

Report to:	Cabinet	Date of Meeting:	Thursday 27 July 2023
Subject:	Sefton New Directions		
Report of:	Executive Director of Adult Social Care and Health	Wards Affected:	(All Wards);
Portfolio:	Cabinet Member - Adult Social Care		
Is this a Key Decision:	No	Included in Forward Plan:	No
Exempt / Confidential Report:	No, but Appendix A is NOT FOR PUBLICATION by virtue of Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972. The Public Interest Test has been applied and favours the information being treated as exempt.		

Summary:

Sefton New Directions is wholly owned Council company. The purpose of this report is to update Cabinet on the financial position of the company and to note the ongoing work with Sefton New Directions to understand financial pressures relating to the company.

Recommendation(s):

Cabinet is recommendation to consider the contents of this report and:

- (1) Consider the financial information / update provided as an Appendix to the report.
- (2) Note that a review of Sefton New Directions has commenced in partnership with the company.
- (3) Note that a further report will be submitted to Cabinet in the Autumn, following the completion of the review of services.
- (4) Approve that decisions relating to any immediate risks identified during the period of the review which require action are delegated to the Executive Director of Adult Social Care and Health in consultation with the Cabinet Member for Adult Social Care.

Reasons for the Recommendation(s):

To provide an update on Sefton New Directions, as part of regular reporting on the company, and to highlight the recommendation which is to complete a strategic service review and report back findings to the Cabinet in the Autumn.

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

There are no alternative options to be considered other than the proposed option to undertake a review of the services provided by Sefton New Directions in partnership with the company to better understand the current financial position and consider ways to mitigate any future risk.

What will it cost and how will it be financed?

(A) Revenue Costs

Sefton New Directions are funded through a block contract with the Council of an annual value of £7.207m plus additional funding for ad-hoc contracts which is £1.9m. The contract was established in 2007.

All key financial issues in relation to the company are included at Appendix A.

(B) Capital Costs

There are no capital implications however the Council does continue to fund the reactive and planned maintenance costs associated with most of the buildings from which Sefton New Directions deliver services as these remain in ownership of the Council.

Implications of the Proposals:

Resource Implications (Financial, IT, Staffing and Assets):	
This is a review of Sefton New Directions services and following completion of the review any further resource implications will be addressed.	
Legal Implications:	
Sefton New Directions operate services that support our legal duties and obligations under the Care Act 2014, pertaining to the delivery of services to residents of Sefton, who from a care act assessment and review of need, require these important services.	
Sefton New Directors also support trusted partners role and responsibility, meaning they undertake care act assessments and review activity working closely with the Council's social care staff.	
Equality Implications:	
There are no equality implications directly from this report, but the Council's equality duties will be considered when undertaking the proposed review.	
Impact on Children and Young People: No	
Climate Emergency Implications:	
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 report authors	Yes

There will not be any positive or negative impacts relating to the recommendations in this report.

Contribution to the Council's Core Purpose:

<p>Protect the most vulnerable:</p> <p>The peer review provides an independent review on adult social care services provided for those who are most vulnerable within the borough.</p>
<p>Facilitate confident and resilient communities:</p> <p>Supporting communities and ensuring the adoption of a strength-based approach is a key aspect of the review.</p>
<p>Commission, broker and provide core services:</p> <p>The Council has a contractual arrangement with Sefton New Directions and the review will inform how Sefton New Directions can support the Council to deliver its strategic objectives and future commissioning intentions.</p>
<p>Place – leadership and influencer:</p>
<p>Drivers of change and reform:</p> <p>The Peer Review process is a key part of the regional sector led improvement programme and is an important part of planning for inspection.</p>
<p>Facilitate sustainable economic prosperity:</p>
<p>Greater income for social investment:</p>
<p>Cleaner Greener</p>

What consultations have taken place on the proposals and when?

(A) Internal Consultations

The Executive Director of Corporate Resources and Customer Services (FD.7298/23) and the Chief Legal and Democratic Officer (LD5498/23) have been consulted and any comments have been incorporated into the report.

(B) External Consultations

Consultation and engagement has taken place with Sefton New Directions on the formulation of 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 – Sefton New Directions Financial Position Paper

Background Papers:

Sefton New Directions Business Plan 2023 -

<https://modgov.sefton.gov.uk/documents/s110073/Appendix%20A%20-%20New%20Directions%20Business%20Plan.pdf>

1. Introduction/Background

- 1.1 Sefton 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.
- 1.2 The Council’s Constitution provides that Cabinet has authority to manage and safeguard any shareholding the Council owns in a company.
- 1.3 As outlined in their business plan, the following aims of the company are:
 - **Being Provider of Choice** – This is a Sefton New Directions objective set by their Board. Sefton New Directions are aiming to be the Council’s key provider for delivering services 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. However, this needs to be set in the context of the Sefton New Directions capacity to provide sufficient provision to meet demand, including the delivery of improved value for money. The Council through the DASS (Director of Adult Social Services) retains its duty to ensure that there is a sufficient supply of decent quality care and support to meet need as outlined in the Care Act 2014.

- **Being Employer of Choice** – development of a well-trained, resilient, and capable workforce which can deliver required services, and which is supported through a comprehensive Learning & Development Programme, and through robust organisational and performance management arrangements.
- **Delivery of decent quality services** – which are outcomes focussed and informed by gaining feedback from people receiving services and supported through effective systems, processes, and training.

2. The Review of Sefton New Directions

- 2.1 A contract review is taking place which will include the services Sefton New Directions provide and will also consider any risk associated with the workforce challenges all care providers are currently facing. This is not unusual as the service has been operating for several years and has not fundamentally changed their operating model. In addition to this it is clear that post-COVID there have been significant challenges with the wider care market and Sefton New Directions have not been immune to this. On its inception in 2007, the care market in Sefton was quite different to what it is today. The ability to trade and provide the Council with a dividend was a key aspect of the New Directions business model when it was established.
- 2.2 In collaboration with Sefton New Directions, the Council is now seeking the opportunity to review all services, so that the Council can understand opportunity, and review the short and medium-term financial implications on both the company and the Council.
- 2.3 The review will include the following key lines of enquiry:

Business Scope (Lines of Enquiry)	Benchmarking (like for like) with other similar services, that also seeks to set out innovation in approach that best responds to local changing needs.
	Financial sustainability, that is affordable, and quality led, over a three-year robust forecast against new commissioned models of service.
	Strategic need and sufficiency gaps, ability to respond to market conditions locally and national reforms.
	Opportunity for cost avoidance and demand management.
	Options appraisal /future model (s), that best drive and support early help and prevention.

- 2.4 The review of the services Sefton New Directions provide will inform the future care models and the Market Sustainability Plan which all Councils are expected to maintain. The review will be completed by Autumn 2023.
- 2.5 It is proposed that following the completion of the review, a further report will be submitted to Cabinet in the Autumn which will outline potential options and make recommendations which will be linked to wider financial considerations in respect of the company.

3. Financial Position

- 3.1 An updated paper on Sefton New Directions' financial position is included as Appendix A to this report.
- 3.2 It is important to highlight that linked to the review work, the Council may need to support a business model for the company that can effectively meet future demand that best support gaps in the local market, offering value for money, delivering and supporting great efficiencies.

4. Recommendations

- 4.1 That this paper is noted, and that Cabinet are asked to provide comment and steer to inform the review.
- 4.2 Note that decisions on any immediate risks identified during the service review which may need action are delegated to the Executive Director of Adult Social Care and Health in consultation with the Cabinet Member for Adult Social Care.