

Town Hall
Lord Street
Southport
PR8 1DA

To: Members of the CabineT

Date: 16 December 2010

Our Ref:

Your Ref:

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Dear Councillor

CABINET - THURSDAY 16TH DECEMBER, 2010

I refer to the agenda for the above meeting and now enclose the following report(s) which were unavailable when the agenda was printed.

Agenda No.

Item

15a

Sefton New Directions

Public version of the report of Acting Head of Corporate Legal Services

Yours sincerely,

M. CARNEY

Chief Executive

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Agenda Item 15a

REPORT TO: Cabinet

DATE: 16 December 2010

SUBJECT: Sefton New Directions

WARDS AFFECTED: All

REPORT OF: David McCullough
Acting Head of Corporate Legal Services

CONTACT OFFICER: David McCullough 0151 934 2032

EXEMPT / CONFIDENTIAL: No

PURPOSE / SUMMARY:

To provide an update on the current position of Sefton New Directions (SND).

REASON WHY DECISION REQUIRED:

As the shareholder of SND the Council should monitor developments with SND and how they may impact on the Council.

RECOMMENDATION(S):

That Cabinet note the report and request further update reports when proposals for the future of Sefton New Directions have been formulated.

KEY DECISION: No

FORWARD PLAN: Not appropriate

IMPLEMENTATION DATE: Following the expiry of the 'call-in' period for the minutes of the cabinet meeting.

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ALTERNATIVE OPTIONS:

Not appropriate

IMPLICATIONS:

Budget / Policy Framework: None

Financial: None within this report

<u>CAPITAL EXPENDITURE</u>	2009/ 2010 £	2010/ 2011 £	2011/ 2012 £	2012/ 2013 £
Gross Increase in Capital Expenditure				
Funded by:				
Sefton Capital Resources				
Specific Capital Resources				
<u>REVENUE IMPLICATIONS</u>				
Gross Increase in Revenue Expenditure				
Funded by:				
Sefton funded Resources				
Funded from External Resources				
Does the External Funding have an expiry date? Y/N	When?			
How will the service be funded post expiry?				

Legal:

Risk Assessment: The Council is the shareholder in SND and therefore, should be kept informed of developments with the Company and how they may impact on the Council.

Asset Management:

CONSULTATION UNDERTAKEN / VIEWS

Strategic Director – Social Care and Wellbeing and the Head of Corporate Personnel

CORPORATE OBJECTIVE MONITORING:

<u>Corporate Objective</u>		<u>Positive Impact</u>	<u>Neutral Impact</u>	<u>Negative Impact</u>
1	Creating a Learning Community		√	
2	Creating Safe Communities		√	
3	Jobs and Prosperity		√	
4	Improving Health and Well-Being		√	
5	Environmental Sustainability		√	
6	Creating Inclusive Communities		√	
7	Improving the Quality of Council Services and Strengthening local Democracy		√	
8	Children and Young People		√	

LIST OF BACKGROUND PAPERS RELIED UPON IN THE PREPARATION OF THIS REPORT

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1.0 Background

- 1.1 Members will recall that Sefton New Directions (SND) is a Company wholly owned by Sefton MBC and was established to undertake certain social care functions on behalf of the Council in 2007 including re-enablement, day centres, respite/short term care, supported housing and community meals services.
- 1.2 The Council owns 100% of the Company's shares and also commissions services from the Company.
- 1.3 Councillors Parry, Brennan and D Rimmer and the Council's Chief Executive are Board members of the Company.
- 1.4 Earlier this year the Board commissioned Fresh Care Consulting Limited to produce a report identifying those factors that will help determine the future business and operational strategies of the company and provide recommendations for action. A report was subsequently produced and the conclusion was that the status quo of the SND operation is not a viable option for the future. The Board agreed with the recommendations of the review that SND required a radical overhaul of the organisation in order to ensure viability and to protect the interests of service users and, promote personalisation in the recommendations from Putting People First
- 1.5 Whilst SND made a profit in the last financial yearit also has significant liabilities.
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- 1.6 In addition there are also concerns about the future viability of SND following receipt of a letter from the Council seeking to reduce its annual payment to SND from £12,000,000 to £9,000,000 in line with the current market rates and a request for the reconfiguration of current service delivery.
- 1.7 The Council is currently in discussion with SND about payments and how it wishes to reconfigure the delivery of services to continue to meet the assessed eligible needs of its services users whilst maintaining 'best value' and bearing in mind its obligations under the personalisation agenda.

- 1.8 At its Board meeting on 2nd December 2010 the Board of SND agreed:
- the immediate appointment of Fresh Care Consulting to manage the business and to advise the Board on the options surrounding the business which may include sale, disposal, transfer or more efficient operation
 - having received advice in respect of administration / liquidation to seek advice on an informal basis from an insolvency practitioner, which is recommended business practice in such circumstances
- 1.9 Members should be aware that under the terms of the Articles of Association of SND they cannot commence any action for the winding-up or dissolution of the Company or the making of an administration order or a composition or arrangement with its creditors without the prior written approval of the Council. Furthermore, the Company cannot make more than 10 employees redundant during any rolling three month period without the prior written approval of the Council.

2.0 Proposal

- 2.1 The Council as Shareholder will receive a further report in due course outlining the proposals for the future of the Company. When considering such proposals the Council needs to bear in mind the future delivery of services and how those options may affect the Council in terms of liabilities transferring to the Council. These potential liabilities are currently being assessed
- 2.2 The Council as Commissioner of Social Care Services will want to ensure the continuity of services for users and appropriate consultation and engagement regarding any changes.
- 2.3 The Company is currently reviewing its service provision to establish the necessary actions to re-configure services to meet the needs of the commissioners

3.0 Recommendation

That Cabinet note the report and request further update reports when proposals for the future of Sefton New Directions have been formulated.

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