

Report to:	Cabinet	Date of Meeting:	5 September 2019
Subject:	Sefton New Directions Contract		
Report of:	Director of Adult Social Care	Wards Affected:	All Wards
Portfolio:	Cabinet Member - Adult Social Care		
Is this a Key Decision:	Yes	Included in Forward Plan:	Yes
Exempt / Confidential Report:	No		

Summary:

To seek approval on the terms of the extension to the Sefton New Directions Limited contract and to update Cabinet on joint working with Sefton New Directions Limited to review services.

Recommendation(s):

Cabinet is recommended to;

- (1) Authorise an extension to current contractual arrangements with Sefton New Directions Limited, consisting of an initial three-year period from 1st October 2019 with the further option to extend for a further twelve months after the initial extension period;
- (2) Authorise that future decisions on any variations to the contract, and the option to implement the further twelve-month extension to the contract (beyond the initial three-year extension) be delegated to the Director of Adult Social Care in consultation with the Cabinet Member – Adult Social Care; and
- (3) Note the contents of the report with respect to the continued joint working taking place with Sefton New Directions Limited to review services.

Reasons for the Recommendation(s):

To establish new contractual arrangements with Sefton New Directions Limited (hereinafter referred to as New Directions), thus ensuring that services continue to be delivered.

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

1. **Not Awarding a Contract Extension** – this option was considered and rejected as New Directions is both a Council wholly owned council company and an organisation which remains a key partner to the Council, delivering a range of strategically important services. Furthermore, if the contract was not extended then services to vulnerable people may be affected as new providers would need to be procured.

What will it cost and how will it be financed?

(A) Revenue Costs

Revenue costs for the new contract will be met from existing Adult Social Care budgets.

The annual contract value is currently £7.369m.

(B) Capital Costs

Not applicable

Implications of the Proposals:

<p>Resource Implications (Financial, IT, Staffing and Assets):</p> <p>The resource implications are addressed within the report</p>
<p>Legal Implications:</p> <p>Care Act 2014 Care and Support Statutory Guidance Public Contract Procedure Rules 2015</p>
<p>Equality Implications:</p> <p>The equality Implications have been identified and mitigated.</p>

Contribution to the Council's Core Purpose:

<p>Protect the most vulnerable:</p> <p>New Directions is the Council's principal trading company and strategic partner in the delivery of a range of Adult Social Care services which support vulnerable people in Sefton.</p>
<p>Facilitate confident and resilient communities:</p>

The ongoing review of services will ensure that the services provided reflect the Council's strategic priorities, including creating confident and resilient communities.
Commission, broker and provide core services: New Directions deliver a range of Adult Social Care services to vulnerable people in Sefton.
Place – leadership and influencer:
Drivers of change and reform: The delivery of services via a Council owned company adheres to the Council's Framework for Change and Public Sector Reform programme.
Facilitate sustainable economic prosperity: The delivery of services via a Local Authority owned company retains the Council's investment in the borough as well as New Directions being a local employer, thus supporting wider initiatives such as internal investment and Social Value in Sefton.
Greater income for social investment: The status of New Directions affords it the opportunity to trade and generate income streams additional to those directly commissioned by the Council. As the Council is the sole shareholder of the company then it can benefit from any dividends achieved.
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What consultations have taken place on the proposals and when?

(A) Internal Consultations

The Head of Corporate Resources (FD5739/19) and the Chief Legal and Democratic Officer LD4863/19) have been consulted and any comments have been incorporated into the report.

(B) External Consultations

Consultation has taken place with New Directions with respect to future contractual arrangements and ongoing joint working to review services.

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:

There are no appendices to this report

Background Papers:

There are no background papers available for inspection.

1. Introduction/Background

- 1.1 New Directions (also known as Sefton New Directions) was incorporated in 2007 as a Local Authority trading company with Sefton Council being the sole shareholder. The company is an independent legal entity and operates under the governance of a board.
- 1.2 The company is registered with the Care Quality Commission and provides a range of services including Day Services, Reablement, Residential care, Supported Living and Shared Lives under the contract established in 2007.
- 1.3 New Directions also provide Domiciliary and Residential Care services which are delivered under separate individual contracts with the Council.

2. Historic Contractual Arrangements and Legal Framework

- 2.1 The existing contract with New Directions was established in 2007 for an initial ten-year period and on 6th April 2017 Cabinet approved a further extension up to 31st March 2019.
- 2.2 Since April 2019, existing contractual arrangements have been maintained on an informal basis pending a formal decision on longer-term contractual arrangements.
- 2.3 The legal framework relating to the awarding of public contracts has changed since New Directions was established as a company with the implementation of the Public Contracts Regulations 2015. These regulations impose obligations on public bodies (referred to as contracting authorities) in relation to how they award contracts for goods and services. The requirements of the regulations are reflected in the Council's Contract Procedure Rules.
- 2.4 The regulations also encompass issues relating to the issuing of public contracts between entities within the public sector, including a specific exemption from most of the requirements of the regulations and specifically allowing the direct award of public contracts by a contracting authority to a "controlled person".
- 2.5 The above exemption applies where the contracting authority exercises over the controlled person a level of control which is similar to that which it exercises over its own departments; and also when more than 80% of the activities of the controlled person are carried out in performance of activities entrusted to it by the controlling contracting authority or by other legal persons controlled by that contracting authority; and there is no direct private capital participation in the

controlled legal person with the exception of non-controlling and non-blocking forms of private capital participation required by national legislative provisions, in conformity with the Treaties, which do not exert a decisive influence on the controlled legal person.

2.6 As a result of the above, the Council is permitted to extend existing contractual arrangements with New Directions.

3. Proposals on Future Contractual Arrangements / Review Work

3.1 New Directions remains an important organisation to the Council, delivering a range of services that meet strategic priorities and provide statutory services to vulnerable people in the borough.

3.2 New Directions have continued to deliver services which have assisted with meeting key aims such as reducing hospital discharge delays, supporting people to regain the independence and providing community based services and opportunities for people with complex needs. In addition, the organisation has grown principally with respect to delivering more community based and residential care services.

3.3 The Council and New Directions have continued to effectively work in partnership to review services, develop the organisation and performance manage services to ensure that they continue to meet desired outcomes.

3.4 It is therefore proposed that the existing contract is extended for a further three-year period (from 1st October 2019) with a further option to extend for an additional twelve months after the initial extension period.

3.5 The new contract issued will be an updated version to reflect changes in legislation such as that relating to data protection and information governance.

3.6 In tandem with the implementation of the new contract it is also proposed that joint reviews of all existing services continue to take place between the Council and New Directions Officers, principally with respect to;

- Conducting ongoing reviews and assessments of each service with respect to;
 - Their delivery against Council strategic priorities;
 - Best Value and cost effectiveness;
 - Quality; and
 - The Council continuing to meet its Care Act 2014 duties, principally with respect to Market Management.

- Formulating revised specifications for each separate service delivered under the contract with clearly defined business requirements, with these specifications reflecting agreed models of service and strategic priorities and providing flexibility to adapt to any changes required to support market management for services;

- The establishment of a performance management framework to inform future reviews of services and to monitor the quality of services; and
- Agreeing budgets and payment arrangements for each separate service through open book accounting principles and linking financial payments for services to defined outputs.

3.7 A timetable for the above reviews will be agreed between the Council and New Directions and joint working will take place to ensure that the reviews are conducted in the spirit of openness and transparency in order to ensure that outcomes meet common aims and priorities, as well as assisting with the development of New Directions as a company that in the future can expand its business activities from those purely commissioned by the Council.