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This **Memorandum of Understanding** dated 2014 is made between the Secretary of State for Education (“the Secretary of State”) and Slough Borough Council (“the Authority”)

Background & Purpose

1. The Secretary of State has issued a Direction dated 7th October 2014 under Section 497A(4B) of the Education Act 1996 which is attached to this document.
2. The objective of the Direction is to secure improvements to the Authority’s children’s social care functions.
3. The Secretary of State has directed the way to secure the improvements is for the externalization of the Authority’s children’s social care functions to an organisation which is completely independent of the Authority as the most effective way to secure redesign of the service.
4. The Secretary of State has also appointed a Commissioner for Children’s Social Care to secure improvement in the Authority’s performance of its children’s social care functions and also to set up a new independent organization to carry out the Authority’s children’s social care functions.
5. The Secretary of State Dfe requires the Authority to enter a Memorandum of Understanding (“MOU”) to support the delivery of the change program.
6. In accordance with the terms of the Direction, the Authority is required to comply with any instructions of the Secretary of State or the Commissioner in relation to the exercise of their children’s social care functions and in relation to the establishment, setting up and carrying on of the new organisation.

draft

7. The purpose of this Memorandum of Understanding (“MoU”) is to set out how the Parties, the Commissioner and the new organisation will work to establish the new organisation so that it is able fully to deliver the improvements to the quality of the services and the Vision set out below, in a timely way and in accordance with the timetable set out in this MoU.

8. The Parties do not intend this MoU to be legally binding or to create legal relations between them. The Parties agree that they will use all reasonable endeavours to comply with the terms and the spirit of this MoU.

9. The Secretary of State does not intend to use her power under section 497A(4A) of the 1996 Act at this stage to establish the new organisation as her nominee, to exercise functions, but instead intends to direct the Authority under section 497A(4) of the 1996 Act to enter into arrangements with the new organisation to exercise functions on behalf of the Authority. For the avoidance of doubt, the Secretary of State retains her ability to use her power under section 497A(4A) of the 1996 Act if she considers it necessary to do so. This would mean that functions would be exercised by the Secretary of State or her nominee, rather than on behalf of the Authority.

Period

10. This MoU will come into effect once both Parties have signed and the document has been dated. It will remain in force until the contract between the Authority and the new organisation, for the performance of specified children’s services functions (‘the Contract’) comes into effect, pursuant to and in accordance with a further Direction issued by the Secretary of State, unless otherwise directed or agreed by the Parties.

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Participants

11. All participants will be expected to work together in a collaborative and cooperative fashion throughout the project. This will include the Chair, Chief Executive and other senior leaders of the new organisation once appointed.
12. The Secretary of State will be represented by the following:
 - (a) the Commissioner
 - (b) the Department for Education (DfE) Project Team, who will have responsibility for supporting the Commissioner in her role, and representing the DfE in project governance;
 - (c) the DfE Improvement Case Lead, who will have responsibility for reporting to the Commissioner on ongoing improvements to children's social care services;
13. The Dfe will be supported by :
 - (a) a professional services partner, with responsibilities including project management and governance, and due diligence; and
 - (b) a legal services partner, to provide legal services to the DfE and the new organisation, in particular in relation to registering the new organisation, drawing up the contract, and facilitating the transfer of staff to the new organisation;
14. The Authority will be supported by
 - (a) Project Lead: Ruth Bagley, Chief Executive
 - (b) Transformation Team Lead: Roger Parkin Strategic Director Customer and Community Services

Vision

15. Our vision for the new organisation is to 'get it right for children'. We envisage a tightly-focused organisation with strong independent leadership, an innovative approach to designing services that best meet the needs of children and families

draft

in Slough, protecting those children most at risk and ensuring that their immediate experience of services is good. Our ambition is that the new organisation will achieve an Ofsted rating of Good within 3 years of coming into effect and Outstanding within 5 years.

16. The organisation will be independent yet maintain close links with the Council as a provider of universal services. It will use the local knowledge, expertise and influence of the Council and other local partners to improve its core services. The Council will support it using its democratic advocacy to promote safeguarding within the community and raise awareness of high risks such as child sexual exploitation, domestic abuse and violence.

New Organisation Model

17. As a key part of the wider children's system in Slough, the new organisation will:
 - (a) be independent of the Authority.
 - (b) play an important and active role in local partnerships, in the interests of children and their families.
 - (c) deliver specified children's social care functions on behalf of the Authority in the most effective way to realise the Vision set out in this MOU.
 - (d) be responsible for, and have control over, its own finance, employment, human resource arrangements and property requirements and will have responsibility for the day to day delivery of the specified functions
18. The Authority will not carry any risk as a result of not following any necessary procurement processes as a result of implementing the Direction.
19. The Parties are considering which legal vehicle for the new organisation is the most suitable and a decision as to which model to adopt will be taken by 30th January 2015.

draft

20. The vehicle must ensure that it can deliver the services in the most effective way to secure the Vision and will have the necessary ability and credibility to do so.
21. The Contract will provide for the nature of the relationship between the Authority, the new organisation and a third party role of the Secretary of State. The Parties intend that the Contractual relationship will appropriately reflect the Authority's statutory accountability. The new organisation will be subject to the public sector's scrutiny requirements.
22. To ensure the new organisation is meeting the Vision, the Contract will provide for targets for the organisation to meet. These will include the organisation being required to achieve a Good rating on the Ofsted scale within 3 years of the start of the Contract and an Outstanding rating within 5 years of start of the Contract.
23. The new organisation will be led by an independent Board. The structure and size of the Board will be agreed by the parties once the legal model has been finalised. The Board members will be made up of a mixture of experts in children's social care, along with those that have suitable skills for appointments to a corporate structure exercising high public risk functions, they will also aim to have those with adequate local knowledge and sensitivity, and will between them have the required skills and experience to ensure that the new organisation delivers the Vision.
24. The Parties (if appointed the Chair of the new organisation) , will agree an appointments process for appointments to the Board and senior management roles. Such process will reflect the good practice for public appointments. The appointments process will provide for :
 - (a) the Chair of the Board will be appointed by the Commissioner, on behalf of the Secretary of State. Other Board members will be appointed by the Chair, subject to the approval of the Secretary of State. The structure and size of the Board will be agreed by the parties once the legal model has been finalized.

draft

- (b) the Chief Executive will be appointed by a panel made up of the Commissioner, the Chair, a representative of the DfE and a nominated representative of the Authority.

- 25. The new organisation will appoint its own staff not covered by the transfer of staff from the Authority.

- 26. The children's social care functions to be delivered by the new organisation in accordance with the terms of a further Direction to be issued by the Secretary of State will be determined with reference to the wider range of services provided by the Authority which affect children in Slough. By 31st December 2014, the Parties will agree an outline scope of the functions to be delivered by the new organisation, drawing on the recommendations in the OPM report dated June 2014.

- 27. The outline scope of children's social care functions to be delivered by the new organisation will enable the Parties to identify which staff will be eligible for transfer. The range of staff eligible for transfer will be in line with TUPE requirements. The conditions of service of transferring staff to the new organisation, including pension arrangements, will remain in line with a TUPE transfer.

- 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.

- 29. The parties agree the importance of enabling the new organisation to quickly build capacity, including through the appointment of senior staff. This will allow the new organisation's key representatives as identified to participate in and influence key decisions. During the set-up period, all the costs of recruitment and

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reimbursement of such appointments will be included in the set up costs of the new organisation and be met by the DfE.

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 the 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.
31. The Secretary of State will also take advice from the Commissioner on the resources needed for improvements to the exercise of the Authority's children's social care functions during the set-up period and meet the costs of the additional resources that are needed.
32. The Authority and the new organisation will agree an initial 3 year budget for the new organisation. In drawing up the budget, the Authority and the new organisation will take into account the Authority's savings targets.
33. Throughout the budget discussions, the Authority and the new organisation will work together to understand current and future demand for children's social care services within the Authority's area and to consider the future financial viability of the Authority.
34. The contract will provide for how future budgets will be agreed.
35. The new organisation will be operational in shadow form once the organisation has been registered and a Chair appointed, which will be by 31st March 2015.
36. The Parties will be aiming to have the new organisation fully operational with a Contract with the Authority as soon as possible, informed by professional due diligence.

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37. By 31st January 2015, the Parties will agree an outline implementation timetable for the design, delivery and operational effect of the new organisation which will include the contract start date. This timetable will take account of the Parties decision making processes. The implementation timetable will be regularly updated.
38. The parties agree to explore options for the new organisation to have its own unique identity, including the potential for separate headquarters and the development of public facing premises. The operational offices of the organisation and any other premises will be within the Authority's boundaries and the location will be agreed at least 3 months before the new organisation is fully operational.
39. Throughout the establishment of the new organisation the Parties will ensure regular communication with staff and local partners will be a high priority.
40. The Authority, the DfE and the new organisation will align their external communications to ensure public confidence and consistency during the set-up period.
41. The Parties will abide by the requirements of each of the Parties' purdah periods as and when those periods may arise.
42. The arrangements under this MoU will be kept under review and can be amended at any time by joint decision of the Parties in writing. The arrangements under this MoU can be terminated by the Secretary of State.
43. The Parties will agree the scope and confidentiality of information sharing which will take place during the period of this MoU, including access to the Authority's financial and management reporting records and systems.

draft

44. Any dispute that may arise as to the interpretation or application of the MoU will be settled by discussion between the Parties. If a dispute fails to be resolved, the matter will be put to the Secretary of State for decision.

45. In the event the Parties wish to amend the MOU, they can do this if the decision to amend is agreed by both parties. If there is any fundamental change to the MOU, the Authority is required to seek Cabinet approval for such. The decision on whether there is a fundamental change is if the Authority's lawyers deem it as such.

Signatures

For Secretary of State for Education

For Slough Borough Council

Direction dated 7.10.14

DIRECTION UNDER SECTION 497A(4B) OF THE EDUCATION ACT 1996 TO SLOUGH BOROUGH COUNCIL

WHEREAS

1. The Secretary of State for Education (“the Secretary of State”), has carefully considered the following reports in respect of Slough Borough Council (“the authority”):
 - a. Ofsted’s inspection of safeguarding and looked after children services of the authority, published on 1 June 2011;
 - b. Ofsted’s inspection of services for children in need of help and protection, children looked after and care leavers of the authority and review of the effectiveness of the Local Safeguarding Children Board, published on 11 February 2014; and
 - c. OPM’s independent review of the authority’s children’s services, ‘Slough Children’s Social Care Services: Report to Department for Education’, published on 15 July 2014.

2. The Secretary of State is satisfied that the authority are failing to perform to an adequate standard, or at all, some or all of the functions to which section 497A of the Education Act 1996 (“the 1996 Act”) is applied by section 50 of the Children Act 2004 (“children’s social care functions”), namely:
 - a. social services functions, as defined in the Local Authority Social Services Act 1970, so far as those functions relate to children;
 - b. the functions conferred on the local authority under sections 23C to 24D of the Children Act 1989 (so far as not falling within paragraph (a) above); and
 - c. the functions conferred on the authority under sections 10, 12, 12C, 12D and 17A of the Children Act 2004.

3. The Secretary of State proposes:
 - a. to appoint a person (“the Commissioner for Children’s Social Care”) to:
 - i. act on behalf of the Secretary of State for the purposes of this direction;
 - ii. secure improvement in the authority’s performance of its children’s social care functions pending the formation of a company (“the Trust”) to exercise those functions;

- b. to establish, or secure that the Commissioner for Children's Social Care establishes, the Trust.
4. The Secretary of State, having considered the representations made by the authority, considers it expedient, pursuant to her powers under section 497A(4B) of the 1996 Act, to direct the authority, as set out below, in order to ensure that the authority's children's social care functions are performed to an adequate standard.

NOW THEREFORE

5. Pursuant to her powers under section 497A(4B) of the 1996 Act, the Secretary of State directs that the authority shall:
 - a. comply with any instructions of the Secretary of State or the Commissioner for Children's Social Care in relation to the authority's exercise of their children's social care functions;
 - b. in relation to the establishment, setting up or carrying on of the Trust:
 - i. comply with any instructions of the Secretary of State or the Commissioner for Children's Social Care;
 - ii. provide such assistance to the Secretary of State or the Commissioner for Children's Social Care as they may require;
 - iii. cooperate fully with the Secretary of State and the Commissioner for Children's Social Care.

Signed on behalf of the Secretary of State for Education

A handwritten signature in black ink, appearing to read 'Graham Archer', is written above a horizontal line.

Graham Archer
A Senior Civil Servant in the Department for Education

Date: 7th October 2014