



Review of new service delivery model for adult day services and opportunities



In 2012, Wirral Council undertook an options appraisal to select a preferred model of delivery for adult day services and day opportunities. It was agreed that the new model of delivery must:

- ➔ Maintain or increase current standards of quality for care.
- ➔ Develop and maintain a sustainable service.
- ➔ Develop a service model that is flexible, responsive and rehabilitating.
- ➔ Provide a model of service provision that reflects a response to the Personalisation Agenda.
- ➔ Create a culture where relationships are a priority.

After various exploratory exercises and discussions with possible partner authorities, the preferred option identified was a Local Authority Trading Company (LATC). In February 2014 V4 Services were commissioned by the council, using the ESPO Pro5 National Consultancy Framework, to undertake a review of the proposed LATC. The brief was to explore the viability of a new LATC delivery model for these services. Of significant importance was the assessment of:

- ➔ The likelihood of the LATC to deliver the Medium Term Financial Plan; and
- ➔ The ability of the LATC to deliver these services with long-term stability and sustainability.

THE CHALLENGE

The council recognised that financial and demographic pressures alongside national policy drivers meant that in-house provision of day services would not be sustainable. The existing model would struggle to deliver the required levels of service within available resources.

THE SOLUTION

The initial review of the LATC and social enterprise option was completed within the one month timescale required by the council and involved a review of project documents, interviews with key stakeholders and attendance at various meetings with partners.

Both options:

- ➔ Could achieve savings and generate income from other sources such as direct payments, private funders and potentially other contracts from outside of the council.
- ➔ Had potential to provide leadership in a relatively disparate market which could help to manage quality issues in the external market. It would ensure that the council could continue to meet its legal obligations in the event of market failures.
- ➔ Could enable savings to be made through reduced absenteeism, greater staff productivity, and through procurement.

However, restricted council control, limited access to generated income and unfavourable procurement regulations for a social enterprise meant that in Wirral's case, the LATC was the most viable option.

The additional benefits of any proposed LATC for the Wirral included:

- ➔ More favourable governance arrangements as it would be wholly owned by Wirral Council and elected members would be on the Board.
- ➔ The potential benefits of a LATC were viewed positively by stakeholders and staff locally.



V4 Services evaluated the efficiency and effectiveness of the proposal to develop a LATC for the transformation of adult day services and day opportunities under the following key lines of enquiry:

- ➔ Viability of the delivery model for day services and day opportunities.
- ➔ Likelihood of delivering the efficiencies identified in the Medium Term Financial Plan.
- ➔ Ability to deliver these services with long-term stability and sustainability.
- ➔ Identification of key risks and recommendations to ensure success.
- ➔ Identification of opportunities and recommendations to improve and expand services.
- ➔ Identification of prioritised recommendations and suggested timescales to ensure the successful delivery of the LATC.





About V4 Services Limited

We have worked in partnership with over 120 UK public sector organisations including: councils, NHS, social enterprises and trading bodies providing hands-on delivery support to set up new business structures, improve the efficiency of in-house services, encourage a commercial approach and generate savings and service improvements.

For the specific day services and activities identified, analysis of the following areas was also carried out:

- ➡ Impact of personal budgets/direct payments.
- ➡ Financial sustainability and viability of the services.
- ➡ Market sector, demographic changes and future trends.
- ➡ Impact of employment and pension policies.
- ➡ Relationship with, and impact on, service users and their carers.
- ➡ Management and governance of services.
- ➡ Risks associated with these services.

Financial analysis

A financial analysis was conducted which included:

- ➡ The impact on the existing social care market.
- ➡ Analysis of current and predicted unit costs for day services to enable the current subsidy level to be calculated and appropriate future charge structures developed.
- ➡ An analysis of charges to allow the council to evaluate whether the LATC could compete in the marketplace and provide an alternative service option.

- ➡ Analysis of both the number of people in receipt of direct payments and the value of these payments, by client group, to evaluate the potential additional market opportunities available to the LATC.

A financial projection plan was completed including initial indicative financial projections.

Market analysis

A market analysis of the estimated client base for services provided by the LATC was completed, which included quantifying the number and age profile of people with a learning and/or physical disability within the city, as well as analysis of current use of day services and their location.

Discussions with stakeholders provided information regarding the types of future provision service users would like to see and this was included in the market evaluation for future services which would be provided by the LATC.

Analysis and recommendations regarding the way in which the LATC would work to respond to demographic pressures alongside increasing personalisation in order to remain viable was included in the report, as well as potential opportunities to integrate health and social care provision.

SWOT analysis

The formation of the LATC, as with any transfer of service, presents both opportunities and risks for the authority, so a full SWOT analysis was carried out regarding the broad Outline Business Case.

The report also highlighted a selection of the strengths, weaknesses, opportunities and threats associated with setting up and operating a LATC.

Company structure

The proposed company structure was evaluated, including:

- ➡ Compliance with Teckal exemption.
- ➡ The risk of challenge on state aid grounds.

The management and governance of the LATC was explored and a proposed structure for the Board presented.

Additional opportunities for savings

As part of the review, V4 Services also identified service improvements and additional savings through:

- ➡ Widening the scope of existing services to increase or accelerate the target level of savings.
- ➡ Additional areas not currently within the existing programme.

The recommendation was that the council review each of the identified service areas during the development of the Outline Business Case for the LATC to determine whether additional efficiencies and service improvements could be achieved.

THE BENEFITS

V4 Services reviewed key documents and developed a Strategic Business Case setting out a clear rationale for the establishment of a LATC that would deliver sustainable services whilst meeting the council's savings needs. This report was presented to the council's Cabinet in March 2014 where Members agreed that the development of the LATC trading model be started.

V4 services were subsequently asked by Wirral Council to assist in the development of the business model and project plan which was approved by Cabinet in June 2014 and an implementation programme was established.

“V4 Services were very thorough in their approach, providing knowledge, focus and momentum to the project. Their liaison and consultation with the range of stakeholders and partners ensured that the decisions were taken with full knowledge of the financial and legal position. They had a clear understanding of our needs and related well to service users and their carers, staff and members.”

Christine Beyga, Delivery Manager

