

## Children's Trust Joint Committee Tuesday 16<sup>th</sup> January 2024

<b>Report Title</b>	<b>Northamptonshire Children's Trust Contract Sum 2024/25 and MTFP</b>
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<b>Executive Member</b>	<p>Cllr Fiona Baker – Cabinet Member for Children, Families &amp; Education, WNC</p> <p>Cllr Scott Edwards, Executive Member for Children, Families, Education &amp; Skills, NNC</p>

<b>Key Decision</b>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<b>Is the decision eligible for call-in by Scrutiny?</b>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<b>Are there public sector equality duty implications?</b>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<b>Does the report contain confidential or exempt information (whether in appendices or not)?</b>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<b>Applicable paragraph number/s for exemption from publication under Schedule 12A Local Government Act 1972</b>	

### List of Appendices

Appendix A - NCT Contract Sum Summary 2024\_25  
Appendix B – NCT MTFP 2024\_25 – 2027\_28

### **1. Purpose of Report**

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- 1.1. For the Children's Trust Joint Committee to note the provisional 2024/25 contract sum and MTFP for Northamptonshire Children's Trust (NCT).

## **2. Executive Summary**

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- 2.1 The contractual agreements between NCT and the West Northamptonshire Council (WNC) and North Northamptonshire Council (NNC) give a deadline of 30<sup>th</sup> November in each year to agree a provisional contract sum for the following financial year. This is also the deadline for the NCT to submit their Business Plan to WNC and NNC for approval.
- 2.2 NCT submitted their Initial Contract sum for 2024/25 on 15<sup>th</sup> September 2023 as set out in the Service Delivery Contract.
- 2.3 A series of meetings between WNC, NNC and NCT were held.
- 2.4 Two further versions of the initial contract sum were provided by NCT on 1<sup>st</sup> November 2023 and 7<sup>th</sup> November 2023.
- 2.5 Meetings concluded on 21<sup>st</sup> November 2023 with the agreement of a proposed provisional contract sum to be submitted to Strategic Group for consideration.
- 2.6 The Provisional Contract Sum of £180.009m was agreed between the WNC, NNC and NCT at a meeting of the Strategic Group on the 28<sup>th</sup> November 2023.
- 2.7 The Provisional Contract Sum of £180.009m is made up of block 1 core funding (£177.429m) and block 2 transformation individual items (2.580m).
- 2.8 WNC and NNC have made provision for a block 3 transformation costs totalling £3.291m. Use of this funding will be subject to business cases being presented to and approved by the Transformation and Efficiency Board.
- 2.9 NCT's draft Business Plan was received in October 2023 and agreed by the Children's Trust Operational Group (OG) on 7<sup>th</sup> November 2023 and Children's Trust Strategic Group (Strategic Group) on 28<sup>th</sup> November 2023.
- 2.10 The Trusts MTFP was received on the 11<sup>th</sup> December 2023.
- 2.11 Cabinet in WNC and Executive at NNC received draft budget reports at their respective meetings in December 2023 which included details of NCT's 2024/25 Provisional Contract Sum.

## **3. Recommendations**

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### **3.1 It is recommended that the Committee:**

- a) Note the provisional contract sum for NCT for the 2024/25 financial year.
- b) Note NCT's Medium Term Financial Plan for 2024/25 – 2027/28.

### **3.2 Reason for Recommendations**

- To set the budget for NCT for 2024/25.

- To facilitate WNC and NNC's to set budgets for the 2024/25 financial year and to meet their duties to set balanced budgets.
- To allow WNC and NNC to build NCT's MTFP into their respective MTFP.
- To meet the requirements set out in the contractual agreements between NNC, WNC and NCT.

### 3.3 **Alternative Options Considered**

To take no action – This is not recommended as this will not allow the respective Councils to fulfil their responsibilities to set balanced budgets. The proposed recommendations are made to ensure NCT's future pressures and savings are built into the respective Councils MTFP and support NCT to deliver its approved Business Plan.

## 4. **Report Background**

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- 4.1 North Northamptonshire Council (NNC) and West Northamptonshire Council (WNC) are committed to supporting Northamptonshire Children's Trust (NCT) to deliver Children's Social Care and Targeted Early Help services across Northamptonshire. Both take their corporate parenting role very seriously and want to support children, young people and families to thrive in their community.
- 4.2 Children's Services in Northamptonshire were judged 'inadequate' by Ofsted in 2019.
- 4.3 NCT was partially formed on 1st November 2020 and fully launched on 1st April 2021.
- 4.4 From 1st April 2021, after the abolition of Northamptonshire County Council, NNC and WNC became joint owners of NCT. Whilst NCT is operationally independent of NNC and WNC, the two Councils still retain significant control over NCT and are responsible for making decisions on several matters that are set out in the NCT's Articles of Association and Service Delivery Contract, which includes, agreeing a budget with NCT to allow it to deliver its approved Business Plan.
- 4.5 Ofsted conducted inspections of West Northamptonshire and North Northamptonshire Local Authority Children's Services between 3rd-14th October 2022 and were both judged as "Requires improvement to be good".
- 4.6 The Strategic Group (a group that oversees the contractual agreements that includes Children's Services lead members, senior council officers and senior NCT officers) must meet to discuss and agree the Provisional Contract Sum by 30th November in each year. In agreeing the Provisional Contract Sum the parties should consider a range of factors such as inflation and demography, although these factors are without limitation.
- 4.7 Once the Strategic Group has agreed the Provisional Contract Sum, NNC, WNC and NCT must seek internal approval of the sum by the 15th January.

## 5. **Issues and Choices**

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### **Contract Sum Negotiation Process**

- 5.1 The contractual agreements between NNC, WNC and NCT give a deadline of 30<sup>th</sup> November in each year to agree a Provisional Contract Sum for the following financial year. This is also the deadline for NCT to submit their Business Plan to the councils for approval.
- 5.2 NCT submitted their Initial Contract Sum on 15<sup>th</sup> September 2023 as set out in the Service Delivery Contract.
- 5.3 A series of meetings between WNC, NNC and NCT were held.
- 5.4 Two further versions of the Initial Contract Sum were provided by NCT on 1<sup>st</sup> November 2023 and 7<sup>th</sup> November 2023.
- 5.5 Meetings concluded on 21<sup>st</sup> November 2023 with the agreement of a proposed Provisional Contract Sum to be submitted to Strategic Group for consideration.
- 5.6 NCT's draft Business Plan was received in October 2023 and agreed by the Children's Trust Operational Group (OG) on 7<sup>th</sup> November 2023 and Children's Trust Strategic Group (Strategic Group) on 28<sup>th</sup> November 2023.
- 5.7 NCT's MTFP was received on the 11<sup>th</sup> December 2023.
- 5.8 The Provisional Contract Sum of £180.009m was agreed between NNC, WNC and at a meeting of the Strategic Group on the 28<sup>th</sup> November 2023.
- 5.9 Cabinet at WNC and Executive at NNC received draft budget reports at their respective meetings in December 2023 which included details of NCT's 2024/25 Provisional Contract Sum.

### Provisional Contract Sum

- 5.10 As set out in the table below and in Appendix A the Provisional Contract Sum agreed between NNC, WNC and NCT for 2024/25 is £180.009m.

Area	NCT Contract Sum £m	Contract Sum Split	
		55.84%	44.16%
		WNC £m	NNC £m
23/24 Contract Sum	150.938	84.284	66.654
Total Revised Contract Sum 24/25 - Block 1 Core	177.429	99.076	78.353
Total Individual Items Block 2 Transformation Individual Items	2.580	1.441	1.139

Total Revised Contract Sum 24/25 - Blocks 1 Core & 2 Transformation Individual Items	<b>180.009</b>	<b>100.517</b>	<b>79.492</b>
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- 5.11 The Provisional Contract Sum of £180.009m is made up of block 1 core funding (£177.429m) and block 2 transformation individual items (2.580m).
- 5.12 Block 2 transformation individual items funding of £2.580m includes £2.363m which is non-recurring.
- 5.13 This is an increase of £29.071m from the current year, which is indicative of the national picture of rising costs of children’s social care, and a position that has been informed by the forecast outturn for this financial year.
- 5.14 This Provisional Contract Sum has been arrived at following robust challenge from NNC and WNC. It has taken into account a range of factors including the NCT’s Business Plan and key priorities, the resources available to NNC and WNC, demographic pressures, inflationary pressures and the savings to be delivered by the NCT.
- 5.15 NNC will contribute 44.16% of the contract sum and WNC 55.84% as per the disaggregation principles that were agreed as part of the creation of NCT.

## **Transformation**

- 5.16 In addition to the provisional contract sum WNC, NNC and NCT have agreed on a broad transformation agenda.
- 5.17 Investment into transformation areas will be considered via robust business’s cases at the newly formed Transformation & Efficiencies Board.
- 5.18 WNC and NNC have made provision for a block 3 transformation costs totalling £3.291m. Use of this funding will be subject to business cases being presented to and approved by the Transformation and Efficiency Board.
- 5.19 Subject to the final agreed Terms of Reference for the Transformation & Efficiencies Board business cases will follow the following principles:
- Time limited resource, with estimated end dates and success triggers.
  - Quantifiable Benefits (i.e. payback periods, costs reduction assumption, management of a material operational risk (cost avoidance)).
  - Alternative options to be reviewed as part of each case and explained why discounted to get to recommendation.
  - All proposals must be considered against NCT's MTFP.

## **Savings Delivery**

- 5.20 As part of the 2024/25 Provisional Contract Sum NCT have set out £9.045m of savings. Details of the savings are on the table below:

Service Area	Net Budget £k	2024-25 Savings £k	% of Net Budget	Green £k	Amber £k	Red £k
Staffing	49,732	45	0.01	45	0	0
Other <u>Non Staffing</u>	358	25	6.9	25	0	0
Placements	65,376	8,108	12.4	296	5,812	2,000
Contracts	5,001	100	1.9	100	0	0
Children's Homes	3,767	0	0	0	0	0
Legal	4,788	417	8.7	0	417	0
Adoption	7,776	0	0	0	0	0
Transport	2,870	0	0	0	0	0
Other Care	6,799	100	1.4	100	0	0
NCT Central	(762)	100	13.1	0	100	0
Support Services	5,233	150	2.8	0	150	0
<b>Total</b>	<b>150,938</b>	<b>9,045</b>	<b>5.9</b>	<b>566</b>	<b>6,479</b>	<b>2,000</b>

5.21 The proposed savings have been included in the provisional contract sum.

## Medium Term Financial Plan

5.22 The Service Delivery Contract requires NCT to submit a 'future contract sum estimate' (MTFP) as part of setting the contract sum each year.

5.23 NCT's MTFP was received on the 11<sup>th</sup> December 2023 and is contained in Appendix B.

## 6. Next Steps

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6.1 The Children's Trust Joint Committee is asked to note the NCT's Provisional Contract Sum for the 2024/25 financial year and MTFP for 2024/25 - 2027. It should be noted that this will become part of both Councils' budget and will be subject to the approval and scrutiny processes of each Council.

6.2 NCT's Provisional Contract Sum for the 2024/25 financial year will be taken to NNC's full Council on the 22<sup>nd</sup> February 2024.

6.3 NCT's Provisional Contract Sum for the 2024/25 financial year will be taken to WNC's full Council on 22<sup>nd</sup> February 2024.

## 7. Implications (including financial implications)

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### 7.1.1 Resources and Financial

7.1.2 Once the provisional contract sum is approved, this will form a part of NNC and WNC's draft budgets for the next financial year. This means it will be subject to the governance and scrutiny processes each Council has in place for its budget setting process.

- 7.1.3 When NCT was being developed, detailed work was completed to calculate how costs would be split between NNC and WNC. This was based on the relative populations and demand for children's social care services in each council area. It was agreed that WNC would contribute 55.84% and NNC would contribute 44.16% exclusive of any specific grants that are given directly to the Councils to passport to the NCT.
- 7.1.4 NCT have provided a draft MTFP to the NNC and WNC and this will continue to be updated during 2024/25 as further pressures and savings are identified. This will provide the basis for contract sums for future years and significantly enhance this process. It should be noted that at this stage this shows block 3 transformation funding which has been agreed for 2024/25 extending into future years which would require agreement by the Councils. Any additional transformation funding will be considered as part of setting future contract sums with NCT in line with the requirements set out in the Service Delivery Contract and the MTFP will continue be developed to inform both the 2025/26 contract sum and provide the Councils with potential contract sum for future years.

## **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. The finance mechanism of the Service Delivery Contract states that the parties must agree the provisional contract sum by 30<sup>th</sup> November each year. This must then be approved internally by the Councils and the Trust by 15<sup>th</sup> January each year.

## **7.3 Relevant Policies and Plans**

- 7.3.1 NNC has identified 'Brighter, Better Futures' as a key priority in its Corporate Plan recognising that children, young people and their families may need help at different stages in their lives. They will aim to provide help as early as possible and provide the right support, at the right time in the right way to ensure that children are safeguarded and get the best start in life.
- 7.3.2 WNC has identified 'Improved life chances: Best Start in Life' as a key priority of its Corporate Plan, including a focus on early help services to ensure children have the best start in life and parents have the right support at the right time from the right service, to enable families to thrive.
- 7.3.3 Both NNC and WNC's identified priorities will be achieved by supporting the NCT to provide higher standards of support.
- 7.3.4 The Provisional Contract Sum and block 3 transformation funding, drawn down by business cases approved by Transformation & Efficiencies Board will provide the resources NCT requires to effectively support children, young people and families through the delivery of their approved business plan.

## **7.4 Risk**

- 7.4.1 There is a risk that the cost of services delivered by NCT in the 2024/25 financial year exceed the agreed contract sum. The Trust have alerted the Councils to continued risk of overspend on the budget for placements due to the rising numbers of children in care. This is a demand-led budget which causes challenges in forecasting demand and expenditure and a small number of high-cost emergency placements can have a significant impact on the budget.
- 7.4.2 The Trust have also alerted NNC and WNC to continued risk of overspend on the budget for staffing due to high caseloads in children's social care, national issues in recruiting social workers and if not managed the need to continue to use managed teams.
- 7.4.3 If NCT were to overspend on their agreed budget, in the first instance they would look for in-year mitigations to manage the overspend. If these mitigations were not sufficient, then the Trust is able to seek additional funding through the 'in-year change request' mechanism set out in the Service Delivery Contract.
- 7.4.4 There is a risk that the proposed savings are found to be not deliverable. There has been significant scrutiny of the proposed savings through the contract sum process but there remains a risk some might not be delivered. The process has again highlighted that proposed savings against the placements budget are particularly risky. NNC, WNC and NCT have committed to work together in partnership to manage this including working with partners to ensure they are making the appropriate contributions to the placement budget.
- 7.4.5 The newly formed Transformation & Efficiencies Board will oversee and agreed programme of transformation activity including the risks highlighted above.

## **7.5 Consultation**

- 7.5.1 This report has not been subject to any consultation.

## **7.6 Consideration by Executive Advisory Panel (NNC)**

- 7.6.1 This report has not been considered by NNC's Executive Advisory Panel.

## **7.7 Consideration by Executive Leadership Team (WNC)**

- 7.7.1 This report has not been considered by WNC Executive Leadership Team

## **7.8 Consideration by Overview and Scrutiny**

- 7.8.1 This report has not been considered by the overview and scrutiny committees of either NNC or WNC.

## **7.9 Equality Implications**



7.9.1 There are no specific equality implications arising from this report.

## **7.10 Climate Impact**

7.10.1 There is no specific climate impact arising from this report, however as NNC and WNC committed to considering impact on the environment which is managed via the individual strategic lead partnership organisation via organisational policy and commitments.

7.10.2 NNC, WNC and NCT are aware there are emissions associated with publishing web content and will seek to minimise the impact where possible.

## **7.11 Community Impact**

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

## **7.12 Crime and Disorder Impact**

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

## **8 Background Papers**

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8.1 None