WORCESTERSHIRE
CHILDREN FIRST

Worcestershire Children First Financial Statements

2020-2021

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Strategic Report

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 has 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 2020-21 was £119.7m, in 2019-20 turnover was £55.3m for the six-months trading which commenced on 1 October 2019. A Service Delivery Contract regulates the way in which 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 £7.3m in 2021-21 and the cost 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. On the 1 June 2020 we successfully transferred over 130 staff to WCF from Babcock Prime who deliver Learning and Achievement Services accross the County. This compliments our existing service provision and ensures Education support services are now delivered from one organisation across Worcestershire. We provide services for vulnerable learners, 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, traded services, 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.

Our Vision

Worcestershire to be a wonderful place for all children and young people to grow up.

WORCESTERSHIRE CHILDREN FIRST

Our Mission

Supporting children and young people to be happy, healthy and safe.

Our Values

Children at our heart

We will keep children and young people at the heart of everything we do

Value Family Life

We will support and empower parents to care for their own children well

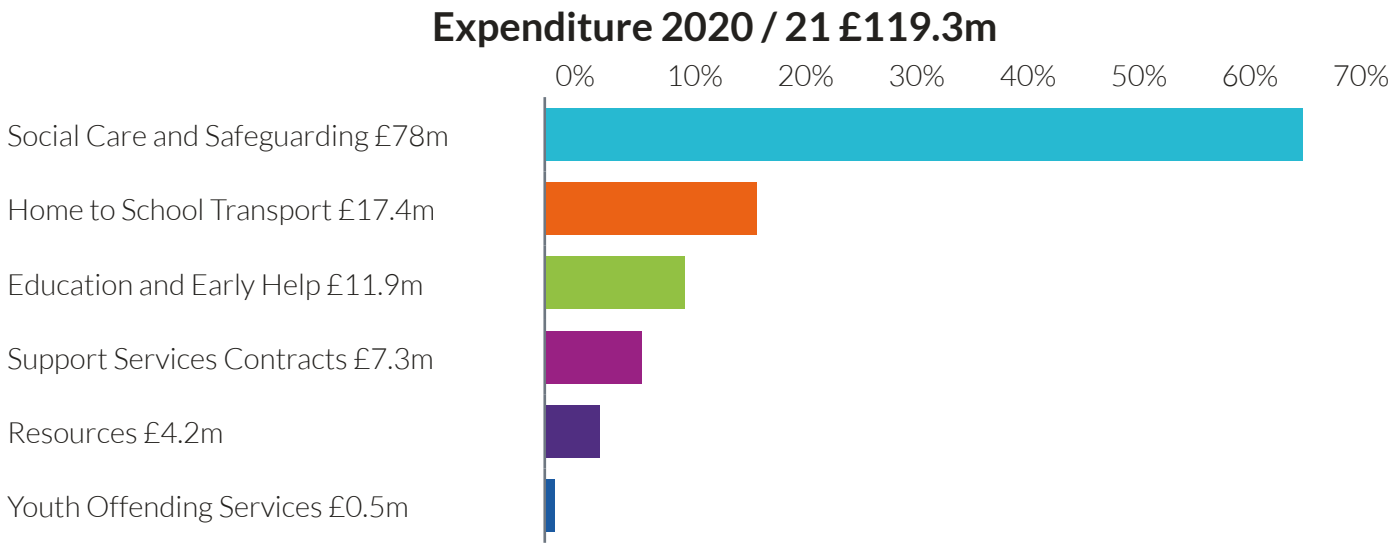
Good Education for All

We will value education as the best start in life for all children and young people

Protection from Harm

We will act in a professional and timely way to protect children from harm

The following chart shows the spend on services in 2020-21:



Key Performance Indicators

The directors monitor the performance of the Company utilising a balanced scorecard. A range of "Key Performance Indicators" (KPIs) 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 through various governance agreements with the latest 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. There is also a suite of contractual performance indicators as part of the contract monitoring procedures with the Council, our performance dashboard for the end of March is attached at the end of our financial statements for information.

The key performance indicators for the period ended 31 March 2021 together with comparatives for the year ended 31 March 2020 are as follows:

	2019 - 2020 (6 months trading) £	2020 - 2021 £
Revenue	55,294,453	119,731,869
Gross profit	4,142,642	7,792,864
Gross margin	7.49%	6.51%
Net profit before taxation	624,892	469,106
Net margin	1.13%	0.39%
Average employee numbers	860	1,016

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 2021-22 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.

Covid-19

The COVID-19 pandemic started close to our financial year end and for 2019/20 and throughout this financial year,

it has not had a major financial impact, with any direct expenditure incurred (e.g PPE) being charged to the Covid-19 grant direct in Worcestershire County Council. All expenditure and income as a result of Covid-19 has been included in the financial statements and this amounted to £931k which has been reimbursed by the Council. WCF staff were not furloughed and WCF did not make any claims in respect of furlough schemes during the COVID-19 Pandemic.

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.

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, WCC is our major customer, we have an agreed contract for 2020-21 with indictive 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

26 July 2021

Directors' Report

Principal Activities

The directors present the annual report and audited financial statements for Worcestershire Children First (the "Company") for the period from 1 April 2020 to 31 March 2021.

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 for Children and Families across Worcestershire.

Results

Profit after tax for the period amounted to £566,545. In 2019-20 profit amounted to £522,411. The Company is wholly owned by Worcestershire County Council ("the Council") and under the terms of the Articles of Association there is no provision for a dividend.

Streamlined Energy and Carbon Reporting (SECR)

Energy and Carbon Reporting

For the period 1st April 2020 to 31st March 2021, Worcestershire Children First's consumption of reportable energy is estimated as:

Electricity 1,038,082 kWh, Gas 3,005,790 kWh, and 834,774 miles of travel mileage reimbursements to employees. Mileage for this financial year was lower than previous years, due to COVID-19 restrictions on travel and in-person meetings.

This is equal to a total greenhouse gas emission of 932,689 kgCO2 for the financial reporting year.

Intensity Ratio:

WCF uses on average 1 kg CO_2 for every £128.37 of turnover

Energy Efficiency:

WCF does not own any of its buildings, therefore we have no authority to improve the energy efficiency of buildings without agreement and investment from our landlords. Neither do we have the option of changing energy supplier or tariff for the majority of our buildings. We actively encourage energy efficiency as best practice, and during COVID, more staff have been working remotely, reducing travel to most offices.

Notes on methodology:

At present, WCF relies on our Corporate Landlord (Worcestershire County Council) for information around energy usage. The latest data available is for 2019/20, so this has been used as an estimate for 2020/21. Where buildings were known to be missing from the data set, an average value of similar buildings has been added to the known data to ensure that the estimated figure includes something for all WCF buildings.

Statement by the directors in performance of their statutory duties in accordance with s172(1) Companies Act 2006

Governance

WCF controlled by, but independent from, Worcestershire County Council. The WCF Board, consisting of a chair and three Executive Directors and six non-executive directors, is responsible for setting the strategic aims of the company, overseeing the management of the business and holding the Executive Team to account. It is the responsible body for the performance of the company in terms of delivering its legal and contractual obligations and achieving outcomes for children in Worcestershire.

The Chair of the Board is also independent and appointed by the Secretary of State for Education. The Board of Directors has a wide portfolio of expertise and knowledge in children's services, commercial, financial, and other disciplines. The Board provides support and challenge on the direction and strategy of the company and fulfilling its role has established the following committees Risk, Governance and Audit and Quality Assurance.

WCF's Executive Directors consist of the Chief Executive, the Director of Education and Early Help and Director of Resources. The Executive provides management oversight of operational activities of the Company.

WCF produces a Business Plan each year which sets out is priorities and an Annual Report which reviews its performance against the Plan and a series of key performance indicators. The Business Plan and Annual Report are focused on delivering better outcomes for children, young people and their families.

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 left 21 February 2021)	Chief Executive
Tina Russell	Interim Chief Executive
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
Claire Burgess	Non-Executive Director
Gareth Moss	Non-Executive Director
Sally Taylor	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 directors 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
26 July 2021

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

26 July 2021

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 2021, which comprise Profit and Loss Account and Other Comprehensive Income, Balance Sheet, Cash Flow Statement, 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 2021 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.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion.

Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the company's business model including effects arising from macro-economic uncertainties such as Covid 19, we assessed and challenged the reasonableness of estimates made by directors and the related disclosures and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.

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, 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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks applicable to the company in which it operates through our general sector experience and discussions with management. We determined that the following laws and regulations were most significant: FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and Companies Act 2006.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur and the risk of management override of controls. Audit procedures performed by the engagement team included:
  - Challenging assumptions and judgements made by management in its significant accounting estimates;
  - Identifying and testing journal entries.
  - The assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagements team's
  - Understanding of, and practical experience with, audit engagements of a similar nature and complexity through appropriate training and participation,
  - Knowledge of the industry in which the client operates; and
  - Understanding of the legal and regulatory requirements specific to the entity.
- We communicated relevant laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.
- We enquired of management and those charged with governance, concerning the company's policies and procedures relating to:
  - the identification, evaluation and compliance with laws and regulations; and
  - the detection and response to the risks of fraud.
- We enquired of management and those charged with governance, whether they were aware of any instances or non-compliance with laws and regulations or whether they had any knowledge of actual, suspected, or alleged fraud.

- In assessing the potential risks of material misstatement, we obtained an understanding of the company's operations, including the nature of its revenue sources and the company's control environment.
- We did not identify any matters relating to non-compliance with laws and regulation or relating to fraud.

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

27 July 2021

Profit and Loss Account and other Comprehensive Income

Profit and Loss Account and Other Comprehensive Income For the period from 1 April 2020 to 31 March 2021 The accompanying notes form part of these financial statements			
	Note	2019 - 20*	2020 - 21
		£	£
Turnover	**2**	**55,294,453**	**119,731,869**
Cost of sales		(51,151,811)	(111,939,005)
Gross profit		**4,142,642**	**7,792,864**
Other operating expenses		(3,517,750)	(7,323,758)
Operating (loss) / profit		**624,892**	**469,106**
Interest Receivable	8	20,060	4,528
Profit before taxation		**644,952**	**473,634**
Tax on profit on ordinary activities	9	122,541	(92,911)
Profit / [loss] for the financial year		**522,411**	**566,545**
Total Comprehensive income for the period		522,411	566,545

*2019-20 trading period is from 1st October 2019 to 31 March 2020 - 6 months

Balance Sheet

Worcestershire Children First Balance Sheet as at 31st March 2021 The accompanying notes form part of these financial statements					
		2019 - 2020		2020 - 2021	
	Note	£	£	£	£
Current Assets					
Debtors	11	**5,245,639**		**28,354,791**	
Cash at bank and in hand	12	**6,609,231**		**13,936,547**	
		11,854,869		**42,291,339**	
Liabilities					
Creditors; amounts falling due within one year	13	**(11,332,459)**		**(41,202,383)**	
Provisions	14	**-**		**-**	
		(11,332,459)		**(41,202,383)**	
Net Current Assets			**522,411**		**1,088,956**
Net Assets			**522,411**		**1,088,956**
Capital and Reserves					
Retained Earnings		**522,411**		**1,088,956**	
Equity			**522,411**		**1,088,956**

These financial statements were approved by the board of directors on 26 July 2021 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 2020 to 31 March 2021 The accompanying notes form part of these financial statements		
	Company	
	Retained Earnings	Total equity
	£	£
Balance at 1 April 2020	522,411	522,411
Total comprehensive income for the period		
Profit	566,545	566,545
Other Comprehensive Income	-	-
Total comprehensive income for the period	566,545	566,545
Balance at 31 March 2021	**1,088,956**	**1,088,956**

Consolidated Statement of Changes in Equity for the period from 1 April 2019 to 31 March 2020		
	Company	
	Retained Earnings	Total equity
	£	£
Balance at 1 April 2019	-	-
Total comprehensive income for the period		
Profit	522,411	522,411
Balance at 31 March 2020	**522,411**	**522,411**

Cash Flow Statement

Cash flow Statement for the period from 1 April 2020 to 31 March 2021 The accompanying notes form part of these financial statements	2019 - 20	2020 - 21
	£	£
Cash flows from operating activities		
Profit for the period	522,411	566,545
Adjustments for:		
Interest receivable and similar income	(20,060)	(4,528)
Tax liability	122,541	(92,911)
(Increase) in trade and other debtors	(5,245,639)	(23,109,153)
Increase / (decrease) in trade and other creditors	11,209,918	29,962,836
Net cash from operating activities	**6,066,761**	**6,756,244**
Investing activities		
Interest received	20,060	4,528
Net cash from investing activities	**20,060**	**4,528**
Net increase / (decrease) in cash and cash equivalents	**6,609,231**	**7,327,316**
Cash and Cash equivalents at start of the period	-	6,609,231
Cash and Cash equivalents at the end of the period	**6,609,231**	**13,936,547**

Notes to the Core Financial Statements

Note 1. Statement of Accounting Polices

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.

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 is due to expire in September 2024 with an option to extend for a further 5 years. WCF retains a strong cash position of £13.9M 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 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 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)

	2019 - 20 (£)	2020 - 21 (£)
	£	£
Income from Worcestershire County Council for main contract	55,026,500	117,407,400
Other Income	267,953	2,324,469
Total	**55,294,453**	**119,731,869**

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. This now includes those services transferred from Babcock Prime, specifically those 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 81,400 children and young people in education of which 2,764 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, traded services, 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 hierachy 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 administrered 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 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	2019 - 20 (£)	2020 - 21 (£)
	£	£
Safeguarding and Social Care	35,289,238	77,548,276
Education and Early Help	4,913,467	11,096,488
Resources	5,456,227	10,393,379
Home to School and College Transport (EEH)	8,468,932	17,414,999
Youth Offending Services	253,684	480,624
Contract Income	(55,026,500)	(117,407,400)
	(644,952)	**(473,634)**

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	2019 - 20	2020 - 21
	£	£
Grant Thornton - External Audit Services	29,750	30,350
KPMG - Tax Compliance Services	12,550	10,900
Total	**42,300**	**41,250**

Note 5. Staff Numbers

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

Net Expenditure per Directorate	2019 - 20 (£)	2020 - 21 (£)
	£	£
Board and Senior Management	7	7
Social Care Directorate	676	623
Education and Early Help Directorate	105	217
Resources Directorate	72	93
Total	**860**	**940**

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. The WCF Chief Executive left on the 21 February 2021 and has been replaced on an interim basis. 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. NEDS that are employed by WCC are also not included in the table as they receive no renumeration for the role..

2019-20 Post Holder Information	Salary	ER's NI	Pension 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**

2020-21 Post Holder Information	Salary	ER's NI	Pension Contributions	Total Remuneration
	£	£	£	£
Chief Executive	120,127	15,466	22,585	158,178
Interim Chief Executive	9,639	1,229	1,807	12,675
Director of Children's Social Care and Safeguarding Services	103,963	13,194	19,429	136,586
Director of Resources	93,080	11,633	17,447	122,160
Director of Education & Early Help	87,932	10,923	16,482	115,337
Non Executive Director	9,868	262	0	10,130
Non Executive Director	5,250	2	-190	5,062
Non Executive Director	7,785	113	-217	7,681
Total	**437,644**	**52,823**	**77,343**	**567,810**

Note 7. Employee Expenses

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

	2019 - 20	2020 - 21
	£	£
Wages and Salaries (inc. Agency)	11,193,572	26,761,416
Agency Employees	1,746,168	3,767,423
Social Security contributions and similar taxes	1,109,704	2,596,174
Expenses related to defined benefit plans	1,741,439	5,022,095
Staff related expenses (inc. Accrued Leave)	547,876	290,170
Total	**16,338,759**	**38,437,279**

Note 8. Interest Receivable

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

	2019 - 20	2020 - 21
	£	£
Central Government Departments	0	0
Other Local Authorities	0	0
Health	0	0
Bank Interest	20,060	4,528
Total	**20,060**	**4,528**

Note 9. Taxation

Analysis of the tax charges for the year are as follows:

Tax Charge Per Accounts	2019 - 20	2020 - 21
	£	£
Analysis of tax recognised in Profit and Loss Account		
Current tax	122,541	(92,911)
Prior Year Adjustment	-	116,419
UK corporation tax at 19%	122,541	23,508
Deferred Tax	-	-
Origination and reversal of timing differences	-	-
Total deferred tax charge	-	-
Tax on profit on ordinary activities	122,541	23,508
Tax relating to other comprehensive income		
Origination and reversal of timing differences	-	-
Tax relating to other comprehensive income	-	-

Corporation Tax Payable	2019 - 20	2020 - 21
	£	£
Profit for the period	522,411	566,545
Total tax expense	122,541	(92,911)
Profit excluding taxation	**644,952**	**473,634**
Expected Tax using the UK corporation tax rate of 19%	122,541	89,990
Effects of:		
Excluding Tax on Profits on Activities funded by Parent (WCC)	-	(66,482)
Expenses not deductible for tax purposes	-	-
Prior Year Adjustment		(116,419)
Total tax expense included in profit or loss	**122,541**	**(92,911)**

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. The Treasury announced in March 2021 that the intention of the current Government is to increase the Corporation Tax rate to 25% by April 2023. This will have a future impact on the tax charges for Worcestershire Children First.

The tax entry for 2019/20 of £122,541 was based on 19% of all profits. HMRC confirmed during the 2020/21 financial year that Profit on activities funded by the parent (WCC) could be excluded from Corporation Tax, resulting in a revised Tax figure for 2019/20 of £6,122. The difference between the 2019/20 estimate and the final confirmed figure is £116,419, which is included in the 2020/21 Profit and Loss Account as a prior year adjustment.

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.

	2019 - 20	2020 - 21
	£	£
HMRC in respect of VAT	1,289,282	0
Worcestershire County Council (inc. Prepayments)	3,629,656	26,686,156
NHS Hereford and Worcestershire CCG	0	1,240,325
Other Trade Receivables	173,414	453,045
Bad Debt Provision	0	-52,063
Other Prepayments	152,300	26,326
Other Receiveables	987	1,003
Total	**5,245,639**	**28,354,791**

Note 12. Cash and Cash Equivalents

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

	2019 - 20	2020 - 21
	£	£
Cash at Bank and in Hand	6,609,231	13,936,547
Total	**6,609,231**	**13,936,547**

Note 13. Creditors

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

	2019 - 20	2020 - 21
	£	£
Worcestershire County Council (inc. RIA)	5,602,218	27,368,404
HMRC in respect of Corp. Tax	122,541	23,508
HMRC in Respect of VAT	0	3,515,963
Other Trade Payables	4,492,237	8,652,059
Other Reciepts in Advance	92,858	253,461
Other Payables	1,022,605	1,388,989
Total	**11,332,459**	**41,202,383**

Note 14. Provisions

A Bad Debt provision was created by Worcestershire Children First in the period, based on debts over 6 months old as at 31st March 2021. There were no existing provisions.

	2019 - 20	2020 - 21
	£	£
Balance as at 1 April	0	0
Charge / (Credit) to I&E	0	52,063
Balance at 31 March	**0**	**52,063**

Note 15. Related Parties

The income received in 2020/21 has been from Worcestershire County Council who fully own the Company (WCF).

	2020 - 21 Sales to	2020-21 Purchases From
	£	£
Entities with control, joint control or significant influence		
Worcestershire County Council (Main Contract)	117,407,400	
Worcestershire County Council (Support Service Agreement)		7,323,700
Worcestershire County Council (Covid costs)	930,569	
Worcestershire County Council (other sales)	345,664	232,399
	118,683,633	**7,556,099**

Entities with control, joint control or significant influence	Receivables outstanding	Creditors outstanding
	£	£
Worcestershire County Council	26,686,156	27,368,404
Total	**26,686,156**	**27,368,404**

	2019 - 20 Sales to	2019-20 Purchases From
	£	£
Entities with control, joint control or significant influence		
Worcestershire County Council	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**

Note 16. Ultimate Parent Undertakings

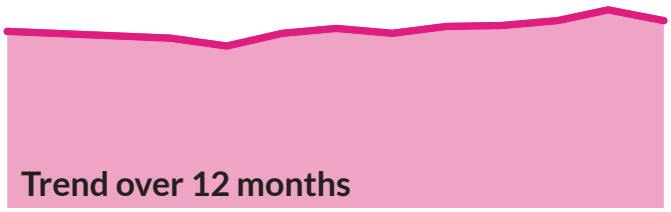
The ultimate controlling party is Worcestershire County Council. Their address is County Hall, Spetchley Road, Worcester, Worcestershire WR5 2NP.

Worcestershire Children First - Company Key Performance Indicators

Performance Dashboard: 1 - 31 March 2021

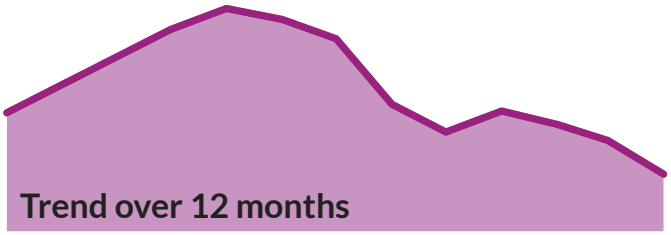
Children Looked After

at month end **842**



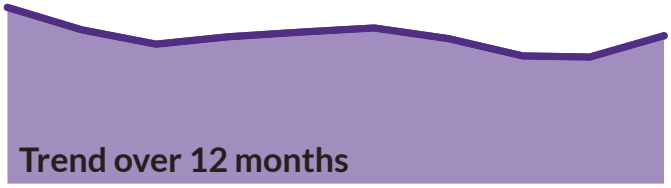
Subject of Child Protection Plan

at month end **448**



Children in Need

at month end **723**



Children and YP with an EHCP

at month end **4,212**

Indicator	This Month	KPI Status	Min. Target	Stat. Neigh.	Preceeding three months		
					Feb	Jan	Dec
A: (KPI-SC1) Referrals - Level 4 decision within 24 hours	74.1	●	52.30		●	●	●
B: (KPI-SC2) S17 Assessments completed within 45 days	92.6	●	75.60	81.0	●	●	●
C: (KPI-SC3) Proportion of Children Subject to CP Plan with Plan in Place	100.0	●	80.00		●	●	●
D: (KPI-SC4) ICPCs completed within 15 days	96.3	●	67.80	78.0	●	●	●
E: (KPI-SC5) Proportion of children who became the subject of a Child Protection Plan for a second or subsequent time within 2 years	11.3	●	27.30		●	●	●
F: (KPI-SC6) RCPCs completed within timescale	100.0	●	87.90	93.0	●	●	●

Indicator	This Month	KPI Status	Min. Target	Stat. Neigh.	Preceeding three months		
					Feb	Jan	Dec
G: (KPI-SC7) Proportion of children subject to a Child Protection Plan seen within 20 days	93.8	●	77.00		●	●	●
H: (KPI-SC8) % Children Looked After Reviews in timescale	99.0	●	80.90		●	●	●
I: (KPI-SC9) Looked After Children with up to date Care Plan/Pathway Plan	97.5	●	73.00		●	●	●
J: (KPI-SC10) % Looked After Children who had a visit (in person) within timescale (30 days/60 days)	75.7	●	85.00				
K: (KPI-SC11) % Children Open for assessment or plan without an allocated worker for 5 days	0.5	●			●	●	●
L: (KPI-SC12) % of Care Leavers open to services with an up to date pathway plan (age 18-25)	65.4	●			●	●	●
M: (KPI-EH1) % of annual target reached for successful claims under the "Troubled Families" programme	92.7	●			●	●	
N: (KPI-ED1) Percentage of EHCP requests received where review decisions have been made within 6 weeks	100.0	●			●	●	●
O: (KPI-ED2) Percentage of Education Health and Care Plan decisions made within 16 weeks	100.0	●			●	●	●
P: (KPI-ED3) Percentage of Education Health and Care Plans completed within 20 weeks	96.2	●			●	●	●
Q: (KPI-ED4) Percentage of Statutory Advice Reports (all types) for EHCP Needs Assessment submitted within 6 weeks of request sent	92.0	●					
R: (KPI-ED6) Percentage of looked after children of school age with an up to date Personal Education Plan	100.0	●			●	●	●

Key to KPI Status

● Green - KPI is at or above target

● Amber - KPI is below target, but not for three consecutive months, so action plan not triggered

● Red - KPI is below target and has been for three consecutive months, triggering action plan

Worcestershire Children First
County Hall
Spetchley Road
Worcester
WR5 2NP

Website: www.worcschildrenfirst.org.uk

WORCESTERSHIRE
CHILDREN FIRST