

# West Northamptonshire Council

## External Assurance Review

August 2024

A Report by:

The Chartered Institute of Public Finance and Accountancy

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# Contents

<b>1 Executive Summary .....</b>	<b>2</b>
<b>1.1 Summary of Findings, Issues, Evidence and Analysis .....</b>	<b>2</b>
<b>1.2 Key Risks and Recommendations .....</b>	<b>3</b>
<b>2 Introduction.....</b>	<b>7</b>
<b>2.1 Background .....</b>	<b>7</b>
<b>2.2 Requirement .....</b>	<b>7</b>
<b>2.3 Methodology .....</b>	<b>8</b>
<b>3 Areas Reviewed .....</b>	<b>10</b>
<b>3.1 Review Area 1: Longer Term Transformation .....</b>	<b>10</b>
<b>3.2 Review Area 2: Financial Management / Sustainability .....</b>	<b>16</b>
<b>3.3 Review Area 3: Capital Programme / Debt / Investments / Assets .....</b>	<b>23</b>
<b>3.4 Review Area 4: Governance .....</b>	<b>33</b>
<b>3.5 Review Area 5: Service Delivery.....</b>	<b>37</b>
<b>Annex .....</b>	<b>48</b>
<b>A1 Risk Assessment – Method.....</b>	<b>48</b>
<b>A2 Documents Reviewed .....</b>	<b>49</b>
<b>A3 Interviews Conducted.....</b>	<b>52</b>

# 1 Executive Summary

## 1.1 Summary of Findings, Issues, Evidence and Analysis

The review focused primarily on providing assurance on the progress made by the council following unitarisation, its plans for transformation, and its provision of Children's Services to determine whether it is appropriate for the council's previous capitalisation direction for the 2021/22 and 2022/23 financial years to be extended into the 2024/25 financial year.

The council has made good progress towards consolidating as a unitary council given the challenges it inherited and is to be commended for this. A lot of work has been done to develop the council's culture and working practices to create a 'West Northamptonshire' identity, and this has had positive effects for staff wellbeing, recruitment and retention of staff. Governance arrangements are sound and there are clear links between service plans and council priorities. There are constructive working relationships between officers and members, and between the council and the Northamptonshire Children's Trust (NCT) that delivers Children's Services on behalf of West and North Northamptonshire Councils. There are clear plans for transformation, with a focus on early help and edge of care for children and young people as preventative interventions to reduce demand for complex and high-cost placements. Leadership of the council is strong and consistent in its messaging, with clear direction from the Chief Executive, and strong financial representation at senior management level. The council is in a good position to make use of a capitalisation direction in 2024/25 to drive forward its transformation plans. There is a clear focus from members and officers on balancing the budget, reducing borrowing and increasing reserves.

However, there are some areas where improvements could be made. Oversight of Children's Services could be enhanced, particularly in terms of scrutiny from Audit and Governance Committee. There are ambitious savings plans for Children's Services that will require capacity and resource to deliver. While both the council and North Northamptonshire Council (NNC) have committee money and resource to this, they will need to be sustained over the longer term. The council has taken a prudent approach to approving transformation spend while the decision on carrying over the capitalisation direction is in-principle, and this is causing some delays to programmes being approved and initiated. The council should also look to assess itself against the CIPFA Financial Management Code to ensure that the robust financial management arrangements can be formally demonstrated against expected standards.

New governance arrangements have been introduced recently across the council, and these are untested. There is nothing to indicate that these will not be effective, but we suggest they will need to be reviewed in 3-6 months to ensure that they are working effectively and not creating an extra layer of bureaucracy that slows down the council's progress. Transformation activity has been slower than the council would like as the council has chosen to take a prudent approach to approving capital spend while the capitalisation direction is pending approval. The ongoing dispute with NNC over the disaggregation of the former Northamptonshire County Council (NCC), including the allocation of £40 million of debt, has now been fully resolved and agreed by the council and NNC.

The council is self-aware. The recommendations included in the report are largely inherent to a council who has gone through unitarisation and designed to support the messages the council is already giving and the actions it is already taking rather than highlight any particular concerns. On the basis of our review, the request to carry forward the capitalisation direction into 2024/25 seems reasonable and will help the council to deliver its transformation programme.

## 1.2 Key Risks and Recommendations

This table provides the improvement plan and roadmap that we recommend the council follows with priority actions indicated by the RAG rating and the recommended timeline included with the recommendations.

Key risk	Risk rating (see details in Annex 1)	Recommendation (including Timeline)
1. Transformation has not had a settled 'home' within the council and continued movement of responsibility can distract from progress and/or lead to shifting priorities.	3	1. Confirm and embed transformation governance under new structure and develop a clear plan for ownership of transformation (whether continuation of the current roles and responsibilities or a planned hand back to seconded officers)  (3-6 Months)
2. The focus on transformation can negatively impact BAU and service delivery by pulling officer capacity and management time.	3	2. Embed transformation processes to streamline decision-making and implementation and set organisational priorities to ensure focus is directed in the right areas.  (3-6 Months)
3. Focus on Ofsted outcome may lead to lack of focus on financial risk posed by Children's Services.	4	3. Continue to work with NNC to ensure that Children's Services costs and demand pressures are managed and mitigated to avoid overspends, while continuing to deliver outcomes for children and young people.  (3-6 Months)
4. Lack of 'Plan B' if Children's Services do not achieve 'Good'.	3	4. Consider options for 'Plan B' if it is not possible to bring Children's Services back in-house.  (6-12 Months)
5. The majority of current savings are in 2024/25. Noting that 83% of savings have been delivered in-year to date, delivery of all	4	5. Continue to focus on delivery of savings and identification of mitigations, ensuring that progress reporting is timely,

Key risk	Risk rating (see details in Annex 1)	Recommendation (including Timeline)
savings within year represents a risk and potential impact on future years' budgets.		suitably challenged and remedial actions implemented to optimise delivery.  As soon as possible
6. Member elections in 2025 are likely to make it difficult for members to make decisions that are unpalatable to voters, which could have implications for the 2025/26 budget.	3	6. Senior officers should lay the groundwork with members over the next few months to prepare them for decisions that may need to be made for the next financial year and get buy in for areas that could be challenging.  (3-6 months)
7. The focus on directorates and services, through the star chamber process, may lead to a siloed approach to financial management with cross-cutting opportunities missed.	3	7. As part of the star chamber process, include opportunities for cross-cutting delivery of savings or income generation.  (0-3 Months)
8. The council has not undertaken a formal review of its financial management arrangements against the CIPFA financial management code.	3	8. The council should undertake a formal review against the CIPFA financial management code.
9. Insufficient capacity within Internal Audit.	3	9. Develop a plan to manage capacity issues through targeted recruitment and/or use of external resource.  (3-6 Months)
10. Unclear how Northamptonshire Partnership Homes (NPH) are held accountable for outcomes.	3	10. Ensure that the performance framework between the council and NPH includes a measurement for contribution to outcomes.  (0-3 Months)
11. New governance structure may introduce too many layers of governance that could hinder effective and timely decision making.	3	11. Review governance arrangements in 3-6 months and consider changes as appropriate.  (3-6 Months)

Key risk	Risk rating (see details in Annex 1)	Recommendation (including Timeline)
12. Audit and Governance Committee does not have sufficient oversight of NCT and the pension fund.	2	12. Ensure that NCT is scrutinised appropriately by Audit and Governance Committee and that the council understands its corporate parenting responsibility.  (6-12 Months)
13. Introduction of Liquidlogic requires a clear implementation plan and associated risk register to avoid issues related to training and capability, migration of data and wider rollout.	3	13. Develop an implementation plan for Liquidlogic with clear delivery milestones, resource requirements, risk monitoring and management.  (0-3 Months)
14. Turnaround of NCT is an understandable and key focus for the organisation. However, this should not be at the expense of remediating other key driver areas such as temporary accommodation and Adult Social Care.	3	14. Accepting the requirement for concentrated effort to support NCT, ensure that established governance processes, including star chamber, retain a focus on all key cost drivers and establish appropriate mitigations to address them.  (0-3 Months)
15. Focus on productivity / efficiency has the potential to detract from securing best outcomes.	3	15. Ensure that transformation activity is balanced between achieving efficiencies and delivering best outcomes.  (6-12 months)
16. Focus on bringing Children's Services in-house could detract from the need to deliver best outcomes for children and young people.	2	16. Improvements in Children's Services should be the main focus of activity with NCT to ensure best outcomes are delivered.  (0-3 Months)
17. Noting that disaggregation is not an immediate priority, this needs to be managed carefully to minimise risk and cost.	3	17. The process of IT disaggregation needs to be managed carefully over time.  (3-6 Months)

Key risk	Risk rating (see details in Annex 1)	Recommendation (including Timeline)
18. NCT has work to do to achieve 'Good' (based on the most recent Ofsted visits) and progress towards this needs to be monitored to ensure it is on track.	3	18. NCT should report progress towards 'Good' to the Senior Leadership Team and members to ensure that there is corporate and political oversight.  (3-6 Months)
19. Ambitious savings plans could be difficult to achieve in 2024/25, which could have an impact on the 2025/26 budget.	3	19. Achieved savings should be monitored throughout the year and mitigations implemented if delivery falls below expectations.  (0-3 Months)
20. Potential for lack of capacity to impact delivery against savings plans in Children's Services.	3	20. Savings delivery should be monitored appropriately to ensure that NCT has capacity and resource to deliver against plans.  (0-3 Months)
21. NCT provides Children's Services to the council and NNC presenting a risk for disaggregation.	3	21. Make appropriate plans for disaggregation, including discussions with NNC.  (0-3 Months)
22. The council may be over-reporting in relation to Children's Services and not focusing on the priority areas.	3	22. Ensure that monitoring and reporting arrangements for NCT are fit for purpose and allow the council to ensure proper scrutiny, and corporate oversight, of its activities.  (0-3 Months)



## 2 Introduction

### 2.1 Background

West Northamptonshire Council (the council) received a capitalisation direction of £10 million from the Department for Levelling Up, Housing and Communities (DLUHC) (now the Ministry for Housing, Communities and Local Government, (MHCLG)) for the financial years 2021/22 and 2022/23. This direction was to support the council's post-unitarisation transformation programme. In April 2023, DLUHC agreed to an extension of the capitalisation direction to allow the council to carry over the unutilised £6.6 million into the financial year 2023/24.

The council has been unable to mobilise its transformation programme in 2023/24 and has requested a further extension of the capitalisation direction to 2024/25. The council intends to use the £6.6 million primarily to support transformation activity in Children's Services and early years.

On 29 February 2024, Minister Hoare wrote to the former Leader of the council, Jonathan Nunn, to inform the council of the decision to agree in-principle support for 2024/25. The following conditions applied to this decision:

- to undergo an external assurance review
- to produce an improvement and transformation plan within six months that is focused on delivering the council's key objectives and securing the medium-term financial position
- to appoint an independent panel to oversee the progress made towards completing the actions outlined in this plan as well as the progress made with transformation activity
- agree to appoint independent arbitration to make a determination on the division of reserves of the former Northamptonshire County Council

A specific area of focus for MHCLG is Children's Services. Northamptonshire County Council (NCC) was subject to a statutory direction in relation to Children's Services and this transferred to the council and North Northamptonshire Council (NNC) when they were established as new unitary councils in April 2021. Since 2020, Northamptonshire Children's Trust (NCT), supported by an independently chaired improvement board, has provided Children's Services on behalf of NCC (and subsequently, the council and NNC). NCT was judged "Requires improvement to be Good" at its most recent Ofsted inspection in autumn 2022.

MHCLG has also engaged with the council in relation to a dispute with NNC around the division of NCC's reserves. We understand that a final settlement for disaggregation has been reached and that NNC took a formal decision through its Executive on 15 August 2024 to approve this, and that the council approved this under the Leader's emergency powers on 16 August 2024.

### 2.2 Requirement

MHCLG asked CIPFA to undertake the external assurance review on which the Exceptional Financial Support is conditional. They invited us to provide an assessment of the council's transformation plans, financial resilience, financial management, governance arrangements, capital programme, debt position, and service delivery, with a view to providing recommendations for improvement.

To provide this assessment, we were asked to look at six key themes:

- *longer term transformation*: a review of the council's planned transformation activity following unitarisation
- *financial management and sustainability*: an assessment of the council's financial management and management of risk to reach a view on the council's overall financial resilience and sustainability
- *capital programme, debt, investments and assets*: an assessment of the council's capital programme / overall debt position including short- and long-term borrowing, and approach to investment / asset management to reach a view on the suitability, VfM and risk exposure of the council in this space, and how this may impact on the overall financial resilience / sustainability of the council
- *governance*: an assessment of the council's approach to overall governance / management processes, leadership, operational culture, capacity and capability to reach a view on whether the council is operating in line with the Nolan Principles and in a way to secure continuous improvement
- *service delivery*: an assessment of the effectiveness of council service delivery reflecting the importance of delivering outcome orientated, citizen focused services to reach a view on the council's ability to deliver services that are economic, efficient and effective, striking the right balance between cost and quality of service
- *improvement plan and roadmap*: in consideration of the findings of the review areas, targeted, tangible and timely recommendations to assist the council in designing and implementing an improvement plan to address the identified risks and issues

## 2.3 Methodology

In our approach, we were mindful of the assessment requirements. On the review themes, we took a proportionate approach and focused particularly on:

- the council's unitarisation journey and progress
- longer term transformation
- governance, decision-making and programme management
- Children's Services transformation / efficiencies
- the relationship between the council and NCT

Companies, commercial assets, and their associated debt proved less pertinent to the specific question of the capitalisation direction. They are nevertheless addressed more generally in the final sections of the report.

Our approach comprised the following elements:

### *Desktop analysis*

MHCLG provided appropriate background. We reviewed the material and made supplementary document requests to the council. The team has analysed around 60

documents and other artefacts that have been shared by the council as being relevant for the review. We also examined relevant comparator material. We would like to record our thanks to officers for their ready compliance with our request for reports and data.

### *Specialised inputs*

Comparative data analyses were conducted to assess the council's position across top level statistics, financial resilience and service expenditure. This included analysis against CIPFA's Financial Resilience Index.

### *Interviews*

The bulk of the fieldwork comprised of interviews. These provided the invaluable 'triangulation' of our analysis. Council officers, members, auditors, and other experts were invited to give views and respond to queries provoked by documentary evidence. We would like to thank everyone involved for their courtesy and constructiveness.

### *Report drafting, feedback and fact-checking*

The above inputs were then analysed and subjected to our professional and expert judgement. The result is this report.

This report was fact checked as far as possible and is based on the fieldwork completed within the time frame for the review. It is not a comprehensive audit of the council's finances. Consequently, the conclusions do not constitute an opinion on the status of the council's financial accounts. Our review of the council's Minimum Revenue Provision (MRP) considers the reasonableness of the council's MRP policy and does not constitute an audit of the full application of the policy. Similarly, our review of the council's productivity does not constitute an audit of the council's productivity plan but represents an overview of the arrangements in place to consider productivity and take account of any publicly available information on historic or relevant performance.

CIPFA's review team consisted of two experienced consultants with relevant backgrounds in all areas of the review's scope. We also sought input from a consultant with specialist expertise in Children's and Adult Social Care. CIPFA would like to take this opportunity to thank the council for being so amenable and open to meeting with the review team and for the considerable effort that has been expended in collating and sharing key documents with CIPFA. We also thank everyone involved for the openness, tact, and honesty in what is a sensitive issue for the council.

### *Report Structure*

The key findings and analysis, together with supporting evidence, are set out under each of the review areas requested (as detailed in the commission). Risks and recommendations are detailed under each of the review areas.

## 3 Areas Reviewed

### 3.1 Review Area 1: LONGER TERM TRANSFORMATION

***A review of the council's planned transformation activity following unitarisation.***

***Whether the plans the council has in place maximise the opportunities of becoming a unitary council which will ensure the council is financially sustainable in the longer***

#### ***Key findings and analysis***

Since unitarisation in April 2021, the council has made significant progress in establishing itself as a new unitary council. From four legacy councils (Daventry District Council, Northampton Borough Council, South Northamptonshire Council and Northamptonshire County Council), the council has made strides in creating a cohesive council around a 'one council' ethos. Officers and members have been consistent in their recognition that the council has developed its own identity and is a good place to work, which is having positive effects on retention and recruitment.

The council has dealt with significant issues, including discrepancies between ways of working and culture, and the different employment terms and conditions that applied in the four dissolved councils. A huge amount of work has been done, not only to bring disparate councils into alignment, but to develop policies and procedures specifically for the council, often where there were none. For example, in the first 18 months of the council's life, a new pay scale was negotiated with the Trade Unions, a three-year people strategy was developed, new employment terms and conditions were introduced, and job evaluation was undertaken. Approximately 70% of the workforce is now on council terms and conditions, with only a few areas remaining on legacy terms and conditions where it has been deemed appropriate.

There have been whole-service restructures across the organisation, with officers applying for roles on merit. For example, the Business Intelligence and Population Insights (BIPi) team all applied for new roles to create a fit for purpose service. There is less reliance on agency and interim staff and vacancies have largely been filled (save for a few problematic areas, for example, Internal Audit). Recruitment of personnel from outside the public sector has brought new experience and insight to the council.

Good progress has been made to harmonise systems and processes and to remove duplication, and this is benefiting service delivery. New systems are being introduced in Children's, Adults and Housing. The council is moving beyond getting the basics in place towards longer term strategic objectives, including setting strategies for the consolidated council, and exploring opportunities for further efficiencies / transformation (for example, the use of AI).

There is still some work to be done to consolidate the council's position. However, the council needs to ensure that the emphasis on transformation does not detract from business as usual (BAU) in terms of resource and capacity. There are also potential leadership challenges around transformation. At Executive Leadership Team (ELT) level, there is clear messaging to the organisation that transformation needs to happen, and this is being driven forward. However, there has been a lack of consistency in the management of transformation in some areas that has the potential to undermine progress in this area. We are assured that new governance structures around transformation, particularly where this

requires capital investment, should help to embed processes and clarify roles and responsibilities.

### *Children's Services transformation*

The main focus of the council's current transformation work is in Children's Services. The council has taken the decision to second its Executive Director Corporate Services and its Head of Transformation to NCT to ensure that transformation is delivered effectively in this area. The council's ambition is to bring Children's Services back in house after its next Ofsted inspection. In advance of that, effort is focused on the need for the service to achieve a rating of 'Good' and on improving services through new systems and joint ways of working, for example, in early help and prevention. This will be a challenge but one the council is alive to.

In 2019, Children's Services in Northamptonshire were found to be inadequate and NCT was established under statutory direction. As a result of government intervention, we understand that NCT took a risk averse approach to service provision, for example, placing a child in a residential setting rather than looking at options for support in the home. This, coupled with the national picture of increasing demand and rising costs in Children's Services, has led to budgetary overspends.

To address the issues in this area, transformation has been split into the following themes:

- commissioning and procurement
- demand management and early help
- policy and practice
- technology and innovation
- operational efficiency
- workforce

There are several transformation projects underway, including:

1. 'Circles to Success' – NCT has looked at the most expensive placements for children and young people to understand, from a child centred perspective, what could be done better to achieve outcomes and value for money. The council has worked with a partner to see if children can go back to their home, or if there are alternative options to residential care. This is an ongoing project that has already delivered financial benefits.
2. Strategic projects around provision – the council has received Department for Education (DfE) funding to build a children's home to enable it to deliver higher quality care closer to home. The council also has a pipeline of projects to refurbish and release a number of council-owned properties for use by NCT for placements, particularly for care leavers and supported accommodation for over 18s, which is a pressure area for the council and where it is an outlier in relation to cost.
3. Care leavers – the council has partnered with the University of Northampton to provide housing in student halls for care leavers. This provides care leavers with a safe environment in which they can live independently, surrounded by students with aspirations for the future. A pilot of four young people has been successful, and the council hopes that this will help them create capacity for care leavers in the absence of suitable housing elsewhere.

Reporting of background, issues, plans and progress / benefits is taken to Cabinet on a regular basis, providing high-level political oversight. Progress against individual projects is RAG rated and the latest reporting indicates that, of the 15 projects, 12 are green (on track) 3 are amber and the total forecast savings / benefits for 2024/25 are in excess of £14 million.

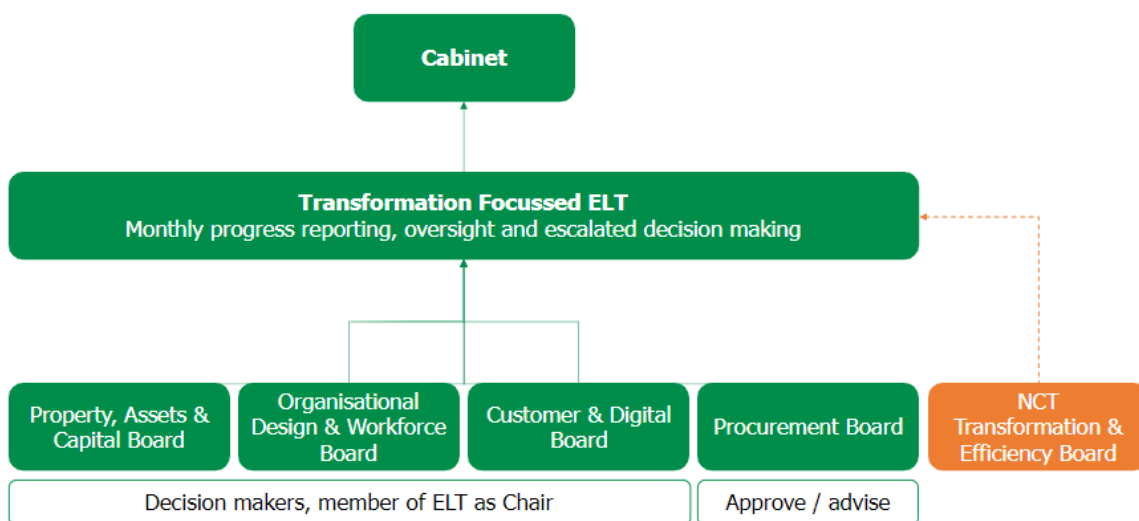
The council's focus is on prevention, rather than dealing with things as they come to the front door, and it is working with partners and other local authorities to benefit from the experience of others and best practice. The projects initiated to date are already showing a positive impact on both budget and outcomes for children.

### Transformation delivery

An internal audit was undertaken in 2023/24 in respect of transformation activity. The opinion of internal audit was that system performance was satisfactory and compliance was good in this area. At the time of the audit, the council had good templates for developing and implementing transformation projects but there was a lack of guidance on the transformation process, including in relation to roles and responsibilities, and approvals. While the council had a Transformation Board in place, there was a lack of clarity as to which projects should be reported to this board, and which could be dealt with at service level.

In response to the audit findings and recommendations, the council restructured its governance arrangements with effect from May 2024. The new structure is shown in Figure 1. The council has created a small number of boards with an enabling function. These focus on Customer and Digital, Workforce and Organisational Development, Property, Assets and Capital, and Procurement. There is also a Transformation and Efficiency Board that oversees NCT. These boards meet monthly and receive highlight reports from each active project. Operational working groups sit beneath each board to focus on delivery. All boards report to the Executive Leadership Team (ELT) Transformation Board.

Figure 1. High level governance structure



In addition, the council has:

- standardised its project management procedure
- introduced new best practice standardised templates and documentation
- strengthened its Programme Management Office (PMO) function

- re-built PMO processes, roles and responsibilities

The BIPI team is central to the council’s progress going forward. This function has been restructured and designed as a fit for purpose support for strategic decision-making. The re-designed team has benefited from private sector experience via competitive recruitment. The team has also introduced new technology, including PowerBI and Fabric (although these systems are still new to the council and their potential has not been explored fully).

Within NCT, the Transformation and Efficiency Board acts as a joint council (with NNC) / NCT board overseeing the delivery of core NCT transformation programmes to improve performance, outcomes and efficiencies. Its aims are to:

- help secure improvement in Children’s Services and progress towards an Ofsted ‘Good’ rating and the lifting of the DfE direction
- help address the financial imperative to bring down costs and improve value for money

In support of this, the Transformation and Efficiency Board’s responsibilities are:

- *transformation* – a new joint transformation service providing strategic capacity and support to progress “core” Children’s and joint council / NCT transformation projects and programmes to improve outcomes and drive efficiency initiatives
- *programme oversight and management* – robust governance, plans and business cases supported by tracking, monitoring, management of dependencies, and benefits realisation to ensure savings and project aims are realised
- *rightsourcing* – considering and/or changing the delivery model or commissioning of services, including potential transfers of services between the council and NCT where appropriate

**Strategic direction**

The new governance structure is comprehensive and should enable ELT to focus on strategic direction, while the boards implement the transformation programme. ELT maintains a list of ‘Wicked issues and big opportunities’, which tracks areas where transformation can be focused to make the biggest difference. This includes a series of problem statements, to which strategic programmes are aligned. An example is shown in Figure 2.

Figure 2: Example problem statement from ‘Wicked issues and big opportunities’ spreadsheet 30/06/24

The Problem statement	Strategic Programmes
<p>Children in care - Too many children come into care and too many in appropriate referrals are made creating costly and intrusive Interventions and a challenging placement market creates significant budget pressures from care costs.</p>	<p>Disaggregation of Childrens services - planning for the phased transfer of services into the council for areas of synergy and longer term transfer of services for West Northants and corresponding split of budgets SRO Sarah Reed</p>
	<p>West Northants early help and prevention services for children and families - Front Door triage - customer service centre for early help and prevention into children and adults SRO Stuart Lackenby</p>
	<p>West Northants early help and prevention services for children and families - Family hubs - Physical front door in family hubs to direct children and family to support and teams to help with level 1 and 2 interventions and stop crisis and escalation</p>

We understand that several people have had responsibility for transformation since the council was set up. This currently sits with the Assistant Director HR, OD and Transformation (with transformation being added to their HR and OD responsibilities) following the secondment of the Executive Director Corporate Services to NCT.

### **Risks**

1. Transformation has not had a settled 'home' within the council and continued movement of responsibility can distract from progress and/or lead to shifting priorities.
2. The focus on transformation can negatively impact BAU and service delivery by pulling officer capacity and management time.

### **Recommendations**

1. Confirm and embed transformation governance under new structure and develop a clear plan for ownership of transformation (whether continuation of the current roles and responsibilities or a planned hand back to seconded officers)
2. Embed transformation processes to streamline decision-making and implementation and set organisational priorities to ensure focus is directed in the right areas.

***Identifying any further actions that could support delivery of financial benefits and long-term sustainability***

### ***Key findings and analysis***

At the time of writing, there remains an outstanding dispute with NNC regarding the disaggregation of NCC finances. The council is yet to agree with NNC a settlement of approximately £40 million of debt in NCC's accounts, which is preventing the council from signing off its 2023/24 accounts and settling its financial position. The council has been advised by its external auditors that progress needs to be made quickly to resolve this issue so that both councils can move forward. We understand from interviews that discussions are moving in the right direction and that the two councils are near agreement.

Children's Services costs are a significant concern for the council. We recognise that plans are in place to make savings and deliver efficiencies. The council's focus is on achieving 'Good' in the next Ofsted inspection and the return of Children's Services to the council. There does not seem to be a 'Plan B' for what happens if 'Good' is not achieved, or if Children's Services do not come back into the council for another reason. The council will, with NNC, need to drive improvements, reduce costs and demand pressures and continue to support positive outcomes for children and young people. We are reassured that the Assistant Chief Executive sits on the board of NCT and is well-placed to push for improved outcomes, and to represent the council's interests.

### **Risks**

3. Focus on Ofsted outcome may lead to lack of focus on financial risk posed by Children's Services.
4. Lack of 'Plan B' if Children's Services do not achieve 'Good'.

### **Recommendations**



3. Continue to work with NNC to ensure that Children's Services costs and demand pressures are managed and mitigated to avoid overspends, while continuing to deliver outcomes for children and young people.
4. Consider options for 'Plan B' if it is not possible to bring Children's Services back in-house.

## 3.2 Review Area 2: FINANCIAL MANAGEMENT / SUSTAINABILITY

***An assessment of the council's financial management of risk to reach a view on the council's overall financial resilience and sustainability.***

***The council's financial management, governance processes including the effectiveness of the audit and scrutiny committee(s), as well as compliance with Local Government accounting codes and international finance reporting standards.***

### ***Key findings and analysis***

The council has established strong financial management processes since vesting day, 1 April 2021. It has moved from a position where it had unclear budgets to a strong financial control environment, led by the Section 151 Officer. The council monitors budgets regularly so that issues are identified early. The Section 151 Officer is already aware of a significant pressure in demand led services particularly in 2024/25, which is being addressed by setting up spending restriction panels and proactive spend management.

The majority of efficiencies and income generation proposals, identified as part of 2024/25 budget setting, are due to be achieved in 2024/25, £10 million compared to £5 million in 2025/26 and £3 million in 2026/27. This poses a potential risk in relation to future years where demand pressures and budget constraints will continue. We understand from our interviews that the Section 151 Officer is starting to have discussions with members about where further savings could be found. There is a risk for the council with the timing of any potential savings for 2025/26 as all members are due for re-election in May 2025.

No concerns have been raised by external audit around Governance and Audit Committee or the council's accounts, save that Governance and Audit Committee could benefit from more detailed reports on the findings of internal audit. The council should, however, conduct a review of financial management arrangements against the CIPFA Financial Management Code to fully demonstrate the effectiveness of its arrangements and hopefully reaffirm CIPFA's view of strong financial management arrangements.

### ***Star chamber process***

Budget setting is supported by a rigorous 'star chamber' process, with directors and service leads held to account for:

- delivery of capital projects
- new (capital) schemes coming forward
- in-year revenue position
- savings delivery
- future years' efficiencies and income generation proposals, and
- inescapable service pressures

A risk-based approach is taken to the star chamber assessment with all elements RAG rated, and those elements rated as red not taken forward. However, star chambers are organised around directorates and services, which means the council is potentially

considering savings and income generation in a siloed way, and missing opportunities for cross-cutting opportunities.

The Cabinet portfolio holder for Finance provides strong leadership and is clear that his focus is threefold:

- balancing the books
- reducing borrowing
- increasing reserves

## Risks

5. The majority of current savings are in 2024/25. Noting that 83% of savings have been delivered in-year to date, delivery of all savings within year represents a risk and potential impact on future years' budgets.
6. Member elections in 2025 are likely to make it difficult for members to make decisions that are unpalatable to voters, which could have implications for the 2025/26 budget.
7. The focus on directorates and services, through the star chamber process, may lead to a siloed approach to financial management with cross-cutting opportunities missed.
8. The council has not undertaken a formal review of its financial management arrangements against the CIPFA financial management code

## Recommendations

5. Continue to focus on delivery of savings and identification of mitigations, ensuring that progress reporting is timely, suitably challenged and remedial actions implemented to optimise delivery.
6. Senior officers should lay the groundwork with members over the next few months to prepare them for decisions that may need to be made for the next financial year and get buy in for areas that could be challenging.
7. As part of the star chamber process, include opportunities for cross-cutting delivery of savings or income generation.
8. The council should undertake a formal review against the CIPFA financial management code.

***The capacity and capability of the council to deliver an effective finance function to the council commensurate with the complexity of its particular circumstances, this should include the ability to undertake any transformation activity as required, and consider whether officers / members are provided with the right information and training to take necessary financial decisions.***

## Key findings and analysis

In addition to the arrangements considered above, which demonstrate the council's capacity and capability, and the financial reporting arrangements in place, the council has introduced

a finance business partner approach, and the finance team is reasonably well resourced (in the context of the resource constraints across the council). Senior finance officers were clear that they have a "good team" with few vacancies and low turnover, having created a role and salary package that is competitive and attractive to the market.

Finance business partners work well with services and act as trusted advisers. There are strong links between service areas and their finance business partners, particularly in Adult Social Care, where the finance business partner can undertake deep-dives and bring corporate challenge to the Executive Director. This model is replicated across the organisation. Financial literacy is mixed across the council and there are some services that require more support from finance business partners than others which the council are aware of need addressing.

Interviewees were consistently of the view that strong financial leadership is provided by the Section 151 Officer and that finance is embedded at a senior leadership level. The Portfolio Holder for Finance is also well-respected and has an appropriate level of financial understanding.

### *Internal Audit*

Internal Audit is said to have improved significantly following the appointment of a new Head of Audit and Risk in November 2023. However, there are issues in relation to resourcing in Internal Audit, which impacts on their ability to deliver the audit plan. This was picked up in the external audit report and senior management are aware of the issue and have commissioned external support to provide additional capacity in the short-term.

### **Risks**

9. Insufficient capacity within Internal Audit.

### **Recommendations**

9. Develop a plan to manage capacity issues within Internal Audit through targeted recruitment and/or use of external resource.

***The council's approach to financial risk management including identification, management and treatment of risk.***

### ***Key findings and analysis***

The council has a clear understanding of risk and has processes in place to manage and monitor progress. The strategic risk register, and the risk framework were refreshed at the end of the 2023/24 financial year and risk registers are held at directorate and programme management levels. These feed into business plans and are referred to in standard council documentation. The new Head of Audit and Risk intends to include the risk register in Cabinet reports going forward.

The Council has a strong, risk-based approach to both budget setting and capital project proposals and delivery. The star chamber process provides robust budgetary challenge and the Capital and Assets Board provides oversight of capital project risk. This is supplemented by monthly financial reporting and quarterly reports to Cabinet.

The council has a prudent risk appetite. ELT is open to opportunities if there is a justifiable return. This is evidenced in the transformation programme, where projects will be taken forward where they demonstrate a clear business justification and a quantifiable saving or efficiency.

## Risks

None identified.

## Recommendations

None identified.

***The underlying drivers of any financial fragility and risk and the council's ability to successfully manage those drivers so that issues do not materialise.***

## Key findings and analysis

In assessing areas of financial fragility for the council, we have used benchmarking information derived from CIPFA statistics and the Financial Resilience Index (FRI). Some of the data should be treated with caution and there will likely be particular circumstances relevant to the council that need to be considered. This is particularly the case given the work that is still on-going to agree disaggregation and the relatively recent unitarisation process. However, these may warrant further investigation by the council. Figure 3 shows a high-level summary of the council's financial resilience position, using the FRI, and appropriate analysis follows for other indicators. It uses nearest neighbour analysis where appropriate<sup>1</sup>.

Figure 3. Financial resilience top level statistics

Below are the values for various key indicators, and the ranks against the nearest statistical and geographic neighbours of West Northamptonshire. A higher percentage value indicates a higher rank relative to the comparator group.				
Metric	Raw value	Statistical neighbours rank	Geographic neighbours rank	Combined percentile rank
Council Tax Requirement	£236,538	87%	100%	93%
Net Current Expenditure	£631,879	80%	60%	70%
NRE / Population	£758.81	33%	40%	37%
Reserves Sustainability Measure	null	50%	50%	50%
Level of Reserves	10.75%	67%	80%	73%
Change in Reserves	null	50%	50%	50%
Interest Payable / NRE	5.46%	73%	60%	67%
Gross External Debt / NRE	0.23%	0%	0%	0%
Social Care Ratio	71.70%	27%	40%	33%
Fees & Charges to Service Expenditure ratio	21.56%	87%	80%	83%
Council Tax Requirement / NRE	72.66%	53%	80%	67%

## Service expenditure

- The council's total service expenditure of £809.88 million is significantly higher than its statistical neighbours (£590.44 million). This indicates a substantial financial operation to provide services.
- The council's net service expenditure is £556.77 million, placing it among the higher spenders of statistical and/or nearest neighbours, just below the 75th percentile.

<sup>1</sup> The nearest neighbour analysis features 40 metrics that use a wide range of social-economic indicators. The tool is designed to interpret results and assess how the statistical distance between other authorities arises. It allows authorities to see how the statistical relationship between a council and its statistical relevant neighbours has changed.

- At £1,297.78, the council's spend per head is among the lowest of both its statistical and nearest neighbours, the 25th percentile is £1,163.68.
- With the highest total service expenditure (£457.18 million) among all service areas, Adult Social Care represents a major financial area. This underscores a significant portion of the budget allocated to addressing Social Care needs within the council.
- The council's expenditure on housing services, £15.78 million in 2022-23, translates to £36.78 per person. This indicates a relatively high financial commitment to housing services compared to its statistical and geographic neighbours, reflecting priorities in addressing housing needs.
- Council Tax Requirement has the highest overall percentile ranks, with 87% for statistical neighbours, 100% for geographic neighbours, and 93% combined, indicating strong performance in this metric.
- Social Care Ratio shows the lowest percentile ranks at 27% for statistical neighbours, 40% for geographic neighbours, and 33% combined, suggesting this may be an area of relative weakness.
- Net Current Expenditure displays a large disparity between statistical (80%) and geographic (60%) neighbour ranks, highlighting significant differences in how the council compares to different peer groups.
- The Level of Reserves are around 10% of the net expenditure and the metric shows consistently high percentile ranks (67%) for statistical, 80% for geographic, and 73% combined, indicating relatively strong financial reserves.
- Fees & Charges to Service Expenditure ratio has high percentile ranks across the board (87% statistical, 80% geographic, 83% combined), suggesting the council generates relatively high income from fees and charges compared to its service expenditure.

### **Risks**

None identified

### **Recommendations**

None identified

***An assessment of steps the council is undertaking to ensure it remains within its spending envelope, including deliverability and appropriateness of current savings / transformation plans, income generating activity, and ensuring activities that are no longer required are being scaled back (e.g. teams that were previously expanded during COVID) etc.***

### **Key findings and analysis**

The council has assessed and is taking action to ensure it can meet its budget pressures. It established strong financial management processes since vesting day. The approach to dealing with risks and the appropriate recommendations are covered in the earlier sections. The council monitors budgets regularly so that issues are identified early. The Section 151 Officer is already aware of a significant pressure in 2024/25 which is being addressed by setting up spending restriction panels and proactive spend management.

Budget setting is supported by a rigorous 'star chamber' process and the leadership and direction of the Cabinet Portfolio holder for Finance.

## **Risks**

Risks 6, 7 and 8 covering in-year savings and income generation and the opportunities for cross-cutting activity are equally applicable here.

## **Recommendations**

Recommendations 6, 7 and 8 covering in-year savings and income generation and the opportunities for cross-cutting activity are equally applicable here.

***An assessment of the council's efforts to maximise productivity and minimise waste This should include consideration of the council's approach to EDI activity.***

## **Key findings and analysis**

From our interviews with council officers, we gained a strong impression of a productive organisation. Work has been done to create a cohesive work environment and there is a sense that staff like working for the council. The council has been able to build its in house change team who have a focus on efficiency and productivity alongside supporting service change and the council has produced its productivity plan which aligns to this focus.

Equality, Diversity and Inclusion (EDI) is considered in relation to recruitment and retention of staff. For example, the council's internal mobility policy includes EDI as one of the key principles underpinning its approach to internal mobility. It states that "[The council] is firmly committed to the principles of equality, diversity and inclusion as detailed in the Equality Act 2010. When identifying and developing individuals through internal mobility, consideration must always be given to team members who may have at least one protected characteristic and/or be from [sic] marginalised group that [the council] deem important."

## **Risks**

None identified.

## **Recommendations**

None identified.

***An overall view on the ability of the council to manage identified budget pressures through its own resources. This should include a view on whether the council could and should take further action to minimise the need to use / seek a capitalisation direction. If it is apparent the council requires capitalisation to manage its budget, an assessment of how the council expects to 'fund' the capitalisation (i.e. through external / internal borrowing or through capital receipts), and the viability / risks of their proposed approach.***

## **Key findings and analysis**

The council is in an unusual situation in that its request is for the continuation of a capitalisation direction that was originally granted in 2021/22. The council has £6.6 million

remaining of the original £10 million that was granted. The capitalisation is required to support the council's transformation activities, including in Children's Services. The council has the right people, processes and overall governance to deliver a credible return on this investment.

The Council's prudent approach to borrowing and reserves suggests that there are limited options to finance this transformation activity to the same time, quality and cost, other than flexible use of capital receipts which is being applied. The Council has a clear plan around relaunching its edge of care / early help model in Children's Services and Adult Social Care to benefit over both the short and longer term and EFS will support this. A key measure of success for the council's transformation work will be Children's Services being rated 'Good' by Ofsted at the next inspection.

The council's External Auditors have indicated that they are supportive of the continuation of the capitalisation direction and have not raised any significant concerns through their audit opinion or value for money assessment work to date. The accounts are still to be drafted since unitarisation due to continuing discussions and the need for agreement over disaggregation (noting that this was settled in August of this year).

### **Risks**

None identified.

### **Recommendations**

None identified.



### 3.3 Review Area 3: CAPITAL PROGRAMME / DEBT / INVESTMENTS / ASSETS

***An assessment of the council's capital programme / overall debt position including short and long term borrowing, and approach to investment / asset management to reach a view on the suitability, VFM and risk exposure of the council in this space, and how this may impact on the overall financial resilience / sustainability of the council.***

***The council's management / governance of its capital programme, major projects (whether delivered in house or via companies) and investments including the adequacy of internal processes, scrutiny of investment decisions, use of external expertise where required, risk management and capacity and capability to deliver.***

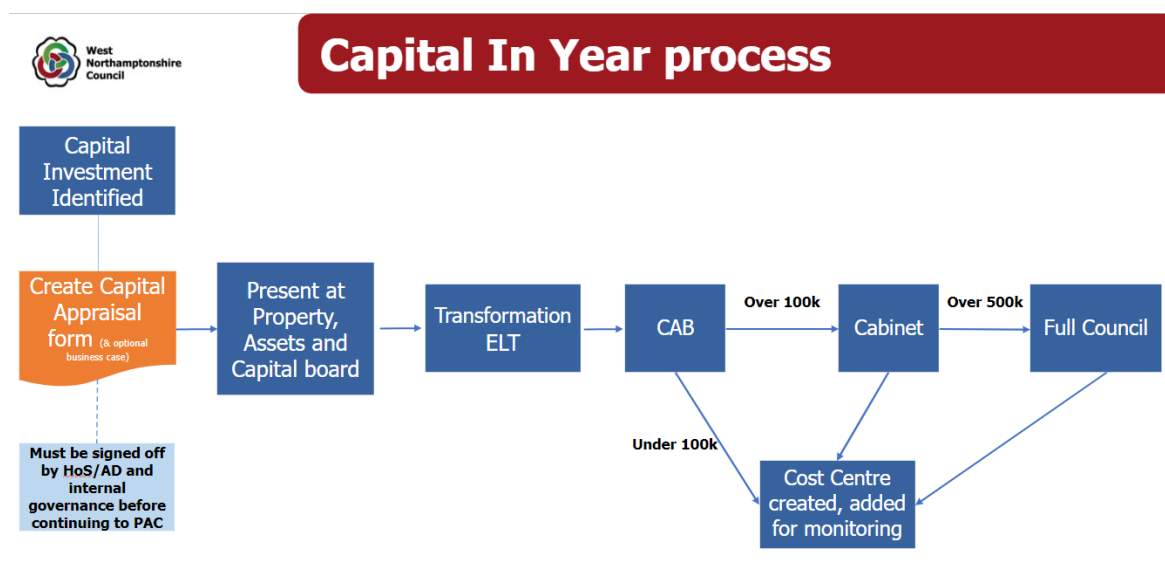
#### ***Key Findings and Analysis***

A governance structure is in place for capital projects and the council has adopted an invest to save approach. Capital is available to support projects that demonstrate in their business plans savings and outcomes that meet council priorities.

Recognising that ELT has been unable to provide appropriate oversight, scrutiny and challenge to emerging and existing capital projects, especially in relation to profiling of capital projects, managing slippage and tracking benefits, the council has introduced a new capital governance structure (shown in Figure 6). In response, the council has established a new Property, Assets and Capital Board, which is chaired by the Executive Director of Place, Economy & Environment. In common with the other new boards, this board reports to ELT, which provides oversight and challenge.

There is also a Capital and Assets Board, which includes members, and is chaired by the Section 151 Officer. This allows the council to get political buy-in before formal decision-making. There appears to be good understanding across the council that capital projects will not be put forward to the Capital and Assets Board unless they meet the required criteria.

Figure 4. Capital in-year process



Capital monitoring is in place and has improved year on year. The council tracks change reports, timescales for delivery and outcomes. Strong governance and monitoring have led to the council being the only local authority in the UK that is continuing to deliver on the Town Deal it submitted to government.

### Risks

See earlier risks identified in relation to the new governance structure and potential for over-governance.

### Recommendations

See earlier recommendation regarding review of new governance arrangements.

***Where applicable, an assessment of the council's approach to any part or wholly owned companies and any associated risk these companies expose the council to.***

### Key findings and analysis

The council has two council-owned entities, NCT (jointly with NNC) and Northamptonshire Partnership Homes (NPH). Council oversight of these arrangements is mixed. It is also unclear how contract management / client-side management is used to hold NCT and NPH accountable for outputs.

#### NCT

The council has recognised the struggles NCT is facing and has intervened to support the delivery of transformation and efficiency. There is also a senior council officer presence on the NCT board.

NCT has contracted KPIs, which are monitored, reviewed every month and work in tandem with its annual business plan, which is agreed with the council and sets out the shared ambitions and outcomes it wants to achieve. NCT is also monitored through formal boards and Cabinet

### *NPH*

Management of NPH has historically been more hands-off. It was established in 2015 and has been treated as a true arm's length body, which has caused some issues for the council. As a result, there are practices within NPH with which the Section 151 Officer is not entirely comfortable. For example, NPH is responsible for maintaining the council's housing stock and it was asked to conduct a condition survey. This reported 12 properties that fell below the required standards; however, the real number was 200-300 properties. It is unclear why the discrepancy arose. There are also issues with the quality of information (including narrative explanations) coming from NPH and the council is working with NPH to resolve these issues.

The HRA Senior Finance Business Partner is building up relationships with NPH staff so that they report correctly first-time round. The HRA Senior Finance Business Partner is undertaking monthly monitoring consolidation and he described this as a "work in progress". The Assistant Chief Executive sits on the board of NPH providing a level of council oversight. There are monthly meetings between the council and NPH covering finance, place and people. NPH presents its monthly management accounts to finance, who then consolidate the financial position into the wider HRA.

### **Risks**

10. It is unclear how NPH are held accountable for outcomes.

See earlier risk identified regarding oversight of NCT by Audit and Governance Committee.

### **Recommendations**

10. Ensure that the performance framework between the council and NPH includes a measurement for contribution to outcomes.

See earlier recommendation identified regarding oversight of NCT by Audit and Governance Committee.

***A view on the alignment of the capital programme with the broader strategic direction of the council including an assessment of the deliverability and affordability of its capital programme including consideration of how the council plans to fund its programme (i.e. grants, borrowing etc.) set against the overall debt position and potential impact on longer term sustainability, including liability benchmarking.***

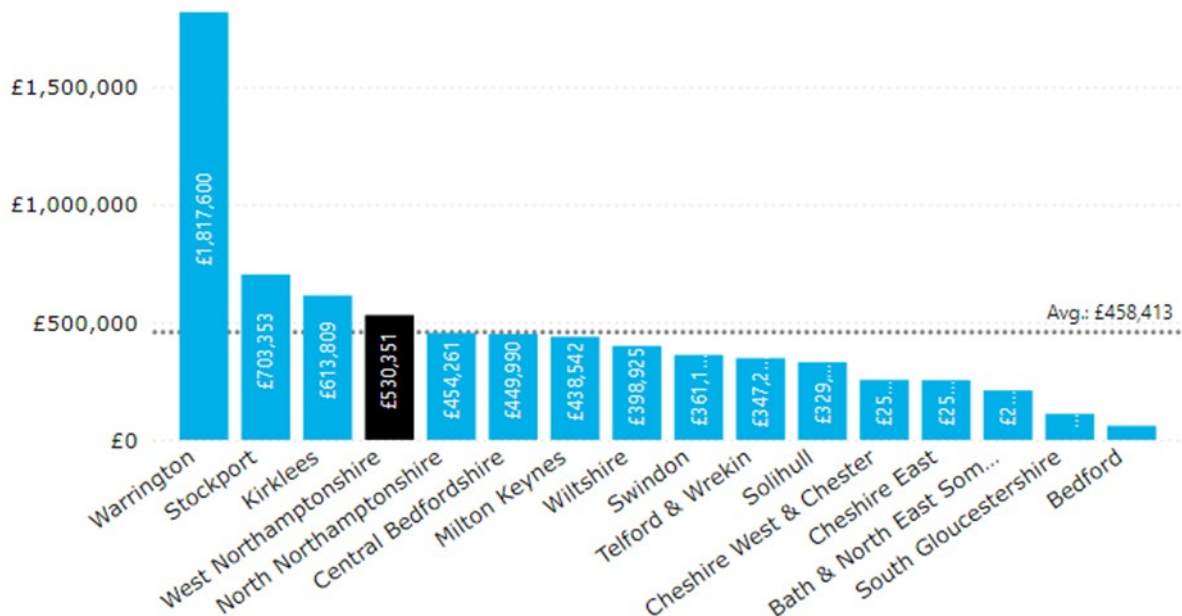
### ***Key findings and analysis***

This has been a key line of questioning for all interviewees and there is strong evidence of an understanding of the golden thread, linking desired outcomes, corporate priorities, transformation and the roles and contribution of individuals. The capital programme is aligned and supports this and is strongly governed to allow best possible chance of success.

### ***Borrowing***

The current capital programme is largely funded by borrowing. Members are generally averse to borrowing and, over the last three years, the council has reduced borrowing by £50 million. There is an ambition to reduce borrowing to £0 by 2027/28, although there is recognition that this will depend on decisions made in the interim.

Figure 5. Gross borrowing as at 31 March 2024



(Figures show raw data in £1,000s.)

- The council ranks 4th in gross borrowing among its nearest neighbours.
- With a gross borrowing amount of £530.35 million, the council has slightly higher gross borrowing than its nearest neighbours. It is lower than top borrower Warrington (£1.8 billion) but higher than many others such as Cheshire West & Chester (£255.1 million).
- The council's gross borrowing is substantially higher than that of smaller authorities like Bedford (£59.8 million) and South Gloucestershire (£110.4 million). This suggests a more considerable financial leverage or potential obligations for the council.

**Risks**

None identified.

**Recommendations**

None identified.

***The council's approach to asset management and valuation, the appropriateness of its asset portfolio, and a view on a proposed asset disposal plan set against broader Value for Money considerations.***

## ***Key findings and analysis***

As stated earlier in this report, the Council has a strong, risk-based approach to both budget setting and capital project proposals and delivery. The star chamber process provides robust budgetary challenge and the Capital and Assets Board provides oversight of capital project risk. This is supplemented by monthly financial reporting and quarterly reports to Cabinet.

The council has a prudent risk appetite. ELT is open to opportunities provided that there is a justifiable return. This is evidenced in the transformation programme, where projects will be taken forward where they demonstrate a clear business justification and a quantifiable saving or efficiency.

The council's Property Asset Management Plan is seen as key to driving forward investment in existing housing stock and maintaining an appropriate level of repair and maintenance. This is pulled together by NPH in return for a management fee. The revenue and repairs budget for housing is managed by the council but set by NPH. All housing assets are held by the council and NPH only owns one property. Work that NPH and the council have undertaken on stock condition has been fed into the Property Asset Management Plan to identify gaps and how to close them. This work is in the early stages and a draft report seen by the council has not identified issues with delivering the requirements within the financial envelope. However, the council was expecting a longer list of requirements than has been provided so far.

Investment properties are valued independently as part of the council's 5-yearly asset valuation programme. In accordance with CIPFA requirements, these are valued annually.

The council is currently preparing its first Estate Strategy, which is currently planned for Cabinet in September.

## **Risks**

None identified.

## **Recommendations**

None identified.

***The council's commercial investment portfolio (property, bonds etc.) and forward strategy, including dependence on commercial income, exposure to debt costs and whether, in CIPFA's view, it is prudent to reduce the council's exposure and over what timeframe.***

## ***Key findings and analysis***

The council has prudent investment and borrowing arrangements and its exposure to debt costs is reasonable.

Under the council's capital strategy, invest to save / income generating schemes are generally approved but are subject to additional scrutiny. The payback period and cost avoidance in relation to any such investment will be considered and all such schemes must clearly outline the costs of delivery and detailed savings assumptions.

All new commercial projects, whether property or service based, require approval in line with council's governance framework. Income from existing commercial properties is

managed, monitored and scrutinised as part of the revenue budget monitoring process, and asset condition and viability fall within the remit of the Property Asset Management Plan.

The HRA does not engage in commercial activity solely for the purpose of generating a profit, although it does own a number of estate shops with housing above and some garages.

### *Investments*

Members are confident that governance is robust on costs, benefits and affordability of any investment. The council's stated investment priorities are security of capital, liquidity and yield. The council's strategy is to keep investments short-term to cover cash flow needs, while maximising returns in periods up to 12 months with high credit rated financial institutions, using the Link suggested creditworthiness approach.

The council's investment strategy is set in accordance with:

- MHCLG's Guidance on Local Government Investments
- CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2021
- CIPFA Treasury Management Guidance Notes 2021

Figure 6 shows a summary of the council's borrowing and investments.

Figure 6. Prudential and treasury indicators 2023/24

Prudential and treasury indicators	2023-24	2023-24
	Original £m	Outturn £m
<b>Capital expenditure</b>		
• Non-HRA	101	113
• HRA	62	49
• <b>Total</b>	<b>163</b>	<b>162</b>
<b>Capital Financing Requirement:</b>		
• Non-HRA	656	642
• HRA	285	274
• <b>Total</b>	<b>941</b>	<b>916</b>
<b>Gross borrowing</b>		
<u>External debt</u>		
General Fund	352	332
HRA	228	253
<b>Total Gross Borrowing</b>	<b>580</b>	<b>585</b>
Investments (Non-Treasury & Treasury)		
• Longer than 1 year	46	39
• Under 1 year	93	57
• <b>Total</b>	<b>139</b>	<b>96</b>
<b>Net borrowing</b>	<b>441</b>	<b>489</b>

Key comparator benchmarks are as follows:

- The council has investments totalling £142 million for the year 2022-23. This positions it fifth among its nearest neighbours, indicating a relatively strong investment profile.
- The council's investment amount is slightly higher than that of Cheshire West & Chester (£116.2 million) and Telford & Wrekin (£102.1 million). This reflects a more aggressive investment strategy compared to these neighbouring authorities.
- Despite its strong position, the council's investments are significantly lower than the highest investor, Milton Keynes, which has £458.1 million in investments. This indicates a gap of £316 million, suggesting room for growth if aiming to match the top-tier investment figures.

The council makes investments based on security, liquidity and yield, with security being the first priority. It has invested in other local authorities and far east countries on the basis that these are the most secure investments. The council assesses creditworthiness of investments with support from its external treasury advisers (who apply a modelling approach using credit ratings from Fitch, Moody's and Standard & Poor's). The council defines high quality investment counterparties as those organisations that meet the requirements of the creditworthiness service provided by the external treasury advisers and that are:

- UK banking or other financial institutions
- UK national or local government bodies
- countries with a sovereign rating of -AA or above
- triple-A rated money market funds

Members receive an Annual Report on Council Linked Entities service based commercial activity. This covers activities such as West Northamptonshire Norse Ltd (formerly Daventry Norse Ltd), The Daventry Estate Company Ltd (TDECL), PSP Daventry LLP and DDC Operations Ltd, the latter two of which are not currently active. These are kept under review and benchmarks set for the threshold on returns, currently stated at 3%.

The following Loans to third parties have been inherited by the council:

- University of Northampton (UoN) – £29.16 million – NCC and NBC acted as a conduit to advance PWLB funding to the university and these loans are fully guaranteed by HM Treasury and repayments funded by UoN at no cost to the council
- the council is a shareholder of Pathfinder Legal Services Ltd (formerly known as LGSS Law Ltd) and has made a third-party loan at a commercial rate to aid the cash flow of the company – the value of the loan is £0.475 million and the council's allocation as part of disaggregation of NCC represents £0.237 million
- Silverstone Heritage Experience – £3.0 million – to support Silverstone Heritage Limited with investment allowing them to secure the Heritage Lottery funding needed to build the Silverstone Heritage Experience
- Northampton Town Rugby Club – £4.2 million – NBC acted as conduit for a PWLB loan for capital expenditure for stadia expansions and other developments on land within their control as part of its policy to support local economic development

### *Borrowing*

The council's 2023/24 outturn borrowing position was £331 million under-borrowed, based on a gross borrowing position of £530 million and a Capital Financing Requirement (CFR) of £916 million. The council has reduced borrowing by £50 million over the last three years, which has allowed for more investment in capital projects.

### *Third-party loans*

The council's third-party loans amount to c. £35 million, £28 million of which is underwritten by Treasury guarantee, leaving a residual exposure of c. £7 million.

### **Risks**

None identified.

### **Recommendations**

None identified.



**Whether and to what extent the council is complying with statutory guidance / following best practice with regards its capital programme, wholly / part-owned companies and investments including but not limited to investment guidance, minimum revenue provision guidance and accounting codes.**

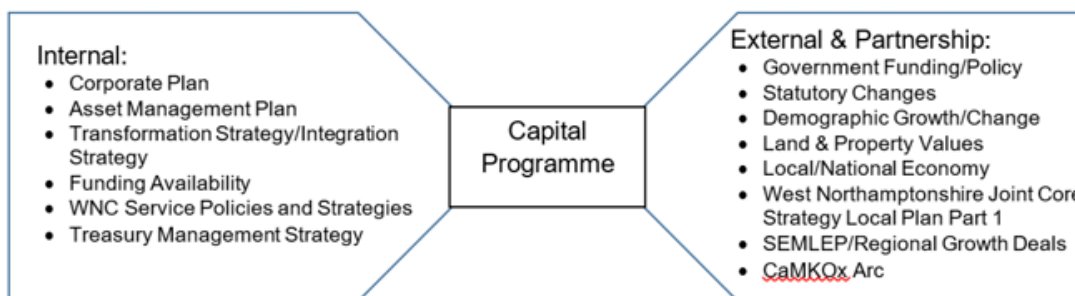
### **Key findings and analysis**

The council has set its Capital Strategy in accordance with the Prudential Code and the Treasury Management Code of Practice. The Capital Strategy's key objectives are to:

- deliver an affordable and sustainable medium term capital programme
- consider new capital investment against the council's corporate priorities
- prioritise external funding towards the areas of greatest need, including highways, education, the HRA, and economic development and regeneration
- maximise the use of the council's assets

the key internal and external strategic influences on the capital programme are shown in Figure 7.

*Figure 7. Key internal and external influences*



As part of the new governance structure, and recognising ELT's capacity, the council has recently implemented a new Property, Assets and Capital Board as an early gatekeeper for new capital projects coming forward. Budget setting follows a rigorous star chamber process with balancing savings and/or income generation projects scrutinised, challenged and RAG rated.

There is strong and consistent messaging from Finance and members regarding the reduction of borrowing, with capital projects heavily scrutinised as part of the governance process.

### **Capital expenditure**

Key comparator benchmarks are as follows:

- The council utilised the highest amount of capital receipts, totalling £16.86 million. This places it at the top among the listed authorities, indicating substantial investment in capital projects or assets.
- The amount of capital used by the council is significantly higher than the second-highest user, Telford & Wrekin, which used £13.6 million. This difference of £3.26 million highlights the council's more aggressive use of capital receipts.

- The council's usage of capital receipts is more than double that of group average (£7.13 million). This stark difference suggests a much higher level of capital investment activity by the council compared to its neighbouring authority.
- The council's yearly trend for capital receipts indicates that it is doubled in 2022-23 from 2021-22 (£8.24 million).

**Risks**

None identified.

**Recommendations**

None identified.

### 3.4 Review Area 4: GOVERNANCE

***An assessment of the council's approach to overall governance / management processes, leadership, operational culture, capacity and capability to reach a view on whether the council is operating in line with the Nolan Principles and in a way to secure continuous improvement.***

***The adequacy of the council's decision-making processes including presence / absence of clear schemes of delegation, scrutiny arrangements, quality of council papers and whether there is a clear understanding of governance arrangements across all levels of the council. This should include a view on the effectiveness of the adopted Governance model and whether it is suitable to drive the right outcomes for the area***

#### ***Key findings and analysis***

There is good understanding across the council of the Cabinet and scrutiny model, and relationships between officers and members are good. There is good communication between statutory officers and Cabinet, and relevant Committees. There is clear direction from senior management and the officers and members are pulling in the same direction. Opposition is effective in holding decision-makers to account.

There is a risk of over-governance with the introduction of a new layer of boards. However, these boards are able to focus more on operational issues, freeing ELT to focus on strategic direction, which will ultimately be of benefit to the council. The governance structure is relatively new, and it may take a period of time to become embedded and/or for any issues to emerge.

It was noted during our interviews that compliance within the council is higher than at other local authorities, for example, there is a strong expectation of compliance with the Contract Procedure Rules, finance procedures and IT systems.

#### ***Audit and Governance Committee***

The Audit and Governance Committee appears to be strong and there is a competent and committed chair in place. We also understand that independent members are being appointed to the Committee, which will provide valuable expertise and strengthen the Committee's ability to provide effective oversight. The Head of Internal Audit has recently conducted a skills and knowledge self-assessment for Audit and Governance Committee members and is delivering a training programme to support them in areas that were identified as weaker (internal audit, treasury management and statement of accounts). These sessions are voluntary but are recorded and shared with members.

There is a strict interpretation of the Audit and Governance Committee's terms of reference such that there is a reluctance to consider issues that are seen to be outside its remit. For example, there is a view that the pension scheme does not fall to be considered by the Audit and Governance Committee because it has a separate board. While the pension fund has a Pension Committee (chaired by Portfolio Holder for Finance) and has its own scrutiny equivalent called the Pension Board, which has independent oversight of decisions, we would expect a level of oversight by the Audit and Governance Committee.

NCT is also seen as a separate entity, for which the Committee is not responsible. However, this does not consider the council's corporate parenting responsibilities and its ultimate oversight of Children's Services in West Northamptonshire.

## Risks

11. New governance structure may introduce too many layers of governance that could hinder effective and timely decision making.
12. Audit and Governance Committee does not have sufficient oversight of NCT

## Recommendations

11. Review governance arrangements in 3-6 months and consider changes as appropriate.
12. Ensure that NCT is scrutinised appropriately by Audit and Governance Committee and that the council understands its corporate parenting responsibility.

***The presence / absence of a clear, outcome orientated, measurable and performance driven strategic direction for the council and whether this is clearly set out through alignment of the key strategy documents (Corporate / Strategic Plan, Annual Governance Statement and Medium Term Financial Plan). This should include an assessment of the extent to which the strategic direction of the council is present throughout operational implementation or whether it exists in 'name only'.***

## Key findings and analysis

Council plans, strategies and performance measurement / management all appear to be aligned. There was common messaging across interviewees and an understanding among officers of 'bigger picture' issues, rather than just individual roles and responsibilities.

Governance is well-structured within the council and compliance is high. Governance processes were clearly and consistently described.

## Risks

None identified.

## Recommendations

None identified.

***A view on the effectiveness of council leadership including their ability to work effectively together, set and communicate a clear vision and set of priorities for the local area, as well as their ability to lead the delivery of those priorities (as set out in key strategy documents) through the fostering of a cohesive organisation built on cooperation, trust and respect.***

## Key findings and analysis

The view of interviewees of council leadership was generally positive. There is a sense that the council is a genuinely caring organisation, and that ELT are approachable and visible. The Chief Executive sends regular blogs to all staff and there are drop-in sessions with ELT members on a rotation basis.

Interviewees spoke highly of the leadership provided by both the Chief Executive and the Section 151 Officer and noted a clear understanding of the issues facing the council at a senior level and amongst elected members. ELT provides a focused approach to working together to address the challenges. We were consistently impressed by the interviewees in terms of knowledge, understanding of the council's priorities, and commitment to one, successful organisation, clearly led by the Chief Executive and ELT.

We saw no evidence to suggest a culture of mistrust or anything that would limit the council's ability to achieve its ambitions.

### **Risks**

None identified.

### **Recommendations**

None identified.

***A view on the working culture and working relationships across all levels of the council including between political and officer leadership, and senior officers and junior staff.***

### **Key findings and analysis**

Significant work has been done to develop the council's culture. The council is branded under its 'THRIVE' organisational values (trust, high performance, respect, innovate, value, empower), to which we understand employees are bought in. There is emphasis on the 'West welcome' that appears to create a positive impression of the council for new joiners.

Interviewees spoke of good working relationships across the council, and good relationships between members and officers. Key relationships appear to be well-established and there appears to be a culture of mutual respect between officers and members.

The council is aware of the negative associations that some staff, and people outside the organisation, may have had with NCC and the need to move away from the past. There has been a concerted effort to distinguish the council from NCC and to establish a West Northamptonshire culture and way of working.

### **Risks**

None identified.

### **Recommendations**

None identified.

***The council's capacity and capability to improve and transform at an operational level (i.e. sufficient expertise, staff etc.) and at a cultural level (i.e. acknowledgement of problems, openness to constructive criticism and change, delivery with local partners, and collaboration with sector support).***

### ***Key findings and analysis***

Since vesting day, the council has focused on establishing an appropriate organisational structure, and recruiting appropriate staff, to support the development of one council, with a complimentary culture and identity. There is recognition at a senior level of some of the issues of the council's NCC past, its exposure to risk in certain areas, and the need to manage its relationship with NNC effectively.

We were consistently impressed by officers' knowledge and expertise, and apparent willingness to do the work necessary to achieve the council's ambitions.

### **Risks**

None identified.

### **Recommendations**

None identified.

### 3.5 Review Area 5: SERVICE DELIVERY

***An assessment of the effectiveness of council service delivery reflecting the importance of delivering outcome orientated, citizen focused services to reach a view on the council's ability to deliver services that are economic, efficient and effective, striking the right balance between cost and quality of service.***

***The efficiency of service delivery, including against comparator Local Authorities, sector metrics and wider public sector metrics.***

#### ***Key findings and analysis***

Improvements have been made in service efficiency since unitarisation, including by way of organisational restructuring and implementation of transformation projects. For example, new systems have been introduced for Adult Social Care and Housing, and Further work is being done by BIPI to maximise efficiencies, including through the use of AI.

There are some areas where further efficiencies could be made, including Children's Services and temporary accommodation.

#### ***Children's Services***

Key comparator benchmarks are as follows:

- The council has a significantly higher number of children looked after in the age groups 10 to 15 years (250 children, 583 per million population) and 16 years and over (201 children, 469 per million population) compared to its statistical neighbours (163 children 10 to 15 years, 568 per million population and 113 16 years plus, 389 per million population) and geographic neighbours (197 children, 641 per million population and 127 16 years plus, 443 per million population). This indicates a greater need for support among older children in this area.
- The council has a disproportionately high number of children looked after due to family dysfunction (213 children, 496 per million population) compared to its statistical neighbours (50 children, 168 per million) and geographic neighbours (52 children, 177 per million). This suggests that family dysfunction is a particularly prevalent issue in West Northamptonshire, or that this category is more likely to be used by the council than its statistical neighbours.
- The council has slightly higher rates of children looked after per million population for both females (639) and males (965) compared to statistical neighbours (636 females, 857 males) and geographic neighbours (716 females, 986 males). This indicates a marginally higher overall need for care services in the area.

Figure 8. Children looked after in West Northamptonshire

Data on Children Looked After (CLA) for West Northamptonshire. The 2 "neighbour" columns show averages for these comparator groups.							
Area	Characteristic	Raw data			Per million population		
		West Northamptonshire	Statistical neighbours	Geographic neighbours	West Northamptonshire	Statistical neighbours	Geographic neighbours
Age group	Under 1 year	33	19	34	77	63	103
Age group	1 to 4 years	88	57	87	205	203	268
Age group	5 to 9 years	116	76	89	270	269	307
Age group	10 to 15 years	250	163	197	583	568	641
Age group	16 years and over	201	113	127	469	389	443
Category of need	N1. Abuse or neglect	336	280	372	783	968	1215
Category of need	N2. Child's disability	10	14	16	23	48	51
Category of need	N3. Parental illness or disability	17	15	15	40	54	52
Category of need	N4. Family in acute stress	22	37	33	51	133	102
Category of need	N5. Family dysfunction	213	50	52	496	168	177
Category of need	N6. Socially unacceptable behaviour	12	8	15	28	29	45
Category of need	N7. Low income	0	0	0	0	0	0
Category of need	N8. Absent parenting	78	35	25	182	126	112
Gender	Female	274	183	222	639	636	716
Gender	Male	414	246	288	965	857	986

### Temporary accommodation

Key comparator benchmarks are as follows:

- The council's net expenditure on homelessness in 2022-23 was £6.35 million. This equates to a spend per person for the council of £14.80 compared with £14.99 for statistical neighbours and £15.23 for geographic neighbours indicating that the council is broadly in line with national norms.
- The council's net expenditure on housing services in 2022-23 was £15.78 million. This equates to a spend per person for the council of £36.78. This is higher than for statistical neighbours (£29.81) and geographic neighbours (£31.83).
- The council's spend on homelessness divided by 6 month+ accommodation in 2022-23 was £9.68. This is significantly higher than for statistical neighbours (£4.62) and for geographic neighbours (£4.09) indicating an issue in this area for the council.

### Use of technology

The work of BIPI to understand and inform the council on cost drivers is developing. Focus, as with lots of authorities, is backward-looking at present, but plans are in place to develop PowerBI and AI to look at predictive analytics and demand modelling. Some modelling is already undertaken on demand management as part of budget setting.

### Efficiency focus

Some interviewees emphasised the council's focus on 'productivity' in relation to the transformation work that is being undertaken. This accords with the council's focus on balancing the budget, reducing borrowing and increasing reserves. We also heard that financial governance is directed at delivering corporate priorities including "robust resource management. The council needs to be careful that a focus on productivity / efficiency does not detract from securing the best outcomes for customers and service users.

### LGA Peer Review

The council received positive feedback from the March 2024 LGA Peer Review, which noted that:



“At frontline service level employees provide many examples of where they go the extra mile to support customers and their needs” and the council takes a people-centred approach. However, “individuals want to be able to do more but can experience frustration about systems and processes which they feel can be a barrier, as well as some inconsistencies across services, and a degree of frustration with the council’s website which is not as streamlined to use as staff would like.”

The LGA Peer Review also found that “people emphasise processes and the past and what the new organisation has inherited, rather than the outcomes being achieved and planned for the benefit of residents. This gives the impression that outcomes for customers have a lower profile than might be expected.”

As the council is still progressing as a new organisation, it is to be expected that there will be some challenges in delivering services while it consolidates and establishes itself as a single entity. We are reassured by the transformation programme and the work of the BIPI team that the council is doing the right things in order to deliver services to West Northamptonshire, and that acting on the LGA’s recommendations will also help the council in its progress.

## **Risks**

The risks relating to Children’s Services and transformation are outlined elsewhere in this report.

## **Recommendations**

The recommendations relating to Children’s Services and transformation are outlined elsewhere in this report.

***Identification of particular service areas that are underperforming and the ability of the council to rectify the issue within its own resources and activity. This should include a view on the council’s management of customer feedback and complaints procedures.***

## ***Key findings and analysis***

There are three key areas of focus for the council:

- Children’s Services
- temporary accommodation
- Adult Social Care

### *Children’s Services*

There has been significant escalation in demand for Children’s Services in West Northamptonshire, leading to a £30 million overspend in 2023/24 (split 56:44 with NNC). NCT is about to implement the Liquidlogic case management system to improve upon the current system, to drive improvement in practice, and to exploit technology to reduce the administrative burden on social work staff. A clear implementation plan and associated risk register will need to be maintained to avoid issues related to training and capability, migration of data, and wider rollout.

The Council’s transformation efforts are focused strongly on Children’s Services and a lot is being done to address this issue, which we have discussed elsewhere in this report.

### *Temporary accommodation*

This is another focus for the council's transformation activity and is a key point in the list of 'Wicked issues'. The council has had to spend a huge amount to meet its statutory obligations in relation to temporary accommodation, including making nightly purchases for accommodation.

In common with its efforts in Children's Services, the council is focusing on prevention workstreams to alleviate pressure in this area. One workstream is to increase the council's housing stock so that it can use its own stock to provide temporary accommodation, and the council is using its HRA acquisitions programme to do this (within the acquisitions cap). The council is also looking at demand management for temporary accommodation.

### *Adult Social Care*

Demand pressures are also being felt in Adult Social Care, driven by population growth (especially over 65s and over 85s) and the challenges posed post-pandemic. There is increasing acuity of presentation which presents challenges for housing complex cases. There has also been an increase in hospital discharges, which means that patients being discharged fall within the Adult Social Care budget.

Work has been done to alleviate some of these pressures. For example, the council's reablement service has been restructured and is now providing double the capacity it was able to provide previously. The council has consolidated 93 inherited care providers to 15 through a re-procurement exercise and these now operate against 9 local area partnerships. This has led to better outcomes and no waiting lists. Costs have also declined as the council is able to achieve efficiencies.

The council has also made use of the Market Sustainability and Improvement Fund to reset its rates for domiciliary care so that 98% of providers now deliver at framework rates. These rates are slightly higher than average, but the council is no longer required to negotiate them, making the process easier to manage. The council has also closed several care homes, and is consulting on further closures, in an effort to reach its savings targets.

### **Risks**

13. Introduction of Liquidlogic requires a clear implementation plan and associated risk register to avoid issues related to training and capability, migration of data and wider rollout.
14. Turnaround of NCT is an understandable and key focus for the organisation. However, this should not be at the expense of remediating other key driver areas such as temporary accommodation and Adult Social Care.
15. Focus on productivity / efficiency has the potential to detract from securing best outcomes.

### **Recommendations**

13. Develop implementation plan for Liquidlogic with clear delivery milestones, resource requirements and risk monitoring and management.
14. Accepting the requirement for concentrated effort to support NCT, ensure that established governance processes, including star chamber, retain a focus on all key cost drivers and establish appropriate mitigations to address them.

15. Ensure that transformation activity is balanced between achieving efficiencies and delivering best outcomes.

***A view on the extent to which service plans are aligned to the council's strategic priorities and long term plan.***

### ***Key findings and analysis***

The sample plans that were provided as part of the review and/or discussed during interviews suggest clear alignment between service plans and corporate priorities.

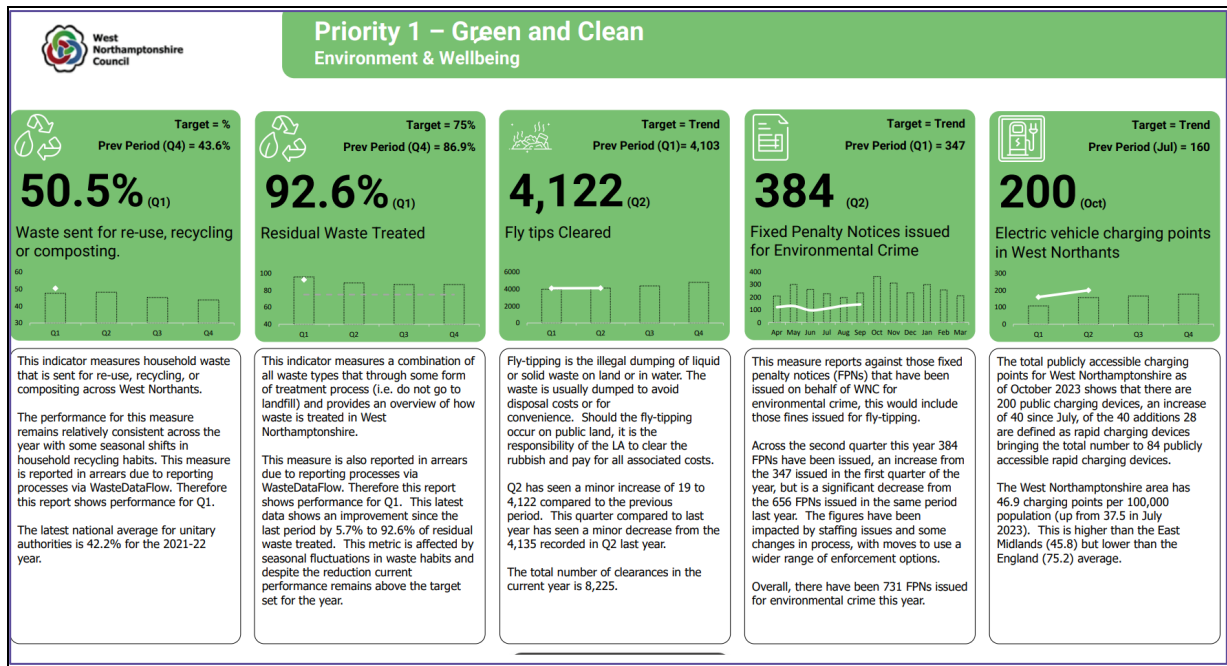
#### ***Corporate Plan***

The council's Corporate Plan is structured around six priorities:

- *green and clean* – environment and wellbeing
- *improved life chances* – health, social care and families
- *connected communities* – transport and connectivity
- *thriving towns and villages* – place shaping and homes
- *economic development* – growth and prosperity
- *robust resource management* – transparency and financial probity

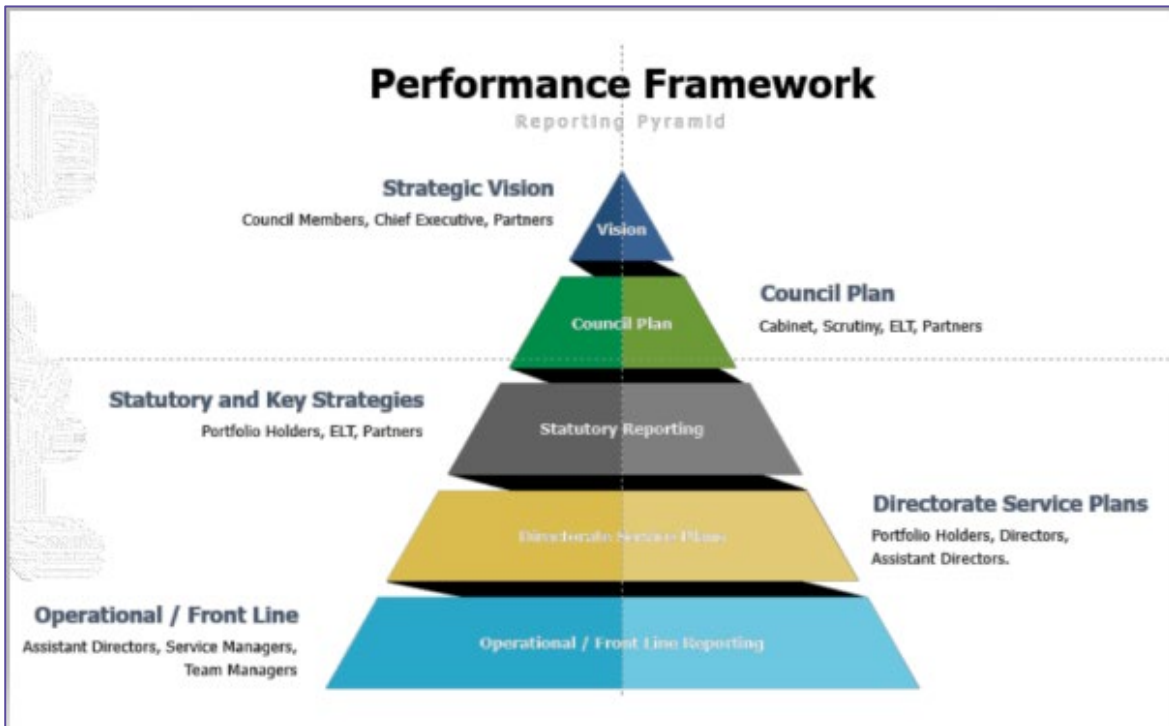
Each priority area has a number of specific indicators to measure progress towards achieving the council's objectives. Figure 11 shows an example.

Figure 9. Progress against Corporate Plan priority 1 taken from Corporate Plan 2023-24 Quarter 2 Report



The council's performance framework reporting pyramid (shown in Figure 12) also shows the links throughline from operational / front line to strategic vision via service plans, strategies and the Council Plan.

Figure 10. Performance Framework Reporting Pyramid



## *Service plans*

There is a template document for service plans, which is used across the council. The introduction to this template sets out the council's intentions in relation to alignment of service plans with corporate priorities. It states that the service plan is "designed to ensure a clear golden thread from colleagues personal V.I.P's (Valuing Individual Performance) all the way through the service planning framework to the Corporate Plan and the Annual Report."

Taking the BIPI service plan as an example, the service has oriented its directorate priorities in line with wider corporate priorities as follows:

- drive better business decisions that enable the organisation to improve operational efficiency
- support services to offer more positive outcomes for customers through performance dashboards and regular reporting
- ready and prepare council services for future demand through data-driven planning and forecasting
- support services in their statutory obligation to submit data returns to central government
- support and guide services in their responsibilities relating to the Equalities Act

## **Risks**

None identified.

## **Recommendations**

None identified.

***A consideration of the effectiveness of the chosen approach in delivering services (i.e. in house or external). This should include a consideration of how the operation of the procurement functions is geared towards effective service delivery, including overall management of the pipeline, capacity and capability of officers, the adequacy of the processes, and culture and attitude towards procurement.***

## ***Key findings and analysis***

The majority of the council's services are delivered in-house and these arrangements appear to be appropriate. There are two significant services that are outsourced:

- Children's Service – these services are provided by NCT following the government direction issued to NCC in 2019
- IT – these services are delivered by a shared service which also provides IT services to NNC

### *Outsourced services*

It appears that the council's preferred option would be to have all services in-house, and that some preparation has been done to make this happen. However, there are complications in both cases due to the fact that the services are provided to both the council and NNC and there are issues of disaggregation to deal with.

In relation to Children's Services, we have been given a clear impression that the intention is to bring Children's Services back into the council after the next Ofsted inspection, assuming that the service achieves a 'Good' rating. Children's Services are being provided by NCT due to a statutory direction, and the council is not in a position to bring them in-house until this is lifted. The council believes that it is paying more than it should in respect of Children's Services due to a slightly arbitrary allocation between it and NNC (56% to the council, 44% to NNC). However, the council appears to be committed to making improvements in Children's Services and has invested resource (including seconded officers) and capital (including building children's homes) to ensure that Children's Services improve.

The IT arrangement is more complex and could be much more difficult to unpick. Disaggregation of the systems will be time consuming and potentially expensive. For example, where there is one officer doing a specialised technical role, this role would need to be duplicated to support both councils. We understand that disaggregation of IT services is not a priority and that both councils are prepared to maintain a shared service and undertake disaggregation over time as contracts reach their natural end.

### *Procurement*

The new governance structure includes a Procurement Board to advise ELT and approve procurement decisions. Interviewees described a strong culture of compliance with Contract Procedure Rules and that this is led from the top of the organisation.

We heard of good examples of procurement supporting service delivery, for example, in Adult Social Care, where re-procurement of domiciliary care providers has allowed the service to consolidate its provider list from over 90 to 15 and has resulted in lower rates and better outcomes.

### **Risks**

16. Focus on bringing Children's Services in-house could detract from the need to deliver best outcomes for children and young people.
17. Noting that disaggregation is not an immediate priority, this needs to be managed carefully to minimise risk and cost.

### **Recommendations**

16. Improvements in Children's Services should be the main focus of activity with NCT to ensure best outcomes are delivered.

The process of IT disaggregation needs to be managed carefully over time

***A view on the efficiency and performance of the council's Children's Services, including those services delivered by the Northamptonshire Children's Trust. This should include a view on the relationship between the council and Trust and the financial management adopted by the Trust.***

## ***Key findings and analysis***

NCT has the support and understanding of the council and the council's strategies and savings plans are in the right areas and reflect national and local issues. NCT has improved from 'Inadequate' to 'Requires improvement to be Good' and should monitor its progress against achieving 'Good' as planned. The plan to achieve a 'Good' Ofsted rating and bring services back to the council is sensible. Governance of NCT needs to be proportionate and recognise the need for capacity to manage improvements.

NCT has set some ambitious savings targets and some tight deadlines, which require capacity, improved practice and management grip for delivery. From our interviews, it appears that savings plans are well-developed and showing early signs of success. However, the scale of the challenge in this area should be noted. NCT will require the additional funding that has been requested through EFS to meet budget requirements and provide the capacity for improvement.

The role of Director of Children's Services is currently being covered by the Director of Adult Social Care, but a new Director of Children's Services has been appointed and is due to start soon.

### ***Ofsted***

There has been a notable improvement in Children's Services since the 2019 'Inadequate' Ofsted rating. There have been several Ofsted reports since Children's Services were declared inadequate in Northamptonshire in 2019. In July 2021 a focussed visit concluded that practice was improving but varied in quality, and in November 2021 again concluded that it was improving, but remained varied.

The external auditor's 2022/23 report noted that an inspection in 2022 rated the council's Children's Services as 'Requires improvement to be Good', but that there were positive indicators, including:

- children in need of help and protection receive much better support than they did in 2019
- early help is strengthened
- children at risk of harm are identified and timely protective action is taken
- improvement to the quality and impact of social work practice is evident throughout the service, although practice is not yet consistent
- the council and NCT have embraced learning from other organisations
- fostering was rated 'Good'

Areas for improvement included effectiveness of management support, systems to improve practice, planning and direct work. A focused visit in November 2023 examined the children's social care front door, (the first contact with the council) and concluded that, since 2022, actions had been taken in some areas, issues were understood, and work was underway to make improvements. However, some of this work was not yet making an impact. Staff were positive and motivated. While focused visits are not given a judgement, this report reads as 'Requires improvement'. Given how recent this Ofsted visit was, there is a risk that the council (and NCT) have a lot to do to reach 'Good' and that this may not be achievable.

In February 2023, Northamptonshire fostering service, run by NCT, was inspected as 'Inadequate'. A reinspection in January 2024 judged the service as 'Good'. However, in March 2024 a Special educational needs and disabilities (SEND) inspection took place, and an action plan was required. Many authorities struggle with SEND arrangements, which are difficult to manage, and there is a view that the requirements are overly complicated and bureaucratic. Nonetheless, this was a poor outcome, the report concluding there were "widespread and/or systematic failings".

The council is clear that, once Children's Services are rated as 'Good', they will be disaggregated, with both the council and NNC bringing those services in-house. Both councils are already planning ahead for this and, for example, have established corporate parenting boards. The council needs to monitor its progress towards achieving 'Good' to make sure that it is on track. SLT and members should be sighted on this monitoring to ensure corporate and political oversight.

### *Savings delivery*

Within the council, the Corporate Plan review of performance in 2022/23 was broadly positive across the council. Some improvements were shown, including in family finding placement times, reduction in caseloads, and children in care rates dropping. At the same time, circle of care savings are said to be on track with an increased target from £4 million to £8 million, and the placement efficiency target is enhanced by £700,000. The sufficiency programme is said to be on track (£964,000) as is fostering (£300,000).

However, there is some uncertainty over the deliverability of all planned savings / demand management in Children's Services. The most recent report on NCT service and budget performance to Informal Cabinet in March 2024 showed that children looked after numbers are up slightly, as are children placed in residential settings and average placement costs. There is also still a high reliance on agency staff. There are planned savings that will not be achieved in 2024/25. Legal fees savings, and joint funding savings from health paying for continuing care (£2 million), are red RAG rated and declared undeliverable. Some of the planned savings are also ambitious and challenging for any local authority to achieve and are dependent on changes in practice, for example, halving the number of referrals. Such changes can be difficult to manage.

### *Relationship with NCT*

The relationship between the council and NCT is generally positive. We understand that there have been some tensions between the council and NNC due to a difference in approach, but that this is being resolved. A key organisational risk has been mitigated by the secondment of the Executive Director Corporate Services and the Head of Transformation to NCT to support transformation and the efficiency drive. The Assistant Chief Executive also sits on the NCT board.

The documentation provided, including reports to Cabinet and governance charts, set out a comprehensive approach to budget and performance monitoring, and the supporting documents provided are very detailed.

It is important that the council strikes the right balance between monitoring and management of NCT. Trust arrangements can produce more bureaucracy due to the added complication of managing a contract. The savings and improvements in NCT will rely crucially on managing projects, and several of these are complex, for example, reducing the number of Education Health and Care Plans (EHCP) in SEND. Sufficient time must be available for this, and the service has identified capacity issues. However, this should be mitigated to a certain extent by the secondment of council resource to NCT.



While monitoring is important, as highlighted above, the council should be mindful of not monitoring for the sake of it. Some things are more important to monitor than others, and some require more detailed reporting than others. Some high level “one pager” reports would help to simplify reporting and focus in the right areas.

### **Risks**

17. NCT has a long way to go to achieve ‘Good’ (based on the most recent Ofsted visits) and progress towards this needs to be monitored to ensure it is on track.
18. Ambitious savings plans could be difficult to achieve in 2024/25, which could have an impact on the 2025/26 budget.
19. Potential for lack of capacity to impact delivery against savings plans in Children’s Services.
20. NCT provides Children’s Services to the council and NNC presenting a risk for disaggregation.
21. The council may be over-reporting in relation to Children’s Services and not focusing on the priority areas.

### **Recommendations**

19. NCT should report progress towards ‘Good’ to SLT and members to ensure that there is corporate and political oversight.
20. Achieved savings should be monitored throughout the year and mitigations implemented if delivery falls below expectations.
21. Savings delivery should be monitored appropriately to ensure that NCT has capacity and resource to deliver against plans.
22. Make appropriate plans for disaggregation, including discussions with NNC.
23. Ensure that monitoring and reporting arrangements for NCT are fit for purpose and allow the council to ensure proper scrutiny, and corporate oversight, of its activities.

# Annex

## A1 Risk Assessment – Method

		Impact		
		Critical:3	Moderate:2	Marginal:1
Likelihood	Probable:3	High - 9	High - 6	Medium - 3
	Occasional:2	High - 6	Medium - 4	Low - 2
	Improbable:1	Medium - 3	Low - 2	Low - 1

### Likelihood:

- Improbable – possible, but unlikely to happen.
- Occasional – might happen, might not happen, in the order of 50/50
- Probable – most likely will happen.

### Impact:

- Marginal – some minor (less than £1000) costs involved, possible minor operating difficulties largely contained within the council, some awareness / action may be required by members.
- Moderate – financial losses / costs up to £100k, operating impacts hitting services for some of the community, a significant issue for members to deal with
- Critical – major financial losses / costs in excess of £100k, subsequent intervention by MHCLG or other 3<sup>rd</sup> parties, reaches national press interest, major political embarrassment for members.

## A2 Documents Reviewed

Final Budget Report 2024-25

Notes from Star Chambers and Budget Clinic Sessions

Star Chambers Template 2024-25 – Corporate

MTFP Scenarios – WNC breakthrough Priorities Programme V03

Budget financial modelling

Revenue Monitoring Provisional Outturn 2023-24

Budget Proposals 2023/24

Savings and Efficiency breakdown

Treasury Management Strategy

Annual Treasury Management Update for 2023/24

Link contract

General Fund and Housing Revenue Account Capital Provisional Outturn 2023-24 and

Revised Capital Programmes

Capital Strategy 2024-25 Onwards

MRP calculation for 2023-24 and beyond

Property Assets Capital Timetable

MRP Policy report 25.3.21

West Northants Capital Handbook March 2023

Governance documents for council-owned companies

25 06 2024 vacant posts

Higher Earning Agency Workers (OPUS)

Internal Mobility Policy

A Managers Guide to Succession Planning & Talent Management Discussions

All WNC – Training Records in last 365 days – 02.07.24

Apprenticeship Pipeline

Training Budget Information Gathering (1-24) as at 14.03.24

L&D Enquiries and Budget Approval Tracker July 24

Council strategy

Council vision

Annual Report 2022-23

Corporate Plan Performance Report – 2022-23 Q4

Corporate Plan Performance Report – 2023-24 Q2

WNC Corporate Plan 21-25

Transformation progress tracker

WNC – Transformation Delivery – Final Audit Report

Project governance changes & PMO refresh

Project management procedure (draft)

Internal Audit Final Report Transformation Delivery 2023/24

Wicked issues and big opportunities 30 06 24 list

Internal Audit Plan 2024-25

Annual audit assurance opinion 2022-23

External Audit Report 2022-23

Annual Governance Statement 2022-23

Code of Corporate Governance

Audit and Governance Committee annual report 2023-24

Divisional and corporate risk register examples

Risk Management Strategy

Strategic Risk Register

Committee structure

LGA Corporate Peer Challenged

Constitution

Scheme of Delegation

Leadership structure

Directorate structure charts (Strategic Finance, Legal and Democratic Management,

Finance (Accountancy), Assets and Environment)

NCT Ofsted report 2022

Forward Plan

Business Case – Power BI Fabric Request (Approved)

Performance Framework

WNC Annual Report – Service Plan BIP1

Children’s Transformation and Efficiency Board 311023

NCT TE Benefits Approach v2.0

Children’s Trust Transformation and Efficiency update to Cabinet March 2024

C2S SG Update May 2023

Circle to Success – Insight Session May

C2S Annualised Saving Approach

## A3 Interviews Conducted

Chief Executive

Executive Director Finance (S151 Officer)

Director of Legal and Democratic (Monitoring Officer)

Chief Executive Children's Trust

Executive Director Corporate

Director of Peoples Services/Director of Children's Services

Executive Director Place, Economy and Environment

Director Communities and Opportunities

Assistant Chief Executive

Assistant Director Finance – Accountancy

Assistant Director Finance – Strategy

Assistant Director HR (Head of Transformation)

Head of Business and Population Insights

Head of Audit and Risk Management

Chief Information Officer

Capital Finance Business Partner

HRA Senior Finance Business Partner

Leader of the Council

Leader of the Opposition

Chair of Audit Committee

Cabinet Member for Finance

External Auditor



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