

## **Future challenges and opportunities**

### **People**

There is strong demand for extra care housing for older people due to the closure of three residential homes and this is expected to grow as the proportion of over 85 year olds in the population increases.

The proposed redevelopment of the "Triangle" site included a small number of new houses.

### **Community**

The children's centre operated by Betsi Cadwaladr University Health Board in Vicarage Lane is soon to be relocated to Denbigh.

There is no dental surgery in the town.

There are no toilets and changing facilities at Admiral's playing fields.

There is no dedicated youth provision in Rhuddlan

The former Young Farmers Club building is currently vacant.

## Jobs

There has been significant investment at Rhuddlan Triangle but there is still a large part of the area vacant.

The Premier Inn in Rhuddlan is the best performing in the UK for its size.

The old slaughter house in Gwindy Street is not currently used for anything.

The Huws Gray builders' merchant has a lot of customers.

The HTM industrial estate is a successful site.

## The place

There are very few empty or untidy properties in town however the former Marsh Warden pub is a derelict and untidy site at one of the principal entrances to the town.

Cadw have recently invested at Rhuddlan Castle but parking is limited and signage from the town and other car parks and to Twt Hill is poor.

The historical Parliament building (currently in residential use) is empty and for sale.

The old footpath along the west bank of the river is not open.



# Vision for Rhuddlan

We want Rhuddlan

- to continue to be a very desirable place to live for local residents of all ages,
- where the strong community connections are supported,
- where the benefits for businesses and jobs from its location on the busy routes to and from Rhyl and Prestatyn are maximised, and
- where the castle's success as a visitor destination benefits the wider community.

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## Making it happen...

...for people			
What we want to achieve	We will achieve this by	This will be led by	By when
The housing needs of residents of all ages have been met	Looking into the provision of extra care housing for older people	County Council Housing	1-5 years
	Looking into the provision of affordable units in any residential developments	County Council Planning, Regeneration & Regulatory Services	1-5 years
Sufficient cemetery provision	Looking into the likely future demand for plots and how this might be met	County Council Environment	1-5 years

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## Making it happen...

<b>...for the community</b>			
What we want to achieve	We will achieve this by	This will be led by	By when
The town's community facilities will be better	Providing changing rooms and toilets at the Admiral's playing fields	Town Council	1-5 years
Older residents and people with buggies, scooters and wheelchairs will be able to move more easily around the town	Providing dropped kerbs in Vicarage Lane	County Council Highways	1-5 years
Residents and visitors not feeling intimidated by people consuming alcohol in public places	Implementing a Designated Public Place Order within the part of the town covered by the 30 mph speed limit	County Council Planning, Regeneration & Regulatory Services	1 year
A reduction in the amount of dog mess in public places	Consulting on the introduction of a Dog Control Order within the part of the town covered by the 30 mph speed limit	County Council Planning, Regeneration & Regulatory Services	1 year

## Making it happen...

...for jobs			
What we want to achieve	We will achieve this by	This will be led by	By when
The provision of new employment opportunities in the town	Support the owners to complete the re-development of the "Triangle"	County Council Planning, Regeneration & Regulatory Services	5-10 years
The viability of the shops in the High Street will be improved	Making it easier for customers to get to the shops by carrying out a review of the inconsistencies in the restrictions on parking times in the High Street	County Council Highways	

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## Making it happen...

...for the place			
What we want to achieve	We will achieve this by	This will be led by	By when
The town will look even more attractive	Improving the appearance of the "Triangle" using enforcement action if necessary	County Council Planning, Regeneration & Regulatory Services	1-5 years
	Improving the appearance of any untidy shops in the High Street and monitoring fly tipping by St Mary's Church using enforcement action if necessary	County Council Planning, Regeneration & Regulatory Services	1-5 years
	Repairing the faded street name signs in the High Street	County Council Highways	1-5 years
	Making sure that the railings by the Kings Head are kept painted and that any dents are removed quickly	County Council Highways	1-5 years
Visitors to the town have a better experience	Installing a town trail board in the Parliament Street car park	County Council Planning, Regeneration & Regulatory Services	1-5 years
	Installing pedestrian signage leading from the Parliament Street car park to the castle and to Twthill	County Council Highways	1-5 years
	Installing an interpretation panel by the wooden sculpture of the knights in Tan yr Eglwys Road, looking into the feasibility of illuminating it at night, and making the adjacent street name sign bilingual in view of given its prominent location	County Council Planning, Regeneration & Regulatory Services	
	Providing a pavement for pedestrians alongside Marsh Road	County Council Highways	

## **How will we know if we are on track?**

Annual reviews of progress will be undertaken by the County Council together with Rhuddlan Town Council. More regular updates will also be provided to the County Council's Member Area Groups and to the Town Council, and also to the wider community through County Voice and through press releases made by Denbighshire County Council. The Plan will be treated as a living document in which aspirations can be added or removed according to changes in circumstances.

## **Who was involved in the production of this plan?**

This plan was produced by Denbighshire County Council following consultations with County Council Councillors and Services, the Town Council, the Business Group, secondary schools and the wider community.

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# Statistical Appendix

## 2001 census data

Percentage of...	In Rhuddlan	In Denbighshire
Young people aged 15 or under	18.8	19.7
All people aged 65 or over	20.3	20.2
People aged 85 or over	2.7	2.8
People claiming housing or Council Tax benefit	7.4	9.9
Overcrowded households	3.1	4.4
People born in Wales	64.5	57.9
People over 3 years of age who can speak, read or write Welsh	24.3	29.0
Working residents employed in the public sector	31.2	30.0
Working residents employed in manufacturing	12.9	13.9
Working residents employed in retail	19.1	16.4
Working residents who travel more than 20km to work	16.7	18.6

## Welsh Index of Multiple Deprivation

"Lower layer super output area"	Ranking in 2005	Ranking in 2008	Ranking in 2011
Rhuddlan 1	1235	1387	1427
Rhuddlan 2	1172	1111	1074
Rhuddlan 3	973	818	1096

**Report To:** Cabinet  
**Date of Meeting:** 21<sup>st</sup> February 2012  
**Lead Officer:** Councillor D A J Thomas  
**Report Author:** Mark Dixon  
**Title:** St Asaph Town Plan

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**1. What is the report about?**

The report is about the town plan which has been prepared for St Asaph.

**2. What is the reason for making this report?**

The County Council has invited the town councils, and the business, community and voluntary sectors in each of its main towns to join together to develop Town Plans. Cabinet is requested to confirm support for the St Asaph Town Plan on behalf of the County Council.

**3. What are the Recommendations?**

To support the proposed town plan for St Asaph

**4. Report details.**

The town plan sets out the current situation in the town, the key challenges and opportunities which it will face over the next decade, a vision which will provide it with a sustainable future, and realistic and achievable actions which will deliver that vision.

The proposed town plan for St Asaph is attached as the annex to the report.

**5. How does the decision contribute to the Corporate Priorities?**

Preparing town plans will assist the County Council achieve its strategic objective of “bringing the Council closer to the community” and the outcomes for its corporate priority for regeneration.



## **6. What will it cost and how will it affect other services?**

There are no costs arising directly from supporting the proposed town plan considering whether the structure and nor are there any consequences for other services. Any of the actions proposed which have not already been agreed previously will need to be considered through relevant statutory or business planning processes at the appropriate time.

## **7. What consultations have been carried out?**

A workshop for members took place on 14<sup>th</sup> March 2011 about the purpose and structure of the town plans and this was also an agenda item at the Cabinet briefing on 5<sup>th</sup> April 2011, at the Senior Leadership Team meeting on 19<sup>th</sup> May 2011 and at Communities Scrutiny Committee on 27<sup>th</sup> October 2011.

All Heads of Service were invited to participate at every step in the development of the draft plan. It has been considered by the local members for the St Asaph wards and by members of City of St Asaph Town Council. It has also been the subject of a public consultation on the council's website and in the town's library. Reference will be made to any additional comments received at the meeting.

## **8. Chief Finance Officer Statement**

The cost and funding implications of any actions not already agreed arising from the plan would have to be considered and approved on an individual basis.

## **9. What risks are there and is there anything we can do to reduce them?**

The risk of not adopting all the town plans before the next County Council election has been reduced by including them in the Cabinet forward work programme for the meetings leading up to March 2012.

## **10. Power to make the Decision**

Section 2 of the Local Government Act 2000 gives the Council the power to do anything which it considers is likely to promote or improve the economic, social and environmental well-being of the area.

# DRAFT ST ASAPH TOWN PLAN 2012-2020

“Looking Forward Together”



# Introduction

Denbighshire County Council has adopted a strategic aim of being “a high performing council closer to the community”.

To help achieve this aim, the County Council is inviting the town and community councils and the businesses, community and voluntary sectors in each of its main towns and the smaller outlying communities which relate to them to join together to develop “town plans”. These will be living documents which will be subject to regular reviews and will set out

- the current situation in the towns
- the key challenges and opportunities which they will face over the next decade
- a vision for each town which will provide it with a sustainable future, and
- realistic and achievable actions which will deliver that vision.





St Asaph, situated on the banks of two rivers, is dominated by its cathedral, which is held to be the smallest in Great Britain. The character of the town and the surrounding area has been largely shaped by this association but St Asaph also has strong associations with words and music and is home to the annual, week long North Wales International Music Festival.

The natural river setting of St Asaph Common and Roe Plas is very popular with walkers and families with an excellent play area for children and facilities for football, tennis and bowls.

The only Welsh medium secondary school in Denbighshire is located at St Asaph. There is also a theatre, a leisure centre with an all weather pitch, a MUGA (multi use games area) pitch, tennis courts, bowling green, riverside playground, cricket club, football fields and a youth club.

The population of the town of St Asaph is 3,500.

The area around the town of St Asaph also includes Cefn Meiriadog, Tremeirchion, Rhualt, Trefnant and Waen and these communities are the home to a further 3,051 people.

## **Where we are now**

### **People**

Compared to the county as a whole, the town of St Asaph has

- a similar proportion of people aged over 65,
- a higher percentage of over 85's,
- fewer young people under 15 but a higher percentage in the St Asaph West ward,
- fewer households claiming housing or Council Tax benefit
- a higher proportion of households that are overcrowded

### **Community**

Compared to the county as a whole, more people in the town of St Asaph

- have been born in Wales, but
- less people can speak Welsh.

The crime rate in St Asaph is lower than the average rate for the County, particularly for incidences of violence against the person, criminal damage and theft and handling.

The Welsh Government uses a formula to measure deprivation. Wales is split into 1896 areas which generally are smaller than County Council wards although this is not the case in St Asaph. Each area is then ranked with the most deprived given a score of 1 and the least deprived as score of 1896. The scores in different years are not directly comparable because the way in which the index is calculated changes over time.

In the 2011 edition of the Index, the ranking for St Asaph West has increased compared with the 2008 edition indicating an increase in deprivation in that area. This is explained by a fall in income and increase in unemployment relative to the rest of Wales. There has been no significant change in the ranking for St Asaph during the same period.

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**WIMD Map – no separate map as same for both the LSOA and the electoral divisions**

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## Jobs

Compared to the county as a whole,

- more people who live in St Asaph work in the public sector (and more people in Denbighshire work in this sector than in any other local authority area in Great Britain),
- fewer people work in retail
- a higher percentage of people work in manufacturing with the percentage in the West ward being particularly high for the county
- fewer people commute more than 20km to work, and
- a similar percentage of people of working age claim Job Seekers' Allowance.

Annual household incomes in St Asaph are higher than the average for Denbighshire.

## The place

The principal attraction in the town itself is the Cathedral which had around 9,000 visitors in 2011. However, the Cathedral hosts a number of prestigious events during the year which attract many more visitors in their own right.

There are 92 bed spaces in graded visitor accommodation in the town. The Oriel House Country Hotel & Spa is the only 4 star hotel in the county and Tan yr Onnen in Waen is the county's only 5 star "guest house".

### Vacancy rates for retail premises – Autumn 2011

St Asaph	3.6%	2 units
UK	13.3%	(Colliers International)



## **Future challenges and opportunities**

### **People**

75 new residential units are proposed for the former HM Stanley Hospital site.

Land with outline planning permission for residential development is available at the former St Winefride's primary school site.

The residential developments off Bishop's Walk and at Bryn Gobaith have not yet been completed either.

### **Community**

The Dean's Library and the Peniel Chapel could be possible alternatives for a community facility in view of the failure so far to secure Lottery funding for building a community hall on a site near the library, although a further expression of interest has been submitted for the site.

Older teenagers say there is nothing for them to do or anywhere for them to go.

## **Jobs**

The Talardy Hotel has been bought by Marston's Brewery and is being renovated.

There are specialist retailers such as Foxon's, R.N. Williams and Daniel Jones Butchers in the town centre which attract customers from a wider area.

Many of the 120 coaches which go to the Tweedmill shopping outlet at Llanerch Park every month will pass through St Asaph to get there.

The business park has land still to be developed.

There is also development land nearby at the old Pilkington's Glass Factory and sports ground.

Technium OpTIC is an opto-electronic technology and incubation centre on the St Asaph business park with a world class reputation, operated by Glyndwr University is one of only four techniums in Wales.

There could be better links between the town and the business park both in terms of businesses working together and the infrastructure along Glascoed Road.

The owners of the livestock market site have indicated that there may come a time when they would wish to sell the site in which case there would be an opportunity for accommodating an alternative use on it.

## **The place**

A bid has been submitted for City status as part of the Diamond Jubilee celebrations.

The town is located very near to the A55 providing a good transport network for residents, commuters and businesses.

Traffic can often be stopped from flowing freely through the town and on-street parking is unsatisfactory.

Brown visitor signs for the Vale of Clwyd would assist visitors travelling along the A55.

New visitor information boards are proposed for locations in the West ward

The low bridge over the River Elwy near Spring Gardens Holiday Park has the potential to cause flooding if blocked.

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# Vision for St Asaph

We want St Asaph

- to offer an enviable quality of life attractive to residents of all ages
- to be where the potential of the cathedral and the natural river setting as a visitor destination has been realised, and
- to sustain and further develop its buoyant evening economy.

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## Making it happen...

...for people			
What we want to achieve	We will achieve this by	This will be led by	By when
There has been an improvement in educational attainment	Securing external funding from Welsh Government to extend and refurbish Ysgol Glan Clwyd	County Council Modernising Education	1-5 years
	Completing area review of existing primary provision and agreeing the pattern for future provision and improvement works	County Council Modernising Education	1-5 years
The housing needs of residents have been met	Building residential units on the former HM Stanley Hospital site	Private sector	1-5 years
	Building residential units on the St Winefrid's site	Private Sector	1-5 years
	Completing the developments at Bishop's Walk and Bryn Gobaith	Private Sector	1 – 5 years

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## Making it happen...

<b>...for the community</b>			
What we want to achieve	We will achieve this by	This will be led by	By when
Better community facilities for people of all ages to use	Continuing to look into the provision of a community centre	Community Association	1-5 years
People will have access to cheaper and better quality food	Providing more allotments	Town Council	1-5 years
Residents and visitors not feeling intimidated by people consuming alcohol in public places	Implementing a Designated Public Place Order within the part of the town covered by the 30 mph speed limit	County Council Planning, Regeneration & Regulatory Services	1 year
A reduction in the amount of dog mess in public places	Consulting on the introduction of a Dog Control Order within the part of the town covered by the 30 mph speed limit	County Council Planning, Regeneration & Regulatory Services	1 year

## Making it happen...

...for jobs			
What we want to achieve	We will achieve this by	This will be led by	By when
The full potential of the cathedral as a visitor destination is realised	Finding funding to develop a visitor centre and toilets	Representative Body of the Church in Wales and County Council Planning, Regeneration and Regulatory Services	1-5 years
	Working with Tweedmill to encourage their visitors to call in St Asaph too	County Council Environment	1-5 years
Viability of the remaining town centre shops	Improving Chester Street parking and traffic flow	County Council Highways and Planning, Regeneration and Regulatory Services	1-5 years
	Supporting the establishment of tourism and business groups	County Council Environment	1 year

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## Making it happen...

...for the place			
What we want to achieve	We will achieve this by	This will be led by	By when
A better visitor experience	Tackling untidy sites and buildings such as the Auction Rooms in Gemig Street and at gateway locations including the fences near H.M. Stanley Hospital and properties in Chester Street	County Council Planning, Regeneration and Regulatory Services	1-5 years
	Reviewing the on street parking on Mill Street by the bowling green car park which reduces the traffic flow to one car width	County Council Highways	1 year
	Keeping the toilets open for longer and improving the appearance of the security measures on the building	County Council Environment	1 year
	Putting a town trail board in the car park	County Council Environment	1 year
	Making the steps at Red Hill safer	County Council Environment	1 year
	Getting the grass cut regularly outside the BT exchange	BT	1 year
Improved traffic flow on the High Street	Limiting the times that the brewery can deliver to and unload at the Conservative Club	County Council Highways	1 year



## How will we know if we are on track?

Annual reviews of progress will be undertaken by the County Council together with St Asaph Town Council. More regular updates will also be provided to the County Council's Member Area Groups and to the Town Council, and also to the wider community through County Voice and through press releases made by Denbighshire County Council. The Plan will be treated as a living document in which aspirations can be added or removed according to changes in circumstances.

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## Statistical Appendix

### 2001 census data

Percentage of...	In St Asaph	In Denbighshire
Young people aged 15 or under	19.1 (17.2 in the East ward and 21.2 in the West ward)	19.7
All people aged 65 or over	19.9	20.2
People aged 85 or over	3.3	2.8
People claiming housing or Council Tax benefit	8.2	9.9
Overcrowded households	6.2	4.4
People born in Wales	62.4	57.9
People over 3 years of age who can speak, read or write Welsh	27.6	29.0
Working residents employed in the public sector	34.8	30.0
Working residents employed in manufacturing	17.7 (15.3 in the East ward and 20.5 in the West ward)	13.9
Working residents employed in retail	12.8	16.4
Working residents who travel more than 20km to work	17.3	18.6

### Welsh Index of Multiple Deprivation

"Lower layer super output area"	Ranking in 2005	Ranking in 2008	Ranking in 2011
St Asaph East	1663	1562	1565
St Asaph West	632	714	696

**Report To:** CABINET

**Date of Meeting:** 21<sup>st</sup> February 2012

**Lead Cabinet Member:** Councillor Julian Thompson-Hill

**Lead Officer:** Paul McGrady, Head of Finance & Assets

**Title:** Finance Report & Recommendations of the Strategic Investment Group

**1 What is the report about?**

The report gives a forecast position for the council's revenue budget and performance against the budget strategy for 2011/12 as at the end of January 2012. The report also gives a summary update of the Capital Plan, the Housing Revenue Account and Housing Capital Plan. Attached for consideration is a copy of the recommendations of the Strategic Investment Group which are to be presented on 28<sup>th</sup> February 2012 to Council for approval as part of the Capital Plan for 2012/13.

**2 What is the reason for making this report?**

The report advises members of the latest financial forecasts in order to deliver the agreed budget strategy for 2011/12 as defined in the Medium Term Financial Plan, the Capital Plan and the Housing Stock Business Plan.

**3 What are the Recommendations?**

Members note the latest financial position and progress against the agreed budget strategy.

Members support the recommendations of the Strategic Investment Group as shown in Appendix 5.

**4 Report details**

The latest revenue budget forecast is presented as **Appendix 1** and shows a net under spend of £753k on council services (£487k last month) plus £400k on corporate budgets, including the provision for slippage in this year's savings target of £300k. There are also variances within some services compared to original forecasts but these are being managed within the services.

The forecast position for schools has improved but shows an over spend of £396k (£446k last month). Further details of departmental budget performance are shown below. The Housing Revenue Account summary is

also included in Appendix 1 for information but this is a separate fund and not part of the council's revenue budget.

**Appendix 2** to this report gives an update showing progress against the savings and pressures agreed as part of the 2011/12 budget setting process. In total, net savings of £6.359m were agreed and so far, £6.024m (95%) have been achieved with £0.275m (4%) still in progress. The items remaining as 'in progress' are those that cannot be confirmed until the end of the year, though all should be achieved.

The Medium Term Financial Plan made a provision of 5% to cover non-achievement of savings within the year against the original proposals. The provision equates to approximately £300k and is shown as an under spend this month. As this provision has not been required, it was agreed last month to carry the cash forward to invest in priorities in 2012/13. The agreed allocation was £200k toward the investment in the 21<sup>st</sup> Century schools project and £100k to the development of town plans and communities.

## **5 How does the decision contribute to the Corporate Priorities?**

Effective management of the council's revenue and capital budgets and delivery of the agreed budget strategy underpins activity in all areas, including corporate priorities.

## **6 What will it cost and how will it affect other services?**

This section of the report is used to highlight any key variances from budget or savings targets, risks or potential additional savings that may arise throughout the year and to give a more general update on the Capital Plan and the Housing Revenue Account.

**Revenue Budget** - The revenue budget for services to the end of January shows a projected under spend of £753k (£487k last month). There is also an under spend within corporate budgets. Details are shown below:

The under spend in **Business Planning & Performance** is primarily related to the budget for the administration of the Cymorth grant and the winding down of the current grant. It was agreed at the recent service challenge that this could be reviewed as a possible budget saving in future if the net departmental position continues to show an under spend.

The **Finance and Assets** budget is forecast to be under spent by £20k, generally as a result of staff vacancies. **Property Services** budget continues to face pressure on fee income targets though this has reduced significantly and the department has made savings across supplies and services budgets.

**PFI** - The original PFI business case model was constructed using much higher interested rates than the council currently achieves, or is likely to achieve in the medium term. The model assumed investments could be made

in the early years of the project which would provide a sufficient return to fund costs in later years. Therefore, provision is being made to ensure there isn't a funding gap in future years.

**Highways & Infrastructure** shows a forecast position of £217k under spent. As reported in detail previously, the department has achieved the departmental savings target of £150k and a further £100k in relation to procurement savings on school transport. The budgets for road maintenance are currently forecasting an under spend and this has increased from last month in total, but within this is the budget for winter maintenance which is subject to significant swings in demand depending on weather conditions.

At the beginning of the year, as a result of additional grant funding awarded, it was agreed that £250k (cash) be transferred from Highways to fund corporate pressures should any arise during the year. As the council's savings targets have been achieved and both service and corporate budgets are not under pressure, the £250k has not been needed. The Strategic Investment Group recommends that this be used to fund investment in a programme of more energy efficient street lighting equipment. The investment will deliver a payback in reduced energy consumption and maintenance and it is proposed to introduce a revenue budget saving, beginning in the 2013/14 Medium Term Financial Plan, to recognise this.

The **Regeneration, Planning & Public Protection** Department has a budget savings target of £200k in 2011/12 and should achieve this. The department is forecasting an under spend of £83k (£87 last month). In addition there is £145k of priority funding for 11/12 which is currently unspent. While this was originally planned to be spent before the end of the financial year, the service is now waiting for proposals to be considered to ensure they contribute fully to the council's corporate objectives.

**Adult Services** budgets are shown as balanced but assume that approximately £208k of Supporting People grant will be used to fund pressures within the year (£300k last month). This was part of the strategy agreed at the service challenge in 2010 to manage in-year cost pressures. However, the subsidy from Supporting People will be reducing and ultimately removed so underlying pressures will have to be addressed in the medium term. The overall position has improved this month due to a reduction in residential and nursing places in physical disability and older people services and some staff vacancies.

**Children & Family Services** are now forecasting an under spend of £102k. There are two main reasons for this: the first is that a number of adoptions that were hoped to be completed before the year-end will now be finalised early in the new financial year - there is a cost associated with each case. The second is that a surplus residential care place is being used by another local authority and so generates income for the council.

The **Environment Services Department** has a budget savings target of £541k in 2011/12 and will be achieved in full. The department is forecasting

an under spend for the year. The projected under spend is now £69k (£87k last month). The change is due to additional pressure on the sand drift budget within street cleansing.

The savings targets within **Customer Services** total £271k this year. Of this, £126k is in relation to procurement efficiencies and is on target. It can be assessed more effectively as actual expenditure on consumables is reviewed at the end of the year. An under spend of £40k is forecast over the departmental budget due to delays in recruitment. If departmental balances are carried forward, it is proposed to use some of this for investment in the intranet in 2012/13.

Expenditure on **corporate budgets** (including bank charges, audit fees and pension back-funding budgets) has been less than anticipated and this should generate an under spend of £100k. Collection rates on **council tax** have remained high this year which will have a positive impact on the yield at year-end. However, the reform to council tax benefits is likely to reduce collection rates in future years which will impact on the resources available to the council.

**Schools** – The forecasts on school budgets have improved by £50k from last month but a net overspend £396k is still likely. The position now includes seven schools in financial difficulty (previously eight). Schools with a forecast deficit position are required to submit proposals to achieve a balanced budget. Schools with an over spend at year-end will carry the deficit balance forward. There are currently eleven schools with balances in excess of 8% of their total budget, ten schools holding balances in excess of 5% and twelve schools within the recommended range of between 2% and 5%.

**Capital Plan** – Expenditure to the end of January is £23.2m against a plan of £30.7m for the year. **Appendix 3** shows a summary of the current plan and how it is financed. It is based on the current year's approved Plan and does not make assumptions about the 12/13 until it has been approved. **Appendix 4** gives a brief update on the major capital projects. Attached as **Appendix 5** is a summary extracted from a report to be presented to County Council on 28<sup>th</sup> February showing the recommendations of the Strategic Investment Group. If accepted by Council, the proposals will form the basis of the Capital Plan for 2012/13.

**Housing Revenue Account (HRA)** – The latest HRA forecast shows a planned in-year deficit of £1.117m (£1.108m last month) against an original budget of £1.025m. The forecast deficit is currently £92k higher than the original budget. The planned in-year deficit arises as £1.3m of revenue budget is to be used to fund capital expenditure as part of the agreed Housing Stock Business Plan for 2011/12. The Business Plan remains viable and based on the latest forecast, the HRA balance carried forward will be £892k (£898k reported last month).

The Housing Capital Plan forecast outturn has reduced to £5.413m (£5.832m reported last month) compared to the budgeted estimate of £5.969m for the

year. Major Improvement Contracts 4 and 5 have been reviewed and the value of works estimated to be completed this financial year has been reduced. Both contracts are currently estimated to be over the original contract sums due to additional costs being identified, such as the removal of asbestos (as reported last month), but the expenditure within the year will be less than planned. The work will roll forward into next year's improvement plan. The achievement of Welsh Housing Quality Standard by the end of 2012/13 remains on target and the latest expenditure forecasts do not affect the viability of the Housing Stock Business Plan. A summary of the latest HRA position is shown in the table below.

***Housing Revenue Account & Capital Plan Summary:***

<b><u>Housing Revenue Account Summary 2011/12</u></b>	
<b><u>January 2012</u></b>	
<b>Expenditure</b>	<b>£'000</b>
Housing Management & Maintenance	5,380
Capital Charges	2,586
Subsidy	3,079
Provision for Bad Debts	26
Revenue Contribution to Capital	1,341
<b>Total Expenditure</b>	<b>12,412</b>
<b>Income</b>	
Rents	11,132
Garages	154
Interest	9
<b>Total Income</b>	<b>11,295</b>
<b>In Year Deficit</b>	<b>1,117</b>
<b>HRA Balance Carried Forward</b>	<b>892</b>

<b><u>Housing Capital Plan</u></b>	
<b><u>January 2012</u></b>	
	<b>£,000</b>
Planned Expenditure	5,413
<b>Funded By:</b>	
Major Repairs Allowance	2,400
Revenue Contribution	1,341
Capital Receipts	65
Borrowing	1,607
<b>Total</b>	<b>5,413</b>

**7 What consultations have been carried out?**

The revenue budget was recommended by cabinet and agreed formally by council after an extensive round of service challenges. The capital plan was approved by council following scrutiny by the Capital & Assets Strategy Group

(now called the Strategic Investment Group) and recommendation by cabinet. The Housing Revenue Account has been approved following consultation with elected members and tenant federation representatives.

## **8 Chief Finance Officer Statement**

The delivery of the savings target for this year is a significant achievement. The savings that remain as in-progress should be confirmed by the end of the year. It is important that services continue to manage budgets prudently and that any in-year surpluses are considered in the context of the medium-term financial position.

As predicted, the overall position has started to improve and some of this improvement is because of progress being made in the delivery of next year's savings. Some corporately held budgets for specific provisions that are committed in future years will generate a cash surplus in the current year.

### **Economic Commentary & Treasury Management Update**

Financial markets continue to be very volatile and this is causing problems as the number of institutions with which the council can invest is very limited. Earlier in the year, the council decided to limit all investments to six months as a prudent measure. More recently, the ratings of a number of UK banks have been downgraded. This has a direct impact on the council's treasury management strategy and meant that amendments had to be agreed to the strategy for the current year to allow the council to place cash on deposit with its appointed bankers. Deposits with other UK banks have now been limited to one month. The council is continually exploring all prudent options to ensure that investments are secure whilst also trying to achieve the most reasonable returns possible in the circumstances.

Due to lower than anticipated borrowing costs this year, there will be a surplus in the capital financing budget. This is because additional borrowing was not required as originally planned. This will be used to reschedule debt before the end of the financial year and will provide a small reduction in the council's overall borrowing costs.

Total borrowing currently stands at £136m at an average rate of 5.73% and total investments are £27.0m at an average rate of 1.45%.

## **9 What risks are there and is there anything we can do to reduce them?**

This is the most challenging financial period the council has faced and failure to deliver the agreed budget strategy will put further pressure on services in the current and future financial years. Effective budget monitoring and control and early reporting of variances will help ensure that the financial strategy is achieved.



Specific risks are apparent when dealing with capital projects and can include expenditure or time overruns, funding issues and other non-financial considerations. A robust approval mechanism and close financial monitoring and reporting, along with effective project management procedures, help to minimise these risks.

The HRA is undertaking a considerable capital investment to improve the housing stock and using borrowing and grants to fund the works. Any borrowing must be affordable and the regular monitoring and annual approval and viability assessment of the Housing Stock Business Plan ensures that this is so.

## **10 Power to make the Decision**

Local authorities are required under Section 151 of the Local Government Act 1972 to make arrangements for the proper administration of their financial affairs.

## Appendix 1

## DENBIGHSHIRE COUNTY COUNCIL REVENUE BUDGET MONITORING REPORT 2011/12

Forecast as at 31/01/2012	Budget			Projected Outturn			Variance			Net	Variance Previous Report
	Expenditure	Income	Net	Expenditure	Income	Net	Expenditure	Income	Net		
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000		
Business Planning & Performance	2,263	-1,292	971	2,163	-1,292	871	-100	0	-100	-10.30%	-100
Legal & Democratic Services	2,086	-538	1,548	2,086	-538	1,548	0	0	0	0.00%	0
Finance & Assets	14,538	-7,413	7,125	14,925	-7,820	7,105	387	-407	-20	-0.28%	0
Highways & Infrastructure	20,218	-9,529	10,689	20,219	-9,747	10,472	1	-218	-217	-2.03%	-192
Regeneration, Planning & Public Protection	5,763	-1,949	3,814	5,368	-1,782	3,586	-395	167	-228	-5.98%	-87
Adult & Business Services	45,356	-13,630	31,726	44,634	-12,908	31,726	-722	722	0	0.00%	0
Children & Family Services	9,904	-1,105	8,799	9,935	-1,238	8,697	31	-133	-102	-1.16%	0
Housing Services	1,580	-1,192	388	1,617	-1,206	411	37	-14	23	5.93%	21
Leisure, Libraries & Community Development	10,271	-4,675	5,596	11,382	-5,786	5,596	1,111	-1,111	0	0.00%	-2
Strategic HR	1,672	-370	1,302	1,672	-370	1,302	0	0	0	0.00%	0
Customer Services	3,847	-876	2,971	3,807	-876	2,931	-40	0	-40	-1.35%	-40
Environment	19,680	-8,247	11,433	19,618	-8,254	11,364	-62	-7	-69	-0.60%	-87
Modernising Education	1,336	0	1,336	1,396	-60	1,336	60	-60	0	0.00%	0
School Improvement & Inclusion	11,225	-6,678	4,547	11,236	-6,689	4,547	11	-11	0	0.00%	0
<b>Total Services</b>	<b>149,739</b>	<b>-57,494</b>	<b>92,245</b>	<b>150,058</b>	<b>-58,566</b>	<b>91,492</b>	<b>319</b>	<b>-1,072</b>	<b>-753</b>	<b>-0.82%</b>	<b>-487</b>
Corporate	42,675	-36,671	6,004	42,575	-36,671	5,904	100	0	-100	-1.67%	0
MTFP 2011/12 Slippage Provision	300	0	300	0	0	0	300	0	-300	-100.00%	0
Precepts & Levies	4,549	0	4,549	4,549	0	4,549	0	0	0	0.00%	0
Capital Financing	12,104	0	12,104	12,104	0	12,104	0	0	0	0.00%	0
<b>Total Corporate</b>	<b>59,628</b>	<b>-36,671</b>	<b>22,957</b>	<b>59,228</b>	<b>-36,671</b>	<b>22,557</b>	<b>400</b>	<b>0</b>	<b>-400</b>	<b>-1.74%</b>	<b>0</b>
<b>Council Services &amp; Corporate Budget</b>	<b>209,367</b>	<b>-94,165</b>	<b>115,202</b>	<b>209,286</b>	<b>-95,237</b>	<b>114,049</b>	<b>719</b>	<b>-1,072</b>	<b>-1,153</b>	<b>-1.00%</b>	<b>-487</b>
<b>Schools</b>	<b>67,166</b>	<b>-7,226</b>	<b>59,940</b>	<b>67,562</b>	<b>-7,226</b>	<b>60,336</b>	<b>396</b>	<b>0</b>	<b>396</b>	<b>0.66%</b>	<b>446</b>
<b>Total Council Budget</b>	<b>276,533</b>	<b>-101,391</b>	<b>175,142</b>	<b>276,848</b>	<b>-102,463</b>	<b>174,385</b>	<b>1,115</b>	<b>-1,072</b>	<b>-757</b>	<b>-0.43%</b>	<b>-41</b>
<b>Housing Revenue Account</b>	<b>12,327</b>	<b>-11,302</b>	<b>1,025</b>	<b>12,412</b>	<b>-11,295</b>	<b>1,117</b>	<b>85</b>	<b>7</b>	<b>92</b>	<b>8.98%</b>	<b>83</b>

**Appendix Medium Term Financial Plan Update 2011/12  
Update to 31/11/2011**

<u>Ref</u>	<u>Action</u>	<u>Status</u>	<u>Saving £'000</u>	<u>Total £'000</u>		<u>Posts</u>
<b>General</b>						
A1	Workforce Budget Reduction 1%	Achieved	125		Base budget reduction applied to staffing budgets.	
A4	Reduce staff advertising	Achieved	150		Base budget reduction applied though actual expenditure has exceeded the total cut.	
A5	Procurement savings	Achieved	200		Includes savings on e-tendering school transport contracts and new insurance contract.	
A7	Costs of Democracy	Achieved	25		Reduction in cabinet membership etc.	
A8	Review of Senior Management & Exec PAs	Achieved	365		Based on removal of 3 senior management posts and 2 PA posts.	
A9	Reduce budget for Major Events	Achieved	40		Base budget reduction.	
DS1	Reduction in School Roles	Achieved	340		Based on forecast reduction in pupil numbers.	
DS2	Removal of Unused School Pay Budget Provision	Achieved	620		Removal of single status funding.	
G1	Removal of one-off Budget 2010/11	Achieved	2,185	4,050		5
<b>Asset Review</b>						
B1	Office accommodation	Achieved	80	80	Savings in relation to Trem Clwyd and Fronfaith.	
<b>Support Services Review</b>						
C1	HR review	Achieved	50		Ongoing savings re HR Direct and impact of restructure, inc saving on 1 management post.	1
C12	Insurance Tender	Achieved	50		New contract has delivered savings. Part of the saving included in procurement target above.	
C2	Property services - phase 1	Achieved	100		Savings through restructure - redundancy and reduction in use of agency staff.	1
C3	Legal services - phase 1	Achieved	42		Removal of a solicitor's post	1
C4	Democratic support	Achieved	52		Removal of a manager's post	1
C5	ICT/IM	Achieved	131		Four redundancies as part of reorganisation of the department	4
C5	ICT/IM	In Progress	14		Dependent upon wider use of Proactis to allow a further post to be declared redundant	
C6	ICT/IM	In Progress	126		Procurement/consolidation of equipment - will be achieved but need to prove later in the year.	
C7	Finance - Financial Management	Achieved	70	635	Removal of 2 posts in creditor payments	2
<b>Service Challenges</b>						
<b>Leisure, Libraries &amp; Community Development</b>						
Da1	Leisure services- Management System	Achieved	40		New booking system and membership scheme	
Da2	Back office co-location	Achieved	20		Savings in admin as sections move to one location	
Da5	Remove subsidy by increasing income	Achieved	50		General increases in income from various sources	
Dk2	Merger of N Wales Bibliographic Services	Achieved	20		Libraries	
Dk3	Running Costs / Income	Achieved	27		Libraries - review of cleaning and caretaking costs	
Dk4	Family Info and Archives review	Achieved	35		Libraries	
Dk5	Review of housesbound service	In Progress	10	202	Libraries	
<b>Environmental Services</b>						
Db11	Outsource Propogation	Achieved	30		Open spaces - included restricted use of nursery for bedding plants as well as outsourcing	
Db13	Cemetaries charging -	Achieved	34		Increase charges over inflation	
Db16	Countryside staff reduction	Achieved	24		Post reduction Senior Admin Officer	1
Db17	Tourism Service Redesign	Achieved	20		Saving of PA post.	1
Db18	Regeneration Service Redesign	Achieved	23		Savings from redefinition of roles, lower numbers and integrations with public realm and leisure.	
Db2	Renegotiate recycle and disposal contracts	Achieved	220		New recycling contract	
Db5	Regional Waste Project Procurement Budget	Achieved	94		Reduction in project budget as it comes live	
Db8	Reduce Overtime (Street Cleansing)	In Progress	20		Introduction of flat time for weekends and review of hours allocated to specific jobs	
Db9	Fleet Efficiency	Achieved	50		Hired vehicles replaced by in-house	
Db1/12	Other	Achieved	26			
Db14	WAG Waste Target Pressures	Confirmed	-247		Pressure is as originally forecast.	
Db15	Free School Meals Cost Pressures	Confirmed	-130	164	Pressure is as originally forecast.	
<b>Planning, Regeneration &amp; Regulatory Services</b>						
Dc1	Review of Regeneration	Achieved	40		Staff reductions as a result of restructuring - includes elements of a management post	1
EC21	Review Pest Control	Achieved	30		Part of collaboration project - one post gone on EVR	0.5
EC22	Review Development Control	In Progress	20		Officer on long term sabbatical, not replaced.	1
EC25	Review of CCTV service	Achieved	20		Review of shift patterns and overtime.	
EC26	Review of Pollution Control	Achieved	30		Part of the same project as noted against Pest Control	0.5
EC27	Review of Trading Standards	Achieved	60	200	Part of collaboration - senior management posts shared with Conwy.	1

		<b>Status</b>	<b>Saving £,000</b>	<b>Total £'000</b>		
<b>Highways &amp; Infrastructure</b>						
Dd1	Road Safety	Achieved	45		Various small savings due to use of traffic signals, anti-skid surfaces, etc.	
EC11	Street Lighting	Achieved	30		Based on work recharged to Conwy under collaborative structure.	
	Public Transport	Replacement	30		Savings based on work recharged to Conwy under collaborative structure.	
	Car Parking	Replacement	15		Part of the saving on collaborative parking arrangements brought forward from 12/13	
EC14	Street Works	Achieved	20		Savings on admin/standardisation of policies etc Including fees for skips, increasing inspection/charges	
EC16	Winter Maintenance	In Progress	10	150		
<b>Adult &amp; Business Services</b>						
Df1	Cefndy Healthcare	Achieved	60		Gradual removal of council subsidy	
Df10	Restructure part of service	Achieved	53		Removal of one service manager post	1
Df16	Administration Rationalisation	Achieved	47		Reduction of administrative support as part of wider review	2
Df17	Systems Thinking and Vacancy Control	Achieved	40		Removal of long-term vacancies and introduction of new locality structure	1
Df19	Workforce Development Review	Achieved	30		Changes to qualifying routes for social work trainees - more use of part-time OU courses plus Gd 8 post (60%) being deleted	0.5
Df6	Day care - review and rationalise	Deferred	60		Will be delivered in full next year (£120k)	
Df8	Impact of investment in reablement	In Progress	75		Investment in reablement packages (intensive home care) to avoid residential care. On target to be achieved.	
Df9	Residential Care - Impact of Extra Care	Achieved	60		Saving is around the differential between residential care cost and extra care - up to £150 per week.	
Df99	Compensating savings within the services	Achieved	451		Pressure reduced by £115k as PMDF grant has been paid in 2011/12	
Df5,12-15	Other	Achieved	51		Includes savings through Telecare, re-ablement and reduction in contribution to Mental Health Partnership	
P1/4/6	Loss of Grant	Confirmed	-179		Loss of grant figure reduced by £115k as noted above.	
P2/3/5	Demographic Change	Confirmed	-272	476	Impact being dampened in 2011/12 by use of Supporting People grant funding.	
<b>School Improvement &amp; Inclusion</b>						
Dh1	Service Restructure	Achieved	261	261	Includes the removal of 4.5 posts.	4.5
<b>Children &amp; Family Services</b>						
Dj1	Management Changes	Achieved	105		Review of senior posts - includes removal of two senior manager level posts.	2
Dj10	TAPP Team change in funding	Achieved	93		CHC funding from the NHS has replaced the base budget for the team - long term funding.	
Dj3/6/9/13	Other Savings	Achieved	56		Includes £35k budget for projects that have now finished (inc merger etc), plus savings to therapy service	
Dj5	Re-shaping Supervised Contact Service	Achieved	33		Costs have been brought down but there is still a pressure hence marked as in progress.	
Dj2	Admin Rationalisation	Achieved	40		Deleted one vacant admin post and one further post will be redundant this year.	2
Dj20	Legislative	Confirmed	-14		Increased costs resulting from Southwark Judgement - more likely to be £20k.	
Dj16/17	Social Worker & Staffing Pressures	Confirmed	-117		Pressure has reduced because of vacancies but offset by an increase in fostering pressure.	
Dj18	In-house Fostering	Confirmed	-62		Pressure has increased from the original estimate.	
Dj19	Direct Payments	Confirmed	-24	110	Pressure is as expected.	
<b>Housing Services</b>						
Dz1	Various small savings	Achieved	31	31	Numerous small savings. Will be confirmed following review of total housing budget, including the HRA.	
<b>Total Savings 2011/12</b>				6,359		34
<b>Summary:</b>						
Savings Achieved/Replaced or Pressures Confirmed			£'000	%		
			6,024	95		
Savings In Progress/Being Reviewed			275	4		
Savings Not Achieved/Deferred			60	1		
Total			6,359			

**Denbighshire County Council - Capital Plan 2011/12 - 2014/15**

**Position as at January 2012**

**APPENDIX 3**

		2011/12	2012/13	2013/14	2014/15
		£000s	£000s	£000s	£000s
<b>Capital Funding:</b>					
<b>1</b>	<b>General Funding:</b>				
	Unhypothecated Supported Borrowing	3,987	8,824	3,674	3,490
	General Capital Grant	3,564	1,934	1,850	1,758
	General Capital Receipts	2,586			
	Earmarked Capital Receipts	216	88	0	0
		10,353	10,846	5,524	5,248
<b>2</b>	<b>Prudential Borrowing</b>	8,905	4,087	3	300
<b>3</b>	<b>Reserves and Contributions</b>	886	972	0	0
<b>4</b>	<b>Specific Grants</b>	11,461	9,500	2,659	549
	<b>Total Finance</b>	31,605	25,405	8,186	6,097
	<b>Total Estimated Payments</b>	-30,708	-19,124	-2,662	-849
	<b>Contingency</b>	-897	-1,500	-1,000	-1,000
	<b>Earmarked Contingency</b>				
	<b>Unallocated Reserve</b>	0	0	0	0
	<b>Funding available</b>	0	4,781	4,524	4,248

## Appendix 4 Major Capital Projects Update

### Rhyl Coastal Defence

Budget	£10.0m
Funding	WAG Grant
Expenditure to Date	£6.159m
Comments	<p>This coastal defence scheme will reduce the flood risk to some 2,000 properties and 500 businesses in West Rhyl. Approval for phases 1 &amp; 2 has been given by the Welsh Government and they have notified us of approval to increase the grant to £8.246m. This will enable the Council to complete phases 1 &amp; 2 of the scheme in isolation of Phase 3. Formal approval of the grant increase is awaited.</p> <p>Phases 1 &amp; 2 are the works to the inner harbour and river training wall. The works are underway and are anticipated to be complete by April 2012.</p> <p>Approval for phase 3 of the works, in relation to the stepped revetment towards the drift park is still awaited. The Welsh Government has asked the Council to review the flood risk for this section of coastline. A report was submitted to the Welsh Government in November and we await their approval of the report which will allow us to proceed to the next stage which is to calculate the cost of the most economic solution to reduce flood risk; this is likely to be a rock revetment.</p> <p>The Welsh Government have advised that if the Council decide to build a promenade as originally proposed, the additional cost would need to be met by the Council. Early estimates of this element suggest up to £1m funding would be required.</p> <p>It looks increasingly likely that grant approval for Phase 3 will not be received until 2013/14.</p> <p>The scheme is 100% funded by the Welsh Government until March 2012. Any costs incurred beyond this date will receive a lesser grant contribution of about 87%. Therefore the council will attempt to incur the majority of the costs for phases 1 &amp; 2 whilst 100% funding applies. Proposals in relation to flood alleviation and coastal defence works are included in the 2012/13 Capital Bids Report to be presented to Council on 28 February 2012.</p>
Forecast Expenditure 11/12	£5.299m

## Foryd Development

Budget	£10.013m (inc Revenue £413k)
Funding	WG, WEFO and Sustrans grants
Expenditure to Date	£0.977m
Comments	<p>A separate report on this development is being presented to Cabinet on 21<sup>st</sup> February 2012.</p> <p><b>Summary</b>  A preferred design for the project which supports the working harbour and provides a smaller timber modular building on the harbour square, was agreed further to meetings with the Project Board, Informal Cabinet, Welsh Government (WG) and the Welsh European Funding Office (WEFO). This scheme has progressed and some value engineering undertaken.</p> <p>A re profile of the project was undertaken during January 2012 and this will form part of a new project approval to formally recognise the additional £500k contribution from WEFO and the £500k contribution agreed by the Council on 15 November 2011.</p> <p><b>Foryd Harbour Cycle &amp; Pedestrian Bridge</b></p> <p>Detailed design is complete and detailed costs are being finalised. The latest cost estimate is £4.4m.</p> <p>It is anticipated off site prefabrication will commence in early 2012. Some “setting up” for the deck fabrication has already commenced.</p> <p>Commencement of on site works will complement the Public Square scheme to share site costs. This will likely be mid 2012 with completion by March 2013.</p> <p><b>Quayside Units, Public Square &amp; Extended Quay Wall</b></p> <p>The main Planning application was submitted to Conwy County Borough Council on 12 December 2011, and it is anticipated that an approval will be gained in April 2012. A further planning application was submitted to Denbighshire County Council the following week in respect of the environmental mitigation within the Marine Lake, associated with the planned harbour works.</p> <p>The application has been made for the Marine Consents Licence associated with these works. Work has now commenced on the detailed design.</p> <p>The programme of works shows a start on site in June 2012 with the initial works being the construction of the quay walls. The programme of works for this element of works dovetails with that</p>

	of the Pedestrian and Cycle Bridge to enable the schemes to progress alongside each other. Whilst the quay walls and the public square will be complete by March 2013 enabling the bridge works to be completed, the finishes to the square and the building will not be complete until September 2013; this is due to the settlement period required further to the construction of the quay walls.
Forecast Expenditure 11/12	A re profile of the project is currently underway for submission to the Welsh Government.

### Highways Programme Works

Budget	£5.87m
Funding	£5.87m Prudential Borrowing
Expenditure to Date	£4.5m
Comments	<p>An allocation of £5.87M was made to progress highways capital works as part of the 2011/12 Capital Bid process.</p> <p>A regular update on progress achieved is produced by the Head of Highways and Infrastructure. The latest update (No 7) was recently sent out to all Councillors and SLT.</p>
Forecast Expenditure 11/12	£5.87m

### Property Acquisition & Demolitions

Budget	£2.95m
Funding	£1.93m SRA Grant ; DCC Prudential Borrowing £1,025k
Expenditure to Date	£2.64m
Comments	<p>Council have previously approved the purchase of a number of properties in Rhyl with a view to demolition and the provision of public realm works:</p> <p><b>87/88 West Parade</b> The Council has acquired the freehold of this property following Compulsory Purchase. Demolition of the property will commence late February.</p> <p><b>24 West Parade</b> This property, which forms an integral part of a building known as the Honey Club is now in the ownership of the Council. Officers are currently engaged in ensuring the property can be secured to enable the roads in the vicinity to be re-opened. Work is being undertaken to gauge potential interest from developers for the site.</p> <p><b>25 &amp; 26 West Parade</b> Discussions with the owner have reached an impasse at this stage. A report will be submitted to Cabinet in the near future seeking authority for a compulsory purchase order.</p> <p><b>26 Abbey Street</b> Transfer of ownership to the Authority is imminent.</p> <p><b>28 and 30 Abbey Street</b> Both properties are now in the ownership of the Council.</p>



	<p>Preparatory survey work is underway with a view to demolitions taking place early in the 2012/13 financial year.</p> <p><b>Costigans</b></p> <p>This property is now in the Council's ownership. Tenders are currently being evaluated for the refurbishment of the building. It is hoped work can commence shortly, after which the property will be offered for sale on the open market.</p>
Forecast Expenditure 11/12	£1.2m

## Appendix 5

### Summary of Strategic Investment Group Recommendations (Capital Plan 2012/13).

#### Report details

- 4.1 The Welsh Government's capital settlement for 2012/13 has seen a reduction of 7.8% (£489k) over 2011/12. This continues the very poor capital settlements provided by the Welsh Government over the past five years. In addition to this, future specific grants are likely to be set at a lower level than in previous years.
- 4.2 With the lack of capital investment from the Welsh Government, the Council has no choice but to rely on its own resources to invest in key projects. This means either selling assets to generate receipts or using Prudential Borrowing.
- 4.3 The Council is aiming to dispose of a number of sites over the three year time frame of this report. Asset disposals can, however, be slow with values uncertain and the timing of receipts difficult to predict. The current economic conditions also add further risk and will put downward pressure on values. For the purposes of this report no new capital receipts have been assumed and the only funds allocated are those that have already been received.
- 4.4 The Council also builds a £1m contingency into the capital plan each year to ensure it can deal with any unforeseen circumstances, and also to ensure it can deal with any problems with specific projects that overspend. An additional £500k contingency has been agreed by Council on 15 November 2011 to provide for any potential problems that should occur with the Foryd Development. At the end of each financial year any unspent contingency is released back into the following year's capital plan.

The available funding for 2012/13 is shown below:

<b>Source</b>	<b>Amount £000</b>
General Capital Grant	1,934
Un-hypothecated Supported Borrowing	3,820
Prudential Borrowing - Highways	3,650
Prudential Borrowing – Regeneration/Schools	4,000
Capital Receipts	1,059
Unspent Contingency b/f	647
Earmarked Reserves	450
Welsh Government Education Grant	318
<b>Total</b>	<b>15,878</b>
Funds already committed	5,230
<b>Funds Available 2012/13</b>	<b>10,648</b>

4.5 Funds already committed are from previous decisions made by members and consist of:

- Capital contingency £1.5m.
- Grants for SME's £30k.
- 21<sup>st</sup> Century Schools Reserve - Cash £200k.
- 21<sup>st</sup> Century Schools – PB £3.0m.
- Foryd Development £500k.

4.6 The Capital Plan spends money on two types of project. Firstly there are one-off projects such as a new school or refurbishment of a leisure centre, the second type of expenditure is a 'block allocation'. These are ongoing programmes of work that stretch over several years (and may never be complete) e.g. schools maintenance. Elements of this work may be paid for from repair and maintenance budgets but a significant part is funded through the capital plan.

### **Recommendations of the Strategic Investment Group**

4.7 In the light of continued cuts to the capital resources available to the Council, it was agreed by the Strategic Investment Group to invite bids in line with previously agreed block allocations from departments. The Strategic Investment Group has reviewed 16 bids over a number of meetings. It was not deemed necessary to apply the Council's scoring mechanism to the review process.

4.8 Each bid was presented by a head of service. Some issues that arose from this process are detailed below:

- The Strategic Investment Group has noted that significant investment will be required to progress 21<sup>st</sup> Century schools proposals over the next few years. In support of this initiative, Council on 7<sup>th</sup> February 2012 approved £200k as part of the revenue budget process to support capital expenditure of around £3.0m through Prudential Borrowing. It is acknowledged that this spend is not likely occur until 2013/14.
- Due to the late receipt of a £318k Welsh Government grant for Education, there has not been sufficient time to bring proposals for its use to the Strategic Investment Group. Given the grant needs to be claimed by 31 March 2012, existing planned expenditure in 2011/12 will be used to draw down the grant. This will release £318k into the 2012/13 capital plan. The Strategic Investment Group has recommended that this sum is set aside to support future schools 21<sup>st</sup> Century proposals.
- Earlier in the year, Highways received a grant for additional salt. As this was not needed, it was held centrally. It is proposed that this money (£250k) be used to fund a programme of street lighting improvements, replacing

approximately 1,650 units to cut energy consumption and release future budget savings.

- The Strategic Investment Group have considered the Community Capital bid and the Strategic Regeneration Match Funding bid and recommended combining them and bringing them together with the priority funds in the revenue budget to create larger strategic fund that can support town plans, regeneration and communities.
- Both the school and non school capital maintenance bids include provision for essential maintenance such as Asbestos Removal, Fire Risk Assessment Work, DDA etc. It is recommended that £1.725m be allocated to Schools Capital Maintenance Works and £500k to Non schools capital maintenance work. It is further recommended that the appropriate Heads of Service determine the precise allocations to the specific works required.

4.9 Highways have received £100k to support prudential borrowing as part of the revenue budget for 2012/13. This will allow approximately £1.4m of capital expenditure. In addition, Welsh Government have earmarked £162k of revenue funding for Denbighshire to fund prudential borrowing and this will generate Highways capital works of approximately £3.65m. The latter is subject to the approval of a business case by the Welsh Government. In addition to this, it is proposed to support flood alleviation works of £375k, the replacement of dangerous street lighting columns and units (£100k) and £1m in block allocation for structural and other repairs, including bridges. This gives a total proposed Highways capital programme of £5.3m for 2012/13.

4.10 Appendix A shows the projects listed with recommended funding for each. Each project that is being recommended for approval is shown under a different column in the appendix:

- PB Highways – This is the £3.65m prudential borrowing to be supported from the revenue budget as approved by Council on 7<sup>th</sup> February 2012.
- Council Funds – These are funds such as general grants, capital receipts, and unspent contingency. This funding is for one year only.

4.11 The membership of the Strategic Investment Group is as follows:

- Lead Cabinet Member – Finance & Efficiency
- Lead Cabinet Member – Modernising the Council
- Lead Cabinet Member – Regeneration & Tourism
- Scrutiny Chairs
- Corporate Director – Business Transformation & Regeneration
- Head of Finance & Assets
- Head of Planning, Regeneration & Regulatory Services

**REPORT TO CABINET**

**CABINET MEMBERS:** Lead Member for Finance and Efficiency and Lead Member for Regeneration, Tourism and Housing.

**DATE:** 21<sup>st</sup> February 2012

**SUBJECT:** **Housing Revenue Account  
Revenue Budgets and Capital Budgets 2012/13**

**1 DECISION SOUGHT**

- 1.1 That the Housing Revenue Account Budget (Appendix 1) and the Housing Stock Business Plan (Appendix 2) be adopted.
- 1.2 That rents for Council dwellings be increased in accordance with the Rent Setting Policy in Section 2.2.10 (average 5.67% in line with Guidance from Welsh Government) from Monday 2nd April 2012.
- 1.3 That rents for Council garages be increased in accordance with Section 2.5.1 by £0.14 to £5.84 (2.5%) per week with effect from Monday 2nd April 2012.
- 1.4 That heating charges be increased in accordance with Section 2.6.3 with effect from Monday 2nd April 2012.

**2 REASON FOR SEEKING DECISION**

- 2.1.1 Statutory requirement to set budgets and rent levels before the start of the new financial year.
- 2.1.2 The budget for 2012/13 must be set to conform with the Housing Stock Business Plan (HSBP) established when the Council decided to retain its housing stock and fund improvements to reach Welsh Housing Quality Standard by the end of 2012 and maintain it until 2042.

**2.2 Housing Revenue Account (HRA)**

- 2.2.1 The latest forecast outturn for 2011/2012 is detailed in Appendix 1, in line with the monthly monitoring report. Balances, at year end, are forecast to be £891,837.
- 2.2.2 The proposed budget for 2012/13 is also detailed in Appendix 1. The budget has been calculated on the following bases:
  - HRA Subsidy Determinations;
  - Average rent increases of 5.67%;
  - A zero based budgeting exercise carried out and completed by Service Managers

- Overall management expenditure in line with the HSBP assumptions, increase 2.5%;
  - Repairs and Maintenance in line with HSBP assumptions, increase 2.5%;
  - 4 Right To Buy (RTB) Sales in 2011/2012 and 1 in subsequent years
- 2.2.3 Final HRA Subsidy Determinations were received from Welsh Government in early February 2012 and included the following:
- Management and Maintenance allowances will increase to £2,448 per dwelling (an increase of 7.99% over 2011/2012);
  - Guideline Rent increases to £66.33 per dwelling per week (5.67% for Denbighshire, 5.1% for Wales) due to relatively low level of rents charged in Denbighshire compared with that of other social landlords;
  - Benchmark Rents increase to £72.60 (5.1%).
- 2.2.4 The Determination effectively decides the amount of the negative subsidy paid to Welsh Government and on to the Treasury each year. It assumes that “Guideline Rents” are charged, that “Management and Maintenance” costs are fixed, and older supported capital repayments are made. The “notional” HRA account produced from this calculation is in surplus and this amount is paid to Welsh Government and on to the Treasury as negative subsidy. There is a national review of the HRAS under way but there is no prospect of significant change to the Subsidy system until at least 2013.
- 2.2.5 Notification of a decision made by Welsh Government was received in December 2011 indicating that Guideline Rents will be based on the average inflation rate of 5.1% rather than the standard policy of using the previous September RPI inflation figure which equated to 5.6%.
- 2.2.6 In addition, Welsh Government decided to temporarily suspend the convergence policy (the policy of bringing together guideline rent with benchmark rent levels, the latter being higher). Convergence is achieved in about 9 years time at which point Guideline Rents will track benchmark rents which will generally increase by inflation plus 1%.
- 2.2.7 WAG have given general guidance that the total amount of HRA Subsidy to be paid should be maintained at or about its current level plus 2% inflation which is better than previous versions of the Housing Stock Business Plan where amounts increased substantially.
- 2.2.8 It is estimated that the HRA Subsidy payment to Welsh Government for 2012/2013 will total £3.148m, an increase of 2.8%.
- 2.2.9 It is proposed to increase rents by 5.67% for all tenants. A restricted increase will impact on income and could negatively impact on the overall position of the HRA and the HSBP.

2.2.10 All tenants will pay Guideline Rent:

	<b>Guideline/ Actual Rent 2011/2012 £</b>	<b>Guideline/ Actual Rent 2012/2013 £</b>
Bed-sit	53.09	56.10
1 Bedroom	55.86	59.02
2 Bedrooms	60.39	63.81
3 Bedrooms	69.67	73.62
4 Bedrooms	76.61	80.95
<b>Weighted Average</b>	<b>62.77</b>	<b>66.33</b>

2.2.11 Figures show that 66% of all Denbighshire's Council tenants are in receipt of some form of Housing Benefit with half of all tenants in receipt of full HB and will therefore receive support towards the increase. For tenants that will be subject to the full increase, the Housing Service shall work closely with the Welfare Rights Team and the Citizens Advice Bureau to support a benefit take up campaign and work in partnership with key stakeholders as part of an income maximization campaign.

2.2.12 As the proposed rent levels are set at Guideline Rents, there will no longer be any requirement to pay Rent Rebate Subsidy Limitation (RRSL) to the Department of Works and Pensions (DWP).

### **Housing Stock Business Plan (HSBP)**

2.3.1 As part of the budget process it is necessary to monitor the Housing Stock Business Plan. A formal review of the HSBP was undertaken in late 2009 with a Due Diligence assessment by external consultants. The overall judgment was that the Housing Stock Business Plan remained viable.

2.3.2 A Due Diligence exercise is undertaken on an annual basis to review the assumptions used and to validate the robustness of the financial model. In addition the review undertakes a sensitivity analysis and produces a risk register.

2.3.3 The latest review was undertaken in February 2012 which confirmed that many of the original assumptions (2005/06) remain unaltered and concluded that the Business Plan is both accurate and robust. It states that the assumptions made are prudent however it notes that the stock condition survey is now seven years old and welcomes the commissioning of a fresh stock condition survey which shall be tendered in March 2012. This shall provide robust and current data upon which to base future planned programmes and investment strategies.

- 2.3.4 The current Business Plan is therefore viable and sustainable over the 30 year business planning period and therefore other options for the ownership or management of the Housing Stock do not need to be pursued.
- 2.3.5 A number of authorities have pursued Housing Stock Transfer as a means of levering in the investment required to deliver the WHQS and to sustain the standard over a 30 year period. Denbighshire are in the fortunate position of being able to meet the standard for all traditional built stock by the end of 2013 and can sustain investment over the business planning period.
- 2.3.6 Denbighshire County Council are one of the few authorities to be on track to deliver the Welsh Housing Quality Standard. The refurbishment programme commenced in 2005/06 and so far 2500 have been fully refurbished and comply with the standard. The final three contracts to deliver the standard to all stock are being let in 2012 which shall ensure that all stock meet the standard by August 2013. High levels of tenant satisfaction (90% plus) have been recorded for each of the contracts delivered to date with the most recently completed contract (4) recording 97% satisfaction rating from tenants.
- 2.3.7 Whilst virtually all stock will meet the standard by August 2013 the Council owns 22 non- traditional REEMA properties in Meliden which will probably not meet the standard by this date. The investment costs for these dwellings due to their non-traditional construction are significant.
- 2.3.8 The REEMA properties and the costs associated with bringing them up to the WHQS are presently subject to further investigation by Savills whom shall provide a detailed report on the structural and refurbishment costs and options available to the Council by mid February 2012. The tenants, residents association and local elected member have all been notified of this work and re-assured that the findings of the appraisal shall be shared with the community. It is worth noting that four of the REEMA properties are presently void and not in particularly high demand. Following the outcome of the review and consultations with local tenants and stakeholders a further report shall be provided to Cabinet with recommendations for the preferred investment option for this stock.
- 2.3.9 Whilst stock transfer is not an option being considered there are discussions which are due to commence between Welsh Government, Local Authorities and HM Treasury to explore the potential to dismantle the Housing Revenue Account subsidy system and to introduce a system of Self Financing.
- 2.3.10 A system of Self Financing for Local Authority owned Housing commences in England with effect from the 1<sup>st</sup> April 2012 and Minister's are keen to extend the system to Wales. It is unlikely that should the system be extended to Wales it would take effect prior to the 2013/14 financial year and it could possibly take 2



years to implement as it shall be subject to both national and local agreement. The key principles behind self financing are that:

- Annual subsidy system should end
- Once and for all debt settlement shall be provided with Councils being responsible for long term business plan including debt servicing
- In return for the above Councils can keep rents surpluses rather than having to pay them over to Welsh Government whom pay them to HM Treasury for recycling of subsidy (Denbighshire pay a £3 million rent surplus over to Welsh Government and nationally Welsh Local Authorities pay a surplus of £70 million per annum to HM Treasury for subsidy recycling).

2.3.11 The HRA Subsidy review may provide additional investment for Denbighshire and Officers have been asked to work with the Welsh Government and WLGA to help shape and develop the proposals for self financing details of which shall be reported to members in due course.

2.3.12 The latest Plan remains close to previous versions but does have some changes which are generally beneficial. It takes into account the latest WG Guidelines and the HRA Subsidy Determinations, together with allowances for revenue and capital expenditure which are based on best current estimates – except that capital contract costs have not been reduced to reflect improved tenders received in order to provide some contingency funding. Basically the Plan follows the WG Guidelines for 2012-13. The plan had assumed inflation of 2% per annum from 2012/13 and rents rising by 2% above inflation until convergence. Clearly the economic downturn has resulted in the inflation rate exceeding this projection for 2012/13 and rents have risen more sharply than was originally envisaged.

2.3.13 Management and Maintenance Allowances rise well above inflation - made possible by falling capital debt eligible for HRA Subsidy and WG assumptions that Subsidy levels will be broadly maintained. Capital funding is from the Major Repairs Allowance grant, a small amount from Capital Receipts and the remainder from Prudential Borrowing. An increasing amount of funding from revenue will be used for capital expenditure (CERA) when it is prudent to do so, in order to reduce borrowing costs.

2.3.14 There is no current requirement to find additional revenue savings. The requirement for HRA Subsidy eligible borrowing has been removed and therefore the Business Plan assumptions do not include any contribution from the council's main capital plan. The proposed budget shows an expected outturn for 2012/2013 in line with the Business Plan. The Plan must ensure that HRA balances do not go into deficit throughout the lifetime of the Plan and this has been achieved.

2.3.15 The Capital Programme for 2012/2013 will consist of completing the framework contracts so that all properties will have received improvements. New contracts will then be arranged to complete the works outstanding on properties which have had improvements in earlier years which need to be revisited. An extended

programme of Environmental Improvements will also be included. The total cost of capital works for 2012/2013 will be in line with the Housing Stock Business Plan at £7,452,000.

## **2.5 Garages**

2.5.1 Rents for garages shall increase in line with the HSBP resulting in a 2.5% uplift for 2012/13 (£5.84 per week). Officers are in the process of undertaking a review of garages to ascertain how they are presently being utilised, to compare and contrast investment costs against income derived and to consider the medium to longer term options for garage sites. An updated report on the findings from this research shall be provided to the next performance challenge meeting.

## **2.6 Heating Charges**

2.6.1 Four estates have communal heating systems with central boilers without individual meters. All other tenants pay their own heating costs direct to the supplier. Charges at the four estates increased significantly in 2007 and again in 2008 and 2009 but have still not reflected the national increases.

2.6.2 Energy supplier costs fell during 2007 but increased significantly during 2008 and 2009. Estimated costs for 2011/2012 have been affected by changes in supplier but appear to be covered by income (depending on winter costs yet to come). Charges increased by 10% in 2009/10 and again in 2010/11. A modest rise of 2.5% was applied in 2011/2012 with the same increase proposed for 2012/2013.

2.6.3 Proposed charges:

		<b>2011/12</b>	<b>2012/2013</b>
Caradoc Road, Prestatyn	IBF	6.20	6.36
Llygadog, Corwen	IBF	10.20	10.46
	2BF	11.10	11.38
	Warden	9.90	10.17
Trem y Foel, Ruthin	1BF	7.50	7.69
	2BF	8.90	9.12
	Warden	10.55	10.84
Cysgodfa, Denbigh	1BF	8.00	8.20
	2BF	9.50	9.74

## **2.7 Supporting People Charges**

Details of any new charges will be included in a separate report on Social Services Fees and Charges.

## **2.8 Contractor Appointments, Framework Agreement**

2.8.1 There are three significant contracts to be formally awarded as part of the ongoing housing improvement programme. The council's financial regulations require that these are approved by cabinet because of the values concerned.

The contracts shall be awarded following a tendering exercise utilising the Councils Framework Agreement. Full details shall be provided to council in due course however for information listed below is an overview of the contract areas and indicative start dates:

**Contract 6 (Denbigh and Henllan) - 229 properties**

Currently out to tender

Proposed start date march 19<sup>th</sup> 2012

**Contract 7 (Ruthin and Rural) - 193 properties**

Proposed tender date: 29 February 2012

Proposed start date: 26<sup>th</sup> April 2012

**Contract 8 (Corwen/Llangollen & Rural)**

Proposed tender date 30<sup>th</sup> March 2012

Proposed start date: 26<sup>th</sup> May 2012

**3 POWER TO MAKE THE DECISION.**

Housing Act 1985, Section 24.

Contract Procedure Rules 25.4

**4 RESOURCE IMPLICATIONS**

**Cost Implications**

The Housing Revenue Account is generally ring fenced and costs of implementation are covered by the increased income, especially rents.

**Staffing/Accommodation Implications**

The budget report does not require any staffing or accommodation changes.

**IT Implications**

None

**5. RISK ASSESSMENT**

**5.1 Risks associated with not agreeing the recommendations**

Failure to follow the Housing Stock Business Plan and to set budgets could lead to financial problems and potential intervention by WAG.

**5.2 Risks associated with agreeing the recommendations**

Increased rents and charges above inflation could lead to hardship for tenants but are unlikely to reduce demand for Council housing and services.

**6. CHIEF FINANCIAL OFFICER STATEMENT**

The annual review of the Housing Stock Business Plan, incorporating the latest Welsh Government determinations shows that it remains robust and financially

viable. The Plan should continue to be monitored closely and the impact of economic or legislative changes assessed, particularly the implications of any proposed changes to the housing subsidy system in Wales. The rent increases proposed are in line with the national rent setting policy.

## 7. CONSULTATION CARRIED OUT

The Denbighshire Tenants' and Residents' Federation will be consulted on the capital and revenue proposals and working groups have been developed to monitor and appraise progress in relation to the capital programme and Environmental Improvements.

Feedback from the Tenants and Residents Federation on the proposals contained within this report shall be reported to Cabinet Members at the meeting on the 23 February.

## 8. IMPLICATIONS ON OTHER POLICY AREAS

### 8.1 Assessment of Impact on Corporate Priorities

The Housing Capital Programme will contribute to the Regeneration agenda.

### 8.2 Assessment of Impact on the Vision, Community Strategy, Equalities and Sustainability

Rent increases above inflation will impact on Anti-Poverty policies. The Capital Programme, especially environmental works, will contribute to Community Development. The improvement of housing stock to meet Welsh Housing Quality Standards is in line with the Council's Vision.

### 8.3 Assessment of Impact on Climate Change - Mitigation and Adaptation

The improvement works will assist in reducing carbon emissions by installing more efficient windows, heating systems and loft insulation.

## 9. ACTION PLAN

Action	Responsibility	Date
Implement increases in rents and charges	Head of Housing Services	2nd March 2012
Monitor progress against budget and HSBP	Head of Housing Services Principal Accountant	Monthly report to Cabinet

## 10. RECOMMENDATIONS

10.1 That the Housing Revenue Account Budget (Appendix 1) and the Housing Stock Business Plan (Appendix 2) be adopted.

10.2 That rents for Council dwellings be increased in accordance with the Rent Setting Policy in Section 2.2.10 (average 5.67%) from Monday 2<sup>nd</sup> April 2012.

- 10.3 That rents for Council garages be increased in accordance with Section 2.5.1 by £0.14 to £5.84 (2.5%) per week with effect from Monday 2<sup>nd</sup> April 2012.
- 10.4 That heating charges be increased in accordance with Section 2.6.3 by 2.5% with effect from Monday 2<sup>nd</sup> April 2012

## Appendix 1

<b>Housing Revenue Account ~ 2011/2012 Budget</b>				
<b><u>2010/2011</u></b>	<b><u>Period 10 - January 2012</u></b>	<b><u>2011/2012</u></b>		<b><u>2012/2013</u></b>
<b>Final Outturn</b>		<b>Original Budget</b>	<b>Forecast Out-turn</b>	<b>Proposed Budget</b>
<b>£</b>	<b><u>EXPENDITURE</u></b>	<b>£</b>	<b>£</b>	<b>£</b>
1,806,665	Supervision & Management - General	1,973,770	2,062,263	2,076,887
271,544	Supervision & Management - Special	296,917	280,775	280,885
133,828	Welfare Services	162,082	143,257	136,053
2,798,217	Repairs and Maintenance	2,848,800	2,893,412	2,920,020
<b>5,010,254</b>	<b>Total Housing Management</b>	<b>5,281,569</b>	<b>5,379,708</b>	<b>5,413,845</b>
2,339,720	Item 8 Capital Charges	2,613,693	2,586,318	2,648,339
0	Capital Funded from Revenue	1,340,936	1,340,936	601,819
3,016,495	Subsidy	3,062,807	3,079,301	3,147,640
7,896	Provision for Bad Debts	27,847	25,750	29,375
<b>10,374,365</b>	<b>Total Expenditure</b>	<b>12,326,852</b>	<b>12,412,013</b>	<b>11,841,018</b>
	<b><u>INCOME</u></b>			
10,684,614	Rents (net of voids)	11,138,643	11,132,008	11,749,986
150,080	Garages	153,340	154,334	157,174
5,104	Interest on Balances & Other Income	9,876	8,544	4,625
<b>10,839,798</b>	<b>Total Income</b>	<b>11,301,859</b>	<b>11,294,886</b>	<b>11,911,785</b>
	<b>Surplus / Deficit (-) for the Year:</b>			
<b>465,433</b>	<b>General Balances</b>	<b>315,943</b>	<b>223,809</b>	<b>672,586</b>
1,543,531	Balance as at start of year ~ General	2,008,964	2,008,964	891,837
<b>0</b>	<b>Earmarked Balances</b>	<b>-1,340,936</b>	<b>-1,340,936</b>	<b>-601,819</b>
2,008,964	Balance as at end of year ~ General	983,971	891,837	962,604

## Housing Stock Business Plan Extract

SUMMARY	1	2	3	4	5
	2011.12	2012.13	2013.14	2014.15	2015.16
<b>CAPITAL EXPENDITURE</b>					
Planned Improvements	£4,154,821	£4,852,330	£4,997,900	£5,147,837	£5,302,272
Slippage (Previous Years)	£1,258,000	£2,599,424			
	£5,412,821	£7,451,754	£4,997,900	£5,147,837	£5,302,272
<b>CAPITAL FUNDING</b>					
Major Repairs Allowance	£2,400,000	£2,400,000	£2,400,000	£2,400,000	£2,400,000
Usable Capital Receipts	£65,000	£16,859	£17,486	£18,132	£18,797
CERA	£1,340,936	£601,819	£1,095,440	£615,085	£1,051,382
Prudential Borrowing	£1,606,885	£4,433,076	£1,484,974	£2,114,620	£1,832,093
	£5,412,821	£7,451,754	£4,997,900	£5,147,837	£5,302,272
<b>REVENUE EXPENDITURE</b>					
Management ~ General	£2,062,263	£2,076,887	£2,128,809	£2,182,029	£2,236,580
Special & Welfare Costs	£424,032	£416,938	£427,361	£438,045	£448,997
Repairs & Maintenance	£2,893,412	£2,920,020	£2,993,021	£3,067,846	£3,144,542
HRA Subsidy Payment	£3,079,301	£3,147,640	£3,210,593	£3,274,805	£3,340,301
Rent Rebate Subsidy Limitation	£0	£0	£0	£0	£0
CERA	£1,340,936	£601,819	£1,095,440	£615,085	£1,051,382
Provision for Bad Debts	£25,750	£29,375	£31,128	£31,754	£33,014
Capital Financing Costs	£2,586,318	£2,648,339	£2,946,528	£3,029,194	£3,147,750
	£12,412,012	£11,841,018	£12,832,880	£12,638,759	£13,402,567
<b>REVENUE INCOME</b>					
Rental Income	£11,132,008	£11,749,986	£12,451,384	£12,701,436	£13,205,671
Garage Income	£154,334	£157,174	£161,103	£165,130	£169,259
Interest on Balances	£8,544	£4,625	£8,524	£12,970	£19,554
	£11,294,886	£11,911,785	£12,621,011	£12,879,536	£13,394,484
<b>BALANCES</b>					
Balance brought forward	£2,008,964	£891,838	£962,604	£750,735	£991,512
Surplus / Deficit (-) For Year	-£1,117,126	£70,766	-£211,870	£240,777	-£8,082
Balance carried forward	£891,838	£962,604	£750,735	£991,512	£983,430
<b>MISCELLANEOUS</b>					
Average Stock Numbers	3,461	3,459	3,458	3,457	3,456
Actual Rent	£62.77	£66.33	£68.98	£71.74	£74.61
Benchmark Rent	£69.08	£71.15	£72.60	£74.78	£77.02
Year End Outstanding Debt	£25,606,876	£28,658,754	£28,541,954	£28,981,549	£29,033,807

**AGENDA ITEM NO: 12****CABINET: FORWARD WORK PROGRAMME**

<b>20 MARCH 2012</b>	
Finance Report 2011 -2012	Councillor J Thompson Hill P McGrady
Corwen Town Plan	Councillor D A J Thomas M Dixon
Llangollen Town Plan	Councillor D A J Thomas M Dixon
Monitoring Performance Against the Corporate Plan	Councillor H H Evans T Ward
Regeneration Strategy for Denbighshire	Cllr D A J Thomas M Dixon
Prestatyn Town Plan	Councillor D A J Thomas M Dixon
Regional Collaboration on Economic Regeneration Purpose: Approval for the governance arrangements for priority collaborative activities	Councillor David Thomas M Dixon
Regional Collaborative Committees. Purpose: Formal consideration of participation in shadow and finalised Regional Collaborative Committee (RCC) for the Supporting People Programme. Awareness of financial implications of Supporting People programme changes.	Cllr P A Dobb Sally Ellis / Jenny Elliot
Supporting People Strategy Update and Operational Plan 2012 – 13	Councillor P A Dobb Gary Major
Tender Exemption – Seashells Supported Housing Contract	Cllrs P A Dobb & J Thompson Hill Gary Major
Approval for NEWTRA Partnership Agreement	Bethan Jones
Honey Club, Rhyl – Developer Interest	Cllr P J Marfleet Chris Davies
Recommendations from Scrutiny Committees	Scrutiny Coordinator
<b>24 APRIL 2012</b>	
Finance Report 2011 -2012	Councillor J Thompson Hill P McGrady
ABBA Floating Support Project – Contract Award	Cllr P A Dobb Gary Major
Mental Health Homeless Supported Housing – Contract Award	Cllr P A Dobb Gary Major
The Proposed Denbighshire Community Endowment Fund. Purpose: To receive Cabinet approval for a new approach to deal with the dormant trust funds.	Councillor H H Evans Hywyn Williams
Recommendations from Scrutiny Committees	Scrutiny Coordinator

**FUTURE ISSUES**



<b>JUNE 2012</b>	
Regional CCTV	Councillor S Frobisher Graham Boase
<b>DECEMBER 2012</b>	
Welsh Housing Quality Standards	Councillor D A J Thomas Peter McHugh