



WORCESTERSHIRE CHILDREN FIRST FINANCIAL STATEMENTS

2019-2020

CONTENTS

Strategic Report	3
Directors' Report	7
Statement of Directors' Responsibilities in respect of the Strategic Report, the Directors' Report and the Financial Statements	9
Independent Auditor's Report to the Members of Worcestershire Children First	10
Profit and Loss Account and other Comprehensive Income	13
Balance Sheet	14
Statement of Changes in Equity	15
Cash Flow Statement	16
Notes to the Core Financial Statements	17



Overview

In September 2017, following a report from the Worcestershire Children's Commissioner, the Department for Education directed that Worcestershire County Council should move the operational delivery of Social Care Services for Children to an Alternative Delivery Model.

This meant that the Council would no longer have the responsibility of operationally delivering the services and agreed to move to an alternative way of delivering these services.

Worcestershire County Council (WCC) had already completed a review earlier in 2017 with the aim of introducing a new way of delivering Children's Social Care services; to help accelerate and sustain improvements in Children's Social Care.

Worcestershire County Council's Cabinet met on 29 March 2018 and approved recommendations for the development of a Wholly Owned Council Company as the alternative delivery model to deliver Children's Social Care.

The new company, called Worcestershire Children First (WCF), is a 'not for profit' company and 100% controlled by Worcestershire County Council. It is operationally independent and have a single focus on children and young people; however strategic objectives and significant decisions will remain with the Council.

On 14 March 2019, Cabinet approved the size and scope of the company meaning that Worcestershire Children First would also be responsible for delivering education and early help services.

In June 2019, the Council's Children's Services were inspected by Ofsted. The judgement was published on the 29 July 2019 and were judged to be 'Requires Improvement to be Good'.

Ofsted recognised that progress had been made in many areas of children's services in Worcestershire since the last inspection, when the local authority was judged to be inadequate in 2016. They stated that effective work by senior management and staff, together with commitment and investment by political leaders, has led to improved responses to the needs of children and families. As a result, outcomes for many children and their families are better, and there is evidence of a sustained trajectory of improvement.

On 1 October 2019, Worcestershire County Council launched Worcestershire Children First (WCF).

Worcestershire Children First's turnover in 2019-20 for the six-month trading was £55.3m.

A Service Delivery Contract regulates the way in which that the Council manage WCF, including 19 detailed schedules.

Worcestershire County Council is contracted to provide support services to WCF, the value of this contract was £3.5m for the six-month period to 31 March 2020.



Main areas of Service Delivery for WCF

WCF has the following main areas of service delivery:

- **Children's Social Care** - Social care services provide support to children in need of help and protection. Services include statutory assessments and care planning for children at risk of significant harm, provision for looked after children and care leavers, as well as fostering services. At any one time this area is working with c. 2300 children and young people (including care leavers).
- **Education** - aim to champion all children and young people's education outcomes with a specific focus on vulnerable learners, and those with Special Educational Needs and Disabilities to ensure that all children's educational outcomes are met. Over time, through the transfer of services from Babcock Prime in 2020, will include delivering vulnerable learner services support and challenge for school improvement, planning sufficient education places (for all ages), managing school admissions, transport and support to early years providers, school governing bodies, free schools and academies.
- **Early Help** - is to promote, coordinate and collaborate to ensure a good quality coherent system of preventative support and services across the children and young people's partnerships in Worcestershire. These services provide ways of identifying emerging difficulties and needs of children and families; assessing with the family what action can be taken and providing access to information, support and services to help as required.
- **Resources** - are enabling services that support children's social care and education and early help to deliver high quality services as well as enabling us to operate efficiently and effectively. These services include finance, performance, transformation, commissioning and business support, and business management services as well as several support services, such as facilities management, Human Resources and IT support, bought back from the Council.

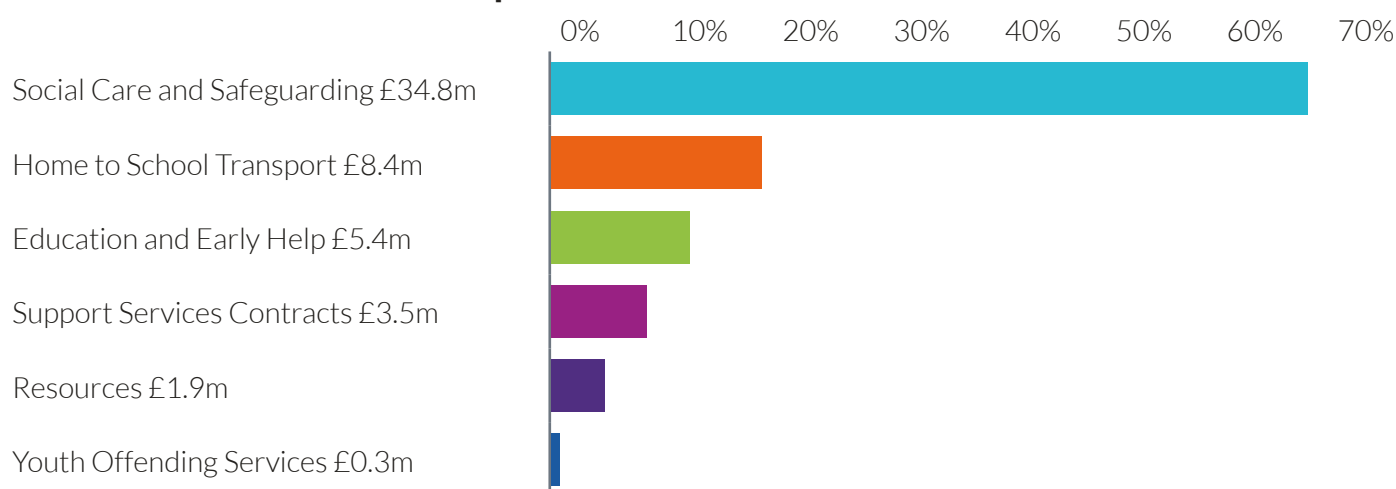
Strategic Vision

Our vision, mission, and values define our reason for being. They are indicators of our direction of travel, to guide services and colleagues. This is particularly important for Worcestershire Children First as we represent positive change and new opportunities for colleagues and children, young people and families. We are proud to present our vision, mission and values, which build on those within Worcestershire's Children and Young People Plan.



The following chart show spend on services in 2019-20:

Expenditure 2019 / 20 £54.4m



Key Performance Indicators

The directors monitor the performance of the Company utilising a balanced scorecard. A range of “Key Performance Indicators” (KPI’s) including activity levels, employee absenteeism and quality measures against care standards and benchmarking with other authorities are measured through this process. This is also reported at through various governance agreements with financial information. The company has a Quality Assurance Board which looks at a range of information from various sources to ensure the delivery of high-quality services.

The key performance indicators for the period ended 31 March 2020 are as follows:

	2019 - 2020
	£
Revenue	55,294,453
Gross profit	4,142,642
Gross margin	7.49%
Net profit before taxation	624,892
Net margin	1.13%
Average employee numbers	860

Risks and Uncertainty

The principal risk facing the Company is the requirement at all times to ensure the delivery of safe and compliant services and the associated reputational risk if the company fails to safeguard and provide high quality services to its customers. This risk is mitigated through maintaining high standard robust policies and procedures, developing strong relationships with customers and ensuring continuous investment in staff development through internally and externally provided training.

During 2020-21 WCF will be continuing to build a network of customers, suppliers and potential partners in our sector. WCF is able to demonstrate financial stability due to Worcestershire County Council being our owner as well as our major customer. This demonstrates a low risk as our owner Worcestershire County Council fully support WCF.

The effect of Brexit is likely to be minimal for WCF. WCF does not trade directly with Europe so it should have no direct effect on our revenue. Brexit may have a slight impact on our ability to recruit dependent on the final agreements over free movement of employees from Europe. The care industry is a recruiter of European workers and any reduction in the “pool” of workers available may see pressure put on our ability to recruit or increase the cost of agency staff.

Covid-19

The COVID-19 pandemic started close to our financial year end and for 2019/20 it has not had a major financial impact for the company. Any direct expenditure incurred (e.g PPE) being changed direct to the Covid-19 grant direct Worcestershire County Council. It has also been agreed that any additional expenditure incurred within WCF will be reimbursed by the Council.

Learning and Achievement Services

Since the launch of Worcestershire Children First in October 2019, we have continued our development to improve the services delivered to children, young people and families in our county. We published our Business Plan for 2020-21 which set out our ambition and priorities, with a significant area being the transfer of Learning and Achievement services from Babcock Prime to have one joined up educational service for Worcestershire. On the 1 June 2020 we successfully transferred over 130 staff to WCF with an increased full year contract value of £6.5m.

Pensions

WCF participates in the Worcestershire Pension Fund, the administering authority for the Fund is Worcestershire County Council. The Pension Fund Committee oversees the management of the Fund whilst the day to day fund administration is undertaken by a team within the administering authority.

Employer contribution rates are set every three years as a result of the actuarial valuation of the Fund required by the Regulations. The last actuarial valuation of the Fund was carried out as at 31 March 2019 and set contribution rates for the period from 1 April 2020 to 31 March 2023. Worcestershire Children First is not responsible for any past pension deficits, these remain the responsibility of Worcestershire County Council. Our contributions will either be fixed or set to be equal to the cost of future benefits. The rate determined by the actuary in 2020-21 for the next period to 2022 is 18.6%.

Going Concern

The accounts have been prepared on a going concern basis and it is the belief of the Board that the Company will continue to operate as a going concern given the majority of its income is from our shareholders and the quality of our services are good. WCF's cash position is healthy, our owner is our major customer, we have an agreed contact for 2020-21 with indicative budgets to 2020-23 with WCC and our contract income is paid on a timely basis, therefore there is no issue for the company to pay its future creditors.

This strategic report is only part of the company's annual accounts and a copy of these accounts and annual report are available on the Worcestershire Children First's website www.worcschildrenfirst.org.uk

The annual accounts were unqualified and under Companies Act 2006 section 496 this strategic report and directors' report were consistent with the accounts.

By order of the Board



Phil Rook

Director of Resources

Registered Address:

County Hall, Spetchley Road
Worcester, WR5 2NP

28 July 2020



Principal Activities

The directors present the annual report and audited financial statements for Worcestershire Children First (the "Company") for the period from 1 April 2019 to 31 March 2020.

The Company was incorporated on 4 July 2018 and commenced trading on 1 October 2019. The Company is a Private Limited Company by Guarantee without share capital 100% controlled by Worcestershire County Council. The Company is principally engaged in the provision of social care and Educational Services Children and Families across Worcestershire.

Results

Profit after tax for the period amounted to £522,411. In 2018-19 profit amounted to £nil.

Directors

The directors who held office during the period and up to the date of signing these financial statements were as follows:

Name:	Title:
Rob Morrison	Chairman
Catherine Driscoll	Chief Executive
Tina Russell	Director of Social Care and Safeguarding
Phil Rook	Director of Resources
Sarah Wilkins	Director of Education and Early Help
Marcus Hart	Non-Executive Director Council
Karen May	Non-Executive Director Council
Andrew Spice	Non-Executive Director Council
Gareth Moss	Non-Executive Director
Sally Taylor	Non-Executive Director
Claire Burgess	Non-Executive Director

Employee Involvement and Disabled Employees

The company continues to keep employees informed of matters affecting them and the financial and economic factors affecting the performance of the company. This is achieved through consultations and regular newsletters. Applications for employment by disabled persons are given full and fair consideration. In the event of employees becoming disabled, every effort is made to retrain them in order that their employment with the company may continue. It is the policy of the company that training, career development and promotion opportunities should be available to all employees.

Political contributions

The Company did not make any political donations or incur any political expenditure during the period.

Other Information

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic Report on pages 2 – 5.

Disclosure of information to Auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware; and director's have taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and Grant Thornton LLP will therefore continue in office.

By order of the Board



Phil Rook

Director of Resources

28 July 2020



STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of their profit or loss for that period. In preparing company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

By order of the Board



Phil Rook

Director of Resources

Registered Address:

County Hall, Spetchley Road
Worcester
WR5 2NP

28 July 2020

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WORCESTERSHIRE CHILDREN FIRST

Opinion

We have audited the financial statements of Worcestershire Children First (the 'company') for the year ended 31 March 2020, which comprise Profit and Loss Account and Other Comprehensive Income, Balance Sheet, Cash Flow Statement, Consolidated Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19. All audits assess and challenge the reasonableness of estimates made by the directors and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Covid-19 is amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company associated with these particular events.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

In our evaluation of the directors' conclusions, we considered the risks associated with the company's business, including effects arising from macro-economic uncertainties such as Covid-19, and analysed how those risks might affect the company's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 9, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



William S Devitt

Senior Statutory Auditor for and on behalf of Grant Thornton UK LLP

**Statutory Auditor, Chartered Accountants
Birmingham**

30 July 2020

PROFIT AND LOSS ACCOUNT AND OTHER COMPREHENSIVE INCOME

Profit and Loss Account and Other Comprehensive Income
For the period from 1 April 2019 to 31 March 2020
The accompanying notes form part of these financial statements

	Note	2018 - 19	2019 - 20
		£	£
Turnover	2	-	55,294,453
Cost of sales		-	(51,151,811)
Gross profit		-	4,142,642
Other operating expenses		-	(3,517,750)
Operating (loss) / profit		-	624,892
Interest Receivable	8	-	20,060
Profit before taxation		-	644,952
Tax on profit on ordinary activities	9	-	122,541
Profit / [loss] for the financial year		-	522,411
Total Comprehensive income for the period		-	522,411



BALANCE SHEET

Worcestershire Children First
Balance Sheet as at 31st March 2020
 The accompanying notes form part of these financial statements

2018 - 19			2019 - 2020	
£	£		£	£
Current Assets				
-		Debtors	11	5,245,639
-		Cash at bank and in hand	12	6,609,231
-				11,854,869
Liabilities				
-		Creditors; amounts falling due within one year	13	(11,332,459)
-		Provisions	14	-
-				(11,332,459)
		Net Current Assets		522,411
		Total Assets less Current Liabilities		522,411
		Net Assets		522,411
Capital and Reserves				
-		Retained Earnings		522,411
		Equity		522,411

These financial statements were approved by the board of directors on 28 July 2020 and were signed on its behalf by:



Phil Rook
 Director of Resources
 Worcestershire Children First - Company Number 11447965

STATEMENT OF CHANGES IN EQUITY

Consolidated Statement of Changes in Equity for the period from 1 April 2019 to 31 March 2020 The accompanying notes form part of these financial statements

	Company	
	Retained Earnings	Total equity
	£	£
Balance at 1 April 2019	-	-
Total comprehensive income for the period		
Profit	522,411	522,411
Other Comprehensive Income	-	-
Total comprehensive income for the period	522,411	522,411
Balance at 31 March 2020	522,411	522,411

Consolidated Statement of Changes in Equity for the period from 1 April 2018 to 31 March 2019

	Company	
	Retained Earnings	Total equity
	£	£
Balance at 1 April 2018	-	-
Total comprehensive income for the period		
Profit	-	-
Balance at 31 March 2019	0	0

CASH FLOW STATEMENT

Cash flow Statement
for the period from 1 April 2019 to 31 March 2020
The accompanying notes form part of these financial statements

	2018 - 19	2019 - 20
	£	£
Cash flows from operating activities		
Profit for the period	-	522,411
Adjustments for:		
Interest receivable and similar income	-	(20,060)
Tax liability	-	122,541
(Increase) in trade and other debtors	-	(5,245,639)
Increase / (decrease) in trade and other creditors	-	11,209,918
Net cash from operating activities	-	6,066,761
Investing activities		
Interest received	-	20,060
Net cash from investing activities	-	20,060
Net increase / (decrease) in cash and cash equivalents	-	6,609,231
Cash and Cash equivalents at start of the period	-	-
Cash and Cash equivalents at the end of the period	-	6,609,231



Note 1. Statement of Accounting Policies

Introduction

Worcestershire Children First (WCF) is a company limited by guarantee and incorporated and domiciled in the UK. These financial statements were prepared in accordance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"). The presentation currency of these financial statements is sterling. All activities commenced this financial year on 1 October 2019.

Accounting Policies

The company's parent is Worcestershire County Council which includes the company in its consolidated financial statements. The company is a qualifying entity under FRS 102. paragraphs, 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the parent company financial statements have been applied.

- The disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.
- The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Going Concern

In preparation of the financial statements, the Board have considered the overall financial position of WCF and the use of the going concern basis. The Board note that the main contract is with WCC who control Worcestershire Children First. The contract due to expire in September 2024 with an option to extend for a further 5 years. WCF retains a strong cash position of £6M and future forecasts demonstrate that WCF has sufficient resources to meet financial liabilities as they fall due. Based on the financial position, the Board believe it is appropriate to prepare the financial statements on a going concern basis. The impact of Covid-19 should be minimal and should have no impact of the revenue for the company.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

Financial Instruments

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Revenue

Revenue from the provision of services is recognised when the company can measure the reliably the percentage of completion of the transaction and it is probable that economic benefits or services potential associated with the transaction will flow to the company.

Government Grants

Government grants are included within accruals and deferred income in the balance sheet and credited to the profit and loss account over the expected useful lives of the assets to which they relate or in periods in which the related costs are incurred.

Employee Benefits

Benefits payable during employment

Short-term employee benefits are those due to be settled within 12 months of the period end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits for current employees and are recognised as an expense in the year in which employees render service to the Company. An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial period.

Post-employment benefits

Worcestershire Children First (WCF) is an admitted body within the Local Government Pension Scheme, a defined benefit scheme administered by Worcestershire County Council.

Defined benefit plans

The LGPS is a defined benefit statutory scheme administered in accordance with the Local Government Pension Scheme Regulations 2013, is contracted out of the State Second Pension and currently provides benefits based on career average revalued salary and length of service on retirement.

WCF's pensions are accounted for as defined contribution plans under which WCF pays fixed contributions into the Worcestershire Pension Fund. WCF has no legal or constructive obligation to pay further contributions or to make direct benefit payments to employees if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

Expenses

Operating lease

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred.

Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date. There were no provisions at the balance sheet date.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income. Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of WCF's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on experience and other factors that are considered to be relevant. Actual results may differ from those estimates. The estimates and underlying assumptions are continually reviewed. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key Sources of Estimation Uncertainty

The main assumption concerning the future, and other key sources of estimation uncertainty are assessed at the Balance Sheet date. There are no areas that are considered to be key sources of estimation and uncertainty within the current year.

Post Balance Sheet Events

Events after the reporting period are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Financial Statement are approved. Two types of events can be identified:

- those that provide evidence of conditions that existed at the end of the reporting period – the financial statements of are adjusted to reflect such events
- those that are indicative of conditions that arose after the reporting period - the financial statements are not adjusted to reflect such events, but, where a category of events would have a material effect, disclosure is made of the nature of the events and their estimated financial effect.

Note 2. Turnover (All within UK)

	2018 - 19 (£)	2019 - 20 (£)
	£	£
Income from Worcestershire County Council for main contract	-	55,026,500
Other Income	-	267,953
Total		55,294,453

Note 3. Segmental Reporting

Worcestershire Children First has the following Directorates:

Safeguarding and Social Care services provide support to children in need of help and protection. Services include statutory assessments and care planning for children at risk of significant harm, provision for looked after children and care leavers, as well as fostering services. At any one time this area is working with c. 2300 children and young people (including care leavers).

Education services aim to champion all children and young people's education outcomes with a specific focus on vulnerable learners, and those with Special Educational Needs and Disabilities to ensure that all children's educational outcomes are met. Over time, through the transfer of services from Babcock Prime, this will include delivering vulnerable learner services support and challenge for school improvement, planning sufficient education places (for all ages), managing school admissions, transport and support to early years providers, school governing bodies, free schools and academies. There are currently 80,622 children and young people in education of which 2317 have a Education Health and Care Plan (EHCP).

The purpose of Early Help is to promote, coordinate and collaborate to ensure a good quality coherent system of preventative support and services across the children and young people's partnerships in Worcestershire. These services provide ways of identifying emerging difficulties and needs of children and families; assessing with the family what action can be taken and providing access to information, support and services to help as required.

Resources are enabling services that support children's social care and education and early help to deliver high quality services as well as enabling us to operate efficiently and effectively. These services include finance, performance, transformation, commissioning and business support, and business management services as well as several support services, such as facilities management, Human Resources and IT support, bought back from the Council.

In addition to the three WCF Directorates, WCF Accounts keep a separate hierarchy for **Home to School (and College) Transport**. This is the cost of journeys to and from Educational Settings for Worcestershire Children, including to out-of-county provision. This service is managed and administered by a team in Worcestershire County Council, and the relationship with WCC is managed through a Support Service Agreement. The Director of Education and Early Help has oversight of the service being provided to WCF by WCC in respect of HTST.

The **Youth Offending Services** budget comprises on one single payment in respect of the Worcestershire contribution to the West Mercia Youth Justice service, which is a partnership between the Local Authorities, National Probation Service, West Mercia Police, NHS organisations across West Mercia and the Office for the West Mercia Police and Crime Commissioner.

Net Expenditure per Directorate	2018 - 19 (£)	2019 - 20 (£)
	£	£
Safeguarding and Social Care	-	34,779,930
Education and Early Help	-	5,422,775
Resources	-	5,456,227
Home to School and College Transport (EEH)	-	8,468,932
Youth Offending Services	-	253,684
Contract Income	-	(55,026,500)
	-	(644,952)

Note 4. Audit Fees

Fees payable to external auditor of Worcestershire Children First relating to the period of account are as follows.

Net Expenditure per Directorate	2018 - 19	2019 - 20
	£	£
Grant Thornton - External Audit Services	-	29,750
KPMG - Tax Compliance Services	-	12,550
Total	-	42,300

Note 5. Staff Numbers

The average number of persons employed by the Company (excluding agency) during the period was:

Net Expenditure per Directorate	2018 - 19 (£)	2019 - 20 (£)
	£	£
Board and Senior Management	-	6
Social Care Directorate	-	676
Education and Early Help Directorate	-	105
Resources Directorate	-	73
Total	-	860

Note 6. Remuneration

The Board positions were all recruited to prior to Company go-live on 1st October 2019. The WCF Chief Executive also fulfills Worcestershire County Council's statutory Director of Children's Services role. There have been no changes to Board positions in the financial period. The role of WCF Chair does not appear in the table below as the role is paid directly from Department of Education. The Non-Executive Directors who represent the Council on the Board, Marcus Hart, Karen May and Andrew Spice receive no remuneration for this role.

2019-20 Post Holder Information	Salary	ER's NI	Pensions Contributions	Total Remuneration
	£	£	£	£
Chief Executive	65,315	8,418	10,026	83,759
Director of Children's Social Care and Safeguarding Services	53,221	6,749	8,152	68,122
Director of Resources	45,294	5,655	6,938	57,887
Director of Education & Early Help	41,955	5,194	6,426	53,575
Non Executive Director	2,003	113	0	2,117
Non Executive Director	2,750	82	190	3,022
Non Executive Director	4,472	128	217	4,817
Total	215,010	26,340	31,949	273,300

Note 7. Employee Expenses

An analysis of employee expenses incurred by Worcestershire Children First for the period is shown below.

2019-20 Post Holder Information	2018 - 19	2019 - 20
	£	£
Wages and Salaries (inc. Agency)	0	11,193,572
Agency Employees	0	1,746,168
Social Security contributions and similar taxes	0	1,109,704
Expenses related to defined benefit plans	0	1,741,439
Staff related expenses (inc. Accrued Leave)	0	547,876
Total	0	16,338,759

Note 8. Interest Receivable

An analysis of interest received during the period by Worcestershire Children First is shown below.

2019-20 Post Holder Information	2018 - 19	2019 - 20
	£	£
Central Government Departments	0	0
Other Local Authorities	0	0
Health	0	0
Bank Interest	0	20,060
Total	0	20,060

Note 9. Taxation

An analysis of interest received during the period by Worcestershire Children First is shown below.

Tax Charge Per Accounts	2018 - 19	2019 - 20
	£	£
Analysis of tax recognised in Profit and Loss Account		
Current tax		
UK corporation tax at 19%	-	122,541
Deferred Tax		
Origination and reversal of timing differences	-	-
Total deferred tax charge	-	-
Tax on profit on ordinary activities	-	122,541
Tax relating to other comprehensive income		
Origination and reversal of timing differences	-	-
Tax relating to other comprehensive income	-	-
Corporation Tax Payable		
	2018 - 19	2019 - 20
	£	£
Profit for the period	-	644,952
Total tax expense	-	-
Profit excluding taxation	-	644,952
Tax using the UK corporation tax rate of 19%	-	122,541
Effects of:	-	-
Expenses not deductible for tax purposes	-	-
Total tax expense included in profit or loss	-	122,541

Under the previous Government, the current Corporation Tax rate of 19% was proposed to be reduced to 17% from April 2020. This was changed in March 2020 and is set to remain at the current 19% rate.

Note 10. Retirement Benefits

WCF staff are members of the LGPS pension scheme. This is a defined benefit scheme providing members with benefits related to pay and length of service. The scheme is as follows:

- The Local Government Pension Scheme (LGPS) for WCF staff, is administered by Worcestershire County Council. This is a funded scheme, meaning that WCF and the employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets.
- The LGPS is a defined benefit statutory scheme administered in accordance with the Local Government Pension Scheme Regulations 2013, is contracted out of the State Second Pension and currently provides benefits based on career average revalued salary and length of service on retirement.
- The administering authority for the Fund is Worcestershire County Council. The Pension Fund Committee oversees the management of the Fund whilst the day to day fund administration is undertaken by a team within the administering authority. Where appropriate some functions are delegated to the Fund's professional advisers.
- As administering authority to the Fund, Worcestershire County Council, after consultation with the Fund Actuary and other relevant parties, is responsible for the preparation and maintenance of the Funding Strategy Statement and the Statement of Investment Principles. These should be amended when appropriate based on the Fund's performance and funding.
- Contributions are set every three years as a result of the actuarial valuation of the Fund required by the Regulations. The actuarial valuation of the Fund was carried out as at 31 March 2019 and determined contributions for the period from 1st April 2020 to 31 March 2023. The rate from October 2019 was based on the previous valuation of the fund.
- WCF pensions are accounted for as defined contribution plans under which WCF pays fixed contributions into the Worcestershire County Pension Fund. WCF has no legal or constructive obligation to pay further contributions or to make direct benefit payments to employees if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. Thus, the amount of the post-employment benefits received by the employee is determined by the amount of contributions paid by an entity (and perhaps also the employee) to a post-employment benefit plan or to an insurer, together with investment returns arising from the contributions. The defined benefit pension liability is therefore held on the balance sheets of Worcestershire County Council.

Note 11. Debtors

An analysis of amounts due to Worcestershire Children First is shown below.

2018 - 19		2019 - 20
£		£
0	HMRC	1,289,282
0	Worcestershire County Council (inc. Prepayments)	3,629,656
0	Other Trade Receivables	325,714
0	Other Prepayments	0
	Other Receivables	987
	Total	5,245,639

Note 12. Cash and Cash Equivalents

An analysis of cash and cash equivalents for Worcestershire Children First is shown below.

2018 - 19		2019 - 20
£		£
0	Cash at Bank and in Hand	6,609,231
	Total	6,609,231

Note 13. Creditors

An analysis of amounts due by Worcestershire Children First is shown below.

2018 - 19		2019 - 20
£		£
0	HMRC in respect of Corp. Tax	122,541
0	Worcestershire County Council (inc. RIA)	5,602,218
0	Other Trade Payables	4,492,237
0	Other Receipts in Advance	92,858
	Other Receipts in Advance	1,022,605
	Total	11,332,459

Note 14. Provisions

No new provisions were made by Worcestershire Children First in the period, and there were no existing provisions.

	2018 - 19	2019 - 20
	£	£
Balance as at 1 April	0	0
Reverse previous year provision	0	0
Current period provision	0	0
Charge / (Credit) to I&E	0	0
Balance at 31 March	0	0
Total	0	0

Note 15. Related Parties

The income received in 2019/20 has been from Worcestershire County Council who fully own the Company (WCF).

	2019 - 20 Sales to	2019-20 Administrative Expenses from
	£	£

Entities with control, joint control or significant influence

Worcestershire County Council (Main Contract)	55,026,500	
Worcestershire County Council (Support Service Agreement)		3,517,750
Worcestershire County Council (Other sales)	78,892	11,187
	55,105,392	3,528,937

Entities with control, joint control or significant influence	Receivables outstanding	Creditors outstanding
	£	£
Worcestershire County Council	3,629,656	5,602,218
Total	3,629,656	5,602,218

	2018 - 19 Sales to	2018-19 Administrative Expenses from
	£	£

Entities with control, joint control or significant influence

Worcestershire County Council	-	
	0	

Entities with control, joint control or significant influence	Receivables outstanding	Creditors outstanding
	£	£
Worcestershire County Council	0	-
Total	0	-

Note 16. Ultimate Parent Undertakings

The ultimate controlling party is Worcestershire County Council. Their address is County Hall, Spetchley Road, Worcester, Worcestershire WR5 2NP.

Note 17. Post Balance Sheet Events

Covid-19

The COVID-19 pandemic started close to our financial year end and for 2019/20 it has not had a major financial impact for the company. Any direct expenditure incurred (e.g PPE) being changed to the Covid-19 grant direct Worcestershire County Council. It has also been agreed that any additional expenditure incurred within WCF will be reimbursed by the Council.

Learning and Achievement Services

Since the launch of Worcestershire Children First in October 2019, we have continued our development to improve the services delivered to children, young people and families in our county. We published our Business Plan for 2020-21 which set out our ambition and priorities, with a significant area being the transfer of Learning and Achievement services from Babcock Prime to have one joined up educational service for Worcestershire. On the 1 June 2020 we successfully transferred over 130 staff to WCF with an increased full year contract value of £6.5m.

Worcestershire Children First

County Hall
Spetchley Road
Worcester
WR5 2NP

Website: www.worcschildrenfirst.org.uk

WORCESTERSHIRE
CHILDREN FIRST

