

Northamptonshire Children’s Trust Risk Management, Governance and Reporting Arrangements

1.0 Purpose

- 1.1 This report provides an overview of current Risk management, Governance and Reporting arrangements for Northamptonshire Children’s Trust (NCT).

2.0 Background and Governance Arrangements

- 2.1 Northamptonshire Children’s Trust (NCT) was established in November 2020 following a statutory direction from the department for education (DfE) “IN RELATION TO CHILDREN’S SERVICES UNDER SECTION 497A (4B) OF THE EDUCATION ACT 1996” due to significant concerns. This followed a long period of instability and poor children’s services in the County, exacerbated by financial challenges. On 1 April 2021 the District, Borough and County were abolished, and two new unitary authorities were established in April 2021.
- 2.2 A contract was agreed between Northamptonshire County Council and NCT for the provision of children’s social care, targeted early help and youth offending services by NCT for a ten-year period, subject to review at 5 years. The contract sets out the obligations of both parties, the contract governance arrangements, and performance expectations and monitoring, among other matters. The contract was inherited by the two new Unitary authorities when established in 2021. This is a unique situation in the establishment of Children’s Trusts in England in that most current leaders from each current unitary authority were not involved in negotiating the contract and that NCT has two separate LAs to work with, two DCSs, Lead Members and scrutiny committees which over time may develop different needs and priorities. This complex history and structural solution, combined with new senior leadership across all three organisations over the last two years or so, has meant that partnership relationships across the three organisations have taken longer to become established and embedded.
- 2.3 The two Unitary Councils West Northamptonshire and North Northamptonshire remain subject to a statutory direction from the Department for Education which they must follow. The most recent statutory direction was issued in February 2022 and DfE confirmed that this remains in force after the ILACS inspection that moved Children’s Services out of the Ofsted grading of ‘inadequate.’ The former County Council agreed with the DfE to the establishment of NCT to deliver Children’s Services and the successor LAs have inherited this agreement. The revised statutory direction directs them to:
 - a. *Engage with the Trust, in joint commissioning arrangements for the Trust, and with the Councils’ partners whose work impacts the delivery of the Councils’ children’s social care functions, in a way likely to facilitate improvement in the exercise of those functions*
 - b. *To comply with any instructions of the Secretary of State or the Improvement Board Chair in relation to the improvement of the exercise of the Councils’*

children's social care functions, and provide such assistance as the Secretary of State or the Improvement Board Chair may require

- 2.4 It is important to recognise that the Northamptonshire Children's Trust is the agreed strategic arrangement by which each Council delivers its statutory children's social care functions, and it is of paramount importance for each Council that this arrangement is successful.
- 2.5 The contract between the Councils and NCT sets out the governance arrangements (Schedule 18). The key meeting at the heart of the governance arrangement is the monthly Operational Group with the remit '*to provide a joint forum to periodically review each Party's respective performance of this Agreement (in particular the performance of the Services by the Trust and the performance of the Dependencies by the Council at an operational level)*'. The terms of reference for the Operational Group were revised in November 2022. The Operational Group reports to the quarterly Strategic Group which '*provides strategic, political and executive oversight and scrutiny to the Agreement*'.
- 2.6 The contract also sets out (Schedule 6) the Performance Framework and (Schedule 4) the Councils' responsibilities and dependencies. Oversight, discussion and shared problem-solving of issues from Schedules 6 and 4 are the primary focus of Operational Group, along with financial monitoring and support services and property matters.
- 2.7 Schedule 6 also sets out that the parties should work together 'in a manner that is conducive to establishing and fostering a successful and cohesive working relationship', so that performance issues 'are resolved quickly and amicably.' There is an emphasis in the statutory guidance to deliver better outcomes for children in the Local Authority area and ensure that sufficient resources and services are in place to do so. This fits well with the statutory direction to both Councils - to engage with the Trust and the Councils' partners to facilitate improvement.
- 2.8 The paragraphs above summarise the statutory and contractual arrangements in the County between NCT and the two unitary councils for the provision of Children's Services. The two Councils as 'system leaders' have a responsibility to shape partnership working across the County to deliver better outcomes for children. This includes through the work of early help, public health, housing and schools in their area.
- 2.9 Northamptonshire Children's Trust has a responsibility, alongside the councils, to deliver more effective services for children and families, to support the strategic direction set by the Councils and to help develop a more collaborative children and families partnership. These arrangements are a shared and joint enterprise with these key features:
- Partnership working with each other and across the whole system
 - A strategic focus on improving outcomes for children

- Working together in a collaborative and solution-focused way

3.0 Northamptonshire Children’s Trust – Governance and Reporting Framework

3.1 Whilst under a statutory direction the DfE retains an interest and role in the governance arrangements for the Trust.

3.2 NCT Board consists of the following members.

Julian Wooster (Chair)

Hilary Daniels (Chair of FRA Committee)

Lou Williams (Chair of PPQ committee)

Joshua Imuere (Council appointed NED)

Darren Hickman (Council appointed NED)

Colin Cross (NED)

John O’Brien (NED)

Samantha Fitzgerald (NNC)

Rebecca Peck (WNC)

Colin Foster (Chief Executive)

Cornelia Andrecut (Director of Social Care)

Andrew Tagg (Director of Finance and Resources)

3.3 There are four governance committees.

- NCT Board
- Practice, Performance and Quality committee
- Finance and Resources committee (meets every 6 weeks)
- Audit committee

a) NCT is responsible for;

- Define strategic direction of NCT
- Monitor performance and track progress.
- Improve outcomes for children, young people and families.
- Ensure proportionate reporting to Board, committees, and the councils.
- Fulfil contractual obligations.
- Oversee the activity of the three governance committees
- Meet the requirements of the Equality Act 2010

b) Practice, Performance and Quality Committee is responsible for;

- All key issues relating to the practice, performance and quality of all services provided by the Trust to children, young people and their families in Northamptonshire including user feedback, formal complaints and Trust support services.
- The performance and quality of Trust contracts, including purchased support services and service level agreements in place to ensure Trust effectiveness.
- Workforce quality and effectiveness including recruitment, retention, learning and development.
- Trust self-assessment and improvement activity.
- Actions following Ofsted and other inspections or visits, agreeing and monitoring relevant plans.
- The effectiveness of engagement with children, young people and families receiving the services of the Trust so that their voice, and their experience, can be clear and influential in shaping the Trust's decision-making and direction.
- The development and evaluation of innovative approaches to practice and service improvement.

c) Finance and Resources Committee is responsible for;

- NCT business plan and transformation activity.
- NCT finances: strategy, efficiencies, monitoring and forward planning.
- Effectiveness of service level agreements.
- Management and resource audits.
- Overview of risk management.
- Workforce establishment control, budgets and salaries, health and safety.
- Employee engagement.
- Ensuring that part B of its meetings fulfils the audit remit.

d) Audit Committee is responsible for;

(i) Reviewing and monitoring:

- The integrity of the financial and narrative statements and other financial Information provided to Members;
- NCT system of internal controls and risk management;
- The internal and external audit process and auditors;
- The processes for compliance with laws, regulations and ethical codes of practice; and

- (ii) Making recommendations to the Board in relation to the discharge of governance responsibilities in respect of audit, risk and internal control of the Company. Both Chief Internal auditors from North Northamptonshire and West Northamptonshire have an invite to the committee.

3.4 Members of NCT board also attend the Youth Offending Service (YOS) board and the corporate parenting board

4.0 Strategic Risk management

4.1 The purpose of the risk management approach is to:

- Provide standard definitions and language to underpin the risk management process
- Ensure risks are identified and assessed consistently throughout the organisation through the clarification of key concepts
- Clarify roles and responsibilities for managing risk
- Implement an approach that meets current legislative requirements and follows best practice and relevant standards.

4.2 Definitions of Risk

4.2.1 Risk can be defined as “an uncertain event that, should it occur, will have an effect on the Trust’s objectives and/or reputation.” It is the combination of the probability of an event (likelihood) and its effect (impact).

4.2.2 Risk management is the “systematic application of principles, approach and processes to the identification, assessment and monitoring of risks.” By managing our risk process effectively, we will be in a better position to safeguard against potential threats and exploit potential opportunities to improve services and provide better value for money.

Strategic Risks – Risks that could have an effect on the successful achievement of our long term core purpose, priorities and outcomes. These are risks that could potentially have a Trust/Trust-wide impact and/or risks that cannot be managed solely at a service level because higher level support/intervention is needed.

Service Risks – Risks at a Service level that could have an effect on the successful achievement of the group and Service outcomes / objectives. Potentially these risks could have a significant financial, reputational and/or service delivery impact on the Service as a whole.

Contract Risks – Risks that could have an effect on the successful achievement of the contract's outcomes / objectives in terms of delivery, outcomes and value for money. Contract risks are managed throughout the contracting process including contract management/business as usual.

Programme/Project Risks – Risks that could have an effect on the successful achievement of the programme or project's outcomes / objectives in terms of service delivery, benefits realisation and engagement with key stakeholders (service users, third parties, partners etc.).

Partnership Risks – Risks that could have an effect on the successful achievement of the partnership's outcomes / objectives including engagement with key stakeholders (service users, third parties, partners etc.). These can be strategic and/or operational depending on the size and purpose of the partnership

- 4.2.3 Regular reporting, through the regular organisational reports, enables senior managers, committees and the Trust Board to be more fully aware of the extent of the risks and progression being made to manage them. Red risks on service risk registers will be reported with the corporate risks in the regular organisational risk management reports.
- 4.2.4 Risk registers are created and maintained. This enables NCT to create a risk profile, record and manage risks in a consistent way, map risks to objectives and risk types, monitor and review risks and produce meaningful management reports.
- 4.2.5 The business plan process incorporates the review and challenge of Service and significant project risk registers and will result in an updated corporate risk register which will be reported as part of the suite of annual reports

4.3 **NCT Strategic Risk register**

- 4.3.1 NCT has a Strategic Risk Register, the risks are categorised into three areas: Corporate/Strategic, Social Care and Finance and Operational.
- 4.3.2 There are currently 23 open strategic risks which are being monitored and managed by the Trust Executive, these are detailed in the table below. These risks are reported to Trust board, FRA committee, Internal Audit and External Audit, Operational Group and SLT
- 4.3.3 A risk workshop was held with the Trust Board facilitated by Internal audit to develop the Audit programme for the 2023/24 financial year. Additionally, the priorities in the Social Care Improvement plan were reviewed as part of the governance review.
- 4.3.4 In addition to the regular performance monitoring against contractual KPI's, we have additional project-based risk registers for the following areas:

- a. Transformation and Efficiency Programme
- b. Social Care case management system
- c. Information Governance and security
- d. Support Services Board Risk Register

4.3.5 The table below shows the agreed risk scoring matrix

		Probability				
		Almost Certain	High	Medium	Low	Very Low
Impact	Catastrophic	25	20	15	10	5
	Major	20	16	12	8	4
	Moderate	15	12	9	6	3
	Minor	0	8	6	4	2
	Insignificant	5	4	3	2	1

4.3.6 There are currently 4 'red' risks. All the others have previously been reviewed and mitigating actions agreed at previous Board Meeting.

- a. **Increasing Volume and complexity of care required and increasing numbers of children in care** - Regular monitoring of cases, reviewing commissioning arrangements and benchmarking for external placements. Increasing demand pressures and inflation above contract sum levels. MARP panel process developing, however challenges from partners as joint funding protocols are embedded and improvement in the quality of placement information. Embed the recommendations of the independent placement review.
- b. **Increasing cost of commissioned Services** - Commissioners working with providers to address workforce related issues, re-opening of frameworks to increase number of providers and reviewing commissioning options and identifying alternative service delivery models to commissioned services. Inflation pressures and continuing recruitment challenges from partners.
- c. **Data Breach** - NCT processes and stores a high volume of sensitive information related to the safeguarding and protection of vulnerable children and their families. Data breaches risk the integrity and availability of this information. This

risk has increased due to increase in data breach errors noted in MASH due to human error. IG currently working with MASH to address reasons and offer support and guidance

- d. **High levels of permanent Staff turnover and challenges in the recruitment of permanent staff** - The development of a coordinated recruitment strategy for permanent, agency and overseas recruitment. Increasing agency rates both locally and nationally are increasing pressure on retention, within the current funding envelope. Additionally, HR are focussing on providing effective support to staff to mitigate high levels of attrition.

5.0 Additional Governance, Performance and Assurance

5.1 NCT is subject to the following Ofsted and HMIP inspections which all local authority children's services can expect:

- ILACS full judgement inspection (currently RI expected autumn 2025)
- ILACS focussed visits (expected autumn 2023 and autumn 2024)
- Joint Targeted Area Inspection (not undertaken in all areas and unlikely until after next full inspection).
- HMIP Youth offending inspection (undertaken July 2023 outcome tbc)

NCT is also subject to the following Ofsted inspections which are not part of the usual inspection framework for a local authority (unless they run children's homes).

5 x children's home regulatory inspections (currently all are either RI or good)
Fostering regulatory inspection (currently inadequate – reinspection expected autumn 2023)
Adoption regulatory inspection (currently good)

5.2 Partnership Governance and Assurance

5.2.1 The diagram attached at Appendix 1 sets out the governance arrangements currently in place to monitor the performance of NCT and officer assurance.

5.3 Social care Improvement Board

5.3.1 A social care improvement board (SCIB) is a requirement of the statutory direction issued by the department for Education.

5.3.2 SCIB is chaired by a DfE appointed advisor.

5.3.3 Attendance at SCIB is expected of all statutory safeguarding partners namely, Police, Health, WNC, NNC and NCT.

5.3.4 The chair of SCIB maintains oversight of the social care improvement plan and holds partners to account.

5.4 Operational Group

5.4.1 The Operational Group chaired by the council is to provide a joint forum to periodically review each Party's respective performance of this Agreement (in particular the performance of the Services by the Trust and the performance of the dependencies by the Council) at an operational level to enable the Council to properly and effectively monitor the performance of the Services and its relevant statutory functions by the Trust.

5.4.2 The remit of the Operational Group, which is held monthly is too:

- Review the Trust's performance of the Services in accordance with Schedule 6 (*Performance Framework*);
- Review and consider the Monthly Report and the Trust's performance against the Key Performance Indicators including discussions around reasons, mitigation and exacerbating factors.
- Agreeing remedial actions pursuant to Schedule 6 (*Performance Framework*) (including as applied by Paragraph 4 (*Resolving Council Issues*) of Schedule 18 (*Governance Arrangements*)) that need to be taken by the Parties (including any applicable Action Plans) in order to address a particular issue.
- Review all plans and notices issued pursuant to Schedule 6 (*Performance Management Framework*) and escalating matters to the Strategic Group where applicable.
- Review and agree the draft Annual Report prepared by the Trust pursuant to Schedule 3 (*Annual Review*) and provide information held by the Council as required by the Trust to produce the Annual Report;
- Provide a forum for mutual dependencies and cross service issues to be discussed and resolved including the Council Dependencies and reporting on the Council's performance under the Support Services Agreement and property arrangements.
- Discuss the finances of the Trust as appropriate and receive monthly financial information pursuant to Schedule 5 (*Financial Mechanism*).
- Provide a forum for the Parties to consider any central government policy objectives or other relevant regulatory guidance that may impact upon the Services.
- Agree and monitor any Action Plans and/or Rectification Plans (as applicable) pursuant to Schedule 6 (*Performance Framework*);

- Discuss the interface of the Council's Covid-19 transition and recovery plan with the Services.
- Review the actions arising from the previous Strategic Group to the extent that Strategic Group has made decisions on matters for Operational Group implementation

5.5 Strategic Group

5.5.1 The Strategic Group, chaired by lead member, is to provide strategic, political and executive oversight and scrutiny to this Agreement and to formally consider and resolve (where possible) any matters that are escalated to it by the Operational Group.

5.5.2 The remit of the Strategic Group, which is held quarterly is too:

- Consider any matters that are escalated to it from the Operational Group;
- Oversight of the performance of the Transition Activities (as such term is defined in the Transition Agreement) pursuant to the Transition Agreement;
- Reviewing the overall commissioning arrangements between the Parties;
- Ensuring that the Services are being delivered in accordance with the Agreement;
- Ensuring performance is aligned with the agreed Aims and Objectives set out in Clause 2 (*Aims and Objectives*) of the Agreement;
- Ensuring that performance is aligned with the Trust's Business Plan;
- Review all relevant plans and notices issued pursuant to Schedule 6 (*Performance Framework*), and where relevant agreeing any changes to the Key Performance Indicators in accordance with the terms of the Agreement;
- Agreeing and/or amending/modifying the draft Annual Report to create the Annual Report, and convene the Annual Review board pursuant to Schedule 3 (*Annual Review*) and consider whether any Changes are required to the Agreement;
- Monitoring the Trust's financial position against the budget;
- Carrying out the Contract Sum Negotiation and discussing any proposed In-Year Business Cases, in each case pursuant to Schedule 5 (*Financial Mechanism*);
- Considering any request for relief from compliance with its obligations submitted by the Trust pursuant to Clause 15.6.5 (*Change in Law*);

- Comments to Resolution Panel convened under Paragraph 6.10.20 of Schedule 5 (*Financial Mechanism*);
- Reviewing the performance of the Council Dependencies including its performance of the Support Services Agreement and any property arrangement with the Trust in which the Council is the landlord or licensor etc.;
- Reviewing relationships, partnerships and interdependencies;
- Reviewing appointments or other changes in personnel of the senior operational staff of the Council, any policies to be implemented which will affect the majority of Council staff, and staffing issues which have the potential to cause interruption of the Services;
- Monitor Teckal Compliance for the purposes of Clauses 6.7 and 6.8 (*Compliance with Regulation 12 of the Public Contracts Regulations 2015*) of the Agreement;
- Discuss and determine the final terms of the Leases and Licences in the event that the Parties have not been able to agree the Leases and Licences pursuant to Clause 9 (*Properties, Assets and Third-Party Contracts*);
- Discuss matters relating to the establishment of the Unitary Councils;
- Discuss interface with the Council's Covid-19 recovery and transition plan;
- Discuss and determine whether the final list of Contracts set out in Parts A and B to Schedule 14 should be amended and/or the financial consequence of the resulting Change under the Change Control Procedure, pursuant to Paragraph 4.8 of Schedule 14 (*Assets and Supply Contracts*);
- Making a determination of a Party's liability under this Agreement in respect of a Loss not covered by the Required Insurances pursuant to Clause 26.4.2 and Clause 26.10.2 (*Liability and Indemnity*) respectively;
- Reviewing the Business Continuity Plan on an annual basis pursuant to Clause 38.2 (*Emergency Planning and Business Continuity*);
- Such other matters which any Party proposes (acting reasonably) in connection with the Agreement and other associated agreements.

6.0 Internal Audit 2022/23

- 6.1 The role of internal audit is to provide an opinion to the Trust, through the Finance, Resources and Audit Committee, on the adequacy and effectiveness of the internal control system to ensure the achievement of the organisation's objectives in the areas

reviewed. The annual report from internal audit provides an overall opinion on the adequacy and effectiveness of the organisation's risk management, control, and governance processes, within the scope of work undertaken by Internal Audit. The basis for forming our opinion is:

- An assessment of the range of individual opinions arising from risk-based audit assignments contained within internal audit plans that have been reported throughout the year, including services provided to the Trust by West Northamptonshire and Cambridgeshire Councils
- The relative materiality of these areas and management's response to agreed actions
- Management investigation and response to issues raised from fraud investigations

6.2 We can provide satisfactory assurance that there is a sound system of internal control, designed to meet the Trust's objectives, and that controls are being applied consistently.

6.3 Summary of Internal Audits 2022-23

6.3.1 This report details the work undertaken by internal audit for Northamptonshire Children's Trust (the Trust) and provides an overview of the effectiveness of the controls in place for the full year. Internal Audit has been provided to the Trust via a service level agreement with West Northamptonshire Council (WNC) Internal Audit Service. The full programme is detailed in Appendix 2

6.3.2 2022-23 was a challenging year from an audit perspective, with a large proportion of activity relating to audits initiated as part of the 2021-22 plan outstanding at the end of 2021-22. These were reviewed and delivered by BDO, an external provision partner. The 2022-23 plan was also reviewed, and 5 audits removed to prioritise impactful audits, leaving 5 audits which were delivered by the WNC audit team.

6.3.3 Audits relating to the 2021-22 plan which were issued as final reports in 2022-23 have had the working papers reviewed to ensure that sufficient 2022-23 evidence was covered, and they could be included in the 2022-23 opinion. The 5 audits delivered as part of the 2022-23 plan were supported by 4 audits relating to WNC services provided to the Trust. The insourcing of the WNC audit team has led to delays in the delivery of audits, and the completion of the plan has been challenging, with some audits at draft report stage at the time of this report. These have been included in the assurance rating for 2022-23. Any changes identified following this report will be reviewed and, if required, re-audited as part of the 2023-24 plan.