

# COUNTY COUNCIL

14<sup>TH</sup> FEBRUARY 2018

## THE ESTABLISHMENT OF A LOCAL AUTHORITY TRADING COMPANY KNOWN AS 'LLESIANT DELTA WELLBEING LTD' FOR CARELINE

### Recommendations / key decisions required:

1. That the set up costs of the Company be recovered by way of a loan arrangement between the County Council and the Company at a commercial rate of interest with the value being set out within the Company's detailed business plan and being agreed by the Executive Board
2. That County Council agree to providing a cashflow loan to the Company to the value of up to £250k (value within this limit being agreed by the Director of Corporate Services) to cover the day to day operation of the company and the set up costs (referred to in 1 above). The commercial rate of interest to be calculated at 3.5% above the PWLB 5 year loan maturity rate at 6 monthly intervals. The term of the loan will be for a maximum of 5 years
3. In the event that the Company is not established, then the costs of set up will be met from the County Council budget (funded via reserves).
4. That the Council guarantees the pension liabilities of staff employed by the Company.

### Reasons:

1. To ensure the long term financial sustainability of the Careline service by developing new sources of income;
2. To safeguard existing jobs and create new employment opportunities;
3. To improve availability and access to new forms of Technology Enabled Care (TEC) that enable the residents of Carmarthenshire to live independently in their own homes for longer;
4. To become a centre of excellence for TEC across Wales;
5. To support wider Council objectives in terms of health and well-being.

**Relevant scrutiny committee to be consulted:** YES – Social Care & Health –  
23<sup>rd</sup> November, 2017

Members of the Social Care & Health Scrutiny Committee received a presentation on the proposals and were given the opportunity to comment.

Exec Board Decision Required YES – Approved 22<sup>nd</sup> January 2018  
Council Decision Required YES - 14<sup>th</sup> February 2018

### EXECUTIVE BOARD MEMBER PORTFOLIO HOLDER:-

Cllr. Jane Tremlett- Social Care & Health Portfolio Holder

#### Directorate: Communities

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# EXECUTIVE SUMMARY

## COUNTY COUNCIL

14<sup>TH</sup> FEBRUARY 2018

### THE ESTABLISHMENT OF A LOCAL AUTHORITY TRADING COMPANY KNOWN AS 'LLESIANT DELTA WELLBEING LTD' FOR CARELINE

1. Careline, based within the Communities Department, is the Authority's established 24/7 response service for vulnerable and elderly residents across Carmarthenshire. In addition to this, it also forms a single point of access for the public and professionals for all matters in relation to social care and delivers the Authority's out of hours call handling and lone working services. The Careline service has a whole time equivalent staffing complement of 49 staff.
2. Careline also provides such services to other public sector bodies which equates to approximately **86%** of its business.
3. However a move towards direct payments rather than service provision by some of these public sector customers and restrictions on the Authority's ability to provide such services directly to private individuals and organisations means that the continued viability of the service is threatened with a risk of staffing reductions unless new business can be attracted.
4. To address this challenge the Executive Board has decided to set up a local Authority Trading Company (LATC) called "Llesiant Delta Wellbeing Ltd" to run the Careline service. The company will be wholly owned and controlled by the Council and the Council will be responsible for managing any financial liabilities that the LATC incurs.
5. The advantage of an LATC is that unlike the Council it can supply services directly to the public and the private sector and therefore potentially generate a surplus for re-investment into other social care services.
6. The LATC will be set up to benefit from an exemption in procurement rules ('the Teckal exemption') where the company is wholly owned by the council, there are no other investors and at least 80% of its income is generated from contracts with the Council either to provide services to Carmarthenshire residents or to provide services to other public sector bodies under a contract between those bodies and the Council. In that situation the Council will not need to go through a formal procurement exercise to award business to the Company.
7. This means that the LATC will be able to generate up to 20% of its income from contracting directly with the private sector without the Council having to re-procure its services.

8. The Council will exercise control over the LATC both as its sole shareholder and via a Governance Group consisting of the Executive Board Member for Social Care, three other elected members, the Director of Communities, Section 151 Officer and Head of Integrated Services. The Governance Group will exercise control on behalf of the Council in respect of such matters as changes to staff and Director terms and conditions (including pay), the take up of loans by the LATC and changes to its business plan. The day to day management of the LATC will be in the hands of a board of company directors. The Finance Manager will be in attendance at all board meetings. A Diagram setting out the governance structure within the report as agreed by Executive Board (Appendix 1).
9. Setting up the LATC will involve transferring the 49 staff to the LATC on their current terms and conditions. Any new staff employed by the LATC will also have to be employed on the same terms and conditions. The LATC will apply to join the Local Government Pension Scheme, and will also recognise trade unions.
10. The LATC will prepare a detailed business plan to be approved by both the Governance Group and the Executive Board.
11. It is proposed that the initial start-up costs of the LATC be funded by a loan from the Council at an appropriate rate of interest and repayable over a timescale to be agreed between the LATC and the Council. It is also proposed that the Council guarantees the pension liabilities of staff employed by the LATC.

**DETAILED REPORT ATTACHED?**

Yes. A summary business case is attached at Appendix 1

# IMPLICATIONS

I confirm that other than those implications which have been agreed with the appropriate Directors / Heads of Service and are referred to in detail below, there are no other implications associated with this report :

Signed: Rhian Dawson

Head of Integrated Services

Policy, Crime & Disorder and Equalities	Legal	Finance	ICT	Risk Management Issues	Staffing Implications	Physical Assets
YES	YES	YES	YES	YES	YES	YES

## 1. Policy, Crime & Disorder and Equalities

A full Equalities Impact Assessment (EIA) has been developed which outlines the potential impact of the LATC on the protected characteristics. Risk levels identified remain low and there is no negative impact identified that would adversely affect the service delivered to clients.

## 2. Legal

In order to benefit from the Teckal exemption the LATC will need to comply with all 3 requirements of the relevant regulations.

Once established the LATC will need to comply with the requirements of company law.

## 3. Finance

The company will require a loan facility from the Authority of up to £250k to meet initial cash flow requirements and setup costs. The loan will be at a commercial rate of interest with the duration to be agreed within the detailed business plan. In the event that the Company is not established, then the costs of implementation will be met from the County Council budget (via reserves).

The current pension liabilities for staff employed by the company will be underwritten by the Authority. This will provide a guarantee to the Dyfed Pension Fund that it will meet any outstanding pension scheme liabilities.

The five year financial model contained within the business case has been developed in conjunction with the consultants, and current projections indicate that the LATC will realise a net surplus of £824,754 over the first 5 years. This surplus will be returned to the Council in the form of a rebate or a reduced contract price, thus leaving the Company with no retained reserves.

#### **4. ICT**

There are ICT implications in relation to the development of an LATC. The company would be provided with ICT support by the Council in the same way that this is currently provided to departments across the authority now. The company would have access to the same hardware which would be replaced as per the Council's refresh programme. The company would also have access to its own website which would link to the Council as well as existing software file directories.

#### **5. Risk Management Issues**

The business case has identified risks associated with its development as well as those in relation to implementation and trading. Each risk has been categorised as being either high, medium or low and all have mitigating action identified in order to control and where appropriate reduce the risk. There are no high risks identified within the risk log.

#### **6. Staffing Implications**

There are staffing implications in relation to staff that would TUPE across to the LATC from the Council. There would be an estimated 49 FTE's (full time equivalent) staff who would transfer across. Assurances have been included in the business case to guarantee that in accordance with TUPE regulations, staff terms and conditions will be protected at transfer, and that the company will be applying for admitted body status into the Local Government Pension Scheme. The company will also recognise trade unions and new staff employees taken on by the company will be on the same terms and conditions as the former CCC staff in the company (including pensions). These issues are covered in the business case and HR advice has been sought in the development of the document.

#### **7. Physical Assets**

Llesiant Delta Wellbeing Ltd will continue to use the office accommodation currently utilised, with the future arrangements being formalised by Property Services. There should not be any additional costs incurred in this arrangement.

# CONSULTATIONS

I confirm that the appropriate consultations have taken in place and the outcomes are as detailed below

Signed: Rhian Dawson

Head of Integrated Services

## 1. Scrutiny Committee

Social Care & Health – 23<sup>rd</sup> November, 2017 - Members of Scrutiny Committee received a presentation on the proposals and were given the opportunity to comment.

## 2. Local Member(s)

N/A at present time, but will be consulted as part of the political approval process

## 3. Community / Town Council

N/A

## 4. Relevant Partners

N/A

## Section 100D Local Government Act, 1972 – Access to Information

### List of Background Papers used in the preparation of this report:

A copy of the following documentation can be obtained from the Project and Programmes Team in 3 Spilman Street:

- Full Business Case
- Service User Feedback Report
- Staff Feedback Report
- Equality Impact Assessment