



In partnership with

**North
Northamptonshire
Council**

Northamptonshire Children's Trust Key Risks and Audit Arrangements

Report for Audit and Governance Committee

5 September 2022

1. Introduction

This report has been produced for North Northamptonshire Council's Audit and Governance Committee following a request from this committee for the Chief Executive and senior leadership team to appraise the Committee of key risks and audit arrangements for Northamptonshire Children's Trust. The Chief Executive of Northamptonshire Children's Trust received a letter from the Chair of the Audit Committee setting out the Committee's requests and this report sets out a response to these requests.

2. Background to Northamptonshire Children's Trust

Following a statutory direction from the Secretary of State for Education, Northamptonshire County Council established an operationally independent but wholly council-owned company to deliver children's social care services. Northamptonshire Children's Trust (NCT) was established on 1st November 2020 and was a company limited by guarantee that was initially wholly owned by Northamptonshire County Council.

As part of this arrangement, statutory responsibility for children's services remains with the Council's Director of Children's Services. NCT is operationally independent, and a set of contractual agreements exist between NCT and the Council with the aim of ensuring NCT develops and provides high quality social care services to children and young people in Northamptonshire. Funding is subject to an annual contract negotiation and consideration of in-year demand pressures detailed in section 3 of the NNC report.

On 1st April 2021, ownership of NCT transferred to North and West Northamptonshire Councils as part of the transition to unitary Councils. North Northamptonshire Council acts as the 'Host Council' for managing the relationship with NCT including contract management arrangements. North Northamptonshire Council employs a team called the 'Intelligent Client Function' which manages the relationship with NCT.

For the financial year 2021/22, the contract value was £137.15 million and for the 2022/23 financial year is £137.45 million.

3. NCT Risk register

3.1. Overview

The NCT corporate risk register is monitored by the Finance, Resources and Audit (FRA) Committee of NCT who report to the NCT Board. The NCT risk register is shared with the Intelligent Client Function (ICF) on a quarterly basis as per Clause 16 of the Core Terms of the Service Delivery Contract. This is discussed in summary form at the monthly Operational Group and Quarterly Strategic Group meetings.

3.2. Risk monitoring

The NNC report elsewhere on this agenda details the contractual monitoring through the ICF. In addition to these arrangements the NCT FRA meets monthly and risk management is a standing agenda item. Concerning issues and good practice are reported to the NCT Board.

3.3. Key risks and mitigation

The key risks can be broken down into three areas:

- Corporate Risks
- Social Care Risks
- Financial Risks

The risks are monitored and managed through the following groups (arrangements for each are included in the NNC report elsewhere on this agenda);

- NCT Board
- NCT Finance, Resources and Audit Committee
- Operational Group (led by NNC/WNC)
- Strategic Group (led by NNC/WNC)
- Support Services Board (led by NNC/WNC)
- Social Care Improvement Board (Chaired by Department for Education)
- Lead member / DCS monthly assurance meeting (for Social Care risks)
- NNC/WNC Scrutiny committees

3.3.1 Corporate Risks

The corporate risks relate to the long-term sustainability of the services provided. The key risks are:

- a) the effectiveness of partnership support from NNC, WNC, Police, Health and other partners.
- b) the effective delivery of services by NCT.
- c) the quality of services delivered by the councils in the Service Delivery Contract.

3.3.2 Social Care Risks

The social care risks relate to the quality of practice in services delivered by NCT. The key risks are:

- a) An emergency situation that is not managed well such as death or injury to a child or young person under the responsibility of the Trust, through inappropriate care or attention.
- b) Lack of improvement in services since the Ofsted 'inadequate' judgement of 2019.
- c) Ongoing impact of COVID-19
- d) Case complexity
- e) Increase of children in care and providing placements that meet need
- f) Increase in referrals / cases open to NCT and impact on workforce

- g) Oversight of unregulated placements
- h) Permanent workforce

3.3.2 Financial Risks

The financial risks relate to the finance and governance arrangements for NCT. The key risks are:

- a) Budget management and potential budget cuts
- b) Increase in volume and the complexity of care required and increase in numbers of children in need of support adding to budget pressures.
- c) Increasing cost of commissioned services and placements as a result of uncontrollable external factors (i.e. Increased national insurance; changes in regulation; impact of Brexit and Covid on ability of providers to secure suitable workforce, failure of external placement market to meet needs, transport costs)
- d) Savings delivery
- e) Information governance issues such as data breach, cyber-attack, access to data
- f) Agency costs / staff turnover
- g) Supplier resilience in with increasing costs
- h) IT System support and replacement
- i) Unitary arrangements
- j) Supporting families – payment by results

4. Assurance from audit

Northamptonshire Children's Trust purchases both internal audit services. Internal audit is purchased from West Northamptonshire Council who commission the activity from BDO UK. External audit is provided by Crowe LLP.

The internal audit annual report and annual statement of assurance from BDO UK is in Appendix 3, this gives an overview of audit activity including outcomes and level of assurance as requested by the committee.

Audit activity is routinely reported to:

- NCT Board
- NCT Finance, Resources and Audit Committee
- Operational Group (led by NNC/WNC)
- Strategic Group (led by NNC/WNC) – by exception

5. Other relevant information

No further information is relevant at this time.