

## Southend Care Business Plan 2021/22 and future years

### 1. PURPOSE OF THE REPORT

The purpose of this report is to advise the shareholder of the company's business plan objectives for 2021/22. These objectives build upon the company's successful trading in 2020/21. The report also includes a financial business plan forecast to 2025/26 which forms the basis of our business finance planning over the next five years.

### 2. INTRODUCTION

The company has continued to provide high quality care to the most vulnerable people in Southend, despite the impact of COVID on service delivery. We have seen all our services benefit from the Infection Control Fund and Rapid Testing Funding, supporting safe practices of care and reducing the risk of infection outbreaks. Our workforce during this time have experienced significant challenges but have responded with dedication and passion ensuring that service users and families' needs are met.

Over the winter period SCL supported SBC by setting up and running for three months a 12-bedded COVID unit within Priory House, which ensured people could move on from the unit COVID negative. The company during this period also supported the council with deploying staff at local test pick up points in Leigh on Sea and Shoeburyness.

As the company develops and matures, we have looked to invest in existing and future leaders of our services. We have done this to ensure there is a one team approach to the way services are managed and led and that the company succession plans over the next 3 years. Alongside this we have also invested in a new e-learning platform for all staff that will complement our face-to-face training programmes.

Our commitment last year was to drive down agency spend within our services as part of continuous service improvement. We have now minimised agency expenditure to only £4K per month compared with a spend level of £25K in previous years. At the same time, we are pleased to report that we have maintained 100% of our Care Quality Commission ratings as at least Good or Outstanding. This reflects our commitment to quality and further investment in a Clinical Lead role within the company and the formation of a Quality Assurance Group which is a reference point for developing best practice.

As an employer we remain in the upper quartile of care providers in terms of Care Worker wages and we have continued to implement the Real Living Wage. This ensures that we attract good quality staff and are also able to retain their skills, experience, and expertise.

Our successful trading performance over the last 12 months has enabled the company to deliver £200K of savings back to the council. And on an ongoing annual basis we are now delivering £233K per year back to the council. The ability to provide savings has been through ensuring services run with greater efficiency for example as staff on council terms and conditions turnover to SCL terms. We have also seen more efficient and effective management of services, for example within our Supported Living and Extra Care schemes.

At the beginning of the pandemic SCL took on a new contract with SBC for Longmans and Westwood extra care services. This involved the TUPE transfer of staff and the setup of operations as COVID hit Southend. We are pleased to report that 18 months on the service is running well and delivering good outcomes for the people who live there. We clearly see the benefit that the Extra Care housing model has in terms of an alternative to long term residential care and we hope to work with the council in developing further services in the future. We have also been working with commissioners in the review of existing services to ensure they are fit for purpose in the future. This includes our Complex Intervention Service; Shared Lives and Project 49.

As in previous years we have also supported the local provider market by providing management oversight and intervention in several failing care homes. Acting as the Provider of Last Resort this work has enabled other care homes to either stabilise themselves or to close down in an organised manner ensuring residents are safely care for.

Our Business Plan Objectives for 2021/22 look to build on our trading success and balance maintaining the strong working relationship with SBC (most notably through a new partnership and commercial contracts) with new ventures to generate self-funder income, thereby utilising the 20% Teckal rule regarding growth. This includes income sourced from outside of the borough of Southend.

### 3. BUSINESS PLAN OBJECTIVES 2021/22

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.

- **The agreement of a ten-year partnership and commercial contracts with Southend BC.** This ensures the long-term stability of the company and the important role it plays within the care market. The Partnership Agreement formalises the relationship between SCL and SBC for the first time. This partnership over the next ten years will aim to build upon the special relationship that has been established between the parties. It will continue to focus on achieving the strategic outcomes related to Southend 2050 and improving the quality of lives of the people of Southend. The relationship, by having a commercial emphasis, will support SCL to grow as a business enabling it to become even more enterprising in its approach. Key aims of the partnership are to:
  - **Develop and deliver a portfolio of services that meet the current and future needs of the people of Southend** and that *cannot / are unlikely to* be provided by private or voluntary sector providers i.e. where there is market 'failure' or a clearly identified gap in the needs identified through strategic commissioning.
  - **Ensure there is a 'provider of last resort' for the CQC/Ofsted regulated provider market**, providing support to failing providers, thereby meeting SBC's market duty under the Care Act 2014
  - **Promote quality assurance and improvement initiatives to the Southend care sector** by piloting and showcasing projects designed to support workforce development, creativity, and innovation across the Borough.
  - **Support the financial sustainability and health of SBC and SCL** by encouraging enterprise thereby generating alternative commercial income.
  - **Ensure services within the portfolio become increasingly more cost effective** in all key areas including workforce.
  - **Ensure all service are rated by either CQC or Ofsted as 'Outstanding'**, becoming exemplars for the care marketplace.
  - **Develop SCL as a transformation engine for delivering changes** which result in fit for purpose services that are strategically relevant for existing and future demands.
  - **Support the South Essex Care and Health Trade Association (SECHA)** to become an effective voice for the adult social care sector.
- **To take on and successfully operate services out of the company's new care facility Brook Meadows House.** This is a key component in becoming an exemplar organisation, by delivering flagship care services. Services operating from the new building will be strategically relevant to Southend BC and provide the opportunity to develop the reputation of the company in terms of the type of services offered, for example supporting complex care needs. The building will provide short term assessment beds supporting the health and care system flow of service users. It will also accommodate people with longer term complex care needs. Viking day service will operate from the building along with the Complex Intervention Service. The

building is due to be handed over on 12<sup>th</sup> January and thereafter, following a period of weeks needed to mobilise, the intention is to be fully operations week commencing 14<sup>th</sup> February.

- **To accelerate the growth of private income by developing a self-funder homecare business and a care home business.** This supports the ongoing financial sustainability of the company whilst delivering benefit back to Southend BC by seeking to run Southend BC operations on a closer to break even basis. The business opportunity will support the commercial development of the company providing alternative income streams that can be built on in subsequent years. The new homecare business (known as Meadows Home Care) aims to go live in this financial year and will aim to provide just over 300 hours per week of support in the first year. In Brook Meadows House there will be 16 beds available for sale to self-funding individuals. This service will go live in February 2022, and we anticipate 85% occupancy in the first year. We anticipate the level of income to reach 15% of our total revenue which comes within the 20% Teckal ceiling. As we grow further in subsequent years, we will then need to assess the need to create a subsidiary company that can support non-council work beyond this 20% limit.
- **To resource and structure the business to support sustainable operational delivery and growth.** This builds the capacity to support more vulnerable people whether funded by Southend BC, other organisations or privately. It is particularly focussed on ensuring the company has the right job roles, skills and processes that match the needs of the company as it starts to evolve and mature. This includes for example building the capacity with the SBC funded Complex Intervention Service, so we move from delivering 700 hours of care per week to 1200 hours per week over the next 12 months.
- **To continue to modernise, improve service performance and achieve greater cost effectiveness.** This supports the ability to transform and continually respond to peoples' needs. It enables the company to remain competitive and relevant to commissioners whilst supporting it to retain a unique position and relationship with Southend BC. This includes for example modernising our learning disability service through transforming current service provision and also look at more broadly with SBC as to other opportunities that may exist.

#### 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 £162K (21/22)
- 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 with mind to any Teckal implications on existing block contracts with the Council, and at the point Private income gets close to 20% of total income Southend Care will need to set up a subsidiary company to operate its private business.

As displayed in Appendix 1, our financial business plan for the next five years demonstrates a proportionate and responsible net profit and margin, with an average net profit to Turnover % margin each per year of 1.3% (2022/23) through to 0.1% (2025/26) on Council run services, and a private profit margin growth of 13.4% (2022/23) through to 17.2% (2025/26) on Private run services.

Growth remains a key strategy in terms of SCL. On the expectation that we secure longer term core contracts 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 of circa 8% of total turnover 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 3 – Southend Care Financial Business Plan 2021/22 + 4 Years (June 2021)**