

11 January 2016

Agenda Item: 4

REPORT OF THE SERVICE DIRECTOR, NORTH NOTTINGHAMSHIRE & DIRECT SERVICES

UPDATE ON THE PROPOSAL TO ESTABLISH A LOCAL AUTHORITY TRADING COMPANY FOR THE DELIVERY OF ADULT SOCIAL CARE SERVICES

Purpose of the Report

1. The purpose of the report is to provide an update regarding work to date to progress the proposal to establish a Local Authority Trading Company to deliver adult social care services and to provide an overview of next steps.

Information and Advice

2. As part of the Redefining Your Council programme, a preliminary options appraisal was undertaken to identify if there is a more sustainable way to deliver some of the Council's directly provided adult social care services.
3. The services in scope for inclusion in the proposal are as follows:
 - Church Street, a residential home for people with learning disabilities
 - Shared Lives, a service that provides care and support to vulnerable adults in a paid carer's own home
 - County Enterprise Foods, the Meals at Home Service
 - Day Services
 - Short Breaks units for people with learning disabilities
 - I-Work, a team that helps people with a learning disability into employment.
4. The appraisal considered a number of potential models of service delivery, as follows:
 - continue to manage the services under direct council control
 - establish a Council owned social care company to deliver the services listed above
 - establish a larger Council owned social care company with a wider range of services
 - an alternative service delivery model independent from the Council e.g. a social enterprise
 - outsourcing of the services to an external service provider in the independent sector.

5. Based on the conclusions of this preliminary appraisal work, a Council owned social care company (Local Authority Trading Company) was recommended as the preferred model for further exploration.

Development of the Business Case

6. In order to test the conclusions of the preliminary appraisal, the Council is undertaking further work to develop a detailed business case to support future decision making. This work includes consideration of the financial viability and sustainability of the services, potential savings and efficiencies that could be delivered through a move to an alternative way of working, as well as activity to identify potential new income generating opportunities that may be open to a new company.
7. At the last Committee meeting Members asked about the business model for County Enterprise Foods and its ability to reduce the subsidy or raise more income in future. The work under this programme involves evaluating the potential for all individual services in the scope of the Alternative Service Delivery Model proposal. In the past there have been a number of initiatives which have reduced the subsidy and raised additional income. These include:
 - development of contracts outside of Nottinghamshire in order to increase economies of scale and generate income to offset the subsidy, e.g. Nottingham City, Warwickshire
 - changing the balance of provision between frozen meals and hot meals – this involved increasing the percentage of frozen meals sold, which is a more cost effective way of delivering the service
 - increasing meal charges to move closer to full cost recovery but balancing this with the potential for loss of sales arising from competition in the market, and
 - improving the methods and processes in making meals and their distribution in order to make the service as cost effective as possible.
8. These initiatives have all been pursued in the context of the Council's statutory responsibilities to people who are unable to make a meal for themselves and are eligible for social care services, and the fact that County Enterprise Foods provides employment opportunities for a substantial number of disabled people. All these matters are subject to further review as this programme of work is progressed.
9. Project work streams have been established in order to progress the work, the aim of which will be to produce an outline financial business case for the proposal. The business case will form the basis of a further report to the Adult Social Care & Health Committee.
10. Consideration will also need to be given to staff competencies and skills required, particularly in terms of supporting staff and managers to develop commercial skills including an understanding of marketing and business development.
11. An assessment of the degree and nature of external consultancy support required to test the robustness of the business case and to act as a critical friend is currently being undertaken.

Initial Consultation

12. Approval was sought to engage with staff, service users, their carers and the public on the proposal at this early stage, in order to gauge initial views and ensure that stakeholders have an opportunity to influence any subsequent development of a new delivery model. Consequently, approval to consult was granted by the Adult Social Care & Health Committee meeting on 5 October 2015.
13. The initial consultation process seeks to understand:
 - to what extent people agree or disagree with the Council's preferred option to establish a Council owned social care company
 - whether people would prefer the Council to consider a different way of working – either setting up a social enterprise or asking a company outside the Council to provide the services
 - whether people would like to say anything else about the proposal.
14. The consultation commenced on 20 November 2015 and will close on 31 January 2016.
15. The consultation has been advertised via news stories on line, promoted via social media and discussed at staff, trades union, service user and carer meetings within the service areas that are included in the scope of the proposal.
16. The consultation information and questions are available online on the Council's internet site, in a paper version and in an Easy Read paper version. Other formats, for example, Braille, will be made available to people on request.
17. People are able to submit their answers to the consultation questions in a number of different ways:
 - via an online survey at www.nottinghamshire.gov.uk/socialcarecompany
 - by handing their answers to a member of staff at the service they attend
 - by phoning the Customer Service Centre on 0300 500 80 80
 - by e-mailing their answers to direct.services@nottsccl.gov.uk
 - by sending their answers to a freepost address.
18. Although the initial consultation will run until the end of January 2016, there will still be opportunities after this time for staff, service users, carers and the public to tell the Council what they think about the proposal. It is anticipated that as work to develop the business case progresses that more detailed questions will form the basis of a further consultation exercise.

Governance

19. Update reports will be presented to the Adult Social Care and Health (ASCH) Committee as requested but it is anticipated that the business case will be presented to ASCH Committee in May 2016, subject to a review of project timescales.

Timescales

20. The indicative timescales for the project are shown below. This timetable is considered to be ambitious and is likely to require further revision.

Description	Date
<ul style="list-style-type: none">Consult with key stakeholdersDevelop a full business case	November to April 2016
Member consideration of full business case and decision making	May 2016
Transition to the new company	May 2016 to December 2016
New company established	January to April 2017

21. To date, approval to proceed has been sought from the Adult Social Care and Health Committee. To ensure compliance with our Constitution, legal advice is that approval of the Business Case and the potential establishment of a Local Authority Trading Company is obtained from Policy Committee. Time will need to be factored into the project timeline to ensure such approvals can be obtained when required. In addition, if further formal consultation is required, this would also add additional time to the project.

Project Resources

22. The current project resource is:
- 0.5 FTE of a Strategic Development Manager at Band E – funding already agreed by ASCH Committee until 31st March 2017
 - 1 FTE Project Manager at Band D – funding already agreed by ASCH Committee until 31st March 2017
 - 1 FTE Programme Officer vacancy at Band B – funding already agreed by ASCH Committee until 31st March 2017
 - 0.5 FTE Programme Officer at Band B – time limited to end March 2016 0.5 FTE Programme Officer at Band B – existing resource in the Transformation Team (funding already agreed by ASCH Committee)
 - time limited (estimate) to end Jan 2016, 1.0 FTE support from a Team Manager at Band D – supernumerary from Performance & Planning
 - time limited to March 2016, 0.2 FTE support from a NMT Graduate – funded by the Graduate Programme
 - time limited to mid-January 2016, 0.2 FTE support from a Programme Officer at Band B – borrowed from existing resources in the Projects and Programmes Team.
23. Group and Team Managers of the services included in the scope of the proposal are also closely involved in the project work, as are colleagues in other relevant departments.
24. However, if the proposal to establish a Council owned social care company is subsequently approved by Members, it is anticipated that additional or specialist temporary resources will be required to assist with the transition activity involved in establishing the new company.

Other Options Considered

25. The other options considered are described in **paragraph 4** of this report. Subject to the outcome of the consultation exercise and following further development of the business case the Council may wish to re-explore one of more of the options again.

Reasons for Recommendation

26. This report is for information only.

Statutory and Policy Implications

27. This report has been compiled after consideration of implications in respect of crime and disorder, finance, human resources, human rights, the NHS Constitution (Public Health only), the public sector equality duty, safeguarding of children and vulnerable adults, service users, sustainability and the environment and ways of working and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

Financial Implications

28. The full financial costs of establishing a new company are being explored as part of the development of the outline financial business case for the proposal.

Human Resources Implications

29. This proposal will affect 567 staff members and throughout the consultation period the proposals will be discussed with the recognised trade unions and staff in accordance with the Council's agreed protocols. Any decision to proceed with a Council owned company will take place in line with legislative requirements and will draw on existing good practice and experience of setting up other arm's length organisations and TUPE transfers of staff.

Public Sector Equality Duty Implications

30. An initial equality impact assessment has been undertaken. This will be reviewed in the light of the responses received to the initial consultation with staff, service users, their carers' and the public.

Safeguarding of Children and Adults at Risk Implications

31. Any new company will be subject to the same level of scrutiny in respect of identifying and managing safeguarding issues as any other provider service.

Implications for Service Users

32. Service users currently in receipt of care and support from the services in scope for inclusion in this proposal will continue to have their outcomes met.

33. Service users and their families will have the opportunity through the formal consultation and engagement processes to provide their views on the proposal and to be involved in the design of any new company.

Implications for Sustainability and the Environment

34. The preferred option, to establish a Council owned social care company, is perceived to be the best option to provide a sustainable way of meeting the financial challenges facing the Council's directly provided adult social care services, allowing new income streams and business opportunities to develop whilst retaining a good level of service.

Ways of Working Implications

35. Initial discussions with colleagues in the Property Strategy and Development Team have been based on the premise that the buildings based services (Day Services, Short Breaks, County Enterprise Foods and Church Street) will continue to be delivered from the same location as now. Consideration is being given to three main options:
- the Council could retain ownership of the buildings but allow a new company a licence to occupy them
 - the Council could transfer ownership of the buildings to a new company on a leasehold basis
 - the Council could transfer ownership of the buildings to a new company on a freehold basis.
36. The costs and legal implications of each option are being explored with the Property Strategy and Development Team and the Legal Services Team.
37. The Shared Lives and I-Works Team are based at shared County Council administrative sites and no decision has been taken yet on their future work base.

RECOMMENDATION

- 1) That the Committee notes the progress to date, initial consultation responses and next steps in developing a business case to establish a Local Authority Trading Company to deliver adult social care services.

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Constitutional Comments

38. As this report is for noting only, no Constitutional Comments are required.

Financial Comments (PF 21/12/15)

39. Financial Implications are as per paragraph 28.

Background Papers and Published Documents

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

Proposal to establish a local authority trading company for the delivery of Adult Social Care Direct Services – report to Adults Social Care & Health Committee on 5 October 2015

<http://www.nottinghamshire.gov.uk/dms/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/3539/Committee/480/SelectedTab/Documents/Default.aspx>

Consultation on the proposal to establish a council owned care company:

www.nottinghamshire.gov.uk/socialcarecompany

Electoral Division(s) and Member(s) Affected

All.

ASCH358