

WEST NORTHAMPTONSHIRE COUNCIL AND NORTH NORTHAMPTONSHIRE COUNCIL CHILDREN’S TRUST JOINT COMMITTEE

15TH FEBRUARY 2023

**Cllr Fiona Baker – Children, Families & Education (WNC)
Cllr Scott Edwards – Children, Families, Education &
Skills (NNC)**

Report Title	Northamptonshire Children’s Trust Business Plan and 2023/24 Contract Sum
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List of Appendices

Appendix A – NCT Savings Proposals 2023/4 – 2027/28

Appendix B – Children’s Trust Business Plan 2023-24 - 2026-27

1. Purpose of Report

- 1.1. To seek the Children’s Trust Joint Committee’s approval of the NCT Business Plan for 2023/24 – 2026/27 and to note the Trusts provisional contract sum for 2023/24.

2. Executive Summary

- 1.2. The contractual agreements between NCT and the Councils give a deadline of 30 November for agreeing the provisional contract sum for the following financial year. This is also the deadline for the Trust to submit their Business Plan to the councils for approval.
- 1.3. From September to November 2022 the Trust and the Councils worked together to agree a provisional contract sum for the 2023-24 financial year. A provisional contract sum was agreed between the Council’s and the Trust at a meeting of the Strategic Group on the 30th November 2022.
- 1.4. Cabinet in West Northamptonshire Council and Executive at North Northamptonshire Council received draft budget reports at their respective meetings on December 2022 and November 2022 which included details of the provisional contract sum for 2023/24 for the Trust.
- 1.5. At the same time the Trust have also been working on their Business Plan. This sets out the vision and strategic objectives for the Trust as well as their financial strategy. The approval of the Business Plan is a matter reserved for both councils as owners of the Trust and has therefore been brought to the Children’s Trust Joint Committee for approval by both councils.
- 1.6. The Business Plan and financial proposals in the provisional contract sum build on the recent ILACS Ofsted inspection, which was encouraging, highlighted the tangible progress being made and the commitment of colleagues at the Council and the Children’s Trust working in partnership in improving services, alongside areas to focus on further development.

3. Recommendations

- 3.1 It is recommended that the Cabinet/Committee:
- a) To note the provisional contract, sum for Northamptonshire Children’s Trust for the 2023/24 financial year.
 - b) Approve the Northamptonshire Children’s Trust Business Plan for the 2023/24 – 2026/27 period.

4. Reason for Recommendations

- To set the budget for Northamptonshire Children’s Trust for the next financial year
- To facilitate the setting of both councils’ budgets for the 2022/23 financial year and to meet the duty for them to set a balanced budget
- To meet the requirements set out in the contractual agreements between the Councils and the Trust

5. Report Background

- 5.1 North Northamptonshire Council and West Northamptonshire Council are committed to supporting Northamptonshire Children’s Trust to deliver the Children’s Social Care and Early Help services across Northamptonshire. Both take their corporate parenting role very seriously and want to support children, young people and families to thrive in their community.
- 5.2 Children’s Services in Northamptonshire were judged ‘inadequate’ by Ofsted in 2013, whilst this judgement improved to ‘requires improvement to be good’ in 2016 but by 2019 they were judged ‘inadequate’ again.
- 5.3 Northamptonshire Children’s Trust (NCT) was partially formed on 1st November 2020 and fully launched on 1st April 2021.
- 5.4 Ofsted conducted inspections of West Northamptonshire and North Northamptonshire Local Authority Children’s Services between 3rd-14th October 2022 and were both judged as “Requires improvement to be good”.
- 5.5 From 1 April 2021, after the abolition of Northamptonshire County Council, North Northamptonshire Council and West Northamptonshire Council became joint owners of Northamptonshire Children’s Trust (NCT) with each council owning a 50% share. Whilst the Trust is operationally independent of the Councils, the Councils still retain significant control over NCT and are responsible for making decisions on a number of ‘reserved matters’ that are set out in the Trust’s Articles of Association.
- 5.6 One of these reserved matters is annual approval of the Trust’s Business Plan. The Articles of Association set out that on or before 15 September 2022, NCT should prepare and submit a draft Business Plan to the councils for the 3 years starting on 1 April 2023. On or before 30 November 2022, NCT should prepare a draft Business Plan for approval by the councils including any amendments agreed by the Board and the councils.
- 5.7 The Business Plan should include relevant information under the following headings:
- introduction
 - strategic framework
 - working with partners
 - priorities and objectives
 - financial strategy and plans
 - profit and loss account
 - cash flow statement
 - revenue budget and working capital requirements.

- 5.8 The Councils have established the Children’s Trust Joint Committee to discharge the functions of the Councils that relate to the joint ownership of NCT. The committee is therefore able to make decisions related to reserved matters such as the approval of the Business Plan.
- 5.9 The Trust previously developed a Business Plan covering the period 2022/23-2025/26. This was approved by the Children’s Trust Joint Committee in December 2021.
- 5.10 At the same time as developing the Business Plan, as part of the contractual governance processes, the Councils and the Trust must negotiate the provisional contract sum for the following year. The Strategic Group (a group that oversees the contractual agreements that includes Children’s Services lead members, senior council officers and senior NCT officers) must meet to discuss and agree the contract sum by 30 November. In agreeing the provisional contract sum the parties should consider a range of factors such as inflation and demography, although these factors are without limitation.
- 5.11 Once the Strategic Group has agreed the provisional contract sum, the councils and NCT must seek internal approval of the sum by the 15 January.
- 5.12 The Children’s Trust Joint Committee approved the provisional contract sum for 2022/23 in December 2021 which went to be approved by both Council’s at full council.

6. Issues and Choices

6.1 Contract Sum Negotiation Process

- 6.1.1 The initial contract sum was submitted on 15th September 2022 which was in accordance with the contract. The Intelligent Client Function led a working party (with representatives from both Councils and NCT) which held weekly meetings to undertake a detailed a review of the contract submission.
- 6.1.2 The proposed contract sum has been through several iterations following discussion between the parties and discussions concluded with a detailed budget discussion between the councils and the Trust at the Strategic Group on the 17th November 2022. This was attended by:
- The Executive Members for children’s services for both Councils, as well as the Leader and Executive Member of Finance for North Northamptonshire Council.
 - The Chief Executives and Chief Finance Officers of both Councils
 - The Director of Children’s Services of both Council’s
 - The Trust Chair, Chief Executive, Director of Finance and Resources and Director of Social Care
 - Officers from the Councils’ Intelligent Client Function
- 6.1.3 Following this, the parties were able to agree a provisional contract sum at an extraordinary meeting of the Strategic Group on the 30th November 2022.

6.2 Provisional Contract Sum

- 6.2.1 The provisional contract sum agreed between the councils and the Trust for 2023/24 is £141.429m plus a drawdown payment of £9,509m totalling £150.938m – a net increase across the County of £13.488m from the current year, which is indicative of the national picture of rising

costs of children’s social care, and a position that has been informed by the forecast outturn for this financial year.

	North £'000	West £'000	Total £'000
Contract Sum	66,654	84,284	150,938
Less Drawdown Payment	(4,199)	(5,310)	(9,509)
Base Contract Sum	61,446	78,974	141,429
One-Off Funding	991	1,252	2,243
Total	63,446	80,226	143,672

- 6.2.2 The provisional contract sum of £150.938m has been split into two parts, this consists of a Base Contract Sum (£141.429m) and a “drawdown payment” relating to actuals on agreed elements of demand led services (£9.509m) which will be based on the 2022/23 and 2023/24 outturn position, which ensures we only lock in actual demand costs in the contract sum.
- 6.2.3 Generally North Northamptonshire Council will contribute 44% of the contract sum and West Northamptonshire Council 56% as per the disaggregation principles that were agreed as part of the creation of Northamptonshire’s Children’s Trust. However, there are some grant income streams where it has been agreed this funding will be paid to NNC and passported to the Trust.
- 6.2.4 This provisional contract sum has been arrived at following robust challenge from the councils. It has taken into account a range of factors including the Trust’s Business Plan and key priorities, the resources available to both councils, demographic pressures, inflationary pressures and the savings to be delivered by the Trust.
- 6.2.5 In order to keep within the 2023/24 provisional contract sum, the Trust have set out £7.672m worth of savings to be delivered in the financial year. These savings proposals are set out in Appendix A. Appendix A also sets out savings for the 2024/25, 2025/26 and 2026/27 financial years as part of the Trusts Medium Term Financial Strategy. These proposals are only indicative at this stage and will form the basis for future contract sum negotiations.
- 6.2.6 The proposed savings and service improvements included in the provisional contract sum are predicated on additional one funding requests received from the Trust for investment of £2.243m revenue and £0.584m of capital, both of which are not included in the 2023-24 contract sum. It should be noted that although this investment has been agreed in principle, each investment will require a full business case to be submitted to and approved by the councils. This may lead to some adjustment to the exact investment required. These requests are summarised in the following table and will be subject to separate detailed business cases in accordance with each Council’s governance process as required.

Revenue Items	Amount £,000
Early Help to address complexity and increase statutory social work step down.	400
Foster Care – This is an investment in developing NCT to operate as an Independent Fostering Agency (IFA). This approach will improve practice and increase the number of in-house Foster Carers therefore reduce placement costs.	250
Valuing Care Proposal – additional resources to deliver savings of £3.8m to the Placements Budget	1,300
Children’s Homes – Initial set up costs	294
Total	2,243
NNC Contribution (44.16%)	991
WNC Contribution (55.84%)	1,252

Capital Items	Amount £,000
Refresh IT programme	234
Fostering - Rolling programme of capital maintenance	300
Minor Works - Capital	50
Total	584
NNC Contribution (44.16%)	258
WNC Contribution (55.84%)	326

6.2.7 The Children’s Trust Joint Committee is asked to note the provisional contract sum for the 2023/24 financial year. It should be noted that this will become part of both councils’ budget and will be subject to the approval and scrutiny processes of each council.

6.3 NCT Business Plan

6.3.1 At the same time as negotiating the provisional contract sum with the Councils, NCT have been developing their business plan for 2023/24 - 2026/27. This builds on the previous iteration of the Business Plan that was approved by Children’s Joint Committee in December 2021.

6.3.2 The overall strategic framework and key priorities remain the same as the previous business plan, which were developed in consultation with both councils as well as children, young people, and key partners. The strategic framework and key priorities align with updates to the Social Care Improvement Plan following Ofsted Monitoring Visits.

6.3.3 The Business Plan sets out NCT’s overall vision to have “Children, Young People and Families at the heart of all we do – in every action we take and every decision we make.”

6.3.4 The Plan also states NCT’s Strategic Priorities for the duration of the Business Plan. These priorities are based on NCT’s vision, ambitions, quality assurance, Ofsted feedback and discussions with Children, Young People and Families. The updated improvement plan details how the Trust will deliver these priorities and what this will mean for Children, Young People and Families. The Trust’s Strategic priorities are in the diagram below:



6.3.5 It should also be noted that per the terms of the Department for Education intervention, the Secretary of State for Education has consultation rights over the contents of the Business Plan.

7. Implications (including financial implications)

7.1 Resources and Financial

7.1.1 Once the provisional contract sum is approved, this will form a part of both council's draft budgets for the next financial year. This means it will be subject to the governance and scrutiny processes each council has in place for its budget setting process.

7.1.2 When the Trust was being developed, detailed work was completed to calculate how costs would be split between North and West Northamptonshire Councils. This was based on the relative populations and demand for children's social care services in each council area. It was agreed that West Northamptonshire would contribute 56% and North Northamptonshire Council would contribute 44% exclusive of any specific grants that are given directly to NNC to passport to the Trust. Further work is being completed by both councils to understand grant income assumptions and therefore the split of the contract sum as part of the councils' budget setting processes.

7.1.3 The provisional contract sum for 2023/24 is an overall increase of £13.488m compared to the 2022/23 financial year, which is approximately £7,532m for West Northamptonshire and £5,956m for North Northamptonshire.

7.2 Legal

7.2.1 The relationship between NCT and the councils is governed by a series of contractual and legal agreements. The finance mechanism of the Service Delivery Contract states that the parties must

agree the provisional contract sum by 30 November. This must then be approved internally by the councils and the trust by 15 January.

7.3 Risk

7.3.1 There is a risk that the cost of services delivered by NCT in the 2023/234 financial year exceed the agreed contract sum. The Trust have especially alerted to the councils the risks of continued risk of overspend on the budget for placements of children in care. This is a demand-led budget which causes challenges in forecasting demand and expenditure and a small number of high-cost emergency placements can have a significant impact on the budget. If NCT were to overspend on their agreed budget, in the first instance they would look for in-year mitigations to manage the overspend. If these mitigations were not sufficient, then the Trust is able to seek additional funding through the 'in-year change request' mechanism set out in the Service Delivery Contract.

7.3.2 There is a risk that the proposed savings are found to be not deliverable. There has been significant scrutiny of the proposed savings through the contract sum negotiation process but there remains a risk some might not be delivered. The process has again highlighted that proposed savings against the placements budget are particularly risky. The councils and the Trust have committed to work together in partnership to manage this including working with partners to ensure they are making the appropriate contributions to the placement budget.

7.3.3 There is a risk that the strategic direction as detailed in the NCT Business Plan becomes misaligned with those of the two owning councils. However, the approval of the Business Plan is a reserved matter for the Councils which gives the chance for both councils to provide feedback and ensure the strategic directions are aligned. Additionally, in developing the Business Plan NCT have engaged with both councils' senior officers and lead members.

7.4 Consultation

7.4.1 This report has not been subject to any consultation.

7.5 Consideration by Overview and Scrutiny

7.5.1 This report has not been considered by the overview and scrutiny committees of either council.

7.6 Climate Impact

7.6.1 There is no specific climate impact arising from this report.

7.7 Community Impact

7.7.1 There is no specific community impact arising from this report.

7.8 Communications

7.8.1 The councils and NCT work together to communicate the priorities, objectives and outcomes of the proposed business plan and associated strategies to ensure residents and stakeholders are kept regularly informed and engaged about children's services across Northants.

8. Background Papers

8.1 None