



<u>Committee and Date</u>	<u>Item</u>
10 June 2015	12
Cabinet	
12:30	
	<u>Public</u>

ip&e Ltd ANNUAL BUSINESS PLAN AND UPDATE REPORT

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1. Summary

- 1.1. ip&e Ltd is required, under the provisions of the strategic contract with the Council to provide Shropshire Council with an annual business plan that sets out the company's activities for the next financial year and also a three year plan.
- 1.2. On 20 May 2015 Cabinet received the second draft of ip&e's Annual Business Plan and agreed to receive an updated version reflecting the full requirements of the Strategic Contract on 10 June 2015. Attached to this report is an updated Annual Business Plan provided by ip&e to meet these requirements.
- 1.3. Further details setting out the requirements of the Annual Business Plan and the background for this updated version are set out in a previous report to Cabinet 20 May (Paper 9) which should be read in conjunction with this report, rather than repeating the report here.

2. Recommendations

It is recommended that:

- A. Cabinet approve the revised ip&e Ltd Annual Business Plan 2015 to 2018 and incorporate the implications of this into the Council's next refresh of its Business Plan and Financial Strategy.

3. Risk Assessment and Opportunities Appraisal

- 3.1. Human Rights: No adverse impact is expected from the agreement of the business plan, proposed changes to process or how the company operates.
- 3.2. Financial: Reduced levels of funding for commissioned Council work mean that the company must seek alternative external sources of income, within permitted Teckal guidelines, to ensure that the company remains profitable

and a going concern. Moving forward, the profitability of ip&e Ltd will become a greater risk factor for the Council as funding to the public sector continues to reduce. There is a risk that the profit levels identified within the ABP will not be achieved and to mitigate this, the Council's BP&FS does not currently assume any profit from ip&e Ltd within its current Medium Term Financial Plan (MTFP). There is an opportunity for the Council to derive public profit from ip&e Ltd to support and develop Council services in the future.

- 3.3. Equalities: No one with characteristics defined and protected under the Equality Act shall be adversely affected by the company's business activities.
- 3.4. Community: One of the key aims of ip&e Ltd is to build community and social capital by operating responsibly, inclusively and in partnership with people that share the company's values.
- 3.5. Environment: No adverse impact on the environment is expected.
- 3.6. Consultation: There are no consultation requirements specified in the strategic contract. However, performance and financial reviews will be undertaken as set out in clause 7 of the strategic contract and specific consultation undertaken as part of any service transfer between the Council and ip&e Ltd or other bodies.

4. Financial Implications

- 4.1. A key benefit of ip&e is the added value it delivers in terms of significant cost reduction to the Council by redesigning the services it receives to better meet customer needs and boost operational performance. These benefits, along with profit from external training, will be appropriately monitored by officers of the Council.
- 4.2. The commissioning budget for two businesses currently operating within ip&e Ltd, and those services proposed for transfer as set out in the attached ABP, include variations in contract payment from Shropshire Council over the company's business plan period. These reductions have been incorporated into the Council's MTFP and future financial forecasts contained in the ip&e's ABP to ensure that the Council's Financial Strategy is, as a minimum, not adversely impacted in the medium term by the transfer of services.
- 4.3. One of the key aims of ip&e Ltd is to create public profit to be reinvested in Shropshire. The company's revised ABP contains updated financial forecasts for the current financial year 2015/16, and the following two years beyond this. The company is forecast to generate sales of approximately £12.5m per annum and net trading profits across the three financial years. The ABP sets out the gross and net profit forecasts for the next three years.

These have not at this stage been incorporated into the Council's Business Plan and Financial Strategy, and projected net profits as follows:

2015/16 £90,000

2016/17 £39,000

2017/18 £108,000

- 4.4. The business plan is not available for public inspection on the basis of the commercially sensitive information contained within it.

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)

ip&e Annual Business Plan and Update Report – Cabinet 20 May 2015

Business Plan and Financial Strategy 2015/16 to 2016/17 – Council 26 February 2015

Proposal to Transfer Development Management, Public Protection and Environment Services and the Regulatory Function of Private Sector Housing into ip&e Ltd – Cabinet 11 February 2015

ip&e Ltd Business Plan – Cabinet 15 October 2014

Strategic Contract between Shropshire Council and ip&e Ltd – Cabinet 26 June 2013

Cabinet Member (Portfolio Holder)

Councillor Steve Charmley – Cabinet Member for business growth, ip&e and commissioning (north)

Local Member

All

Appendices

Appendix 1 – ip&e Limited Annual Business Plan 2015-2018 (Exempt Appendix – not for publication.)