



SHAREHOLDER BOARD

Wednesday 1 September 2021

REPORT TITLE:	APPLICATION FOR TRANSITION FUNDING FOR WIRRAL EVOLUTIONS LIMITED
REPORT OF:	DIRECTOR OF RESOURCES

REPORT SUMMARY

This report sets out the request from Wirral Evolutions Limited to apply for transition funding of £230,707 across financial years 2021/22 and 2022/23. This funding is required to cover the costs relating to:

- A Transitional impact of the changes to locations already implemented, and the cost of transitional pay during 2022/23.
- B Change in rent costs due to locations remaining open, RPI increase on rent and service charge
- C Forecasted loss of income due to covid-19 and other associated costs

This affects all Wards but is not a key decision.

RECOMMENDATION/S

The Shareholder Board is requested to:

1. Note the total value of the request over the two financial years 2021/22 and 2022/23.
2. Recognise the decision in respect to the request for a variation to the current contract price and increase to the spend for the Adult Social Care and Public Health is a decision of the Adult Social Care and Public Health Committee
3. Note that approval of the funding will support the ability of Wirral Evolutions Limited to work within the current contract price.

SUPPORTING INFORMATION

1.0 REASON/S FOR RECOMMENDATION/S

- 1.1 The company will operate within the contract value for 2021/22, however it is the transition to the new model and cost base within a changing timeframe alongside ever changing covid restrictions that are the concerns for 2021/22 and 2022/23, thus creating the budget pressure. This budget pressure which was identified by the company is outside of the company's control which affects the company's going concern status.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 Refuse the request of transition funding which will create financial pressure within the company and prejudice its ongoing commercial viability.
- 2.2 Halt the current EVR process which will have an adverse impact on the company's financial resources. This will prejudice its ongoing commercial viability as well as causing considerable HR issues.

3.0 BACKGROUND INFORMATION

- 3.1 Wirral Council established Wirral Evolutions Limited in December 2015 as a private company limited by shares with Wirral Council as the sole shareholder. The company was originally set up to deliver adult social care services in Merseyside.
- 3.2 A £0.5M reduction in operating service costs has been required of Wirral Evolutions Limited for the company to operate within its contract price. The contract price for financial year 2021/22 has been amended to reflect this.
- 3.3 In November 2020 Wirral Evolutions Limited submitted a cost reduction proposal to meet the financial challenge of £0.5M pressure to the contract for 2021/22 which was subsequently considered by the Adult Social Care & Public Health Committee on the 18th of January 2021. An update was received by the Adult Social Care & Public Committee on 7th June 2021.
- 3.4 The costs reduction proposal detailed several assumptions and risks, of which transition funding and the impact of covid-19 would need to be funded outside of the £0.5M savings.
- 3.5 Wirral Evolutions Limited has identified that transition from the existing arrangements to those in place following the proposed restructure will create a financial pressure on the company of £140,040 (this assumes the restructure will be finalised in Autumn 2021).
- 3.6 The company has also identified an increase in rent costs in year of £77,130. This is a combination of additional rent associated with the deferred restructure and rent RPI and service charges. These costs would be incurred during the current financial year.

- 3.7 The company has stated the effect of Covid is a loss of income and increased costs for infection control. Grants towards the costs of infection control of £50,400 have been paid to it from the Local Authority but there is still a shortfall relating to Covid-19 during 2021/22 of £13,537.
- 3.8 This reflects a total cost implication of £230,707 which represents the value of the transition funding requested.

4.0 FINANCIAL IMPLICATIONS

- 4.1 Delay in the implementation of the restructure would result in slippage against the current contract price for 2021/22 leading to a budget pressure for Adult Social Care and Public Health.

5.0 LEGAL IMPLICATIONS

- 5.1 Wirral Evolutions Limited was established with the appropriate Certificate of Incorporation for a Private Limited Company. The shareholder agreement was agreed on the formation commencement of the company.
- 5.2 Wirral Council does not have a legal duty to provide day services but does 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 There are no implications arising directly from this report.

7.0 RELEVANT RISKS

- 7.1 Should the transition funding be refused Wirral Evolutions Limited would operate at a loss which affects the company's going concern status.
- 7.2 Slippage against the agreed contract value 2021/22 would result in a budget pressure for Adult Social Care and Public Health.

8.0 ENGAGEMENT/CONSULTATION

- 8.1 Wirral Evolutions Limited submitted a report on 30th July 2021 detailing the current financial pressures on the business with a request for transitional support from the Local Authority as set out in Appendix 1.

9.0 EQUALITY IMPLICATIONS

- 9.1 Wirral Council has a legal requirement to make sure its policies, and the way it carries out its work, do not discriminate against anyone. An Equality Impact Assessment is a tool to help council services identify steps they can take to ensure equality for anyone who might be affected by a particular policy, decision or activity.
- 9.2 There are no equality implications arising specifically from this report.

10.0 ENVIRONMENT AND CLIMATE IMPLICATIONS

- 10.1 The Wirral Plan includes five themed areas. One of which is focused on creating a 'Sustainable Environment', which outlines our ambitions and priorities for tackling the climate emergency. These are based on developing and delivering action plans that will improve the environment for Wirral residents. The performance report will include information on key areas where environment and climate related outcomes are delivered.
- 10.2 No direct implications. The content and/or recommendations contained within this report are expected to have no impact on emissions of Greenhouse Gases.

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APPENDICES

Appendix 1 Wirral Evolutions Limited report to Wirral Council Shareholder Officer group re budget pressure updated 30th July 2021

BACKGROUND PAPERS

- Wirral Evolutions Limited Shareholder Agreement
- Minutes of Adult Social Care and Public Health Committee - 18th January 2021
- Minutes of Adult Social Care and Public Health Committee - 7th June 2021

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Adult Social Care and Public Health Committee	18 th January 2021
Adult Social Care and Public Health Committee	7 th June 2021