



CHILDREN, YOUNG PEOPLE & EDUCATION COMMITTEE

Monday, 13 September 2021

REPORT TITLE:	EDSENTIAL UPDATE
REPORT OF:	DIRECTOR OF CHILDREN, FAMILIES AND EDUCATION

REPORT SUMMARY

The report provides members of the Children, Young People and Education Committee with an update on the work of Edsential, a community interest company (CiC) which provides high quality, ethical and innovative services to schools and families across the Northwest.

In summary, the report covers:

- a) Edsential's achievements during 2020-21: this includes the delivery of the Holiday Activity Fund (HAF), #Edsentialathome and free school meal parcels.
- b) Current challenges: specifically the impact of COVID-19 on the organisation's financial position.
- c) Strategic business plan priorities for 2021 – 2022: outlining key areas of focus to improve financial position and business direction.

A detailed overview of the information supplied by Edsential is attached at appendix 1.

The report also sets out Edsential's commitment to meet the strategic aims of its partners and specifically how it's work is aligned with the Council's strategic priorities as outlined within the proposed Wirral Plan 2026. Appendix 2 provides further detail as to how Edsential intends to support and help deliver each priority within the draft Plan.

This is not a key decision.

RECOMMENDATION

The Children, Young People and Education Committee is requested to note the information contained within the report.

SUPPORTING INFORMATION

1.0 REASON/S FOR RECOMMENDATION

- 1.1 To ensure that members are updated on the recent activity, challenges and strategy moving forward for Edsential.
- 1.2 To provide members with an opportunity to seek clarity or assurance regarding the work and plans of the organisation.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 It is important that elected members in Wirral have oversight and assurance of the activity of its partners. This update report is important, particularly considering COVID-19, as it outlines the direct achievements and challenges of Edsential which have been experienced because of the pandemic. Failure to provide information and to set out plans may result in unintended assumptions and lack of assurance for key partners and stakeholders.

3.0 BACKGROUND INFORMATION

- 3.1 Edsential Community Interest Company was formed in 2015 and is co-owned by Cheshire West and Chester (CWAC) and Wirral Council. Edsential provides high quality, ethical and innovative services to schools and families across the Northwest, with the strategic aim of improving outcomes for children.
- 3.2 The CiC works with 95% of schools in CWAC, Wirral and Halton, and directly delivers activities to over 80,000 children each year through core services of:
 - Learning Outside the Classroom
 - Physical Education and Swimming
 - Catering – providing catering to 63% of schools in CWAC and Wirral areas, providing 4,521,630 school meals last year.
 - Mental Health and Wellbeing
 - Music
 - Creative Arts
 - Governor Services
- 3.3 The organisation also has 6 Residential Outdoor Centres. Edsential are the leading provider for Duke of Edinburgh (DofE) in the North, with over 1,800 young people gaining a bronze, silver or gold award each year.

4.0 ACHIEVEMENTS 2020-21

a) Holiday Activity Fund (HAF)

- 4.1 In 2020, Edsential was successful in its bid to deliver the £1.8 million Holiday Activity Fund (HAF) from the Department for Education. Over 160 community, voluntary and faith sector organisations, along with schools, were funded through HAF to deliver:
 - Over 147,000 healthy meals and 97,000 family food and activity parcels.

- Over 155,000 activity-filled attendance days, with physical activities such as dance, yoga and adventure play, plus diverse enrichment activities including arts and crafts and forest school.
- Creative online provision, receiving over 76,000 user interactions

4.2 As a result, over 11,400 children benefited from free activities and nutritious food across West Cheshire, Wirral and Halton. Families were able to enjoy free, nutritious food and activities at a wide range of exciting clubs over the summer holidays. This was important at a time when such provision for young people and their families was needed more than ever.

b) #EdsentialAtHome

4.3 During the COVID-19 pandemic, Edsential introduced **#EdsentialAtHome**; a free weekly educational activity pack that could be downloaded by families and completed at home. Each week was centred around a different theme and had activities, using everyday objects and low-cost resources, around the following key areas:

- *Make and Create*: exploring the arts and cookery through a range of practical activities.
- *Time to Move*: PE and Dance sessions to keep moving indoors and out as well as healthy eating recipes for you to make at home to keep you well
- *Let's go Outside*: time to find out what is happening out your garden or in the street where you live.
- *Adventures at Home*: activities to encourage you to embrace adventure, challenge yourself and develop your character and to build your resilience, confidence and curiosity.

4.4 During 2020, over 3000 users accessed #EdsentialAtHome.

c) Free school meal food parcels

4.5 With just 24 hours' notice of the January lockdown, the catering team set up a process that produced 16,000 meal equivalents per week for the children of CWAC and Wirral. Over 7000 food parcels were dispatched to free school meal (FSM) children in the first two weeks of January 2021.

5.0 CHALLENGES

5.1 The COVID-19 pandemic has had an adverse impact on the organisation's financial position. For the year end to March 2021, the organisation reported a loss of £1,498k against an anticipated profit of £101k and therefore the business was £1,599k behind plan. Further details of the financial result for this period are set out within appendix 1.

5.2 Whilst it is not possible to accurately predict the financial position for the year end 2022, the latest working budget for 2021/22 has been calculated and compared with how the business would have been expected to perform if there was no COVID-19 impact in 2021/22. Whilst the budget is still draft and a work in progress an indicative result for next year is a circa £1.7m loss. Further details of the financial result for this period are set out within appendix 1.

5.3 The consolidated impact of COVID on the business has resulted in a £3.3m loss from April 2020 to March 2022. It is anticipated that future year on year budget positions would reflect previous performance levels, prior to COVID-19 and therefore no further significant losses occurring.

6.0 STRATEGIC BUSINESS PLAN 2021-22

6.1 To move forward and recover from the financial impact of COVID within the existing dynamics of the schools' market, the key focus for Edsential over the next financial year will be:

- **Covid recovery and winning new business:** A particular focus will be retaining and growing residential centres, build a pipeline that returns use to historic levels quickly and then increase market share. New sectors will be targeted including Welsh schools and family activity days during school holidays. Geographic areas such as Greater Manchester that were traditionally served by centres which have closed will also be targeted.
- **Competitive cost base:** The organisation needs to increase its margins to enable accrued debt to be paid off within the agreed time. A range of options to control cost base will be explored to allow the full benefit of price increases to be delivered as increased margin.
- **Productivity improvements:** Improved productivity is key to reducing costs, and therefore maintaining (or achieving) competitive pricing. Productivity impacts will be explored across every service area – from increased chargeable time for tutors, to IT solutions to create administrative efficiencies.
- **Digitalisation:** One of the key drivers of growth and productivity will be effective digitalisation – enabling the organisation to be easy and accessible for customers and to deliver productivity gains to reduce cost. This will involve continued development of the website, launch of the new residential booking website and increased use of Cypad functionality in school kitchens and HR and Payroll applications.
- **Low-cost competitors:** The organisation is currently experiencing significant undercutting from competitors, particularly in respect of cleaning and catering services. This is primarily due to differences in terms and conditions for employees. Edsential will further explore options to manage its cost base, review current structures to enable it to better compete against low-cost competitors.
- **Greater partnership working with schools and education providers:** There is currently a shift in the tendering process for schools, welcoming competition from a wider range of suppliers with lower cost due to tightening school budgets and efficiencies. Ongoing support from local authority education teams and greater engagement with schools will be important in continuing to build Edsential's credibility and brand awareness.

- **Social value:** As a certified social enterprise, it is vital that customers understand the core purpose and values of the organisation. Its mission is to continue to deliver social value to school communities in many ways. Since it launched, Edsential has reinvested several million pounds back to schools and parents. Its reputation for being an ethical supplier is vital to the long-term growth potential for the business and achieving its aim as being recognised as the most ethical and best value partner a school can choose.

6.2 Underpinning the delivery of these priorities, will be the need to ensure adherence and respect for the values and priorities of both Wirral Council and CWAC. This would be in relation to education but also in relation to wider council priorities.

6.3 Appendix 2 sets out the contribution that Edsential makes to key elements of the proposed Wirral Plan 2026. The intention is to emphasise as fully as possible and reasonable, the value that the company brings. It is anticipated that Edsential would be willing and in a good position to support future council priorities where this is appropriate and acceptable.

7.0 FINANCIAL IMPLICATIONS

7.1 This is an update report for information. There are no significant financial implications arising from this report. The report outlines the financial position of Edsential and further detail is provided within Appendix 1.

8.0 LEGAL IMPLICATIONS

8.1 This is an information only report. There are no significant legal implications arising from the report.

9.0 RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS

9.1 There are no resource implications arising from the report.

10.0 RELEVANT RISKS

10.1 Risks for Edsential are outlined within the report and accompanying appendix.

10.2 There is a risk for the local authority if the CiC continues to accrue loss and is unable to secure an improved financial position. To mitigate this risk, it is important that as a partner, the local authority can work in partnership with Edsential to guide its financial planning and actions moving forward and that there continues to be monitoring and oversight at all levels.

11.0 ENGAGEMENT/CONSULTATION

11.1 Children's Services directorate has been engaged with ongoing discussions with Edsential and there are representatives from the Council on Edsential's management Board.

12.0 EQUALITY IMPLICATIONS

- 12.1 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.

13.0 ENVIRONMENT AND CLIMATE IMPLICATIONS

- 13.1 As part of Edsential's response to the concerns of customers and the climate emergency declarations by shareholders, it has outlined its aspirations to become a sustainable business in the coming decades. The result has been the development of a "4 Cs Strategy" that will direct the business decisions moving forward.
- 13.2 The Strategy framework is linked to the UN Sustainable Development Goals (SDGs) and work has been undertaken to identify how to target specific SDGs within the overall framework.
- 13.3 Linked to this and to 'close the loop' with the Ethical Catering Strategy strategic partnerships have been created with Chester Zoo and the Orangutan Land Trust (OLT). The partnership with the OLT includes an ambition for Edsential to provide financial support, of up to £20k per year, for their reforestation and an animal wildlife corridor project in Indonesia. This is linked to curriculum activity to demonstrate to children that their choices can make a difference to this world. The agreement only allows for support to be given if Edsential meets its business plan commitments.

14.0 COMMUNITY WEALTH IMPLICATIONS

- 14.1 Edsential prides itself on supporting local employment and growing local opportunities within Wirral. Since its establishment, Edsential has played a key role in providing local opportunities for people with a range of skills and in supporting growth in local schools. Part of its ethical strategy is to continue to focus on local wealth building as one of its overarching priorities.

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APPENDICES

Appendix 1: Report from Edsential
Appendix 2: Mapping Edsential Activities to Council Priorities

BACKGROUND PAPERS

Strategic Business Plan 2021-22

SUBJECT HISTORY (last 3 years)

Council Meeting	Date