

Children's Trust Joint Committee

8th July 2024

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| Report Title | Northamptonshire Children's Trust Contract Sum 2024/25 and MTFP |
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| Executive Member | <p>Cllr Fiona Baker – Cabinet Member for Children, Families & Education, WNC</p> <p>Cllr Scott Edwards, Executive Member for Children, Families, Education & Skills, NNC</p> |

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| Key Decision | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| Is the decision eligible for call-in by Scrutiny? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| Are there public sector equality duty implications? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| Does the report contain confidential or exempt information (whether in appendices or not)? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| Applicable paragraph number/s for exemption from publication under Schedule 12A Local Government Act 1972 | |

Contributors/Checkers/Approvers

| Approver | Officer Name | Date Officer Approved Report |
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List of Appendices

Appendix A - NCT Contract Sum Summary 2024_25

Appendix B – NCT Savings 2024_25

Appendix C – NCT Financial Risks 2024_25

Appendix c – NCT MTFP 2024_25 – 2027_28

1. Purpose of Report

- 1.1. To update the Children’s Trust Joint Committee on the 2024/25 Contract Sum and financial risks identified by Northamptonshire Children’s Trust (NCT).
- 1.2. For the Children’s Trust Joint Committee to note the MTFP provided by NCT.

2. Executive Summary

- 2.1 The 2024/25 Contract Sum for NCT is £180.009m agreed at the Strategic Group on the 28th November 2023 and was included in both Councils budgets for 2024/25 which were approved by the respective Council’s in February 2024.
- 2.2 The Contract Sum of £180.009m is made up of block 1 core funding (£177.429m) and block 2 transformation individual items (2.580m).
- 2.3 In their report to Operational Group on 4th June NCT presented a RAG rating of their proposed savings for 2024/25 and set out their assessment of the financial risks.
- 2.4 At the time of this report there are known potential pressures of £1.020m for 2024/25. This includes staffing costs from the transfer of support services to NCT not included in the Contract Sum and a risk to income received from Public Health from 2021/22 to 2024-25.
- 2.5 WNC and NNC have also made provision for a block 3 transformation costs totalling £3.291m. Use of this funding has been subject to business cases being presented to and approved by the Transformation and Efficiency Board.

- 2.6 Eight Transformation & Efficiencies business cases have been approved in Wave 1 at a total cost of £1.546m. Two further business cases submitted as part of Wave 2 have received agreement at T&E Board in June 2024 totalling £0.443m.
- 2.7 The remaining Transformation & Efficiencies balance of £1.302m will be retained by each Council as per the Contract Sum with WNC retaining £0.727m (55.84%) & NNC £0.575 (44.16%)
- 2.8 The Trusts MTFP was received on the 11th December 2023 and remains unchanged at the time of writing this report. A joint review of NCT's MTFP will be completed in July 2024 in preparation for the submission of the Initial Contract Sum for 2025/26 by 15th September 2024.

3. Recommendations

3.1 It is recommended that the Committee:

- a) Note the Contract sum for NCT for the 2024/25 financial year.
- b) Note the Savings delivery and the RAG rating provided by NCT.
- c) Note the Financial Risks for 2024/25 provided by NCT
- d) Note NCT's Medium Term Financial Plan for 2024/25 – 2027/28.

3.2 Reason for Recommendations

- To scrutinise the delivery of the 2024/25 Contract Sum and savings for 2024/25.
- To allow WNC and NNC to build NCT's MTFP into their respective MTFP.
- To meet the requirements set out in the contractual agreements between NNC, WNC and NCT.

3.3 Alternative Options Considered

To take no action – This is not recommended as this will not allow the respective Councils to fulfil their responsibilities to monitor expenditure. The proposed recommendations are made to ensure NCT's future pressures and savings are built into the respective Councils MTFP and support NCT to deliver its approved Business Plan.

4. Report Background

- 4.1 North Northamptonshire Council (NNC) and West Northamptonshire Council (WNC) are committed to supporting Northamptonshire Children's Trust (NCT) to deliver Children's Social Care and Targeted Early Help services across Northamptonshire.
- 4.2 The 2024/25 Contract Sum for NCT is £180.009m agreed at the Strategic Group on the 28th November 2023 and was included in both Councils budgets for 2024/25 which were approved by the respective Council's in February 2024.

- 4.3 As part of the Contract Sum NCT submitted proposed savings of £9.045m. Agreed savings in the Contract Sum are netted off the Trust's budget meaning that non-delivery of any savings would be reflected as a pressure in the outturn and it is likely that the Councils will have to fund this unless mitigations are found by NCT.
- 4.4 NNC contribute 44.16% of the contract sum and WNC 55.84% as per the disaggregation principles that were agreed as part of the creation of NCT.

5. Issues and Choices

2024/25 Contract Sum

- 5.1 The Contract Sum of £180.009m is made up of block 1 core funding (£177.429m) and block 2 transformation individual items (2.580m) as set out in Appendix A.
- 5.2 Block 2 transformation individual items funding of £2.580m includes £2.363m which is non-recurring.
- 5.3 In their report to Operational Group on 4th June NCT presented a RAG rating of their proposed savings for 2024/25 contained at Appendix B. Of the £9.045m £0.270m have been categorised as Green meaning they will be delivered. A further £8.626m has been categorised as Amber meaning some or all of these might not be delivered. The remaining £0.150m has been categorised as Red meaning they will not be delivered and will be added to any pressures in NCT's forecast outturn unless mitigations are found by NCT.
- 5.4 In their report to Operational Group on 4th June 2024 NCT set out their assessment of the financial risks to delivering 2024/25 Contract Sum as set out in Appendix C.
- 5.5 At the time of this report there are known potential pressures of £1.020m for 2024/25.
- 5.6 A potential pressure of £0.520m relates to the potential gap in Public Health funding between 2021/22 to 2024/25. Council officers are working with NCT to validate this and agree how it will be managed. Each Councils Section 151 Officer will determine how this is treated if the spend didn't meet the criteria to be funded through the public health grant.
- 5.7 The remaining £0.500m relates to the TUPE transfer of Learning & Development and Health & Safety services to NCT. These services transferred to NCT as part of agreed Change Controls approved by the Children's Trust Joint Committee in 2022 but the corresponding income was not included in NCT's Contract Sum.

Transformation & Efficiencies Funding

- 5.8 WNC and NNC have also made provision for a block 3 transformation costs totalling £3.291m. Use of this funding has been subject to business cases being presented to and approved by the Transformation and Efficiency Board.
- 5.9 Eight Transformation & Efficiencies business cases have been approved in Wave 1 at a total cost of £1.546m as set out in the table below:

| Project Title | Funding Agreed 2024/25 |
|---|------------------------|
| Wave 1 | |
| Circle to Success | £0.410m |
| Placement Efficiency | £0.138m |
| Improving Outcomes for Children – Strategic Manager | £0.068m |
| Improving Outcomes for Children- FSWs | £0.132m |
| Exploitation Hub | £0.435m |
| MASH Review | £0.070m |
| Improving Engagement for Young People – IV Visitors | £0.203m |
| DSCO | £0.090m |
| Subtotal | £1.546m |

5.10 Two further business cases submitted as part of Wave 2 have received in principle agreement and subject to a further report to T&E Board in June 2024 reprofiling expenditure for part year effect will total £0.423m as set out in the table below:

| Project Title | Funding Agreed 2024/25 |
|------------------------------|------------------------|
| Wave 2 | |
| Family Drugs & Alcohol Court | £0.138m |
| Edge of Care | £0.305m |
| Subtotal | £0.443m |

** Subject to approval of reprofiled Wave 2 Business Cases at June T&E*

5.11 The remaining Transformation & Efficiencies balance of £1.322m will be retained by each Council as per the Contract Sum with WNC retaining £0.727m (55.84%) & NNC £0.575m (44.16%).

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| Balance outstanding | £1.302m |
| Split as per Contract Sum | WNC (55.84%) - £0.727m NNC (44.16%) - £0.575m |

Medium Term Financial Plan

5.12 The Service Delivery Contract requires NCT to submit a 'future contract sum estimate' (MTFP) as part of setting the contract sum each year.

5.13 The Trusts MTFP, as detailed in Appendix D, was received on the 11th December 2023 and remains unchanged at the time of writing this report.

6. Next Steps

- 6.1 Operational Group will continue to monitor and scrutinise NCT's budget through the monthly finance report.
- 6.2 Strategic Group will continue to have oversight of NCT's financial performance through its quarterly meetings.
- 6.3 A joint review of NCT's MTFP will be completed in July 2024 in preparation for the submission of the Initial Contract Sum for 2025/26 by 15th September 2024.

7. Implications (including financial implications)

7.1 Resources and Financial

- 7.1.1 When NCT was being developed, detailed work was completed to calculate how costs would be split between NNC and WNC. This was based on the relative populations and demand for children's social care services in each council area. It was agreed that WNC would contribute 55.84% and NNC would contribute 44.16% exclusive of any specific grants that are given directly to the Councils to passport to the NCT.
- 7.1.2 NCT have provided a draft MTFP to NNC and WNC and this will continue to be updated during 2024/25 as further pressures and savings are identified. This will provide the basis for contract sums for future years and significantly enhance this process.
- 7.1.3 It should be noted that at this stage NCT's MTFP shows block 3 transformation funding which has been agreed for 2024/25 extending into future years which would require agreement by the Councils. Any additional transformation funding will be considered as part of setting future Contract Sums with NCT in line with the requirements set out in the Service Delivery Contract and the MTFP will continue be developed to inform both the 2025/26 Contract Sum and provide the Councils with potential contract sum for future years.

7.2 Legal and Governance

- 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 30th November each year. This must then be approved internally by the Councils and the Trust by 15th January each year.

7.3 Relevant Policies and Plans

- 7.3.1 NNC has identified 'Brighter, Better Futures' as a key priority in its Corporate Plan recognising that children, young people and their families may need help at different stages in their lives. They will aim to provide help as early as possible and provide the right support, at the right time in the right way to ensure that children are safeguarded and get the best start in life.

- 7.3.2 WNC has identified 'Improved life chances: Best Start in Life' as a key priority of its Corporate Plan, including a focus on early help services to ensure children have the best start in life and parents have the right support at the right time from the right service, to enable families to thrive.
- 7.3.3 Both NNC and WNC's identified priorities will be achieved by supporting the NCT to provide higher standards of support.
- 7.3.4 The Provisional Contract Sum and block 3 transformation funding, drawn down by business cases approved by Transformation & Efficiencies Board will provide the resources NCT requires to effectively support children, young people and families through the delivery of their approved business plan.

7.4 Risk

- 7.4.1 There is a risk that the cost of services delivered by NCT in the 2024/25 financial year exceed the agreed Contract Sum.
- 7.4.2 In their report to Operational Group on 4th June 2024 NCT set out their assessment of the financial risks to delivering 2024/25 Contract Sum as set out in Appendix C.
- 7.4.3 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.
- 7.4.4 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 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. NNC, WNC and NCT 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.
- 7.4.5 The newly formed Transformation & Efficiencies Board will continue to oversee an agreed programme of transformation activity including the risks highlighted above.

7.5 Consultation

- 7.5.1 This report has not been subject to any consultation.

7.6 Consideration by Executive Advisory Panel (NNC)

- 7.6.1 This report has not been considered by NNC's Executive Advisory Panel.

7.7 Consideration by Executive Leadership Team (WNC)

7.7.1 This report has not been considered by WNC Executive Leadership Team

7.8 Consideration by Overview and Scrutiny

7.8.1 This report has not been considered by the overview and scrutiny committees of either NNC or WNC.

7.9 Equality Implications

7.9.1 There are no specific equality implications arising from this report.

7.10 Climate Impact

7.10.1 There is no specific climate impact arising from this report, however as NNC and WNC committed to considering impact on the environment which is managed via the individual strategic lead partnership organisation via organisational policy and commitments.

7.10.2 NNC, WNC and NCT are aware there are emissions associated with publishing web content and will seek to minimise the impact where possible.

7.11 Community Impact

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

7.12 Crime and Disorder Impact

7.12.1 There is no specific crime and disorder impact arising from this report.

8 Background Papers

8.1 None