



## **ADULT SOCIAL CARE AND HEALTH COMMITTEE**

**Monday, 7<sup>th</sup> June 2021**

<b>REPORT TITLE:</b>	<b>WIRRAL EVOLUTIONS LTD: PROGRESS UPDATE AGAINST APPROVED SAVING PROPOSAL</b>
<b>REPORT OF:</b>	<b>JEAN STEPHENS, MANAGING DIRECTOR, WIRRAL EVOLUTIONS LTD</b>

### **REPORT SUMMARY**

Wirral Evolutions Ltd submitted a savings proposal and plans to modernise the Company's operating model in November 2020, to the Director of Care and Health, in response to the financial challenge set by the Adult Social Care and Public Health Committee to ensure the delivery of service is within a contract value of £5,015M for 2021-2022, a reduction of £0.5M from 2020-2021. It was agreed that progress against the plan would be reported to this committee quarterly beginning in June 2021.

This is the first quarterly report detailing the progress to date.

### **RECOMMENDATIONS**

The Adult Social Care and Health Committee is recommended to:

1. Note the progress made by Wirral Evolutions against the savings proposal and plans to modernise the Company's operating model.
2. Note the Company's request for support from the Council's Shareholder Board to find ways to alleviate the budget pressure on cash flow due to factors outside of Wirral Evolutions control during the transition period.
3. Note performance and outcomes contained within Wirral Evolutions Annual Report 2019-2020.
4. Note the life skills and outcomes contained within Wirral Evolutions Supported Pathways Pilot 2019-2020.
5. Support the proposal to commence a parallel review of the existing contract specification in preparation for the commissioning of a new 5-year outcomes led contract specification with the Wirral Evolutions Ltd from 1<sup>st</sup> April 2022, subject to a further decision by the Adult Social Care and Public Health Committee to proceed with recommissioning a contract for delivery of day services with effect from 1<sup>st</sup> April 2021 committee's assurance.
6. Request that Wirral Evolutions to present their annual report 2020-2021 to the Committee in September 2021.

## **SUPPORTING INFORMATION**

### **1.0 REASON/S FOR RECOMMENDATIONS**

#### **Progress against the approved savings proposal:**

- 1.1 The Business case for the new organisational restructure from Wirral Evolutions Ltd Board and Wirral Council Human Resources/Finance Team has been approved.
- 1.2 Wirral Council confirmed the funding of Early Voluntary Redundancy / Voluntary Severance based on cost and service needs, with a two-year payback. Controls are in place from the Councils Finance Director confirmed.
- 1.3 Formal launch of organisational restructure across several locations, accompanied by Wirral Council Human Resources team and Trade Unions completed week commencing 22<sup>nd</sup> of March 2021. Workforce consultation presented to staff and packs disseminated.
- 1.4 Trade Union meetings held weekly, supported by Wirral Council Human Resources team.
- 1.5 Formal one to one workforce meetings and a series of 'drop in' sessions completed.
- 1.6 Updates relating to progress, Issues and Risks provided to Wirral Council Project Board monthly.
- 1.7 Workforce consultation will close on 19<sup>th</sup> of May 2021.
- 1.8 Excellent support from Wirral Council Human Resources business partner received throughout this process.
- 1.9 Plan in place for engaging with people with a learning disability and their parents/carers week commencing 24<sup>th</sup> May 2021.
- 1.10 Progress is on plan, as expected at the time of writing this report.

#### **Budget pressure:**

- 1.11 Wirral Evolutions Ltd, face a budget pressure due to the transition into the new structure within a challenging timeframe. To comply with Human Resources legislation, the transition period will take six months from April to September 2021, which has been approved by the Councils Project Board. This results in a budget pressure of six months to implement the new organisation and the cost of transitional pay for several staff for a 12-month period.
- 1.12 The savings proposal detailed several assumptions and risks, of which transitional funding and the impact of covid-19 would need to be defined and funded outside of the £0.5M savings due to the challenging timescales set to the Company and the

Human Resources and Legal requirements, together with the pace of change for people with a learning disability and the workforce.

- 1.13 A report has been prepared and submitted to the Councils Shareholder Board/Officers Group in request for support with the budget pressure due to transition, pace of change and impact of Covid-19.
- 1.14 The Wirral Evolutions Annual Report 2019-2020 is included at Appendix A and the Wirral Evolutions Supported Pathways Pilot 2019-2020 at Appendix B.

#### **Review of the current commissioned contract:**

- 1.15 Wirral Evolutions Ltd, have delivered a high-quality services-based contract for people with a learning disability since 2015, which now operates as a roll over contract.
- 1.16 The current commissioned contract does not include inflation or specific outcomes relating to improved social value, life skills, enhanced health, and wellbeing for people with a learning disability over a 5-year period.

## **2.0 OTHER OPTIONS CONSIDERED**

- 2.1 Discussions have been explored with Wirral Council officers regarding the budget pressure: -
  - Invest to save options given the transformation reduces annual costs by circa £500k
  - £0.5m reduction split over two years 2021-2022 (£250k) and 2022 – 2023 (further £250k) staging the cost savings due to the impact of the covid pandemic preventing progress in 2020\_2021
  - Capital receipts and capitalisation of loan to support the transition costs
  - Covid – 19 impact funding for 2021-2022 or carry forward from 2020-2021(loss of savings)

At the time of writing, the Company has not yet received confirmation of budget pressure support from the Councils Shareholder Board. A verbal update will be given to the committee.

## **3.0 BACKGROUND INFORMATION**

- 3.1 Wirral Evolutions Ltd was incorporated in 2015 as a private company limited by shares and trading as a Local Authority Trading Company (LATCo) to provide personalised day services and opportunities for adults with a wide range of learning and physical disabilities, on behalf of its Shareholder, Wirral Council.
- 3.2 Wirral Evolutions Ltd have delivered a commissioned contract for five years, significantly improving the day services and establishing robust company governance and it is confirmed by the Council, that there are no concerns about the

quality of service delivered by the Company. Due to the stretching financial challenges imposed on the Company at the outset and the contractual restrictions, the Company requests support to create a sustainable and modernised service model for day services.

- 3.3 Wirral Evolutions Ltd submitted a savings proposal and plans to modernise the Company's operating model in November 2020, to the Director of Care and Health, in response to the financial challenge set by the Adult Social Care and Public Health Committee to ensure the delivery of service is within a contract value of £5,015M for 2021-2022, a reduction of £0.5M from 2020-2021. This was one of four options considered by the Councils Commissioner and following an internal review by the Council, over a three-month period from October 2020 to December 2020, it was recommended the Council should continue to commission day services from Wirral Evolutions. This was approved by the Adult Social Care and Public Health Committee on the 18<sup>th</sup> of January 2021.
- 3.4 The £0.5M formed part of the Councils public budget consultation, in relation to the contract for day services for people with a learning disability. This was approved on the 1st of March 2021 by the annual Council's Budget Committee, enabling the Company to progress with the proposal.
- 3.5 As part of the Company's submission, Wirral Evolutions made a business decision to modernise the Company operating model based on our mission, vision and values outlined in the Company's 5-year business strategy. This contained two key elements: -
1. Organisational Restructure, enabling improved personalised outcomes for the people with a learning disability to reach their full potential
  2. Consolidation of locations, working towards providing an improved community integrated offer for people with a learning disability, supporting more independent life skills.
- 3.6 The Company's plan 2021-2022 is guided by the following principles:
- ✓ People we support are the heart of everything we do
  - ✓ Safe and quality service delivery is of the highest standard
  - ✓ Choice & Inclusivity enhancing life skills experiences and access to opportunities
  - ✓ Social Value quantifying the benefits people place on their life experience
  - ✓ Economic Value operating in an efficient and effective manner enabling growth
  - ✓ Transparency, openness and honesty, doing the right things for the right reasons
  - ✓ Collaborative working to deliver the best outcomes
- 3.7 The outcomes of the Company plan will enable: -
- ✓ Greater personalised outcomes, based on the needs of the people we support
  - ✓ Smaller ratios based on levels of support needs for the people we support
  - ✓ Greater social value and benefits to the people we support
  - ✓ A leaner and modern outward focused workforce structure that will see the:
    - Reduction in management posts

- Creation of 'Creation of 'Community Pathways Advocates'
- Creation of 'Group Leader roles working with a ratio of a max 1:6 who will focus on ensuring enhancing and enriched outcomes for the people we support
- Improved lines of accountability
- ✓ Consolidation and greater economies of scale of assets and resources
- ✓ Work towards providing an improved community integrated offer for people with a learning disability, supporting more independent life skills, through specialists and community hub and day experience provision
- ✓ Improved efficiency of day services specification

3.8 The Company's savings proposal detailed several assumptions and risks, of which transitional funding and the impact of covid-19 would need to be funded outside of the £0.5M savings due to the challenging timescales set to the company and the HR and Legal requirements, together with the pace of change for people with a learning disability and the workforce.

3.9 Significant improvements have been put in place, including recruitment of new managing director (February 2019), recruitment of a new Board of non-executive directors (2018/19), new senior leadership team (2018/2019), production of strategic outcomes framework, five-year business strategy and a robust Company operating framework to manage governance, quality, financial and performance. The Company have strongly reconnected with key stakeholders as part of the WE Family enabling greater social outcomes for people with a learning disability, to reach their full potential as illustrated in appendix A and B of this report.

3.10 Wirral Evolutions have strong foundations now in place and welcome a longer-term commissioned contract, to pave the way for greater social outcomes and improved independence for people with a learning disability. Throughout 2021-2022, Wirral Evolutions will provide assurances to the Adult Social Care and Health Committee on a sustainable and affordable service contract of day opportunities. The Company welcomes the current contract specification being reviewed and refreshed, supporting a longer-term outcome led specification to reassure those people with a learning disability, their parents/carers, and the workforce during this challenging period.

## **4.0 FINANCIAL IMPLICATIONS**

4.1 During 2021-2022, Wirral Evolutions, focus will be on transition and modernisation operating within the contract specification value of £5,015M, a reduction of £0.5M from 2020-2021. The reduction of £0.5M is split operational staff 30.36%, corporate services 37.09% and locations 32.46%.

4.2 The company does have however, a budget pressure due to the cost of transition to the new model and cost base alongside the ever-changing covid restrictions which

are the key concerns for 2021-2022. This generates a budget pressure which was identified within the proposal, outside of the £0.5m savings as these are factors outside of the company's control. If not recovered, the company is forecasting a retained loss of – (£256,912). This equates to transitional pay forecasted to affect 23.69 FTEs, a total cost pressure for staff (£124,496) and loss of income forecasted (Covid impact & PPE) (£112,832) for first 6 months of 2021-2022 and retained loss of (£-19,586). *This assumes additional Covid costs may not be required beyond September 2021.*

## **5.0 LEGAL IMPLICATIONS**

5.1 As a wholly owned company, the following legislation is relevant: -

- Local Authorities (Goods and Services) Act 1970
- Local Government Act 1999
- Local Government Act 2003
- Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE)
- Localism Act 2011
- Equalities Act 2010
- Care Act 2014
- Company Act 2006

5.2 Wirral Council do not have a legal duty to provide day services, but do have a legal duty to meet the assessed needs of adults requiring care and support.

## **6.0 RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS**

6.1 Wirral Council and Wirral Evolutions have discussed a range of options to modernise the current operating model, to align the operating costs to the budgeted amount of £5.015m for 2021 to 2022. Wirral Evolutions submitted a proposal as part of the service review to restructure the service.

6.2 The Communications team will deliver the consultation exercise as part of their usual work plan.

## **7.0 RELEVANT RISKS**

7.1 Wirral Evolutions has identified assumptions and risks within the agreed saving proposal, in particular transition and pace of change which is detailed in this report.

7.2 Wirral Evolution updates the Councils multi-functional project board team monthly, who review the risks and decide the mitigating actions to reduce the impact on the transition.

7.3 Covid-19 presents an ongoing Issue and future unidentified risks to Wirral Evolutions and the people it supports.

## **8.0 ENGAGEMENT/CONSULTATION**

8.1 Part 1: Formal organisational restructure workforce consultation was launched week commencing 22<sup>nd</sup> March 2021 and will close on the 19th of May 2021, in accordance with Wirral Council HR processes and procedures.

8.2 Formal weekly engagement meetings have taken place with Trade Unions throughout the workforce consultation process, supported by Wirral Council Human Resources.

8.3 Part 2: Formal engagement with people with a disability, parent/carers, advocacy groups and wider stakeholders will commence from week beginning 24<sup>th</sup> of May 2021.

8.4 There will be continued engagement and support from Wirral Evolutions Board.

## **9.0 EQUALITY IMPLICATIONS**

9.1 Wirral Evolutions has an equality, diversity and inclusion policy in place and promotes the rights of people living with a disability

9.2 An Equality Impact Assessment has been produced by the project team and will continue to be updated throughout the engagement / consultation process.

<https://www.wirral.gov.uk/communities-and-neighbourhoods/equality-impact-assessments>

## **10.0 ENVIRONMENT AND CLIMATE IMPLICATIONS**

10.1 Wirral Evolutions will consider environment and climate implications associated with delivering Day Services across multiple venues in Wirral. The Day Services currently operates from nine Council owned buildings, that are rented by Wirral Evolutions. The review conducted by the Council considered how the buildings utilised for Day Services can be more efficient by reducing carbon emissions, waste, and energy use.

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## APPENDICES

- Appendix A : Wirral Evolutions Annual Report 2019-2020
- Appendix B: Wirral Evolutions Supported Pathways Pilot 2019-2020

## BACKGROUND PAPERS

- Adult Social Care and Health Committee Report – 18<sup>th</sup> January 2021
- Wirral Evolutions Savings Proposal – 20<sup>th</sup> November 2020
- Wirral Evolutions Business Strategy 2025 - <https://www.wirralevolutions.org/our-strategy>

## SUBJECT HISTORY (last 3 years)

<b>Council Meeting</b>	<b>Date</b>
<ul style="list-style-type: none"><li>• Adult Social Care and Public Health Committee</li></ul>	18 <sup>th</sup> January 2021