

Appendix C 2024/25 Financial Risks *(Submitted by NCT to Operational Group)*

Staffing

- The outturn position for staffing is an overspend of £2.072 for the 2023/24 financial year. This is primarily caused by the use of agency rates which are 30% higher than the staffing budget allocation and the ongoing delivery of the vacancy factor. The recruitment of social workers is a key challenge both locally and nationally. There is a shortage of social workers across the country, with the agency market and the associated costs attracting a greater number of social workers. The contract requires the Trust to maintain a safe and effective management of caseloads is essential for service improvement therefore social work posts should not be held vacant if feasible. The recruitment of permanent social workers is progressing positively and the safe reduction of agency provision.
- The pressure on staffing will continue to be a pressure in the 2024/25 and this has been communicated to the councils around the risk. A final pay award of a flat rate payment of £1,500 per fte has been proposed to the unions, this is within the provision within the contract sum. In 2023/24, NCT reviewed its employer pension contribution rate with an immediate reduction to 17.9%
- NCT retained a vacancy factor of £3.269m within the development of the 2023/24 contract sum. This pressure has been partly addressed in the 2024/25 contract sum with a reduction to the vacancy factor of £0.712m. The original proposal was to reduce the vacancy factor to £1.855m (3.5%). This was not agreed and only partially funded. The budget is configured against the permanent staffing budgets minus the vacancy factor. There is no provision for agency premiums above the budget allocation. Therefore, the current vacancy factor within NCT is 5.1%.

Homes for Children

- Placements is the biggest single risk and is incredibly volatile. The trust continues to mitigate and negotiate to secure placements at a lower cost. However, the market and availability of placements remains extremely challenging and the inflation pressures from the independent sector is in excess of budgetary provision. The placements budget will continue to remain under significant pressure as it remains extremely volatile both locally and nationally.
- Forecasting is extremely challenging given the current pressures on placement provision through inflation, demand and complexity combined with inflation pressures. The demand led nature and lack of sufficiency of suitable placements around residential provision where an individual placement can cost in excess of £500k per annum. There has been a significant increase in high cost mother and baby placements (£2.3m in 2023/24), which has been replicated nationally which is increasing the pressure on the budget area. Joint Funding arrangements continue to be developed, which has seen a significant increase in contributions for complex children in care with social care, health and education needs
- NCT has continued to develop its placement sufficiency strategy and the reduction in the use of external placements strategy. Workshops have been held with both councils and outline business cases are being developed to increase provision. There are three projects within West Northamptonshire that are currently being assessed through an initial feasibility assessment and one project where a business case has been submitted.
- The recruitment of foster carers, identification of opportunities for the development off in- house provision, review of partner contributions and use of frameworks to mitigate the pressures within the budget area. Additionally, a workshop is planned to review all post 18 accommodation as this is a critical area where the spend is significantly above statistical neighbours.

Appendix C 2024/25 Financial Risks *(Submitted by NCT to Operational Group)*

Transport

- The service has implemented the Transport Hub to review all transport arrangements and historic provision. Each case is reviewed annually. To ensure best value all transport provision is directed through the hub, to ensure the most effective provision is put in place and transport arrangements can be amended or withdrawn following changes in circumstances.
- A service review is planned as part of the wider internal audit programme focusing on the following key areas:
 - Review of historic eligibility and arrangements in accordance with policy.
 - Development of increased contact provision and local placement provision to minimise transport cost.
 - Improved management information and route planning.
 - Working with its external providers to ensure transport related expenditure is not duplicated through the analysis of the placement fees.

Legal Services

- The contract sum budget for Legal services is based on preferential rates. Following the ending of the shareholding agreement by the Councils, Pathfinder have implemented non preferential from the 1st April 2024. From the 1st July 2024 new cases will be delivered in accordance with the new arrangements, with all cases delivered from November 2024. Contingency arrangements have been developed with an alternative provider to ensure continuity of legal provision during the transition period. A strategic legal group is established to ensure the safe transfer of legal services and the incorporation of legal services into the support Services Agreement.

Support Services

- The reporting of support services and the impact of the non transfer of budgets for services delivered by NCT without the required budget as detailed in the submitted change controls. Additionally, the financial reporting treatment of costs of providing support services above the funding provided within the contract sum.

Savings Delivery

- The savings programme of £9.045m for the 2024/25 financial year contains a significant amount of risk and will be monitored and reported on a monthly basis. The key areas of risk are transformation projects reported through the Transformation and Efficiency board across NCT to identify additional/mitigating savings where possible:
 - Joint Funding arrangements for the provision of complex multi-agency placements for young people. The delays of the agreement of the Joint funding protocol will impact on the delivery.
 - Development of local provision to minimise the use of out of county placements and the use of the independent sector.
 - Reduction on post 18 accommodation and the development of Housing pathways.
 - Legal services and the transition to the new arrangements.
 - Property savings, which are classified as undeliverable due to links to the Support Services Agreement.

