

Council-owned companies operate with a *public sector ethos* and are *not for profit*; they are also known as Local Authority Trading Companies. The note below outlines how New Directions' and the Council's strong partnership delivers the benefits of this approach for local people.

1. Enhanced Public Sector Efficiency:

Council-controlled companies often operate with greater flexibility and agility compared to traditional government departments. This can lead to more efficient decision-making processes and streamlined operations, allowing quicker responses to community needs and opportunities.

Example:

- ***Based on the current 'as is' workforce, the Company is delivering annual efficiencies of £2.514m since its creation (had the service remained with the Council):***
- ***Health funding now contributes £1.8m to the Company through the BCF, aligning with local priorities and delivering better-integrated health and social care.***

2. Financial Sustainability & Resilience:

These companies can generate revenue through commercial activities, reducing the financial burden on local taxpayers. Profits from council-controlled companies can be reinvested into community services and infrastructure, promoting long-term financial sustainability.

Example:

New Directions has agreed to use £1m of reserves in 2023/24 to fund inflationary pressures and service growth in response to requests from Sefton Council. Thanks to good past financial management and a healthy reserve, the directors have made the planned decision to subsidise vital services for people in Sefton.

- ***Due to good past financial management and a healthy reserve, New Directions has responded positively to requests from Sefton Council to utilise £1m of its reserves in 2023/24 to fund inflationary pressures and service growth. The directors made the planned decision to subsidise vital services for people in Sefton.***
- ***New Directions has paid Sefton Council £0.811m in dividends over six years.***

3. Provider of last resort:

Councils can commission directly to their council-owned company without a tender process. This is particularly useful where there is market failure and provides marketplace resilience.

Example:

- ***In 2018, New Directions took on two contracts as a provider of last resort.***
 - ***Domiciliary Care - TUPE'd 140 staff and improved quality, turning the service from requires improvement to CQC GOOD and,***
 - ***James Dixon Court 30-bed Care Home – redesigning the service into a step-up, step-down service that supports individuals in being independent.***
- ***The company has also provided interim support in failing care homes and created an emergency response team to support providers over Christmas.***

4. Economic Development & strategic alignment:

Council-owned companies can play a vital role in local economic development. Investing in infrastructure, supporting local businesses, and creating job opportunities can stimulate economic growth and improve the community's overall health. These companies can align their activities with the council's strategic goals and priorities. This ensures that their efforts support the broader objectives of community development, environmental sustainability, and social well-being, creating a cohesive approach to local governance and service delivery.

Example:

- ***New Directions is a Real Living Wage employer; 83% of staff reside in Sefton Borough, and 97% in the Merseyside area.***
- ***In 2024, the company invested in creating 14 new apprenticeships, prioritising individuals who have been in care. This aligns the scheme with the local authority's priorities and maximises opportunities for young people. The company made a local decision to pay apprentices £10.42 per hour instead of the minimum £6.40, providing young people with a better start in life.***
- ***The company has a policy to buy from local suppliers, creating social value and maximising the local economy by supporting local businesses and jobs.***

5. Specialised Expertise:

Council-controlled companies can attract and retain specialised expertise and talent that might be less readily available within the public sector. This expertise can drive innovation and improve service delivery.

Example:

- ***At the outset of the COVID-19 pandemic, the company appointed an 'infection control lead' four months before the government introduced a £600m infection control fund as part of a care home support package.***

6. Improved Service Delivery:

By focusing on specific functions or services, council-controlled companies can improve the quality and reliability of public services. They can tailor their operations to meet the community's unique needs, ensuring higher levels of customer satisfaction.

Example:

- ***87% of individuals attending the New Directions Reablement Service remain at home 91 days after discharge from the service, and 87% no longer need long-term support. This performance puts it in the top quartile compared to other Northwest Councils/providers.***

7. Accountability and Governance:

These companies are typically subject to rigorous governance and oversight mechanisms. This ensures accountability to the council and, by extension, the public. Regular reporting and performance monitoring help maintain high standards of transparency and accountability.

Example:

- ***New Directions provides an annual report to the Adult Social Care Oversight and Scrutiny Committee, the Shareholder Representative (Cabinet Member for Adult Social Care) attends board meetings, and over the last year, there have been three audits (Governance, Risk management and fraud) that the Shareholder has conducted on the company as part assurance for good governance. In addition, the company proactively commissions external audits for health and safety, compliance, payroll, and finance.***

8 Policy Implementation and Innovation:

Council-owned companies can serve as testing grounds for new policies and initiatives. Successful pilots can be scaled up nationally, allowing for evidence-based policymaking.

Example:

- ***Working alongside Sefton Council and health professionals, the company has converted a care home into an intermediate care service to help patients transition from hospital to home. Using a trusted assessor approach has significantly relieved pressure on hospitals and health partners. This proactive change was made possible through collaboration across different sectors, and the unique partnership allowed for the elimination of time-consuming tender processes.***

Sefton Council and New Directions – “Stronger together serving you better”

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