

SLOUGH BOROUGH COUNCIL

REPORT TO:	Cabinet
DATE:	16 September 2024
SUBJECT:	Slough Children First Limited (SCF) Annual Report 2023/24
CHIEF OFFICER:	Will Tuckley – Chief Executive
CONTACT OFFICER:	Sarah Wilson – Assistant Director Legal and Governance
WARD(S):	All
PORTFOLIO:	Cllr Dexter Smith – Leader of the Council Cllr Puja Bedi – Lead Member for Education and Children’s Services
KEY DECISION:	NO
EXEMPT:	NO
DECISION SUBJECT TO CALL IN:	NO but referral to Corporate Improvement Scrutiny Committee is recommended
<u>APPENDICES:</u>	Appendix 1 – SCF Annual Report

1 Summary and Recommendations

1.1 This report provides Slough Children First’s (SCF) annual report for 2023/24. SCF became wholly owned by the Council in April 2021. SCF did not produce an annual report for 2022/23. Cabinet approved an up to date Business and Improvement Plan in December 2023 as well as new contractual key performance indicators. SCF delivers statutory children’s services on behalf of the Council in accordance with a direction of the Secretary of State for Education.

Recommendations:

Cabinet is recommended to:

- Note SCF’s Annual Report for 2023/24.
- Note that Corporate Improvement and Scrutiny Committee has agreed a work programme which includes improvement and recovery of Slough Children’s Services as one of its three main strands and has included a specific item in October to review the Annual Report to inform whether the updated draft Business and Improvement Plan should be recommended to Cabinet for approval.

Reason:

To ensure that Cabinet is provided with an update on progress in SCF in the previous financial year to form part of the annual review of the arrangement.

Best Value Commissioner's Comments

"Commissioners support the suggestion that the report is referred to Scrutiny for further consideration."

Introductory Paragraph

1.1 SCF delivers statutory children's social care functions under a direction of the Secretary of State for Education and in accordance with a service delivery contract (SDC) between SCF and the Council. Improvement activity to support this across children's services are a critical part of the Council's improvement journey and the Council and SCF need to work together to ensure that the services can be delivered in a cost-effective way, contributing to the delivery of required financial savings to enable the Council to become financially sustainable within the medium term.

Slough Corporate Plan

1.2 The Council's overriding purpose, as set out in its Corporate Plan, is to close the healthy life expectancy gap by focusing on children. It has set a priority to be a borough for children and young people to thrive. Delivery of statutory children's social care services within SCF are key to achieving the purpose and principles set out in the Corporate Plan.

Options considered:

SCF is required to submit an annual report to the Council as part of a contractual annual review process. Whilst this is not a reserved matter that requires Cabinet approval, this is a first step in agreeing the annual business plan, which is reserved to Cabinet. As such this report has been presented to Cabinet for formal noting.

It is proposed that the Council's Corporate Improvement Scrutiny Committee have a greater role in reviewing the Annual Report and the draft Business and Improvement Plan. The role of CISC is to provide overview, pre-decision scrutiny and call-in of decisions regarding the Council's ownership role in its entities, as well reviewing how the wider partnership for children's services is working to deliver effective services to children and families.

For the above reasons, no other options were considered appropriate.

Annual Review

2.2 The service delivery contract (SDC) sets out the contractual arrangements between the Council and SCF and includes the process for annual review at Schedule 3.

2.3 Schedule 3 sets out a key component of the Council's strategic oversight and review of the SDC. The aims and objectives of the annual review are to:

- Consider the quality of practice and the outcomes for children, young people and families in the borough of Slough;

- Facilitate the Council's quality assurance of the operation of the contractual arrangement;
- Enable the Council to review the discharge of its statutory functions as delivered by SCF;
- Consider whether changes are required;
- Consider relevant factors in relation to the setting of future years' contract sums.

2.4 The annual review process requires SCF to prepare an annual report prior to 30 June in every contract year. This should be formally considered by the Strategic Commissioning Group (an officer contract management group). The draft of the annual report should include, as a minimum, the following:

- A summary of SCF's performance in the previous financial year.
- A summary of the Council's performance under the SDC and any support services agreement.
- The cost of performing the services in the preceding contract year in comparison with its budget.
- A summary of any agreed changes.
- A summary of the demand analysis in the preceding financial year, including any increases in demand against assumptions.
- The expected demand for services in the two contract years immediately following the annual review.
- The effects of any changes in children's social care legislation or guidance on the delivery of services and any actual or anticipated changes in law.
- The strategic priorities and outcomes likely to be relevant to the commissioning in the following contract year.
- A summary of any social, demographic or other relevant factors.
- The results of any audits or surveys including a summary of the outcomes of any surveys of service users and relevant stakeholders and third parties in relation to the services carried out during the previous contract year.
- The outcomes of any rectification plans
- A high-level review of central Government funding, including details of any anticipated funding directed to the services in the previous financial year and future years;
- Matters relating to the risk register.
- The outcome of any regulatory inspections.
- The proposed changes to the agreement to be considered as part of the annual review, including changes to the service specification, KPIs and financial mechanism for the following contract year.

2.5 The Annual Report for 2023/24 has been approved by the SCF Board and reviewed by the SCG. It contained most of the information referred to above.

2.6 At the meeting, the SCG discussed the following matters:

- Summary of performance – the key areas for further progress are corporate parenting panel and scrutiny committee role. The youth justice and exploitation service is due an inspection and there are plans to make changes to adopt a child first approach.
- Demand analysis – there is better understanding of metrics behind the funding assumptions. Consideration is being given to use of non-social work staff with appropriate supervision. The assumptions for placements for 2024/25 is higher than actuals. This is considered to be an error requiring correcting to allow contract

sum to be reduced, resulting in funding being available to the Council to address its in-year budget gap. Consideration needs to be given to placement projections to inform business planning for 2025/26 and medium term.

- Some information was missing from the submitted plan. These include audit and survey data, complaints analysis and auditing data. Further information was included in an update version, although a better analysis of complaints and survey data will be an area of focus for future discussions.
- The commissioning function is strong and the sufficiency strategy is working to reduce the number of children in care and those requiring specialist placements.
- SCF colleagues reflected that the process of compiling the annual report had been positive in terms of looking back to support what is needed going forward.
- There will be a formal review of KPIs and governance at the September strategic commissioning group meeting.
- Review of Mutual Ventures report from 2022. Many recommendations have been actioned and it was agreed that it would be helpful to document progress in the 2025/26 business and improvement plan. Multi- agency partnership working to be reported to September strategic commissioning group meeting.
- Update on support services review. Project management support has been identified and there will be a detailed report to September strategic commissioning group. The direction of travel remains that SCF is moving closer to the Council as part of whole service delivery. This work needs to align to the Council's target operating model and MTFS planning.

2.7 The strategic commissioning group agreed the following:

- SCF to submit updated annual report for submission to Cabinet and consideration by Corporate Improvement Scrutiny Committee as part of pre-decision scrutiny of the 2025/26 Business and Improvement Plan.
- The projected in-year surplus to be considered to arise from an assumption on placements which requires correction, leading to a reduced contract sum for 2024/25 of approximately £0.5m.
- SCF Board to consider further savings opportunities for 2025/26 to assist with the Council's medium term budget gap.
- Chair of SCF Board and SCF Chief Executive to be invited to Cabinet meeting, with substitute non-executive director attending if the Chair is unavailable.
- Early repayment of loan to be discussed at SCB Board in October 2024.

3.1 Financial implications

3.1.1 The contract sum for services provided by SCF in 2024/25 was agreed by Cabinet in February 2024 as part of the Council's budget setting process. Cabinet also approved a working capital loan of £5m in March 2021 that is due to be repaid at the end of the contract. Consideration is being given to whether this should be a facility arrangement with draw down as and when required instead of SCF holding the loan and paying interest on the whole sum.

3.1.2 The current projected outturn for 2024/25 is showing a surplus. This is due to projections around placements being higher than actuals. Subject to appropriate approval this projected in-year surplus could lead to a reduced contract sum for 2024/25 of approximately £0.5m. In addition to this, further work is being done to identify opportunities to mitigate the wider Council overspend. A further £150k has been identified initially and additional work will consider savings within administration, the funding of expenditure through use of the Public Health reserve

and initiatives relating to providing more cost-effective accommodation for care experienced young people.

- 3.1.3 Delivering on these proposals will require the support of the SCF board, collective agreement on the use of the Public Health reserve and collaboration with Housing colleagues on various initiatives around accommodation.
- 3.1.4 Whilst this report relates to the SCF's Annual Report for 2023/24, it needs to be seen in the context of the council's wider financial position. The following table shows the proposed fee structure reported as part of the 2024/25 Revenue Budget alongside the contract fees originally approved at Cabinet:

	Proposed Fee September Cabinet (£m)	Revised Proposed Fee (£m)
2023/24	40.515	40.515
2024/25	39.544	39.044
2025/26	39.022	38.522

- 3.1.5 The Council is reporting a service overspend of £13m for Q1 and is identifying a series of mitigation measures and recovery plans to deliver a balanced budget. Similarly, in developing its Medium Term Financial Strategy and budget setting for 2025/26, the Council, alongside every other UK local authority is seeking to align its expenditure on its corporate plans and statutory responsibilities to its resources.
- 3.1.6 As SCF becomes more closely aligned with the Council it is important to learn from areas where the company has developed expertise and build on this across the Council. The running services grant received both by the Council and SCF to compensate for additional costs incurred is being reduced, giving further impetus to the need to align support services and reduce costs.
- 3.1.7 Subject to appropriate governance SCF's ability to continue to contribute to addressing the Council's wider financial challenges is welcomed.

3.2 Legal implications

- 3.2.1 The Secretary of State for Education has powers to issue a direction in relation to specified social services functions relating to children under s.497A of the Education Act 1996. Various directions have been issued in relation to statutory functions in Slough since 2014. The direction requires that the Council secures that prescribed children's services functions are performed by SCF and the Council jointly and other prescribed children's services functions are performed by SCF on behalf of the Council.
- 3.2.2 Whilst the Council is the sole owner of SCF, there is a governance side agreement with the Department for Education, which means that there is a requirement to consult and/or obtain consent from the Secretary of State before key decisions are made. These include governance decisions such as appointment of directors and the chief executive, as well as contractual decisions such as exercising step in rights.

3.3 Risk management implication

3.3.1 Risks

Risk	Inherent Risk	Mitigation	Residual Risk
Children at risk of harm.	High	Recent inspections and audit actions have confirmed improvements in the quality of practice, although the Ofsted rating remains requires improvement.	Medium
Financial	High The Company has previously raised risk in relation to insolvency. Increases in funding to address this has put pressure on the Council's budget.	Close financial monitoring of the budget and setting the Contract Sum based on good evidence, including external review.	High
Legal / Regulatory	High The Council is under statutory intervention of the DfE as well as statutory intervention of MHCLG. These relate to failures to comply with statutory duties and findings of Ofsted.	Improved governance processed in relation to contract management and monitoring of improvement activity. Recruitment and retention activity to ensure appropriate skills in staffing and leadership roles. Access to appropriate external support.	Medium

3.4 Environmental implications

None

3.5 Equality implications

SCF provides social care services to protect some of the most vulnerable children and supports families from a diverse background. If SCF fails to adequately deliver its services this will impact on children and working age adults with children to a greater extent than the wider population. In addition, it will negatively impact on children and parents with disabilities who are more likely to need the support of SCF. Certain ethnic groups and gender are disproportionately represented within the community supported by SCF and will therefore be disproportionately impacted by any change in the delivery of services.

3.6 Corporate Parenting implications

The Council has corporate parenting duties. SCF delivers several services which contribute towards meeting these duties, however the duties also apply to other Council services. An emphasis on positive working relationships between the Council and SCF and partnership working are key to meeting the corporate parenting duties and supporting looked after children and care experienced young people.

3.7 Procurement implications

The services have been commissioned from SCF in accordance with a direction of the Secretary of State for Education. SCF is solely involved in delivery of children's social care services for SBC and is wholly owned by SBC, which means there is no need to competitively tender for services.

3.8 Workforce implications

None

4. Background Papers

None.