

Slough Borough Council

Report To:	Audit and Corporate Governance Committee
Date:	10 September 2025
Subject:	Slough Children First (SCF) Governance Update
Chief Officer:	Will Tuckley – Chief Executive
Contact Officer:	Sarah Wilson – Assistant Director Legal and Governance
Ward(s):	All
Exempt:	NO
Appendices:	Appendix 1 – SBC update on progress against SCF Governance Review Appendix 2 – Mutual Ventures High Level Review of SCF

1. Summary and Recommendations

This report sets out a summary of the progress made on improving the governance of Slough Children First (SCF).

Recommendations:

Committee is recommended to:

- (a) Review and comment on the progress made as set out in Appendix 1.
- (b) Note the high level review by Mutual Ventures set out at Appendix 2.
- (c) Note the progress made with governance of SCF against the Council's new Council Owned / Connected Entities Protocol.

Reason:

- 1.1 Improvements in company governance are an important part of the Council's recovery plans. Issues in governance arrangements were highlighted by the external auditors in May 2021 and the Council has continued to receive auditor recommendations to make improvements. In addition services run by SCF remain under the statutory intervention of the Department for Education.
- 1.2 The committee previously received quarterly updates on SCF up to March 2024. In its annual report for 2024/25, the Committee highlighted a lack of assurance data on key partnerships and proposed an action to receive an annual assurance report for each wholly owned company. In May 2025 Full Council approved a new Council Owned / Connected Entities Protocol which now forms Part 5.9 of its Constitution. This provides a useful framework for major governance activities which should happen across a three year cycle.

2 Alternative options considered and not recommended

- 2.1 Whilst there is no legal requirement to undertake a formal governance review, the best value guidance states that a characteristic of a well-functioning authority is proper member oversight of companies and partnership bodies, in accordance with the Local Partnerships Local Authority Company Review Guidance.
- 2.2 The Council's Annual Governance Statement for 2024/25 contained an action plan with a theme of company governance. This included an action to publicly report on effective management of SCF, evidencing quality of service and value for money. This links to two of the external auditor's recommendations from May 2024 and October 2024 in relation to ensuring the Council effectively manages SCF to demonstrate that the services provide both quality and value for money services and to continue to work with the DfE to improve performance in children's services (and SEND).

Commissioner Review

This report is outside the scope for pre-publication commissioner review; please check the [Commissioners' instruction 5 to CLT to sign off papers](#) for further details.

3 Background

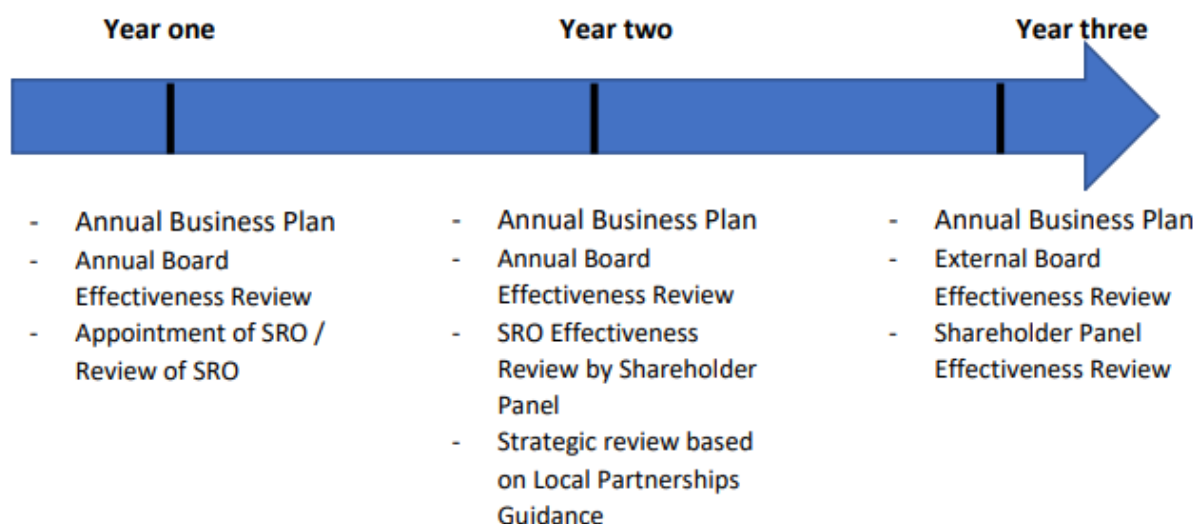
- 3.1 SCF became wholly owned by the Council on 1 April 2021 as a result of a change in the Articles of Association. Prior to that it was an independent trust. SCF delivers statutory children's services under a statutory direction of the Secretary of State for Education. A governance review was undertaken in the summer of 2022 and reported to Cabinet. This review was conducted using the Local Partnerships framework. Local Partnerships is an entity jointly owned by the Local Government Association, HM Treasury and the Welsh Government. Its purpose is to help public organisations manage the challenges of meeting rising demand for services with shrinking budgets. As part of this work, Local Partnerships published a Local Authority Company Review Guidance toolkit for undertaking strategic and governance reviews of wholly or partly owned council commercial entities. This is the framework recommended in the best value guidance. Updates against this review were taken firstly to this committee and then to strategic contract monitoring meetings. Appendix 1 contains the September 2025 update.
- 3.2 Good governance arrangements for council owned entities should seek to achieve the following:
- The entity should have sufficient freedoms to achieve its objectives.
 - The council should have sufficient control to ensure that its investment is protected, appropriate returns on investment can be obtained and that the activities of the entity are aligned with the values and strategic objectives of the council.
 - The entity continues to be relevant and required (in its existing form) and, if not, appropriate steps are taken (for example, amending constitutional documents or changing form or terminating the vehicle).
- 3.3 An update on recommended actions against the Governance Review is attached at Appendix 1. This is reporting against the original Governance Review which was appended to the Cabinet report in October 2022. The table below shows the split of RAG rated actions:

	Red	Amber	Green
September 2025	0	14	32

3.4 For the first time there are no Red RAG rated items. There are still risks that some areas have not yet evidenced sustained improvement and the Council's delay in closing its statement of accounts and having historic disclaimed accounts means its external auditors have not audited the arrangements for SCF accounting, although they have considered governance in the value for money assessment. In addition provision has been made to undertaken internal audit activity of SCF services, however this is dependent on the capacity within the Council's internal audit team. However, there has been a sustained improvement in governance arrangements over time.

Assessment against Council's Company/Connected Entities Protocol

3.5 The Council approved a new protocol for management of companies and other similar entities in May 2025. This recommends the following 3 yearly cycle of activities:



3.6 The following table shows the reporting and activities for SCF against the above framework from the financial year 2023/24. Where activities have not yet happened, despite timetabling, no RAG rating has been given.

Year 1 – 2023/24	Year 2 – 2024/25	Year 3 – 2025/26
Annual Business Plan – approved by Cabinet December 2023	Annual Business Plan – Approved by Cabinet December 2024 following review by CISC in October 2024	Annual Business Plan Timetabled to be approved by Cabinet December 2025, informed by external review by Mutual Ventures
Annual Board Effectiveness Review 2023 as part of SRO governance review	Annual Board Effectiveness Review 2024 (improvements required to process)	External Board Effectiveness Review Mutual Ventures review 2025 Council Senior Responsible Person to

		attend board away day in September 2025
Appointment of SRO/Review of SRO SRO conducted governance review against Local Partnerships guidance in 2023 and presented findings to Cabinet and provided quarterly reports to Audit and Corporate Governance Committee as part of being held to account.	SRO Effectiveness Review by Shareholder Panel Governance review updates presented to strategic commissioning group in September 2024 and January 2025. This group replicates the equivalent of a shareholder panel and includes the SBC Chief Executive and s.151 officer.	Shareholder Panel Effectiveness Review Mutual Ventures review 2025 (reviewed contract monitoring arrangements which would incorporate role of shareholder panel).
	Strategic review based on Local Partnership Guidance Governance review undertaken in 2022, but action plan updated throughout 2023 and 2024.	

3.7 The Mutual Ventures review contains some recommendations in relation to next steps. This together with the internal assessment has informed the proposed next steps, more detail of which is covered in the September report to Cabinet.

- Board effectiveness review, including review and amendment to Articles of Association – to be conducted in September 2025 and considered by contract monitoring group.
- Self-assessment against Maturity Matrix for children's services companies, update on governance action plan and update on contractual performance to be considered at September strategic commissioning group meeting and to inform SCF Business Improvement Plan.
- Agreement with DfE on extension of contract and timetable for convergence.
- Business improvement plan to be reported to Cabinet in December 2025.
- Plan for convergence to be covered in business improvement plan and referenced in December 2025 Cabinet reports, but to be kept under review as outcome of inspections are known.

Assessment against AGS action plan and external auditor recommendations

3.8 In May and October 2024, the Council's external auditors made the following key recommendations

- May 2024 – key recommendation The Council should ensure it effectively manages Slough Children First Ltd (SCF), the wholly owned company which from April 2021 delivers its children's social care services, so that the Council is able to demonstrate that the services provide both quality and value for money services to families and children in Slough.

- October 2024 – key recommendation The Council should make all the necessary steps to continue to work with the Department for Education to improve performance in children’s services and SEND.

3.9 The AGS action plan has a recommendation to publicly report on effective management of Slough Children First, evidencing quality of service and value for money

3.10 The Mutual Ventures review contains a high-level independent assessment of governance arrangements, quality of practice, focus on improvement and value for money. The report to Cabinet in September sets out the planned actions in response to this and highlight the improvements that have been made since their last review in 2022. This provides an independent evidence base to demonstrate that the Council is robustly managing SCF and holding it to account for performance and that SCF is now more financially sustainable and has invested in areas that has managed demand and cost pressures to demonstrate value for money.

3.11 The governance arrangements focus on the need for continuous improvement, including appropriate use of transformation capacity, updates on the action plan in place to respond to the Youth Justice Inspection findings, increased focus on financial performance, the need for improved business intelligence to allow for evidence-based decisions and improved benchmarking data and trend data.

3.12 Committee members are invited to review the governance action plan and Mutual Ventures report and ask any questions of officers and SCF representatives to assure itself that progress has been made and that the improved governance is leading to improved service delivery and compliance with the Council’s best value duty.

4. Implications of the Recommendation

4.1 *Financial implications*

4.1.1 The contract sum for SCF agreed by Council is £38.354m in 2025/26. This report considers the overall governance arrangements for SCF, including how the organisation manages its finances. Many of the RAG (red-amber-green) rated aims in Appendix 1 have financial considerations as part of the overall governance, however, aims E20 to E26 are most specific to financial governance. While each of these has been red-rated at some point in the past three years, these are now a mix of 3 green and 3 amber rated items. Investment plans to move from amber to green will need to be contained within existing resources.

4.2 *Legal implications*

4.2.1 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 seventh statutory direction was issued in August 2023. The effect of the direction is that prescribed children’s services functions must be performed by SCF and the Council jointly and other prescribed children’s services functions are performed by SCF on behalf of the Council.

4.2.3 The governance arrangements for SCF are complex, with the services being under the statutory intervention of the DfE. The DfE historically appointed a DfE Commissioner

to oversee improvements, but has recently confirmed that this will be changed to a DfE Improvement Advisor (although a Commissioner will remain to support with SEND service delivery). The revised direction make clear the interplay between the DfE and MHCLG interventions, requiring the DfE Commissioner to work in partnership with the MHCLG Commissioners to contribute to the work to rebuild the finance and governance capacity of the Council and secure compliance with the best value duty and to report to the DfE on progress and recommendations on any future operating model taking into account the work of the MHCLG Commissioners. The MHCLG Commissioners have a role in supporting the Council to achieve financial sustainability and to ensure the Council's governance of its companies is adequate. As a separate legal entity, SCF is managed by a board of directors comprising executive and non-executive directors. The board collectively and individually have legal responsibilities. The Council as sole owner of SCF also has a role in ensuring it is well run and that services delivered are effective and efficient. Finally services for children and young people are delivered by a range of partnerships and both SCF and the Council are part of a wider partnership, including statutory partnership boards such as the health and wellbeing board and children's safeguarding partnership.

4.2.4 Local authorities have a best value duty under the Local Government Act 1999. The draft best value guidance states that local authorities have a complex set of legal responsibilities and inherent levels of risk which need to be managed, but all should strive for excellence to be able to demonstrate continuous improvement.

4.3 *Risk management implications*

4.3.1 The risks of failure of a company delivering statutory children's services are high and must be carefully managed. If appropriate funding is not provided or effective leadership in place, SCF will not be able to deliver effective services and this will put children and families at risk of harm. Good governance is intrinsically linked to high performance, a positive organisational culture and effective risk management. It is important to ensure that this is given an appropriate focus both within SCF and by the Council.

4.4 *Environmental implications*

4.4.1 None

4.5 *Equality implications*

4.5.1 SCF provides social care services to protect some of Slough's most vulnerable children and to support 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.

4.6 *Corporate parenting implications*

4.6.1 The Council, and by implication SCF, has duties under the Children and Social Work Act 2017 in relation to children who are looked after and care experienced young people. This duty requires the Council to have regard to the need to:

(a) act in the best interests, and promote the physical and mental health and well-being, of those children and young people;

- (b) to encourage those children and young people to express their views, wishes and feelings;
- (c) to take into account the views, wishes and feelings of those children and young people;
- (d) to help those children and young people gain access to, and make the best use of, services provided by the local authority and its relevant partners;
- (e) to promote high aspirations, and seek to secure the best outcomes, for those children and young people;
- (f) for those children and young people to be safe, and for stability in their home lives, relationships and education or work;
- (g) to prepare those children and young people for adulthood and independent living.

One of the reasons for requiring the contractual KPIs to be reviewed and updated in 2023 was to ensure there is a focus on children and young people participating in decisions which affect this. This is not limited to operational and individual case work decisions, but to decisions at a strategic level. This will allow strategic leaders and in particular elected members on different council bodies to understand the impact of their decisions on this group.

5. Background Papers

None.