

Children's Trust Joint Committee

1st May 2024

Report Title	Voluntary Step in Progress Update
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Executive Member	Cllr Fiona Baker – Cabinet Member for Children, Families & Education, WNC Cllr Scott Edwards, Executive Member for Children, Families, Education & Skills, NNC

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

None

1. Purpose of Report

- 1.1. The purpose of the report is to provide an update on the progress of the Voluntary Step In (VSI) agreed undertaken jointly with Northamptonshire Childrens Trust's (NCT).

2. Executive Summary

- 2.1. It's important to note that the VSI arrangements did not look at decision making within the trust, and they do not have the ability to influence, instruct, or fetter NCT's operational independence, it was simply a process of collectively reviewing the strength of financial management arrangements in place, from the information provided by NCT and providing support and advice where improvements were identified.

- 2.2. Detailed finance led reviews informed a position statement against a number of agreed areas of review, which utilised the skill set of subject matter experts, provided from both councils working closely with NCT's Head of Finance. The output and impact of these reviews were then discussed with both councils Assistant Directors of Finance and NCT's Director of Finance with progress reports, outputs and agreed actions then provided to the NCT Transformation and Efficiency Board which then allowed a wider review and discussion of the findings.
- 2.3. Of the 13 headline areas of review all have commenced, 10 have been completed, with the findings discussed with the NCT Transformation & Efficiency Board with follow up actions logged and regularly reviewed, with the remaining 3 awaiting year end confirmation of figures. Throughout the process a number of improvements and reporting updates have been put in place supporting improved financial management practices.

3. Recommendations

3.1. It is recommended that the Committee:

- a) Note the progress and workstreams that are to be completed as summarised in the Table at Section 5.1.

3.2. Reason for Recommendations

For the Councils to maintain financial oversight of their ownership of and commissioning arrangements with NCT.

3.3. Alternative Options Considered

To do nothing – however this is not recommended. The recommendations set out in this report will allow the Councils to maintain financial oversight of their ownership of and commissioning arrangements with NCT.

4. Report Background

- 4.1. In September 2023, West Northamptonshire Council (WNC), North Northamptonshire Council (NNC) and Northamptonshire Childrens Trust (NCT) collectively agreed for the two councils to provide support, advice and provide a 'critical friend' challenge to NCT with regards to their financial management practices, under the guise of a 'voluntary step in' (VSI) arrangement alongside the creation of the 'NCT Transformation & Efficiency Board'.
- 4.2. The VSI arrangements have support from all three organisations Chief Executives, political leadership, NCT Board as well as the DfE and was created to provide backward looking and existing financial assurance work in

conjunction with the NCT Transformation & Efficiency Board which was focussed on adding pace to new initiatives which would ultimately reduce costs and improve outcomes for children.

4.3. The terms of reference for VSI arrangements are set out below;

- To seek assurance on a range of financial management areas.
- A collaborative way of working between WNC, NNC and NCT, ensuring all parties are engaged, sighted and agreed on the scope and nature of the programme of work.
- To unblock any financial issues identified throughout the process.
- To provide regular updates and escalations to the 'NCT Transformation & Efficiency Board'.

4.4. The key working arrangements agreed were as follows;

- The review would be 'proportionate' and not overly time consuming in terms of data gathering or analysis.
- The majority of the reviews would be completed by 31st March 2024.
- Both councils would supply subject matter experts to work with NCT on the detail.
- The councils could not 'instruct' or 'direct' on matters, but request and work collaboratively with NCT.
- The councils would not go direct to NCT staff members but would seek agreement and channel requests through the Director of Finance.
- Where issues were identified through the process, these would be addressed as the review went along, rather than be left and simply retrospectively reported. This would ensure continual improvement throughout the process.

4.5. Its important to note that the VSI arrangements did not look at decision making within the trust, or have the ability to influence, instruct, or fetter NCT's operational independence, it was simply a process of collectively reviewing the strength of financial management arrangements in place, from the information provided by NCT and providing support and advice where improvements were identified.

4.6. Detailed finance led reviews informed a position statement against a number of agreed areas of review, which utilised the skill set of subject matter experts, provided from both councils working closely with NCT's Head of Finance. The output and impact of these reviews were then discussed with both councils Assistant Directors of Finance and NCT's Director of Finance with progress reports, outputs and agreed actions then provided to the NCT Transformation and Efficiency Board which then allowed a wider review and discussion of the findings.

5. Issues and Choices

5.1. The table below sets out the summarised areas of review by financial management theme, and the high-level outcomes of the reviews to date.

Area of Review	Outcome	Progress
2021-22 Financial Position * NB excludes joint funding income risk which is covered as a separate item.	Assurance of the final year end positions and associated reporting arrangements following review of ledger entries and auditor reports	Completed
2022-23 Financial Position * NB excludes joint funding income risk which is covered as a separate item.	Assurance of the final year end positions and associated reported arrangements review of ledger entries, but pending the final audit report.	Completed (subject to final review of External Audit report)
2023/24 Forecasting Review	Assurance on the production of in year forecast outturn is still being reviewed, and subject to the final outturn position in order conclude this activity	In progress
Delivery of 2023/24 Savings	2023/24 savings delivered with identification risks/issues and plans for management action to bring delivery back on track or mitigations in place is subject to the final outturn position in order to conclude this activity	In progress
Invest to save and one-off funding	Assurance of the use additional investment outside of the contract sum and one-off funding	Completed
Area of Review	Outcome	Progress
2024 / 25 Contract Sum & Savings requirement review	Ensuring Council wide reviews of the reasonableness of key assumptions within the proposed Contract Sum for 2024/25	Completed
Grants	Government grants used in line with terms and conditions of the grant and enhanced reporting requirements agreed	Completed
Chief Officer and Member Engagement	Improved engagement and oversight by Chief Officers and Elected Members through additional informal meetings, councillor invites to NCT Board sub-committees, and closer officer working on financial reporting	Completed
Treasury Management	Specialist advice provided to improve the effectiveness of treasury management practices and strategy.	Completed
Review of key risks & the Financial	Assurance of key risks and a financial control environment with clearly defined	Completed (subject to conclusion internal

Control Environment	policies and procedures to inform the annual internal audit plan.	audit field work, this is due for finalisation in April 2024)
Financial KPI	Agree to temporarily suspend target/tolerance for KPI 19	Completed
Council financial reporting	Engagement with NCT in Council financial reporting	Completed
Income risk	Review of reasonableness of aged debt and provision and updates on recovery of material debts is subject to the resolution of a number of queried invoices raised to debtors which is being closely monitored.	In progress

5.2. Of the 13 headline areas of review all have commenced, 10 have been completed, with the findings discussed with the NCT Transformation & Efficiency Board with follow up actions logged and regularly reviewed, with the remaining 3 awaiting year end confirmation of figures. Throughout the process a number of improvements and reporting updates have been put in place supporting improved financial management practices.

6. Next Steps

6.1. As per the Table at 5.1 above work will continue on the workstream that are still in progress with further updates to the committee.

7. Implications (including financial implications)

7.1. Resources, Financial and Transformation

7.2. The Childrens Trust report their financial position to each Council on a monthly basis following their Board approval of their management accounts. The voluntary step in review enabled a deeper understanding from the Councils of the financial issues, risks and assumptions that underpin the Trust financial position, and provided the Trust with support and guidance on a range of financial issues.

7.3. Legal and Governance

7.3.1. The relationship between NCT and the Councils is governed by a series of contractual and legal agreements.

7.3.2. 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 in terms of oversight.

7.3.3. The arrangements provide a sound foundation so that the Councils are able to maintain an oversight whilst respecting the autonomy of NCT as a wholly owned company.

7.4. Relevant Policies and Plans

7.4.1. 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.

7.4.2. 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.

7.4.3. Both NNC and WNC's identified priorities will be achieved by supporting NCT to provide higher standards of support.

7.5. Risk

7.5.1. Both Councils have identified the failure of Northamptonshire Children's Trust to deliver services to the agreed standards and to sustain improvement in children's social care services as a risk on their strategic risk registers.

7.6. Consultation

7.6.1. This report has not been subject to any consultation.

7.7. Consideration by Executive Advisory Panel (NNC)

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

7.8. Consideration by Executive Leadership Team (WNC)

7.8.1. This report has not been considered by ELT, but WNC Chief Officers who attend the Transformation & Efficiencies Board have considered this report.

7.9. Consideration by Scrutiny

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

7.10. Equality Implications

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

7.11. Climate and Environment Impact

7.11.1 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.

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

7.12. Community Impact

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

7.13. Crime and Disorder Impact

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

8. Background Papers

8.1. None