



EXECUTIVE

16th November 2023

Report Title	Annual Report of the Service Delivery Contract between Northamptonshire Children's Trust and West and North Northamptonshire Councils 2022/23 and Update on the Annual Review
Report Author	David Watts, Executive Director of Adults, Health Partnerships and Housing (DASS) & Interim Children's Services (DCS) Richard Woodward, Head of Business & Performance (Interim) ICF Programme Lead
Lead Member	Cllr Scott Edwards, Executive Member for Children, Families, Education and Skills

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	

List of Appendices

- Appendix A – Northamptonshire Children's Trust Annual Report 2022-23
- Appendix B - Fostering Annual Report
- Appendix C - Adoption Annual Report
- Appendix D - IRO Annual Report 2023
- Appendix E - Sufficiency Strategy 22-25
- Appendix F - Commissioning Strategy
- Appendix G - LAC Modelling April 23 Draft v0.6
- Appendix H - NCT Improvement Plan March 23
- Appendix I - Full SEF ILACS 2022
- Appendix J - NCT Strategic Risk Register April 2023
- Appendix K - NCT Scorecard March 2023
- Appendix L – NCT 202223 Audit Assurance

1. Purpose of Report

- 1.1. To provide Executive with an update on the progress of the 2022/23 Annual Review of the Service Delivery Contract (SDC) between Northamptonshire Children's Trust (NCT) and West and North Northamptonshire Councils which includes the 2022/23 Annual Report.

2. Executive Summary

- 2.1 As part of the contractual arrangements between Northamptonshire Children's Trust (NCT) and North and West Northamptonshire Councils, there is a requirement to undertake an Annual Review and produce an Annual Report.
- 2.2 The purpose of the Annual Review set out in the SDC is:
- to consider the quality of practice in the provision of services and the outcomes for children, young people and families in the county of Northamptonshire.
 - to facilitate the Councils quality assurance of the operation of the SDC.
 - to enable the Councils to review the discharge of their statutory functions insofar as the same relate to the provision of the services by the NCT.
 - for all parties to consider whether changes are required to the SDC.
 - for the Councils and NCT to consider all applicable factors in relation to the setting of future contract sums paid to NCT including for the next financial year.
- 2.3 NCT produced a draft Annual Report (**Appendices A-L**) which was considered and agreed by the Operational Group in August 2023 in line with timescales and requirements set out in the SDC.
- 2.4 The Annual Review will be completed by the Strategic Group in October 2023 and will consider the Annual Report and if any changes to the SDC, which must be agreed by all parties, are required.

3. Recommendations

- 3.1. It is recommended that the Executive:
- a) Note that the Annual Report contained at **Appendices A-L** was completed in line with the service delivery contract.
 - b) Note that KPI's in the Service Delivery Contract (SDC) have remained the same since the start of the contract with Northamptonshire Children's Trust and that the Annual Review, completed by Strategic Group in October 23, will consider and agree any amendments to the SDC, including changes to KPI's.

- c) Note that any changes to the SDC would need to be agreed by all parties, presented to Childrens Trust Joint Committee meeting for approval and once approved, be implemented by a Change Control to the SDC.

3.2. Reason for Recommendations

- The arrangements to complete the Annual Review and Annual Report are set out in the SDC and provide a procedure through which the Councils can review the Service Delivery Contract and NCT's performance in delivering its functions.

3.3. Alternative Options Considered

- Do nothing - Failing to complete the Annual Review or produce an Annual Report would not be compliant with the SDC and would not allow the Councils to formally review the contractual arrangements with NCT and agree changes. It should be noted that the SDC contains a process for the Councils to propose changes outside of the Annual Review if required.

4. Report Background

- 4.1 Following a statutory direction from the Secretary of State for Education, Northamptonshire County Council was required to oversee work towards the establishment of a Trust for the delivery of children's social care services in Northamptonshire, transferring operational control for children's social care services from the Council to the Trust. Upon the creation of the two new unitary Councils, the commissioning and ownership of NCT was transferred to North and West Northamptonshire Councils.
- 4.2 As part of the establishment of NCT, a suite of contractual agreements was put in place to govern the relationship between NCT and the Councils. The core contractual agreement is the Service Delivery Contract (SDC) and its associated schedules.
- 4.3 The SDC sets out the arrangements for the completion of the Annual Review of the Service Delivery Contract between Northamptonshire Children's Trust (NCT) and West and North Northamptonshire Councils.
- 4.4 The purpose of the Annual Review set out in the SDC is:
 - to consider the quality of practice in the provision of services and the outcomes for children, young people and families in the county of Northamptonshire.
 - to facilitate the Councils quality assurance of the operation of the SDC.
 - to enable the Councils to review the discharge of their statutory functions insofar as the same relate to the provision of the services by the Trust.
 - for all parties to consider whether changes are required to the SDC.

- for the Councils and NCT to consider all applicable factors in relation to the setting of future contract sums paid to NCT including for the next financial year
- 4.5 The SDC states that the Strategic Group shall complete the Annual Review at one of its scheduled meetings and that the Annual Report shall be considered as part of the Annual Review in Quarter 3 (starting in October) in each contract year.
- 4.6 The SDC states that prior to 1st October in each contract year Operational Group shall prepare an Annual Report. NCT are required to prepare a Draft Annual Report by 31st July for consideration and agreement by Operational Group.
- 4.7 The report was agreed by the Operational Group in August 2023 and will be considered by the Strategic Group in October 2023 as part of completing the Annual Review. This is a key component of the Council's strategic oversight and review of NCT.
- 4.9 The Annual Report was presented to the Children's Trust Joint Committee on 6th September 2023 to "Note that the Annual Report contained at **Appendices A-L** was completed in line with the service delivery contract". At the time of submitting the report to the committee NCT had yet to submit **Appendix L** – NCT 2022-23 Audit Assurance and as such the Committee were unable to note the report at the meeting.
- 4.8 The Annual Review, to be completed by Strategic Group in October 2023, will consider and agree any amendments to the Service Delivery Contract, including changes to KPI's.
- 4.9 Key Performance Indicators in the SDC have remained the same since the start of the contract with NCT. Proposed changes to KPI's in the 2021/22 Annual Review were not made following the ILACS inspection in November 2022.
- 4.10 Any changes to the SDC, including KPI's would need to be agreed by all parties, be brought back to a future Joint Committee meeting for approval and once agreed, be implemented by a Change Control to the SDC.
- 4.11 Certain changes to the SDC could be deemed notifiable changes. This means that changes cannot be made without the prior written consent of the Secretary of State for Education.

5. Issues and Choices

- 5.1 The content of the Annual Review is defined in the SDC and covers the following topics:
- the content of the Annual Report (to be received by Strategic Group in Quarter 3 (starting in October) in each contract year).

- the contribution rates determined by the Fund Actuary pursuant to Schedule 10 (Pensions)
- any matters arising in relation to Schedule 5 (Financial Mechanism) (including whether the Contract Sum for the forthcoming Contract Year remains appropriate having regard to what is set out in the Annual Report)
- with effect from the Second Contract Year, the proportionate share of any Surplus that will be allocated to each Party pursuant to Schedule 5 (Financial Mechanism)
- the results of any audits carried out by the Council during the preceding Contract Year pursuant to the terms of this Agreement
- any significant complaints made against the Trust in respect of the preceding Contract Year
- serious incidents (including serious case reviews) involving the Trust in the preceding Contract Year
- a review of the Key Performance Indicators and the Services Specification
- a review of the Dependencies and the Support Services
- a review of the governance arrangements under this Agreement pursuant to Schedule 18 (Governance Arrangements) to assess whether they continue to be appropriate and fit for purpose
- such other matters that the Parties may agree from time to time.

5.2 At its meeting on 25th September 2023, the Council's Audit and Governance Committee considered a report on the assurance framework for NCT. This referenced the Trust's annual audit opinion for 2022/23 as provided by the Trust's chief internal auditor. The Committee expressed significant concern regarding the comparatively low level of audit coverage on which the opinion was based, including the number of risk-based audits specific to the Trust, and has sought urgent additional assurance on this and future arrangements for 2023/24 from the Trust. This was further enforced with a request from the Committee that a member working group meet with the Chair of the NCT Audit Committee to discuss the position and future audit plans. Arrangements for this are now being put in place.

5.3 The Annual Report references the NCT Finance, Resources and Audit (FRA) Committee's agreement to the auditor's annual opinion, which took place at its meeting on 28th September 2023, and after further information was supplied to the Committee. This followed the NCT FRA meeting in August when the Committee initially received the 2022/23 Head of Internal Audit Opinion. At this meeting the NCT FRA Committee was critical of the quality of the information provided and felt that there was insufficient evidence to give an opinion, which prompted the requirement for further details to be supplied to the September meeting.

6. Next Steps

6.1 The Strategic Group will consider the Annual Report as part of completing the Annual Review at its meeting in October 2023.

6.2 The Annual Report will be taken to Full Council on 7th December 2023.

- 6.3 Any proposed changes, once agreed by all parties, will be brought to a the Childrens Trust Joint Committee meeting for approval and once approved be implemented by a Change Control to the SDC.

7. Implications (including financial implications)

7.1. Resources, Financial and Transformation

7.1.1 The provisional outturn position for 2022/23 is £158.885m against the original Contract Sum of £137.450m resulting in an overspend of £21.435m. In accordance with the contract split percentage this equates to:

- NNC - £9.466m
- WNC - £11.969m

7.1.2 The outturn position for 2022/23 is still to be finalised and subject to audit – however there is a potential pressure of £481k the treatment of this is still to be agreed.

7.1.3 In the Annual Report, NCT have identified potential issues that will impact upon their budget for the 2023/24 financial year. These issues are detailed in the report but are largely related to placements for children in care. The current levels of volatility, efficiency of joint funding processes and current flux of emergency placements, increasing complexity of need in a market where demand outstrips supply are all impacting on NCT's ability to meet children's needs within the current budget envelope.

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.

7.2.2 The recommendations set out in this report will allow the Councils to fulfil their responsibilities as set out in the Service Delivery Contract, the Articles of Association and Support Services Agreement.

7.2.3 The arrangements as set out herein represent good governance and maintain appropriate oversight of the Trust by the Councils.

7.3 Relevant Policies and Plans

7.3.1 The Council has identified 'Brighter, Better Futures' as a key priority of the corporate plan. This will be done by supporting partners and the Children's Trust to provide higher standards of support. The Annual Report enables the Council to gain oversight of the services delivered by NCT and to help the Council to understand how better support for Children, Young People and Families can be delivered.

7.4 Risk

- 7.4.1 An opinion of 'satisfactory assurance' has been given by the Trust's Head of Internal Audit in relation to the organisation's internal controls for 2022/23; however, a definition of 'satisfactory assurance' has not been provided within the report. The Annual Audit Report recognises that '2022-23 was a challenging year from an audit perspective'. The annual opinion is not based on outcomes from a completed, risk based Internal Audit Plan for 2022/23, as would be expected under the relevant Standards. The report includes two finalised audit assurance reports from the Trust's 2022/23 Internal Audit Plan with assurance ratings. All other assurance opinions relate to assignments from the Trust's 2021/22 Internal Audit Plan (which was recognised by the Internal Auditors in 2022 as not suitably risk based) and a number of audits from West Northamptonshire Council's Internal Audit Plan - of which some resulted in opinions of limited assurance and none of which were Trust specific.
- 7.4.2 A total of four audits have been recorded as removed from the Trust's Internal Audit plan during 2022/23 - including Medium Term Financial Planning and Budget Management – which also limits the assurance to be gained in the year.
- 7.4.3 Coverage of the financial system audits delivered annually by Cambridgeshire County Council did not form part of the Trust's Internal Audit plan (and has not in prior years been referenced as a source of assurance in the Annual Audit Report). Whilst this may provide a source of wider assurance on hosted financial systems, it should not replace Trust specific, risk-based audit coverage.

7.5 Consultation

- 7.5.1 This Annual Report has been reviewed and agreed by the Operational Group and will be considered by Strategic Group in October 2023 as part of completing the Annual Review. These are the key contractual review meetings between the Councils and NCT.

7.6 Consideration by Executive Advisory Panel

- 7.6.1 This report has not been considered by an Executive Advisory Panel.

7.7 Consideration by Scrutiny

- 7.7.1 This report has not been considered by the overview and scrutiny committees of either Council.

7.8 Equality Implications

- 7.8.1 There are no specific equality implications arising from this report.

7.9 Climate and Environment Impact

7.9.1 There is no specific climate or environmental impact arising from this report.

7.10 Community Impact

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

7.11 Crime and Disorder Impact

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

8 Background Papers

8.1 None