



# A Report on Tricuro for Dorset County Council Cabinet from UNISON

March 2017

## Recommendation

That Dorset County Council agrees to an uplift of 1% in the 2017/18 Tricuro contract price instead of the reduction of £235,600.

## Introduction

In July 2015 Dorset, Bournemouth and Poole councils established a pan Dorset local authority trading company (LATC) called Tricuro to deliver adult social care services across the county.

It is worth noting that of the four examples of care companies established by local authorities that may have influenced member's thinking in April 2014 (See Adult and Community Services Overview Committee; 16 April 2014; see Appendix) two reported significant deficits in the year to 31 March 2016 and in the case of Buckinghamshire Cares the Council withdrew the contract.

Table 1

	Date of Accounts	31 Mar 2016	31 Mar 2015	31 Mar 2014	31 Mar 2013	31 Mar 2012
Essex Cares Limited	Profit Before Tax	(£3,584,626.00)	(£381,403.00)	(£827,586.00)	£1,434,589.00	£2,214,851.00
Olympus Care Services Ltd	Profit Before Tax	(£3,828,000.00)	£2,102,000.00	£2,976,000.00	£4,209,000.00	
Optalis Limited	Profit Before Tax	£27,872.00	£154,811.00	£5,267.00	£142,916.00	(£166,902.00)
Buckinghamshire Care	Profit Before Tax		£447,745.00	(£35,000.00)		

Paragraph 4.2 of the business case approved by the councils asked ‘What are the generic benefits of the LATC?’

Among the items listed was the critical issue of Workforce Quality and the business case stated ‘The LATC retains and builds on the existing asset of experienced, committed and well trained staff’

Paragraph 6.1.2 sets out the ‘Financial Assumptions included in the Business Case’ and says ‘Below are the headline assumptions contained in single LATC business cases that **will not change** in the Pan Dorset PDL high-level business case:

- All TUPEed staff will keep their current terms and conditions of employment’

The very clear undertaking that was given to staff during the TUPE consultation was that when Dorset County Council transferred staff to Tricuro, the Council told them that their terms and conditions would not change. Similar undertakings were made to the staff that transferred from Bournemouth Council and the Borough of Poole.

### **Service Quality**

In August 2016 UNISON provided Dorset Councillors with 88 case studies detailing the personal impact of the proposed changes on staff that were already on low incomes and to quote the Prime Minister ‘just about managing’.

Morale was low then and has deteriorated further. Some of those experienced, committed and well trained staff are leaving or have gone already. Others are seriously thinking about it because they feel they have been betrayed and treated appallingly.

Competitors are now head hunting these staff. They know how good they are because they were trained by Dorset County Council. As one member told us “I now feel worth my weight in gold to other organisations but not to Tricuro”.

As experienced, committed well trained staff leave they are replaced with inexperienced, untrained staff. Service quality suffers and our members tell us that is what is already happening. They say that standards have dropped considerably, increasing the risk that a major incident will occur because of that loss of knowledge and experience and the increased use of untrained, inexperienced and agency staff.

### Recent Developments in Social Care Funding

Although the Autumn Statement 2016 did not provide local authorities with any additional resources for adult social care, the local government finance settlement and the March Budget both included announcements that have increased the overall level of resources available.

### July 2015 Budget

The July 2015 Budget included announcements that local authorities would be able to levy a social care precept of an additional 2% per annum (2016/17 to 2019/20) and Bournemouth, Dorset and Poole all incorporated those precepts into the Medium Term Financial Plans.

Between them the councils raised an extra £6.793m in 2016/17 - £3.94m (Dorset); £1.513m (Bournemouth) and £1.34m (Poole).

2% Social Care Precept				
	2016/17	2017/18	2018/19	2019/20
Bournemouth	£1,513,000	£1,543,260	£1,574,125	£1,605,608
Dorset	£3,940,000	£4,018,800	£4,099,176	£4,181,160
Poole	£1,340,000	£1,366,800	£1,394,136	£1,422,019

It also announced additional resources that would be provided through the Improved Better Care Fund

Improved Better Care Fund			
	2017/18	2018/19	2019/20
Bournemouth	£151,572	£2,744,053	£5,120,568
Dorset	£0	£4,289,426	£9,022,484
Poole	£482,748	£1,214,638	£2,654,568

### 2017/18 Local Government Settlement

The Local Government Settlement allowed councils to bring forward the 2019/20 2% increase in the social care precept so that the precept could be increased from 2% to 3% in 2017/18 and 2018/19. This enables Bournemouth to raise an extra £800,000, Dorset to raise an extra £2,000,000 and Poole to raise an extra £700,000 in 2017/18 and again in 2018/19.

The Government also announced (for 2017/18 only) an Adult Social Care Grant, funded through reductions in the New Homes Bonus.

Adult Social Care Grant (2017/18 only)	
	2017/18
Bournemouth	£887,864
Dorset	£1,943,835
Poole	£640,396

## March 2017 Budget

The Budget included an additional £2bn for adult social care over three years, but unlike the improved better care fund, it was front loaded to 2017/18.

Budget 2017			
	2017/18	2018/19	2019/20
Bournemouth	£3,797,579	£2,510,932	£1,247,498
Dorset	£7,431,635	£5,478,595	£2,728,076
Poole	£2,338,060	£1,802,764	£898,312
Total	£13,567,273	£9,792,291	£4,873,886

## The imposition of changes to terms and conditions of ex-Dorset staff

The Dorset Echo (14 June 2015) told its readers “Cabinet member for adult social care Jill Haynes and director Catherine Driscoll have attempted to ease some of the concerns raised by the staff and unions and say the move is expected to save £2million.

The headquarters of Tricuro will be in Poole, however Mrs Driscoll said that the move will not affect many staff as they will continue to work where they are already and their terms and conditions will be protected by the council.”

Yet, on 10 March 2017 a pay cut was imposed on ex Dorset staff and those employed since 1 July 2015. The pay cut was authorised by Councillors representing Dorset, Poole and Bournemouth on 11 November 2016.

805 of the lowest paid ex-Dorset staff had their weekend enhancements cut – saving Tricuro £540,000

456 of the lowest paid ex-Dorset staff had their bank holiday pay cut – saving Tricuro £90,000

449 staff had both their weekend enhancements and bank holiday pay cut

Some staff will lose £100/month.

These changes reduce the incentives for staff to work weekends and bank holidays and are therefore likely to increase dependency on the use of agency staff. This is financially inefficient.

### **The cut in the contract price**

UNISON understands that Bournemouth, Dorset and Poole Councils have required that the contract price that they pay Tricuro in 2017/18 will be reduced by over £300,000.

The trades unions also understand that Dorset, Bournemouth and Poole councils have determined that there will be no contract price uplift for inflation in 2017/18.

These decisions compound matters. The original business plan was flawed as it omitted known future costs that the company would face: the 3.4% increase in the employers National Insurance contributions, future pay awards and increments. It is further compounded by not providing any inflation uplift in the Tricuro contract in 2017/18 and telling Tricuro it must give Dorset Council money back by reducing the contract price that Dorset pays, even though the same (and more) services are being provided.

Demonstrably, that cut in the contract price is being paid for from the pay cut that has been imposed on the lowest paid staff. To make matters worse this has only widened the gap between ex-Bournemouth staff and ex-Dorset staff, as ex-Bournemouth staff that do equivalent jobs, are on higher hourly rates or higher up the pay scales than ex-Dorset staff.

It also now appears from internal documents that these 'contract price cut arrangements' have been designed as a device to avoid paying Corporation Tax.

## Reputation

The business case approved by the three councils argued that there were reputational benefits:

*The very high profile that this venture will have in both the region and nationally. The PDL will be the very first jointly owned LATC in the UK in the field of adult social care. All three authorities will be seen as pioneering and innovative for joining in this project. This will enhance the reputation of each of the authorities and raise the profile of the Dorset partnership in central government and other regions*

The company has already suffered reputational damage as a result of the imposition of cuts to terms and conditions of the lowest paid front line staff. It now faces an application to an Employment Tribunal where the maximum penalty is up to 13 weeks gross pay for each affected person and may yet face claims for indirect sex and race discrimination.

## Financial Performance

The business case approved by Bournemouth, Dorset and Poole projects net profit before tax as follows:

	Year 1	Year 2	Year 3	Year 4	Year 5
	£636,061	£778,801	£841,788	£967,486	£922,936

In the first financial year (to 31 March 2016), the accounts show an operating loss (£10,769) and was only able to declare a profit of £1,993 because of (£14,953 interest), presumably earned on cashflow.

## Conclusion

The cut in contract price that is being paid for by the cut in the terms and conditions of ex-Dorset employees is morally indefensible and the financial position of each of the councils is such that a contract price inflation uplift can be provided together with a requirement that it should be used to re-instate the variation to their terms and conditions that was imposed on 10 March 2017.

## Appendix

The report to Adult and Community Services Overview Committee (16 April 2014) advised members at para 6.4.

- 6.4 The estimate of savings is based on Care and Health Solutions extensive experience in designing and implementing alternative delivery models such as LATCs and comparing these successful externalised bodies.

<b>Essex Cares Ltd 2009</b>	<b>Budget £30m and 750 FTEs</b>	<b>Trading successfully for 4 years making £11m savings</b>
<b>Olympus Care Svs Ltd 2012</b>	Budget £28m and 650 FTEs	Trading successfully for 2 years making £3m savings
<b>Optalis Ltd 2011</b>	Budget £9m and 250 FTEs	Trading successfully for 3 years – increasing t/o to £12m and reaching savings targets
<b>Buckinghamshire Care Group 2013</b>	Budget £9m and 250 FTEs	Trading for 3 months and confirmed savings targets will be met