



Children's Trust Joint Committee 22 December 2021

Report Title	Approval of the NCT Business Plan and Provisional Contract Sum
Report Author	Rory Seymour, Commissioning Manager – North Northamptonshire Council Tony Challinor, Assistant Director of Commissioning and Partnerships – West Northamptonshire Council

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Appendix A – NCT Medium Term Financial Strategy

Appendix B – NCT savings proposals for 2022-25

Appendix C – NCT Business Plan

1. Purpose of Report

- 1.1. To seek the Children's Trust Joint Committee's approval of the NCT Business Plan for 2022-23 and the Trust's provisional contract sum for 2022-23.

2. Executive Summary

- 2.1 The contractual agreements between NCT and the Councils give a deadline of 30 November for agreeing the provisional contract sum for the following financial year. This is also the deadline for the Trust to submit their Business Plan to the councils for approval.
- 2.2 Over recent weeks, the Trust and the Councils have been working together to agree a provisional contract sum for the 2022-23 financial year. A provisional contract sum was agreed between the Councils and the Trust at the meeting of the Strategic Group on the 24 November. Once approved, this will form a part of both councils' budgets for 2022-23 and will be subject to each council's budget approval and scrutiny processes.
- 2.3 At the same time the Trust have also been working on their Business Plan. This sets out the vision and strategic objectives for the Trust as well as their financial strategy. The approval of the Business Plan is a matter reserved for both councils as owners of the Trust and has therefore been brought to the Children's Trust Joint Committee for approval by both councils.

3. Recommendations

- 3.1 It is recommended that the Children's Trust Joint Committee:
- a) Approve the provisional contract sum for Northamptonshire's Children's Trust for the 2022-23 financial year
 - b) Approve the updated Northamptonshire Children's Trust Business Plan for the 2022/23-2025/26 period
- 3.2 Reason for Recommendations
- To set the budget for Northamptonshire Children's Trust for the next financial year
 - To facilitate the setting of both councils' budgets for the 2022/23 financial year and to meet the duty for them to set a balanced budget
 - To meet the requirements set out in the contractual agreements between the Councils and the Trust

4. Report Background

- 4.1 From 1 April 2021, after the abolition of Northamptonshire County Council, North Northamptonshire Council and West Northamptonshire Council became joint owners of Northamptonshire Children's Trust (NCT) with each council owning a 50% share. Whilst the Trust is operationally independent of the councils, the councils still retain significant control over NCT and are responsible for making decisions on a number of 'reserved matters' that are set out in the Trust's Articles of Association.
- 4.2 One of these reserved matters is annual approval of the Trust's Business Plan. The Articles of Association set out that on or before 15 September 2021, NCT should prepare and submit a draft Business Plan to the councils for the 3 years starting on 1 April 2022. On or before 30 November 2021, NCT should prepare a draft Business Plan for approval by the councils including any amendments agreed by the Board and the councils.
- 4.3 The Business Plan should include relevant information under the following headings: -
- Introduction
 - Strategic Framework
 - Working with partners
 - Priorities and objectives
 - Financial strategy and plans
 - Profit and loss account
 - Cash flow statement
 - Revenue budget and working capital requirement
- 4.4 The councils have established the Children's Trust Joint Committee to discharge the functions of the councils that relate to the joint ownership of NCT. The committee is therefore able to make decisions related to reserved matters such as the approval of the Business Plan.

- 4.5 The Trust previously developed an 'interim business plan' covering the period 1 November 2020 (NCT's services commencement date) to 31 March 2022. This was approved by both councils' shadow executive committees in March 2021.
- 4.6 At the same time as developing the Business Plan, as part of the contractual governance processes, the Councils and the Trust must negotiate the provisional contract sum for the following year. 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 contract sum by 30 November. 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, the councils and NCT must seek internal approval of the sum by the 15 January.
- 4.8 The Children's Trust Joint Committee received an update on the contract sum negotiation process to date and the development of the Trust's Business Plan at the meeting of the 24 November.

5. Issues and Choices

5.1 Contract Sum Negotiation Process

- 5.1.1 As was noted above, a paper was brought to the previous Joint Committee that outlined the contract sum negotiation process that had taken place between the Councils and the Trust.
- 5.1.2 The process involved officers and members from both councils as well as officers from NCT. The proposed contract sum has been through several iterations following discussion between the parties.
- 5.1.3 Discussion concluded with a detailed budget discussion between the councils and the Trust on the 24 November. This was attended by:
- The Leaders and Executive Members for children's services for both councils as well as the finance Executive Member of North Northants Council
 - The Chief Executives and Chief Finance Officers of both Councils
 - The Joint Director of Children's Services
 - The Trust Chair, Chief Executive, Director of Finance and Resources and Director of Social Care
 - Officers from the councils' Intelligent Client Function
- 5.1.4 Following this discussion, the parties were able to agree on a provisional contract sum and the discussion was followed by a meeting of the Strategic Group so this meeting could formally discuss and agree the contract sum.

5.2 Provisional Contract Sum

5.2.1 The provisional contract sum agreed between the councils and the Trust for 2022/23 is £137.45m, this is an increase of £0.3m compared to the 2021/22 financial year. Generally, North Northamptonshire Council will contribute 44% of the contract sum and West Northamptonshire Council 56% as per the disaggregation principles that were agreed as part of the creation of Northamptonshire's Children's Trust. However, there are some grant income streams where it has been agreed this funding will be paid to NNC and passported to the Trust.

5.2.2 The table below provides an outline of the services provided by NCT and what proportion of NCT's budget is taken up by each service area:

Service	Budget %
Family Support Services (including Early help and youth offending services)	5%
Safeguarding (including Multi Agency Safeguarding Hub, Assessment and Children in Need/Child Protection)	10%
Corporate parenting (including Court, Children in Care, Adoption, Fostering, Disabled Children's Team)	32%
Commissioning and Quality Assurance (including placements for Children in Care)	43%
NCT support services provided internally	7%
Council support services provided by NNC or WNC	3%

5.2.3 As is outlined above, this provisional contract sum has been arrived at following robust challenge from the councils. It has taken into account a range of factors including the Trust's Business Plan and key priorities, the resources available to both councils, demographic pressures, inflationary pressures, and the savings to be delivered by the Trust.

5.2.4 In order to keep within the 2022/23 provisional contract sum, the Trust have set out £2.99m worth of savings to be delivered in the financial year. These savings proposals are set out in Appendix B. Appendix B also sets out where the Trust are planning to deliver savings for the 2023/24 and 2024/25 financial years as part of their Medium-Term Financial Strategy. These proposals are only indicative at this stage and will form the basis for future contract sum negotiations.

5.2.5 The provisional contract sum included the proposed savings and service improvement is predicated on additional one of investment of £3.65m (£3m of which will be for the 2022/23 financial year). It should be noted that although this investment has been agreed in principle, each investment will require a full business case to be submitted to and approved by the councils. This may lead to some adjustment to the exact investment required.

5.2.6 The requested investment is summarised in the tables below:

Revenue	Total £m		
Activity	22/23	23/24	Total
Improve independent fostering agency	0.250	0.250	0.500
Early help - address complexity and increase statutory social work step down	0.400	0.400	0.800
Total Revenue	0.650	0.650	1.300

Capital	Total £m		
Activity	22/23	23/24	Total
IT infrastructure - mobile working technology	1.500	0.000	1.500
In-house residential home – this is subject to a bid to the DfE for match funding	0.850	0.000	0.850
Total Capital	2.350	0.000	2.650

5.2.7 Both the Councils and the Trust have noted that the proposed in-house residential home funded by £850k worth of capital funding is not likely to be delivered for the start of the 2022/23 financial year. This puts some of the £1.250m of savings in the placement budget at risk. It has been agreed that the Trust will initially look to manage this with in year mitigations and that the Trust and councils will work in partnership to ensure the appropriate contributions are received from Education (through the Designated Schools Grant) and Health for joint funded placements.

5.2.8 Outside of the agreed contract sum, NCT have requested an additional £1m of investment in 2022/23, again subject to separate business cases. These are made up of:

- £300k for the implementation of an IT system for the fostering service. This is in response to the recent inspection of the Trust's Independent Fostering Agency (IFA) and the additional expectations related to becoming an IFA.
- £700k to meet additional demand for children's social care. The Trust have seen an increase in the number of families requiring support and the complexity of cases as a direct result of covid-19 such as poverty, anxiety, non-school attendance, poor child and adult mental health, loss, and bereavement. This will fund additional social work capacity in the Duty and Assessment and Safeguarding Teams.

5.2.9 The Trust's financial strategy is set out in greater detail in its Medium-Term Financial Strategy at Appendix A.

5.2.10 The Committee is asked to approve the provisional contract sum for the 2022/23 financial year. It should be noted that once approved, this will become part of both councils' budget and will be subject to the approval and scrutiny processes of each council.

5.3 NCT Business Plan

5.3.1 At the same time as negotiating the provisional contract sum with the councils, NCT have been developing their business plan for 2022/23-2025/26. This builds on the previous iteration of the Business Plan that was approved by the shadow executives of both unitary councils in March 2021.

5.3.2 The overall strategic framework and key priorities have been refreshed since the approval of the first Business Plan for 2021-22. This has been developed in consultation with both councils as well as children, young people, and key partners. The strategic framework and key priorities are broadly similar to the initial Business Plan; changes have been made to reflect the progress that has been made since the initial plan was agreed and is aligned with updates to the Social Care Improvement Plan following recent Ofsted Monitoring Visits and inspection of the Independent Fostering Agency.

5.3.3 The Business Plan sets out NCT’s overall vision to have “Children, Young People and Families at the heart of all we do – in every action we take and every decision we make.”

5.3.4 The Plan also states NCT’s Strategic Priorities for the duration of the Business Plan. These priorities are based on NCT’s vision, ambitions, quality assurance, Ofsted feedback and discussions with Children, Young People and Families. The updated improvement plan details how the Trust will deliver these priorities and what this will mean for Children, Young People and Families. The Trust’s Strategic priorities are in the diagram below:



5.3.5 It should also be noted that per the terms of the Department for Education intervention, the Secretary of State for Education has consultation rights over the contents of the Business Plan.

6. Implications (including financial implications)

6.1 Resources and Financial

6.1.1 Once the provisional contract sum is approved, this will form a part of both council'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.

6.1.2 When the Trust was being developed, detailed work was completed to calculate how costs would be split between North and West Northamptonshire Councils. This was based on the relative populations and demand for children's social care services in each council area. It was agreed that West Northamptonshire would contribute 56% and North Northamptonshire Council would contribute 44% exclusive of any specific grants that are given directly to NNC to passport to the Trust. Further work is being completed by both councils to understand grant income assumptions and therefore the split of the contract sum as part of the councils' budget setting processes.

6.1.3 This is an overall increase of £0.3m compared to the 2021/22 financial year, which is approximately £0.17m for West Northamptonshire and £0.13m for North Northamptonshire.

6.2 Legal

6.2.1 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 November. This must then be approved internally by the councils and the trust by 15 January.

6.3 Risk

6.3.1 There is a risk that the cost of services delivered by NCT in the 2022/23 financial year exceed the agreed contract sum. The Trust have especially alerted to the councils the risks of an overspend on the budget for placements 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. 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.

6.3.2 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 negotiation 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. The councils and the Trust 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.

6.3.3 There is a risk that the impact of covid-19 increases demand on the children's social care system. The longer-term impact of the pandemic is not yet known but there is some evidence to suggest children are entering the social care system with more complex needs. The provisional contract sum does include additional one-off investment to manage the anticipated increase demand due to covid-19.

6.3.4 There is a risk that the strategic direction as detailed in the NCT Business Plan becomes misaligned with those of the two owning councils. However, the approval of the Business Plan is a reserved matter for the Councils which gives the chance for both councils to provide feedback and ensure the strategic directions are aligned. Additionally, in developing the Business Plan NCT have engaged with both councils' senior officers and lead members.

6.4 **Consultation**

6.4.1 This report has not been subject to any consultation.

6.5 **Consideration by Scrutiny**

6.5.1 This report has not been considered by Scrutiny.

6.6 **Climate Impact**

6.6.1 There are no climate impacts arising from this report.

6.7 **Community Impact**

6.7.1 There is no distinct community impact arising from this report.

7. **Background Papers**

7.1 [Joint Children's Trust Committee, 24 November 2021 – Item 5, Progress on the Development of the Northamptonshire Children's Trust Business Plan and Provisional Contract Sum](#)

7.2 [North Northamptonshire Shadow Executive Committee, 25 March 2021 – Item 15, Children's Trust Joint Business Plan](#)

7.3 [West Northamptonshire Shadow Executive Committee, 23 March 2021 – Item 13, Children's Trust Business Plan](#)