

REPORT TO: Executive Board

DATE: 15 March 2018

REPORTING OFFICER: Strategic Director, People

PORTFOLIO: Health & Wellbeing

SUBJECT: Options report for Halton's Involvement in a Partnership with New Directions to deliver Adult Social Care

WARDS: Borough wide

1.0 PURPOSE OF THE REPORT

- 1.1 To present the Executive Board with options to consider whether Halton will continue to participate in the tri-partite partnership with Sefton Metropolitan Borough Council and Knowsley Metropolitan Borough Council to develop an alternative model of social care.

2.0 RECOMMENDATION: That

- 1) the contents of the report are noted; and**
- 2) Halton continue with its current method of operation.**

3.0 SUPPORTING INFORMATION

- 3.1 Arms-length management organisations (ALMOs) were first established in England in the early 2000s as part of the way council housing was managed and delivered. Since then ALMOs have been used by numerous LAs to ensure service provision in other areas, particularly adult social care, which is put on a commercial footing in order to drive the most cost efficient method of delivery. In particular, ALMOs allow councils to sell services and compete for business with the private sector.
- 3.2 Sefton Metropolitan Borough Council (SMBC) own Sefton New Directions (SND) an ALMO, which for over 10 years has delivered some adult social care services on behalf of SMBC.
- 3.3 Knowsley Metropolitan Borough Council (KMBC) have been engaged in exploratory work with SMBC for some time on a possible partnership to expand SND. More lately, June 2017, Halton Borough Council have worked with Knowsley and Sefton to investigate the possibility of a tripartite partnership, and the potential benefits of them to Halton.

Options

- 3.4 Three options have been considered:

(1) Maintain Halton's existing delivery model

Although this option could be referred to as a 'do nothing'/ 'maintain the status quo' model it is an over simplification as services delivered would continue to be reviewed. The intention would be to continue making improvements and delivering the future level of service required by the council and its service users.

(2) A partnership arrangement with Sefton Council and Knowsley Council

This would involve Halton Council transferring elements of Adult Social Care Services into a jointly owned (Sefton, Knowsley and Halton) local authority trading company called 'New Directions.' Together the three authorities would retain 100% public sector ownership and control. This would involve a merger of services currently being delivered separately by the three local authorities.

(3) Halton sets up its own Arms-Length Management Organisation

This would be structured similarly to 'New Directions' and would require the services which are currently being delivered by Halton to be transferred to the new company.

(1) Maintaining the existing 'in-house' delivery model

- 3.5 Halton continues to perform well overall in relation to 2014/15, reporting that Social Care Quality of Life remains stable. There has also been an increase in the number of people who receive services and who are in receipt of self-directed support, giving people more choice and control. The proportion of people who use services and find it easy to find information about services has also increased and the proportion of people who use services who have control over their daily life has increased by approximately 5 per cent.
- 3.6 The overall score for social care related quality of life in 2015/16 remains consistently good when compared with previous years. 88.2% of Halton residents feel they have a better quality of life with access to care and support services.
- 3.7 HBC works with care home providers to monitor the quality of services provided. It does this alongside key organisations such as the Care Quality Commission and HealthWatch and Elected Members who talk to people living in care homes about the quality of their care. The quality of provision in our area is overall good. Nationally, the Care Quality Commission as regulators have assessed that adult social care services in Halton have been able to 'maintain quality,' although they are concerned about the 'fragility of adult social care and the future sustainability of quality.'
- 3.8 Financial pressures arising from increasing costs of provision and increasing demand are a key issue affecting all Councils, and are well rehearsed at local, regional and national level. The Government is publishing a Green Paper on Adult Social Care funding by the end of the summer.

(2) A partnership arrangement with Sefton Council and Knowsley Council

- 3.9 A partnership arrangement with Sefton and Knowsley has been considered in terms of our ability to commit to the development; taking into account that we have only recently joined the project. In addition, we have considered the alignment of our services, available project resources and back-office commitments.
- 3.10 We recognise that an ALMO would benefit from expanded management capacity and expertise, and a partnership with two other local authorities would also create further opportunities with regard to any future collaboration into other areas of social care delivery, e.g., residential care or domiciliary care markets. Service provision can be put on a more commercial footing, which would drive the most cost-efficient method of delivery. In addition, as Sefton have discovered, it does allow councils to sell services and compete for business with the private sector generating income for re-investment.
- 3.11 For Halton, however, work carried out by officers across all potential areas of social care delivery and back-office operations highlight that at this moment in time our services are not sufficiently aligned to facilitate a smooth transfer, and some services have been only recently commissioned. Halton has already made significant savings in support services and made a commitment to developing an integrated adult social care and health model, One Halton. Our ability to commit additional resources to another complex project are limited, and with the commitment to One Halton this further limits the potential areas of adult social care which could be transferred.
- 3.12 Due to the fact that Halton was the most recent local authority to consider joining the partnership, given some of the limitations set out above we will not only struggle to meet the current timescales but also as a result, possibly delay the implementation for Knowsley and Sefton.

(3) Halton sets up its own Arms-Length Management Organisation

- 3.13 This option carries the same benefits as option 2, but all the set-up costs and implementation costs would have to be paid for by Halton Council. We would also have to undertake a full business case analysis and ensure that we undertake a comprehensive and major consultation exercise to gauge public, employee and Trade Unions' opinion and appetite for such an approach to service delivery.
- 3.14 In the event of failure, HBC would need to have a clear strategy of response, particularly costs and debts, bringing services in-house and most importantly the implications for residents requiring adult social care.
- 3.15 There is agreement across Halton's New Directions workstream team that this option has considerable merit, but the time is not quite right. Halton would be able to develop a business plan which balances potential revenue streams with costs, including a full taxation analysis and tests assumptions and this is something to revisit more seriously in the near future.

4. RECOMMENDATION:

- 4.1 The recommendation is for Option 1

- 4.2 At this stage, having explored the opportunities for joining Sefton and Knowsley in the new model they are developing, the timescales for Halton becoming involved are too tight to enable Halton to fully benefit from this new model of social care.
- 4.3 Halton's Adult Social Care is performing relatively well given the restraints of both reduced government funding and an increasing complex care case load.
- 4.4 In addition, the Council are fully committed to 'One Halton', a place-based integrated health and social care model. This is a joint venture with the CCG and will mean that Adult Social Care services will be fundamental to its delivery.
- 4.5. This option has the least financial risk to the Council.

5.0 **POLICY IMPLICATIONS:**

None identified

6.0 **FINANCIAL IMPLICATIONS:**

- 6.1 Each option carries a different level of financial risk.
- 6.2 Option 1 (maintaining the current in-house delivery model). This is a known risk and is managed through the medium term financial strategy.
- 6.3 Option 2 (partnership arrangement). Halton's principal interest in this option was that it might benefit the authority in two ways: (1) help to extend its commissioning footprint, enabling it to win contracts from other LAs; (2) it would generate an annual dividend and Halton's share of this could be reinvested in services. This is not known and may not materialise. Implementation and set-up costs maybe incurred as part of the project.
- 6.4 Option 3 (Halton sets-up its own ALMO). This could prove to be a financially viable option for only some, small aspects of the service, e.g., a successful social enterprise. It would however require set-up costs. Back-office costs may be mitigated by using Halton's already well-established IT, HR and Finance systems.

7.0 **IMPLICATIONS FOR THE COUNCIL'S PRIORITIES:**

- 7.1 Children & Young People in Halton
None identified.
- 7.2 Employment Learning & Skills in Halton
None identified.
- 7.3 A Healthy Halton
Issues in the report focus on this priority.
- 7.4 A Safer Halton
None identified.

7.5 Halton's Urban Renewal

None identified.

8.0 **RISK ANALYSIS:**

8.1 Option 1 (maintaining the current in-house delivery model). This has no additional risks that are not already included in service planning and financial medium-term strategy.

8.2 Option 2 (partnership arrangement). There are considerable HR, IT, Operational and Financial issues and associated costs with any transfer of services. These risks have been addressed in the past when services have been commissioned and new providers take on a service and carry the potential liabilities. This is a new approach and carries the most risk and the Council would have to make governance, operational and financial provision to manage these risks.

8.3 Additionally, the Council has committed to One Halton, the transfer of some or all of adult social care services would at best delay the adoption of One Halton and at worst undermine it completely.

8.4. Option 3 (Halton sets-up its own ALMO). This carries similar risks to option 2 and would require, at a cost, specialist advice to establish the company. Similarly, any ALMO would need to be considered in the light of One Halton developments.

9.0 **EQUALITY AND DIVERSITY ISSUES:**

None identified.

10.0 **LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972:**

None