

<b>Report to:</b>	Cabinet	<b>Date of Meeting:</b>	23 June 2022
<b>Subject:</b>	New Directions Annual Report and Business Plan		
<b>Report of:</b>	Executive Director of Adult Social Care and Health	<b>Wards Affected:</b>	(All Wards);
<b>Portfolio:</b>	Cabinet Member - Adult Social Care		
<b>Is this a Key Decision:</b>	Yes	<b>Included in Forward Plan:</b>	Yes
<b>Exempt / Confidential Report:</b>	No		

### Summary:

The purpose of this report is to submit to Cabinet the New Directions Business Plan for their review, and to outline how Adult Social Care will support and inform the delivery of the plan to ensure that it is delivered in alignment with its commissioning intentions, strategic priorities and proposed future contractual and market management arrangements.

### Recommendation(s):

Cabinet is asked to note the contents of this report and the submitted draft Strategic Business Plan and:

- (1) Provide any comments on the draft plan to the Executive Director of Adult Social Care and Health and delegate authority to the Cabinet Member for Adult Social Care and Executive Director of Adult Social Care to approve the future commissioning decisions which may impact on New Directions in meeting the Local Authority duty under the Care Act in relation to sufficiency of excellent quality social care services.
- (2) Approve the approach on the proposed future service development and contractual arrangement with New Directions, under the principle that any such new arrangements fall within the current financial envelope.
- (3) Agree that if there are any material variations to the plan or that financial performance is compromised which may put the Council at risk that a subsequent report should be presented to Cabinet together with a remedial action plan at the earliest opportunity.
- (4) Note that a further update report be provided to Cabinet in October 2022.

### Reasons for the Recommendation(s):

New Directions is a company whose sole shareholder is Sefton Council. The Cabinet Member for Adult Social Care is the shareholder representative. Councils are required to submit to Cabinet the business plan, in line with good practice and to outline to Cabinet how the Council will support and inform delivery of the plan, monitor all risk associated with quality and funding impact.

**Alternative Options Considered and Rejected:** (including any Risk Implications)

1. **Not Submitting the plan to Cabinet** – this option was considered and rejected as New Directions are required (and in line with good practice) to produce and submit to its sole Shareholder an Annual Report and Business Plan.

**What will it cost and how will it be financed?**

**(A) Revenue Costs**

The current New Directions block contract has an annual value of £7.37m.

The delivery of the plan against Adult Social Care commissioning intentions will be met from both the existing Adult Social care budget and potential joint funding and pooled budget arrangements with the Clinical Commissioning Groups in Sefton and once they are disestablished on the 30<sup>th</sup> June 2022. the Cheshire and Merseyside Integrated Care Board.

**(B) Capital Costs**

None

**Implications of the Proposals:**

<b>Resource Implications (Financial, IT, Staffing and Assets):</b>	
<b>Legal Implications:</b>  Care Act 2014 Care and Support Statutory Guidance	
<b>Equality Implications:</b> There are no equality implications.	
<b>Climate Emergency Implications:</b>  The recommendations within this report will	
Have a positive impact	No
Have a neutral impact	Yes
Have a negative impact	No
The Author has undertaken the Climate Emergency training for	Yes

report authors	
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It is not anticipated that there will be any positive or negative impacts relating to the recommendations proposed in this report.

### **Contribution to the Council's Core Purpose:**

Protect the most vulnerable:

Under contractual arrangements New Directions provide care and support services to vulnerable people in Sefton and the plan outlines work to take place to ensure ongoing provision of quality services

Facilitate confident and resilient communities:

Commission, broker and provide core services:

The Council has a contractual arrangement with New Directions and the plan outlines how this arrangement will be taken forward and also how New Directions can support the Council to deliver its strategic objectives and future commissioning intentions.

Place – leadership and influencer:

Drivers of change and reform:

The drivers are:

- Integration - national context and local linked to the White Paper
- Adult Social Care Reform Act 2021
- Market Position Statement for Sefton
- Adult Social Care Vision and Strategy
- Adult Social Care Demand Management Programme

Facilitate sustainable economic prosperity:

The plan outlines how New Directions will seek to operate as a Provider and Employer of choice.

Greater income for social investment:

Cleaner Greener

### **What consultations have taken place on the proposals and when?**

#### **(A) Internal Consultations**

The Executive Director of Corporate Resources and Customer Services (FD.6818/22) and the Chief Legal and Democratic Officer (LD.5018/22) have been consulted and any comments have been incorporated into the report.

## **(B) External Consultations**

New Directions have consulted with the Council's commissioning team and with Adult Social Care on their business plan and Council Officers have provided feedback on previous draft versions of the plan submitted as Appendix A with this report.

### **Implementation Date for the Decision**

Following the expiry of the "call-in" period for the Minutes of the Cabinet Meeting

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### **Appendices:**

Appendix A Draft New Directions Strategic Business Plan

### **Background Papers:**

There are no background papers available for inspection.

#### **1. Introduction/Background – New Directions Governance, Financial Position and Risk Management**

- 1.1. New Directions was set up as a wholly- owned company by the Council in 2007 as a private company limited by shares. Under procurement law the company is regarded as a 'Teckel company' which means that the Council can make direct awards of contracts to the company without going through a procurement process. In turn the company is bound by the Public Contract Regulations. This position would change should New Directions seek to attract contracts from other Councils and further legal advice would be needed in relation to procurement regulations.
- 1.2. The company has a Board of Directors and non-executive Directors and a Managing Director. The Council has appointed a shareholder representative in the Cabinet Member for Adults Social Care who is an observer to the Board. New Directions also can nominate other Councillor representatives to sit on the Board.
- 1.3. As 100% shareholder in the company there are matters reserved for the Council to decide upon, for example, to make any material change the nature of the business Council officers also hold regular meetings with the Managing Director of the company to discuss company performance and key issues.

- 1.4. The annual report on the key activity and performance of the company, together with its strategic outlook will form a key part in Cabinet through the Executive Director of Adult Social Care and Cabinet Member for Adult Social Care gaining assurance in respect of the operational and financial activities of the company and this will be supported by a year-end report that will be presented to the overview and scrutiny committee.
- 1.5. As detailed in the report, the current block contract arrangement between the Council and the company has been in existence for many years. The value of this contract in 2022/23 is £7.37m. The company produces annual accounts that are the subject of external audit. The last published accounts for the company were for 2020/21 and were to the satisfaction of the external auditor, with cash balances of £4m being held. Due to the accounting treatment of the company's membership in the Local Government Pension Scheme, the external auditors require the Company to make a significant contribution to reserves to cover any potential deficit in the Scheme. The accounts for the financial year 2021/22 will be prepared by 25<sup>th</sup> July 2022 and a year-end report on the company will then be prepared and taken to the Overview and Scrutiny Committee.
- 1.6. Like all businesses at the current time the next 2-3 years will be challenging for the company, therefore, rigorous financial and performance management will need to be in place to ensure that it continues to trade profitably and that the Council's interests are protected. However, it is important to reinforce that the company is delivering care and support to vulnerable Sefton residents and service quality is both regulated by Care Quality Commission and through the Council. Through engagement with the Company's board via the Managing Director, quality, capacity of the workforce and financial risk will be a key focus in the next twelve months and in the event of any material issues being identified these will be escalated to Cabinet at the earliest opportunity.
- 1.7. New Direction has an established risk register that is maintained and reported to the Board at each meeting. This is developed by the Managing Director and Finance Director and is then included within the Council's annual governance statement and overall audit opinion. New Directions also have their own Finance sub-group, which has responsibility for risk management and oversight of the New Directions internal control framework and their reports will be used by the Council to gain assurance as to the internal control within the company and to comply with the Council's own financial procedure rules in respect of wholly owned companies which will be reflected in the annual governance statement. There has been opportunity to carry out joint programme of work which has proved beneficial, for example, with respect to the resolution of the accounting treatment of the company's membership in the Local Government Pension Scheme which has had a significant positive stabilising impact on the company's future finances.

## **2. The New Directions Business Plan**

- 2.1. The plan is included in this report as Appendix A which has been subject to a period of engagement by New Directions with Council officers.
- 2.2. In summary, the plan encompasses the following key themes to be delivered over the next three years:

- **Being Provider of Choice** – New Directions being the Council’s key Provider for delivering services such as those which seek to deliver key strategic aims and objectives such as services to support people with complex needs and the delivery of the joint Sefton Intermediate Care strategy. In addition, further work with the Council on existing and new contractual arrangements;
- **Being Employer of Choice** – development of a well-trained, resilient and capable workforce which is able to deliver required services, and which is supported through a comprehensive Learning & Development programme, which is supported through robust organisational and performance management arrangements;
- **Delivery of good quality services** – which are outcomes focussed and informed by gaining feedback from people receiving them and which are supported through effective systems, processes and training;
- **Engagement and Participation** – to help shape service delivery and also working with staff in order to maximise business performance;
- **Financial Sustainability, Efficiency and Effectiveness** – strategic and financial planning and exploration of new income generation and business opportunities in order to reduce dependency on the Council being the core source of funding. New Directions also conducting activities to assess its competitiveness and improve efficiency;
- **Good Governance** – creation of board assurance and performance indicator frameworks and arrangements to regularly review and report on delivery of the three-year plan.

2.3 The plan is underpinned by an action plan which details key themes and activities to be addressed over the short-term (2022-23) and medium-term (2023-25).

### **3. How the Business Plan Aligns with Adult Social Care Strategic Objectives and Future Commissioning Intentions**

3.1. The plan highlights an ongoing commitment between New Directions and Adult Social Care to work together to achieve better outcomes for people who need social care services in Sefton

3.2. It shows as commitment to New Directions operating as a Provider of Choice and being responsive, flexible, and seeking to deliver services against wider Social Value objectives such as a robust, and valued workforce delivering services to some of the most vulnerable people in Sefton.

3.3. The Council will continue to work with New Directions on their plans to ensure they align with future commissioning intentions. New Directions services are segmented into the following areas:

- **Day Services and Day Opportunities** – there has been a significant piece of consultation with people who need day services and their carers to understand the quality and capacity of support going forward. There are several independent sector services delivering similar models of day services across Sefton. Day services are arranged to support people in the community or are building based for people who require more intense support. New Directions will continue to provide building-based services. This has been established as a key priority to support Adult Social Care in this complex area of support,

however in addition, New Directions will also support Adult Social Care to deliver as a provider and act as a conduit to support more community-based services for people to reflect different outcomes.

- **Enabling Services** – An integrated Intermediate Care Strategy has been developed and contains details of how people will be supported to stay at home longer after ill-health or prevent hospital care wherever possible by integrating and linking services together from primary care through to enabling support. New Directions provide enabling support. The funding for this element of their contract is contained in the Better Care Fund and so is subject to national performance indicators and to support the delivery of the Integrated Sefton Intermediate Care Strategy and the wider independence at home agenda, New Directions expanding its current enabling service offer. The Council and Health Partners are also working with New Directions on expansion of its residential bed-based facilities. This area of development and expansion is a strategic priority for Adult Social Care and Health as failure to deliver will impact on future Care Quality Commission inspection and assurance judgements for the Council's Adult Social Care services. It is proposed that a regular review of capacity and risk is carried out in relation to enabling services delivered by New Directions.
- **Shared Lives Services and Supported Living**– services for people to live independently and which seek to enhance opportunities for people, such as with respect to employment and being part of their local community. This area is under review and will be an area of commissioning focus. Shared Lives is akin to fostering arrangements but with a focus on young people transitioning to adult services or adults with complex needs who require a home environment – the shared lives carer receives a weekly fee for accommodation in their home. This service has the potential to expand beyond supporting people with a learning disability and further development work is planned in 2023 to expand this service offer.
- **Supported Living** – This forms a small part of the New Directions contract and is currently under review and will be aligned with step down from mental health inpatient care.
- **Workforce Development** –New Directions focus is to have a workforce that is skilled, committed, and flexible to adapt to emerging priorities and demands. They are working with Adult Social Care on the expansion of the Trusted Assessor role whereby New Directions will be able to carry out a review function on behalf of Adult Social Care to release capacity as quickly as possible once service is not required. This will help manage demand more effectively.

#### 4. Domiciliary Care

- 4.1. New Directions are working with Adult Social Care on how they can support the Council with responding to market challenges and the strategic focus of increased Reablement service provision to support people to live independently. Domiciliary Care provision is a concern across several Councils because market failure has

occurred more frequently in this area over that last 12 months primarily as a result of the impact of Covid on the workforce and recruitment challenges impacting on the external care workforce.

## **5. Performance and Quality Management**

- 5.1. The report also outlines a key objective of improving performance and quality arrangements to ensure that there is a drive to improve quality within services, establish more robust arrangements for reporting on performance and outcomes being achieved. The timely reporting to Adult Social Care around performance and any remedial action will be a focus of the partnership developments over the next 12 months. Support the timely flow and exchange of information.
- 5.2. The Council is supporting New Directions with this through the implementation of new I.T. systems to deliver these objectives and to work with the Council and Health in an integrated way.
- 5.3. The intention is to continue to work with New Directions on the key areas highlighted in this report the establishment of a new quality, performance and outcomes framework for Adult Social Care will enable all care providers including New Directions to better demonstrate the quality of services.

## **6. Contractual and Financial Arrangements**

- 6.1. Underpinning delivery of the plan will be a requirement for the Council to work with New Directions to implement new contractual and financial arrangements.
- 6.2. It is acknowledged that there are some services where financial pressures exist, and work is already taking place with New Directions on addressing these issues and the exiting from certain service sectors.
- 6.3. The Council also acknowledges that there are some service sectors where additional investment is required, and it aims to achieve this in part through a re-alignment of existing expenditure and how the overarching workforce development plan can support the expansion of staffing resources in growth areas and provide opportunities for Staff to learn new skills.
- 6.4. In terms of new contractual arrangements, it is recognised that there is a need to move away from the traditional block contract arrangements and ensure that each individual service is complimented by an updated service specification, specific contractual arrangements and associated financial arrangements, including mechanisms to review rates paid on an annual basis. This work has been hindered in part by the development of IT reporting systems in New Directions and the capacity of their performance team as reported by the Managing Director.
- 6.5. The above work will be of benefit as it will provide New Directions with valuable information on its position in the market with respect to its economic competitiveness with other Providers and will inform their work on diversification from principally being commissioned by the Council's Adult Social Care Services.



- 6.6. Work on new contractual arrangements will be conducted under the overarching approach that they need to be established within the current financial envelope of the existing contract and that the TECKAL exemption is still applicable. Should the work identify that additional Council expenditure is required, then if applicable, further reports will be submitted to Cabinet seeking approval of any such additional expenditure.
- 6.7. Once these new contractual arrangements have been devised, then a further report will be submitted to Cabinet seeking approval of the new arrangements and the associated future financial commitment.
- 6.8. Equally, should the TECKAL exemption no longer be able to be relied upon (i.e. New Directions deliver services beyond those commissioned by the Council) then any future commissioning activity and contractual arrangements will follow the required procurement regulations and budgetary approval processes.

## **7. Recommendations and Next Steps**

- 7.1. Cabinet is asked to note the contents of this report and the business plan and if applicable provide any feedback to the Executive Director of Adult Social Care and Health, who will then liaise with New Directions.
- 7.2. Cabinet is also asked to approve the approach to the establishment of new contractual arrangements, and that further reports will be submitted to Cabinet seeking approval of them.
- 7.3. Cabinet is also asked to note that further reports will also be submitted to them in due course, in order to provide updates on the delivery of New Directions business plan and the ongoing partnership working.
- 7.4. In receiving the Business Plan if there are any material variations to the plan or if it is considered that financial performance maybe compromised which may put the council at risk a subsequent report will be presented to cabinet together with a remedial action plan at the earliest opportunity.