



CABINET

9 NOVEMBER 2016

DIRECTOR OF ADULT SOCIAL CARE: DR CAROLYN KUS

CABINET MEMBER FOR ADULT CARE DELIVERY: COUNCILLOR BILL PARKER

Subject:	Developing a new delivery vehicle for Adults Social Care
Recommendations:	<p>That the Cabinet is asked to:</p> <ol style="list-style-type: none">1. Note the Outline Business Case relating to the formation of a new delivery vehicle, along with proposed governance arrangements, required due-diligence and consultation as part of the decision making process for the development of the operating model;2. Note that the new delivery vehicle will focus primarily on services for eligible and vulnerable adults and their Carers/Families;3. Delegates to the Director of Adult Social Services and the Lead Member for Adults Social Care, in consultation with NCC Group commissioners, the authority to proceed with the development of the operating model for the proposed delivery vehicle;4. Delegates to the Director of Adult Social Services and NCC Group commissioners, and the Lead Member for Adults Social Care, the authority to develop such legal documents and agreements as necessary to support the establishment of the new delivery vehicle;5. As part of the financial decision making process notes the timescale for the presentation of a further report to Cabinet, including a full Business Case, the outcomes of the required consultation for final approval before the new delivery vehicle is operationalized;6. Note that, whilst proposing to transfer staff and contracts, and possible assets, to the new delivery vehicle this arrangement will not transfer the accountability held by Northamptonshire County Council to delivery its statutory and regulated functions for Adults and their families;7. Note that,<ol style="list-style-type: none">a. No NCC assets, staff or contracts will be transferred at this stage;b. Services currently delivered by other partners and current external contracts may be transferred into the County Councils directorate for Adults prior to the transfer of staff and contracts into the new delivery vehicle;c. It is intended that staff currently in Olympus Care Services (OCS) will transfer into the new vehicled. The new delivery vehicle will not be fully operational until after April 2017

1. Purpose of Report

- 1.1 The report provides an explanatory guide to how the new delivery vehicle arrangements have been developed and references the due diligence undertaken to support the decisions over function and form that underpin the new model. The report presents, at Appendix A, the Outline Business Case relating to the establishment of a new organisation that will deliver services to vulnerable and eligible adults and their Carers/Families.
- 1.2 The report requests that the Cabinet delegates authority to the Director Adult Social Services and the Lead Member for Adults Social Services to carry out the necessary next steps towards establishing the new organization in consultation with NCC Group commissioners. The report indicates that the final Business Case and all other relevant documentation will be presented to the Cabinet for consideration in January 2017.

2. How this decision contributes to the Council Plan

The Council's vision is to make Northamptonshire a great place to live and work. This is achieved through increasing the wellbeing of your county's communities and/or safeguarding the county's communities.

This initiative specifically delivers increased wellbeing and/or safeguarding by ensuring that:

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| <ul style="list-style-type: none">• People of all ages are safe, protected from harm and able to live happy, healthy and independent lives in our communities.• Communities thrive in a pleasant and resilient environment, with robust transport and communications infrastructure.• Resources are utilised effectively and efficiently, in coordination with partners and providers |
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- 2.1 The current Council Plan established the strategic direction for the council and established the concept of a 'Next Generation Council' and the basic organisational structures that make up that model, beginning with a core group of Northamptonshire Council staff (NCC Group), charged with assuring the delivery of outcomes for the residents of Northamptonshire through effective and efficient delivery of commissioning strategies that are informed by the Council. The NCC Group arrangement also enables those Service Directors with statutory roles to carry out their functions. This arrangement is depicted in the Outline Business Case at Appendix A.
- 2.2 The NCC Group arrangement will be supported by a number of delivery vehicles that are separate from, but remain linked and accountable to the Council through appropriate governance arrangements. The delivery vehicles will be commissioned by the Council as a group of interdependent organisations, focused on key strategic outcomes for our communities as reported to the Cabinet in September 2016.
- 2.3 These interdependent organisations will deliver services directly to communities, and have the purpose of delivering wellbeing and safeguarding outcomes in a more financially sustainable way. They will operate in the most effective and efficient manner

and are able to use the best of public service and non-public service practices and business solutions in their operations.

- 2.4 The Cabinet has already agreed the establishment of First for Wellbeing, has agreed recommendations for the restructuring of the Council's management team to facilitate a move to Strategic Commissioning, and at its October 2016 meeting consider proposed changes to the Constitution to recognise the introduction of these new arrangements.
- 2.5 One of the next steps for the implementation of the new model is the creation of a new vehicle for the delivery of services to vulnerable and eligible adults and their Carers/Families and the use of the new governance arrangements which have been designed to ensure that clear decision making and accountability is at the heart of the new processes. These actions will enable the Council to fulfil the ambition of the Council Plan.

3. Background

- 3.1. The Council Plan 2015/16 – 2019/20 sets out the intention to establish a number of organisations: a Children's 'Mutual', an Adult Social Care Organisation, a Place Shaping Company, a Wellbeing Company and other delivery bodies, as part of the Next Generation Council.
- 3.2. This paper sets out the next steps regarding proposed arrangements for the Adult Social Care Organisation "Northamptonshire Adults Social Services" (NASS).

4. The proposed new delivery vehicle for services to vulnerable and eligible adults and their Carers/Families in Northamptonshire, and potentially outside of Northamptonshire

4.1. The new delivery vehicle aims to:

- Forge new partnerships to enhance delivery of outcomes for our residents;
- Eliminate (cost) duplication across public bodies in the county;
- Exploit our assets fully for the benefit of the local people;
- Encourage entrepreneurialism and trading for maximum social benefits;
- Nurture and support new ways of working and models of service delivery that are innovative, future-focused, effective and efficient in today's context.

PURPOSE OF THE NEW DELIVERY VEHICLE

4.2. It is proposed that the new vehicle will focus on providing:

- targeted early help and support services for short term need;
- Helping adults to stay independent and in their own homes
- Managing the timely and safe discharge from Hospital for those customers eligible for social care
- safeguarding services for Adults at risk of abuse or neglect;
- services that protect Adults and keep them safe from harm;
- services that support the County Council's role as Provider of last resort

- Services that support Adults who are eligible for Social Care because of their needs, disability, mental Health or life limiting condition, age or circumstances;
- 4.3. The organisation will ensure that the right Adults and Carers/Families receive the right support at the right time, minimizing the need for statutory intervention and long term dependence.
- 4.4. Resources will continue to be focused on targeted early help as part of a new short term support service designed to help people to stay independent and in their own homes, help them get home safely after a hospital admission and re-abled after illness. This alongside an increased use of assistive technology will help avoid escalating care needs and reduce the number of people going into residential care.
- 4.5. There will also be a focus on Adults with complex or long term needs with the creation of Continuing Support Teams. Skilled staff within these team will work on a progressive model of care, creating care packages that help service users on the basis of what they can do and the outcomes they can achieve rather than what they can't do.
- 4.6. The service will also become more evidence-driven in order to meet changing and projected population needs and to ensure we have appropriate and adequate market provision across the County.

GOVERNANCE OF THE NEW DELIVERY VEHICLE

- 4.7. The new organisations may be wholly or majority owned by Northamptonshire County Council. In the case of the delivery vehicle for Adults services it is proposed that the main vehicle is a company limited by guarantee. The rationale for this is set out in Section 8 of the Outline Business Case.
- 4.8. The operation of the governance arrangement is set out in Section 10 of the Outline Business Case.
- 4.9. In addition the service under effective management controls with robust financial management and forecasting that ensure both efficiency and effective interventions in the event of any financial variances to forecasts or MTFP.

STATUTORY FUNCTIONS

- 4.10. Careful consideration has been given to the statutory roles at officer and Member level and how they are facilitated in the proposed solution.
- 4.11. The Lead Member for Adults Services and Director of Adults Social Services are required by law to hold direct local accountability for the effectiveness, availability and value for money of the local authority's Adults services, particularly Adults Safeguarding but also Market Failure. These functions cannot be delegated to third parties.
- 4.12. Legal advice has been taken and is set out in section 7 of the Outline Business Case.

4.13. The proposed arrangements for the new vehicle will not transfer the accountability held by Northamptonshire County Council to deliver its statutory and regulated functions for services to Adults and their Carers/Families.

TARGET OPERATING MODEL

4.14. A new Target Operating Model has been developed. The first action to create this was to bring together Olympus Care Services (OCS) and Adult Social Services (ASC) into a single entity overseen by a single MD (Currently the Director of Adult Social Services) and under one shadow management team structure.

4.15. Work has also commenced on the future organisational design in order to optimise how this new combined set of services are organised more effectively around customers and partner.

4.16. The new operating model will see the creation of new Short Term Support and Continued Support as well as a new brokerage service that will manage all placements and provider negotiations freeing up Care Management staff to focus on assessment, reviews and more complex cases.

4.17. We will also be looking at how processes and technology such as tele-care and the new e-market solution can be used to make us more efficient so that we can manage the increasing demand and complexity of cases more effectively.

4.18. The size of the new organisation will be defined by using a zero-based budgeting approach, using known metrics to design the structures and job roles required, manage caseloads effectively, the scope of each post, and supported by a set of principles that help reduce management costs and invest in frontline services.

4.19. The organisational design activity is supported by a range of experienced external and interim advisors that will help us develop and build the new operating model so we are fit for the future.

4.20. The target operating model is described in further detail in Section 15 of the Outline Business Case.

4.21. The proposed new operating model is predicated on the ability to maximize resource, minimize overhead costs, and reduce bureaucracy. For these reasons it is proposed that those services currently contracted from external agencies are informed of the intention to review and to potentially change the design of those services and contracting models. This will be supported by the commissioning Market Position Statement. In the meantime providers will be advised that any existing contracts are likely to be extended in the short term only pending more detailed engagement.

5. Consultation and Scrutiny,

ENGAGEMENT, CONSULTATION AND SCRUTINY

5.1. The engagement approach is across the Areas set out below

ADULTS	STAFF
CARERS & FAMILIES	NEXT GENERATION COUNCIL DELIVERY VEHICLES
PROVIDERS	PARTNER AGENCIES

5.2. It is essential that all existing and potential Adults and their Carers/Families are engaged in the plans and have their say on the design and plans for the future services an engagement and consultation programme is in preparation and will take place via existing Adults forums and wider planned public consultation events.

5.3. The organisational design being developed as part of the new Operating Model will work best if it has a good fit with those partner agencies that work closely with the Adults and Carers/Families that the new delivery vehicle will serve, particularly Health, district/borough councils and the Hospitals. The views of voluntary sector organisations that work with Adults are also important. A programme of engagement with these agencies is being planned, and their views and comments will inform the final modelling.

5.4. The engagement of staff is also important as they are the embodiment of the new delivery vehicle. An engagement plan is in place and communication has already started with staff, particularly over the initial steps to bring together OCS and ASC into a single organisation under and single shadow management structure.

5.5. We will also need to engage with the provider market. One objective for the new Vehicle will be the growth of traded service income building on the success of OCS. Providers will want to gain an understanding of how the trading and delivery activities of the new vehicle and the provider quality monitoring and Safeguarding duties will be separated to avoid conflicts of interest or unfair market advantage for the vehicle's traded services.

5.6. The services for vulnerable and eligible adults and their Carers/Families that will be commissioned by the County Council from the new delivery vehicle will need to have a good fit with and understanding of the scope and interactions of First for Wellbeing universal and preventative services and other Next Generation Council vehicles. The commissioners for People and Place, and the other delivery vehicles will also be engaged in the consideration of the new Operating Model and organisational design.

- 5.7. Formal consultation on the establishment of the new delivery vehicle itself is not required as the Council has already agreed the Next Generation Council model. However, there will be consultation regarding the appropriate controls in the system – the Outline Business Case states that the Council will not be delegating its responsibilities or accountabilities for Adults Social care services to a third party; the new delivery vehicle will be a wholly owned subsidiary company. This definition, along with the Counsel opinion regarding statutory roles is set out in the Outline Business Case at Section 7.
- 5.8. The Department of Health and LGA will continue to be consulted on the Council's intentions.
- 5.9. Formal consultation will be required with staff in order to comply with the Transfer of Undertakings and Protection of Employment (TUPE) regulations prior to transfer to the new vehicle.
- 5.10. Engagement has already started with staff and their representatives. It is unlikely that formal consultation will begin prior to December 16. The consultation, once launched, will be for a period of 45 days to reflect the number of employees that will be impacted.
- 5.11. Officer involvement and agreement with various LGSS experts with regards to transferring services to the vehicle is vital and work has begun on this already. A cross-specialty team (Legal, Procurement, Finance, HR, etc) has been established to advice on options and decisions and an LGSS Project lead is in place.
- 5.12. Progress on the establishment of the new delivery vehicle will be regularly reported to the Overview and Scrutiny Committee, including the outcomes of engagement activities and relevant risk assessments and equality and human rights impact assessments.

6. Equality Screening

- 6.1. At this stage the report is primarily for information and for authorization to proceed to a full Business Case, which will include a full Equality and Human Rights Impact Assessment.

7. Project Plan and timescales

- 7.1. The proposed programme phases, key stages, work streams, programme governance and transformation resource requirements are set out in the Outline Business Case at Section 17. The timeframe is indicative based on assumptions to date. There are currently no additional resources available other than the programme manager already in place, to deliver this major transformation programme and so timescales may be subject to slippage as a result of capacity due to transformation being delivered by existing staff.

7.2. The programme is divided into 3 key phases:

- Phase 1 Planning and Design
- Phase 2 Transition and build
- Phase 3 Transform and Operate

7.3. The phases are designed to provide clarity on the key milestones and activities leading up to “go live” for the new vehicle, and to define what, where and how we will operate, then to transition and transform into the new models and new ways of working. At this stage, these high level Milestones are:

- a) November Cabinet – approval of the OBC
- b) November to January – Consultation
- c) Register new company and bank accounts
- d) Finance and HR systems configured for new organisation
- e) December 2016: Cabinet approval to develop full Business Case,
- f) February 2017: present full Business Case to Cabinet; recruitment of Non-Executive Directors
- g) January to March 17 TUPE Consultation
- h) April 2017: NASS go-live

8. Alternative Options Considered

8.1. The various options that have been considered are set out in Section 8 of the Outline Business Case and include:

- a) a social enterprise registered as a charity;
- b) a company limited by shares;
- c) a company limited by guarantee.

8.2. The Outline Business Case describes the risks and benefits of each option and recommends that a company limited by guarantee is the proposed solution for the new vehicle.

9. Financial Implications

9.1. The Target Operating Model will be affordable under the resource envelope set out in the Council’s refreshed Medium Term Financial Plan that is due to be approved by Cabinet later in the financial year. The full Business Case will provide a detailed breakdown of the cost of the structure of the new vehicle.

9.2. The new organizational design is using a zero based modelling approach in order to identify actual costs to deliver the required outcomes, as opposed to purely working to the current budget availability, but clearly with the financial constraints currently envisaged within the council’s four year budget.

9.3. The new vehicle will actively seek opportunities to work with other sectors to maximize investment. It will also seek out grants and establish income generating activities.

9.4. No additional costs are currently budgeted for to establish the new vehicle and these will be identified in the full Business Case.

10. Risk and Business Continuity Management

10.1. A full risk assessment will be set out in the full Business Case. The high level risks at this stage include:

Risk	Mitigation	Residual Risk
Operational capacity and capability to develop the new delivery vehicle is not made available.	Programme manager from LGSS assigned to ensure pace and project disciplines. Project board set up and responsibilities allocated.	Amber
The vehicle does not deliver the required services to budget and makes a loss.	Business case will include full P&L Model based on business plan and MTFP including benefits of the new operating model. Vehicle will be subject to a contract with NCC Commissioning that defines its deliverables and budget, which will be subject to monitoring.	Amber
Public concern over the new vehicle and intent leads to challenge	Full consultation and engagement planning underway.	Green
That the new financial system Agresso is not ready for use by the new vehicle on 1st April leading to a requirement for a mid-year transfer and financial implications for the new company	LGSS is planning for Adults entity, NASS to be the first service live on Agresso, so can start the financial year on the new system.	Amber
Uncertainty for staff during change creates high turnover	Regular communications and engagement in design for key stakeholders	Green
Lack of clarity on roles and responsibilities in the new vehicle.	New operating model developed and re-structures underway with clear process and scope of responsibility.	Green
Performance is not adequate.	Vehicle will be subject to a contract with NCC Commissioning that defines its deliverables and budget, which will be subject to monitoring.	Green
LGPS is underfunded as a result of the change in vehicle	Pension options being modelled to decide if cost effective to stay in or come out of the LGPS	Amber

Risk	Mitigation	Residual Risk
Uncertainty impacts existing trading and Opportunities for OCS	Operations lead appointed with clear remit to continue to drive sales from trading. Market engagement will form part of consultation.	Green
Reputation of OCS is lost in the new vehicle and custom reduces	The trading name of OCS will remain as the trading vehicle and its brand and website will remain unchanged.	Green
Innovation is compromised as a result of budget constraint	All innovation and new product development will be subject to clear business case.	Green

List of Appendices

- Appendix A – Outline Business Case

Author:	Name: Dr Carolyn Kus Team: Adult Social Care
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Background Papers:	
Does the report propose a key decision is taken?	NO
If yes, is the decision in the Forward Plan?	N/A – The general exception rule has been applied.
Will further decisions be required? If so, please outline the timetable here	Yes, full business case in Jan/Feb 2017
Does the report include delegated decisions? If so, please outline the timetable here	Yes
Is this report proposing an amendment to the budget and/or policy framework?	YES
Have the financial implications been cleared by the Strategic Finance Manager (SFM)? Have any capital spend implications been cleared by the Capital Investment Board (CIB)	None at this stage.
Has the report been cleared by the relevant Director?	YES Name of Director: Akeem Ali
Has the relevant Cabinet Member been consulted?	Yes Cabinet Member: Councillor Bill Parker
Has the relevant scrutiny committee been consulted?	NO Scrutiny Committee:

Has the report been cleared by Legal Services?	YES Name of solicitor: Laurie Gold Solicitor's comments:
Have any communications issues been cleared by Communications and Marketing?	YES Name of officer: Simon Deacon
Have any property issues been cleared by Property and Asset Management?	N/A
Are there any community safety implications?	These will be considered and taken into account as each service or proposal is put through the framework
Are there any environmental implications:	These will be considered and taken into account as each service or proposal is put through the framework
Are there any Health & Safety Implications:	NO
Are there any Human Resources Implications:	NO
Are there any human rights implications:	NO
Constituency Interest:	All

