

READING BOROUGH COUNCIL

REPORT BY EXECUTIVE DIRECTOR OF RESOURCES

TO:	POLICY COMMITTEE (ACTING AS SOLE MEMBER FOR BRIGHTER FUTURES FOR CHILDREN)		
DATE:	8 MARCH 2020		
TITLE:	BRIGHTER FUTURES FOR CHILDREN LIMITED - GOVERNANCE & RESERVED MATTERS		
LEAD COUNCILLORS:	CLLR JASON BROCK CLLR LIZ TERRY CLLR ASHLEY PEARCE	PORTFOLIOS:	CORPORATE GOVERNANCE CHILDREN'S SERVICES EDUCATION
SERVICE:	N/A	WARDS:	BOROUGHWIDE
LEAD OFFICER:	KATE GRAEFE	TEL:	0118 937 4132
JOB TITLE:	ASSISTANT DIRECTOR OF PROCUREMENT AND CONTRACTS	E-MAIL:	kate.graefe@reading.gov.uk

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 To report to the Policy Committee in its capacity as the sole member of Brighter Futures for Children Ltd.
- 1.2 To make decisions as sole member regarding the ongoing Company Executive Leadership Team and Board.

2. RECOMMENDED ACTION

2.1 For Policy Committee

- (a) to endorse the continuation of the amended role of the Executive Chair;
- (b) to extend the appointment of the the interim Executive Director of Finance and Resources as a Company Director until 31 December 2021;
- (c) to extend the waiver of the requirement in the Articles for the interim Executive Director of Finance and Resources to be an employee of the Company until 31 December 2021;
- (d) To approve the reappointment of Tony Byrne, Nicola Gilham and Paul Snell as Non-Executive Directors of Brighter Futures for Children for a second term of office (three years) from 15 November 2021 until 14 November 2024;
- (e) To endorse the recruitment of a further Non-Executive Director to provide additional breadth of skills and support succession planning for the Board.

3. BACKGROUND

- 3.1 In October 2018 the Council approved the formation of a separate Company for the delivery of Children's Services in Reading; Brighter Futures for Children Limited (BFfC). The Company subsequently began delivery of services in December 2018.

- 3.2 BFFC is a company limited by guarantee without share capital. Its sole member is Reading Borough Council and the Council has several rights under the Articles of Association (the Company constitution).
- 3.3 Following the departure of the Managing Director on 7 September 2020, the BFFC Board requested time to take stock of the Company's management requirements and to formulate a management structure for the longer term with interim management provisions agreed by Policy Committee in its role as sole member on 28 September 2020. (At Company inception and until the departure of the Managing Director, the Executive Leadership Team structure was comprised of the MD, the Executive Director for Children's Services and the Executive Director for Finance and Resources.)
- 3.4 The Company has now considered its need for a Managing Director and the appropriate skills mix for the future Executive Leadership Team. The Company has determined that it doesn't wish to operate with a MD role in future and that the current leadership arrangements have provided the leadership that the Company needs. The Company therefore wishes to extend the current interim arrangements a) for the Chair on an ongoing basis and b) for the Interim Executive Director of Finance and Resources from its current end of 31 March 2021 to 31 December 2021. Until 31 December 2020, the Executive Leadership Team will comprise the Chair, the EDCS and the Interim Executive Director of Finance and Resources. The Company has also conducted a skills assessment of the Board and concluded that the skills of the current Non-Executive Directors align with the Company requirements. The need for an additional Non-Executive Director has also been identified, to both provide additional breadth of skills to the Board as well as support future continuity and succession planning.
- 3.5 Members are being asked to support the Company's request that stability and succession planning is secured through the following actions:
- a. to endorse the continuation of the amended role for the Chair
 - b. to extend the appointment of the interim Executive Director of Finance and Resources as a Company Director until 31 December 2021
 - c. to extend the waiver of the requirement in the Articles for the interim Executive Director of Finance and Resources to be an employee of the Company until 31 December 2021
 - d. to approve the reappointment of Tony Byrne, Nicola Gilham and Paul Snell as Non-Executive Directors of Brighter Futures for Children for a second term of office (three years) from 15 November 2021 to 14 November 2021.
 - e. to endorse the recruitment of a further Non-Executive Director with significant expertise and experience at a senior level in Education and/or with commissioning, commercial and business skills.
- 3.6 The Company is now no longer in intervention. However, the Chair has consulted with the DfE about these extended interim arrangements who remain supportive.

4. PROPOSALS

Composition of the Board & appointment of a Director

- 4.3 The Managing Director of the Company ceased employment with effect from 7 September 2020. He resigned from the Board on the same day. This means that the Board is now comprised of the following Directors:
- Executive Director for Children's Services (DCS) (an Executive Director)
 - The Chair
 - The Council nominated Director (a non-executive Director)
 - Three other independent non-executive Directors

- 4.4 The minimum requirements for the Board in Article 9.2 are specified as follows:
- The Chair
 - At least one Executive Director in addition to the EDCS
 - At least one non-executive Director
 - The Council nominated Director
- 4.5 These minimum requirements were built into the Articles to ensure a balanced Board. Whilst the Managing Director counted as an Executive Director, his departure now means that the Board is not in accordance with the minimum requirements.
- 4.6 Article 9.3(b) specifies that whilst there are fewer Directors than specified by Article 9.2 then the only business that the Board can transact is the appointment or replacement of Directors.
- 4.7 At the Board meeting on 24 September the BfFC Board resolved to appoint, subject to the approval of the Council, an additional (Executive) Director namely the Interim Executive Director of Finance and Resources, Richard Harbord. Richard Harbord's appointment was further approved by the Council at Policy Committee on 28 September 2020.
- 4.8 The appointment of an additional Executive Director is a Reserved Matter, and the Council's consent is required.
- 4.9 It is proposed that the Council consents to the extension of the appointment of the additional Executive Director until 31 December 2021. This will give Mr Harbord the authority he needs to be able to fulfil the duties of the Executive Director position. It will also ensure that the Board is able to transact the full range of decisions required to progress the business of the Company.

Waiver of the Articles

- 4.10 Article 9.4 specifies that Executive Directors (other than the EDCS) must be employees of the Company. This was specified for the stability of the Company. However, in his interim position, Mr Harbord is not an employee of the Company but is employed on a contract for services. Given that his appointment to the Board is a temporary measure designed to bring stability to the Company in the interim before the longer term position can be delivered, then it is necessary for the Council to consider if it will extend the grant of a waiver to the Articles originally agreed on 28 September 2020 and allow the interim appointment of Mr Harbord until 31 December 2021 as outlined. Mr Harbord has indicated that he is willing to serve in this capacity.

Options Proposed

- 4.11 In its capacity as the sole member of the Company, Policy Committee is asked to approve all these arrangements:
- To endorse the additional duties of the Chair and to communicate this to the DfE
 - To appoint an additional Executive Director for a time limited assignment
 - To grant a waiver from the Articles for the Executive Director to be appointed on a contract for services
 - To reappoint the three Non-executive Directors for a second term of office

5. CONTRIBUTION TO STRATEGIC AIMS

- 5.1 In Spring 2019 the Council refreshed its Corporate Plan priorities:

1. Securing the economic success of Reading and provision of job opportunities

2. Ensuring access to decent housing to meet local needs
 3. To protect and enhance the lives of vulnerable adults and children
 4. Keeping Reading's environment clean, green and safe
 5. Ensuring that there are good education, leisure and cultural opportunities for people in Reading
 6. Ensuring the Council is fit for the future
- 5.2 This proposal aligns with the priority to ensure there is a “comprehensive transformation plan delivered by our Children’s Company - Brighter Futures for Children”. Without an effective functioning Board, limited progress will be made towards the Corporate Plan priority.

6. ENVIRONMENTAL AND CLIMATE IMPLICATIONS

- 6.1 The Council declared a Climate Emergency at its meeting on 26 February 2019 (Minute 48 refers).
- 6.2 There are no environmental or climate change implications arising from this report.

7. COMMUNITY ENGAGEMENT AND INFORMATION

- 7.1 Not applicable

8. EQUALITY IMPACT ASSESSMENT

- 8.1 Under the Equality Act 2010, Section 149, a public authority must, in the exercise of its functions, have due regard to the need to–
- eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
 - advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
- 8.2 An Equality Impact Assessment is not relevant to the requested decisions.

9. LEGAL IMPLICATIONS

- 9.1 Covered in the main body of the report.

10. FINANCIAL IMPLICATIONS

- 10.1 The costs for the Chair are currently met by the DfE. Now that intervention has been lifted, RBC will fund BFfC for the costs of the Chair, the day rate being that as openly advertised. This does not change the contract sum to be paid to BFfC for FY2021/22, as already provisioned in the Council MTFP and BFfC Business Plan.
- 10.2 The costs of the Interim Executive Director for Finance and Resources will be met from the Company Budget. The Interim Executive Director will not receive any additional remuneration as a result of his Board appointment. The agreed day rate for the Interim Executive has been confirmed as appropriate for the level of role and responsibility by both BFfC and RBC HR.

11. BACKGROUND PAPERS

- 11.1 There are none.