

## Southend Care Business Plan 2020/21

### 1. PURPOSE OF THE REPORT

The purpose of this report is to advise the shareholder of the company's business plan objectives for 2020/21. These objectives build upon the company's successful trading in 2019/20. Trading headlines for 19/20 are set out in **Appendix 1**. The report also includes a financial forecast to 2024/25 which forms the basis of our business finance planning over the next five years.

### 2. INTRODUCTION

The company in 2020/21 maintains its financial sustainability and ability to deliver services despite the COVID 19 pandemic. We continue to experience a range of challenges like most other providers locally, including infection control, staff absence, access to PPE and testing. However, we are pleased to say that our operational response to these challenges is robust enabling us to minimise the impact of the virus within our various care settings. Staff rates of absence are now within our usual range and we have excellent supplies of PPE ensuring staff have the equipment at the right time. The provider uplift by SBC as well as the Infection Control Fund allocation has contributed to our effective response whilst also helping to mitigate the financial impact of additional costs incurred.

Alongside the operational response to COVID 19, we are also able to develop alternative support offers for people in our community. Most notably the availability of a 'COVID unit' within Priory House, supporting discharged patients from hospital awaiting a negative test result before going home. We are also offering an online platform called 'Online 49' enabling those people who cannot access our day service Project 49 to still access recorded or live sessions streamed via Zoom and Facebook. Such innovation stands the company in good stead as we continue to live in the 'new normal'.

Our business plan objectives seek to re-establish the initiatives planned pre-COVID and therefore extend beyond the current financial year. We particularly look forward to working with the Executive Director (Adults and Communities) to build a longer- term future partnership that brings significant benefit to the council and the citizens of Southend.

### 3. BUSINESS PLAN OBJECTIVES 2020/21

Over the next 12 to 18 months the company will be seeking to achieve a range of business objects that will support its future. A summary of these objectives is set out below.

#### OBJECTIVES:

- **To develop a longer-term partnership with the council for delivering social care services and playing a key role in the care marketplace.** We are pleased to have agreed a one-year extension to our existing core contract which, as a result, will come to an end in March 2022. During this extension period we will work with the council to create a longer-term contractual relationship based on the principle of a strategic partnership. Having a long-term agreement will create stability for the company and importantly enable it to continue to evolve in terms of its innovation, agility and focus on delivering the best possible outcomes for the residents of Southend. It will also provides a catalyst for further developing the enterprising nature of the company, in particular creating alternative income streams.
- **To successfully mobilise and begin delivering services from our new care facility at Burr Hill Chase.** The building offers the opportunity for Southend Care to play a key role in supporting people with complex needs and providing short term assessments for people discharged from hospital. Preparations for

delivering residential and day services once the building is ready are already being made and we will be introducing over the next six to nine months some significant operational changes not least amalgamating existing staff teams from Delaware and Priory House.

- **To increase our alternative (non- SBC) income streams to 3.5% of total income, derived primarily from self-funding customers and other public sector bodies.** This is the start of a development programme to increase non-SBC income within the limit of 20% of total company turnover. We anticipate that new income will come from privately purchased homecare related services as well as from the development of service offers directly with CCGs, in particular Continuing Health Care related services.
- **To embed our new values and behaviours into the fabric of the company and our everyday work practices and interactions.** Our new set of values and behaviours are set out in a wheel in Appendix 2 and were developed in collaboration with our workforce. An evaluation of the impact of them will take place in September 2021.
- **To invest in the development of a leadership academy for our Service Managers.** This academy of learning will also support the development of future emerging leaders whilst enabling existing Managers to develop a balanced commercial and care orientated mindset and skills set. The first programme of the academy is due to go live in November 2020.
- **To develop a strategy for delivering digital care solutions across the company.** This includes how we can enhance and grow the online services from Project 49 ('Online 49') as well as identifying opportunities whereby digital care can become part of how we operationally deliver services in future. For example, the new care facility at Burr Hill Chase provides a great opportunity for new ways of thinking about creating a digital environment that can enhance the quality and effectiveness of care delivered there.
- **To further develop our Shared Lives and Supported Employment Offers with the council.** Shared Lives offers a more person centred and cost-effective alternative to traditional forms of accommodation, for example supported housing and residential care establishments. The service development will be to expand this service offer to support more people with complex needs. Supported employment development will be to expand the offer on a permanent footing to include young people who are transitioning to adult hood.

#### **4. SCL FIVE YEAR FINANCIAL FORECAST**

##### **Summary of the financial objectives:**

- Continuing to build a positive P&L reserve on our balance sheet.
- Planning to deliver an operational profit of £201k (20/21 – equivalent modest 2.4% of annual turnover) and continued profitability thereafter.
- Continuing to drive through year on year efficiencies, i.e. continued year on year T&Cs conversion rates, reduction in expenditure on agency staff and effective rostering.
- Targeting of additional non- SBC revenue as a % of overall turnover but <20% e.g. private payer income.

Our financial business plan for the next five years demonstrates a proportionate and responsible net profit and margin, with an average planned net profit per year of £242k equivalent to an average modest profit margin compared to turnover of 2.6% each year. A summary of the forecast is set out in Appendix 3.

The company is able to offer real savings back to the council. And planned cumulative annual savings by the start of 2023/24 of a £160k in total. The Company has already delivered back a £100k ongoing savings in 20/21, so this presents a further £60k of saving planned. It has to also be recognised, within this saving return plan this is even after the now announced December 2019 Essex Pension Funding triennial view for SBC TUPE'd staff increasing the employer pension contribution rates from 21.9% to 25% over the 3 years 2020/21, 2021/22, 2022/23.

So being able to offer back savings to the Council, therefore demonstrates the ability of the company to manage its cost base and become progressively more self-sustaining.

Our position assumes the current services continue to be delivered by SCL and the plan also includes the new contracts for not only Learning Disability Supported Living West Street but now Council Extra Care contracts for Westwood and Longmans. Growth therefore remains a key strategy in terms of SCL. On the expectation that we secure a longer term core contract with the Council we will hope to further drive our expansion away from just core Council Contracts and drive further other income also in turn increasing our offer to residents who will also benefit from the quality of our offer.

Central overheads are kept in line with a target 7% of total cost base across the five years, which ensures a proportionate central function is maintained. The plan builds in commitment for the continuation of service agreements with the council for HR, Finance and ICT services.

The plan ensures SCL continues to be in the upper quartile in terms of frontline workforce pay, where possible tracking against the Real Living Wage.

**END OF REPORT**

**Jon Manzoni**

**Managing Director**

## **APPENDIX 1 – 2019/20 THIRD YEAR OF TRADING HEADLINE RESULTS.**

The third year of trading has built on the successes in 2018/19 and again demonstrates the excellent overall performance of the company.

### **Efficiencies**

- On target SBC terms and conditions conversion rate of 12% generating a cumulative efficiency since trading of £460K.
- Original agency spend run rate reduced to average of £23K per month.

### **Service Management and Development**

- Alternative income streams generating £160K
- Direct award of 5 year contracts for West Street circa £1million per year and Extra Care £550k per year.
- CQC OUTSTANDING rating achieved for Complex Intervention service.
- 100% of CQC services rated GOOD

### **Workforce development and morale**

- Staff satisfaction - 85% satisfaction with working for SCL, 91% encourage to take ownership for their work.
- Staff turnover circa 6%
- Sickness rates reduced to 3.6%
- Company values and behaviours developed and implemented collaboratively with the whole workforce.

### **Relationship with SBC**

- Continued performance against block contract requirements, maintaining the confidence and trust in SCL to deliver.
- Direct contract awards made by SBC demonstrating the trust in SCL to deliver a broader range of services.
- Development of excellent relationships with Directorates outside adult social care, for example Children Services and Housing.

### **Overall bottom line financial result**

- Profit of £325 K after tax compared to a planned net profit of £174K.
- 100% of £565K loan paid off two years ahead of plan.

## APPENDIX 2 – SOUTHEND CARE VALUES AND BEHAVIOURS



## APPENDIX 3 – SCL FIVE YEAR FORECAST

Southend Care - Financial Business Plan - February 2020

		Yr4	Yr5	Yr6	Yr7	Yr8
Trade Year		2020-21 Forecast	2021-22 Forecast	2022-23 Forecast	2023-24 Forecast	2024-25 Forecast
Financial Year		£'000	£'000	£'000	£'000	£'000
a	Council - Income	(8,321)	(8,906)	(8,908)	(8,942)	(8,957)
	Other income (incl Private Sales)	(155)	(310)	(465)	(620)	(620)
	<b>Total Turnover</b>	<b>(8,475)</b>	<b>(9,216)</b>	<b>(9,373)</b>	<b>(9,561)</b>	<b>(9,576)</b>
	Direct operating costs - employees	7,043	7,196	7,304	7,444	7,438
	Other direct operating costs	689	649	662	674	687
	SBC commercial rent charge Priory New build	-	595	595	595	595
	Overheads	543	554	565	576	588
	Financing Costs	-	-	-	-	-
	<b>Total Costs</b>	<b>8,275</b>	<b>8,994</b>	<b>9,125</b>	<b>9,290</b>	<b>9,308</b>
	<b>b Net (Profit) / Loss</b>	<b>(201)</b>	<b>(222)</b>	<b>(247)</b>	<b>(271)</b>	<b>(268)</b>
<b>b / a</b>	<b>% (Profit) / Turnover</b>	2.4%	2.4%	2.6%	2.8%	2.8%
As at February 2020	Planned savings	(100)	(30)	(30)	-	-
	& Cumulative total per annum	<b>(100)</b>	<b>(130)</b>	<b>(160)</b>	<b>(160)</b>	<b>(160)</b>