

## Report Title:

Sefton New Directions

Date of meeting:	5 December 2024		
Report to:	Cabinet		
Report of:	Executive Director - Adult Social Care, Health and Wellbeing / Cheshire & Merseyside ICB Place Director Sefton		
Portfolio:	Adult Social Care		
Wards affected:	All		
Is this a key decision:	Yes	Included in Forward Plan:	Yes
Exempt/confidential report:	No		

**Summary:**

To update Cabinet on the Sefton New Directions and to provide a 2025/26 budget position for the company including any risks for the Council and the progress of New Directions in relation to the review of services and transformation programme.

**Recommendation(s):**

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

- (1) Consider the financial information / update provided in the report.
- (2) Note that the Sefton New Directions transformation programme is ongoing the purpose of which is to achieve positive outcomes to support with the ongoing sustainability of the company.

**1. The Rationale and Evidence for the Recommendations**

- 1.1. Sefton New Directions Sefton New Directions (SND) 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 Teckal 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. Sefton New Directions is commissioned by Adult Social Care to deliver services which are needed to meet the need for social care provision in Sefton.

- 1.2. The Council's Constitution provides that Cabinet has authority to manage and safeguard any shareholding the Council owns in a company and as the 100% shareholder in the company there are matters reserved for the Council to decide upon, for example, to make any material change to the nature of the business.
- 1.3. In January 2024 a report was submitted to Cabinet to provide an update on the review of Sefton New Directions that had taken place which was to look at the case for change and recommendations that follow, including the preferred way forward and options which optimise value for money, assess sustainability, affordability and which demonstrates that the proposed options presented through service specification of change, are viable for delivery both over the next twelve months but also longer-term.
- 1.4. The review identified that to deliver the above, then a significant programme of transformation needed to take place to align both commissioning requirements of the Council with available resource to fund the company as its single shareholder.
- 1.5. This report is therefore being submitted to update Cabinet on progress to date on the delivery of this transformation programme and to provide a 2025/26 budget position for the company.

### **Update on the Transformation Programme**

- 1.6. Delivery of the transformation programme is progressing with ongoing partnership and collaborative planning work taking place between Sefton New Directions and Adult Social Care. It must be noted that some of the services New Directions provide are funded through the Better Care Fund and therefore Cheshire and Merseyside ICB are party to service developments and commissioning arrangements.
- 1.7. A Joint Commissioning and Transformation meeting has also been established Chaired by the Adult Social Care, Health and Wellbeing / Cheshire & Merseyside ICB Place Director Sefton, which has an operational transformation focus and reports into the Shareholder Board to provide assurance that work is progressing at pace.
- 1.8. There have been discussions about the opportunity for the company to provide more services to private self -funders which may generate an income for New Directions and a dividend for the Council. This strategy would be subject to a clear business case and operational implementation plan.
- 1.9. The transformation programme currently addresses the following key areas:
  - Backoffice costs and review to deliver efficiencies.
  - Review of day services to align with service demand following COVID where we saw more people moving to flexible models of support in the community rather than building based provision.
  - Reablement and reducing or delaying the need for longer term care and support and keeping people as independent as possible.
  - Review of Intermediate Care bed-based services such as Chase Heys and James Dixon Court continues.
- 1.10. Key work and achievements to date include:
  - **Reablement Service** –Whilst expansion has taken place in New Directions it is inadequate to meet current demand which means that there is inequity of access to reablement unless the Council through Adult Social Care steps in to develop a wider offer

involving other providers. A market exercise is underway to develop additional supply to meet statutory requirements set out in the Care Act. It is to be noted that the service delivers good outcomes. The contract funding has been adjusted for 2024/25 to allow for this initial expansion. There are also opportunities to co-locate services with Adult Social Care Access to provide a more integrated working arrangement and respond to referrals at the front door and this is being explored.

- **Day Opportunities Services** – these services have been reviewed. There are proposals being developed which will lead to reshaping some existing services and developing a new model where there are gaps identified through the Sefton Market Position Statement and identified by social workers. These services are operating in surplus position due to vacancies and there maybe opportunity to align services to meet demand. The new commissioning group with be focussing on this model which will be discussed at the next Shareholder Board.
- **Intermediate Care Building Based Provision** – This area relates to James Dixon Court and Chase Hays. These services are jointly commissioned by the Council and Cheshire and Merseyside ICB through the Better Care Fund. There have been discussions with New Directions leadership team about the service delivery model, staffing model and future direction. These are progressing well with funding into these services reviewed. Capital has been released to provide improvements and maintenance of the buildings and funding set aside to undertake survey of other building utilised by New Directions to inform future. Revenue funding has been made available to address the deficit in running costs at Chase Hays.
- **James Dixon Court** – work to implement new Standard Operating Procedure for use of the beds to further support the delivery of short-term care home placements for people and for the service to accept more referrals from the community so that it delivers both a step-down from Hospital service and also step-up from the community, for example for people who have gone into crisis / have had a breakdown in their Carer arrangements and who therefore require a short-term residential placement. Funding has been made available linked to a review of the unit price.
- **Governance and Partnership Working** –A Joint Commissioning and Transformation Group which will report its progress into the Shareholder meetings has now been established. This is a partnership group, and its membership includes the managing director of New Directions and his leadership team. The group will have a focus on detail of plans to ensure that the Sefton New Directions ensure business plan aligns with joint commissioning priorities and available resource Risks will be reported into the Shareholder Meeting chaired by the Cabinet Member for Adult Social Care and Deputy Leader. The group are currently working on revised specifications and performance monitoring arrangements for all services delivered by New Directions.

## **Budget Position 2024/25**

1.11. From previous reports to Cabinet, it was detailed that at the end of 2024/25 the company would have reserve balances of £1.1m remaining. This would reflect the use of £0.7m of balances in year to support operations whilst the transformation work and detailed negotiations between the company and the council took place on what would be commissioned in future years. At the end of October 2024, it is estimated that the balances at year end will be £1.5m, an improvement of £0.4m. This reflects the following changes / improved financial performance:

- **Savings assumptions:**

- Review of Day Opportunities: £0.344m
- Reducing Central Support Costs: £0.221m
- Reducing Agency Costs: £0.100m
- **Additional Income assumptions 2024/25 & carried into 2025/26 (plus inflation):**
  - Additional funding for James Dixon Court: £0.134m
  - Additional funding for Chase Heys: £0.354m
  - Assumed funding for Reablement expansion: £0.244m

1.12. Such an improvement is clearly a positive for the company in terms of improving its financial resilience and reflects the work undertaken in year by the Council and reaffirms its commitment to it.

### **Budget Position 2025/26**

1.13. As detailed earlier in this report the key work over the last 12 months has been to develop a medium-term budget for the company that provides for financial sustainability, reflects ongoing transformation work and what the council requires to be commissioned. This work has been collaborative with leadership from the councils Deputy leader/cabinet member, the chief Executive and the Executive Director- Adult Social Care, Health and Wellbeing / Cheshire & Merseyside ICB Place Director Sefton

1.14. The Company had a budget gap of £1.135m to close for 2025/26 and from the work undertaken substantial progress has been made on developing a robust and sustainable budget position. The key changes that will be implemented for 2025/26 are in respect of:

- James Dixon Court - £0.134m – remodelling of the service so that it can support with accepting people of higher acuity which in turn supports with more timely Hospital discharges and the service operating a step-up model to accept urgent community referrals.
- Chase Heys - £0.354m – additional funding to ensure the service provides enhanced staffing to support with delivery of bed-based Intermediate Care.
- Reablement- £0.401m – expansion of the service which then supports the Council with reduced need to commission other Domiciliary care Providers to deliver 'Alternative to Reablement' packages.

1.15. From this it can be seen that the company will see an improved financial position of £0.889m, leaving a residual balance of £0.24m to be met. This position does not take account of any fee uplift or inflation increase on existing contracts for 2025/26 and as would be expected at this time of year these discussions with the company and the wider sector are about to commence. In the event that the fee increase does not meet this gap in full, further savings will need to be delivered from the company to set a balanced budget. In the event these can't be identified a further report will be presented to Cabinet before the year end.

1.16. With these changes, the Council's Adult Social Care budget will be required to fund an additional £0.889m of activity in the company. Some of this is already accounted for and some funding will be diverted from other expenditure budgets or support cost reduction elsewhere for example through reduced expenditure on the commissioning of 'Alternative to Reablement' packages, however it is estimated that overall, a budget pressure of £0.488m

will be created. This will be met by reduced expenditure on the spot purchasing of care home beds and re-alignment of current Adult Social Care and ICB expenditure and budgets, and will be in addition to the savings that the service will deliver in 2025/26.

1.17. To reflect these changes new contract arrangements will be in place between the council and the company in advance of the new financial year. Members are also asked to note that the council currently pays the block contract sums due from the company on 'immediate terms' and is reviewing the process for the payment of sums due outside of this process.

1.18. The Council remains committed to the company and supporting it through its transformation and development programme and will ensure it remains financially sustainable, but this work will need to take into account the limited availability of further funding due to wider Adult Social Care budgetary pressures, and will therefore require further transformation and service realignment work.

## **2. Financial Implications**

All financial implications and budget assumptions for the current year and 2025/26 are outlined within this report.

## **3. Legal Implications**

Sefton New Directions operate services that support the Council's 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.

## **4. Risk Implications**

There are risks associated with the ongoing transformation programme and the budget position of Sefton New Directions. Any increase to expenditure will need to be met from existing associated budgets and within the financial regulations set by the Council, but will add to existing budgetary pressures. The transformation programme has a focus on addressing financial risks and remodelling services to both ensure value for money and reduce expenditure within other sectors.

## **5 Staffing HR Implications**

The ongoing transformation programme may result in the reconfiguration of services which may therefore then impact on Sefton New Directions Staff. Any identified impacts will be discussed with Staff as part of consultation processes.

## **6 Conclusion**

Sefton New Directions remains a key partner of both Sefton Adult Social Care and Cheshire & Merseyside ICB, supporting them to deliver strategic priorities and services to support some of the most vulnerable people in Sefton.

The transformation programme of Sefton New Directions is ongoing and critical to ensuring that services they deliver are reshaped so that they can continue to meet the needs of Sefton, are sustainable, offer value for money and can be delivered within the current budget.

## **Alternative Options Considered and Rejected**

There are no alternative options to be considered, given that it was previously agreed that regular updates on the transformation programme and budget position of Sefton New Directions would be regularly reported back to Cabinet.

**Equality Implications:**

There are no equality implications directly from this report, however equality implications and duties were reflected in the review conducted and will continue to be reflected in the ongoing work to implement the ongoing transformation programme.

Should the ongoing transformation programme result in changes to existing services being delivered by Sefton New Directions, then as part of this work Equality Impact Assessments will be completed to assess the implications.

**Impact on Children and Young People: No**

**Climate Emergency Implications:**

The recommendations within this report will have a Neutral impact.

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

**(A) Internal Consultations**

The Executive Director of Corporate Resources and Customer Services (FD.7798/24) and the Chief Legal and Democratic Officer (LD.5898/24) have been consulted and any comments have been incorporated into the report.

**(B) External Consultations**

Consultation and engagement with Sefton New Directions has taken place with respect to the formulation of this report and regularly as part of the ongoing transformation programme work.

**Implementation Date for the Decision:**

Following the expiry of the “call-in” period for the Cabinet decision.

Contact Officer:	Neil Watson
Telephone Number:	07929 783315
Email Address:	Neil.Watson@sefton.gov.uk

**Appendices:**

None.

**Background Papers:**

None.