
Report to: Cabinet **Date of Meeting:** 13 December 2012

Subject: Sefton New Directions – Request to Seek Various Permissions

Report of: Director of Corporate Services **Wards Affected:** None

Is this a Key Decision? No **Is it included in the Forward Plan?**
No

Exempt/Confidential No

Purpose/Summary

To consider the requests from Sefton New Directions (SND) to seek various permissions from Cabinet that affect the business operations of the Council's controlled Company.

Recommendation(s)

1. To consider the requests from Sefton New Directions for the following permissions:
 - a) To the Company to subcontract
 - b) To allow the Company to appoint new auditors
2. That if Cabinet is minded to grant the permissions as requested that the Head of Corporate Legal Service be authorised to make the necessary variations to the contractual arrangements in place between the Council and Sefton New Directions
3. That Sefton New Directions be asked to confirm to the Head of Corporate Legal Services in due course, that the necessary changes have been made to their Articles/Memorandums of Association and registered with Companies House accordingly.

How does the decision contribute to the Council's Corporate Objectives?

	<u>Corporate Objective</u>	<u>Positive Impact</u>	<u>Neutral Impact</u>	<u>Negative Impact</u>
1	Creating a Learning Community		✓	
2	Jobs and Prosperity		✓	
3	Environmental Sustainability		✓	
4	Health and Well-Being		✓	
5	Children and Young People		✓	
6	Creating Safe Communities		✓	

7	Creating Inclusive Communities		✓	
8	Improving the Quality of Council Services and Strengthening Local Democracy		✓	

Reasons for the Recommendation:

For Cabinet to consider

What will it cost and how will it be financed?

(A) Revenue Costs

Nil

(B) Capital Costs

Nil

Implications:

The following implications of this proposal have been considered and where there are specific implications, these are set out below:

Legal	
The Council holds the single shareholding in Sefton New Direction which is a local authority controlled company as regulated under Part V of the Local Government and Housing Act 1989 (as amended). The Council is acting under its powers as a shareholder and exercising those in accordance with the Companies Act 2006 (as amended).	
Human Resources	
Nil	
Equality	
1. No Equality Implication	<input checked="" type="checkbox"/>
2. Equality Implications identified and mitigated	<input type="checkbox"/>
3. Equality Implication identified and risk remains	<input type="checkbox"/>

Impact on Service Delivery:

These proposed contractual variations will allow greater freedoms to Sefton New Directions

What consultations have taken place on the proposals and when?

The Head of Corporate Finance and ICT (FD 1993/2012) has been consulted and any comments have been incorporated into the report.

Are there any other options available for consideration?

To not grant the permissions sought

Implementation Date for the Decision

Following the expiry of the “call-in” period for the Minutes of the Cabinet/Cabinet Member Meeting

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Background Papers:

There are no background papers available for inspection.

1. Introduction/Background

- 1.1 Sefton New Directions (SND) was incorporated in 2007 as a local authority trading Company. Sefton Council is the sole shareholder. The Company is an independent legal entity and operates under the governance of a Board. The Board is responsible for the governance of the Company. The Company is registered with the Commission for Social Care Inspection and conducts a range of care services. These services include residential homes, intermediate care, respite services, day services, supported living and meals on wheels. The services are provided to learning and physically disabled adults, older people and residents suffering from mental health and dementia. The client groups are primarily Sefton residents with some services being provided to Sefton NHS and other PCT's. The Board consists of the following Directors; Councillors Rimmer and Brennan and the Council's Chief Executive.
- 1.2 The Council is the sole shareholder, in accordance with the Companies Act 2006. The shareholder can ultimately take most decisions in relation to the future of the Company, so long as this in accordance with the Company's Articles and Memorandums of Association and the requirements of legislation.

Members will recall that through the report to Council on 1 September 2011, that the Constitution was amended. In particular Chapter 5 paragraph 59 refers. The amendment clarified the Cabinet's responsibilities for dealing with the Council's shareholding in a Company. By providing delegated authority to Cabinet this means that any necessary permissions, consents and decisions as to the future of the shareholding can be taken by Cabinet.

In accordance with that remit, the Company has approached the Council having itself resolved to seek permission to make two changes to the current arrangements that exist between the Council and the Company. Those changes are set out below:

- a. To allow the Company to subcontract
- b. To allow the Company to appoint new auditors

1.3 To allow the Company to subcontract

WRVS has delivered community meals prior to the inception of Sefton New Directions. For reasons not now evident to Council officers or Company consultants, this service provision by WRVS was not recognised or reflected in the arrangements set up in 2007 between the Council and the Company. WRVS has continued to deliver community meals in the meantime. This means that the Company has continued an arrangement with WRVS which is in essence to subcontract part of its service provision.

However both SND's Articles of Association and the contractual arrangements between the Council and the Company state that the Company shall not sub-

contract any part of the services to be provided under the Services Agreement without the consent of the Council.

To regularise the current arrangements with WRVS and to allow the Company some flexibility to meet peak demands in some other service areas such as re-ablement, the Company now formally seeks permission to be allowed to sub-contract.

1.4 To allow the Company to appoint new auditors

SND's Articles of Association also state that the Company cannot change its auditors without the Council's permission. The current arrangements with Grant Thornton have expired and the Company would like the opportunity to re-tender the work. Again such a change would need to be reflected in the Council's contract with the company.

1.5 Conclusions

At their meeting of the 15 November 2012, the Board of Sefton New Directions approved these changes, subject to permission from the Council as parent entity, as requested above. Copies of the Board report and an extract of the minutes are attached to this report for consideration.