

Policy Committee

21 July 2025



Reading
Borough Council

Working better with you

Title	Brighter Futures for Children Ltd – Waiver for Articles
Purpose of the report	To make a decision
Report status	Public report
Report author	Mike Graham, Asst Director for Legal and Democratic Services
Lead Councillor	Cllr Liz Terry, Leader of the Council
Corporate priority	Not applicable, but still requires a decision
Recommendations	<ol style="list-style-type: none">1. That Policy Committee notes that the Brighter Futures for Children Ltd service contract will end on 30 September 2025 with Children's Services transferring to the Council from 1 October 2025.2. That as of 1 October 2025, and until the Company closes or a further decision is made by Policy Committee, the Council acting as the sole member of Brighter Futures for Children Ltd waives the following requirements of the Articles of Association:<ol style="list-style-type: none">2.1. to appoint Independent Non-Executive Directors and a Non-Executive Board Chair2.2. the minimum number of Directors, and the minimum numbers of Directors in each category2.3. the quorum for a Directors meeting can be reduced from three to two2.4. for an Independent Non-Executive Director or a Non-Executive Chair to always be present at Board meetings2.5. for the meeting Chair to be either the Non-Executive Board Chair or a nominated Independent Non-Executive Director (Chair Nominee)3. That Policy Committee delegates authority to the Executive Director of Resources, to act on behalf of Policy Committee (as the representative of the sole member of the Company) from 1 October 2025 and deal with all company closure matters which are the responsibility of the members of the Company, in particular, to agree to the closure of the Company following the signing of the final accounts.4. That Policy Committee delegates authority to the Executive Director of Resources, to act on behalf of Policy Committee (as representative of the sole member of the Company) from 1 October 2025 in consultation with the Leader of the Council and the Lead Councillors for Children's Services and Education, to deal with any other miscellaneous matters, including Reserved Matters, which arise whether about the closure of the Company or otherwise.

1. Executive Summary

- 1.1. This report to the Policy Committee is in its capacity as the sole member of Brighter Futures for Children Ltd (BFFC).
- 1.2. This report asks Policy Committee to make decisions as the sole member (the "shareholder" function) regarding appointments to the Board of Directors in anticipation of the company closure.
- 1.3. On 28 January 2025, Council resolved to bring Children's Services back in-house and end the BFFC service contract.
- 1.4. Since that time, consultation with the Board has taken place and a project plan initiated for the transition. As a result of this, acting under Council delegation, the Acting Executive Director of Resources has decided that the service contract will end at 23.59 on 30 September 2025 with staff transferring to the Council, and Children's Services running in-house with Reading Borough Council from 00.00 on 1 October 2025.
- 1.5. In consultation with the Board, it is now expected that the non-executive directors will retire on, or shortly before, 30 September 2025. This will leave a gap in the governance arrangements for the Company. This paper seeks to address this by allowing the Company to operate with fewer directors until its formal closure.
- 1.6. It is planned that the company will close once all the formalities for filing of final accounts have been completed following year end (March 2026).

2. Policy Context

- 2.1. In August 2016, an Ofsted inspection report found the Council's Children's Social Care Services to be 'inadequate' and the Secretary of State for Education directed the Council to develop an alternative delivery model by September 2017.
- 2.2. The decision to outsource Reading's Children's Services (Social Care and Education) was made by Council on 16 October 2018. Council approved a set of recommendations to transfer the delivery of Children's Services to BFFC, a separate company limited by guarantee of which the Council would be the sole member.
- 2.3. Delivery of the Council's Children's Services was established with a seven-year contract with BFFC which came into effect on 30th November 2018 and would otherwise expire on 1st April 2026.
- 2.4. Following a planned contract review in 2024 and the Council decision in January 2025, BFFC were given notice of the future for the contract by 31st March 2025. The company have agreed the earlier termination date of 30 September 2025.
- 2.5. Policy Committee now needs to consider some ancillary issues arising from the planned termination of the Service Contract and the subsequent closure of the Company.

3. The Proposal

- 3.1. The Articles of Association (company constitution) have always envisaged a balanced Board with (i) a number of Executive Directors including a Managing Director (ii) an independent non-executive Chair (iii) a range of Non-Executive Directors and (iv) a Council Nominated Director.
- 3.2. Board composition was last reported to Policy Committee on April 2024 when the redundancy of the Executive Director for Resources role required some alterations to the Articles of Association.
- 3.3. Now we have a board made up of:
 - 3.3.1. an Independent Non-Executive Chair
 - 3.3.2. a company Executive Director – the Executive Director of Children's Services
 - 3.3.3. Three Independent Non-Executive Directors

3.3.4. a Council appointed Director – the Director of Finance

3.4. Once the Service Contract finishes on 30 September 2025, the role of the Board will be considerably reduced. Essentially, the only role for the Board will be to oversee the preparation of the final accounts, filing these accounts at Companies House and then overseeing the formal closure process. The Independent Non-Executive Directors and Chair have indicated that they will retire on or shortly before 30 September. This will leave the Company with two Directors to oversee the formalities for the closure of the Company: the Executive Director of Children's Services and the Council nominated Director, the Director of Finance.

3.5. Options Proposed

3.6. In its capacity as the sole member of the Company, Policy Committee is asked to approve the arrangements to allow for the Company to deal with the final accounts and close efficiently and effectively with just two Directors:

- The current Articles of the Company, which specify a number of provisions to have a balanced board with Independent Non-Executive members etc, need to be disapplied. The easiest way to do this is for the member of the company (the Council acting through Policy Committee) to waive these requirements.
- The Board will need a member approval in order to agree the Board resolution to close the company. The simplest way to achieve this is to delegate an officer to be the member representative and to agree to the formal closure of the Company.

3.7. No further options have been explored at this time.

4. Contribution to Strategic Aims

4.1. The Council Plan has established five priorities for the years 2025/28. These priorities are:

- Promote more equal communities in Reading
- Secure Reading's economic and cultural success
- Deliver a sustainable and healthy environment and reduce our carbon footprint
- Safeguard and support the health and wellbeing of Reading's adults and children
- Ensure Reading Borough Council is fit for the future

4.2. In delivering these priorities, we will be guided by the following set of principles:

- Putting residents first
- Building on strong foundations
- Recognising, respecting, and nurturing all our diverse communities
- Involving, collaborating, and empowering residents
- Being proudly ambitious for Reading

4.3. Full details of the Council Plan and the projects which will deliver these priorities are published on the Council's website - [Council plan - Reading Borough Council](#). These priorities and the Council Plan demonstrate how the Council meets its legal obligation to be efficient, effective and economical.

4.4. The delivery of improved services to Children in Reading is covered by the Brighter Futures to Children Business Plan which was last approved by Policy Committee on 11 March 2024. The plan is published on the [Brighter Futures for Children website](#). The Company's vision is – to protect and enhance the lives of the children of Reading and help families find long-term solutions to ensure children lead happy, healthy and successful lives.

4.5. Ensuring stability of the Board during this transition period and proper governance for the Company in the run up to its formal closure is key to ensure that the Council's decision to bring services back in house can be realised.

5. Environmental and Climate Implications

- 5.1. The Council declared a Climate Emergency at its meeting on 26 February 2019 (Minute 48 refers).
- 5.2. There is nothing within this report which is relevant to the Council's climate change policies.

6. Community Engagement

- 6.1. There is no consultation or community engagement required on this proposal, nor has any been carried out voluntarily to help the report author consider the views of external parties in preparing this report.

7. Equality Implications

- 7.1. 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.
- 7.2. An Equality Impact Assessment (EIA) is not relevant to the decision. An EIA has not been carried out.

8. Other Relevant Considerations

- 8.1. There are none.

9. Legal Implications

- 9.1. The Articles of Association of a Company form a statutory contract between the members of the Company, and its Board. In this case, there is only one member of the Company as the Council has 100% membership of BFFC which is a company limited by guarantee (as opposed to a company limited by shares). The Council, acting through Policy Committee is therefore entitled to waive the provisions of the Articles, which would in other circumstances provide a safeguard for the members about the running of the Company.
- 9.2. It is also open to the Council and sole member, to alter the Articles of Association to ensure that they reflect the reality of a Board consisting of two council officers acting as Directors. Given that the only business of the Company is now to safely complete the formalities for a closure of the Company, it is considered disproportionate and unnecessary to undertake this exercise.
- 9.3. Otherwise, all the relevant points have been addressed in the body of the report.
- 9.4. These Legal Implications have been approved by Michael Graham, Assistant Director of Legal and Democratic Services.

10. Financial Implications

- 10.1. There are no financial implications arising from this report.
- 10.2. These financial implications have been approved by the Strategic Business Partner

11. Timetable for Implementation

- If councillors are minded to support these recommendations then the requirements for a Board with a full complement of Independent Non-Executive Directors will cease on 1 October 2025.

12. Background Papers

12.1. There are none.