

TELFORD & WREKIN COUNCIL

CABINET – 15 OCTOBER 2015

**FUTURE DELIVERY ARRANGEMENTS FOR WEST MERCIA YOUTH
OFFENDING SERVICE (WMYOS)**

REPORT OF DIRECTOR OF CHILDREN & FAMILY SERVICES

LEAD CABINET MEMBER – CLLR PAUL WATLING

PART A) – SUMMARY REPORT

1. SUMMARY OF MAIN PROPOSALS

- 1.1 West Mercia Youth Offending Service (WMYOS) is a partnership between four Local Authorities (Worcestershire, Herefordshire, Shropshire and Telford & Wrekin), West Mercia Police, National Probation Service, Health partners (represented by NHS England), and the West Mercia Police & Crime Commissioner. The service delivers the full range of Youth Justice provision for children, young people, their families and the victims of youth crime.
- 1.2 WMYOS has undergone a phased programme of transition commencing in 2012 with the establishment of a single West Mercia-wide service. This was the first step in a move towards a more integrated single organisation for WMYOS delivery. Hosting was initially provided by the Probation Trust. Following subsequent national changes to Probation services, Worcestershire County Council took on the role of host agency for WMYOS on an interim basis pending a formal decision on the most suitable longer-term delivery arrangements.
- 1.3 The proposed arrangement is for the Office of the Police and Crime Commissioner to act as the host organisation on a formal basis from April 2016. This is the outcome of a comprehensive options appraisal undertaken by the WMYOS Management Board during 2014/15.

2. RECOMMENDATIONS

- 2.1 It is recommended that Cabinet approves the Office of West Mercia Police and Crime Commissioner to act as the host organisation for the four local authorities and their statutory partners as of 1st April 2016 subject to all parties entering into appropriate contract documentation to give effect to the hosting arrangement
- 2.2 Authorises the Director of Children and Family Services and the Lead

Cabinet Member to take all steps to implement the above hosting arrangement including consulting with affected council staff on the details of the transfer to the PCC

3. SUMMARY IMPACT ASSESSMENT

COMMUNITY IMPACT	Do these proposals contribute to specific Co-operative Council priorities?	
	Yes	<ul style="list-style-type: none"> • Put our children and young people first • Protect and support our vulnerable children and adults <p>Ensure neighbourhoods are safe, clean and well maintained</p>
	Will the proposals impact on specific groups of people?	
	Yes	Children, young people and their families. Victims of youth crime.
TARGET COMPLETION/DELIVERY DATE	<p>Target completion date 1st April 2016.</p> <p>Key milestones include:</p> <ul style="list-style-type: none"> - Phased implementation from October 2015 - Joint Agreement and Service Specification agreed December 2015 - Formal consultation with staff and Trade Unions from January 2016 	
FINANCIAL/VALUE FOR MONEY IMPACT	Yes	<p>A detailed financial comment is included in this report at Section 6. In summary the business case prepared for the revised operating arrangement includes a financial forecast which is indicative only, and lacks sufficient detail to give any conclusive view on the operating budgets for the new organisation. However, commenting on the forecasts prepared, there is no change included to the current level of contributions from the partner LA's and if this was so there would be no impact to the Council's contribution to YOS from this proposal. The model proposed does not reflect the recent proposal under current consultation to reduce the 2015/16 allocations of Youth justice Board Grant which would reduce the WMYOS allocation by £150k in 2015/16 and onwards. There are also costs missing(i.e. redundancy costs) from the model, cost increases arising and cost savings which are not detailed which are required to make</p>

		<p>the model work. The model does not indicate any budgetary implications for the Council however, due to incomplete information, further information would be required to fully establish the implications of the proposals and if the recommendations are approved the Council will have to work with the WMYOS to ensure an affordable solution is agreed.</p>
<p>LEGAL ISSUES</p>	<p>Yes</p>	<p>The legal implications of the proposed hosting arrangement by the Office of the West Mercia Police and Crime Commissioners have been considered within the relevant legislative framework. Under The Crime & Disorder Act 1998 (sections 37-42 relating to the provision of Youth Justice Services) the four WMYOS Local Authority partners will retain the lead responsibility for securing youth justice services for the West Mercia area, actively supported by all statutory partners..</p> <p>The WMYOS Management Board, including representation from the Youth Justice Board will still be retained as the lead strategic body with responsibility for governance, preparation of the Annual Youth Justice Plan, brokering of funding and resources, securing delivery and performance oversight.</p> <p>It is proposed that the four councils and their statutory partners will enter into a joint agreement with the Office of the Police and Crime Commissioner to secure delivery of the full range of Youth Justice services as set out in the above Act.</p> <p>The procurement implications are that the proposed Agreement falls within scope of the Procurement Contract Regulations 2015 (sec 12). This is derived from EU case law (the Hamburg case) and enables public authorities who are working together to be exempt from open procurement where the joint working arrangements comply. In addition the service specification will form the basis of the joint agreement between the Parties.</p> <p>There will also be employment implications with regard to staff on seconded and /or</p>

		funded specialist posts from Police, Probation and Health deployed and Local Authority funded staff that will transfer into the employment of the Office of the Police and Crime Commissioner under TUPE arrangements. These will include qualified social workers registered with the Health and Care Professions Council.
OTHER IMPACTS, RISKS & OPPORTUNITIES	Yes	Maximising the impact of the combined resources of the WMYOS partner organisations to improve economies of scale and resilience, reflecting the increasing pressures on national and local resources to reduce offending and reoffending by young people.
IMPACT ON SPECIFIC WARDS	No	Borough-wide impact

PART B) – ADDITIONAL INFORMATION

4. BACKGROUND INFORMATION

- 4.1 The comprehensive options appraisal undertaken by the WMYOS Management Board during 2014/15 included detailed consideration of a broad range of alternative delivery models:
- Outsourcing delivery to a third sector organisation. This was discounted following a comprehensive market engagement exercise which identified a limited range of suitably experienced potential providers.
 - Establishing a Local Authority Trading Company (LATC) for WMYOS delivery. A full business case was undertaken for a LATC. Concerns around financial viability and the lack of engagement of all WMYOS partners led to this option being discounted.
 - Hosting by a Local Authority. After careful consideration this option was not considered viable for reasons specific to the four individual Local Authorities. It was also felt that this was the option least likely to achieve the desired outcomes for longer-term WMYOS delivery.
- 4.2 Each of these alternative options were assessed using clear and transparent criteria agreed by the WMYOS Management Board. This included consideration of financial viability, performance impact, quality and sustainability. The options appraisal forms a strong evidence base for the

proposed hosting arrangement by the Office of the Police and Crime Commissioner which is supported in-principle by all WMYOS partners

4.3 The main reasons for considering a change to WMYOS delivery arrangements include:

- Recognition of the need for a more sustainable service model that is best positioned to respond with flexibility and innovation to the rapidly changing policy context for both criminal justice and children's services.
- The opportunity to create a more business-oriented delivery model which drives up performance and quality. Whilst WMYOS performance is mostly good, the WMYOS Management Board are focused on how this can be progressively improved across all areas.
- Maximising the impact of the combined resources of the WMYOS partner organisations to improve economies of scale and resilience, reflecting the increasing pressures on national and local resources.
- Increasing flexibility for deployment of staff and resources across the West Mercia area.
- Strengthening alignment and integration with the full range of children and young people's and adult services at a local level.
- Strengthening links with the Police and other regional and national criminal justice partners

4.4 Throughout the options appraisal process, the overriding consideration of WMYOS partners has been on which model will offer the best impact on reducing offending and re-offending, whilst securing the best possible outcomes for children, young people, the victims of crime and the wider community

4.5 The potential benefits of the proposed hosting arrangement with the Office of the Police and Crime Commissioner include:

- The arrangement will enable the WMYOS partnership to be maintained on a co-terminus basis with related criminal justice and public services. This maximises the impact of combined resources and presents opportunities for shared systems and processes.
- There is a strong strategic fit, with the Office of the Police and Crime Commissioner sharing responsibility with the WMYOS for reducing re-offending, preventing crime and disorder and supporting victims. This is reflected in the Police and Crime Plan and Local Youth Justice Plan.

- The Office of the Police and Crime Commissioner shares wider linkage with local safeguarding and community safety arrangements
- The Office of the Police and Crime Commissioner and West Mercia Police can offer business support capacity with the economies of scale presented by a large organisation. This will include HR and finance input and will build on recent implementation of a single ICT systems framework for WMYOS, hosted by the Police.

4.6 The following main elements of the proposed hosting arrangement will form the basis of a formal joint agreement between the WMYOS Management Board and the Office of the Police and Crime Commissioner:

- The four Local Authority partners will retain full statutory responsibility for the provision of Youth Justice services, with the associated duty to cooperate placed on all partners as set out in the Crime & Disorder Act 1998 and related legislation. Within this context there will be no delegation or diluting of statutory responsibilities.
- The WMYOS Management Board, incorporating the Local Authority partners, and with representation from the Youth Justice Board, will maintain robust governance and oversight of WMYOS delivery.
- The WMYOS Management Board will retain responsibility for producing the Local Annual Youth Justice Plan and for securing the resources required for delivery.
- The main body of WMYOS staff who are currently employed by the Local Authority partners will transfer under TUPE into the employment of the Office of the Police and Crime Commissioner. This includes the 25 (full-time equivalent) WMYOS staff currently employed by Telford & Wrekin Council.
- Police, Probation and other specialist staff will continue to be deployed in WMYOS on a secondment basis, ensuring strong operational links are maintained with these critical partner organisations.
- An integrated WMYOS ICT and email framework hosted by West Mercia Police is already in place and will minimise disruption to service delivery at point of transition. Other business support functions will transfer to the Office of the Police and Crime Commissioner and West Mercia Police.

4.7 It is proposed that on 1st April 2016 the service will transfer to the Office of the Police and Crime Commissioner on the basis of the existing WMYOS organisational structure and operating model. A detailed analysis of demand and workflow with a focus on improving efficiency, quality and impact will be undertaken during the implementation phase (Oct 15 to March 16). This will form the basis of proposals for consultation with staff following implementation of the hosting arrangement in April 2016. It is anticipated that

proposals for reshaping WMYOS will ensure that the service is able to deliver the best possible performance and quality within a climate of reducing resources for all partners

5. LEGAL IMPLICATIONS

- 5.1 A PCC hosting arrangement for WMYOS will be an innovative development and the first time that an Office of the Police and Crime Commissioner has taken this lead role within a YOT environment. Local arrangements will be required to clearly demonstrate compliance with the key legal and statutory requirements relating to the Office of the Police and Crime Commissioner and to the provision of Youth Justice services
- 5.2 Legal representatives of the Local Authorities, Police and Office of the Police and Crime Commissioner, in discussion with the Youth Justice Board for England and Wales have reviewed compliance of the proposed hosting arrangement with the relevant legislative framework and are of the view that all statutory requirements can be fully met. Furthermore, it is believed that the synergies created by this approach will strengthen the capacity of the WMYOS partnership and the Office of the Police and Crime Commissioner to achieve their respective strategic priorities and to secure better value and improved outcomes for local communities

6. FINANCIAL IMPLICATIONS

- 6.1 The service is currently funded through a multi-agency budget of c. 3.9m (2015/16). This is sourced through a mix of funding and 'in-kind' contributions from the WMYOS partner agencies(i.e. Support Services), augmented by direct grant funding (around 38% of total WMYOS budget) from the Youth Justice Board for England and Wales. The level of this grant is currently subject to review(see below).
- 6.2 Around 80 (FTE) staff work within the service. These include 14.5 staff deployed from WMYOS partner agencies and 68(63FTE) staff directly employed by three of the Local Authority partners
- 6.3 The 2015/16 financial contribution to WMYOS by Telford Council is £283,480. Telford & Wrekin Council directly employ 25 operational staff within the WMYOS.
- 6.4 The business case which has been prepared for a revised YOS operating structure includes a 3 year "indicative" financial model, but the information lacks detail. The report says that further information will follow as the preparation of the joint agreement is progressed, and this information is not yet available. The information that is available includes no change to partner contributions over a three year planning period, and if this remains the contribution of £283k would remain and this is already within Council base budget for YOS. The report makes reference to the Governments review of the Youth Justice Board(YJB) budget and the YJB is currently consulting(until 19/9/15) on "In Year" savings

proposals affecting the 2015/16 allocation including a proposed reduction to grants for YOT's of around 11%, the reduction to the West Mercia YOS would be around £150k (£1.41m to £1.26m). The report includes reference to cost increases arising from aligning staff terms and conditions and the recognition of the cost of support services and depreciation of ICT equipment, these are included in the model.

There are also costs that have not been built in such as potential redundancy costs which are not estimated and the cost of a pension bond of £21k.

However, the model also includes for a cost review designed to deliver cost reductions required to make the financial model work, these are calculated at 7.5% of staff and staff related costs and 5% of non staff costs, but only being achieved for a part year in the first year so equating to 3.1%. (£123k). There is insufficient detail about the proposals to set out more information in this report, but this should follow in due course. There are also potential costs associated with staff currently in the Shropshire Pension Scheme moving to the Worcester Scheme which operates pensions for the PCC but these are not yet known or included.

- 6.5 Transition costs associated with moving into the new arrangements will be met from existing WMYOS limited reserves. There will be no additional costs to Telford & Wrekin Council associated with the move to the new arrangements. Further work would be required to determine whether the savings expected and hoped for can be delivered from this model.

7. HR IMPLICATIONS

- 7.1 Communication has been maintained with WMYOS staff and Trade Union representatives throughout the review and options appraisal. This will continue through the implementation phase. The transfer of Telford & Wrekin Council employees into the new arrangements will be undertaken in strict accordance with statutory and locally agreed procedures. Telford & Wrekin Council HR Officers have maintained an active role throughout the options appraisal and implementation planning phases.

8. MANAGING RISK

- 8.1 A risk register is included with the supporting information
- 8.2 The Council will maintain responsibilities for oversight of performance, impact and risk through the Overview and Scrutiny Committee arrangements and as part of the local Community Safety Partnership
- 8.3 Whilst it is the statutory responsibility of the Council to secure the delivery of a Youth Offending Service, the risks are shared with the three other local authorities within West Mercia, the police, the National Probation Service, the Office of the Police and Crime Commissioner and NHS England.

9. IMPACT ASSESSMENT – ADDITIONAL INFORMATION

The Principal aim of the Youth justice System is the prevention of offending and re offending by children and young people. Under section 40 of the Crime and Disorder Act 1998 each Local Authority has a duty to produce a Youth Justice Plan setting out how Youth Justice Services in their area are provided and funded and composed. The plan is submitted to the Youth Justice Board for England and Wales. The Youth justice plan sets out an action plan to address the significant risks identified to future service delivery and improvement.

10. PREVIOUS MINUTES

Cabinet Report - 28th June 2012 Youth Offending Service (YOS) Review

11. BACKGROUND PAPERS

Executive Summary of Business Case (edit of WMYOS Management Board paper) Appendix 1.

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