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Southend-on-Sea Borough Council

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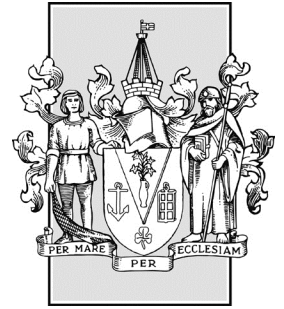
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Dear Councillor

THE SHAREHOLDER BOARD - TUESDAY, 25TH SEPTEMBER, 2018

Please find enclosed, for consideration at the next meeting of the The Shareholder Board taking place on Tuesday, 25th September, 2018, the Southend Care Business Plan 2018-20 (listed as Appenbdix 2 to the report of the Chief Executive) that was unfortunately ommitted when the agenda was printed.

Yours faithfully

Tim Row

Principal Committee Officer

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SOUTHEND CARE LIMITED

BUSINESS PLAN

2018 - 2021

1. Introduction and Background

This is the second business plan for Southend Care Limited. The first was written in advance of the company being set up and looked at the market as it was at that time. This plan is different as it is based on learned experience over the past 10 months and a review of some of the assumptions that were made in the original plan.

Southend Care Limited (will be referred to as SCL in this paper) is a Local Authority Trading company referred to as a (LATco in this paper). It has one share, which is owned by Southend on Sea Borough Council (will be referred to as SBC in this paper). SCL operates under a block contract from SBC and, at present, is the sole funder. Local Authority trading companies are possible under Section 95 of the Local Government Act 2003. Southend Care Limited started trading on 1 April 2017. The Board of SCL comprises of 6 Directors: the Managing Director and Operations Director of the company and three appointed NEDS (Non-executive Directors, one of whom is the chair).

SCL is a Teckal compliant company, based on a 1998 European Court of Justice case. The essence of the case was that contracts may be freely awarded to a subsidiary if it is controlled by the public authority, as if it were another department of the authority. Subsequent cases have developed the principle to make clear that:

- The Teckal exemption cannot be used if any private sector party owns any part of the subsidiary.
- the Teckal subsidiary must perform at least 80% of its activities for its parent authority rather than for the open market.
- The Teckal subsidiary can also award contracts back to its parent authority (such as purchase of back room services).

The exemption is now part of the Public Contract Regulations 2015. If a LATco wanted to deliver more than 20% of its services outside of the controlling authority, it would have to consider setting up a separate subsidiary which was not Teckal compliant but would also not have the protection that Teckal offers.

Three services previously under the management of SBC transferred to SCL on 1 April 2017. The remaining services transferred on 1 July 2017. These services are listed in **Appendix A**. Staff from SBC transferred to SCL under T.U.P.E (TUPE refers to the "Transfer of Undertakings (Protection of Employment) Regulations 2006" as amended by the "Collective Redundancies and Transfer of Undertakings (Protection of Employment) (Amendment) Regulations 2014").

SCL is a services provider of Adult Care services and aims to be a flexible and high quality provider. This plan is covering the period 2018-2021, but will be reviewed and updated on an annual basis. The main objectives of SCL in the first year of this plan are:

- Workforce strategy – recruitment and structure
- KPIs – sickness, liP, budget, meet KPIs detailed in Appendix C of this plan.
- Finance - reduce deficit to £140k in year 1 of this plan
- New business - project what might be available
- New Priory/Delaware/Viking development
- Inclusion - Service user involvement/feedback to be developed

The big challenges that have faced Southend Care Limited in its first year of operation have been common to many new and fledgling businesses. Business plans are often based on perceptions that need to be tested out. Some of the assumptions that SCL were based on have needed to be re-evaluated, resulting in a higher than expected deficit in its first year of operation. This has impacted on the three-year projections for the business. By the end of year one, SCL should be in a better position with finance colleagues to project the cash flow situation and rate at which the deficit will be reduced.

Some of the challenges faced by Southend Care Limited have been cost pressures that were not foreseen in the original plan. These include the following:

- VAT on agency spend not in original forecast £100k
- CQC fees £26k
- DBS and other HR costs £10k
- Underfunding of 1:1 placements delivered by Southend Care Limited £70k

These cost pressures, if allowed for in the original budget, would have seen a first year out turn of around a £15k deficit, as opposed to the actual deficit of £221k. The original business plan forecasted a deficit of £164k. Agreement was reached with SBC in March 2018 for SCL to defer the loan repayments and pay interest only until SCL are making an operating surplus.

The other challenge has been identity and people's understanding of what SCL does and what its role is. There is still some misunderstanding of what the role of SCL is. The MD and OD have met with appropriate stakeholders to try and ensure SCL is perceived as separate to SBC and not a department of the council. Further work is required on what the block contract purchases from SCL, as this can sometimes be seen as an elastic contract with no borders. At the same time, services from SCL need to be sensitive to the huge demands that face SBC and work in partnership to provide flexible solutions. Regular meetings are being held with SBC managers to ensure the benefits of a trading company are understood and the innovations and benefits it can bring.

Learning and development for social care staff is essential. More and more, care and support staff are dealing with complex behavioural and health issues. To ensure that staff are trained and skilled to meet these challenges, SCL will look to deliver training in a more efficient and flexible manner. As well as traditional class room type training, SCL will use e-learning, mainly through Social Care TV. This is a more cost effective and efficient way of learning. There will be a challenge for more mature staff who have not learned in this way before and will need some reassurance and support to make this transition. Prior to the

move to the new build on the Priory site, work will be undertaken to move towards digital recording and away from a paper based model.

2. Values

Strapline

Excelling in care, enhancing lives.

Mission

- Southend Care exists to provide the excellent/outstanding care our service users need
- We believe the best care is rooted in our ability to think compassionately and act differently
- To be innovative, forward thinking and flexible to change.

Therefore, this inspires us:

- To shape the way we work, our attitudes and behaviours
- Makes us single minded in what we do, but open-minded about how we do it
- Explains why we work in teams and as partners with other providers
- It is why we look after people who are passionate about what they do and why they do it
- It is the care at the very heart of Southend Care

3. Operating Environment

Southend Care Limited is now one year old. Like any new company, the first year of operation has been about exploring what resources it has and what positive changes it wishes to make. Although a new company, the services being delivered have been around for some time. The transfer of staff under TUPE to a new company can be a tense and nervous period for all involved. In general, this transfer has been smooth, with staff seeing the transfer as an opportunity to do things differently and potentially innovate and transform services. Results of the first staff satisfaction survey (**Appendix B**) suggest that staff feel positive about working for Southend Care Limited. Meetings have taken place with the trade unions since the transfer to keep them updated.

The current environment is like recent years: austerity is still in place with year on year reductions from central government. Demographics show that Southend on Sea have a higher than average older population. SCL can see the pressures on hospital services and the services currently provided such as re-ablement and rehabilitation service. These pressures are likely to increase in the coming years, so the challenge is for SCL to see how we can assist in improving the system and the service that people receive.

The first year of operation has also been about transition. Staff who transferred over to Southend Care Limited had predominantly worked for the council for a long time. There was uncertainty about what they would face in this new company and how the business would operate. From the beginning, the aim was to develop a culture of listening to people and devolving decision making, where possible, to local managers. The feedback from staff has

been encouraging and people are very focussed on making services better for the people they support. The introduction of improvement plans for each service will also assist in the development of teams working together. **Appendix C** is an example of what these plans look like.

The other big challenge is the recruitment and retention of staff. A 2014 report from the University of Strathclyde into recruitment into the care sector, identified the "Ikea" factor. Care companies are recruiting in a difficult market. There are more jobs than people, the pay and conditions are not that attractive and they are competing against retail companies such as Ikea and Aldi. These companies are matching the salaries of the care sector as well as offering other benefits such as uniform, discounts on purchases from the retailer and flexible working. Southend Care has to promote the benefits we are offering and sell the idea of a career as opposed to just a job.

The Board of Southend Care Limited have been clear that the strategy of the company is to be a high quality service provider. The Board of SCL are clear that the company do not wish to be a minimum wage provider. To achieve this, staff must be trained, supported and remunerated well. The Board do not wish the company to be a low paying organisation and aspire to be in the top quartile in terms of pay and terms and conditions. This is only part of the jigsaw. Once recruited, staff need to be trained and supported to empower the people we support to live as full a life as possible. Ongoing staff development, progression opportunities and fostering a sense that an individual can change things, and your view counts, will assist this. The liP process will ensure we have the building blocks in place. The culture of the organisation, through listening to people, delegating authority and fostering a learning culture where we learn from our mistakes, will make this happen. The MD and OD were heartened by the response from teams when they did their Q&A sessions. Staff responded well to getting a chance to put their views across and a commitment was made to doing these on a regular basis. Challenging all teams to come up with improvement plans that will be developed by all the team, after consulting with service users, is another means of ensuring people are listened to and have some control over how services are delivered.

A piece of work, commissioned by Southend Care Limited on recruitment, showed there was a clear message; Southend as a town has a lot of care homes and care providers and not enough people able to do the job required. This means that, as a company, SCL needs to stand out as an employer. The benefits offered need to be explicit and also build on a reputation as a good, fair and flexible employer.

It is clear that there is a huge demand in terms of health needs and supporting people to either come out of hospital when they are medically fit or to prevent them going into hospital when they do not have an acute medical issue. This is an area where Southend Care can assist, through the extension of the rehab service, step up beds and the work that START carries out. However, SCL must be clear that again it receives the full cost for supplying the service and it cannot be tagged onto other services already in existence.

In terms of **Business Development**, there are a number of areas that can be developed.

Discussions are ongoing with the Procurement team at SBC with regard to new contracts that are being tendered and old contracts that may both be renewed with current providers. It is important that any of these services that are being considered are done on the basis of full cost recovery. SCL cannot afford to take on any new services that need to be subsidised. SCL must also ensure that new services are delivered to the level and quality that means its reputation as a high quality provider is sustained.

Current services have also identified that there is capacity to increase the volume of what is being delivered and earn extra money for the business. Priory and Delaware care homes have already increased their capacity by 1 bed each and this will be implemented in the new financial year 2018/19. START, Shared Lives and Viking have also identified a potential market for current and new customers to purchase their services privately or through personal budgets. These areas will be further explored in the life span of this plan. Beyond these areas, SCL will monitor new tender opportunities as they arise with local council areas and assess if they are suitable to the values of this organisation and financially sustainable.

The priority in year one of this plan is to continue the transformation to a new, more flexible way of working and delivering services. This work has started and when policies, procedures and training have been developed to a satisfactory standard, growth and development of the business should be possible. Discussions with health partners, especially with the development of the new Priory is a real opportunity to develop new services that are in line with what commissioners need.

The new Priory/Delaware/Viking should be operational by October 2020, within the time frame of this plan. This is an exciting development that should lead to improved service delivery in a state of the art building. It is also an opportunity to look at what future services could do to alleviate some of the health and social care pressures faced by the Borough of Southend on Sea:

- Prevention of people being admitted to hospital
- Rehabilitation of people who are ready for discharge but not ready to go home
- End of life care
- People with dementia and advanced dementia.
- Use of Viking in a more flexible way, including potential for weekends and outside office hours
- Fit with the system wide strategy and development for people living with frailty and complex care needs.

The building will be a magnificent resource and it is essential that it is seen as such. The day rooms at Viking can be used for residents of the care home in the evenings and at weekends for social activities. There is also the potential for other community groups to use the building. The café area in reception has been designed with the option to offer work and work experience opportunities for people currently supported by the Making It Work team. There is also an option to develop a hydrotherapy pool. This is dependent on a separate cost plan and money being available to develop the service..

In terms of use of technology, the new project will be an ideal opportunity to develop and trial new ways of working. SBC have Pepper the robot, who has been to Priory House to trial on leading reminiscence sessions with residents there. This is an exciting area to develop. Other technology, such as monitors for falls, door sensors for people trying to leave the building and use of iPad, interactive TVs to work with people who are isolated and early stage dementia. Assistive games/technology, such as Tovertafel (www.tovertafel.co.uk) are also exciting developments that can assist people with dementia and learning disabilities and enable them to be more engaged with people.

4. SWOT (Strengths, Weaknesses, Opportunities and Threats)

The SWOT analysis above was undertaken by the Board of Directors in January 2018 and details a collective view of where SCL is after almost one year of trading.

<p>Strengths</p> <ul style="list-style-type: none"> Clean Slate! Flat management structure Hope / Energy Good staff / Managers Preferred Provider to SBC CQC Rating Proximity to Hospital Locally focussed Entrepreneurial 	<p>Weaknesses</p> <ul style="list-style-type: none"> Current Business Plan Capacity for New Work Sustaining Energy TUPE Ts&Cs Can be perceived as part of the Council No SLAs Lack of Understanding of LATC Block Contract IT – Not Digital Systems Policies/Procedures
<p>Opportunities</p> <ul style="list-style-type: none"> Links with Local Authorities New Business (Essex-wide) New Build Partnerships South Essex Homes Voluntary Sector First Anniversary – Op to promote SCL To be the Employer of Choice Recruitment of Young Staff 	<p>Threats</p> <ul style="list-style-type: none"> Local Authority system Current Website Under-funded 7% Loan Funding Stream? Pool of Staff within Southend Political Change / Scrutiny Age Demographic of Staff

5. Risk Analysis

Southend Care Limited has now completed its first year of operation. Like any new company, there were known and perceived pressures and as the year progressed, new and unknown pressures were identified. This business plan is better able to reflect what SCL will face in the coming three years.

Key areas to be worked on:

Risk	Narrative	Action
Budget pressure	SCL was projected to have a deficit of £125k in its first year of operation. The actual out turn was £183k.	Review care packages that are not being fully funded. (£70k) Replace agency staff with staff on SCL terms. (£40k) Review structure within SCL. (£30k) Bring in new business that creates a surplus and reduces the deficit. (£50k)
Recruitment and retention of staff	No HR/Recruitment team in place. SCL has inherited a large agency spend. Ensure the right package is in place to retain staff.	HR assistant has been recruited and SCL are now undertaking their own recruitment, saving on money being paid to recruitment agencies. Staff being recruited to vacant posts. Next target is to reduce agency spend on relief staff by 25% in 2018/19. Investors in People accreditation being sought to develop structure for training and appraising staff. Develop a package for staff that encourages people to apply and remain with SCL: discounts at stores, death in service benefit, comprehensive training.
Single Commissioner	SCL is wholly owned by SBC and 100% of services are commissioned by SBC.	Aim to grow business outside SBC to diversify where money is coming from. Under Teckal rules this can't be more than 20% of contracts SCL has with SBC.
Training and development of staff	Training needs to be better evidenced and planned in a cohesive way, to ensure CQC compliance.	Managers have set up a training group to agree what is mandatory training. Use social care tv to deliver e learning along with directly taught training. Each service to have a training plan which will be kept centrally and updated by Head Office staff.

6. Consultation

In preparation for this plan, the following groups/stakeholders have been consulted:

- The Board had a business planning session on 30 January 2018
- All team have been asked to prepare improvement plans. As part of that process, the services will undertake surveys of the people who use their services and any suggestions/improvements will be incorporated into local plans.

- Quarterly contract monitoring meetings are held with SBC. The Director of Social Work and Housing also attends the SCL board meetings and any suggestions /improvements are noted in these forums.
- The Managing Director and Operations Director carried out 12 Question and Answer sessions with staff towards the end of 2017. These meetings were useful to assess what was working for staff and what changes they felt would be useful.
- Meetings with the managers group also takes place every six weeks and are also a forum for discussing what direction people feel the company should go. These meetings have been particularly helpful in developing consensus on methods of training and agreeing on the standards for emergency plans.

7. Resources required

For SCL to grow and develop and take on new business, over the course of the next three years, there are a number of resources/investments that will be required in SCL:

The move away from paper based models is essential to reduce the chances of human error, create better audit trails and becomes a more efficient and productive organisation. START already use CM 2000, a system which allows the provider to monitor visits to service users' homes. The MD and OD have done some research on digital care systems for care homes. These could also be used for day opportunities and supported living. Care plans are on the server and can be updated by carers on a tablet or smart phone. This would assist in not duplicating recording, save time in getting access to computers and ensure all information about a service user is in one place.

If the company is to grow, there are other resources that will be needed. Training and Development and coordination of staff learning is an essential. This is currently undertaken by large groups of people.

The infrastructure of SCL as it stands can just sustain the level of services. No provision was made in the original plan for recruitment. This was resolved by converting an admin post to an HR Assistant. The alternative was to continue with third party agents, but their cost would have negated savings made on recruitment to SCL terms and conditions.

To grow in years 2 and 3 of this plan, additional resources in terms of management and development of staff will be required. Some of this will be achieved through reassessment of the current structure (not replacing the manager's post at Priory House by having the Delaware Manager cover both) is an example. However, these savings will not be enough. An additional investment will be required.

Resource Required	Year of the Plan	Estimated Cost
Care Systems – Digital care plan system Priory/Delaware Spencer/Viking/Project 49	Year 1	£7,500
	Year 2	£7,500
HR/Learning and Development	Year 2	£25,000

Business development	Year 3	£35,000
Modern Apprentice Scheme Cost of wages per person per year is c£8k	Year 1 = 1 person	£8,000
	Year 2 = 2 people	£16,000
	Year 3 = 3 people	£24,000
Additional technology, such as Tovertafel	Year 1	£10,000
	Year 2	£10,000
	Year 3	£10,000

8. Key Objectives/Activity plan

At the Board meeting in December 2017, the board agreed the following in terms of priorities for Southend Care in the coming three years:

- Southend Care will seek to provide services to adults (over 16)
- Currently Southend Care provides residential care, day opportunities, reablement, domiciliary care, rehabilitation, respite, employment support, shared lives and supported living. The plan would be to build on these core services and add extra care housing and floating support services.
- SCL would look to operate within South East Essex over the next 12 months. Any geographic expansions after this would be done in consultation with the shareholder, SBC.
- SCL will be open to partnership opportunities. Discussions have already been held with South Essex Homes with regard to the sharing of resources, knowledge and potentially bidding for services together. Look to build relationships with local voluntary providers and be part of that sector.
- At this point in time, there is no desire to provide services to people under 16.
- The aim is to get the company to a point where it makes a profit. The Board is looking to increase revenue by a minimum of 10% per year for the next three years.
- Aim to be an employer of choice for people wanting to work in care in the Southend area. SCL will value its staff, from the point of recruitment to induction and ongoing learning and development. SCL will develop a Modern Apprenticeship programme so that we can grow and develop our own staff. Finally, staff will be encouraged to follow a career path by looking to promote from within and nurture our own staff.
- Complete the move to the new priory site.
- Improve our website and access for customers to understand the work SCL does and recruit new staff.

9. Financial Projection

	2018/2019	2019/2020	2020/2021
	£000	£000	£000
Block Contract Income	(6,413)	(6,413)	(6,413)
Other Income	(83)	(83)	(83)
Total Revenues	(6,496)	(6,496)	(6,496)
Employees	5,761	5,795	5,823
Other costs	604	612	620
Cost Efficiencies	(191)	(312)	(420)
Cost of Sales	6,174	6,095	6,023
Gross (Profit) / Loss	(322)	(401)	(473)
Overheads	419	419	419
Financing Costs	40	40	40
Net (Profit) / Loss	137	58	(14)

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