

CABINET
20th May 2015
Public Questions/Statements

1. Question One

Mr Peter Norman of Ludlow will ask the following of Mr Keith Barrow, Leader:

Clause 6.4 of the Strategic Contract between Shropshire Council and ip&e Ltd. states that "If the Annual Business Plan has not been agreed within two months of the end of January then the Council shall be entitled to suspend relevant terms of this Agreement and the Strategic partner shall not be entitled to recover any further costs, losses, damages or expenses..." Given that the Annual Business Plan of ip&e is only now being considered by Cabinet - almost two months late - what terms of the agreement is the Council considering suspending?

The Leader, Mr Keith Barrow, will respond as follows:

The public report 'ip&e Ltd ANNUAL BUSINESS PLAN AND UPDATE REPORT' will be considered by Cabinet on 20 May 2015 and includes the following:

5.6. Each year, as defined in the Strategic Contract approved by Cabinet on 26 June 2013, ip&e Ltd are required to produce an Annual Business Plan as set out in Schedule 2 of the Strategic Contract.

5.7. As reported to Council in its Business Plan and Financial Strategy on 26 February 2015, ip&e Ltd's ABP was due to be provided to Cabinet in April 2015, but due to the cancellation of this meeting will now be reported to Cabinet on 20 May 2015.

5.8. The draft ABP has been received by the Council and sent directly to Cabinet as an exempt attachment. Council Officers will review the draft and work with ip&e to produce a final draft for consideration by Cabinet on 10 June 2015, before the next ABP 2016/17 to 2018/19 is due with council Officers on 1 October (as set out in the Strategic Contract).'

Council were specifically informed in February of the following, on p71 of the Council's Business Plan and Financial Strategy:

'Cabinet received and approved an ip&e Ltd interim business plan on 15 October 2014, covering the period 2014/15 to 2016/17. The plan included a forecast profit and loss account incorporating the two services currently held by ip&e Ltd (ThreeSixty Communications and Seermotto). Also referenced was the Help2Change business area, as a service within the STEP transfer process, with the inclusion of a forecast profit and loss account. Fulcrum is also referenced within the business plan, but no financial information was available at that time.

An Annual Business Plan is required under the Strategic Contract between ip&e and the Council and will currently cover the years 2015/16 to 2017/18. The revised business plan requires Cabinet approval and this will allow the Council's Business Plan and Financial Strategy to be updated as necessary. The revised business plan will reflect Cabinet's approval to transfer Fulcrum services to ip&e Limited from April 2015 (within the financial parameters set out above), and it is expected this business plan will be considered by Cabinet on 10 April 2015.'

The Annual Business Plan was discussed at length between Officers of the Council and ip&e Ltd, and it was agreed that it would be inappropriate for Cabinet to approve the ABP just ahead of the transfer of large services, particularly while officers were in the process of negotiating contract values and payment mechanisms associated with these services. Given the potential for these negotiations to significantly impact on ip&e Ltd's Balance Sheet, Cash Flow and Profit and Loss Account, it made more sense to complete the negotiations, finalise contract figures and then for ip&e to reflect detailed projections within their ABP and present this to Cabinet at a more appropriate (albeit slightly delayed) time.

The Council has been kept informed of progress towards the production of the ABP within ip&e Ltd, and is not considering suspending terms of the agreement.
