

## **Finance Sub-Committee**

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<b>Date of Meeting:</b>	8 <sup>th</sup> March 2023
<b>Report Title:</b>	Review of Company Business Plans
<b>Report of:</b>	Director of Finance and Customer Services
<b>Report Reference No:</b>	FSC/28/22-23
<b>Ward(s) Affected:</b>	All

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### **1. Purpose of Report**

- 1.1.** The Shareholder Working Group met on 10<sup>th</sup> and 13<sup>th</sup> February 2023 to consider the medium-term business plans of Ansa Environmental Services Ltd and Orbitas Bereavement Services Ltd.
- 1.2.** The purpose of this report is to provide feedback to the Finance Sub-Committee on the views of the Shareholder Working Group on those business plans.
- 1.3.** The activities and plans of Ansa and Orbitas contribute to a number of the strategic aims and objectives in the Council's Corporate Plan 2021-25, most notably:
  - Welcoming, safe and clean neighbourhoods
  - Reduce impact on the environment
  - Be a carbon neutral council by 2025
  - Support a sustainable financial future for the council, through service development, improvement and transformation
  - Look at opportunities to bring more income into the borough

### **2. Executive Summary**

- 2.1** The business plans of Ansa Environmental Services and Orbitas Bereavement Services have been reviewed by the Shareholder Working Group. The Working Group used an 'assessment template' (format shown

in Appendix), to inform their consideration of company plans against five core appraisal criteria:

- Strategy
- Value for Money
- Impact & Risk
- Control
- Service Delivery

and where applicable, items were scored as presenting High, Medium or Low Risks to achievement, or presenting Opportunities for the future.

**2.2** The assessment of business plans for Ansa and Orbitas may be summarised as follows:

### **Ansa**

- Strategy
  - Good performance was noted, particularly achieving service continuity during the pandemic
  - Financial forecasting seems reasonable, with an appropriate focus on sustainability in respect of both current and future operations
  - Ansa seems aware of future opportunities
- Value for Money
  - Ansa seems to be giving value for money
  - Good to see opportunity for commercial expansion
- Impact & Risk
  - Risks noted with regard to operational, and regulatory challenges, particularly, due to changing environmental/ waste management legislation
  - Impact of inflation noted, with regard to service costs and contracts
- Control
  - Comfortable that Ansa is fulfilling its statutory obligations, delivering against KPIs, and that adequate controls are in place
- Service Delivery
  - Fulfilling key service requirements and delivering good customer satisfaction
  - Good opportunities going forward

### **Orbitas**

- Strategy
  - Aware of potential opportunities for future development/ new service offers

- Financial forecasting seems reasonable, with an appropriate focus on sustainability in respect of both current and future operations
- Value for Money
  - Orbitas seems to be giving value for money
  - New opportunities seem worthy of exploration
- Impact & Risk
  - Risks noted with regard to rising energy costs; and vulnerability to changes in legislation
- Control
  - Noted that adequate controls are in place
- Service Delivery
  - Company is delivering good service; and there is scope for expansion/ diversification going forward

**2.3** The Shareholder Working Group also received a confidential briefing paper, as reported to the Board of Ansa, with regard to exploring an opportunity for expansion of Alliance Environmental Services Ltd. Alliance is a company jointly owned by Ansa and High Peak and Staffordshire Moorlands district councils.

**2.4** The Shareholder Working Group supported the decision for the Ansa Managing Director to carry out exploratory discussions and due diligence related to the opportunity.

**2.5** It was noted that the Shareholder – the Finance Sub-Committee and the Working Group, as appropriate – would receive updates and information at various points in the coming months, to help ensure that the commercial opportunity is fully understood, that the risks and rewards of the proposition are subject to full due diligence, and that the interests of Cheshire East Council are protected.

### **3. Recommendations**

**3.1.** To note the feedback from the Shareholder Working Group on the review of the business plans of Ansa Environmental Services Ltd and Orbitas Bereavement Services Ltd.

**3.2.** To note that delivery of company business plans during 2023/24 will be monitored at company board meetings, at which a Shareholder representative will be present.

**3.3.** To note that quarterly accounts of the companies will be reported to the Shareholder (via the Shareholder Working Group), and year-end statutory accounts of companies will be reported to the Audit and Governance Committee, in accordance with governance arrangements determined at Finance Sub-Committee on 7 September 2022.

## **4. Reasons for Recommendations**

- 4.1. The purpose of this report is to provide feedback to the Finance Sub-Committee on the views of the Shareholder Working Group on the business plans of Ansa and Orbitas.

## **5. Other Options Considered**

- 5.1. Not applicable

## **6. Background**

- 6.1. At its meeting on 9 November 2022, the Finance Sub-Committee considered a report relating to re-establishing the Shareholder Working Group, to review the Business Plans of Ansa Environmental Services and Orbitas Bereavement Services, for the period 2023/24-2026/27. It was resolved that the Working Group be established; and that the Chair of the Working Group provide a report back to the Sub-Committee based on the work of the Group, as required by its Terms of Reference.
- 6.2. The medium-term business plans of Ansa Environmental Services and Orbitas Bereavement Services were included in the agenda pack for Shareholder Working Group meetings held on 10<sup>th</sup> and 13 February 2023, along with a confidential briefing paper, as reported to the Board of Ansa, with regard to exploring an opportunity for expansion of Alliance Environmental Services (a subsidiary company of Ansa, jointly owned with two neighbouring district councils).
- 6.3. In addition, at the meetings, Kevin Melling, Managing Director of the companies, presented business plan highlights to the Group in a series of slides, and was supported by operational management, HR and Finance colleagues.

## **7. Consultation and Engagement**

- 7.1. The purpose of the Shareholder Working Group, and this report, is to ensure that Finance Sub-Committee – as the Shareholder representative of the Council with regard to its wholly-owned companies – is consulted on and engaged in the strategic plans and service delivery of Ansa and Orbitas, with regard to both the provision of services under contracts with the Council, and also commercial activities and opportunities.

## **8. Implications**

### **8.1. Legal**

- 8.1.1. There are no legal implications of this report or its recommendations. By making arrangements for review of company business plans, the Finance Sub-Committee is fulfilling its obligations with regard to being

Shareholder representative of the Council. There may be legal implications with regard to future commercial activities; and appropriate professional and advice and support will be obtained as appropriate.

**8.2. Finance**

**8.2.1.** There are no financial implications of this report or its recommendations. By making arrangements for consideration of business plans, the Finance Sub-Committee is contributing to meeting its obligations with regard to the review of financial management of the companies, their value for money, strategic financial plans and the risks and rewards of existing and potential commercial activities.

**8.3. Policy**

**8.3.1.** There are no policy implications of this report or its recommendations.

**8.4. Equality**

**8.4.1.** There are no equality implications of this report or its recommendations.

**8.5. Human Resources**

**8.5.1.** There are no HR implications of this report or its recommendations. It is noted that delivery of the Council's business plans may have HR implications for the companies.

**8.6. Risk Management**

**8.6.1.** There are no risk management implications of this report or its recommendations. The recognition and management of risks relating to company operations and future activities is one of the appraisal criteria covered in the assessment of the business plans.

**8.7. Rural Communities**

**8.7.1.** There are no implications of this report or its recommendations in respect of rural communities.

**8.8. Children and Young People/Cared for Children**

**8.9.** There are no implications of this report or its recommendations in respect of children and young people/ cared for children.

**8.10. Public Health**

**8.11.** There are no public health implications of this report or its recommendations.

**8.12. Climate Change**

**8.12.1.** There are no climate change implications of this report or its recommendations.

<b>Access to Information</b>	
Contact:	Paul Goodwin Head of Finance <a href="mailto:paul.goodwin@cheshireeast.gov.uk">paul.goodwin@cheshireeast.gov.uk</a>
Appendices:	Business Plan Assessment Template
Confidential Background Papers:	Orbitas Bereavement Services Business Plan 2023-2026 Ansa Environmental Services Business Plan 2023/24-2026/27 Briefing Paper on expansion opportunity for Alliance Environmental Services Ltd Orbitas Business Plan presentation slides Ansa Business Plan presentation slides