

OS Committee Budget Group – Children & Education Services – Summary of Presentation - 18th January 2021

Attendance: -

Members	Cllrs A Henley, A Mercer, C Stanbra, R Beeby, M York, L Bunday, S Naden-Horley
Officers	J Gotts, M Dickenson, G Hammons, S Darcy, P Goult, F McHugo, J Smith, C Hadley, E Taylor

Text in BLUE relates to information received after the meeting.

Overview of Presentation

1. The Budget Group received a presentation from officers regarding the Children & Education Service Budget for 2021/2022. This was based on the Budget Report presented to the Shadow Executive Committee on 7th December 2020.
2. It was noted that Children's Services currently accounts for 30% of the NCC Budget. It was currently under budget for 2020/21 and was well-managed.
3. The NNC 2021/22 opening net expenditure budget would be £6.7m. This would assist in providing NNC's statutory education functions, to include education inclusion, education psychology, support for children with Special Educational Needs and Disabilities, school improvement, virtual schools (which NNC is the lead authority), school admissions and school place planning, Early Education and Childcare, Northamptonshire Children's Trust Intelligent Client Function (ICF).
4. An overview of key services provided by the Northamptonshire Children's Trust were provided. These included: - targeted early help services to children and families, front door and safeguarding services, support and placements for children in care, support and placements for disabled children, in-house fostering and residential provision, commissioning of external placements and contracts, commissioned legal services and transport for children in care.
5. For the Northamptonshire Children's Trust Contract the total contract sum for 2021/22 for the whole county would be £136.07m. NNC's share of this was estimated at £60.36m but after considering other funding and income the net cost of the contract to NNC would be £54.3m.
6. Financial monitoring would be undertaken through a "Financial Mechanism". There was provision in the NNC draft budget of £0.72m for the impact of COVID-19 in 2021/22. This will be retained by NNC subject to valid presentation of additional costs by the Trust.
7. With regards to the Trust, an initial contract sum had been agreed for the 17-month period November 2020-March 2022.
8. The "Financial Mechanism" for in-year changes was explained. This may result from increase in service demand, unforeseen additional costs, service improvement

business case, Invest to Save proposals. A business case would need to be submitted to NNC for consideration. Future years budgets would be included within NNC's normal budget setting process.

9. The presentation included details of the proposed governance arrangements, for both the Trust and NNC. Also included were the roles of the Strategic Group, Operational Group, and the Support Services Board.
10. The presentation included a summary of the draft 2021/22 Revenue Budget. This showed a net budget requirement for the Trust of £54.3m, for Children Services £4.6m, a total of £58.9m.
11. Also included in the presentation were details of the key disaggregation principles used to set the draft budget. These included geographical location, cost drivers, population, employee headcount and funding formula. The overall total NNC split was approximately 44%. Within this, management costs were split 50:50 with WNC.
12. The key budget headlines included: addresses ongoing financial issues and opportunities identified in 2020/21, allowance for inflationary and demographic pressures, budget contingency and provision for continued spend on COVID-19, transformation efficiencies to be delivered through the Trust contract, protection of existing service levels.
13. The presentation provided a breakdown of the key proposals for the 2021/22 budget for both the Trust and Children & Education Services.

Questions/Comments

- a) Slides – Overview of Children & Education Services

N/A

- b) Slides – Northamptonshire Children's Trust Contract

It was noted that the Service Contract with the Trust for 2021/22 was currently being finalised.

NNC and WNC would need to negotiate the contract for 2022/23 during the next 12 months.

Under this slide Cllr Henley queried whether NCC had yet seen any financial reporting from the Trust since the contract commenced? Were there any indications of overspending?

Officers – there had been no formal reporting yet, however indications given indicated operation within budget. The budget for the Trust had been subject to rigorous negotiation and consideration. It had been a robust process.

Under this slide Cllr Mercer noted the £720k to be retained by NNC for COVID-19 pressures. Cllr Mercer suggested that this may be inadequate given the potential for additional costs associated with staff absences etc.

Under this slide Cllr Hakewill suggested that given school closures the level of potential referrals had reduced, thus potentially creating a false situation. Referrals were likely to rise when schools resumed on site.

Cllr Hakewill also queried the level of savings indicated and raised concern that if in fact the Trust required more funding this would result in cuts to services elsewhere in NNC.

c) Slide – The Financial Mechanism: In-year changes

Under this slide Cllr Mercer queried how requests from the Trust for additional funding would be apportioned between NNC and WNC, and conversely how would benefits from savings be apportioned?

Officers – confirmed that consideration of any requests for additional funding would be subject to the governance structure in place, and subject to assessment as to whether NNC and/or WNC needed to consider the request, and whether it needed to be apportioned.

Cllr Hakewill raised concern regarding “could not reasonably been anticipated”. Was there a capital and/or revenue reserve that NNC could call upon? If not, would it lead to cuts elsewhere within NNC?

Officers – confirmed that there was a specific reserve for Social Care (Children/Adults) of £3.2m which had been established as part of the budget process. This was approximately 2% of the overall budget. Officers also stated that there was a contingency fund for NNC as a whole. It was recognised that there would need to be robust budget monitoring. Ongoing impacts of the COVID-19 pandemic were difficult to assess but some assumptions had been made.

Cllr Hakewill suggested that the Social Care reserve may prove inadequate, and consideration be given to increasing this.

d) Slide – Proposed governance arrangements

It was noted that the Client function would be hosted by NNC.

Under this slide Cllr Mercer wondered what would happen if an Invest to Save scheme came forward and NNC approved, but not WNC?

Officers – confirmed that any in-year changes would be assessed through the governance structure. NNC would be able to proceed with new initiatives and reap the benefits. There would need to be a robust business case presented for any in-year changes. The council investing resources would receive the benefits.

e) Slide – Draft 2021/22 Revenue Budget Summary

N/A

f) Slide – Revenue Budget Baseline NCC Disaggregation

There were no service cuts proposed, savings would be achieved through efficiencies.

g) Slide – Key 2021/22 Budget Headlines

Under this slide Cllr Henley wondered what % the increase in children in care represented.

Officers – Officers confirmed there were currently 1,140 children in care now. The budget reflected an increase of 12 placements. Officers would confirm the figures and % increase.

Cllr Hakewill queried where unaccompanied asylum-seeking children were considered in the budget?

Officers – these were considered and formed part of the “demographic growth”.

h) Slides – Budget Proposals – Northamptonshire Children’s Trust

Under this slide Cllr Mercer wondered how confident efficiencies would be achieved.

Officers – there had been some delay due to COVID-19, however officers were confident these would be progressed.

Cllr Henley wondered whether these savings were double counted in relation to FN savings?

Officers – all savings figures had been accounted for and carried forward. There was no double counting.

Cllr Mercer felt that any savings were going to be difficult to achieve during the pandemic period.

Cllr Stanbra queried the additional management capacity of £62k. Did this relate to one or more posts?

Officers – confirmed that it related to an Assistant Director Post only.

Cllr Stanbra queried the entry on pensions and was there a negative entry somewhere else in the budget?

Officers – yes, under corporate.

Cllr Henley queried the National Living Wage reference, which seemed low. Did this impact many staff?

Officers – no, there were only a small number of staff impacted, which explained the relatively low growth item.

i) Slide – Budget Proposals – Children & Education Services

Cllr Stanbra noted £71k forecast pay inflation, and assumed this was included in the corporate figure for the budget?

Officers – it was.

Cllr Mercer noted the 20% annual reduction in CSS Block.

APPENDIX B

Cllr Mercer noted £710k for additional demand due to COVID-19 and again felt this may underestimate additional costs due to staff absence etc.

Officers – to date there had been relatively low staff absenteeism due to COVID-19, although it was accepted that it was difficult to forecast the medium/long term impact at this stage.

Cllr Hakewill queried where facilities were located between North and West, and whether a cross-charging mechanism would exist where children in the North were placed in the West and vice versa?

Officers – confirmed there would be cross-charging. The home location of any child would be used to determine who paid, North or West.

Cllr Hakewill also suggested that it would be helpful to include % increase/decrease where a budget was indicated.

Cllr Mercer commented that there may be issues relating to loss of service providers and/or increases in services due to COVID-19.

Officers – this was noted, however normal procurement procedures would be followed, and established contracts adhered to. Where necessary the authority would go back out to the market.

Cllr Mercer suggested that this needed to be added to the Risk Register.

Officers – the Risk Register for NNC was currently under consideration and would reflect COVID-19 pressures.

Cllr Mercer noted that management costs under disaggregation were split 50:50. Should NNC not be paying less?

Officers – there was a need to replicate management structures in North and West, so costs were the same.

Cllr Mercer wondered what was meant by “incentives that drive improvement”? A written response to that question to be provided.

This response was provided after the Group meeting –

“incentives that drive improvement”. What did you have in mind? This would be working with providers to inform what the incentives might be agreeable. Providers may consider that they would be at a loss financially if they step children down from expensive residential homes to fostering. We would want to incentivise providers to support the scheme so we could look at such things as payment by results or retain their services to support the child and carers when a child steps down from their residential placement to a foster home.

The meeting concluded with various comments of support for current staff, and the work they were undertaking. It was noted that there were some ambitious objectives, and it was important that NNC monitor progress closely. It was recognised that given the costs involved that even a small % increase could have significant implications.

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There was further comment that new councillors to NNC needed to have appropriate training and that there were open and transparent methods of scrutiny incorporated into governance arrangements. The suggestions for continued efficiencies and innovation were welcomed.