

Report to Cabinet

11 September 2024

Subject:	Extension of contract for a non-executive director (NED) of Sandwell Children’s Trust board
Cabinet Member:	Cabinet Member for Children and Families, Councillor Jalal Uddin
Director:	Director of Children and Education, Sally Giles
Key Decision:	Yes
Contact Officer:	Sally Giles, Director of Children and Education Sally_Giles@sandwell.gov.uk Mandip S. Chahal, Interim Assistant Director for Commissioning, Partnerships and Improvements, Mandip1_chahal@sandwell.gov.uk

1. Recommendations

1.1 That Cabinet, on behalf of the Council as the sole owner of Sandwell Children’s Trust:

- a) receives the completed sequence of events that are contractually required to extend the contract of a non-executive director of Sandwell Children’s Trust board;
- b) receives and takes into account in its decision-making, the response from the Secretary of State for Education;
- c) agrees the extension of contract of Linda Sanders as a non-executive director of Sandwell Children’s Trust for a period of up to three years from 1 November 2024; and
- d) agrees a 6% uplift in remuneration for the independent non-executive directors.

2. Reasons for Recommendations

- 2.1. The appointment of the non-Executive Director Linda Sanders took effect from 1 November 2017 and was for an initial term of 5 years. This was extended in November 2022 for a further two years. The board wishes to secure some continuity of non-executive director following a period that has seen a number of changes to the Board over a short period.
- 2.2. The Council has written to the Secretary of State requesting consent to extend this appointment for a period of up to three years from 1 November 2024. At the time of writing this Cabinet report, DfE officials have confirmed by email that the Secretary of State for Education has not raised any objections to the extension.
- 2.3. Following the completion of the required process to consult the Secretary of State, and to take into account the response, the Cabinet is now recommended to agree the recommendations set out in this report.
- 2.4. The terms of appointment of the independent non-executive directors is a reserved matter as per the Article of Association. Since the inception of the Sandwell Childrens Trust the remuneration package of the non-executive directors has not been increased.

3. How does this deliver objectives of the Corporate Plan?

Growing Up in Sandwell	<p>SCT works with families, foster carers, schools, statutory and voluntary providers to support the achievements of vulnerable children and those in the care of the council</p> <p>SCT works to ensure that children in the care of the Council receive the support and opportunities that any parent would give their child</p>
Living in Sandwell	<p>SCT ensures coordination between social care and the NHS to better protect vulnerable children</p> <p>SCT supports families to improve children's life chances</p> <p>SCT works closely with the police to ensure that children are protected from the impact of crime, domestic violence, and all forms of exploitation</p>

	SCT supports care leavers to live independently in the community, working closely with Housing to ensure care leavers are able to good quality accommodation in Sandwell.
Thriving Economy in Sandwell	SCT works with families to access services and support so that they are able to improve their economic well-being and the life chances for their children.

4. Context and Key Issues

- 4.1 At its meeting on 19 October 2016, Cabinet was advised of the Government's Statutory Direction (under Section 479A of the Education Act 1996) to set up a new arrangement in the form of a children's trust to deliver children's social care services. As a result, Sandwell Children's Trust started operating on 1 April 2018.
- 4.2 On 22 March 2017, the Cabinet considered the types of decisions that would be of such strategic importance that they could not be decided at the board of the Trust but would be "reserved to" the owner of the Trust (the Council) for decision:
- As the decision maker for the Council in its capacity as the body that is responsible and accountable for the discharge of the relevant children's social care services functions; and
 - As the decision maker for the Council in its capacity as owner of the Trust in relation primarily to the Reserved Matters, as set out in the Memorandum of Understanding, and other legally required decisions.
- 4.3 The Cabinet agreed that: "In order to fulfil the role as sole owner of the Trust, it is recommended that the full Cabinet itself operates as the decision-making body for matters in relation to the Trust." It also agreed that, in order to clearly differentiate between decisions which Cabinet is considering in its two roles (i.e. as owner of the Trust and as children's services authority), separate reports be prepared to set out clearly which role the Cabinet is undertaking at any time. In relation to decisions taken in its role as owner of the Trust, the Cabinet agreed that any

recommendations should include authority for officers then to formalise the decision in relation to any company law paperwork.

- 4.4 The Governance Side Agreement which the Council entered into with the Department for Education sets out the composition of the board of directors of the Trust as follows:
- A Chair (non-executive director) as appointed by the Secretary of State in consultation with the Council;
 - Three executive directors comprising the Trust's Chief Executive and two other members of the executive management team;
 - Three non-executive directors with collective knowledge and expertise across children's services, public services;
 - Two additional non-executive directors appointed by the Council (e.g. members and /or officers).
- 4.5 Apart from the appointment of the Chair, all other appointments are required to be made in consultation with the Secretary of State for Education. The appointment of the two non-executive directors appointed by the Council is a 'Reserved Matter' and therefore a decision to be taken by the Cabinet.
- 4.6 Appointed individuals will, as executive and as non-executive directors of the Trust, have a fiduciary duty to the Trust board, meaning that they will act in good faith, and in the best interests of the Company.
- 4.7 The Council, as sole owner of the Company (Sandwell Children's Trust) is required to consult with the Secretary of State on certain 'Consultation Reserved Matters' prior to notifying the Company of its decisions in respect of that Consultation Reserved Matter. The Secretary of State is invited to: *"make written representations to the Council within 10 working days of being notified of the matter.... In making its decision the Council must take into account the representations made by the Secretary of State."*

4.8 The Consultation Reserved Matters relevant to the recommendations in this report are:

- Approval of the registering of any new member of the Company;
- Approval of any Additional Executive Director removals or appointments (including the approval of appointment terms for Additional Executive Directors and any amendments to such terms);
- Approval of any Independent Non-Executive Director removals or appointments (including the approval of the appointment terms for Independent Non-Executive Directors and any amendments to such terms).

4.9 There have been several changes at Board level in the last 18 months. Both the Cabinet appointed Officer and Member NED's have been replaced since January 2024 with a further change in Officer NED required following the resignation of Gillian Douglas from the Council. In addition to this Jane Bleach was appointed in March 2023 to replace Vineeta Manchanda, whose term had come to an end.

4.10 The Chair of the Trust Board, Rt Hon Jacqui Smith, resigned from that position following her appointment as a Minister in the Department of Education. The appointment of the chair is directed by the DfE. The DfE have agreed for Linda Sanders to act as Chair of the Trust Board until they are able to complete a recruitment exercise for a permanent replacement.

4.11 Due to the number of changes the Board would like to extend the term of Linda Sanders to maintain a level of continuity and ensure that the Trust continues on its improvement journey.

4.12 When the Trust was created a package of remuneration was agreed for the three non-independent executive directors. This was based on them working around 30 days per year at a fixed day-rate, the payment to the independent non-executive directors is made from a grant received from DfE specifically for this purpose.

- 4.13 The DfE provided a grant of £89,100 to cover a two-year period through to March 2025. The total cost of the remuneration for 2023/24 was £31,573, leaving £57,527 available for 2024/25. An increase of 6% in 2024/25 would equate to approximately £1,895.
- 4.14 One of the independent non-executive directors does not claim the day rate payment, and just claims for expenses.
- 4.15 The terms and conditions of the NED's are a reserved matter, and any change would need to be confirmed by Cabinet.
- 4.16 While acting as interim Chair of the Board, the remuneration of Linda Sanders will be paid directly by DfE and not be drawn against the grant.

5 Alternative Options

- 5.1 The alternative option would be to reject the recommendation. However, in line with the Governance Side Agreement with the DfE and the Trust's Articles of Association there would be a vacancy on the board that would still need to be filled. An alternative candidate would need to be identified via a competitive process and the process of consulting with the Secretary of State would need to be undertaken again. This would leave a potential gap in the governance arrangements of the Trust for a period.

6 Implications

Resources:	<p>Sandwell Children's Trust receives a significant financial resource to deliver the Council's statutory responsibilities for children's social care, this includes the cost of the non-executive Directors.</p> <p>The amount that SCT receives is agreed annually in line with mechanisms set out in the Service Delivery Contract.</p> <p>The Council receives a grant from the DfE to cover the costs of the independent non-executive directors. There is £57,527 available for 2024/25. The estimated cost of the independent NED's is £33,468.</p>
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Legal and Governance:	<p>The Governance Side Agreement between the Council and Department for Education sets out the composition of the board of directors of the Trust.</p> <p>The Council is required, as sole owner of the Trust, to consult with the Secretary of State on certain 'Consultation Reserved Matters' prior to notifying the Trust of its decisions in respect of that Consultation Reserved Matter. The approval of any removal or appointment of an Independent Non-Executive Director is such a matter.</p>
Risk:	<p>The corporate risk management strategy has been complied with and risks have been identified arising from the recommendations being sought. This has concluded that there are no significant risks that require reporting and that suitable measures are in place to mitigate the risks identified to acceptable levels.</p>
Equality:	<p>An Equality Impact Assessment screening is not required for this report.</p>
Health and Wellbeing:	<p>SCT continues to support children and families in Sandwell and as the quality of service that they deliver improves so does the impact they have on improving the health and wellbeing of children and families.</p>
Social Value	<p>SCT supports children to achieve, feel safe, be supported and access opportunities. SCT supports care leavers to access education, employment and training. Having strong governance and oversight supports SCT to achieve service improvement and better support children and families in Sandwell.</p>
Climate Change:	<p>There are no climate change implications attached to this report</p>
Corporate Parenting	<p>Having a full complement of non-executive directors in place strengthens the governance and oversight of the delivery of corporate parenting.</p>

7. Appendices

None

8. Background Papers

Cabinet Paper dated:

19 October 2016

[04 - Formation of a Children's Trust](#)

[04 - Formation of a Children's Trust - Appendix](#)

7 December 2016,

[04 - Formation of Children' Trust - MoU](#)

[04a - Appendix 1 Strategic Project Risk Register](#)

[04b - Appendix 2 Formal Commissioner Response](#)

22 March 2017

[22 - Role of Sandwell MBC in relation to Sandwell Children's Social Care Trust](#)