



Champions for children and families

MEDIUM TERM FINANCIAL STRATEGY **2024-2028**

1. INTRODUCTION

- 1.1 Achieving for Children's (AfCs) Medium Term Financial Strategy (MTFS) sits alongside the Strategic Plan and is produced as part of the budget process. It is reviewed and updated at least annually.
- 1.2 There are a number of key factors that influence AfC's finances:
- Central government funding of children's services, local government and specifically the impact of this on the Councils that own and fund the majority of AfC's costs
 - The relative financial positions of each of the commissioning councils
 - Central government's policies and guidelines on children's services
 - Changing demographics and levels of social need in our three boroughs that impact on the number of children requiring support and the complexity of that need
 - Need for children's services both statutory and preventative.
 - Income generation
 - National factors including the cost of living crisis, economic factors such as inflation and availability of placements and experienced staff

2. KEY OBJECTIVE OF THE MTFS

- 2.1 The 2024 strategy will continue to focus on achieving financial sustainability for the Company in the context of escalating financial pressure in the delivery of children's social care, health and education services as well as in Local Government generally. The organisation will be following three overarching principles:
- Delivery of value for money services that are low cost and high outcome

- Maximise resources available to front line services
- Shared budget responsibility

2.2 The Strategy prioritises ensuring services are affordable as follows:

- Ensure there is a mutual understanding of what is affordable for each council in terms of funding and quality
- Achieving value for money
- Achieving challenging cost reduction targets
- Generating income to support services
- Ensuring available funding is directed at priority areas
- Ensuring that the financial interest of each owner is safeguarded
- Planning for financial sustainability over a medium to longer term period

3. FINANCIAL CONTEXT

- 3.1 This plan is being written in the context of continued and escalating pressure on children's services budgets in our local boroughs and the rest of the country. This pressure has been exacerbated by the longer term impacts of the pandemic and cost of living crisis which has increased the need for children's services and is expected to have a lasting financial impact over the coming years. In addition the ongoing high levels of inflation and shortages of specialist placements and practitioners are impacting on the cost of supporting children and young people as suppliers seek to pass on increases. The funding and demand pressures in social care and high needs education services has continued to feature in national press and also in national findings reports undertaken by Local Government representative groups. Need for these services and complexity of that need has continued to increase during the 2023/24 financial year and whilst there is a clear requirement to meet statutory duty the organisation must ensure that it continues to develop mechanisms to drive down average costs of support if services are to remain affordable. The budgets of all three of AfCs commissioning councils remain challenging and AfC is committed to working in partnership to implement solutions that are both affordable and achieve good outcomes for children and young people.
- 3.2 The Local Government sector has seen significant funding reductions since 2010 and our commissioning councils are all balancing borough priorities as well as increasing demand for housing, adults and children's services. It is important that in the delivery of services there is ongoing discussion with the commissioning councils regarding affordability, scope of services, service models and quality. AfC must support each council to make decisions about how the funding that is available should be prioritised between children's services and this may lead to difficult decisions. In addition, it is important that AfC safeguards the individual financial resources of each council where financial positions dictate a different level of service offer.
- 3.3 Given the tightening financial envelope it is important that as an organisation we are clear about what can be afforded and look to transform services to continue the quality journey whilst delivering within the financial resources available. This may involve doing things differently and

challenging the way things have always been done. The new five year Strategic Plan outlines how this will be achieved over the coming years.

4. FINANCIAL PERFORMANCE

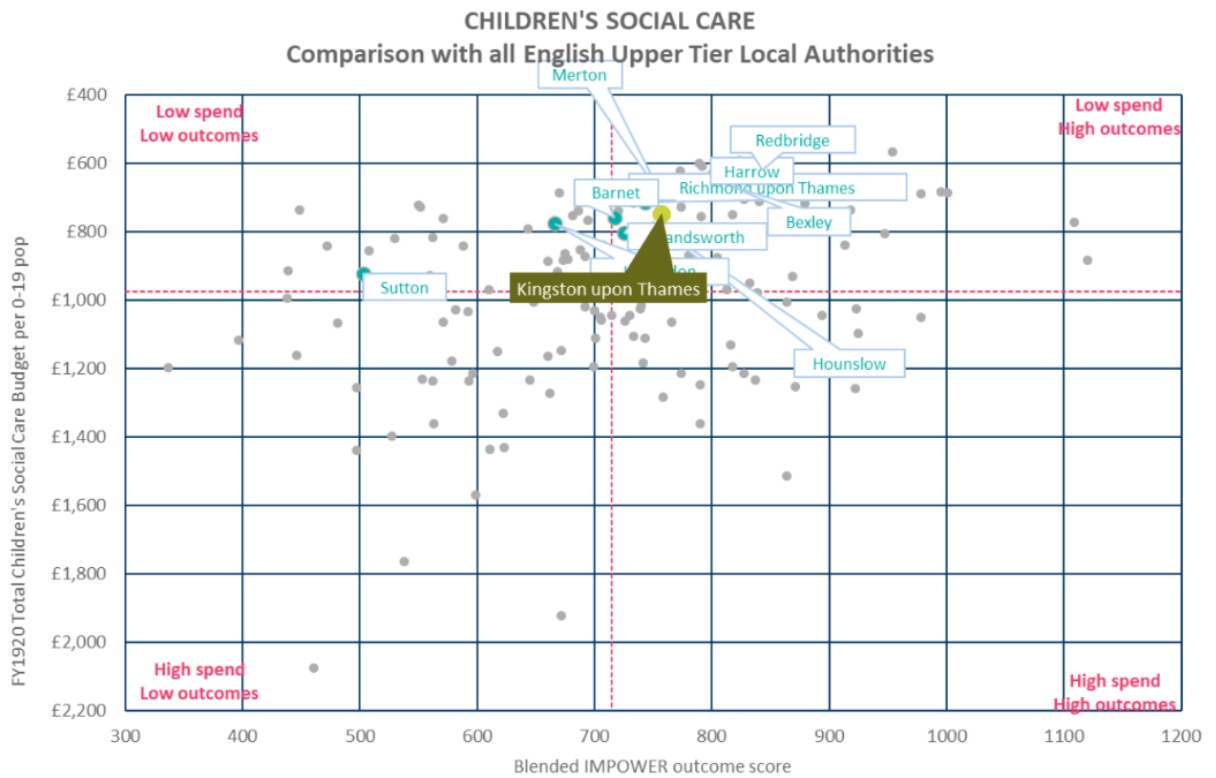
4.1 Financial performance can be measured by looking at how our services benchmark based on two key financial performance elements:

- Relative value for money
- Ability to deliver services within what is affordable for each commissioning council

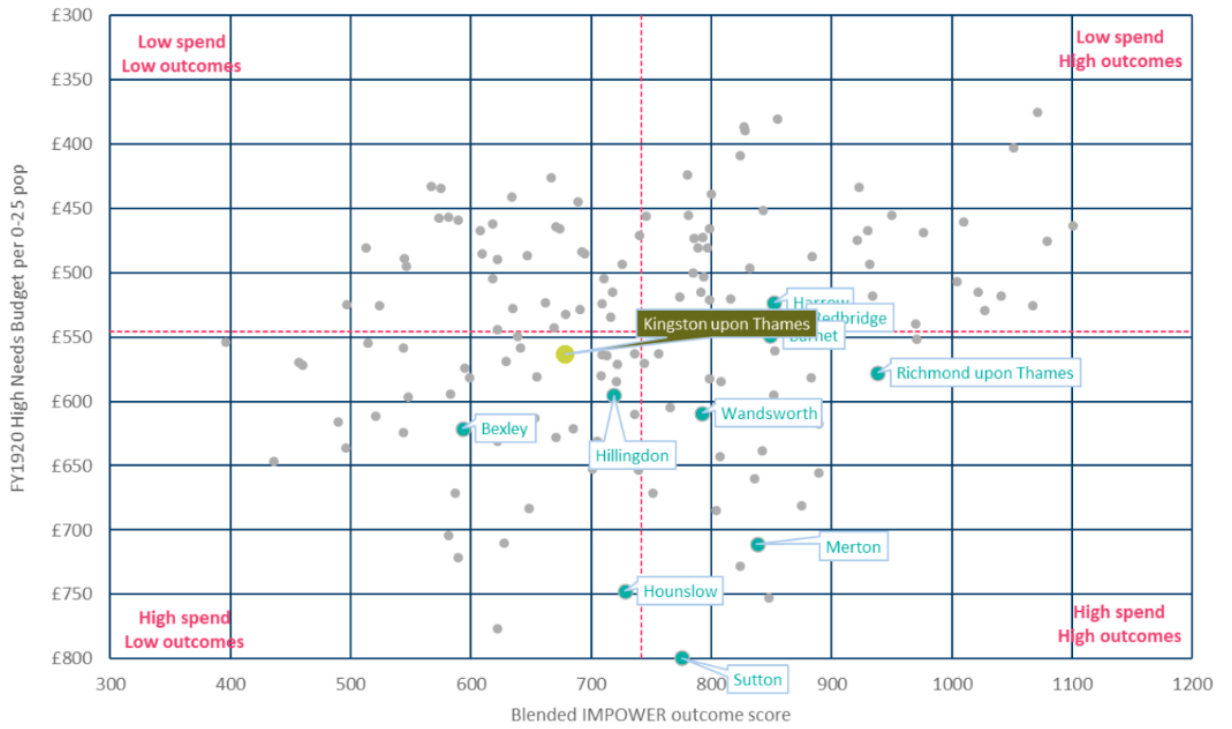
Value for money

4.2 AfC aims to deliver low cost and good quality services across all three council contracts. The most recent Impower Index (2022/23) demonstrates that AfC’s children’s social care services perform well when comparing level of investment to outcomes being achieved. There is a more mixed picture for high needs education.

KINGSTON

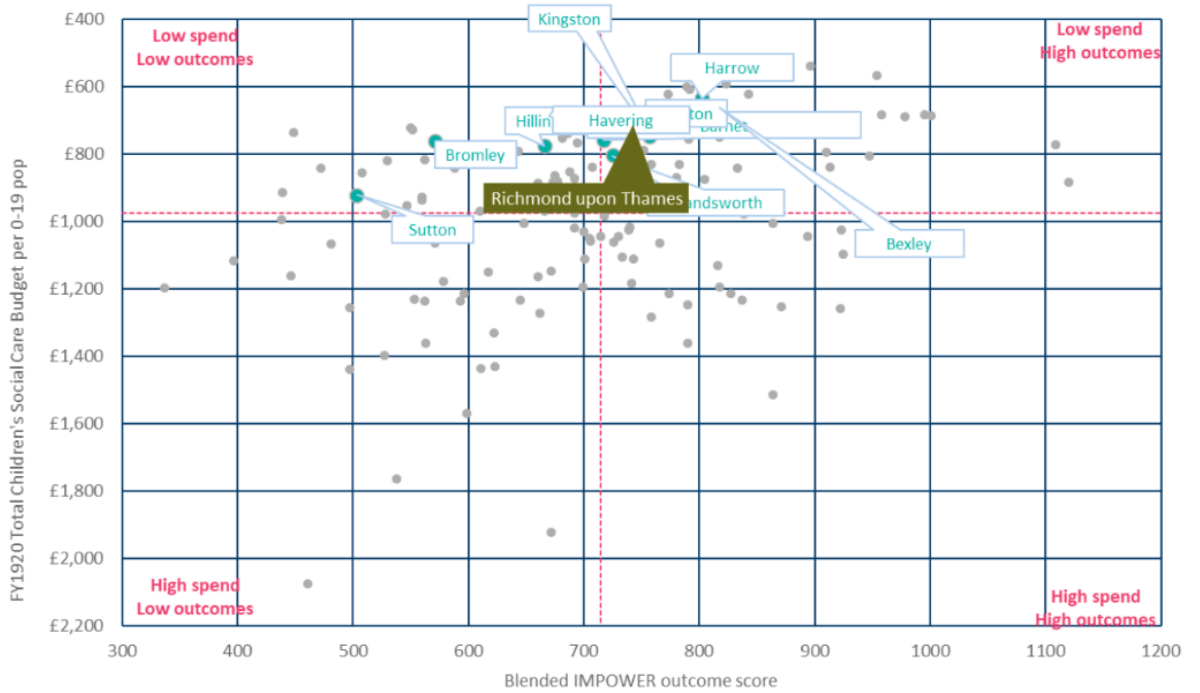


CHILDREN WITH HIGH NEEDS
Comparison with all English Upper Tier Local Authorities

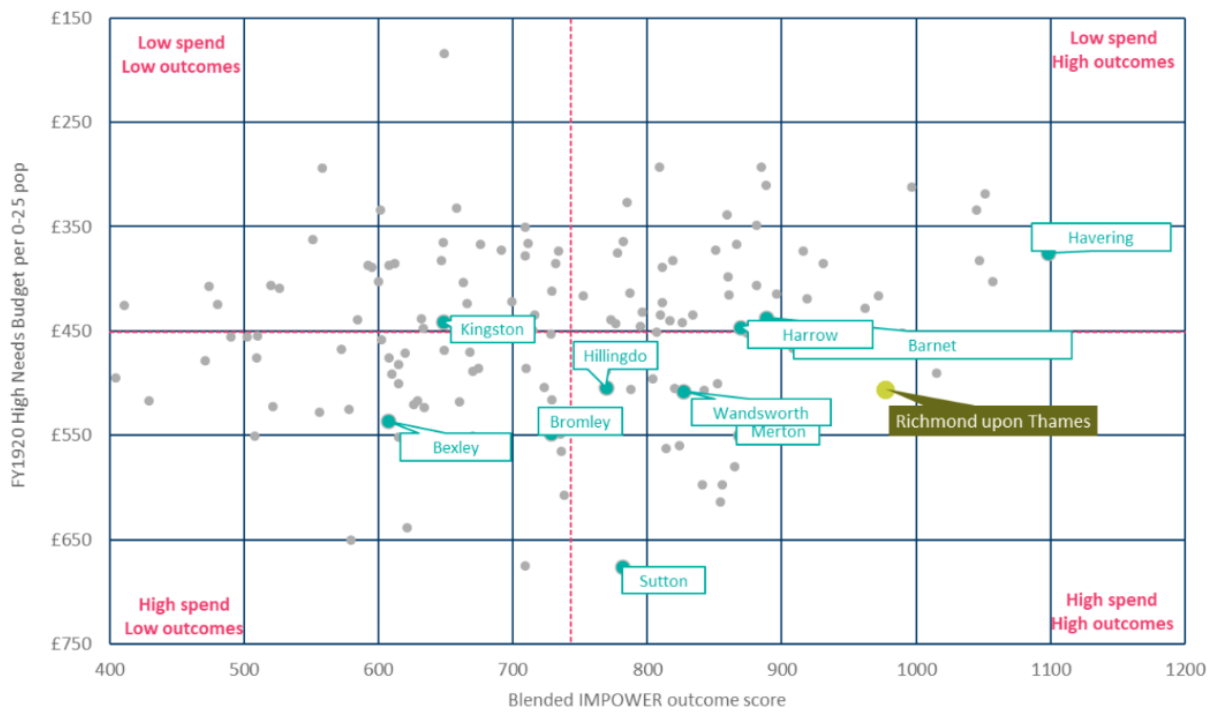


RICHMOND

CHILDREN'S SOCIAL CARE
Comparison with all English Upper Tier Local Authorities

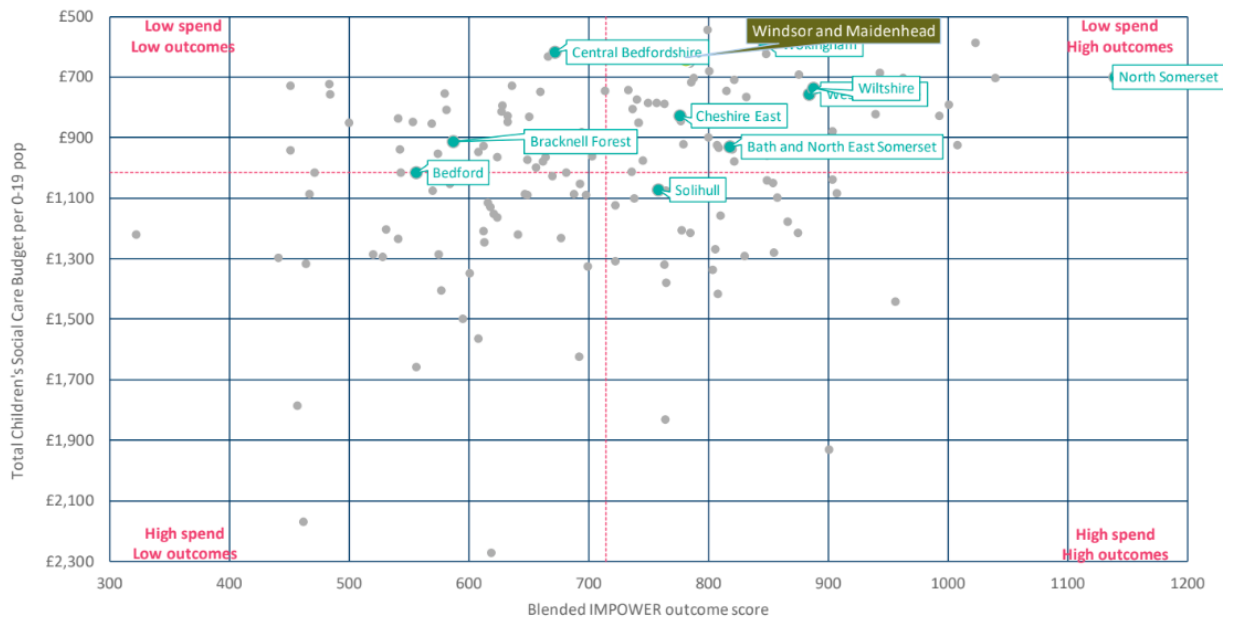


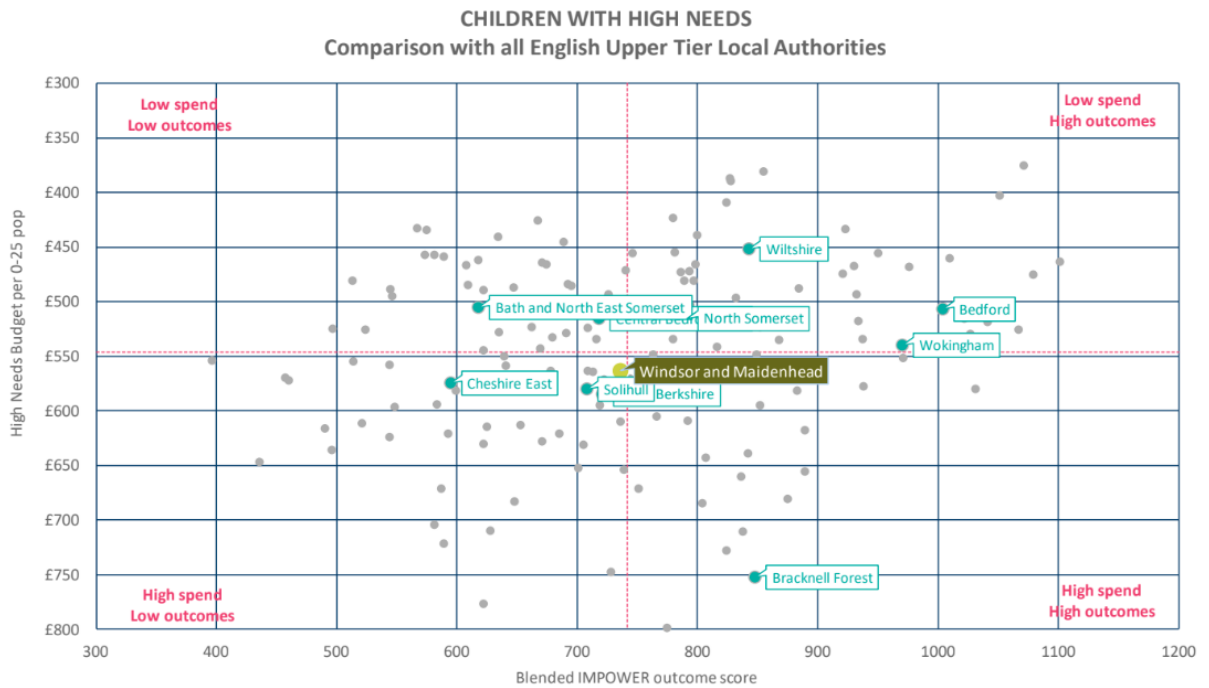
CHILDREN WITH HIGH NEEDS
Comparison with all English Upper Tier Local Authorities



WINDSOR & MAIDENHEAD

CHILDREN'S SOCIAL CARE
Comparison with all English Upper Tier Local Authorities





4.3 When looking at the latest available actual spend benchmarking data services for all three boroughs continue to be delivered at a reasonable average cost particularly in the context of the positive inspection ratings.

	RICHMOND		KINGSTON		WINDSOR & MAIDENHEAD	
	Average spend per head	Rank compared to 151 comparables	Average spend per head	Rank compared to 151 comparables	Average spend per head	Rank compared to 151 comparables
Childrens Social Care	£584.02	45	£490.02	15	£473.24	10
Non School Education	£191.32	96	£45.00	6	£43.10	5
Schools Education	£2,211.15	115	£1,935.79	96	£1,719.98	72

Commissioning Council Affordability

4.4 Although value for money benchmarks would indicate a relatively strong performance, services are still costing significantly more than is provided within the base contract prices. Overspends are occurring to different scales across all three contracts due to a number of reasons:

- Increasing levels of need for services beyond what can be accommodated within base budget envelopes and current average costs
- Inflationary pressures associated with general inflation, market dynamics and escalations in complexity of need that is being supported in placements.
- Systemic underfunding of high needs education services within the ringfenced DSG funds
- Non achievement of some savings that were built in to the base budgets

4.5 It is important that service quality and spending expectations are mutually agreed and understood with each commissioning council to improve this position. The approach to this has improved in recent years with AfC contributing at a more granular level to each commissioning council's budget setting process. The key ways in which a mutual position is reached are as follows:

- The AfC Leadership team and other relevant staff engage with the relevant local authority process in setting the annual budget. The three local authorities have subtly different approaches but all include the identification and agreement of growth and savings.
- Annual AfC contract review as part of the commissioning process to look at the budget and performance targets for the following year.
- Submission of monthly budget and performance monitoring data and periodic meetings with the commissioner to discuss performance.
- Input into each council's political approval and monitoring process which dovetails with AfC Board approvals and monitoring.

5. LINKS TO STRATEGIC PLAN

5.1 Achieving a financially sustainable business model continues to be one of the Company's key priorities in 2024/25 and the medium term. The priorities outlined in the Strategic Plan look to balance quality and affordability as well as achieve service improvement within a challenging financial envelope. The Strategic Plan and budget has been produced with significant amounts of engagement with staff, stakeholders and the councils. The Plan focuses on four themes, which align with borough specific projects and objectives. The following table looks at these strategic themes to identify how they can be aligned to the organisation's financial objectives.

Strategic priority	What we will achieve for children and young people?	Link to Financial Sustainability
SAFE AND HEALTHY	Supporting young people to be safe and healthy is at the core of what we do. Our aspiration is that every child in our boroughs is supported to be safe, happy and access the care that they need, when they need it. Working with partners, we will seek to facilitate a joined-up local offer that identifies needs early. We will support young people and families to help avoid their needs escalating, where possible, and will encourage partners to do the same.	This theme should help manage needs-led services through providing early intervention support to prevent need and costs escalating, reinforcing thresholds to access services and manage need, ensuring that funding is prioritised to those children most in need and where possible reducing the requirement for costly permanent accommodation.

	<p>We will champion the safety and wellbeing of children, nurture safe and caring family environments and, where needed, step in to support the safety and wellbeing of children living in our boroughs.</p>	
<p>POSITIVE FUTURES</p>	<p>Supporting children and young people to achieve meaningful outcomes from birth until they transition to adulthood and enable them to live, learn and thrive locally.</p> <p>Our aspiration is to have good quality and inclusive provision so that children and young people can live, learn and access the support they need locally. We want the majority of young people to be able to stay within their home community and close to established and familiar support networks.</p> <p>We will invest in services, and work with partners, to support young people to prepare for adulthood, and work with our councils to ensure that our boroughs are places where young people have opportunities to go on to become successful adults.</p> <p>We will continuously evaluate what provision is needed locally and work with partners to build a strong and attractive local offer. This will include education, employment, social care and health services.</p>	<p>This theme should have a positive impact into adulthood. Focusing funding on support that will increase independence should both reduce average costs over time including as young people transition to adulthood. The support of children locally will enable financial resources to be focused on developing local provisions rather than on costly transport and out of borough independent sector provision.</p>
<p>STRONGER FAMILIES</p>	<p>Supporting young people and families to develop resilience and independence.</p> <p>We will work to equip families and young people with the tools, skills, knowledge and confidence they need to navigate challenges and lead independent and fulfilled lives at all ages and into adulthood.</p> <p>Our services will consistently use reflective, collaborative and Strengths-based approaches to work with the whole family. We will work with families</p>	<p>This theme is about early intervention and investing in supporting families and young people to build resilience and over time become less reliant on external interventions. This will reduce the need for costly statutory interventions over time.</p>

	to build on what works well in their lives, so that parents are able to make positive and lasting changes to the care they provide to their children.	
DYNAMIC ORGANISATION	<p>Developing a workforce and organisation that is tailored to the needs of children, young people and families of our boroughs.</p> <p>We want AfC to be an adaptable, inspiring and inclusive organisation that is able to meet the changing needs of the children, young people and families living in our boroughs.</p> <p>We will create an efficient and supportive work environment, underpinned by a stable and talented workforce, where teams have the support, technology and equipment they need to make a positive impact on the lives of children and young people.</p>	<p>This theme will ensure that staff are skilled and retained which should reduce reliance on the more expensive agency workforce and ensure that staff are delivering efficient and high quality services through developing to their full potential.</p> <p>We will maximise the resources that are available for front line services and continue to deliver an affordable support service that meets business needs. We will develop our use of technology to make processes and business processes more efficient including developing our accommodation and flexible working strategy.</p>

6. KEY STRATEGIC PLAN / DEVELOPMENT PRIORITIES FOR THE UPCOMING YEAR

- 6.1 It is clear that affordability of services must continue to be a key focus over the term of this strategy and the Strategic Plan across all three boroughs. Increasing need, inflation and complexity of needs is continuing to add pressure across education, social care and health services. This has been further complicated by the ongoing impact of the pandemic. The following key areas of work will be integral to delivering affordable services in the coming year and beyond:

PRIORITY ACTIVITY TO CONTROL COSTS	HOW WILL IT BE DELIVERED?
<p>DEMAND MANAGEMENT</p> <p>Supporting the prioritisation of services to young people most in need and demand management through the application by service teams of consistent thresholds.</p>	<p>Core services have well established threshold guidance that is periodically reviewed both internally and externally through inspections or specific requests for independent review. The DCSs are responsible for ensuring there are arrangements in place to monitor compliance and support staff to understand the threshold guidance.</p>
<p>LOCAL PROVISION</p>	<p>The Sufficiency Strategy has been agreed by all three Local Authorities and progress continues on</p>

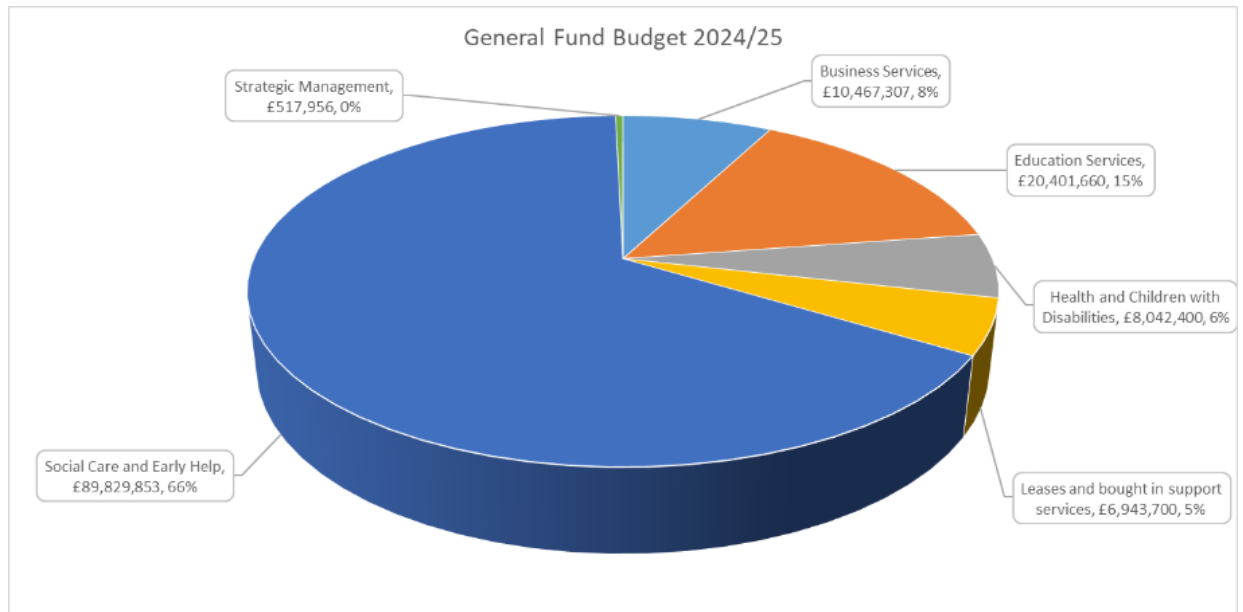
<p>Delivering the recommendations of the AfC Sufficiency Strategy at pace in terms of using commissioning opportunities effectively and developing more local provision where it makes financial sense to do so.</p>	<p>implementing the recommendations including development of the Independent Fostering Agency, development of commissioning expertise and capacity, evaluation of options associated with increasing local residential placements and associated support services.</p>
<p>COMMISSIONING/PROCUREMENT COMPETENCE</p> <p>Building commissioning and procurement capacity and competence in the organisation to ensure that placement and other procurement activity is as effective as possible in finding solutions and driving down cost.</p>	<p>The organisation will continue to build competence and capacity within the commissioning team to ensure that the improved practice from the last three years in relation to placement commissioning continues and that we get the best price when undertaking procurement activity. The Associate Director of Business Development and Strategic Commissioning will continue to develop the commissioning strategy to ensure that we are making best use of our market share and where appropriate planning ahead with providers to get preferable rates. We will also continue to link in with commissioning partnership arrangements for SEND and social care.</p>
<p>REVIEW</p> <p>The effective review of placements, plans and working models is key to ensuring that we are promoting independent, resilient families and that we are prioritising the funding we have in an effective way.</p>	<p>The company has established practices to ensure that plans and placements are periodically reviewed to support the continued alignment of funding and support to the changing needs of young people. It is important that we continue to work to improve these practices particularly in social care and SEND where the financial pressure and scope for changing needs is most significant.</p>
<p>MODERNISATION OF WORKING PRACTICE</p> <p>Review of how we work to ensure that we are making best use of technology, flexible working practices and that support services offer value for money.</p>	<p>AfCs 'Future Ways of Working Strategy; outlines how we will build back better in terms of efficient use of buildings, homeworking, digital technologies and reduced travel / printing. Cyclical reviews are also undertaken of all back office support services.</p>
<p>FINANCIAL MONITORING & PLANNING</p> <p>Detailed monitoring of all high risk areas on an ongoing basis and consistent reporting internally, to the AfC Board and to the Councils.</p>	<p>The finance team will continue to monitor budgets and report performance to budget managers, leadership teams, the board and councils regularly. The finance team will also work to further improve budget awareness and confidence in managing budgets across the organisation.</p>

7. SHORT TERM BUDGET

7.1 In setting the 2024/25 AfC has worked closely with each of the three councils and the table below shows the proposed position and movement for next year. Detailed budget reports will be considered by each council between January and March 2024.

	Richmond	Kingston	Windsor and Maidenhead	Total
Contract price movements	£	£	£	£
2023/24 Base budget	45,829,700	43,802,500	29,144,973	118,777,173
Growth	4,716,300	4,655,100	3,038,344	12,409,743
Savings - agreed with councils	-423,500	-1,287,400	-2,206,000	-3,916,900
Savings - unfunded Inflation	-93,300	-97,200	-92,000	-282,500
Unfunded Inflation - increments	93,300	97,200	92,000	282,500
Inflation - contracts	1,628,300	1,036,500	1,494,294	4,159,094
Net Growth	5,921,100	4,404,200	2,326,637	12,651,937
Grant and virement changes 23/24 and 24/25	2,819,800	1,954,300	-335	4,773,765
Net change after allowing for grant adjustments / virements	8,740,900	6,358,500	2,326,302	17,425,702
2024/25 opening contract price excl DSG	54,570,600	50,161,000	31,471,275	136,202,875
DSG funding in contract price	29,990,300	27,656,000	15,723,890	73,370,190
2024/25 base contract price incl DSG	84,560,900	77,817,000	47,195,165	209,573,065
Growth to be awarded in year - pay award	1,087,000	1,152,000	-	2,239,000

7.2 The budget is planned to be spent as follows:



- 7.3 The biggest risk to achieving a balanced position on general fund services is the cost of needs led services both in terms of potential increases in the number of children needing support and the average cost of that support. Inflation continues to be unpredictable and has the potential to have a very material impact on cost of services.
- 7.4 The ringfenced DSG funds are not expected to achieve a balanced position due to underfunding for high needs education services within the councils' DSG grant allocations. Cost management programmes are in place and outlined in the respective borough Deficit Management Plans and these plans must be a core focus over the period of this strategy and beyond. AfC continues to work to raise awareness of this issue and has the clear remit that statutory obligations to the young people should continue to be met despite the government underfunding.
- 7.5 Where the savings plans identified do not achieve an in-year balanced position, discussions have been held with the relevant Council to agree authorised overspends. Where a balanced position is reliant on the achievement of the riskier savings, contact is ongoing with the relevant Council to report progress against achievement of the cost reductions and if these do not come to fruition there should be an agreement about alternative cost reductions or an in-year contract change control.

8 MEDIUM TERM BUDGET

- 8.1 Achieving for Children undertakes high level budgeting for a five year period (including current) to ensure that there is a planned approach to delivering services. The following table outlines the high level changes to the general fund budget (Non DSG). The expectations are reviewed with the councils each year to ensure that medium term financial planning remains aligned. This table represents a point in time. Savings plans and growth requirements are periodically reviewed during the year to identify how budget gaps can be resolved. This is informed by changes in the council's relative financial positions as well as emerging pressures and opportunities within children's services.

	2024/25	2025/26	2026/27	2027/28	TOTAL
	£	£	£	£	£
Growth - direct costs	9,660,935	3,487,390	3,606,148	3,621,658	20,376,130
Growth - indirect costs	2,748,813	1,135,000	815,000	665,000	5,363,813
Savings - agreed with councils	-3,916,900	-1,869,718	-1,254,861	-1,254,861	-8,296,340
Savings - unfunded Inflation	-282,500	-280,000	-280,000	-280,000	-1,122,500
Inflation - pay award	2,696,000	1,989,540	2,038,944	1,449,234	8,173,717
Inflation - increments	282,500	280,000	280,000	280,000	1,122,500
Inflation - contracts	3,702,155	2,938,076	2,366,411	1,919,153	10,925,795
Inflation - pensions	0	0	570,000	0	570,000
Net change before budget adjustments	14,891,004	8,585,666	8,585,666	8,585,666	40,648,002

8.2 The table above summarises the latest position and work is ongoing to identify further cost mitigation / reduction for the latter years of the plan. It is also recognised that significant work needs to be undertaken to reduce down the level of year on year growth required for needs-led social care placements.

8.3 In relation to the general fund the biggest financial challenges for the medium term period are:

- The management of need for social care and health services and the management of unit costs in these areas. This will be undertaken through the monitoring of thresholds to access services, continued investment in early intervention and the further development of the local placement market and placement commissioning / brokerage function.
- Management of increasing staff costs, particularly in social care due to regional shortages of suitably qualified staff. The workforce strategy will look to reduce reliance on expensive agency workers through targeted recruitment campaigns, improved agency arrangements and a review of the incentives package for staff groups where recruitment and retention is challenging. AfC also periodically reviews delivery models to support efficiency of the service offer and how it is delivered.
- The challenging savings targets that have been built into all three council contracts as well as additional savings required to fund pressures that have not been funded within the base contract prices. The project management approach will keep the leadership team focused on the achievement of these programmes and associated savings. There will be early conversations where the achievement of savings is not possible to reach a mutual agreement with the relevant council about associated actions.

- 8.4 In addition to the general fund pressures the company is working towards bringing DSG funded high needs education expenditure more in line with the associated Government Grant allocation across all three boroughs. This activity is likely to last for at least the period covered within this plan. Detailed plans are in place and AfC continues to work closely with the councils, DfE and partners to review and improve the position.
- 8.5 The Directors of Childrens Services and Chief Operating & Finance Officer are responsible for identifying savings with their leadership teams and planning for the implementation of these changes. They are supported in doing this by a senior member of the finance team who attends their leadership meetings. All major areas of pressure have detailed financial recovery plans which are subject to continual monitoring, review and contingency action planning where actions do not achieve the required financial impact. It is integral that AfC achieves the plans' ambitions to reduce and control needs-led budgets so that services can be sustained in the longer term.

9. FINANCIAL CONTROL

- 9.1 AfC operates a devolved approach to budget management with nominated budget managers responsible for service spend. The budget manager is a member of staff at team manager level or above and is the officer who makes the operational decisions about how to spend money. The ongoing financial challenges faced by the company has necessitated a review of the arrangements that govern budget manager spend. Under the revised financial regulations budget managers are able to spend up to their designated budget but must formally seek permission from their director to spend above this limit. The director may opt to transfer budget from elsewhere in their department on a temporary or permanent basis to enable the higher level of spend or may seek a contract change control from the relevant commissioning council. Each budget manager is supported by a dedicated management accountant who meets with them at least quarterly and more frequently for higher risk budgets. The finance team produces monthly monitoring information which is signed off by the relevant leadership team before being sent to the Board and relevant council.
- 9.2 The Company has three main categories of spend which determines the key controls and levers for controlling spend:

Budget Type	Key controls
<p>Controllable budgets are budgets that AfC can directly impact by taking associated actions. They support statutory services but may not in themselves be statutory. Examples include staffing, training, stationary, travel, supplies and services.</p>	<p>Leadership Team approval of vacancies prior to recruitment.</p> <p>Centralisation of general budgets e.g. training, stationary, furniture and equipment etc.</p> <p>Where overspends are anticipated senior level sign off of spend over a pre agreed limit</p> <p>All budgets allocated to individual budget managers and signed off prior to the year</p> <p>Periodic review of agency staff by Leadership Team</p>

	<p>Budget manager sign off of all invoices</p> <p>Budget manager training</p> <p>Monthly budget monitoring produced by finance team in consultation with the budget manager</p> <p>Consideration of overall position by leadership teams monthly</p>
<p>Stepped Costs are those that are demand led but can be directly controlled through associated action and the risks associated with reducing spend can be managed more easily. The main category of budget here relates to salary costs within frontline teams where the number of staff may not have to increase with every increase in demand but where there are a certain number of staff needed to maintain caseloads within an agreed range.</p>	<p>Leadership Team approval of all vacancies prior to recruitment.</p> <p>Leadership Team consideration of alternative options via the request form before recruitment decisions made</p> <p>Monitoring of workloads via information produced by the data intelligence team</p> <p>Manager sign off of funded establishment annually</p> <p>Periodic Leadership Team review of teams over establishment</p> <p>Monthly budget monitoring produced by finance team in consultation with the budget manager</p> <p>Consideration of overall position by Leadership Team monthly</p>

<p>Demand (or needs / direct) led budgets are those that are directly linked to the meeting of statutory duty and are difficult to influence in the short term. Examples include placements for children looked after, rent and allowances for care leavers, direct costs related to agreed educational placements and legal costs associated with specific cases.</p>	<p>Child by child placement monitoring and sign off by budget manager monthly</p> <p>Budget manager sign off of all invoices</p> <p>Attendance of key staff at decision making panels including finance where finance decisions are being made</p> <p>Periodic high cost placement reviews</p> <p>Monthly reconciliation and production of management information</p> <p>Periodic review of placement types by commissioning team</p> <p>Monthly budget monitoring produced by finance team in consultation with the budget manager</p> <p>Consideration of overall position by Leadership Team monthly</p> <p>Development of the commissioning team and placement sufficiency strategy</p>
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9.3 A number of programmes are under way to support the organisation to improve financial performance including recruitment initiatives to reduce reliance on unbudgeted and expensive agency staff and further development of options to improve placement brokerage and sufficiency.

9.4 In recent years a more structured project management approach was introduced with the DCSs and COFO having overarching responsibility for the achievement of savings in their areas. The relevant leadership team and the Board receive updates on progress and risks. Each programme has a service lead, a project lead and a finance lead. Progress and achievement of net cost reductions will be monitored during the year with alternative actions being agreed with commissioners, if needed, through periodic commissioning meetings.

10. RISKS AND MITIGATIONS

10.1 The following table summarises key financial risks for the coming year and associated actions

RISK / CHALLENGE	ACTION TO MITIGATE RISK
<p>Inflation - inflationary pressures pose the most significant risk to children's services budget in 2024/25. Pressure is being experienced on placement budgets, staffing budgets, agency staffing budgets, contractual spend and fuel budgets.</p>	<p>Inflationary increases have been built into budgets but it is possible given the escalation in RPI and CPI that it may exceed the amount allowed for. Robust commissioning practises that minimise inflationary increases on expenditures as well as solution focused partnership working will be key to understanding this pressure and mitigating it wherever possible.</p>
<p>Placement budgets – This pressure will be impacted by the number of children who require support next year as well as the complexity of their needs. Practitioners have reported a clear step up in complexity of need since the onset of the pandemic and this is coming through in more intensive and expensive support packages. Children's services have been operating in an environment where demand outsrips supply for specialist placements in recent years and the increase in demand nationally and locally due to the increase in asylum seekers supported is exacerbating the placement shortfall and pushing up prices.</p>	<p>Internal review system for all placements to ensure they are the most appropriate in terms of service and cost.</p> <p>Detailed financial monitoring at an individual placement level.</p> <p>Sufficiency Strategy</p> <p>Engagement with joint commissioning groups / initiatives to drive down cost and increase purchasing power</p> <p>Monthly financial monitoring updates provided to each council and quarterly meetings with commissioners to discuss latest performance and activity data, risks and associated actions</p> <p>Claim of additional grant funding wherever possible for refugees, unaccompanied asylum seekers and care leavers</p> <p>Demand management strategies such as edge of care support and other established early help services.</p>
<p>Balance young people's outcomes with balancing budget - Risk that the organisation does not strike the right balance between spending within budget and ensuring that children and young people are safe from harm / their wellbeing is supported.</p>	<p>The Leadership Teams review the monthly monitoring and agree on all financial actions that could impact on services. This ensures that the service impact of financial action plans is considered and risks identified/ monitored. Director overview of all decisions relating to their directorates</p>

<p>Achievement of savings and agreement of one off costs for redundancy etc. - Risk that savings are not achieved leading to in year overspends.</p>	<p>Regular monitoring of progress against savings plans.</p> <p>Project plans for each of the high value schemes with regular reporting to the Leadership Teams</p> <p>Quarterly progress reporting to the AfC Board and Commissioners.</p>
<p>Risk of cross subsidy if the level of funding that can be afforded by each LA differs</p>	<p>Operational area budgets recorded separately to avoid high level cross subsidy. Demand budgets ringfenced to ensure that placement / transport budgets are not vulnerable to cross subsidy</p> <p>Definition of core service provided by Business Services and agreement about level of support for each borough in the context of funding levels</p> <p>Annual financial exercise undertaken to check actual expenditure levels against contract prices</p> <p>Oversight by Directors of Children’s Services and Chief Operating Officer</p>
<p>Risk that Councils do not agree proposed savings and growth</p>	<p>Regular briefings for councillors throughout the budget setting processes</p>

11. CASHFLOW AND LIQUIDITY

- 11.1 AfC has access to a contractual Revolving Credit Facility of up to £45m to provide working capital for the provision of the three major contracts with the owning Councils. This is needed as services are billed for in arrears and so it can be up to two months before the company receives payment for services delivered. The company uses the facility to ensure that there is sufficient liquidity to meet day to day operational needs. AfC holds short term deposits with a number of banking institutions to ensure that the administrative burden of operating the loan facility remains practical. Investment limits are agreed with the owning councils annually as part of the Financial Plan.
- 11.2 AfC has had an average borrowing of £28m over the last 12 months, comfortably below the £45m. The borrowing essentially pays for the services delivered to the councils on credit and any one off set up costs that remain on the Company’s Balance Sheet.

12 GOING CONCERN

- 12.1 As a company, AfC is required to demonstrate that it is a going concern. In order to do this the Board needs to consider its future financial position and assure itself that its position for the short/medium term is capable of continuing to trade. It also needs to provide assurance to the

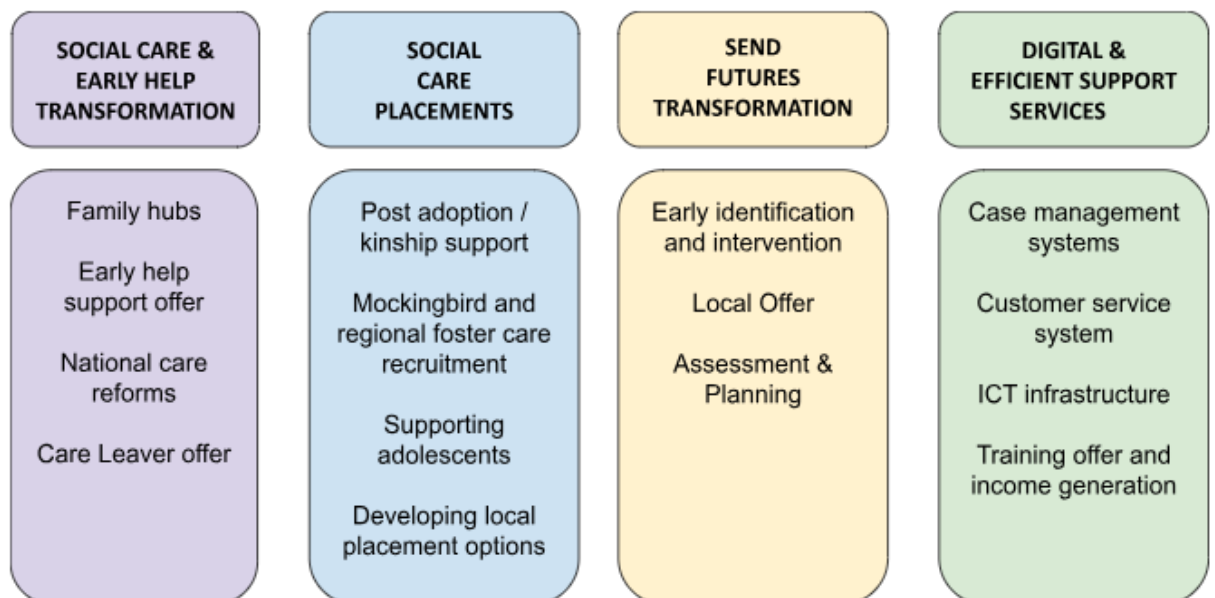
councils that its financial plans are robust and issues around its future financial position are presented to, and agreed by the Councils as part of the detailed budget setting process.

- 12.2 It is important that AfC continues to engage with the three owning Councils in relation to what is affordable and what level and cost of service the councils need to make the contracts with AfC financially viable for them.
- 12.3 Due to the nature of AfC’s services and the decision to offer AfC staff the Local Government Pension Scheme (LGPS) AfC holds a considerable pension liability on its Balance Sheet. The decision to offer the LGPS was made at the inception of AfC and is an important factor in ensuring that AfC is in a good position to recruit and retain high quality social care staff. It is important that AfC is able to explain this position to potential trading partners and provide assurance that it is a going concern. This will be done through the Statement of Accounts and associated publications.

13 CONCLUSIONS AND NEXT STEPS

13.1 It is clear that the coming years will be financially challenging for Achieving for Children. It is of paramount importance that the organisation continues to work with commissioning partners to ensure a mutual understanding of existing and emerging pressures and reaches agreement on the level of funding available, and how that funding should be prioritised in line with both organisation and council objectives. The following activity will be prioritised over the coming months to move this plan forward:

- Continued implementation of the four key transformation programmes:



- Prioritisation of actions detailed in the Workforce Strategy including recruitment initiatives, campaigns and incentives to move towards a more permanent and affordable workforce
- Achievement and monitoring of detailed budgets and associated savings plans
- Continued demand management through early intervention work and threshold management

- Continued detailed monitoring and reporting to AfC leadership teams, AfC Board and commissioners
- Progression of this strategy alongside the AfC Strategic Plan and 2024/25 budget through council decision making processes