

WIRRAL COUNCIL

CABINET

10 SEPTEMBER 2015

SUBJECT:	SCHOOL TRADED SERVICES JOINT VENTURE (KNOWN AS EDSENTIAL)
WARD/S AFFECTED:	ALL
REPORT OF:	JULIA HASSALL, DIRECTOR OF CHILDREN'S SERVICES
RESPONSIBLE PORTFOLIO HOLDER:	COUNCILLOR TONY SMITH
KEY DECISION?	YES

1.0 EXECUTIVE SUMMARY

- 1.1 In November 2014, Wirral Council Cabinet and the Executive of Cheshire West and Chester Council (CW&C) approved a series of recommendations for the establishment of a Community Interest Company to provide services to schools and improve the lives of children in the local area. It was agreed the company would be jointly owned by Wirral Council and CW&C Council.
- 1.2 The establishment of the company has clear strategic and operational benefits for both Councils and schools. As a not-for-profit company it maintains a public sector ethos with all profit invested into improving outcomes for children. Schools will benefit from receiving higher quality services with both a commercial approach and improved value for money. The Councils retain a strategic role in the shaping and delivering of high attainment in schools. The new company will support the local economy through the creation of a thriving local business generating employment and skills. These outcomes support priorities identified in the Council Plan 2015-20: A 2020 Vision.
- 1.3 The Cabinet decision was based on a business case which was developed in collaboration with the Cabinet Office, Price Waterhouse Coopers (PWC) and both Councils as part of the National "Delivering Things Differently" Programme. The Business Case demonstrated that the company could be successful, would grow and be able to reinvest profits into the wider education sector over a five year period.
- 1.4 Following the decision, an implementation team was mobilised, jointly resourced by both councils to develop the Business Plan for the new organisation. The development of the Business Plan required an intensive analysis of the market, services and costs, together with product and brand development. The Business Plan is a major milestone as it sets out how the company will operate including its growth plan, delivery plan, brand platform and the new organisations name: 'Edsential'.

- 1.5 The Business Plan demonstrates a strong, viable business going forward. There are some material updates to the original Business case and in line with approvals given at that time; these are being brought back to the Cabinet for approval for a final go-live decision.
- 1.6 This report identifies the key changes, their impact on both the Business Plan and the Councils along with any residual risks.
- 1.7 For the Council the Key changes are:
 - The initial financial support that the company will require. The company will take longer to clear initial deficits, which are covered by cash flow loans from each council.
 - The No Worse Off Principle. The value of support services provided and strategic payments received from the company will not match the current support costs, leading to a shortfall in the region of £100k pa.
- 1.8 For the Company the Key changes are:
 - Additional costs that have been identified, including National Insurance, Pensions and the National Living Wage. These changes have led to reduced overall profits for the company and a longer period required before becoming profitable.
- 1.9 This proposal was presented to CW&C Executive on the 2nd of September 2015. The creation of Edsential can only proceed if both Councils agree to the recommendations.

2.0 BACKGROUND AND KEY ISSUES

- 2.1 In March 2014 both Councils provisionally agreed a mandate to jointly develop a business case for a schools traded services company. The relevant Heads of Service from both Local Authorities agreed to sponsor and support the project. A joint project team was set up to develop the business case over a six month period to include baseline activity, financial analysis, engagement (staff and customers), business development and modelling (financial, legal and governance).
- 2.2 The work was further supported by the Cabinet Office, Department of Communities and Local Government (DCLG), The Chief Executives professional association: SOLACE and the Local Government Association (LGA) through an award from the national "Delivering Differently" Programme. The Government award comprised of £100K worth of specialist consultancy support delivered by PWC to assist with the development of a business case.
- 2.3 The Business Case was taken to both Councils Cabinet and Executive in November 2014 where the decision was taken to establish a Community Interest Company. Implementation of the project was delegated to senior officers in both authorities subject to the detailed Business Plan and other financial matters remaining materially unchanged from the Business Case reported to members in November 2014.

The Services due to transfer to the new company include:

- School Catering
- School Cleaning
- Outdoor Education
- Governor Support
- Music Services
- School Development/Improvement
- Learning outside the Classroom
- Data Support

In addition, the company will move towards acting as a single 'front door' for Local Authority services for schools and other educational settings where they remain with each Authority. Examples of the retained services include; Human Resources, Financial Management Support, Education Welfare and Educational Psychologists. The company will also help shape future services through its links with schools. The expectation is that the company will receive a commission payment from front door services for marketing and attracting new business. The extent and rate for commission payments will be the subject of further discussions with the company. Looking further ahead some or all of these services currently provided by both or either local authority could be transferred into the new company.

The main ambition for the new organisation is to:

- Deliver high quality services that are value for money;
- Support improving outcomes for children and young people by reinvesting profits into service improvements and the local community;
- Create a single front door through which schools, and other customers, can access services;
- Include mutual principles by involving schools and governors in the running of the new organisation
- Be commercially successful

2.4 Since the decision was made to create the company, both councils have made significant progress and delivered key milestones towards the creation and launch of Edsential.

2.5 Progress to date includes:

Recruitment of Managing Director	Trade Union engagement
Branding platform and design	Face to face staff engagement
Development of success model	Formal TUPE consultation
Customer intelligence and market analysis	Staff newsletters and comms portal
Customer retention strategy	Agreement of Buyback bundles
Food conference and Edsential soft launch	Agreed set of legal documentation
Business plan draft	Service baselining

2.6 On the basis that both Councils agree to commence a phased go-live process throughout October and November 2015, formal trading as a separate legal

entity will commence in December 2015 with completion of a legal transfer agreement and TUPE transfer of staff. The base for the new company is in Ellesmere Port.

This is a later date than was originally planned (1st September) and is necessary to complete contractual arrangements including leases, pensions and IT solutions for payroll, financial reporting and management. Given the critical nature of this IT work a specialist project manager will lead on this.

2.7 The Business Plan

2.7.1 Following the decision to create the company, a Managing Director was recruited to lead the development of a Business Plan, and to begin building the new company supported by the combined joint Council mobilisation team.

2.7.2 The Business Plan demonstrates a strong viable business going forward, with an anticipated turnover in excess of £24m in year one. There are some material updates to assumptions since the original business case was drafted, including a revised staffing structure, contract efficiencies and changes in income growth assumptions. These are considered further in Section 2.7.5 Table 2. Other factors influencing the trading position include school meals both the increased take up following the introduction of Universal Infant Free School Meals and the increase in competition across the sector.

2.7.3 In line with the approvals given at the meeting in November 14, these changes are being brought back to the Cabinet for final approval.

2.7.4 The following table provides a high level comparison between the original financial projections from the Business Case and those now presented in the detailed Business Plan.

Table 1 – Outline Business Case/Business Plan comparison.

	<u>Year 0*</u> 2015/16 £'000	<u>Year 1</u> 16/17 £'000	<u>Year 2</u> 17/18 £'000	<u>Year 3</u> 18/19 £'000	<u>Year 4</u> 19/20 £'000	<u>Year 5</u> 20/21 £'000
<u>Outline Business Case</u>						
Turnover	£22m					
Net in year position	-634	-294	316	954	1,627	1,760
Cumulative position	-634	-928	-612	342	1,969	3,729
<u>Current Business Plan</u>						
Turnover	£24m					
Net in year position	-1,703	-437	153	557	943	1,191
Cumulative position	-1,703	-2,140	-1,987	-1,430	-487	704

** Please note: 2015/16 is a part year which also include the Edsential set up costs. Negative numbers reflect in year losses, positive numbers reflect surpluses.*

2.7.4 The key points from this financial analysis are:

- Edsential is expected to be profitable and to break even by its second full year of operation (in line with Business Case).
- The scale of surpluses being generated each year have been reduced to reflect revised estimates of the company's cost base and income growth but still show a positive return of over £1m per annum by year 5. The main changes to note are:
 - Additional set up costs and investment in services
 - Revised efficiency assumptions
 - Changes in pensions and National insurance
 - Extended transitional period
- The company will incur higher upfront mobilisation costs; as a result it will take longer to clear its early deficits (this will be by year 5, whereas the business case had assumed year 3).
- While the financial case for creating the company has been remodelled, it is still a strong case.

2.7.5 The following table sets out some of the factors that have contributed to the updated position captured in the Business Plan:

Table 2 – Highlights the rationale behind the material differences and the financial impact over the 5 year life of the Business Plan compared to the outline business case.

Original Business Case Assumptions	Business Plan Actuals	Rationale
Assumed generic annual efficiency savings in both pay and non-pay costs.	A full staffing structure has been developed to ensure effective services can be delivered on each site and income is retained. Specific contract savings have been secured with key suppliers from year 1. No significant changes to existing staff terms and conditions. Reducing operating costs by £3.74m.	Terms & conditions of transferring staff protected and more robust and deliverable assumptions.
5% growth in sales each year from year 2 onwards.	Each service separately assessed based on prudent growth assumptions (average 4% growth per year) Reducing income by £2.68m.	Bottom up, growth opportunities identified.
Redundancy costs assumed to be minimal.	An initial restructure will be needed and this is likely to generate one off redundancy costs. These costs (up to £700k (worst case) are now to be met from future operating profits within the company.	Changes to original assumptions so that the costs of any restructure are met by the company rather than the Council.
Other than outdoor education, no capital investment factored in.	Assumes investment in Cleaning/Catering, plus further phased investment in Outdoor education.	Increased investment to maintain long term competitiveness.

	Additional investment of £1.9m.	
NI contributions static.	Impact of changes to National Insurance taking effect from April 2016 introduced. 5 year impact estimated at £1m.	Changes to original assumptions.
Set up costs allowed for but assumed new staffing structure in place from day 1.	Phased migration to new operating structures post-go live. Financial impact £0.4m.	More realistic assumptions which support business continuity.

2.8 Strategic Risks to the Delivery of the Business Plan

2.8.1 The development and implementation of a programme of this complexity involves strategic challenges and financial considerations. These have been identified and through robust planning have been mitigated wherever possible. The risks articulated below are considered to have the highest potential to impact on the success of Edsential and the delivery of the Business Plan. It should be noted that these risks are not project specific or unique to Edsential, the majority of these challenges would exist if these services remained with the Council(s).

2.8.2 Increased Market Competition

Recent movements in the market mean competitors are pro-actively targeting and approaching schools and in some cases, have been successful in securing their custom. This is a risk to the current way of working and the new company. This is one of the major drivers for creating the new company. The aim of the company is to become responsive to market demands and competition so that it can retain and grow market share. Edsential is already operating in shadow mode and has been successful in stemming the erosion in market share by moving to a new way of working in School Catering.

2.8.3 Reducing School Funding

Schools are the major source of funding to Edsential. At a time when Edsential will be looking to expand, the funding streams for education largely remain static, which is a reduction in real terms. Increased cost pressures such as pay awards, National Insurance changes and pension costs will continue to have a significant impact on school budgets. Where schools have a choice, they may elect to do things differently, or buy less which could impact on the ability to maintain or grow income within Edsential. Edsential however will look to use this as an opportunity to grow its market share by working with schools who are seeking a high quality, better value offer both within and outside of Wirral and CW&C borders.

2.8.4 Living Wage

With the introduction of a national living wage from April 2016 and ongoing consideration by Cheshire West of the potential for a local living wage, the cost base of Edsential is likely to significantly increase during its first years of operation. Whilst any increases will reflect a significant increase for the company, the likelihood is that it will have a greater impact across its competitors in the market and there may be an opportunity to compete more widely for business.

Given that there will be inflationary increases across all suppliers; the ability for schools to protect themselves from the impact of these rises will be limited. Therefore an element of additional costs that fall to Edsential may be recoverable through increased charges, up to the competitor market rate, and through more efficient working practises and contracting arrangements.

2.8.5 Increasing Pension Costs

Staff transferring to Edsential under TUPE will remain members of the Local Government Pension Scheme or Teacher's Pension Scheme. However, as a new separate entity in the LGPS the employer's contribution rate will be re-assessed. Since the original Business Case was prepared, reductions in long term investment returns in the national economy have increased the relative costs of pensions. This will translate into higher employer pension costs. These are still to be finalised and agreed but are likely to be significant (in excess of £300k per annum). Whilst this is not currently factored into the Business Plan, there is flexibility within the company's finances and business model for these to be managed for example by rephrasing capital investment.

2.9 Council Considerations

2.9.1 The original Business Case assumed a number of ongoing relationships between the new company, Wirral and CW&C Councils, which extended beyond the schools being the primary customers of the company. Primarily amongst these were the Councils' roles as shareholders, providers of finance and providers of support. The revised Business Plan has an impact on each of these.

Council's as Shareholders

2.9.2 The two Councils would own the company and therefore have a stake in its future performance. As a Community Interest Company limited by shares, the value of the liability for each local authority is limited to the nominal value specified in the Articles of Association. However, were the company to fail financially, then as owning Authorities, the Council's will most likely want to secure continuity of service, which may lead to incurring significant costs.

2.9.3 Whilst the Business Plan has scaled back the forecast profitability of the company, it still shows a strong business model over the medium to long term. Allied to the fact the Business Plan is now underpinned by the next iteration of analysis, by definition, the costings and models are more comprehensive. It is considered that the risk of company failure has diminished since the original approval was given.

2.9.4 As is common with new Council owned companies, Edsential will require support from the Council in the form of a loan/overdraft arrangement to underpin its cash flow over its early years. The fact that the upfront costs being met by the company are now higher than originally modelled will increase the scale of this support and the duration for which it will be required. At present it is anticipated the overdraft/loan could be up to £4.0m from commencement

decreasing over the life of the Business Plan. The two councils will provide such loans on a 50:50 basis.

- 2.9.5 In order for outdoor education to continue to operate from the Conway Centre on Anglesey a sub-lease from the CW&C Council, who currently hold the lease, is required. The National Trust, who own the site and building and whose permission is required for the sub-let, have sought assurance that CW&C Council would still be responsible for the maintenance of the site as per the existing lease. In addition they have sought confirmation from CW&C Council that the works highlighted in the most recent condition survey, which have accumulated over the life of the existing lease will be addressed. Through negotiation there is agreement, in principle, to progress works over the next 5 years, at an indicative cost of £1.2m. Whilst these costs are not new, they are greater than the current planned spend at the centre and will need to be included in CW&C Council's capital programme going forward. It would be appropriate to seek an annual contribution towards these costs and future works from Edsential.

Council Support (Not Worse off Principle: NWO)

- 2.9.6 The existing Council services operate on a full cost recovery basis and, as such generate a contribution from schools towards services. The creation of Edsential exposes the Council to a potential loss of income and flexibility unless this contribution is sustained. In response to this, the principle of "Not Worse Off" was introduced to try and ensure that, as far as possible, the Councils would not be left in a financially worse position as a consequence of creating Edsential. The value of the contribution being protected through this NWO principle was £1.5m (£385k to WBC and £1.15m to CW&C). The only mechanisms available for recovering this amount is through the requirement for Edsential to buyback Council support services (HR, Payroll, Finance Legal, Procurement etc.) set at a minimum period of 2 years, and to make strategic payments back to each council for 5 years and beyond if required.
- 2.9.7 Strategic Payments are recovered to the extent that they reflect bona fide costs that Edsential can legitimately charge to its business. Examples of costs that the Council will be charging for include those for a pension bond, property rentals and purchases of assets. The Business Plan includes these support and Strategic payments at their full indicative value. However whilst officers continue to finalise these, the latest position suggests that there may be a gap of £450k for CW&C and £100k for Wirral between the charges that can be levied and the NWO position of £1.5m, with a potential part year shortfall of £150k for CW&C and £35k for Wirral in 2015-16.

The original Business Case had assumed the NWO position would remain at the same level throughout the five year planning period. With the emergence of increased competition and the range of new cost pressures outlined in Section 2.8 it is unrealistic to assume that the current levels of contribution could be sustained under any service model going forward including in house. Cost pressures, such as increased pension and national insurances costs, would result in a need to raise charges to schools at a time when competitors are already seeking to erode the Council's business. This would have a detrimental impact on the take up of in-house provision going forward and would

significantly reduce the contribution generated to Council Support Services. Whilst it is not possible to quantify the impact of this with any accuracy, it is reasonable to consider the impact of a worsening financial position under an in house model compared to the company model and the associated reductions in No Worse Off contributions.

2.9.8 Whilst the shortfall in the no worse off position does represent a direct financial cost to the Local Authorities, it does improve the position of Edsential and enable it to mitigate these cost pressures. The reduced payment improves the company's ability to avoid passporting costs such as increased national insurance and pensions onto schools and, as a result, the likelihood of retaining school business is greatly enhanced. By making this investment in Edsential, the Councils are recognising that the historic level of contributions generated by these services is not sustainable. Both Councils are taking proactive steps to ensure the Council maintains a strategic influence in the sector, retain a significant proportion of that contribution into the future and ensures that any elements released are secured for the benefit of local schools rather than being lost from the local economy.

2.9.9 Subject to approval for Edsential to become fully operational in December, Funding for the future year's impact of the shortfall in Strategic Payments will be included in the 2016-17 budget setting process for the Council. The part year impact in 2015-16 will be reflected in future monitoring reports.

3.0 RELEVANT RISKS

3.1 Risks are specifically addressed in Section 2.8.

4.0 OTHER OPTIONS CONSIDERED

4.1 A range of options were considered as part of the approval of the original Business Case produced in 2014. It was agreed by both Cabinet/Executive that the creation of Edsential would be the most appropriate response to the challenges facing Local Authorities and schools that would also support improving outcomes for children and young people.

5.0 CONSULTATION

5.1 A Schools User Group has been convened to engage with school leaders in order to ensure school engagement in future developments. School newsletters have been distributed to keep schools up to date with the progress of the programme. In general schools have reacted positively to the proposed changes and their views have been used to assist the development of the business case.

5.2 Workshops have been held with traded services managers providing expertise from both Councils in development of the new company model.

5.3 Staff workshops and briefings have been held to raise awareness of the proposals with all staff potentially involved in any future change. Staff newsletters have been distributed to keep staff up to date with the progress of

the programme. If the decision is taken to establish the SLE formal staff consultation will commence.

5.4 There are regular briefings with Joint Trade Unions.

6.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

6.1 None arising as a direct result of this report.

7.0 RESOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING; AND ASSETS

7.1 The financial costs of the proposals for the business are outlined in the Business Plan and for the Council within Section 2.7. The figures detailed in Table 1 show a viable business going forward.

7.2 It is expected that 275 staff (116.7 FTE) will transfer under TUPE conditions to the company from Wirral.

8.0 LEGAL IMPLICATIONS

8.1 There have been no material changes to the proposed governance arrangements since the original approval. The company would remain a community interest company limited by shares.

8.2 The Transfer of Undertaking (Protection of Employment) Regulations (TUPE) apply to the transfer of council staff to Edsential. This means that employees of both councils who are assigned to the services being transferred are entitled to transfer on the same terms and conditions of employment. Changes to terms and conditions of employment or redundancies can only be made lawfully if Edsential has an economic, technical or organisational reason for making the changes which also entails making changes to the number or functions of the workforce.

9.0 EQUALITIES IMPLICATIONS

9.1 Has the potential impact of your proposal(s) been reviewed with regard to equality?

(a) Yes and the equality impact review is available:

<https://www.wirral.gov.uk/my-services/community-and-living/equality-diversity-cohesion/equality-impact-assessments/eias-april-2014/eias-families-wellbeing>

10.0 CARBON REDUCTION AND ENVIRONMENTAL IMPLICATIONS

10.1 The proposed SLE is wholly owned by Wirral and CW&C Councils and will aim to minimise the overall carbon footprint through best use of shared resources.

11.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

11.1 None arising as a direct result of this report.

12.0 RECOMMENDATION/S

Cabinet is asked to note and approve:-

- 12.1 The differences in assumptions between the Business Case (November 2014) and the Business Plan (July 2015).
- 12.2 Progression to the establishment of a Community Interest Company limited by shares and jointly owned by Wirral and CW&C Councils for the purpose of providing the services identified in the Business Case to schools in both Council's area and outside, using the powers delegated in the 6th November Cabinet report as detailed in Appendix 1.

13.0 REASON/S FOR RECOMMENDATION/S

- 13.1 Wirral Council and CW&C Council have an ambition that schools and other educational settings continue to have access to high quality, value for money, sustainable education related services. Currently, both Councils successfully deliver a wide range of quality services to schools on a full cost-recovery basis. The context in which those services are delivered has changed. Schools have more control over finance and may choose to buy services elsewhere. Schools converting to Academy status may have less loyalty to the Local Authority and may purchase services elsewhere. At the same time, the educational services market is opening up with more suppliers able to sell their products.
- 13.2 The Local Authority could choose to carry on providing all services in-house, but there is a risk that schools will move to new suppliers and the strategic and operational link with schools, through service provision could be eroded.
- 13.3 The Local Authority could choose to stop delivering these services which would force schools to switch to alternate suppliers from what is an unstable and under developed market. This could potentially break any strategic link with service provision, services would need to be decommissioned, schools would lose sustainability and money would leave the local economy.
- 13.4 The reason for the recommendations is to allow the Local Authority to create a Community Interest Company (CIC) based on cooperative principles. This puts schools and the people who use the services at the heart of running the company for the benefit of the education community. The new model is intended to encourage civic leadership, replacing traditional models of top down governance and service delivery with local leadership, genuine co-operation, and a new approach built on the founding traditions of the co-operative movement: collective action, co-operation, empowerment and enterprise.
- 13.5 The creation of the CIC will enable sustainable services to be delivered whilst ensuring the strategic link and partnership between schools and the Local

Authorities is maintained. It also ensures that money continues to flow locally for the benefit of the community.

13.6 The above will allow the Council and schools to proactively shape how services should be delivered in the future, and respond to local priorities.

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APPENDICES

Appendix 1: Cabinet report recommendations 6th November 2015.

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Cabinet	6th November 2014

Minute 89 School Traded Services Separate Legal Entity

(1) the overall direction and strategic agenda for change for schools traded services identified in the business case prepared jointly by CW&C and Wirral Councils be agreed;

(2) the establishment of a Community Interest Company limited by shares and wholly owned and controlled jointly by Wirral and CW&C Councils for the purpose of providing the services identified in the business case to schools in their area and outside be agreed;

(3) it be agreed that the Council will act as guarantor to the pension liabilities of the company as a designating body to the Merseyside Pension Scheme. The risk to be mitigated by the SLE purchasing a bond for 20% of the risk, the remainder be guaranteed by the Local Authorities and a charge made to the SLE at market rate;

(4) it be agreed to fund the historic deficit in the Merseyside Pension Fund on a shared basis with the SLE based on a notional share of the assets and liabilities of the Local Authority at the time of transfer;

(5) be agreed to provide, in conjunction with CW&C Council, such further financial guarantees as the company may reasonably require subject to the requirements of state aid regulations and the approval of the Director of Finance;

(6) it be agreed to meet the Local Authority designated set up costs of the new company, as identified in the business case jointly with CW&C Council (50/50 split); and

(7) the following delegations be agreed:

(a) to authorise the Director of Children's Services in collaboration with the Director of Resources and Head of Legal and Member Services to do all things necessary to establish the company and to allow it to provide services to schools in accordance with the business case. Including but not limited to the recruitment and appointment of a Managing Director for the company at the Head of Service, A pay band and the recruitment of the remaining board of executive and non-executive directors;

(b) to determine the memorandum and articles of association of the company in accordance with the principles outlined in the business case, including those matters to be reserved to the Councils as shareholders and the content of the shareholder's agreement;

(c) to determine the shareholder governance arrangements in accordance with the principles outlined in the business case;

(d) to determine the content of the following agreements to be entered into with the company:

- (i) the 'buy back' of council support services;
- (ii) the arrangements for the 'strategic payment';
- (iii) the provision of statutory services by the company for the councils;
- (iv) the agreement for the transfer of assets and staff to the company;
- (v) any other contractual arrangements required to give effect to the business case;
- (vi) pension admission and guarantee arrangements;
- (vii) any loan agreement for working capital or asset purchase.

(e) to authorise the Head of Asset Management to determine the terms of any property lease or licence to the company required to give effect to the business case and on such detailed terms or conditions as deemed appropriate by the Head of Legal and Member Services.

(f) to authorise the Head of Legal and Member Services to enter into and execute all legal documents necessary to give effect to the establishment of the company and its operation in accordance with the business case.

(8) the Cabinet notes and agrees that:

(a) the business case for the company be based upon the financial assumptions listed at paragraph 8.1.2 of the report and further detailed in the business case. If, in the opinion of the Director of Resources, any of those assumptions have materially changed or any financial matter materially affects the detail of the business case; the matter will be the subject of a report to the Cabinet or the matter may be determined by the Director of Resources in consultation with the Cabinet Member for Children and Family Services and the Cabinet Member for Governance, Commissioning and Improvement; and

(b) the pension's liability, bond and admission arrangements and VAT status be the subject of further specialist financial advice. Any material impact upon the business case that arises as a consequence of that advice will be the subject of a report to the Cabinet or the matter may be determined by the Director of Resources in consultation with the Cabinet Member for Governance, Commissioning and Improvement.