



SHAREHOLDER BOARD
Wednesday 1 September 2021

REPORT TITLE:	WIRRAL EVOLUTIONS ANNUAL BUSINESS PLAN FOR 2020/21 AND 2021/22
REPORT OF:	DIRECTOR OF LAW AND GOVERNANCE

REPORT SUMMARY

This report seeks approval to waive the requirement under the Shareholder Agreement for Wirral Evolutions to deliver a final Annual Business Plan for the year 2020/21 and to approve the Wirral Evolutions Annual Business Plan for 2021/22.

This matter affects all wards within the Borough.

This matter is not a Key Decision.

RECOMMENDATION/S

The Shareholder Board is recommended to;

1. Waive the obligation of Wirral Evolutions under the Shareholders Agreement to submit a final Annual Business Plan for 2020/21.
2. Approve the Annual Business Plan 2021/22 presented by Wirral Evolutions complying with the requirements of the Shareholder Agreement.

SUPPORTING INFORMATION

1.0 REASON/S FOR RECOMMENDATION/S

- 1.1 The Annual Business Plan for 2020/21 was under discussion when service delivery by Wirral Evolutions was first interrupted and/or substantially altered by the lockdown imposed by Government in response to the COVID-19 pandemic. The Draft Annual Business Plan submitted for 2020/21 became impracticable to follow and, because circumstances and the frequently and rapidly changing backdrop for service delivery meant that no meaningful revised Draft Annual Business Plan for 2020/21 could be produced.
- 1.2 In normal circumstances Wirral Evolutions in January 2021 would be submitting a Draft Annual Business Plan for the year 2021/22 to the council for review. As a consequence of the continuing COVID – 19 situation and the ongoing service delivery appraisals and consultations being undertaken by the council no meaningful Draft Annual Business Plan 2020/21 could be produced.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 Enforcing the Annual Plan Requirements of the shareholder agreement for 2020/21 – not considered practicable or meaningful.
- 2.2 Not approving the Annual Business Plan for 2021/22. As laid out below the Council considers the Annual Business Plan for 2021/22 as submitted by Wirral Evolutions to meet the requirements of a good company business plan.

3.0 BACKGROUND INFORMATION

- 3.1 Wirral Council established Wirral Evolutions 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. There was an expectation that when Wirral Evolutions was established it would grow the business, increase activity, and diversify its customer base, so that it wasn't solely depending on Council funding to enable it to be financially sustainable.
- 3.2 Approximately 97% of Wirral Evolutions' income is derived from a block contract with the Council to deliver Day Services for People with a Learning Disability. The current value of this contract with the Council is £5.015m for 2021/22. In normal circumstances the company also generates some additional vocational income which was forecasted to be £150,000 on its recent draft Annual Business Plan.
- 3.3 A shareholder agreement was agreed when the company was established which sets out how the parties have agreed to manage the affairs of the Company. This is contained in Appendix 2
- 3.4 Over the five years the company has been going, the requirement to have the Annual Business Plan approved has not happened.

- 3.5 A five year business strategy for Wirral Evolutions, Wirral Evolutions: Strategic Framework 2024, was presented to the Shareholder Board on 29th January 2020 and agreed to.
- 3.6 The follow up more detailed annual business plan for 2020/21 was in discussion between Council officers and the MD of the company when the pandemic and lockdown impacted on the country, the Council and Wirral Evolutions. It became apparent that the business plan for 2020/21 was no longer practicable or meaningful during the impact of the pandemic on the company.
- 3.7 Wirral Evolutions submitted its draft business plan for 2021/22 in May 2021 for consideration by Council officers. The plan was scrutinised and cross-referenced with the Wirral Evolutions: Strategic Framework 2024 and also compared with the draft business plan for 2020/21. Detailed feedback was provided with suggestions on how the draft plan could be improved. The verdict on the plan from officers was that, *“Overall this is annual business plan looks more like a company business plan than the 2020/21 version and is a definite improvement.”* The company on board the suggestions and amended the business plan accordingly. It has now been approved by the Wirral Evolutions Board and is contained in Appendix 1 seeking approval by the Council’s Shareholder Board.
- 3.8 If the recommendations are accepted then Wirral Evolutions will do all things necessary to implement the Business Plan.

4.0 FINANCIAL IMPLICATIONS

- 4.1 There is a current budget proposal for the Council to make a £500,000 reduction in operating service costs on the block contract it has with Wirral Evolutions for 2021/22. This is an existing budget proposal carried forward from 2020/21. Delay in the implementation of the proposed 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. This report does not impact on the required reduction. Save to the extent that it reflects the proposed service restructure process which is designed to bring about the required reduction in operating service costs.

5.0 LEGAL IMPLICATIONS

- 5.1 Wirral Evolutions was established with the appropriate Certificate of Incorporation for a Private Limited Company with associated articles in December 2015. 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 direct implications to staffing, ICT or Assets.

7.0 RELEVANT RISKS

- 7.1 The Council as sole shareholder does not have a clear set of evidence to monitor the effectiveness of Wirral Evolutions. As such it currently has difficulty in making judgements on the company as an effective delivery model for discharging its legal duty to meet the assessed needs of adults requiring care and support and whether the company is a compliant going concern without an effective Annual Business Plan..
- 7.2 There is a risk that the current budget proposal for the Council to make a £500,000 reduction in operating costs on the block contract it has with Wirral Evolutions for 2021/22 will not be realised (as has occurred in previous years) and therefore incurring further cost for the Council.
- 7.3 There is a reputational risk for the Council over the performance of its wholly owned company.
- 7.4 An effective Annual Business Plan is an important tool in mitigating these risks.

8.0 ENGAGEMENT/CONSULTATION

- 8.1 The Annual Business Plan was developed in house at Wirral Evolutions and then shared with officers of the Council for scrutiny. Following scrutiny suggestions were fed back to the company which were incorporated into the revised Business Plan.

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.

There are no direct equality implications.

10.0 ENVIRONMENT AND CLIMATE IMPLICATIONS

- 10.1 There are no direct environment and climate implications.

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APPENDICES

Appendix 1 – Wirral Evolutions Annual Business Plan

BACKGROUND PAPERS

Wirral Evolutions Shareholder Agreement
Wirral Evolutions:Strategic Framework 2024

Wirral Evolutions Certificate of Incorporation for a Private Limited Company with associated articles in December 2015
Wirral Evolutions Draft Annual Report 2019/20

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Shareholder Board	29 th January 2020
Shareholder Board	26 th February 2020