

Date of issue: 21st September, 2015

MEETING	COUNCIL
DATE AND TIME:	TUESDAY, 22ND SEPTEMBER, 2015 AT 7.00 PM
VENUE:	SMALL HALL, THE CENTRE, FARNHAM ROAD, SLOUGH, SL1 4UT
DEMOCRATIC SERVICES OFFICER: (for all enquiries)	SHABANA KAUSER 01753 787503

SUPPLEMENTARY PAPERS II

The following Paper has been added to the agenda for the above meeting:-

* Item 6 was not available for publication with the rest of the agenda.

PART 1

<u>AGENDA ITEM</u>	<u>REPORT TITLE</u>	<u>PAGE</u>	<u>WARD</u>
6.	Recommendations of the Cabinet from its meeting held on 14th September 2015 A. Contract with Children's Services Organisation for the Delivery of Children's Social Care Services	1 - 66	

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SLOUGH BOROUGH COUNCIL

REPORT TO: Full Council **DATE:** 21 September 2015

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WARD(S): All

PART I
FOR DECISION**RECOMMENDATIONS OF THE CABINET FROM ITS MEETING HELD ON 14TH SEPTEMBER 2015****A. CONTRACT WITH CHILDREN'S SERVICES ORGANISATION FOR THE DELIVERY OF CHILDREN'S SOCIAL CARE SERVICES**1. **Purpose of Report**

The purpose of this report is to seek approval of the proposed amendments to the Council's Budget as a result of the transfer the Council's children's social care and special educational needs functions to the new children's services organisation.

2. **Recommendation(s)/Proposed Action**

The recommendation is that Full Council is requested to approve the increase in the current Children's Services base budget for the period 2015/2016 from £21.8 million to £24.4 million.

3. **The Slough Joint Wellbeing Strategy, the JSNA and the Five Year Plan**3a. **Slough Joint Wellbeing Strategy Priorities**

Priorities:

- Health
 - By identifying and prioritising services for vulnerable groups in the Slough population and by targeting support to meet the needs of children and young people.
 - Through focusing on the needs of the most vulnerable children, young people and their families, and providing targeted services through partnership working primarily with the NHS to secure measurable health improvements.
- Economy and Skills
 - By offering early education and family support to parents of young children so that they can focus on meeting their children's needs and overcoming personal and family difficulties that affect their ability to care for their children.

- By promoting educational achievement which gives children and young people in care and leaving care enjoyment in learning and increased opportunities for success in adult life.
 - By maintaining high levels of Education, Employment or Training (EET) for young people who are looked after beyond 16 years of age.
 - By promoting vulnerable young people's social and emotional development alongside advances in educational achievement.
- Safer Communities
 - By offering effective support to families to help them do their best for their children so that children and young people are safe in their families and communities.
 - By recognising that parents are the main carers for their children, and by offering services that enable them to continue to care for their children successfully so that children can grow up within their own families and communities wherever possible.
 - By carrying out respective roles across the local authority and partner agencies to ensure that the most vulnerable children in our community are protected from harm and they are enabled to live with their families.
 - By carrying out our statutory role as a local authority to provide services for children in need, to safeguard them and look after children whose parents are unable to do so.
 - By working effectively with partner agencies so that they also contribute to safeguarding children and young people and demonstrate improved outcomes for those children and young people and their families.
 - By ensuring that children and young people who are looked after have the standards of care and life opportunities that we would want for our own children, with contributions from partner agencies.

3b **Five Year Plan Outcomes**

Children and young people in Slough will be healthy, resilient and have positive life chances – The improvement programme aims to make Slough children's services one of the best providers of children's social care in the country, providing timely, purposeful support that brings safe, lasting and positive change.

4. **Other Implications**

(a) **Financial**

- 4.1 There are two areas of financial implications for the Council arising from the externalisation. Firstly, those related to the transition from the current provision to the external provider including the costs of running the CSO, and secondly once those services have been externalised, the setting of the budget for the service area.
- 4.2 In relation to the transition, the Council and the Department of Education (DfE) agreed through the Memorandum of Understanding (MoU dated 21st November 2014) that all costs of transition would be borne by the DfE, and this included the reasonable costs of the Authority, its project team including the Council's professional costs in relation to complying with the Direction and the MoU (para 30). The MoU also provided that it would not be expected to or required to meet the set up costs of the CSO nor any of the additional costs incurred as a result of the transfer of the children services (para 28 MoU).

- 4.3 On the 27.8.2015 the DfE signed a Grant Offer Letter that confirms a grant to the Council of up to a maximum of £615k in 2015-2016 to cover the Council's additional costs to set up Slough Children's Services Trust and to improve children's services in the interim period before CSO "go live". The Council retains the ability to bid for additional funding (which will be subject to DfE agreement). The grant is subject to the DfE's terms and conditions. The set up grant funding is in place from 1.4.2015 to 30.9.2015 (though costs from 14/15 have also been claimed).
- 4.4 After transition, there will be additional running costs to the Council as a result of working with the CSO. These arise from the overheads of the CSO, which include the set up of the Council's Contract monitoring Team as well as the reduction in economies of scale for the Council.
- 4.5 The Secretary of State had confirmed that some of these costs would not have to be borne by the Council and the local taxpayer. However, there is no indication of how long these costs, once agreed, will be met by the Secretary of State. It is not known when the current round of central government austerity measures will have any impact on either the commitment to cover these costs or its longevity. Although the Council will continue to act rigorously and fairly in securing a cost recovery outcome, the Council will need to consider the financial impact on resources if, full cost recovery is not achieved.
- 4.6 Similarly, under the New Burdens Funding, there will need to be an assessment of any additional strain on council tax resources, over and above the initial set up costs, as a result of any new burden being imposed from this externalisation. It would be expected that any shortfalls will be met by central government and not by the local authority itself. However, there is no guarantee that this will be the case.
- 4.7 In relation to implications arising post transfer, since the CSO is an entirely independent organisation, the Council will be required to avoid any state aid issues. The CSO has assured the Council that it will only be providing services to the Council and will not be bidding for contracts in the wider market. On that basis, the risk of there being a breach of state aid rules or distortion of competition in the market place is low.
- 4.8 Also post transfer, the proposed contract between the parties provides for due consideration being given to the Council's savings targets when agreeing and setting the CSO's budget annual budgets. The detailed arrangements are addressed dealt within the main part of the report. The OPM Report did record that "We feel a reducing profile of spend should be achievable in the medium to longer term".¹ As a result the MoU provided that the Council and the CSO would agree an initial 3 year budget and in drawing up that budget the CSO would take into account the Council's savings target and also the future viability of the Council (paras 32 and 33). Detailed budget discussions are set out in the main body of the report.

(b) Risk Management

- 4.9 There are a number of significant risks arising from the delivery of the expected go live date in light of where progress on the work streams current sit.

¹ OPM Report, dated May 2014, p13.

Risk	Mitigating action	Opportunities
<p data-bbox="233 136 316 172">Legal</p> <p data-bbox="233 210 576 792">There are a number of legal risks arising from the externalisation. These include risks relating to the governance arrangements, scope, service delivery vehicle, and client arrangements, which will prevent the council from exercising its statutory accountability effectively. The lack of Council termination rights is a risk.</p>	<p data-bbox="603 210 1002 607">The MOU sets out the means by which the risks arising from the nature of arrangements will be reduced and how the Council will be protected against the procurement and employment risks that are presented as a result of compliance with the Direction.</p> <p data-bbox="603 651 1002 1048">The Service Contract will formalise the relationship with a legally binding agreement. The Contract will govern and manage the contractual relationship between the Council and the CSO. It is understood that the Sec of State will have separate agreements with the CSO.</p> <p data-bbox="603 1093 1002 1346">The Sec of State will have rights within the contract and must be consulted on fundamental changes to the CSO and also operates as a point of escalation to resolve key issues.</p> <p data-bbox="603 1391 1002 1711">DfE and the Council are in conversation with Ofsted around how exercise of statutory duties will be assessed. The Doncaster Children’s Services Trust already provides a model and a point of comparison and learning.</p>	
<p data-bbox="233 1753 360 1789">Property</p> <p data-bbox="233 1825 576 2145">Accommodation was a key project work stream. There are risks around the service not being located in a convenient location and the risk of accommodation cost to the transferring budget.</p>	<p data-bbox="603 1825 1002 2040">The service will be located on the ground floor of SMP and it is intended it will remain there for the duration of the contract period.</p> <p data-bbox="603 2085 1002 2145">The DfE will be meeting all the costs of reconfiguration</p>	<p data-bbox="1034 1825 1406 2007">Co-location of a range of services in a central hub is an effective and efficient model of delivery.</p> <p data-bbox="1034 2085 1406 2145">Mallards as a resource can be used more</p>

<p>The Council's plans to rationalise the accommodation it occupies as a part of addressing budgetary pressures. There is a risk to the process if the CSO do not share the current rationalisation program.</p>	<p>and displacement on the basis that there will be no rental liability to the CSO of the ground floor SMP.</p> <p>The Council's only care home, presents a financial challenge. However, the Council have been advised not to close the home.</p>	<p>effectively to support young people on the edge of care and their families to reduce the number of children of secondary school age entering the care system</p>
<p>Employment Issues</p> <p>For those services in scope of the Direction, all relevant Council staff will be transferred to the CSO. Staff are concerned about their future and also their future terms and conditions of employment.</p> <p>Transfer to an unknown entity may undermine recruitment.</p>	<p>Directly affected Council staff will be transferred under the TUPE regulations. Staff will transfer under their current terms and conditions of employment, pension rights and continuous employment rights.</p> <p>The agreement on the pension arrangements will help to ensure that the CSO remains an attractive option for those wishing to move from a local authority.</p> <p>Evidence from the Council's recruitment days has highlighted that many social workers view the opportunity to work for an external organisation as positive and has encouraged their application.</p>	
<p>Timetable for delivery</p> <p>The decoupling of a major statutory service is complicated and is has been made more challenging as a result of intervention because normal processes and</p>	<p>The Council and DfE share the aim to resolve critical matters to enable a go live for the CSO.</p> <p>The DfE brought in external</p>	

<p>procedures for externalisation could not be followed.</p> <p>The Council's timeline for a go live date of early January 2016 was weighted the complexity of the project and project novelty.</p> <p>There have been slippages against key task dates.</p> <p>Variances in the parties decision- makers attitudes to risk.</p>	<p>resources and put in place an ambitious project timetable based on assumptions from their previous project at Doncaster.</p> <p>The DfE has made additional support and resources available to the Council e.g. specialist legal services, backfill for key project office and finance roles.</p> <p>Working with AfC has provided effective support and guidance to the current change program.</p> <p>Key work streams have not been satisfactory concluded and a view has had to be taken as to what is critical to achieving the set go live date of the 1.10.2015, whilst leaving key but not critical matters to be resolved post go live.</p>	
<p>Business Case</p> <p>There is no formal business case for this externalisation and there have been no gateway reviews to examine programmes and project status at key decision points during the lifecycle of the transition project.</p>	<p>A decision that has been made by the Secretary of State through the exercise of legal powers.</p>	
<p>Parties fail to agree on the terms of the services contract</p>	<p>The Secretary of State has powers to step in and run the services directly</p>	<p>Being part of the design and management journey for an innovative solution to a widespread national problem</p>
<p>Improved performance</p> <p>The service fails to improve to the level required.</p>	<p>Criteria to measure success is set out in the Contract's specifications and achieving targets for Ofsted ratings.</p>	

<p>Adequacy of metrics to independently measure the success of the externalisation in terms of improvements to Children's Services.</p> <p>The CSO has not had an opportunity to develop a service delivery plan and there is a risk to the Council in terms the nature of service being delivered.</p> <p>Return on Investment</p>	<p>The Key Performance Indicators and Performance Indicators have had to be wide ranging to ensure the Council's duties, both statutory and non statutory, are meet.</p> <p>The DfE have supported work on adequacy of metrics by arranging support from Achieving for Children. AfC has provided effective support and guidance to the current performance framework.</p> <p>The DfE and the Council agreed a Ofsted rating of good in 3 years from go live and outstanding in 5 years from go live (para 22 MOU).</p>	<p>To improve the outcomes for children and young people of the Borough through focused an innovative service redesign, which Ofsted ratings do not always measure.</p>
<p>Treatment of internal and external support services</p> <p>Feasibility check on the financial and risk consequences of de-merging services.</p> <p>De-merger in isolation can lead to dis-economy of scale, lack of balance, inconsistency and disagreements across the rest of the departments</p>	<p>Support services agreements for 'back-office' remain in place under current arrangements so operational economies of scale remain in place.</p>	
<p>Risks to service improvement at time of Transition</p>	<p>Risk is offset by greater risk of 'do nothing' and slow improvement progress by Council over recent years.</p> <p>Additional and enhanced resource and capacity has been created by establishment of CSO. New leadership brings a fresh approach.</p>	
<p>Budget management and additional running costs of a 3rd party arrangement.</p> <p>Payment of additional</p>	<p>DfE has invested into setup of CSO including support provided to the Council.</p> <p>DfE is providing additional funding to CSO for new</p>	

<p>costs incurred by the CSO because of its operation as a company limited by guarantee. Setup Costs, a more expensive management model with CLG structure as opposed to internal model, risks presented by enhancement of employee T & Cs, costs directly incurred by the Council in establishing and retained client function and contract management team.</p>	<p>leadership, insurance, VAT cover etc.</p>	
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(c) Human Rights Act and Other Legal Implications

- 4.10 The Secretary of State has exercised her powers under The Education Act 1996 in relation to the Council's children's services functions and SEN.
- 4.11 The legislative provisions allow either the Secretary of State to exercise the functions or give the Council such directions as the Secretary of State thinks expedient to enable the functions to be performed to an adequate standard.
- 4.12 Through the 1st Direction, the Secretary of State directed that a separate organisation should be set up to carry out, what will be most of the Council's Children's social care services functions. There has been no business design or procurement exercise for the selection for the operator. The Secretary of State confirmed in the MoU that the Council will not bear any risk relating to any potential breach of the Public Contract Regulations 2006.
- 4.13 The 2nd Direction will require the Council to enter into a legally binding contract for services with the CSO, for the CSO to deliver children's social care functions.
- 4.14 By contracting with the CSO, the Council would retain all its legal obligations for the statutory duties. However, since the Secretary of State has made it very clear that the services will be "out of council control", the Council may have limited control over how the children's social care functions are delivered or indeed to be able to hold to account the CSO for any failings. Detailed considerations are set out in the main body of the report.
- 4.15 Although there will be no legal relationship between the Council and the DfE, it is understood the DfE will have a direct relationship with the CSO to ensure the terms of the Direction in relation to improvement to children's services continues. However, at the time of writing this report the DfE have not confirmed what those arrangements will be. The Council sees certainty around the length of time the Commissioner will continue to remain in post after go live as an important step in both managing the transition and the improvement journey. At the time of writing this report the DfE have now confirmed that the Commissioner is expected to remain as Commissioner post go live.

(d) Equalities Impact Assessment

- 4.16 The public sector equality duty is made up of a general equality duty supported by specific duties. The general equality duty is set out in section 149 of the Equality Act 2010. The general equality duty applies to organisations that exercise public functions. This will include private bodies or voluntary organisations that are carrying out public functions on behalf of a public authority. It is important to confirm that the CSO is required to adhere to the Equality Act 2010, the Public Sector Equality Duty and all related codes of practice and guidance because they will be exercising public functions.
- 4.17 The Council is required to assess the impact on equality as a result of this transition. Although it is up to each public body to choose the most effective approach for doing this, the key considerations will be the type of functions being carried out and the nature of the decision-making. As a result of the 1st Direction and the proposed 2nd Direction, the change in operational delivery of children's social care functions has arisen out of intervention and therefore the EIA carried out by the DfE is integral to the Council's assessment of impact. At the time of writing this report the Council has not received the DfE EIA into the changes to service delivery proposed by the intervention.
- 4.18 At the time of writing this report the Council has not conducted an EIA

(e) Workforce

- 4.19 There are significant implications for the Council's workforce as a result of the externalisation of Children's Services, not just for the service area itself but also for the rest of the Council. The disaggregation of both the service and of those services supporting the service area has involved a transfer of Council employees to the CSO but may also require a restructuring of those services that remain.

5. Supporting Information

Background and context

Slough's Intervention

- 5.1 The Council has been the subject of two inadequate Ofsted reports of 2011 and 2014. A deep dive report into the issues around service failure and the options to ensuring improvement was issued by OPM in June 2014.
- 5.2 The Secretary of State for Education, considered the way to achieve level of required improvement was to externalise the provision of Children's Services social care functions from the Council. The Education Act 1996 (as amended) gives the Secretary of State intervention powers with respect to the performance of a Council function. In the case of children's social care, there are in essence 3 options available:
- A Direction for the Council to act in a certain way; or
 - A Direction that the functions will be performed on behalf of the Council by either a 3rd party. In this case there would be a direct for services between the Council and the 3rd party (often referred to as a Sc 4 Direction) (as in the case of Doncaster); or

- A Direction that a 3rd party will undertake the function instead of the Council. In this case there would be a direct contract for services between the Secretary of State and the 3rd party. The Council would not be a party (often referred to as a Sc 4A Direction).

- 5.3 The option was originally to pursue an independent trust model using powers available under subsection 4A of the Education Act 1996. It was contended that this model offered “a clear and distinct set of governance arrangements and a model that ...adequately addressed the serious concerns identified around governance and leadership – both of Slough children’s services and the Council.”²
- 5.4 It was further felt that “Full accountability, under the trust model, would rest with the Secretary of State or with a person or persons nominated by him. Such a trust would be governed by a Chair appointed by the Secretary of State and board, which reflects the distinctive features of Slough in its composition. The Chair’s leadership of the trust will be critical to delivering the rapid improvement necessary.”³ In this case there would have been a services contract between the Secretary of State and the services provider directly. It would not have required the Council to be a party as the Secretary of State would have stepped into the shoes of the Council.
- 5.5 However, following positive and cooperative dialogue with the Council, the Minister decided to base the intervention on a power under subsection 4 of the Education Act 1996, whereby the Council would be directed to enter into a contract with an independent organisation for the delivery of its children’s social care services in order to secure its statutory functions. The statutory functions however would remain with the Council.
- 5.6 In October 2014, the 1st Direction was issue which set out the plan to take forward the proposed operational changes. This was then followed by agreement between the DfE and the Council to a Memorandum of Understanding in November 2014 (“MoU”) that set out how both parties would work together to achieve the externalisation.
- 5.7 In January 2015, following the appointment of the Department of Education’s (DfE) support services team, a governance structure was set up to manage the transition of the services. A high level Steering Group made up of the Dfe, CSO and the Council was set up as a strategic decision making body.
- 5.8 This was then followed with the DfE appointments to the role of Chair and Chief Executive to what would become the new children’s services company.

National context

- 5.9 The delivery of children’s social care functions are under enormous pressure up and down the country. In November 2013 Ofsted began a single inspection programme, which looked at all local authority social care services in one inspection.
- 5.10 Ofsted inspections both locally and nationally have been finding the delivery of children social care functions by a number of Councils as inadequate.
- 5.11 By way of some recent examples, in

² Ministers letter dated 15.7.2014 to the Council

³ Ministers letter dated 15.7.2014 to the Council

- August 2015, West Berkshire's Children's Services were found to be inadequate, and an improvement notice has been issued;
- July 2015 for Sunderland it was "The inspection pointed to corporate failure by senior leaders and managers that leaves children and young people potentially at risk;"⁴
- June 2015 for Surrey Country Council is was "Widespread and serious failures" are leaving children at risk of harm, where children's services were labeled as "inadequate". Ofsted said it found a lack of leadership and a failure to provide support to vulnerable children in need;⁵
- June 2015 Sandwell was judged overall as inadequate, the Ofsted report publication having been delayed as a result of the election. The DfE already had in place a performance accountability board.
- May 2015 London Borough of Lambeth's provision of Children's Services was judged as inadequate. Three years previously child protection, children in care and the adoption service had been rated as 'outstanding';
- May 2015 Cumbria County Council's children's services department was rated inadequate by Ofsted inspectors for the third time in four years.

5.12 Although many of the reasons for such findings are complex, there is little doubt that there is an overarching thread linking many failures together.

5.13 The model the DfE are currently putting forward for Slough, is the one that was used for Doncaster. Namely an outsourced independent provider. The Doncaster Company when live on the 1.10.2014.

Business Case for new operational delivery model

5.14 In the normal course of events for any externalisation, the Council would have been presented with a business case for externalisation. The purpose of a business case is to rationalise and test the viability of the vision being put forward in terms of feasibility, measurable improvement and efficiency gains. It is designed to test assumptions, gather data and information about new ways of working along with the benefit of the proposed model. It would reveal what a new service could look like and evaluate its set up costs and all relevant risks.

5.15 This externalisation has not followed the normal business case sign off route as it has arisen out of a central government intervention.

Secretary of State Directions

5.16 To enable the changes to be brought forward, the Secretary of State issued the Council with the 1st Direction on the 7th October 2014. Following a transition period, the draft 2nd Direction has now been circulated. The purpose of the 2nd Direction is to set out in detail all the transferring functions and to give effect to the new operating model for the Council's children's social care and SEN functions. It is important to note that SEN was not included within any of the Ofsted Reports or the 1st Direction as being in scope. The inclusion within scope has only occurred recently at the request of the Commissioner.

Council's Costs of Transition to a new model

⁴ Ofsted report into Sunderland City Council Children's Services, July 2015

⁵ Ofsted report into Surrey County Council Children's Services, June 2015

5.17 The MoU confirmed that the Council would be reimbursed for costs on the following basis:

“28. The Authority is not expected or required to meet the set up costs of the new organisation, nor any of the additional costs incurred by virtue of the children’s social care functions covered by the terms of the further Direction being delivered by the new organisation.

30. In relation to the costs of compliance with the Direction The Secretary of State will meet the costs of the Commissioner, the professional services and legal services and the DfE project team costs. The Secretary of State will also meet all the reasonable costs of the Authority, its project team including the Authority’s professional services costs in relation to complying with the Direction and the MoU.”

5.18 As confirmed the Secretary of State has signed off a grant agreement to enable recovery of the Council’s costs of transition. The access to the reimbursement is subject to sign off by the Minister. There has been further agreement to meet accommodation and support services setup costs and these will be reflected in and update to the grant.

5.19 Once all the detail has been worked through a grant funding agreement for a specified period (and not extending beyond any Spending Review period) will be sent to the CSO representing costs additional to those that the Council would have incurred had the Council delivered the services of the CSO directly. Any unforeseen costs can be included following assessment.

5.20 Should additional costs exceed the sums set out in grant funding agreement(s) the Minister would be asked for a decision as to funding for the identified increase in these specific costs. Both the Council and the CSO are required to notified the DfE as soon as they are aware of a potential increase in costs not containable within the agreed limit of DfE funding.

5.21 The DfE will review projected additional costs for the CSO and if relevant the Council on an annual basis to enable all interested parties to understand the rationale for any necessary or requested revisions to estimates of additional costs for the year ahead. The DfE do not expect the overall amount of additional costs to increase year on year.

Operating Model of CSO

5.22 The MoU confirms that the Secretary of State had directed that the way to secure the improvements to the Council’s children’s social care functions, was to externalise the services to “an organisation which is completely independent of the” (para 4) of the Council. As a result the model of the new organisation has been a private company, limited by guarantee with no share capital. A copy of the Company’s articles of association are attached at Appendix D. The Company was incorporated on the 12th March 2015 and is called “Slough Children’s Services Trust Limited” (Co Number: 09487106), its registered address is in Bristol. As a company limited by guarantee (CLG) it must reinvest any surpluses back into furthering its objectives.

5.23 Although the company prefers to be referred to as “the Trust”, it is important to note that its legal entity is not one of a trust. To avoid any public confusion as to

the status of the entity, the Council has refrained from referring to the new company as “the Trust” in its reports.

5.24 The description given for the company is:

“the Company will be a not-for-profit organisation limited by guarantee that is being established to secure improvements to Slough Borough Council's performance in respect of its children social care functions pursuant to a statutory direction issued by the Secretary of State for Education on 7 October 2014 in accordance with Section 497A(4B). The objects of the Company are to provide social care and youth offending services to children, young people and their families for the advancement of the community in Slough.”

5.25 The Council understands there may be a longer term aspiration is for the CSO to convert to a Community Interest Company (CIC), but this will be a matter for the CSO alone and possibly the DfE. Although the Council has no control over the model there are some several areas that require the Council to protect public assets to prevent those assets being lost to a private company. The Council has raised these issues and sought to manage them in a way that ensures public assets remain in public ownership.

5.26 At the time of writing this report the CSO has made the following key senior appointments:

- Chair of the CSO: Elaine Simpson
- Chief Executive of CSO: Nicola Clemo
- Head of Communications: Martin Szybut
- Financial Controller: Mandeep Atwal
- Head of HR: Joanne Hatfield
- Head of Performance & QA: pending permanent appointment
- Head of Strategy & Operations: pending permanent appointment

The following appointments are still subject the Commissioner’s agreement

- Financial Director (Interim appointment until 31 March 2016): Satwant Bains. A permanent appointment to be recruited in the New Year.
- Head of Improvement (Interim appointment until 30 September 2016): Eric de Mello
- Change Management Specialist (Interim appointment until 30 September 2016): Penny Hajek
- Head of Operations (Interim appointment until 30 September 2016): Robina Khan
- Head of Systemic Practice (interim appointment until 30 September 2016): to be appointed.
- Head of Innovation and Funding (Interim appointment until 30 September 2016): to be appointed.

5.27 The Council have been advised that in relation to the CSO’s Board of Directors and their remuneration the position is as follows:

- The Chair - Elaine Simpson. Is paid by DfE and will not be paid additional sums as a Director of the Board
- The Chief Executive of the Trust- Nicola Clemo. Will not be paid additional sums as a Director of the Board.
- Company Secretary and Financial Executive - Satwant Bains (Interim). Will not be paid additional sums as a Director of the Board.
- A political non-executive Board member nominated by Slough BC (this will be the subject of a future report). Will not be paid.
- A financial non-executive board Director identified through the search arrangements outlined above. Will be paid £500/day
- A social care expert non-executive director identified through the search arrangements outlined above. Will be paid £500/day.

5.28 The following roles are under consideration:

- A senior police officer non-executive Board director nominated by Thames Valley Police. Will not be paid.
- A senior CCG non-executive Board director nominated by Slough Clinical Commissioning Group. Will not be paid.
- A senior academic in the social care field. Will be paid £500/day
- A young non-executive director (18-25). Will be paid remuneration to be agreed but less than £500/day.

5.29 The Board members of the new organisation are likely to be remunerated for their services and this cost will need to be considered as part of the contract payment. Whilst it will be important to ensure that the new organisation attracts good calibre members, the Council will also be concerned to ensure that remuneration remains within the parameters of good practice in public sector appointments.

5.30 Currently the DfE employs the Chair and the Chief Executive until go live of the CSO. However, from go live, although the Chair will remain an appointee of the Secretary of State for Education, the DfE will transfer funding for the post to the CSO and the CSO will then have responsibility for paying the Chair's fees, costs and expenses on behalf of the DfE. At the time of writing this report the Council is awaiting confirmation from the DfE on the appointee arrangements for the CSO's Chief Executive.

5.31 The Council has sought assurances around the central control over the CSO, particularly in terms of its structure and nature of operations and future plans, because of the public funding of the CSO from the Council's budgets. DfE have confirmed that it will take advice from the Commissioner on the shape and costing for the CSO structure before this is approved. Initially the CSO will work with the management posts that TUPE from the Council while they determine what new management structure is appropriate and this will then be consulted on with stakeholders including Members and SBC. However the CSO will need to operate as a stand alone business and make improvements from day one. In consultation with the DfE and the Commissioner a number of interim support posts and an improvement team have been recruited to on an interim basis while the CSO determines what needs to be done and recruits to identified essential

posts. The letter from the Commissioner attached as an appendix provides additional assurance on the readiness of the CSO to become operational.

Fit for purpose transfer date for Go Live of the CSO running the Services

5.32 There have been extensive discussions between the parties over what needs to be in place to enable a safe go live date for the CSO. The Council has maintained its concern around a go live date of the end September 2015, because of the time needed to undertake effective due diligence, operational set up of a new entity and the commercial discussions not just between the Council and the CSO, but also between the range of 3rd parties whose services need to be either reassigned, novated or redesigned to enable delivery to the CSO instead or in addition to the Council.

5.33 All parties are agreed that the priority is to ensure a prompt but safe hand over to enable service transformation to maintain a momentum. However, uncoupling a major service area from an organisation is complex and time consuming and there are a range of matters that still require both attention and resolution.

5.34 To this end 2 key areas of consideration have arisen: the first being the requirements of a safe handover and the second around what an effectiveness of the proposed arrangements in meeting the challenge of responsibility for improvement and oversight.

5.35 In relation to the requirements of a safe handover, a range of principles have been discussed that the parties have agreed underpin a safe transfer to take place at the end of September 2015. A view has been taken to mark down the criticality of those matters, though important are not critical for go live. They remain areas for post completion resolution.

5.36 In relation to the second issue, following a governance workshop a range of questions around governance and oversight were put forward by the Members to the DfE. At the time of writing this report the DfE have addressed those questions within a draft response.

5.37 In essence, the draft response provides as follows:

- Who is accountable – the option exercised is the sc 4 Direction (see para 5.2 above), which means that Council retains statutory responsibility for the functions and accountable for the delivery of the services.
- What is the Council accountable for – the Council remains accountable for the quality of service provision. It is required therefore to hold the CSO to account, manage their performance and ensure delivery of improvement to the service functions. It should be noted that although the CSO will be Ofsted registered for the provider of social care functions, and the Council has had a restricted role in considering which services transfer, it is still responsible for them
- How is performance to be measured – the services contract between the CSO and the Council contains a performance framework. The Council have been supported by Achieving for Children (the Community Interest Company set up between Kingston and Richmond Councils) at the request of the DfE to help the Council to design metrics to measure performance under the services contract. As this is a contract driven solution it is critically important that the performance framework is robust

and effective and provides the level of independent assessment for both the Council and the DfE to form an opinion on effectiveness of the new model.

- How will matters be reported to Members & the escalation process if things go wrong – in common with other externalisations, the service contract will require the Council to have in place monitoring and reporting arrangements. To this end, the Council is not expected to regard the fact of intervention as an opportunity for the CSO to avoid the business as usual arrangements in these sorts of instances.
- What is the exit strategy - the contract term is 6 years with a 4 year break, exercisable only by the Secretary of State. An exit plan has to be prepared by the CSO as per the terms of the service contract.

Requirements of Project Plan for Council decisions

- 5.38 The Project Plan had a forward plan for decisions in light of the expected go live date of the 1.10.2015. This forward plan took into account Cabinet, O/S and Children's O/S and Full Council dates to ensure the decision making bodies had an enough time to make the relevant related decisions.
- 5.39 By way of background, it was anticipated that a report to the June Cabinet would be bought to cover: Scope of Services, Pensions, Member/Officer involvement in the CSO Board, Contract governance principles. However, the parties were not in a position to bring a report for decision sign off on the matters listed. The July Cabinet was expected to sign off matters relating to financial risk sharing. However, the parties were not in a position to bring a report for decision sign off on the matter listed. With September Cabinet expected to sign off matters relating to: Update on draft services contract, CSO budget, DfE provision of additional costs, delegated authority to sign contract.
- 5.40 To this end the Project Plan milestones were not achieved. The effect has been to require the September Cabinet now to consider all those matters originally expected to be signed off in June and July, in addition to those that were expected to be signed off for September. However, not all the expected September milestones have been achieved and this leaves a decision to be made on a services contract that is still in the process of being negotiated by the parties.

6. Contract & Contract provisions

Basic Contract Terms & Conditions

- 6.1 The services contract for which authority is being sought follows the Crown Commercial Service and the Government Legal Service model terms and conditions for major services contracts. It was designed for use by government departments and many other public sector organisations. The model services contract has been developed for services contracts with a value over £10 million and aims to aid assurance and reduce administration, legal costs and negotiation time. Although it is designed to be suitable for a range of business services that government purchases, children's social care functions are not a typical business service.

- 6.2 Public-sector contracts, as opposed to business services contracts are inherently complex. The added complexity here of the contract being driven by an intervention complicates matters further. This has presented the Council with a set of unique challenges. The balance between addressing its issues around accountability and liability with the level of risk its finds itself having to undertake.
- 6.3 In many this complication is further complicated by the fact that the contract is only a bilateral agreement between the Council and the CSO and not tripartite, ie including the DfE. This has made relations more complex both in terms of contract management, escalation and ultimately gate keeping of the improvement trajectory as well as management of the performance framework.

Public Sector Equality Duty

- 6.4 The CSO will be discharging a public function as such it is obliged to comply with the provisions in the Equality Act 2010. The CSO will engage and support the Council to achieve its objectives on equality, including contributing to the development and delivery of relevant policies, strategies and implementation of the statutory framework.

Mobilisation Period

- 6.5 The CSO have been operating in shadow form since March 2015. The Project Plan expected the Contract to be largely in settled and in agreed form no later than the end of July to enable a mobilisation period to operate effectively. In any event, the parties were originally expecting to agree the form of contract by early July 2015 to allow atleast a 3-month period to facilitate a smooth handover leading up to the Go Live date. However, this has not occurred.

7. Key Contract Provisions

Service Vision, Mission and operating principles

- 7.1 The services contract will provide for this and is still the subject of agreement.

Scope of Children's Social Care functions being transferred

- 7.2 Appendix C refers to those services that have been agreed as being in scope, a green, those that will not transfer are referred to as red. The blue services are those that are currently provided by 3rd parties and these are either being novated or assigned were possible.
- 7.3 However, several issues have arisen where it is proving impossible or difficult to allow the CSO to enter into either a direct relationship or to assign the benefit of the existing contracts. Some of the issues are particular to the nature of the Council's position as a public body, for example where services are provided through inter local authority relationships. In these cases the parties have had to try and agree arrangements to enable the CSO to function, but these arrangements are not satisfactory and long term they will have to be reviewed.

Term & Termination

- 7.4 The duration of the services contract will align with the term of the Direction. The contract term is 6 years from the date the Services Contract is completed unless

terminated earlier in accordance with the provisions of the Contract. In addition there is a break provision which entitles the Secretary State to instruct the Council to terminate the Contract at any point after the fourth anniversary of the service transfer. This break provisions would operate in case of service failure by the CSO or where service improvement has been achieved and therefore the intervention is no longer required.

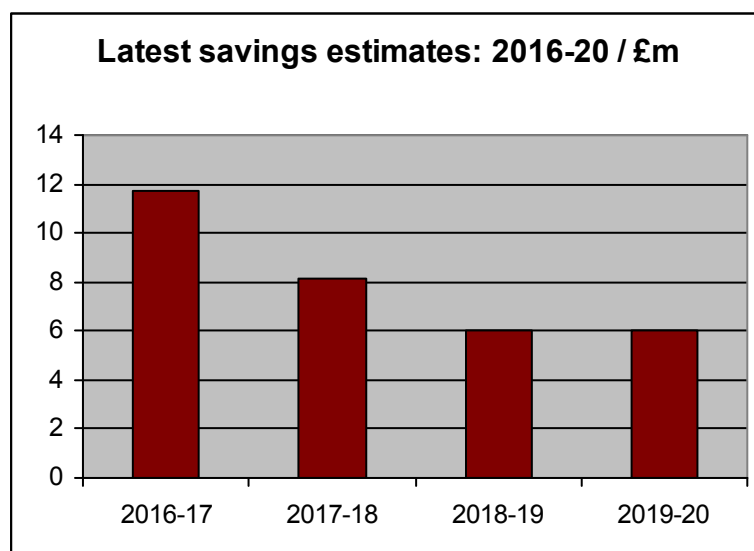
- 7.5 The trigger for these events could be the contractual Services Review. (Currently drafting of SDC is not acceptable on Service Review dates). In relation to termination (still in discussion as to escalation provisions and how they will work and the nature of the parties various relationships with the DfE).

Budget Setting and Calculation

The Council's financial position

- 7.6 The Council's medium term financial position has been presented to members on a regular basis, with the most recent update in July 2015. The Council is awaiting the outcome of the Government's spending review later in the Autumn, however, it is known that some Government departments have been requested to set out the implications of spending reductions between 25% and 40%, and DCLG (where the Council receives most of its Government funding from) is one of these. The Government is continuing with its relative protection of certain Government departments, including elements of the Department for Education (DfE), the NHS, Overseas Aid and in part the Ministry of Defence.
- 7.7 The latest medium term financial forecasts for the Council show an expected savings level of £32m over 4 years. Though a very slight decrease on the July position, it still implies a saving level of almost a third of the Council's budget over the next four years. There are a number of factors influencing this as detailed in previous reports and the impact of the overall Government funding reductions and their phasing will alter the overall savings figure significantly.

Chart 1.1



- 7.8 As can be seen from the above, the 2016-17 shows the highest level of financial pressure at the moment. The Council is also forecasting a significant overspend in the first quarter of the financial year, primarily driven by overspending in the Children's services area. It is therefore vital for the Council's financial position to

reduce spending from its current level, and progress is being made at present to reduce this position. This trajectory of decreasing spend includes both the Council, its major contractors and will now also need to include the CSO.

The CSO's financial position

- 7.9 The DfE have created the CSO as a private company and it is registered as such. As a result of this there are financial implications for both the CSO and the Council of this decision. As a new and stand-alone organisation, the CSO has no track record of trading history and so have no reserves nor any working capital. The Council is not clear who financially backs the company in the event that it was to make a loss, nor how these losses would be treated, and do not believe that the DfE is putting any working capital into the CSO for it to commence trading. At the time of writing this report the Council are still awaiting confirmation from the DfE on this. The Council is in the process of obtaining advice around the group accounting implications of the CSO (i.e. whether the CSO's financial statements and transactions would need to be consolidated into the Council's or not). The view of the CSO is that group accounting would not apply.
- 7.10 Another key issue for the CSO is the implication of VAT. As a private company, the CSO will be unable to reclaim VAT on a number of certain supplies. The latest estimation from the DfE's advisors, Deloitte, is an additional cost to the CSO is £1.75m as a result of the CSO's VAT status. Any costs associated with additional VAT will be borne by the DfE and not by the Council.
- 7.11 There are also further additional costs which the Council anticipate the DfE to fund as a result of the creation of the CSO. These include the cost of the Executive Office, Non-executive directors, audit fees and other set up costs to be confirmed.

Budget principles

- 7.12 The Council recognises that the service at present has been unable to provide services within the current budget. The Council proposes to transfer to the CSO the level of actual spend occurring at present that is then reduced for reasonable actions that are taking place, and will take place, to reduce the overspend position in the short term.
- 7.13 All financial information included in this report excludes SEN funding and any funding in respect of Cambridge Education. This will need to be confirmed subsequently but given there is no immediate financial pressure on these budget, the transfer should be much more simple. There could be an impact in respect of Dedicated Schools Grant (DSG) budget as well through this transfer. Until there is clarity on the budget transferring in respect of DSG it is difficult to reach a conclusion on this element of the scope of services and the financial impact on the Council.
- 7.14 Over the medium to long term, the Council expects, as per the Memorandum of Understanding (see references earlier in the report), for the CSO to take account of the authority's savings targets.
- 7.15 As a stand-alone company, the Council is not expecting to meet the costs of any future overspends that the CSO may well make, and similarly, does not expect to claw back any under spends that the CSO delivers; either of these would be seen to fetter the independence of the CSO, and as the DfE has created this model it would be reasonable for it to support the CSO. However, through the

discussions between the Council and the CSO, it is clear that there will be occasions whereby the CSO will have the opportunity to request specific funding for opportunities or specific costs. These funds can only be provided as long as the Council as a whole still has the financial ability to provide these funds in light of its wider financial position. All of the bids below would be subject to robust scrutiny from the Council and would only be provided once evidence has been provided for the on-going revenue savings and on the basis that the Council has the funds available; given the significant funding reductions from Central Government, there is no guarantee that these will be available. The key areas are considered below:

- Capital investment

As the life of the CSO is limited, it would be very difficult for the CSO to borrowing money; indeed, any powers around this may well be restricted (the Council is not clear on this matter as it is for the CSO). There will be occasion though where the CSO will wish to utilise capital funds to drive out ongoing savings. The Council is proposing that the CSO has the same access to capital funding as internal Council departments and as such would be bound by the same principles of the Capital Strategy i.e. that there must be a positive return on investment, including paying off capital financing costs, by the end of the ten year period.

- Restructuring costs

The CSO have indicated that it wishes to have access to restructuring funds. The Council at present will fund departmental restructures if they deliver ongoing revenue savings. The Council will give the CSO access to this scheme on the same basis as other internal departments as the savings that derive from any restructuring would eventually come back to the Council through a reduced budget envelope provided to the CSO. Any restructuring which does not deliver ongoing revenue savings would not be eligible for any additional funds.

- Invest to Save programmes

Some of the savings proposal may require additional or different capacity. The Council recognises this and on the basis that these programme deliver ongoing revenue savings within a payback period of no longer than three years, the Council would consider these subject to their being a robust and evidence based business case.

- Emergency funding

The Council have yet to receive information from the CSO on what this might be, but both the CSO and the Council accept that in exceptional circumstances there should be a process for funding to be released to the CSO. The Council await clarification on these circumstances and the processes will be articulated in the final contract.

7.16 There are some other budget principles for members to consider. Due to the nature of the new organisation, it has no working capital. The Council is proposing to pay the first two months of funding in advance, and then monthly in arrears. This way the CSO has access to working capital, but the Council still complies on an on-going basis with its overarching financial rules of procedure.

Funding proposals

7.17 Through the negotiations that have taken place to date between the Council and the CSO representatives, there is broad agreement on the following principles:

- That costs should be reduced to a comparative benchmarked level
- That savings can be made over the life of the CSO
- That the savings areas identified by the Council are relevant and deliverable, i.e.
 - Increase the number of in-house foster carers / reduce level of IFAs
 - Decreasing unit costs for external foster care placements
 - Increase the ratio of permanent to agency staff (this has been at around the 50:50 level but has improved significantly in recent months) across the service
 - Making more efficient use of the Mallards care home

7.18 The Council is clear that it expects the CSO to contribute to reducing the Council's overall financial cost base in line with the 5 Year Plan and Outcomes Based Budgeting process. All service areas are looking at a reduction in the cost base of 35% over the next four years.

7.19 The Council have considered the current financial position and have put in place a cost recovery plan over the next 18 months, which it believes is ambitious but also achievable. This is highlighted below, and the assumptions are included⁶. The Memorandum of Understanding sets out that an Ofsted rating of 'Good' will be achieved within three years (i.e. by September 2018 at the latest) and to deliver this a number of the actions in the cost recovery will be required to improve the service's performance as well as ensuring a much more appropriate underlying cost base.

7.20 Beyond April 2017, the Council has then factored in that the CSO's cost base reduces to that which is the level of average cost compared to similar authorities by April 2018, and to the level of cost achieved by 'good' authorities by April 2019. There will need to be amendments made as part of the annual budget setting process to expected cost reductions depending on the Council's wider financial position; however, this is the aspiration of the Council and is reasonable based on the Council expecting the CSO to deliver within a cost base of similar Councils. The Council's wider financial position is that all outcome much provide options for a reduced cost base on current budget of 65%. For the CSO (assuming a budget of £21.7m) this would be a budget for 2019-20 of £14.1m which is consistent with the graph below which shows the most ambitious level of savings within the current serviced structure .

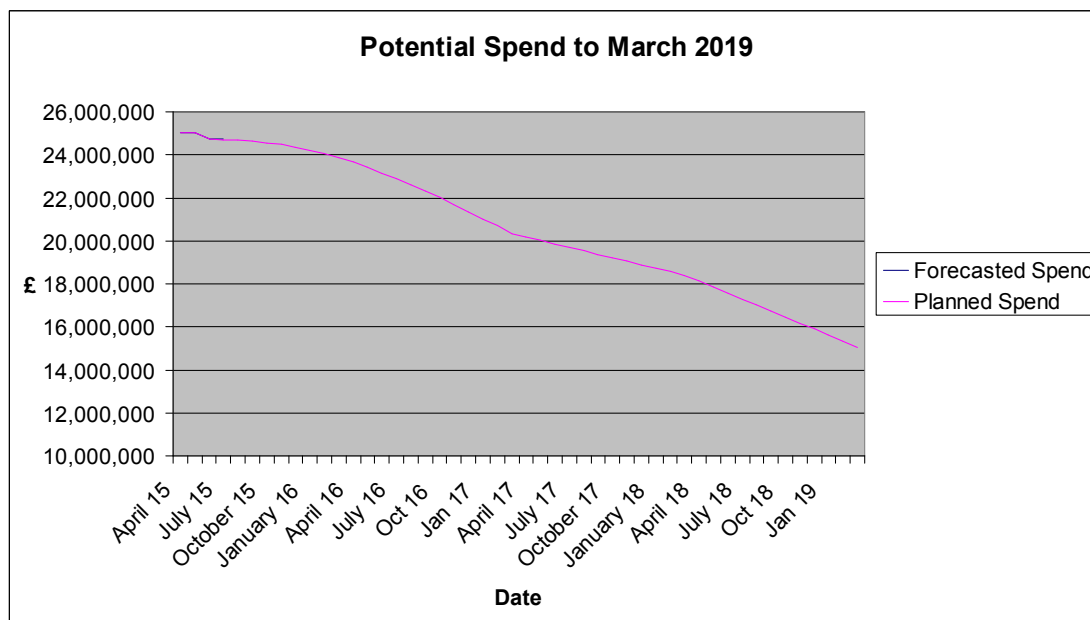
• ⁶ Assume 50 placements are moved to in-house foster carers from IFAs

• 4 agency social workers are replaced by permanent staff each month over the next year

• The average placement costs in IFAs are reduced by £140 pw

• Over 14 months, 1 agency non field work SW is replaced by a permanent staff member each month.

• More effective use of Mallards placements by increasing the occupancy to efficient levels (i.e 6 by December 2015)



7.21 The proposed budget is therefore built upon the assumptions included in the above and would be based on 18 months of the actual spend less the proposed savings plans and the current levels of placement costs. Following negotiation with the CSO, the revised position for the next 18 months has been proposed

18 month budget position: Oct 2015 - March 2017

Item	£m	£m
a SBC position		34.57
b Transitional model revision - tbc		0.4
c Placement model revision - tbc		0.5
d Revised sub-total: SBC		<u>35.5</u>
SBC Invest to Save:		
e Capital		0.9
f Revenue		0.6
g Sub total		<u>37.0</u>
h Savings identified by CSO		<u>-1.3</u>
i Sub total		<u>35.7</u>
j Risk shared savings proposal between SBC / CSO		2.0
k Improvement monies - funding tbc		2.0
Total		<u><u>39.7</u></u>
I CSO financial position		<u><u>39.7</u></u>

7.22 For the Council, there will be an impact to the base budget as a result of this.

- **SBC current budget** **£21.8m**

- Additional budget due to overspend position⁷ £1.3m
- Risk / rewards share £1.3m
- Revised position tbc £24.4m
- **The Trust's requested budget** **£27.3m**

- **Gap to be found** **£2.9m**
- SBC funded Invest to Save (subject to sufficient bids) £1.5m
- DfE ongoing funding of the service £1.4m

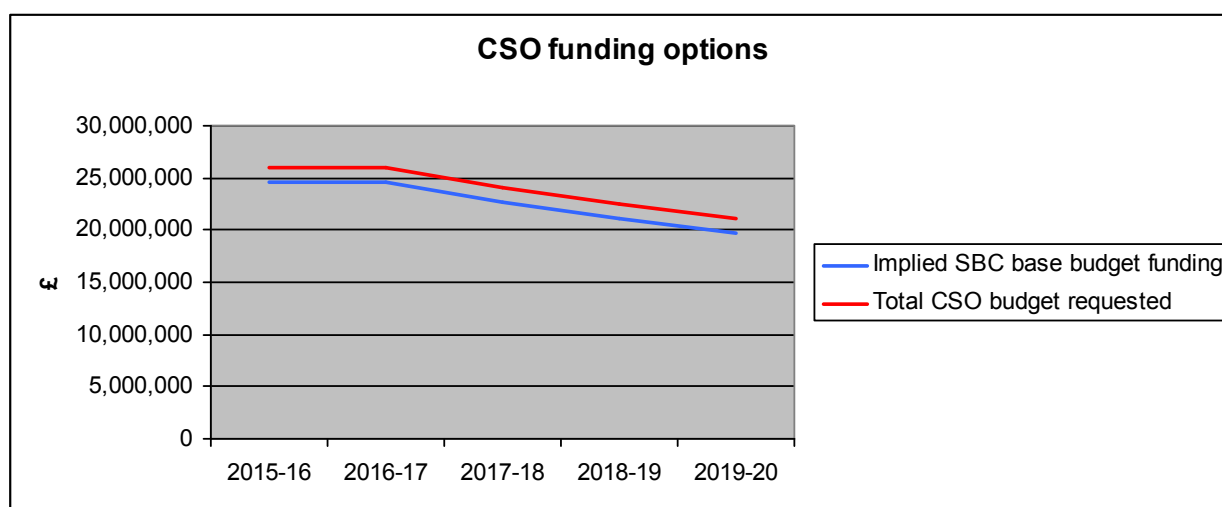
7.23 The risk sharing protocol is where the CSO and the Council will work closely together to identify savings that can be realised. There is broad agreement on the key savings themes, and there are two areas of savings where both parties feel additional reductions can be delivered. These are:

- Placement costs through more effective commissioning – both parties agree this area can make savings but need time to quantify the level of these
- Conversion of agency to permanent staff – the Council believe that the CSO can be more ambitious in its proposal for cost reductions in the first 18 months. The Council. The Council also believes more widely that agency costs can be reduced.

7.24 On both of the items above the CSO and the Council will meet regularly and jointly to articulate savings proposals and monitor these.

7.25 The Council will support the £2m of funding in these areas to mitigate some of the 'gap' highlighted above. Savings identified will reduce this funding gap downwards and so reduce the Council's financial exposure.

7.26 Over the longer term, the Council contribution to the CSO is expected to reduce in line with proposals shared by the CSO.



	2015-16	2016-17	2017-18	2018-19	2019-20
Implied SBC base budget funding	24,510,785	24,670,000	22,720,000	21,150,000	19,740,000
Total CSO budget requested	25,920,393	26,070,000	24,120,000	22,550,000	21,140,000

8

⁷ SBC awaiting responses from the Trust

⁸ N.b this is on the Council's financial year basis rather than the CSO one of October to September

- 7.27 This would represent a reduction in funding against the revised base budget of £6.2m over the next 4 financial years or 25%. This would place additional pressure on the other outcomes that the Council delivers as this savings percentage is likely to be lower than for other Council areas. This therefore affords a relative level of protection for Children's services over this period compared to all other Council services.
- 7.28 However, it is also important to note that this also assumes that the £2m risk sharing element is closed with ongoing savings. This heightens the importance for the Council of working effectively and closely with the CSO to deliver to an achievable and sustainable level of cost reduction.
- 7.29 It also assumes that there is on-going support provided to the CSO from the Department for Education to support its on-going operations.
- 7.30 Any position away from the two assumptions above, would result in a very significant budget pressure for the Council that would fundamentally alter the financial planning assumptions and increase the savings requirement for future financial years. This would have a significant impact on the future and shape of the Council's delivery of services as a whole.

Exit arrangements & costs

- 7.29 Schedule 14 of the Contract contains exit provisions which set out the process that will be followed when the Contract comes to an end. The CSO must draft an Exit Plan within 18 months of the service transfer and keep it up to date. The schedule details the kind of assistance and co—operation that will be forthcoming from the CSO during the Exit Period. Assets that have been used exclusively by the CSO for the purposes of this Contract will be transferred to the Council at nil cost.
- 7.30 Exit liabilities that the Council is being asked to take but in respect of which it is negotiating with the DfE are as follows:
- 1) The employment provisions are drafted so as to make the Council liable to indemnify the CSO for any enhanced redundancy payments that are made to CSO Personnel that do not transfer over to the Council under TUPE at the end of the Direction but remain with the CSO. This would mean that the Council would be liable for enhanced payments made to CSO Personnel who have the right to a redundancy payment at the end of their fixed term contracts.
 - 2) The employment provisions do not contain any express provisions regarding CSO Personnel that transfer under TUPE to the Council at the end of the Direction and are subsequently made redundant. This could include the CSO Chief Executive equivalent, finance and communications roles that are in the CSO's structure where the Council already has personnel in similar posts. Such post holders may well have been funded by the DfE throughout the duration of the Direction. The Council is concerned that if it has to use resources to pay redundancy payments that would otherwise be used towards children's social care service delivery, it will undermine the ability of the Council to maintain the service delivery model that has been put in place by the CSO. The Council is still negotiating this point with the CSO.
 - 3) The employment provisions include drafting regarding the CSO undertaking a workplace assessment of staff that have transferred to the CSO from the Council

within 3 months of the service transfer. If such staff are made redundant or are dismissed within 12 months of the transfer date, the drafting makes the Council liable for the dismissal / redundancy costs. This is still being discussed between the Council and the CSO.

Treatment of Assets & Property

7.31 Main Location and Accommodation of CSO

The operating location of CSO is ground floor west at St Martins Place (GFW). The Minister has confirmed that the £570K for refurbishments works to GFW and the relocation of the existing facilities on that floor to elsewhere in the building will also be met by the DfE. This relocation has been necessitated as the CSO required exclusive access to the entire wing. However, the agreement is based there being no additional accommodation costs or reoccurring costs. This means that the Council will not receive any rent for the GFW from the CSO.

7.32 Other operational bases

- Britwell - for Contact Services- the Council owes the facility and therefore will be granting a licence to enable the same level of operation to continue
- Breakaway – the Council owns the facility and therefore will be granting a licence to enable the same level of operation to continue
- Mallards – this residential children’s home is owned by the Council and is currently under occupied. The Commissioner has asked for the availability of the resource to the CSO. The Council are currently awaiting the CSO’s plans for the future use it wishes
- Youth Offending Team – the team are currently located in the High Street in Slough under a lease and therefore the Council will be granting a sub lease to enable the CSO to continue occupation for the remainder of the Council’s original lease term which is until October 2016. Thereafter it will be a matter for the CSO to decide from where it wishes to deliver these services.
- MASH – (Multi Agency Services Hub) Thames Valley Police will be asked by the CSO to agree access arrangements

Provision of existing Support Services to the CSO

7.33 The key driver behind the agreement between the arrangements between the parties is firstly to enable the go live date to be achieved and secondly to ensure cost effectiveness in terms of the arrangements. For example in relation to the 3rd party contracts, to avoid any unnecessary contractual breakage costs, arrangements are carrying on as they currently are. The services contract will provide for termination of some arrangements, such as some of those provided directly by the Council.

7.34 The contract arrangements currently fall into 3 broad arrangements.

7.35 Services being provided directly by the Council._For these arrangements the Council is in the process of agreeing a contracts for the continued provision of a range of internally resourced services

eg

- Corporate learning and development;
- Strategic data and ICT;
- Strategic commissioning and associated procurement;
- Printing; and
- Facilities management services

7.35 Services being provided by 3rd Parties._ This set of arrangements are currently provided through a range of short term contracts. The CSO will be given the ability to access and use these contracts

eg

- Occupational health
- Staff health and well-being
- Health and safety

7.36 The third sets of arrangements are currently provided through a range of major external contracts. The CSO will be given the ability to access and use these contracts

(1) By avarto

The Council has a long term contract with avarto to deliver both transactional and IT services.

As a part of enabling the CSO to be operational from its intended go live date, and to avoid any breakage costs, it has been agreed that an Access Agreement will be put in place to enable the CSO to access the existing provision of the services Children's Services currently receive from avarto. There are a number of key points that should be noted:

- Charges –The overall costs of the arvato Contract will continue to be paid for by the Council centrally. However if the CSO makes a specific request for a service or a change, then the CSO pays for this itself i.e. so that the CSO pays for services that it requests itself. This may involve both capital and revenue expenditure, and the Access Agreement deals with the charging regime for this.
- Services – The CSO have confirmed which services they wish to receive and the Council has approached arvato to agree this with them, and this will form the basis of a change under the arvato contract.
- Service Management/Performance – being an Access only arrangement the services currently being provided by avarto cannot be delivered to different standards. No is the CSO paying for the current in contract provision by avarto, as such the CSO cannot have rights to enforce the avarto contract directly.
- Governance – this is currently being agreed. The purpose is to enable the Council to manage the complex set or relationships and interdependencies.

(2) By Cambridge Education

The Cambridge Education contract includes services such as those provided in the children's centres that form part of the Second Direction. The Cambridge Education contract expires at the end of October 2016. The Council and the CSO

are currently discussing governance arrangements that will enable the CSO to play an active role in managing the Cambridge Education contract as the Council moves towards that contract expiring.

The 2nd Direction covers some of the items provided through the Cambridge Contract and therefore the Secretary of State's Commissioner has asked that the Council do not extend the Cambridge Education contract as agreed by Cabinet in December 2014. It is for this reason that the outstanding Cabinet resolution is addressed as a part of the recommendations contained in this report.

Transfer of Staff

7.37 There will also be a transfer of staff, and budget, in respect of support services currently provided to Children's services. In some areas the staff will be on the TUPE listing. However, there will also be parts of posts and vacant posts transferring across to the CSO. In total this transfer represents circa £250k (n.b. the figures are currently being finalised) of budget from SBC to the CSO. The main areas of budget transferring are in respect of activities in:

- Finance
- Performance (linked to scope)
- HR / training
- Strategic support

Pensions

7.38 The Council have been asked to agree an Open Pension Scheme to enable existing public sector employees to move across to the CSO without jeopardising their current LGPS pensions. Although this is not custom and practice for the Council, it has been felt that there are special circumstances that would warrant a different approach. The parties have agreed the main heads of terms for the pensions agreements and Appendix B sets those out. Agreement on these terms are designed to which protect the Council while at the same time enabling effective recruitment of permanent staff.

7.39 At the 13th July 2015 Cabinet members agreed an Open Pension Scheme. However a concern was raised around liabilities and it was resolved " That the significant concerns of the Cabinet about the potential future pension liabilities on the transfer of services back to the Council be noted , and that Officers seek further assurance and safeguards from the DfE to minimise this risk".

7.40 When the Direction comes to an end, the Council may well have to pay an exit contribution, for example redundancy payments, which it would not have had to if the staff had remained employed by the Council. The exit contribution could well be larger than it would otherwise have been due to the CSO adopting a different salary scale to the Council. If those CSO staff that 55 years or older made redundant at the end of the Direction, there is the potential for there to be a significant additional burden on the pension fund which would be passed to the Council if those staff then start to draw their pensions.

7.41 Members should also note that any redundancies or dismissals that take place in the scenarios set out in (1), (2) and (3) under "Exit Arrangements and Costs" could trigger the early payment of pension benefits and additional strain on the

Royal Berkshire Pension Fund. The Council regards these as additional costs and is negotiating with the DfE on that basis.

- 7.42 The Council have taken steps to both highlight this as a part of a series of Exit Costs risks and to seek assurance from the DfE as to their mitigation. At the time of writing this report, the DfE have confirmed that they are not minded to agree that the DfE should guarantee or indemnify the Council of the CSO in relation to the redundancy and pension costs at Direction Exit. They do agree that all parties should have a full understanding of the potential pensions costs which could arise through the duration of the Direction and expect the parties to work with the Berkshire Pension Fund (as appropriate) to consider these costs.
- 7.43 Members are reminded that the agreement to an Open Pension scheme was based on a set of principles and caveats (attached to the July Cabinet Report at Appendix B). The requirements of the service contract would be required to achieve compliance with these principles.

Governance Arrangements

- 7.44 The governance arrangements under the services contract has now been agreed. It will take the form of a schedule in the contract.
- 7.45 The Council will be retaining its statutory DCS role and as a part of governance it is envisaged a Partnership made up of the DCS and the Council's Lead Member for Children will have monthly meetings with the Chair and Chief Executive of the CSO.
- 7.46 The CSO have agreed to attending 4 Council meetings consisting of Cabinet, Overview & Scrutiny meetings and Education and Children's Scrutiny Panel each year. Which is a change to the number Cabinet were advised of at their meeting on the 14th September. The intention is that this will deliver accountability of the CSO through the existing democratic processes.
- 7.47 A wider partnership board, the Strategic Monitoring Board, made up of the Lead Member and the Council DCS for the Council and for the CSO their Chair and Chief Executive along with officers of the Council the CSO and partner agencies, will meet as a forum for shared enterprise between the Council, the CSO and other relevant 3rd parties. This wider relationship is designed to ensure the Borough's children, young people and families receive a fully integrated seamless service.

Ofsted registration

- 7.48 With the CSO taking over the provision of children's social care services, it has had to seek registration with Ofsted registration. Ofsted have concluded their visit and have some outstanding administrative checks to receive and verify (references, LA checks and DBS) and need to conduct an interview. Ofsted indicate we are on track for registration prior to 'go-live'.
- 7.49 Although the CSO is will be registered before go live, the Council will still have statutory responsibility and accountability for the delivery of its children's social care.

IFA

- 7.50 The CSO is registering as an Independent Fostering Association with Ofsted. Once this is complete the current council foster carers will be asked to transfer to the CSO - this will enable continuity of placement for children.

Performance Management

Key Performance Indicators

- 7.51 A draft list of contractual key performance indicators (KPIs) and performance indicators are attached at Appendix H. There are other non contractual indicators to which the Council does have access and they along with the contractual indicators will be used to manage performance of the contract both in terms of service delivery, improvement trajectory as well as costs.

- 7.52 At the time of writing this report the proposed contract management arrangements are also still under discussion. The Council's proposals are

- Contract Monitoring Group

(Director of Children's Services, SBC Contract Manager and Finance officer along with the CSO representatives) – receiving monthly, unanalysed data on the contractual KPIs and providing an early opportunity to consider progress.

- Strategic Monitoring Board

(Lead Member for Education and Children, Director of Children's Services, SBC Assistant Director for Finance, representatives and Local Safeguarding Children Board Independent Chair) – receiving quarterly analysed data on Contractual KPIs, along with reports on quality assurance, risk, compliance, finance and information governance.

Service Improvement

- 7.53 The services contract will require the CSO to achieve a 'Good' Ofsted rating within 3 years of go live and 'Outstanding' within 5 years of go live. The KPIs, and PI has been configured to ensure that Council is able to achieve sufficient oversight over the improvement trajectory.

- 7.54 The remedial action available to the Council should it feel that sufficient progress is not being made is to report concerns to the DfE through the escalation processes as a part of the service contract requirements.

The Commissioner's Comments

- 7.55 The Commissioner for Children's Social Care, Eleanor Brazil, was appointed by the Secretary of State pursuant to the 1st Direction. The Commissioner's role and functions were set out in the Direction, in summary they were to:

- on behalf of the Secretary of State for the purposes of the Direction;
- to secure improvement in the Council's performance of its social care functions pending formation of a the CSO to exercise those functions;
- to establish, or secure that the Commissioner for Children's Social Care established the CSO

7.56 The Commissioner has submitted a letter in relation to the Service Contract and it is included at Appendix C.

8. **Comments of Other Committees**

8.1 Cabinet on the 14th September received an update report in much of the same form as this report. The Cabinet were briefed on the background and process undertaken to date to ensure a safe and fit for purpose transfer of children's social care services to the CSO (Slough Children's Services Trust Ltd) in line with the two Ministerial Directions. The transfer was recognised as being complex, with significant risks, and whilst there was more work to do prior to sign off both parties shared the aim of resolving critical matters in order to go live with the transfer from 1st October 2015. Some key work streams had not been concluded and these would be completed after the go live date.

8.2 The Cabinet noted the position in relation to staffing and TUPE arrangements, pensions, accommodation, support services and governance and were advised that there were three key issues to finalise from the Council's perspective prior to entering into the contract:

1. The improvement journey – i.e. to meet the commitment in the contract which would require the CSO to achieve a 'good' Ofsted rating within 3 years of go live and 'outstanding' within 5 years.
2. Agreeing a model and budget envelope which delivered the required service more cost effectively, reducing costs and achieving savings over the life of the CSO, meeting the principles from paragraph 7.17 of the report.
3. Exit strategy – the Council remained concerned about several issues including the potential liabilities for redundancy payments for staff who would not transfer back to the Council on termination of the contract.

8.3 The Cabinet recognised these key outstanding issues and emphasised the importance of resolving them successfully prior to requesting full Council to approve the budget transfer and the finalisation of the contract. Cabinet Members asked whether Officers were confident that a safe transition could be made in view of the critical issues to be resolved given the limited time available before the go live date. The Strategic Director stated that significant progress had been made since the previous report to Cabinet in July and Officers now had a greater level of confidence for example in the key, permanent appointments made by the CSO to its management team and the involvement of best practice from Achieve for Children that had been used in setting the Key Performance Indicators (KPIs). The Cabinet emphasised the importance of ensuring clear and strong performance management arrangements to ensure the Council could effectively monitor services and the improvement journey, particular as the authority retained statutory responsibility for the service.

8.4 The Commissioner for Children's Social Care in Slough appointed by the Department for Education (DfE), Eleanor Brazil, and the Chair of Slough Children's Services Trust Ltd, Elaine Simpson, were invited to address the Cabinet and answer questions from Cabinet Commissioners. Ms Brazil drew attention to her letter to Members attached to the Report and assured the Cabinet that the new organisation would be ready to deliver from 'day one'. She stated that there was a need to address leadership and management issues

which had been identified as a weakness and she was confident the new management team would bring expertise to Slough to accelerate the pace of improvement. Cabinet Members asked about the senior management and Board appointments and it was responded that the recruitment process for several non-executive members of the Board had attracted high calibre interest and it was anticipated that the Minister would confirm these appointments by 21st September.

- 8.5 Supplementary financial information was set out the updated position in relation to the budget of the CSO and the wider financial implications for the Council. It was noted that the CSO had requested a budget of £27.3m for the first year, based on an 18 month budget position, which compared to the baseline budget for the service of £21.8m. Taking into account the current overspend of £1.3m and a further £1.3m risk / rewards share, there was a remaining budget gap of £2.9m. Ms Brazil informed Members that a sum of £2m had been sought from the DfE and a decision was expected by the Minister on or before 21st September. The Cabinet emphasised the importance of confirming this decision prior to asking full Council to approve the budget allocation at their meeting on 22nd September. The residual gap of £0.9m was proposed to be filled from SBC funded Invest to Save money, subject to sufficient bids. Over the longer term, the Council contribution to the CSO would reduce as detailed in section 7 of the report, albeit from the higher baseline set in year 1.
- 8.6 Commissioners asked a number of further questions of DfE and CSO representatives and asked for the justification for the additional investment sought from local taxpayers, given the fact previous inspections had recognised adequate resources had been provided to the service and the expectation that expertise brought to Slough by the new management team appointed by the CSO should be able to deliver service improvements at lower cost. Ms Simpson confirmed that the requested budget had been subject of rigorous analysis and due diligence and that the additional funding was required to improve and transform the service.
- 8.7 Members were also very concerned about the potential and impact of any CSO overspend, and the implications the base budget increase would have on other key services delivered by the Council. In view of the significant potential pressures across all Cabinet portfolios, it was agreed that delegation to the Chief Executive in recommendation (a) of the report be extended so that the contract could only be entered into following consultation with all Commissioners.
- 8.8 Cabinet Members asked to see the CSOs improvement plan to provide assurance that appropriate actions and innovation was in place to improve services. Ms Brazil highlighted that the Council was under intervention and the new organisation was independent of the Council, with continued involvement of the DfE to oversee improvement. Ms Simpson stated that part of this independence was that management team would be accountable to the company board. Reports and key documents would therefore be considered by the CSO and the improvement plan would be shared with the Cabinet portfolio holder for Education & Children after that. The Cabinet acknowledged that they would not see all CSO Board papers, however, in view of the critical importance of the improvement plan both in terms of justifying the additional Council investment in the service and the Council's ongoing statutory accountability, they requested that an overview of the short term improvement plan be shared with the Cabinet Member as soon as possible, and prior to the finalisation of the contract.

- 8.9 Cabinet agreed to delegate authority to the Chief Executive to enter into the contract with the Slough Children's Trust Ltd, noting that resolution to several outstanding issues was still required prior to the go live date of 1st October 2015. These included limiting future pension liabilities, exit costs and receipt of an improvement plan. It was also agreed that subject to the satisfactory resolution of outstanding issues, the Cabinet would recommend a budget envelope for the CSO from the Council's budget to full Council on 22nd September which
- i. comprised £24.4m base budget, plus £0.9m made available for appropriate Invest to Save projects and £2m of funding from the DfE to support improvement, subject to Ministerial agreement due by 21st September 2015.
 - ii. the Council's pension liabilities arising from the CSO, limiting the future potential liability to the Council to address the concerns expressed by the Cabinet.
 - iii. managing and mitigating the Council's liabilities on exit of the service delivery contract to minimise future costs to the Council.

9. **Conclusion**

- 9.1 The purpose of this report is to update members on progress to date and request approval of the changes to the Council's budget as a result of the request to enter into the services contract with the CSO.
- 9.2 The Project Plan milestones have not been achieved and this has meant that the services contract is still being negotiated by the parties. As a result, the expected level of detail on the actual terms of the contract is still not fully available. There are a number of variables around governance, CSO structure and some budget matters to be agreed. The late inclusion of matters in scope of services has added to the delays in settling key terms and conditions. However, subject to final legal wording, the parties have reached agreement around exit liabilities and on going costs.
- 9.4 There is also some concern around independent oversight of the CSO and its delivery on the purposes behind the intervention. Although the Council retains full statutory responsibility for the functions its ability to contract manage have been limited by an escalation process that requires Secretary of State's consent. The Council has been advised that all concerns need to be raised via the contract escalation process, but that the DfE would be expecting to be fully sighted on any issues that were affecting service transformation or public confidence. However, they have also confirmed that irrespective, contractual liability does ultimately rest with the contracting parties. The work around effective KPIs and PI means that the Council is able to feel more secure in its role in managing both the contract as well as CSO performance. Both the Commissioner and the CSO Chair have committed to a single minded focus on delivering improvement to the outcomes for the Borough children, young people and families.
- 9.5 There are a number of matters where the Council is awaiting confirmation on operational matters from the DfE and although not critical to go live, still require resolution. These matters are being managed and action plans will be put in place if they remain outstanding at go live.

10. **Appendices Attached**

- 'A' - Table setting out the Scope of Services to be transferred
- 'B' - Pensions Heads of Terms approved by July Cabinet
- 'C' - Letter from the Commissioner – Cabinet Report (September)
- 'D' - Slough Children's Trust Limited company documents

11. **Background Papers**

OPM Report, dated May 2014

Ministers letter dated 15.7.2014 to the Council

Direction no 1 dated 7.10.2014 & Draft Direction no 2

MoU dated 21.11.2015

NDA dated 10.3.2015

Cabinet reports: November 2014, March 2015, July 2015, September 2015

Overview & Scrutiny reports: February, July 2015

Children's Scrutiny reports

Grant Offer Letter

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Appendix A

Appendix C to Cabinet report 14/09/15:

Table setting out the Scope of Services to be transferred

Key: Green - transferring to CSO
 Blue - being provided by external 3rd parties
 Red - remaining with SBC

Service Area	Area	RAG - green	Comments
Early Help	Children, Young People, and Families		
Assessment and Children in Need	Children, Young People, and Families		
Child Protection and Looked After Children	Children, Young People, and Families		
Placement and Resources (1)	Children, Young People, and Families		
Safeguarding and Quality Assurance – IRO etc	Children, Young People, and Families – Kitty Ferris		
Administrative and business support for all services rated ‘green’ above	Children, Young People, and Families		
Learning and professional development	HR		
IT and information systems – professional support role			
Safeguarding and Quality Assurance LSCB functions	Children, Young People, and Families		
Operational commissioning for children’s services	Children, Young People, and Families Assistant Director Adult Social Care and Commissioning		This service does not exist as a team or function; all managers in the service act as commissioners and any further commissioning is done by Care Group Commissioning (i.e. strategic commissioning).
Children with Learning	Children, Young People, and Families		

Difficulties and Disabilities (LDD)			
Placement and Resources (2) (Mallards Children's Home and Breakaway Respite Centre)	Children, Young People, and Families		
Youth Offending Team	Children, Young People, and Families		
Virtual School			
Performance management	Assistant Director Finance & Audit		
SEN Assessment Team	DCS		
Troubled Families			Posts that relate to the delivery of social care funded by the Troubled Families programme will move to the Trust and will be in scope; Troubled Families programme management will remain with the council.
TOTAL			
Children's centres	Delivered through contract with Mott McDonald / Cambridge Education		
IT and information systems	Strategic Director Customer & Community Services		
Service Area	RAG - red		
Education functions (including school places, education client function and out-sourced provider of school support and related services)	DCS		
Strategic commissioning for children's services	DCS		
Youth Services			

Appendix D to Cabinet report 14/09/15: Pensions Heads of Terms approved by July Cabinet

Transfer of Children's Services From Slough BC ("the Council") to Slough Children's Services trust Ltd ("the Trust)

Recommendations

That, subject to the provisos set out below:

- (1) Admission to the Berkshire LGPS Pension Fund ("the Fund"), should be on an open and not a closed basis, and;
- (2) The Council will provide a Guarantee to the Fund in relation to the Trust meeting its liabilities under LGPS during the term of the Service Delivery Contract ("the Contract"), and;
- (3) On transfer of the services back to the Council at the end of the Contract the Council will assume the Trust's pension liabilities.

The Provisos being:

- (1) That the Council receives satisfactory written confirmation from the Fund that it will treat the Trust as a "sub-set" of the Council for LGPS purposes such that the Trust's contribution rate and deficit accrual rate shall be the same as the Council's; and
- (2) That the Council is satisfied that the granting of a Guarantee, in the Form required by the Fund is permissible by law or that the Council is satisfied that the granting of such a Guarantee does not expose the Council to an unacceptable level of risk; and
- (3) That the Council is not exposed to any increased risk, either to the scope of any Guarantee provided by to the Fund or in relation to exit liabilities because necessary protections, as set out below, are in place to prevent this risk materialising.

The necessary protections being:

- (1) That the Trust commits to operating a workforce structure commensurate with its allocated budget; the mechanism by which the trust will be funded having been agreed as part of the settlement of the Contract; and
- (2) That the Trust commits to operating all policies which may effect the scope of any Guarantee given by the Council and/or the pension liabilities assumed by the Council at the end of the Contract, (including but not limited to early retirement, benefit augmentation, salary increases, redundancy and the recruitment of new permanent employees), in terms which either mirror those policies of the Council as they exist from time to time during the term of the Contract or do not expose the Council to any element of additional risk in relation to LGPS, unless specifically agreed otherwise by the Council.
- (3) That the extent of any Guarantee provided by the Council to the Fund and the assumption by the Council of pension liabilities on transfer of the services back to it from the Trust, shall be limited to the extent to which the Trust operates a workforce commensurate with its allocated budget and shall not extend to any additional liabilities resulting from the recruitment of additional employees, such additional employees being funded in any way other than by utilisation of the allocated budget, unless specifically agreed by the Council

Appendix C

Appendix E to Cabinet report 14/09/15: Letter from the Commissioner – Cabinet Report (September)

Dear Members,

I am writing to you today in my capacity as the Commissioner for Children's Social Care in Slough, an appointment that was made by the Secretary of State for Education as part of the Direction issued to the Council in October 2014. The Commissioner's responsibilities are two-fold: to oversee the establishment of a new organisation to deliver children's social care on behalf of Slough Borough Council (SBC), and to oversee improvement to services until the organisation is fully operational.

As you know, the Secretary of State for Education considered that there was significant evidence which indicated that the problems in children's social care in Slough were considerable and deep-rooted and that insufficient progress had been made to rectify them. The background leading to the issuing of the Direction is summarised at the end of this letter.

Since October work has progressed rapidly to fulfil the requirements of the Direction.

A very important initial step was to agree the Memorandum of Understanding (MoU) between DfE and SBC. The MoU was drafted during October/November and agreed on 21 November 2014. Although the MoU is not a legal document, it creates an important understanding between the Council and the DfE – it included an agreed 'vision' for the new organisation, along with the steps that would be taken to ensure that the organisation is operational in 'shadow form' by the end of March this year.

Initial key activity included: the establishment of the Council's project team, and a transition group led by Roger Parkin, the appointment of Deloitte by DfE to undertake due diligence activity, the recruitment of Elaine Simpson to be the chair of the Slough Children Services Trust (known as 'the Trust'), clarification and agreement on the scope of services to transfer to the Trust, and the recruitment of the Chief Executive Nicola Clemo. Work was initiated to determine accommodation, TUPE arrangements, pension and other HR matters, support services arrangements, the treatment of 3rd party contracts including Cambridge Education, service specification and the contract itself.

This has been a very complex endeavour and we have only been able to reach this point through the collective commitment and hard work of officers of the Council, the DfE project team, the new recruits to the Trust, lawyers for both the Council and the DfE and the Deloitte project team.

There have been some challenging issues to resolve to ensure that the new organisation will be fit for purpose, will be able to deliver an improving and effective children's social care service, and will be value for money. At the same time I am very aware of the ongoing need to improve services and create better outcomes for Slough's most vulnerable children. It has also been important during this period to support the interim DCS and her team to continue to manage the service as effectively as possible, and to focus attention on areas requiring improvement. Although there have been some steps in the right direction, the pace of improvement remains too slow, with continuing high levels of agency staff, and too little evidence of consistent good practice. The Trust will be expected to tackle these issues from the outset.

On 29th June the Leader, Chief Executive and I met the Minister, Edward Timpson, to review progress. At that time it was clear that there were some matters that had not yet been resolved that needed urgent attention. We agreed that there were 5 key achievables, and I was able to report back on those one month later that significant steps had been taken to move things forward. The position in relation to each of these achievables is:

1. An agreed contract with performance standards and monitoring arrangements, including service specification (clearly outlining which services will fall within the scope of the Trust), a funding mechanism and a clear agreement for the treatment of support services and the budget.

- The Council and Trust, with my support, have agreed the final scope of services for transfer, including those areas that are currently delivered by Cambridge Education: it is agreed that the SEN assessment team and the Virtual School Head functions should move to the Trust. I agree with the Chief Executive of Slough Council that it is important not to frustrate the current contract with Cambridge Education, but any arrangement must ensure that the Trust is provided with the appropriate degree of control over 'in-scope' services and ensure that the Council, the Trust and Cambridge Education work as effectively as possible to provide a co-ordinated and appropriate response to the needs of vulnerable children and their families.
- Critical discussions around budget were needed. Historically, the service has overspent over a number of years, including by £3.8m in 14-15 (as set out in the financial due diligence completed by DfE's professional partner). I have been clear that the Trust will need to secure a budget from the Council based on actual spend rather than base budget, but we also recognise that savings will be required as the Trust begins to provide better value for money and the Council's own resources reduce in the future.
- Work has been undertaken to agree the terms and conditions for the delivery of support services for the Trust: those provided by Arvato, a third party supplier, and those provided by the Council.

2. Separate accommodation with sufficient space for Trust staff in line with the principle of Trust independence outlined in the MoU.

- I am pleased to report that accommodation for the Trust has been confirmed as Ground Floor West at Saint Martin's Place. This follows agreement from the Minister that funding will be provided by the Department to meet the additional costs associated with making sure the space is ready for go-live.

3. The Trust established as a legal entity, registered with Ofsted, with governance and accountability arrangements in place.

- The Trust was registered as a legal entity on 12 March with a Chair appointed. I am pleased that, following the meeting with the Minister, the Leader of the Council has agreed that a Councillor will be a non-executive director on the Board.
- I anticipate that all the work to ensure Ofsted registration, which will need to be in place before go-live, will have been successfully completed.

4. Management and support arrangements in place sufficient to receive and manage

the transferring staff and service.

- Nicola Clemo as Chief Executive of the Trust started formally on 20 July and is ably supported by the Trust's Transition Team, which includes an interim Finance Director, and Heads of Communications, HR, and Improvement.
- The Council has prepared a list of staff and estimated budget for the support services that will transfer to the Trust. At the moment the organisational structure is transferring largely 'as-is' – including the operational management and delivery of frontline services.

5. A pensions agreement, HR policies and TUPE procedures in place.

- The Council's Cabinet has agreed key principles to the pension arrangements: admission to the fund on an open basis; the Council will provide a guarantee to the fund in relation to the Trust meeting its liabilities during the service delivery contract term; and, that on return transfer of the services, the Council will assume any Trust liabilities.
- The TUPE consultation began on 28 July and concluded on 25 August. The Trust has offered to undertake informal 'transition talks' with Council staff who can take them up on a voluntary basis. Formal 1-2-1s will take place after the consultation has closed.

In conclusion, we are now weeks away from the Trust being fully operational. I am grateful to all the Council officers who have worked tirelessly with the DfE, and the Trust, to ensure that the organisation is up and running by the end of September. I am confident that the arrangements proposed strike a good balance between independence for the Trust, and sufficient governance and accountability for the Council to be satisfied that it is fulfilling its statutory obligations.

When I accepted this role, I saw it as a real opportunity to secure the best improvement, and the right set of services, for the benefit of children and young people in Slough. I have overseen the Trust's implementation, and have immense confidence in its leadership and expertise to create a fresh start in the delivery of improved services.

This will be the second children's services Trust to be established in the UK as a result of government direction, following the successful creation of the Doncaster Children's Services Trust. As such, the Trust is at the forefront of new developments in how we safeguard and improve outcomes for vulnerable children and young people.

I hope you will agree that the Trust gives Slough an opportunity to create a service that is innovative while being responsive to the needs of local children and families.

Yours sincerely,

Eleanor Brazil

Slough Commissioner for Children's Social Care

Appendix D

***Appendix G to Cabinet report 14/09/15:
Slough Children's Trust Limited company documents***

THE COMPANIES ACT 2006

COMPANY LIMITED BY GUARANTEE NOT HAVING A SHARE CAPITAL

MEMORANDUM OF ASSOCIATION OF

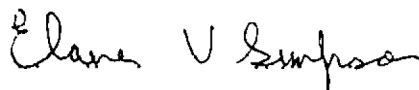
SLOUGH CHILDREN'S SERVICES TRUST LIMITED

The subscriber to this memorandum of association wishes to form a company under the Companies Act 2006 and agrees to become a member of the company

Name of subscriber

Authentication by subscriber

Elaine Simpson



Dated 11 March 2015

Company Number:
The Companies Act 2006

Private company limited by guarantee

Articles of Association of

**SLOUGH CHILDREN'S SERVICES
TRUST LIMITED**

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THE COMPANIES ACT 2006

COMPANY LIMITED BY GUARANTEE NOT HAVING A SHARE CAPITAL

ARTICLES OF ASSOCIATION OF SLOUGH CHILDREN'S SERVICES TRUST LIMITED

1 INTERPRETATION

1 1 In these articles, unless the context requires otherwise

"**articles**" means the company's articles of association,

"**bankruptcy**" includes individual insolvency proceedings in a jurisdiction other than England and Wales or Northern Ireland which have an effect similar to that of bankruptcy,

"**chairman**" means the chairman of the board of directors,

"**director**" means a director of the company,

"**document**" includes, unless otherwise specified, any document sent or supplied in electronic form,

"**electronic form**" has the meaning given in section 1168 of the Companies Act 2006,

"**general meeting**" means a meeting of the members of the company including any meeting designated as an annual general meeting,

"**member**" means a member of the company,

"**objects**" are the objects of the company as set out in article 2, and

"**writing**" means the representation or reproduction of words, symbols or other information in a visible form by any method or combination of methods, whether sent or supplied in electronic form or otherwise

1 2 Unless the context otherwise requires, words or expressions contained in these articles bear the same meaning as in the Companies Act 2006 as in force on the date when these articles become binding on the company

1 3 The relevant model articles (as defined in section 20 of the Companies Act 2006) are excluded from applying to the company

2 OBJECTS AND POWERS

- 2.1 The objects for which the company is established are to provide social care and youth offending services to children, young people and their families for the advancement of the community in Slough including (without prejudice to the generality of the foregoing)
- (a) the provision of high quality social care, family support and youth offending services to children and young people in Slough, including in relation to children's safeguarding, children in care, children leaving care and adoption and fostering services,
 - (b) securing improvements in the quality and effectiveness of children's and young people's social care, family support and youth offending services in Slough,
 - (c) the advancement and promotion of the social care, family support and youth offending services available to children and young people in Slough,
 - (d) working with other agencies to identify the individual social care needs of children and young people in Slough and to establish suitable arrangements to prepare for and meet such needs,
 - (e) to meet the identified needs of children, young people and their families by appropriate contribution to multi-agency early intervention support that avoids the need for more intensive social care support,
 - (f) to ensure that effective care planning is in place which protects children from harm, reduces the need for children to be in care unless absolutely necessary, and supports those in care,
 - (g) to put in place arrangements based on best practice and innovative response to need to work in partnership with all agencies involved with children, young people and families to encourage and support children and young persons within Slough to achieve positive outcomes, and
 - (h) to establish, promote and encourage the development of collaborative working arrangements between individuals and organisations in the field of information, advice, guidance and support to deliver high standards of social care, family support and youth offending services to children and young persons in Slough
- 2.2 The company shall have power to do anything within the law that may promote or may help to promote the objects or any of them. In particular (but without limitation) the company has the following powers -

-
- (a) to buy, hire, take on lease or in exchange or otherwise acquire property and assets of any kind,
 - (b) to acquire the whole or any part of the business or assets of any person, firm, or company carrying on any activity in support of the objects and to give any form of consideration in return for the business or assets,
 - (c) to sell, lease, license or otherwise dispose of the whole or any part of the assets or property of the company, either together or in portions, and to accept any form of consideration in return,
 - (d) to borrow money, issue loan stock or raise money on such terms and on such security over its property and assets as the company thinks fit,
 - (e) to give guarantees and indemnities on any terms,
 - (f) to execute, make, draw, accept, endorse, acquire, dispose of, discount, negotiate, issue or otherwise deal with cheques, promissory notes, debentures, drafts, bills of exchange, warrants and other instruments (whether negotiable or transferable or not),
 - (g) to charge subscription or membership fees to members whether on a one-off or regular basis,
 - (h) to accept any donation or gift of money, property or other assets in support of the objects,
 - (i) to subscribe for, purchase or otherwise acquire, take, hold or sell any shares or stock, bonds, debentures or debenture stock, or other securities or obligations of any person,
 - (j) to invest and deal with any of the moneys of the company in such manner, with or without security and on such terms as the company may think fit,
 - (k) to make grants, donations or loans of money,
 - (l) to enter into contracts to provide services to or on behalf of others,
 - (m) to support and subscribe to, or guarantee money for, any charitable or benevolent objects or for any public, general or useful object,
 - (n) to establish branches or subsidiaries, and to promote any other company or person which (in the opinion of the directors) is likely to assist or benefit the company and to subscribe for or otherwise acquire all or any part of the shares or securities of any such company,

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- (o) to amalgamate, merge with or support any other company or undertaking whose objects are or include objects similar to those of the company or which may (in the opinion of the directors) advantageously be combined with the objects, or which is possessed of property, assets or rights suitable for any of the purposes of the company and on any terms whatsoever,
 - (p) to employ or engage such paid or unpaid employees, agents or advisers as are necessary for carrying out the work of the company,
 - (q) to make all reasonable and necessary provision for the payment of pensions and superannuation to employees and dependants,
 - (r) to insure the property of the company against any foreseeable risk and to take out insurance policies to protect the company when required,
 - (s) to provide indemnity insurance for the benefit of any persons who are or were at any time directors or officers of the company or any other company which is a subsidiary or subsidiary undertaking of the company or who are or were at any time trustees of any pension fund in which any employee of the company or of any other such company or subsidiary undertaking are or have been interested,
 - (t) to act as agent or broker or trustee for any person, firm or company, and to undertake and perform any form of contract,
 - (u) to pay out of the company's funds the costs incurred in forming the company

3 APPLICATION OF INCOME AND PROPERTY

The income and property of the company must be applied solely towards the promotion of the objects. No part of the income or capital may be paid or transferred, directly or indirectly, to the members of the company, whether by way of dividend or bonus or in any other way that amounts to a distribution of profit or surplus. This does not prevent the payment of

- (a) reasonable and proper remuneration and benefits to any officer, employee, or member of the company in return for any services or goods provided to the company,
- (b) discounts provided to members in respect of their purchase of goods or services provided by the company,
- (c) grants, donations or loans to members of the company,
- (d) a reasonable rate of interest on any money lent to the company by members,

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- (e) reasonable rent for property let to the company by members,
 - (f) reasonable expenses to any officer, employee or member of the company, or
 - (g) any indemnity and insurance referred to in article 30

4 LIABILITY OF MEMBERS

4 1 The liability of each member is limited to £1, being the amount that each member undertakes to contribute to the assets of the company in the event of it being wound up while he or she is a member or within one year after he or she ceases to be a member, for

- (a) payment of the company's debts and liabilities contracted before he or she ceases to be a member,
- (b) payment of the costs, charges and expenses of winding up, and
- (c) adjustment of the rights of the contributories among themselves

5 MEMBERS – ELIGIBILITY FOR MEMBERSHIP

5 1 The subscriber to the memorandum of association is the first member of the company

5 2 No person shall become a member of the company unless

- (a) that person has completed an application for membership in a form approved by the directors, and
- (b) the directors have approved the application

5 3 The directors shall have absolute discretion to approve or refuse an application for membership

5 4 If the directors determine to refuse the application they shall inform the applicant in writing of the reasons for the refusal within twenty-one days of the decision

6 MEMBERS - TERMINATION OF MEMBERSHIP

6 1 Membership is not transferable and shall be terminated

- (a) in the case of an individual, on his or her death, bankruptcy or when the person makes any arrangement or composition with creditors generally,
- (b) in the case of a corporate body or other organisation with independent legal identity, on completion of a winding up or any other dissolution or where the entity ceases to exist for whatever reason,

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- (c) when the member resigns by written notice to the company, or
 - (d) if he or she holds office as a director and for any reason ceases to be a director in which case he or she shall be deemed to have resigned as a member with effect from the date on which he or she ceased to be a director

6.2 Without prejudice to article 6.1, a member may be removed from membership by a resolution of the directors that it is in the best interests of the company that his or her membership is terminated. A resolution to remove a member from membership may only be passed if

- (a) the member has been given at least twenty-one days' notice in writing of the meeting of the directors at which the resolution will be proposed and the reasons why it is to be proposed, and
- (b) the member or, at the option of the member, the member's representative (who need not be a member of the company) has been allowed to make representations to the meeting

7 GENERAL MEETINGS

The directors may, but do not have to, call in any year a general meeting to be designated as an annual general meeting which shall be held for such purposes as may be set out in the rules of the company or otherwise as the directors think fit

8 GENERAL MEETINGS – NOTICE

- 8.1 A general meeting shall be called on not less than 14 clear days' notice
- 8.2 A general meeting may be called by shorter notice if it is so agreed by a majority in number of members having a right to attend and vote at the meeting who together hold not less than 90 per cent of the total voting rights
- 8.3 The notice must specify the date, time and place of the meeting and the general nature of the business to be transacted. If the meeting is designated as an annual general meeting, the notice must say so. The notice must also contain a statement setting out the right of members to appoint a proxy under section 324 of the Companies Act 2006 and article 14
- 8.4 The notice must be given to all the members and to the directors and auditors

9 GENERAL MEETINGS – QUORUM

- 9.1 No business other than the appointment of the chairman of the meeting is to be transacted at a general meeting if the persons attending it do not constitute a quorum

Subject to Article 9 2, the quorum for a general meeting is two members entitled to vote either in person or by proxy

9 2 Where the company has only one member, in accordance with section 318 of the Companies Act 2006, one qualifying person present at a meeting is a quorum

10 GENERAL MEETINGS - CHAIRMAN

10 1 If the directors have appointed a chairman, the chairman shall chair general meetings if present and willing to do so

10 2 If the directors have not appointed a chairman, or if the chairman is unwilling to chair the general meeting or is not present within ten minutes of the time at which a general meeting was due to start

(a) the directors present, or

(b) if no directors are present, the members present in person or by proxy and entitled to vote at the general meeting

must appoint a director or member to chair the general meeting

10 3 The person chairing a general meeting in accordance with this article is referred to as "the chairman of the meeting"

11 GENERAL MEETINGS – ADJOURNMENT

11 1 If the persons attending a general meeting within half an hour of the time at which the general meeting was due to start do not constitute a quorum, or if during a general meeting a quorum ceases to be present the chairman of the meeting must adjourn it (unless the general meeting was called on the requisition of members in which case it shall be dissolved)

11 2 The chairman of the meeting may adjourn a general meeting at which a quorum is present if

(a) the meeting consents to an adjournment, or

(b) it appears to the chairman of the meeting that an adjournment is necessary to protect the safety of any person attending the meeting or ensure that the business of the meeting is conducted in an orderly manner

11 3 The chairman of the meeting must adjourn a general meeting if directed to do so by the meeting

11 4 When adjourning a general meeting the chairman of the meeting must

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- (a) either specify the time and place to which it is adjourned or state that it is to continue at a time and place to be fixed by the directors, and
 - (b) have regard to any directions as to the time and place of any adjournment which have been given by the meeting

11 5 If the continuation of an adjourned meeting is to take place more than 30 days after it was adjourned, notice of the adjourned meeting shall be given as in the case of the original general meeting

11 6 No business may be transacted at an adjourned general meeting which could not properly have been transacted at the meeting if the adjournment had not taken place

12 GENERAL MEETINGS - ATTENDANCE AND SPEAKING

12 1 The directors may make whatever arrangements they consider appropriate to enable those attending a general meeting to exercise their rights to speak or vote at it

12 2 Directors may attend and speak at general meetings, whether or not they are members

12 3 The chairman of the meeting may permit other persons who are not members of the company to attend and speak at a general meeting

13 GENERAL MEETINGS - VOTING

13 1 A resolution put to the vote of a general meeting must be decided on a show of hands unless a poll is duly demanded in accordance with the articles

13 2 Every member shall have one vote on any resolution, which may be exercised in person or by proxy

13 3 No objection may be raised to the qualification of any person voting at a general meeting except at the general meeting or adjourned meeting at which the vote objected to is tendered, and every vote not disallowed at the general meeting is valid

13 4 Any such objection must be referred to the chairman of the meeting whose decision is final

13 5 A poll on a resolution may be demanded

- (a) in advance of the general meeting where it is to be put to the vote, or
- (b) at a general meeting, either before a show of hands on that resolution or immediately after the result of a show of hands on that resolution is declared

13 6 A poll may be demanded by

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- (a) the chairman of the meeting,
 - (b) the directors,
 - (c) two or more persons having the right to vote on the resolution, or
 - (d) a person or persons representing not less than one tenth of the total voting rights of all the members having the right to vote on the resolution

13 7 A demand for a poll may be withdrawn if

- (a) the poll has not yet been taken, and
- (b) the chairman of the meeting consents to the withdrawal

13 8 Polls must be taken in such manner as the chairman of the meeting directs

14 PROXIES AND PROXY NOTICES

14 1 Any member entitled to attend a general meeting is entitled to appoint another person (whether or not a member) to exercise all or any of the member's rights to attend, speak, vote (on a show of hands or a poll), join in the demand for a poll or otherwise participate at a general meeting

14 2 Proxies may only validly be appointed by a notice in writing (a "proxy notice") which

- (a) states the name and address of the member appointing the proxy,
- (b) identifies the person appointed to be that member's proxy and the general meeting in relation to which that person is appointed,
- (c) is signed by or on behalf of the member appointing the proxy, or is authenticated in such manner as the directors may determine, and
- (d) is delivered to the company in accordance with the articles and any instructions contained in the notice of the general meeting to which it relates, including the date stated in the notice of general meeting by which the proxy notice must be delivered to the company (which shall not be more than 48 hours before the start of the general meeting)

14 3 The company may require proxy notices to be delivered in a particular form, and may specify different forms for different purposes

14 4 Proxy notices may specify how the proxy appointed under them is to vote (or that the proxy is to abstain from voting) on one or more resolutions

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- 14 5 Unless a proxy notice indicates otherwise, it must be treated as
- (a) allowing the person appointed under it as a proxy discretion as to how to vote on any ancillary or procedural resolutions put to the meeting, and
 - (b) appointing that person as a proxy in relation to any adjournment of the general meeting to which it relates as well as the meeting itself
- 14 6 A person who is entitled to attend, speak or vote (either on a show of hands or on a poll) at a general meeting remains so entitled in respect of that general meeting or any adjournment of it, even though a valid proxy notice has been delivered to the company by or on behalf of that person
- 14 7 An appointment under a proxy notice may be revoked by delivering to the company a notice in writing given by or on behalf of the person by whom or on whose behalf the proxy notice was given
- 14 8 A notice revoking a proxy appointment only takes effect if it is delivered before the start of the meeting or adjourned meeting to which it relates
- 14 9 If a proxy notice is not executed by the person appointing the proxy, it must be accompanied by written evidence of the authority of the person who executed it to execute it on the appointor's behalf

15 CORPORATE REPRESENTATIVE

- 15 1 Any corporation which is a member of the company may by resolution of its directors or governing body authorise a person or persons to act as its representatives at any general meeting and, to the extent permitted by the Companies Act 2006, any person so authorised is entitled (on behalf of the corporation) to exercise the same powers as the corporation could exercise if it were an individual member of the company

16 MEMBERS' WRITTEN RESOLUTIONS

- 16 1 A resolution in writing agreed and passed by the required majority of eligible members in accordance with the procedure set out in sections 288 – 300 of the Companies Act 2006 has effect as if passed by the company in general meeting

17 DIRECTORS – APPOINTMENT AND REMOVAL

- 17 1 The minimum number of directors shall be one but unless otherwise determined by ordinary resolution there shall be no maximum number
- 17 2 Any person who is a member or who is willing to become (and will become) a member and is willing to act as a director, and is permitted by law to do so, may be appointed to

be a director, either to fill a vacancy or as an additional director, by ordinary resolution provided that the appointment does not cause the number of directors to exceed any maximum number permitted by these articles at such time

17.3 A person ceases to be a director as soon as

- (a) that person ceases to be a director by virtue of any provision of the Companies Act 2006 or is prohibited from being a director by law,
- (b) that person dies,
- (c) a bankruptcy order is made against that person,
- (d) a composition is made with that person's creditors generally in satisfaction of that person's debts,
- (e) a registered medical practitioner who is treating that person gives a written opinion to the company stating that that person has become physically or mentally incapable of acting as a director and may remain so for more than three months,
- (f) by reason of that person's mental health, a court makes an order which wholly or partly prevents that person from personally exercising any powers or rights which that person would otherwise have,
- (g) notification is received by the company from the director that the director is resigning from office, and such resignation has taken effect in accordance with its terms,
- (h) that person is absent without the permission of the directors from all their meetings held within a period of six consecutive months and the directors resolve that his or her office be vacated, or
- (i) that person ceases to be a member

18 ALTERNATE DIRECTORS

18.1 Any director (other than an alternate director) may at any time appoint any other director or any other person approved by the directors and who is willing to act to be his or her alternate director. Any director may at any time remove from office an alternate director appointed by him

18.2 An alternate director is entitled to receive notice of all meetings of the directors and of committees of which his or her appointor is a member and (in the absence of his or her appointor) to attend and vote as a director and be counted in the quorum at any such

meeting and generally (in the absence of his or her appointor) to perform all the functions of his or her appointor as a director

18 3 An alternate director may represent more than one director. An alternate director shall have one vote for each director for whom he or she acts as alternate (in addition, if he or she is a director, to his or her own vote) but he or she shall count as only one for the purpose of determining whether a quorum is present

18 4 An alternate director shall not be entitled to receive any remuneration from the company in respect of his or her appointment as an alternate director except only such part (if any) of the remuneration otherwise payable to his or her appointor as his or her appointor may by notice in writing to the company from time to time direct

18 5 An alternate director shall be entitled to contract and be interested in and benefit from contracts or arrangements with the company and to be repaid expenses and to be indemnified to the same extent as if he or she were a director

19 DIRECTORS – POWERS AND AUTHORITY

19 1 Subject to these articles, the directors are responsible for the management of the company's business, for which purpose they may exercise all the powers of the company as are not required by the Companies Act 2006 to be exercised by the members in general meeting or otherwise

19 2 The members may, by special resolution, direct the directors to take, or refrain from taking, specified action. No such special resolution invalidates anything which the directors have done before the passing of the resolution

19 3 Subject to the articles, the directors may delegate any of the powers which are conferred on them under the articles

(a) to such person or committee,

(b) by such means (including by power of attorney),

(c) to such an extent, and

(d) in relation to such matters or territories,

on such terms and conditions as they think fit

19 4 If the directors so specify, any such delegation may authorise further delegation of the directors' powers by any person to whom they are delegated

19 5 The directors may revoke any delegation in whole or part, or alter its terms and conditions

19 6 Committees to which the directors delegate any of their powers must follow procedures which are based as far as they are applicable on those provisions of the articles which govern the taking of decisions by directors

19 7 The directors may make rules of procedure for all or any committees, which prevail over rules derived from the articles if they are not consistent with them

20 DIRECTORS - DECISION-MAKING

20 1 Subject to Article 20 2 below, any decision of the directors must be either

(a) a majority decision at a directors' meeting, or

(b) a unanimous resolution in writing of the directors who would have been entitled to vote on the matter had it been proposed as a resolution at a directors' meeting Such resolution in writing may comprise several copies in like form each of which is signed by one or more directors

20 2 If the company only has one director, and no provision of the articles requires it to have more than one director, the general rule under Article 20 1 will not apply and the sole director may take decisions without regard to any of the provisions of the articles relating to directors' decision-making

21 DIRECTORS' MEETINGS

21 1 The directors may regulate their meetings as they think fit, subject to the provisions of these articles

21 2 Any director may call a directors' meeting by giving notice of the meeting to the directors or by authorising the company secretary (if any) to give such notice

21 3 Notice of a directors' meeting must be given to each director in such form and with such content as the directors determine, but need not be in writing unless the directors so determine

21 4 At a directors' meeting, unless a quorum is participating, no proposal is to be voted on, except a proposal to call another directors' meeting

21 5 If the company has more than one director, the quorum for a directors' meeting may be fixed from time to time by a decision of the directors, but it must never be less than two, and unless otherwise fixed it is two Where the company only has one director Article 20 2 will apply

21 6 If the total number of directors of the company for the time being is less than the quorum required, the directors must not take any decision other than a decision

- (a) to appoint further directors, or
- (b) to call a general meeting so as to enable the members to appoint further directors

21 7 A director may be counted towards the quorum and participate in a directors' meeting, or part of a directors' meeting, by electronic means when

- (a) the directors have agreed suitable electronic means (for a specific directors' meeting or generally), and
- (b) he or she can each communicate to the others any information or opinions he or she has on any particular item of the business of the meeting, and
- (c) the meeting has been called and takes place in accordance with these articles and any other rules of participation determined by the directors

21 8 If all the directors participating in a meeting are not in the same place, they may decide that the meeting is to be treated as taking place wherever any of them is

22 DIRECTORS' MEETINGS - CHAIRMAN

22 1 The directors may appoint a director to chair their meetings and the person so appointed for the time being is known as the chairman

22 2 The directors may terminate the chairman's appointment at any time

22 3 If the chairman is not participating in a directors' meeting within 15 minutes of the time at which it was to start, the participating directors must appoint one of themselves to chair it

22 4 If the numbers of votes for and against a proposal are equal, the chairman or other director chairing the meeting has a casting vote. But this does not apply if, in accordance with the articles, the chairman or other director is not to be counted as participating in the decision-making process for quorum or voting purposes

23 DIRECTORS' MEETINGS - RECORDS OF DECISIONS TO BE KEPT

23 1 The directors must ensure that the company keeps a record, in writing, for at least 10 years from the date of the decision recorded, of every decision taken by the directors

24 DIRECTORS' INTERESTS – DECLARATIONS IN TRANSACTIONS WITH THE COMPANY

24 1 A director must declare the nature and extent of any interest, direct or indirect, which he or she has in

- (a) a proposed transaction or arrangement with the company, or
- (b) in an existing transaction or arrangement entered into by the company which has not previously been declared,

to the directors in accordance with the requirements of the Companies Act 2006 and any other rules determined by the directors to apply to such declarations of interest

24 2 No declaration of an interest shall be required by a director

- (a) in relation to an interest which cannot reasonably be regarded as likely to give rise to a conflict of interest, or
- (b) if, or to the extent that, it concerns the terms of his or her service contract

24 3 A director may be counted as participating for quorum and voting purposes in relation to the directors' decision-making process concerning any proposed or existing transaction or arrangement with the company in which he or she has an interest where such interest has been duly declared in accordance with this article 24

25 DIRECTORS' INTERESTS – CONFLICTS OF INTEREST

25 1 The directors may authorise, to the fullest extent permitted by law, any matter which may otherwise constitute or give rise to a breach of the duty of a director under section 175 of the Companies Act 2006 to avoid a situation in which he or she has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the company

25 2 A director shall not be regarded as having a conflict of interest solely because he or she is also a member of the company

25 3 Authorisation of a matter under this article 25 shall be effective only if

- (a) any requirement as to the quorum at the directors' meeting at which the matter is considered is met without counting the director in question and any other interested director (together the "**interested directors**"), and
- (b) the matter was agreed to without the interested directors voting or would have been agreed to if the votes of the interested directors had not been counted

25 4 Any authorisation of a matter under this article 25

(a) shall be subject to such conditions or limitations as the directors may determine, whether at the time such authorisation is given or subsequently, including as to the director's right to participate for quorum or voting purposes in any future directors' decision-making process which concerns the authorised interest, and

(b) may be terminated or suspended by the directors at any time

provided always that any such termination or suspension or the imposition of any such conditions or limitations will not affect anything done by the director concerned prior to such event in accordance with the relevant authorisation

25 5 A director shall comply with the terms of any such authorisation and with any policies or procedures dealing with conflicts of interest which are from time to time approved by the directors

25 6 A director shall not by reason of his or her holding office as director be accountable to the company for any benefit, profit or remuneration which that director or any person connected with him or her derives from any matter declared in accordance with article 24 or authorised under this article 25

25 7 Subject to any terms of any authorisation and with any policies or procedures dealing with conflicts of interest which are from time to time approved by the directors, a director shall be under no obligation to disclose to the company any information which he or she obtains or has obtained otherwise than as a director of the company and in respect of which he or she owes a duty of confidentiality to another person in relation to any matter declared in accordance with article 24 or authorised under article 25

26 DIRECTORS' - REMUNERATION AND EXPENSES

26 1 Directors are entitled to such remuneration and other benefits (if any) as the directors determine

(a) for their services to the company as directors, and

(b) for any other service which they undertake for the company

26 2 The company may pay any reasonable expenses which the directors properly incur in connection with their attendance at

(a) meetings of directors or committees of directors,

(b) general meetings,

or otherwise in connection with the exercise of their powers and the discharge of their responsibilities in relation to the company

27 COMMUNICATIONS

27 1 Subject to these articles, anything sent or supplied by or to the company under the articles may be sent or supplied in any way in which the Companies Act 2006 provides for documents or information which are authorised or required by any provision of that Act to be sent or supplied by or to the company

27 2 Subject to these articles, any notice or document to be sent or supplied to a director in connection with the taking of decisions by directors may also be sent or supplied by the means by which that director has asked to be sent or supplied with such notices or documents for the time being

27 3 Any notice to be given to or by any person pursuant to these articles must be in writing (which includes in electronic form)

27 4 The company may give any notice to a member either

(a) personally, or

(b) by sending it by post in a prepaid envelope addressed to the member at his or her address, or

(c) by leaving it at the address of the member, or

(d) by giving it using electronic communications to the member's address provided for the purpose

27 5 A member present in person at any meeting of the company shall be deemed to have received notice of the meeting and of the purposes for which it was called

27 6 Proof that an envelope containing a notice was properly addressed, prepaid and posted shall be conclusive evidence that the notice was given

27 7 Proof that a notice contained in an electronic communication was sent in accordance with guidance issued by the Institute of Chartered Secretaries and Administrators shall be conclusive evidence that the notice was given

27 8 A notice shall be deemed to have been given

(a) 48 hours after the envelope containing it was posted, or

(b) in the case of an electronic communication, 48 hours after it was sent

28 ACCOUNTS AND OTHER RECORDS

28 1 The directors must

- (a) prepare, circulate and file accounts,
- (b) keep accounting records,
- (c) prepare and file annual returns, and
- (d) keep minutes of all meetings of the directors and members and all other proper records,

as required by the Companies Act 2006

28 2 Except as required by law or authorised by the directors or an ordinary resolution of the company, no person is entitled to inspect any of the company's accounting or other records or documents merely by virtue of being a member

29 SEAL

If the company has a seal it must only be used by the authority of the directors. The directors may determine who shall sign any instrument to which the seal is affixed and unless otherwise so determined it shall be signed by a director and by the secretary (if any) or by a second director

30 DIRECTORS' INDEMNITY AND INSURANCE

30 1 Subject to article 30 2, a relevant director of the company or an associated company may be indemnified out of the company's assets against

- (a) any liability incurred by that director in connection with any negligence, default, breach of duty or breach of trust in relation to the company or an associated company,
- (b) any liability incurred by that director in connection with the activities of the company or an associated company in its capacity as a trustee of an occupational pension scheme (as defined in section 235(6) of the Companies Act 2006),
- (c) any other liability incurred by that director as an officer of the company or an associated company

30 2 This article does not authorise any indemnity which would be prohibited or rendered void by any provision of the Companies Act 2006 or by any other provision of law

30 3 The directors may decide to purchase and maintain insurance, at the expense of the company, for the benefit of any relevant director in respect of any relevant loss

30 4 In this article 30

(a) a "**relevant director**" means any director or former director of the company or an associated company,

(b) a "**relevant loss**" means any loss or liability which has been or may be incurred by a relevant director in connection with that director's duties or powers in relation to the company, any associated company or any pension fund or employees' share scheme of the company or associated company, and

(c) companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate

31 **RULES**

31 1 The directors may from time to time make such reasonable and proper rules or bye laws as they may deem necessary or expedient for the proper conduct and management of the company

31 2 Without prejudice to the generality of the directors' powers under article 31 1, the rules or by laws may regulate the following matters but are not restricted to them

(a) the admission of members and any admission fees, subscriptions and other fees or payments to be made by members, including procedures in the event of non-payment,

(b) the rights, responsibilities and conduct of members to the extent not dealt with by these articles or the Companies Act 2006,

(c) the procedures at general meetings and directors' meetings to the extent such procedure is not regulated by these articles or the Companies Act 2006, and

(d) generally, all such matters as are commonly the subject matter of rules in a company of a similar nature as the company

31 3 Any rules or bye laws may be altered or repealed by a decision of the directors or by ordinary resolution

31 4 The directors shall adopt such means as they think sufficient to bring the rules and bye laws to the notice of members

31 5 The rules or bye laws, shall be binding on all members. No rule or bye law shall be inconsistent with, or shall affect or repeal anything contained in these articles.

32 DISSOLUTION

On the winding up or dissolution of the company any property whatsoever remaining after the satisfaction of all debts and liabilities

- (a) shall not be paid to or distributed among the members of the company,
- (b) shall be transferred to one or more institutions having objects similar to the objects of the Company, each of which has restrictions in its constitution or governing instrument on the application of property that are equivalent to the restrictions in these articles or, if that is not possible then such property shall be applied or transferred towards any charity or charities.