



Purpose: For Decision

Committee report

Committee	CABINET
Date	14 SEPTEMBER 2023
Title	FUTURE ARRANGEMENTS FOR THE STRATEGIC LEADERSHIP AND MANAGEMENT OF CHILDREN'S SERVICES
Report of	LEADER OF THE COUNCIL AND CABINET MEMBER FOR STRATEGIC OVERSIGHT AND EXTERNAL PARTNERSHIPS

EXECUTIVE SUMMARY

1. This report considers the options open to the council for the future strategic leadership and operational management arrangements of its children's services functions. Hampshire County Council have requested that the current strategic partnership arrangements are ended on 31 January 2024. The council needs to now consider how it intends to deliver children's services in the short to medium term that allows for minimum disruption to those services, maintenance of the good standards of practice that have been secured; continued improvements to be delivered and at an affordable cost.
2. Each of the options presented has considered the benefits, opportunities, risks, and implications for successful delivery within the timescales available to put in place new arrangements with effect from 31 January 2024. Consideration has also been given to the legal processes that will need to be undertaken in the recommended option.

RECOMMENDATION

3. **Option 2: To agree to the termination of the current partnership agreement with effect from 31 January 2024 returning the overall leadership and management of all Children's services functions, including education, in-house, with arrangements for 'buy-back' of specialist service support/provision where there is a cost-benefit for a minimum period of twelve months.**

BACKGROUND

4. The Isle of Wight Council entered a strategic partnership with Hampshire County Council for the leadership and management of children's services, including education, in June 2013. This followed an Ofsted inspection into the council's safeguarding service during 2012, which resulted in the council judged as inadequate in the effectiveness of its arrangements to protect children on the Isle of Wight. Local authority services to support and challenge schools were also deemed to be inadequate by the Department for Education. The partnership arose out of a Statutory Direction put in place by the Secretary of State for Education for a period of five years, to deliver the necessary improvements for both children's safeguarding and education services. The Cabinet at the time, at their meeting of 19 June 2013 undertook the formal constitutional decision to enter the partnership, subject to the views of Full Council. Full Council at its meeting of 1 July 2013 duly endorsed that decision and approved the appointment of the director of children's services for Hampshire County Council as the director for the Isle of Wight.
5. Under the terms of the partnership, the council's statutory duties and responsibilities remain with the council as does the overall political control and accountability for the delivery of outcomes for children and young people services. In accordance with the council's constitution, delegated authority and policy framework, the director of children's services has full delegated responsibility for the strategic and operational management of all children's services functions. This is also in accordance with the statutory guidance on the role of the director of children's services and the lead member (see link referenced under background papers).
6. At the conclusion of the initial five-year partnership term, Cabinet at their meeting of 9 November 2017 considered the options open to them for the future arrangements of children's services. Given the positive improvements that had been secured at that time, Cabinet determined to enter into a new term of engagement for a strategic partnership with Hampshire County Council with break clauses in the agreement to review after each substantive Ofsted inspection or every five years.
7. The aim of the new term of the strategic partnership was to ensure that there were continued improvements across all aspects of children's services, with a particular focus on safeguarding standards for vulnerable children and to work with schools across the Island to improve educational standards for all. The key services in scope of the partnership include:
 - Director of children's services
 - Directorate senior leadership and management
 - Education services including inclusion; educational psychology; virtual school and professional learning
 - Children's social care services including children and families; performance management; multi-agency safeguarding hub (MASH); fostering and adoption
 - Services for young children (early years)
 - Youth offending service
 - Home to school transport
 - School admissions
 - School place planning, school strategic development and capital programmes

- Children’s services complaints
- School improvement function
- Governor services

8. The improvement programme has continued and in November 2018, Ofsted returned for a full inspection, and this resulted in a judgement of Good, across all aspects of children’s services. Ofsted returned in July 2021 for a focussed visit and reported that “the senior leadership team has continued at pace with their transformation project since the previous inspection in November 2018 when they were rated as good.’
9. When the partnership between the Isle of Wight Council and Hampshire County Council began, they key indicator was the percentage of children attaining 5 good GCSEs, including English and maths at Grade C. The Isle of Wight was at the bottom of all authorities on that measure at the time. That measure was abolished by the Department for Education and the nearest measure of 5 good GCSEs is now the English Baccalaureate (EBacc) suite of subjects. Grade C has been replaced by a grade 4. The EBacc is also a measure of 5 good GCSEs but must contain a specific combination of subjects – English, mathematics, a science, a humanity, and a modern foreign language at grade 4 or above. It is the closest we have for comparison purposes. Every year since the partnership began, the gap has closed on other authorities by this measure and in 2022, the Island was above ¹38 authorities, including near neighbours Southampton and Portsmouth.
10. In line with the terms of the strategic partnership agreement a review of the current arrangements was instigated. In the context of the improvements secured during the tenure of the partnership as recognised by Ofsted and improved outcomes for children and young people on the Isle of Wight, the council is now in a different position, with renewed resilience, strength and good support for local children and families. This together with the ever-increasing financial challenges in the current economic climate, demand on local services faced by all local authorities, Hampshire County Council, indicated that it was the right time for the strategic partnership to end and requested that negotiations commence on termination of the partnership with effect from 31 January 2024. Cabinet is now required to formally confirm their acceptance of the termination of the strategic partnership with effect from that date.
11. In determining the acceptance of termination of the partnership agreement, the council needs to consider its options for the short to medium term leadership and management arrangements of children’s services on the Isle of Wight. Due consideration will need to be given to the most economic, efficient, and effective model that will serve the needs of children and young people on the Isle of Wight. Irrespective of which option is agreed, it will need to also stand the test of Ofsted inspection and it is anticipated that inspectors will wish to undertake an early review of the council’s arrangements post implementation. The options open to the council are considered to include:

¹ The other 38 authorities are: 1: Walsall 2: Staffordshire 3: City of Kingston Upon Hull 4: Southampton 5: Milton Keynes 6: Bedford 7: North Lincolnshire 8: Isles of Scilly 9: Portsmouth: 10: North-East Lincolnshire 11. Coventry 12. Salford 13: Calderdale 14: Bradford 15: South Tyneside 16: Wigan 17: Bracknell Forest 18: Northumberland 19: Rochdale 20: Sandwell 21: Hartlepool 22: Central Bedfordshire 23: Suffolk 24: Swindon 25: Wolverhampton 26: Cornwall 27: Blackburn with Darwen 28: Somerset 29: Dudley 30: Nottingham 31: Middlesbrough 32: Peterborough 33: Stoke-on-Trent 34: Doncaster 35: Rotherham 36: Halton 37: Knowsley 38: Blackpool

- (a) To return the overall leadership and management of all children's services functions in-house.
 - (b) To return the overall leadership and management of children's services in-house, with arrangements for buy-back of specific service support where there is a cost-benefit from Hampshire County Council for a minimum period of twelve months.
 - (c) To enter a new strategic partnership with another local authority
 - (d) To commission/create a not-for-profit Trust for the alternative delivery and governance arrangements for children's services outside the operational control of the local authority.
 - (e) To align children's services with adult social care services under one directorship.
12. Following the request from Hampshire County Council to end the strategic partnership for children's services, an officer working group has been established with programme office support to develop the exit strategy and action plans necessary to deliver against it. The Policy and Scrutiny Committee for children's Services, Education and Skills will also be invited to consider the establishment of a cross party elected member review group. This would afford opportunity for oversight of the planned exit arrangements. The strategic direction for the delivery of any new arrangements would however remain with the Cabinet.

CORPORATE PRIORITIES AND STRATEGIC CONTEXT

13. Contained within the council's corporate plan 2021 – 2025 is a commitment to ensure that children and families on the Isle of Wight benefit from a well performing children's services department. As a highly regulated and inspected area of the council's activity with some 200 statutory duties to fulfil, it is imperative that the council continues to perform these functions well. As critical, is its accountability for ensuring the safeguarding of children and young people. There is a strong ambition for school improvement on the Island and equally so for children with special needs. In determining the most appropriate and cost-effective future business model for the discharge of children's services functions, it is necessary to keep those ambitions clearly in sight.

CONSULTATION

14. Section 3 of the Local Government Act 1999 sets out a duty that requires a best value authority to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. In fulfilling this duty, the council is obliged to consult with key stakeholders. In this set of circumstances, the proposals for the discharge of its children's services functions.

15. The options presented within this report and the recommended option for adoption has been made available for consultation by way of briefings as necessary with:
- Hampshire & Isle of Wight Safeguarding Partnership
 - Youth Council
 - Headteachers Executive Group
 - Policy and scrutiny committee for children’s services, education, and skills
 - Corporate scrutiny committee
16. Given the imperative nature to determine a way forward to ensure that there are appropriate arrangements in place for the leadership and operational management of children’s services by 31 January 2024, stakeholder feedback will be collated and presented to Cabinet in conjunction with their deliberations in the lead up to and including the Cabinet meeting receiving this report.

FINANCIAL / BUDGET IMPLICATIONS

17. The costs associated with the delivery of children’s services must be a consideration within the context of affordability within the council’s overall financial envelope and constraints that exist. Whichever option pursued it must be capable of demonstrating value for money and a strong return on investment in delivering sustained improvements and outcomes for children and young people on the Isle of Wight.
18. The current budgetary provision for the delivery of the strategic partnership with Hampshire County Council is circa £1.64 million per annum. This makes provision for the allocation of an agreed percentage of Hampshire County Council officer time for work undertaken for the Isle of Wight Council, plus a 15 per cent overhead charge to cover additional administrative costs and travel expenses. It also directly funds a range of staff including those at the multi-agency safeguarding hub (MASH), educational psychologists and other statutory functions which will need to be maintained. The following table summarises the main components of the budgeted provision.

Service Area	Budgeted Provision £000	Proportion %
Senior management team & associated support	148	9%
Access Resources & Business Development (including admissions, early years, procurement, complaints)	140	9%
Children & Families (including support, youth offending, LADO)	136	8%
Multi agency safeguarding hub (MASH)	500	31%
Education & Inclusion related	376	23%
Educational psychology support	291	18%
Strategic development support	47	3%
TOTAL CURRENT BUDGETED PROVISION	1,638	100%

There are an additional circa £0.4 million annual charges for the delivery of other service support activities, outside of the partnership agreement. The main components of which include school improvement, unaccompanied asylum-seeking children social work support the out of hours service.

19. Each of the presented options within this report have taken account of the anticipated financial costs associated with their delivery. However, given that these options remain at their formative stage, there will be a need for continued assessment of financial implications and actual budget provision undertaken within the in-year budget monitoring and as part of the preparation for 2024/25 budget setting through the autumn of 2023 to ascertain where there may be additional budgetary considerations that could not be anticipated at the time of decision on the future business model for pursuit.
20. The recommended option can be delivered within the existing budget envelope of £2.01million that makes provision for:
 - (a) A new leadership team employed by the Isle of Wight Council together with the additional operational posts required within education services.
 - (b) Provision for the 'buy-back' of services that are not currently possible to replicate within the Isle of Wight Council.

LEGAL IMPLICATIONS

21. Specific duties under the Children Act 1989 stipulate that the local authority is required:
 - To safeguard and promote the welfare of children within their area who are in need; and
 - So far as is consistent with that duty, to promote the upbringing of such children by their families by providing a range and level of services appropriate to those children's needs.
22. The local authority also has duties under the Children Act 1989 to provide accommodation for any child in need within their area who appears to require accommodation of them and further duties towards children that are being looked after by them.
23. Under the Children Act 2004, the council must make arrangements for ensuring that its functions are discharged having regard to the need to safeguard and promote the welfare of children in its area. This is defined in the government guidance "Working Together to Safeguard Children (2018)" as:
24. Protecting children from maltreatment
 - (a) Preventing impairment of children's health or development
 - (b) Ensuring that children are growing up in circumstances consistent with the provision of safe and effective care
 - (c) Taking action to enable all children to have the best outcomes

25. There are also a number of specific duties to organise and plan services and to safeguard and promote the welfare of children and young people. Such duties are defined within the remit of the statutory position of director of children's services (section 18 of the Children Act 2004). It is essential that the director of children's services and senior managers reporting into that role have the relevant skills, experience, knowledge and competence in safeguarding and child protection.
26. The local authority retains a wide range of duties with regards to education which also fall under the remit of the director of children's services. These include ensuring a sufficiency of school places, including those for children with special educational needs, home to school transport, school improvement for maintained schools, sufficiency of early years and nursery places, some out of school activities and a range of post 16 support for young people.
27. The local authority is the lead agency and is responsible for ensuring children in need of protection receive the required services. It also has a statutory responsibility for ensuring that there is a Local Safeguarding Board in place and that it is fulfilling its roles and responsibilities under the "Working Together to Safeguard children" guidance.
28. Section 18 of the Children Act 2004 requires every top tier local authority to appoint a director of children's services. There is an obligation on the Isle of Wight Council therefore to make sure that there are arrangements in place for such an appointment to have been made in readiness for the ending of the strategic partnership on 31 January 2024. Due to the statutory nature of the post, there must always be a named director of children's services either on an interim or permanent basis.
29. Utilising the power to trade under section 1 of the Local Authorities (Goods and Services) Act 1970, a local authority has the power to enter into an agreement with any public body for the supply of administrative, professional or technical services. However, any agreement is subject to the council having complied with the public procurement regulations. An exemption applies where the agreement between two public bodies is one where there is a sharing of resources, that the agreement is one of partnership working rather than it being merely a supply of services which would indicate a contract for services arrangement.
30. Irrespective of which option is chosen, it is anticipated that there will be staff who are in the employment of Hampshire County Council during the term of the strategic partnership who spend a significant proportion of their time working on Isle of Wight children's services business. These roles will need to be considered under the Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE) to ascertain whether they will necessitate transfer of employment to the Isle of Wight Council. The regulations apply when the whole or part of an employer's business or undertaking is transferred to another employer. If transfer is deemed necessary, consultation with affected staff and recognised trade unions must take place. The effect of TUPE is that employees will transfer to Isle of Wight Council employment but retain their rights established in their contract of employment with Hampshire County Council. This may incur additional employment costs to the local authority where terms and conditions are more favourable than those with the Isle of Wight Council. An assessment of those financial considerations will be taken account of in determining the overall costs associated with the exit of the strategic partnership.

EQUALITY AND DIVERSITY

31. The council as a public body is required to meet its statutory obligations under the Equality Act 2010 to have due regard to eliminate unlawful discrimination, promote equal opportunities between people from different groups and to foster good relations between people who share a protected characteristic and people who do not share it. The protected characteristics are age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.
32. Under the Equality Act 2010 we are required to have due regard to our equality duties when making decisions, reviewing services, undertaking projects, developing and reviewing policies. Improving outcomes for children and young people will have benefits for each of the protected characteristics but have most marked impact upon the life changes of the most vulnerable. In determining the future leadership and operational management arrangements for children's services it is imperative that equality and diversity is an integral part of our considerations and where necessary, a full equality impact assessment undertaken to inform decision making in respect of any service or policy changes. An impact assessment undertaken in respect of the options presented within this report is set out at Appendix 1.

OPTIONS

33. **Option 1: To agree to the termination of the current partnership agreement with effect from 31 January 2024, returning the overall leadership and management of all Children's services functions, including education, in-house.**
34. Ofsted judged the Isle of Wight Council to be "Good" during their inspection in November 2018 in all aspects of children's services. There has continued to be improvements made since then, meaning that the council is now in a different position, with renewed resilience, strength and good support for local children and families. It is therefore an appropriate time to consider the option for the return of the strategic leadership and management of children's services to the Isle of Wight Council, building upon the learning gained from the partnership with Hampshire County Council. It would also afford greater opportunity for the development and progression of staff of the Isle of Wight Council.
35. This option will therefore be dependent upon appointing a director of children's services that has sufficient reputation and standing and comes from a local authority which is rated as 'good' or 'outstanding'. The recruitment market for such roles is also challenging although there is good reason to be optimistic in the attraction of potential candidates given the improvement journey thus far and current Ofsted rating secured.
36. Whilst Cabinet must fulfil the contractual obligation to formally confirm their agreement to the termination of the strategic partnership agreement with Hampshire County Council, given the relatively short timescales for the contractual notice period, it was considered prudent to request authorisation to recruit from the Appointments and Employment Committee for a director of children's services at its meeting of 29 August 2023. It is a statutory requirement for the local authority to always have a named director of children's services, whether on an interim or

permanent basis. A recruitment campaign at such a senior level can take on average, six months to complete and with no guarantee of success. With that in mind, the Appointments and Employment committee were also asked to approve the identification of potential interim arrangements to ensure that there is continued coverage of the statutory duties and responsibilities of the director of children's services should there be a need. The recruitment campaign will need to remain subject to a decision by Cabinet as to their preferred option for the future business model to be adopted.

37. This option will also see a wider increase in the staffing establishment as there will be a need to establish a new service structure and which provides the required level of staffing to operate effective children's social care and education services, and which replaces those that have been shared with Hampshire County Council. Recruitment in a challenging environment, recognised as a national issue, could mean that positions are difficult to fill. It is anticipated that there are also a small number of staff currently employed by Hampshire County Council who may fall within the Transfer of Undertakings (Protection of Employment), (TUPE) regulations 2006, necessitating a formal process to be established for transfer to Isle of Wight Council employment. These will be staff who are deemed to work a significant proportion of their time on Isle of Wight children's services business.
38. This option would also necessitate a review of the current business delivery models for aspects of children's social care and education that are currently delivered in conjunction with Hampshire County Council and those commissioned in accordance with the current strategic partnership arrangements. This is perhaps the biggest risk for this option in that it would be necessary to either undertake a full procurement exercise for the commissioning of new services which are currently purchased from Hampshire County Council, either from an alternative source provider or to establish entirely new in-house service provision by way of replacement of the full range of services required. It would be necessary to undertake the engagement of a substantial number of additional staff. Those commissioned services currently include:
 - Multi-agency safeguarding hub (MASH) which provides triage and multi-agency assessment of safeguarding concerns for vulnerable children. This service is based within the Hampshire County Council contact centre.
 - Out of Hours service which makes provision for the local authority to access social work support outside of normal working hours.
 - The Local Authority Designated Officer (LADO) which is a person who affords oversight and management of allegations against people who work with children.
 - School Improvement services that offer a range of support options for schools and includes the educational psychology service.
 - Complaints handling and investigation.
 - Unaccompanied asylum-seeking children/young people placements and support.

39. It is unlikely that the council has the internal staffing capacity to respond to such an exercise within the given timescales for transition to a new business model and is anticipated that with the loss of economies of scale that existed through the strategic partnership by way of 'buy back' service provision as required, will mean a significant increase in the costs associated for the re-establishment of services specifically for the Isle of Wight. Meaningful school improvement requires access to a wide range of expertise, for example inclusion, special educational needs, teaching and learning, curriculum, and leadership succession. Many of those buy-back services are specialist in nature, such as the educational psychology service where there is a national shortage of expertise in this area. It is unlikely that the Island would be able to source the level of service required without accessing an established service provision elsewhere or would be faced with returning to a more generalist service provision, which puts improvements that have taken place at risk.
40. To undertake a full procurement exercise for the commissioning of new services that are required could bring benefits from greater insight of what the market has to offer as well as to afford the opportunity to fully evaluate quality and cost considerations. Conversely, it may bring with it the risk that the market is insufficient to provide the required service solutions, leaving the council vulnerable to gaps in provision and an inability to meet its statutory obligations.
41. It is feasible that the council could enter into an agreement for the buy-back of services from another local authority within the region. However, given the timescales, it is extremely unlikely that any local authority will be able to plan for the extension of such services, without the need for either agency/interim provision to be put in place in the intervening period, as well as the need to take account of agency costs being higher in value than that of direct employment. This would incur additional costs for which there is no current budget provision.
42. As a result, this option would also risk attention being detracted from the improvement plans that are in place to secure continued progress as a high performing children's services department. Any reduction in management oversight due to the development of alternative service provision risks a failure in standards of practice achieved thus far. Not only will this have reputational damage for the council, but it also risks a failure to meet its statutory duties to children and young people as well as the potential for a failed Ofsted inspection, resulting in further intervention. With all that in mind, this option is not recommended. However, the rebuilding of on Island services not currently provided for could be considered for the longer term once stable and robust leadership management arrangements have been put in place and assurance has been secured that there is a viable business case to pursue.
43. **Option 2: To agree to the termination of the current partnership agreement with effect from 31 January 2024 returning the overall leadership and management of all Children's services functions, including education, in-house, with arrangements for 'buy-back' of specialist service support/provision where there is a cost-benefit for a minimum period of twelve months.**

44. The considerations for this option are the same as those for option one, as set out above, save for the potential to 'buy-back' specialist service support/provision from Hampshire County Council for a defined minimum period of twelve months to allow for smooth transition to take place and new arrangements to become established and provide a stable environment for service delivery.
45. A proposed structure for the return of leadership and operational management of children's services under the council's control has been developed with new or changed roles that would be required to fulfil the minimum requirements to provide assurance for the director of children's services that there is a robust and safe level of service to meet the council's statutory duties and those specifically assigned to that role. It is inevitable that a new director of children's services will wish to review and refine that structure once in post, but it is considered that it will stand the council in good stead for a transition to take place and facilitate the continuation of the improvement programme.
46. This option proposes that for an initial period of twelve months, that the council agrees to 'buy-back specialist service provision that is not currently available on Island or which has a cost-benefit from economies of scale perspective to commission. Hampshire County Council have agreed to this in principle. This would afford additional business resilience during the period of transition. These would include:
- (a) Access to the multi-agency safeguarding hub (MASH) triage and assessment of safeguarding concerns for vulnerable children.
 - (b) The Local Authority Designated Officer (LADO) functions for which there is no requirement for a full-time officer to be established.
 - (c) School Improvement services including educational psychology service.
 - (d) Unaccompanied asylum-seeking children/young people placements and support.
47. This option is considered to provide the council with the ability to re-establish leadership and operational management of children's services within the council's overall control within the overall timetable for the exit from the strategic partnership to take place. It will afford a structure that is fit for purpose in accordance with available resources and which will facilitate the delivery of the council's statutory duties and commitment to seek continued improvements for children and young people of the Isle of Wight. It also provides security that there is continued access to specialist support functions which are not currently available directly on the Island or may not be cost effective to provide in their entirety on Island, but which are essential to a high performing service. Such provision from Hampshire County Council already has a strong track record in terms of performance. It will also avoid any additional and unbudgeted costs associated with the re-establishment of such functions and anticipated challenges in being able to recruit to specialist roles as may be required. However, any such agreement will need to comply with public procurement regulations with appropriate contract for services put in place with agreed performance measures established for contract monitoring purposes.

48. The indicative cost associated with the delivery of a new staffing structure, together with the continued 'buy-back of services identified can be delivered within the existing budget envelope of £2.01million.
49. **Option 3: To enter a new strategic partnership with another local authority.**
50. The current strategic partnership arrangement with Hampshire County Council has demonstrable benefits in terms of its overall improvement, levels of performance and quality of service provision. It has led the council to an Ofsted rating of 'good' in all aspects of inspection criteria and there are clear plans in progress for the improvement journey to be continued. It is feasible therefore for the council to consider an alternative partnership with another local authority. Due to the location of the Island however, it would ideally need to be an authority that is close by to allow for accessibility and to minimise travel and the associated costs with it. It would also need to be an authority that has an Ofsted rating of 'good' or 'outstanding' and to be of sufficient size to afford the capacity necessary to provide the strategic leadership and operational management of the Isle of Wight children's services functions without detriment to their own continued improvement and maintenance of practice standards. Neighbouring authorities at Southampton and Portsmouth have both recently been judged as 'good' by Ofsted in terms of children's social care although educational standards are similar if not lower in some aspects than the Isle of Wight.
51. This option could offer benefits to both partners in building cross Solent resilience and economies of scale across service provision as well as potential opportunities for new and innovative service infrastructures to be established. Small local authorities have all the statutory functions and responsibilities as larger local authorities, but these can have a disproportionate strain on budgets in comparison to those larger city and county councils. Working in collaboration with another authority would also give rise to continued career opportunities and pathways that have already realised benefits through the partnership with Hampshire County Council resulting in continued improvement for recruitment and retention.
52. Another joint service would give rise to align service provision, but which affords flexibility to be responsive to the needs of the respective communities to which each local authority serves. A similar model of a shared director of children's services and joint leadership team could be explored and determined collectively.
53. This option would be dependent upon there being a sufficient timescale to mobilise staffing resources to put in place satisfactory leadership and operational management arrangements by 31 January 2024 and to negotiate the terms of a new strategic partnership and its associated costs. Given the timescales, it is extremely unlikely that any local authority will be able to plan for the delivery of such a partnership arrangement without the need for an interim leadership team being put in place for the intervening period. This would incur additional costs for which there is no current budget provision as well as the need to take account of agency costs being higher in value than that of direct employment. The council would also need to be satisfied that that such an arrangement is sufficiently robust to ensure the safe delivery and continuity of statutory service provision. Given the challenges of recruitment nationally in this area, there is also a high risk of any short-term agency/interim cover being successfully secured. However, there is the potential for this option to be explored and feasibility established with a view to future or longer-

term implementation.

54. Negotiations to enter a new partnership will take careful consideration, be extensive in nature and will require the partnering authority to determine a staffing structure that will afford their director of children's services they can meet their statutory duties, and a full costed business model to be developed. It is imperative that during the period of transition that stability of service provision is maintained and for planned improvement programmes to continue with minimum disruption possible and to be able to provide assurance to Ofsted that there are robust arrangements in place and confidence that practice standards will be maintained. It is unlikely therefore for those negotiations to be concluded by 31 January 2024 when the current strategic partnership ends.
55. This option could bring about longer-term benefits for the respective potential partners for children's social care and education services and is an opportunity to establish a new business model that builds upon the successes and learning from the current strategic partnership with Hampshire County Council. Members are encouraged for this option to remain open as a consideration with a view to informing a longer-term strategy, plan, benefits realisation, efficiencies and effectiveness improvements for the Island's children's social care and education services. However, it should be noted that the push/pull dynamic between the desire for local autonomy (ownership) and efficient partnership (pooled sovereignty) would remain. This has been a feature of other similar partnerships that have subsequently separated (Torbay/Plymouth, Cambridgeshire/Peterborough, Tri borough /Hammersmith, and Fulham).
56. **Option 4: To commission/create a not-for-profit Trust for the alternative delivery and governance arrangements for Children's Services outside the operational control of the local authority.**
57. In May 2014, the Children and Young Persons Act 2008 was amended to allow majority of children's services functions to be delegated to not-for-profit third parties. This can result as a direction order from the Secretary of State for Education where Ofsted inspection identifies an inadequate rating or be sought voluntarily by the local authority. The council could therefore commission a not-for-profit organisation to deliver an alternative delivery and governance model for children's social care and education services, outside of the operational control of the local authority. This could be an existing organisation or involve the creation of a new organisation such as a Trust.
58. There are good examples of local authorities that have already commissioned alternative arrangements for children's services, including not-for-profit third parties at the Royal Borough of Kingston-upon-Thames and London Borough of Richmond-upon-Thames; Sunderland City, Royal Borough of Windsor and Maidenhead, Reading Council, Slough Borough Council and Worcestershire County Council. Trust arrangements are also in place at Birmingham City Council, Northamptonshire County Council, Sandwell Council and more recently Bradford Council. Almost all of these arrangements have been put in place because of service failure (Sunderland, Slough, Sandwell, Birmingham and Bradford). Some of these areas have subsequently progressed to being rated as either being 'good' or 'outstanding'. However, the quid pro quo has been a significant loss of local political oversight and some of those authorities are also now facing significant funding challenges. It

would be fair to say that whilst there can be service improvement benefits for this model if starting from a low base, the jury is still out when looking at longer term benefits.

59. If all, or part of children's social care and education is to be commissioned from a not-for-profit organisation outside of the operational control of the local authority then the transfer would need to be carefully planned, managed, and adequately resourced as well as to take account of learning gained from those authorities who have undertaken such outsourcing arrangements. Existing staff would transfer to the new provider under the Transfer of Undertakings (Protection of Employment) Regulations 2014. Effective commissioning and performance management by the local authority could drive further service improvements. However, this option does offer significantly less control in the direction of service delivery and ability to intervene to prevent failure. There is also likely to be significant unbudgeted additional costs to be incurred for set up and conducting of a procurement process. It will be a resource intensive process and is unlikely to be concluded by 31 January 2024 when the partnership with Hampshire County Council comes to an end. There will be a period of significant instability for the service, staff, families, carers and children and young people as well as partner organisations. Instability poses a high risk as will the detraction of management focus and oversight of social work practice and school improvement to develop the business model.
60. Given the extent of the planning and preparation required to enter a potential Trust arrangement, there would still need to be interim leadership team put in place post 31 January 2024 and arrangements made for the delivery of the full range of service provision required for the intervening period. This would incur significant additional costs for which there is no current budget provision. The council would also need to be satisfied that that such an arrangement is sufficiently robust to ensure the safe delivery and continuity of statutory service provision.
61. It is imperative that in delivering the exit from the current strategic partnership with Hampshire County Council that stability of service provision is maintained and for planned improvement programmes to continue with minimum disruption possible and to be able to provide assurance to Ofsted that there are robust arrangements in place and confidence that practice standards will be maintained. While this could be a beneficial model for the council to pursue in the longer term, it is not an option that is recommended at this time. Members are again encouraged for this option to remain open as a consideration with a view to informing a longer-term strategy, plan, benefits realisation for the Island's children's social care and education services.
62. **Option 5 To align children's services with adult social care and housing needs services under one directorship.**
63. This option would see the merging of all related care services under one director and who would take overall responsibility for the full range of statutory duties across the piece, often referred to as 'twin hat' social care directors. This option could bring about benefits for closer integration and oversight of all "family" related matters meaning that children and their families will have access to a range of services located all in one place. There may also be the potential for economies of scale to be achieved with regards to staffing structures and line management of teams/services, which could derive savings in the longer term. It also has the

potential to streamline operational practice models and arrangements as well as case management in a way that re-focusses on a whole family approach.

64. At the end of March 2023, there were some 17 'twin hat' directors holding responsibility for both children's and adult social services. However, these numbers are rapidly declining, and this is the lowest number since 2010. The division of children and adult services came about in 2002 because of the Laming enquiry into the death of Victoria Climbié. This was on the basis that the then health secretary Alan Milburn said that "fragmented decision making was not delivering the best for anyone, and it was time to develop more specialised local organisations that pooled local knowledge, skills and resources in education, health, and social services for children." Since that time, local authorities have continued to disaggregate services for that very reason, to better meet the needs of local communities.
65. Both the role of director of children's services and director of adult social care have distinct statutory duties to fulfil, both of a highly complex nature. Bringing the roles together does not automatically mean that there is less work as a result and such it could be argued that a distinct leader is needed for both. Children's services are a highly regulated function, with adult social care becoming equally so. With such a breadth of responsibility, it brings with it a significant risk that there is a potential for failure. This may be mitigated by having a strong second management tier to provide expert specialist support, but this does not take away the overall accountability for the director.
66. Together with the director of children's services, the lead member for children's services, the leader of the council and chief executive has a key leadership role to improve outcomes for children and young people. This political and officer leadership is fundamental to effectiveness and sustained improvement. It is the role of the chief executive, as the most senior professional concerned, to ensure these arrangements are functional and at best, collectively inspirational and transformational. See also the statutory guidance on the role of the director of children's services, which highlights the need for clear and unambiguous accountability. A separate director of children's services will afford greater confidence and assurance that the council's statutory duties can be fulfilled and that they are being effectively overseen. Aspects of service improvement required to maintain and further develop practice standards can also be effectively managed and monitored. Service collaboration, integration and working practices can be just as easily achieved to deliver a "whole family" approach by working alongside adult social care services. This is already in place and can continue to be nurtured and strengthened through effective leadership.
67. While there are some advantages to this option, the disadvantages or potential for failure in meeting the council's statutory duties and affording adequate services that meets the needs of local communities are considered to outweigh them. This option is therefore not recommended.

RISK MANAGEMENT

68. As a result of the council's strategic partnership arrangements with Hampshire County Council, there has been significant progress made to improve outcomes for children and young people on the Island. This has been evidenced by Ofsted inspections which saw the council being rated as 'good' in its last full inspection and

has maintained favourable indications that progress continues to be made. The Island's children's services department is now in a much better position, with renewed resilience, strength and good support for local children and families. Key factors that need to be considered in determining the future arrangements for the leadership and management of children's services, as evidenced by the inadequate rating by Ofsted in 2012, include the necessity to:

- (a) Minimise disruption to the improved practice standards secured through workforce stability in leadership direction and operational management.
- (b) Minimise the potential for professional isolation through loss of access to wider expertise and opportunities for development.
- (c) Minimise the loss of access to the range of professional expertise necessary to secure improvements in educational attainment.
- (d) Maximise the potential for confidence that there is evidence to substantiate a means for continued improvements to be secured in pursuit of retaining an Ofsted rating of 'good' and moving towards 'outstanding'.

69. Hampshire County Council have signalled their intention to withdraw from the partnership and have requested an end date of 31 January 2024. This is a relatively short period of time in which to determine and mobilise new arrangements beyond that date and as such Cabinet must secure the most realistic option to pursue within that timescale, which minimises disruption, avoids the potential for loss of staff and enables the council to continue to meet its statutory duties, but allows sufficient flexibility to adapt and change as is deemed necessary into the longer term.
70. While the director of children's services and lead member have statutory responsibilities for delivering effective children's services and providing corporate leadership to champion the needs and improved outcomes for children and young people, the chief executive also has a crucial role to ensure the whole council supports children and young people and enables the director to fulfil their role. Children's services are complex, risks are high, and the cost of failure can be profound. As such it is imperative that the best possible route is taken to afford the necessary assurance that these accountabilities can be discharged effectively.
71. The Island's children's services department is due a full Ofsted inspection which will be a full graded inspection. Given the change in leadership and management arrangements, Ofsted will want to seek assurance that the service continues to operate effectively and safely in line with expected standards of practice. Any new arrangements must take account of the inspection criteria and afford satisfaction that there will be no degradation in practice across all aspects of children's services functions. It is anticipated that a full graded inspection will take place in this calendar year with a particular focus on the planned future arrangements that will be put in place.

EVALUATION

72. The council has been in a strategic partnership with Hampshire County Council since June 2013 for the leadership and operational management of children's services on the Isle of Wight. Initiated by an 'inadequate' rating following Ofsted inspection during 2012 and under ministerial direction from the Secretary of State for Education. Significant improvements have been made during the tenure of the partnership which saw an Ofsted inspection rating of 'good' in all aspects of children's services in 2018. The identified improvement programme to move the council towards a rating of 'outstanding' has continued to be delivered and the council now finds itself in a better position to consider future arrangements.
73. Hampshire County Council have signalled a request to bring the partnership to a close at the conclusion of the required six-month notice period which expires on 31 January 2024. Cabinet is required to confirm acceptance of that request to end the partnership and consequently also consider the options open to them as to what arrangements are the most economic, efficient, and effective means to transition to new leadership and management for children's services.
74. The key options considered open to the council, their exploration and analysis of them are presented within this report. There are key risks that must be carefully considered in determining which of them can afford continued assurance of the practice standards achieved thus far; minimise disruption to services; fulfil the council's statutory duties for children and young people and remain affordable within the council's budget envelope. Given the relatively short timescale for transition, option 2 is recommended as the way forward. This option is believed to afford the greatest flexibility that can mitigate as far as possible the risks identified whilst not preventing further consideration at an appropriate point to fully evaluate and explore longer term options.

APPENDICES ATTACHED

75. Appendix 1: Equality Impact Assessment

BACKGROUND PAPERS

76. [Cabinet Report - 9 November 2017: Options for the future arrangements of children's social care and education services on the Isle of Wight](#)
77. [Statutory Guidance for Directors of Childrens Services and Lead Members](#)

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