

SLOUGH BOROUGH COUNCIL

REPORT TO:	Cabinet
DATE:	21 February 2022
SUBJECT:	Approval of annual business plan for Slough Children First Limited (SCF)
CHIEF OFFICER:	Steven Mair- Executive Director of Corporate Services Andrew Fraser – Executive Director of People (Children) / Chief Executive of SCF
CONTACT OFFICER:	Peter Robinson – Nominated Council Finance Representative Jane Senior – Associate Director People Strategy and Commissioning
WARD(S):	All
PORTFOLIO:	Councillor Swindlehurst – Leader of the Council Councillor Hulme – Lead Member Children’s Services (Councillor Hulme is also a director of SCF)
KEY DECISION:	YES
EXEMPT:	NO
DECISION SUBJECT TO CALL IN:	YES
APPENDICES:	Appendix A SCF Interim Business Plan 2022-2025 Appendix B SCF Improvement Plan 2021/2022 (appended to the interim business plan) Appendix C Equalities Impact Assessment

1 Summary and Recommendations

- 1.1 This report seeks approval for (Slough Children First’s (SCF) annual business plan. SCF is wholly owned by the Council and approval of the annual business plan is a reserved matter under SCF’s Articles of Association. The business plan seeks to set out SCF’s priorities and budgetary requirements, together with the assumptions underlying its financial strategy.

Recommendations:

Cabinet is recommended to:

Approve SCF’s business plan for 2022 to 2025 on an interim basis.

Agree that approval is subject to the following:

- Quarterly monitoring reports being presented by SCF to the Council for formal comment and noting by Cabinet setting out achievements against the business plan;
- The SCF business plan is to be timetabled for consideration by the People Scrutiny Panel in the first quarter of 2022/23;
- An updated business plan for 2022 to 2025 is to be presented to the Council in Quarter 2 of 2022/23;
- SCF is to submit its business plan for 2023 to 2026 by 30 September 2022 in accordance with the requirements set out in the Articles of Association and to allow sufficient time for this to be considered by the People Scrutiny Panel and incorporated in the budget setting process.

Reason:

To ensure SCF has an approved 3 year business plan for 2022 to 2025, setting out its strategic priorities and financial strategy. This plan was to be submitted to the Council for approval by 30 September 2021 but has been delayed due to a number of factors, including change of personnel at SCF.

The Council has concerns about the deliverability of the plan, however it is also cognisant of the fact the new chief executive of SCF only commenced in role in January 2022. For this reason, it is recommended that the plan is approved on an interim basis and further reports are brought back to provide updates and assurance on progress. It is also recommended the plan is refreshed following consideration by the People Scrutiny Panel in Quarter 1 2022/23, taking account of the wider requirements in the Council's Improvement and Recovery Plan.

Commissioner Review

"The DfE commissioner was consulted and has commented that SCF needs to be seen as part of a wider system, particularly in relation to early help. The joint DCS / CEX of SCF role enables these considerations to be discussed at a senior leadership level within the Council. The commissioner has also raised concerns about the deliverability of the savings in the business plan and this supports the recommendation to have greater reporting back to the Council to assess progress.

The DLUHC Commissioners share these concerns about deliverability and therefore support the recommendation to approve the Business Plan on an interim basis pending further work on the Plan and the finalisation of the Council's Improvement and Recovery Plan."

2 Report

- 2.1. SCF became wholly owned by the Council on 1 April 2021, with new articles of association setting out its governance arrangements. The Articles of Association set out a list of reserved matters, which must be approved by the Council, as the sole owner of the Company.

- 2.2. SCF delivers statutory children's social care functions under a direction of the Secretary of State and in accordance with a service delivery contract between SCF and the Council. Improvement activity to support this across children's services are a critical part of the Council's improvement journey and the Council and SCF need to work together to ensure that the services can be delivered in a cost-effective way, contributing to the delivery of required financial savings to enable the Council to become financially sustainable within the medium term.
- 2.3. The interim business plan is attached as appendix A, sets out the strategic aims for SCF to ensure it achieves its vision of *every child in Slough should be 'Safe, Secure and Successful'*, and each aim has a set of priorities to support in their delivery.
- 1) Quality improvement across a child's journey**
 - Promote the voice of the child and hold the child in mind in all our work
 - Safeguard and promote needs
 - Quality partnership working improves outcomes for all children
 - Improved and evidenced outcomes
 - 2) Stability of workforce**
 - Attract, support, develop and retain quality staff and effective leaders
 - A positive culture which provides professionally fulfilling employment
 - Effective communication mechanisms
 - 3) Being sustainable**
 - Strong and transparent governance
 - Evidenced use of resources efficiently to meet children's needs
 - Value for Money
 - 4) Development of child focused partnerships.**
 - Work with key partners to develop the children and young people plan
 - Development of community offerings through the voluntary sector to support children and families
 - A review of tri partite panels with Health and Education to ensure the child is at the centre of the outcome with all parties working in collaboration
 - Build strong relations with local providers to help develop sufficiency of placements for our young people.
 - Work in strategic partnership with the council on accommodation options for our young people.
 - Developing close links with adults to ensure robust transition planning for our children with disability to ensure a seamless and transparent transition of support offering
- 2.4. Whilst performance and outcomes for children, young people and their families who are residents of Slough will be of significant interest to Cabinet, this report focuses upon the company business plan.
- 2.5. The 2022/23 budget proposed by the Company Board assumes savings of £4.7m on the £40m budget. The savings have been assumed in the overall Council budget for 2022/23. In addition, spend on legal fees projected at £2.1m in 2021/22 are budgeted at £1.5m in 2022/23.

- 2.6. Delivery of the savings is predicated on £1.9m of one-off support from the DfE for transformation that has been included in the budget but not as yet agreed by the DfE.
- 2.7. The Council is concerned that the Company will not be able to deliver the savings in full and will either request support from the Council or will overspend.
- 2.8. It is therefore recommended that in addition to monthly finance monitoring and performance meetings and inclusion in Council budget monitoring reports that Quarterly monitoring reports are presented by SCF to the Council for formal comment and noting by Cabinet. This should set out the achievements against the business plan and active mitigations on a monthly basis if variances arise in delivering planned budget savings.
- 2.9. The savings proposed are set out the company business plan were reviewed by People Scrutiny on 31 January 2022.
- 2.10. SCF is committed to making improvements in the delivery of services and outcomes experienced by children and families and this has been shown by recent scrutiny by Ofsted. In July 2021, the Independent Fostering Agency was judged by Ofsted to be 'good.'
- 2.11. This was followed in October 2021 by the company's respite children's home for children with disabilities also being judged to be 'good' with 'outstanding' features for leadership and management.
- 2.12. The company received a focused Ofsted visit of the Front Door in January 2022. Whilst the report has not yet been published, early indications are comments contained within the report are encouraging and confirm SCF continues to make progress to consolidate improvements made over the last couple of years.
- 2.13. The company is aware of the need to retain momentum with the improvement journey and the business plan contains a commitment to 'getting to good' over 'the next few years'. As the business plan is further developed, clear timescales will be set out which details important milestones for transformational activity both within the company and working in partnership with the Council and other strategic partners e.g. health.
- 2.14. To aid with this process a suite of Key Performance Indicators are regularly scrutinised through a variety of governance and contract management arrangements to maintain an awareness of areas for further attention and targeted work required. It is recognised these arrangements can be simplified. This will be addressed over the next few months through collaborative work between the Council and SCF to simplify arrangements but maintain required scrutiny.
- 2.15. It is fair to note that the drive to make improvements is set against a series of challenges. These include demand pressures, the impact of the pandemic, a rise in food and fuel poverty, drug and alcohol abuse and the effect on the mental health of adults, alongside increased domestic abuse which contribute to an increase in families having more complex needs.
- 2.16. To help manage demands in the most cost-effective manner, a key area of focus for 2022/2023 is the development of early help services for families in Slough at the

right time to prevent crises and the need for statutory social care support. This will require the development of a full continuum of support which includes an effective targeted early help offer in the community providing advice, support and guidance as well as timely interventions with families when needs first emerge. The Council's locality strategy, work with partners and the role of children's centres is key to this.

2.17. A more detailed paper on proposals to create a community based approach in Slough to develop targeted preventative services will be developed and taken to future member meetings within Quarter 1 of 2022/23.

2.18. The Council and SCF agreement to join the previously separate Director of Children's Services (DCS) and SCF Chief Executive roles has borne fruit in creating a greater mutual understanding of pressures and priorities. This is important given the need for alignment between the Council and SCF vision and aims, and getting it right for all Slough's children, young people and families is fundamental to the borough's future.

Options Considered

2.19. The following options were considered:

Option	Pros	Cons	Recommended
Option 1: <i>Approval of business plan</i>	<ul style="list-style-type: none"> • Ensures compliance with Articles of Association • Ensures SCF has a longer-term business strategy to manage its services 	<ul style="list-style-type: none"> • This does not address the Council's concerns about the adequacy of the plan and the deliverability of proposals within it. 	Not recommended
Option 2: <i>Approval of business plan on an interim basis, with further requirements</i>	<ul style="list-style-type: none"> • Ensures compliance with Articles of Association • Allows time for the plan to be properly scrutinised and feedback given • Avoids the previous business plan being rolled over • Ensures regular updates are formally considered by Cabinet to address concerns about deliverability and direction of travel. • Allows for an updated plan to be prepared once the Council's Improvement and Recovery Plan is finalised. • Sets out clear expectations for future governance arrangements. 	<ul style="list-style-type: none"> • SCF will have to invest more officer and board time in preparing update reports and a refreshed plan 	Recommended
Option 3: Do not approve the business plan	<ul style="list-style-type: none"> • The Council could require an updated version to be prepared in a new timetable, taking account of the Council's Improvement and Recovery Plan. 	<ul style="list-style-type: none"> • The previous interim business plan will apply, which does not address how SCF will seek to deliver financial 	Not Recommended

		<p>savings in the current context.</p> <ul style="list-style-type: none"> • It is unlikely that a new plan could be prepared in time for the Council's budget setting meetings 	
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Background

- 2.20. On 15 March 2021, Cabinet approved a change to SCF's articles of association to make it a wholly owned company, including changing its name to reflect its new status. As part of that decision, Cabinet agreed to targeted early help and NEET (not in employment, education or training) functions being transferred to SCF and authorised a new service delivery contract for a five-year period. Cabinet also agreed to write off £2.4 million of historic debt and authorised a new loan of £5 million to aid cash-flow to be repaid at the end of the service delivery contract.
- 2.21. The Articles of Association set out the governance requirements for SCF, including the reserved matters that must be agreed by the Council as the sole owner of the company. Under Article 29, annual approval of the business plan is a matter that requires prior written approval of the Council before SCF or its board of directors can pass any resolution to approve it.
- 2.22. Article 7 sets out the requirements for an annual business plan. This requires that for each year, no later than 30 September in the preceding year, the board of directors should prepare and submit a draft business plan for approval by the Council covering the next 3 years. The content of each business plan shall include relevant information under each of the following headings:
- (a) introduction;
 - (b) strategic framework;
 - (c) working with partners;
 - (d) priorities and objectives;
 - (e) financial strategy and plans;
 - (f) profit and loss account;
 - (g) cash flow statement;
 - (h) revenue budget and working capital requirements; and
 - (i) capital expenditure requirements.
- 2.23. The business plan can be varied each year, but that will also require prior written approval of the Council.
- 2.24. The draft business plan was submitted to Council officers for consideration on 10 December 2021. Officers had significant concerns about the content and structure of the plan and fed back these concerns on 16 December 2021.
- 2.25. A refreshed draft business plan was submitted on 24 January 2022 and was considered by the Department for Education (DfE) officials, DfE commissioner, Council commissioners, Council officers and the Leader and Lead Member for Children's Services and SCF officers at a joint meeting on 25 January 2022.

Concerns were raised about the assumption underpinning the savings proposals and the deliverability of some of the savings. Particularly as it was projecting a significant in-year overspend in 2021/22.

- 2.26. Since February 2014 the Slough Children’s Services have been subject to intervention from the Department for Education. Although there have been improvements the Business Plan does not set out clearly with actions and a timeline of how the Company in collaboration with partners will improve its services to enable the intervention to be removed and the improvement plan appended to the plan is for 2021/22 not for the period of the plan.
- 2.27. Slough Children’s Trust, the predecessor to the Company had been unable to spend within its budget from its creation in October 2015 despite significant financial support from the Council and DfE. At 31.03.21 it had an accumulated deficit of £5.4m, Cabinet also agreed to write off £2.4 million of this and the DfE provided a one-off grant of £3m to clear this.
- 2.28. In 2021/22 the Company has reported a deficit from the start of the year, this has continued to rise and based on spend to the end of December 2021 is forecasting a £1.3m loss. The main reasons given are the impact of Covid increasing placements, increased spend on agency staff and legal costs.

3. Implications of the Recommendation

3.1 Financial implications

3.1.1 The company is budgeting for a break-even position in 2022/23 and assuming surpluses in future years. This assumes income of £40.0m, £31.4m is from the company’s contract for services with the council with the remainder coming from the DfE and Health.

3.1.2 Included in the budget is £2.2m of recharges from the council for support services, including accommodation and IT. These costs are fixed in 2022/23 and any savings the company delivers will be from the remaining areas in its budget.

3.1.3 The original council budget for the company in 2021/22 was £30.3m. In year there have been a number of changes that are all reflected in the 2022/23 budget of £31.4m. These include transfer of the adoption services budget to the council on 1 April 2021, transfer of Early Help and NEET services to the company on 1 August 2021, a review of charges from the council for support services, growth in placement numbers and savings planned. These adjustments are set out below:

	£000
Original Budget 2021/22	30,342
Virements for services transferred	3,290
Demand Growth	2,052
Contract Inflation	217
Pay Inflation	<u>260</u>
Sub-Total	<u>36,161</u>
Efficiency Savings	<u>(4,726)</u>
Proposed Budget 2022/23	<u>31,435</u>

3.1.4 The Company has no reserves and relies on the £5m loan from the Council for cash-flow. Any overspend would put the Company in overall deficit and if not recovered in future years would mean that they wouldn't be able to repay all of the loan to the Council at the end of the contract which would be a cost to the Council.

3.2 Legal implications

3.2.1 The Secretary of State for Education has powers to issue a direction in relation to specified social services functions relating to children under s.497A of the Education Act 1996. Various directions have been issued in relation to statutory functions in Slough since 2014. The sixth statutory direction was issued in April 2021. This requires that the Council secures that prescribed children's services functions are performed by SCF and the Council jointly and other prescribed children's services functions are performed by SCF on behalf of the Council. The Council was also directed to enter into a new service agreement to implement the discharge of these functions and continue to comply with any instructions of the Secretary of State, his representatives and the Children's Services Commissioner in relation to

- i. ensuring that the Council's children's social care functions are performed to the required standard;
- ii. the terms of the Service Agreement that require the Secretary of State's consent or approval;
- iii. the operation of the Direction.

3.2.2 The intention behind amending the Articles of Association and a new Governance Side Agreement was to change the ownership of the Company and clarify the roles and responsibilities of the Council and the DfE, on the basis this will give the Council greater control over the strategic direction of the Company, whilst ensuring operational independence for day to day functions. The reserved matters set out in the Articles allow the Council to make certain high level decisions as opposed to leaving these matters to the Company's board of directors.

3.2.3 Under Part 3.5 of the Council's Constitution, approval of annual business plans is a matter reserved to Cabinet.

3.3 Risk management implications

3.3.1 There are risks that the company will not achieve its agreed budget as highlighted in the report. The Council is mitigating this risk through regular financial and performance monitoring meeting and reports to Cabinet on a quarterly basis against the plan. The plan will also be presented to People Scrutiny.

3.4 Environmental implications

3.4.1 None

3.5 Equality implications

3.5.1 The Council has a duty contained in section 149 of the Equality Act to have due regard to the need to:

- a) eliminate discrimination, harassment, victimisation and other conduct that is prohibited by or under this Act;

- b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
- c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

3.5.2 The broad purpose of this duty is to integrate considerations of equality into day-to-day business and to keep them under review in decision making, the design of policies and the delivery of services. As a body delivering public functions, SCF is expected to comply with this duty.

3.5.3 High quality and cost effective children's services are critical to supporting both the Council and SCF to meet their equality duties, particularly in relation to advancing equality of opportunity by way of reducing inequalities that exist between certain groups of vulnerable children and their families and the wider population. As part of the update reports, it is expected that information will be presented on how SCF is meeting its equality duties and how this is supporting the Council to meet its own duties.

3.6 Procurement implications

3.6.4 There are no procurement implications from this proposal. SCF operates within the "Teckal Exemption" meaning that the Council does not have to undertake a procurement process to commission services from it. This exemption is on the basis that the Council has adequate control over SCF and that at least 80% of SCF's services are provided to the Council.

3.7 Workforce implications

3.7.1 Any workforce implications relating to the business plan will progress through the usual consultation mechanisms.

3.8 Property implications

3.8.1 SCF will need to consider its future building requirements as part of the Council's wider asset disposal programme. At present SCF operates from 3 separate buildings, including leasing office space in Observatory House, operating a contact centre in Cippenham and operating a respite centre in Priors Close.

4. Background Papers

Report to Cabinet 15 March 2021– The Future Delivery Model for Slough Children's Services