Public Document Pack



Finance Sub-Committee

Supplementary paper

Date:	Wednesday, 1st December, 2021
Time:	2.00 pm
Venue:	Council Chamber, Municipal Buildings, Earle Street, Crewe CW1 2BJ

PART 1 – MATTERS TO BE CONSIDERED WITH THE PUBLIC AND PRESS PRESENT

6. Wholly-owned Company Business Plans (Pages 3 - 10)

To receive the report of the Shareholder Working Group on the Ansa Business Plan and related matters.

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Agenda Item 6



Working for a brighter future together

Finance Sub-Committee: Briefing Paper

Date of Meeting:	1 December 2021
Briefing Note Title:	Ansa Business Plan and Related Matters
From:	Shareholder Working Group

1. Background

- **1.1.** The Shareholder Working Group met on 24 November 2021 to consider the Ansa Business Plan 2021-2024 and also a report on wholly owned company governance and decision-making responsibilities in light of recent public interest reports.
- **1.2.** In their Business Plan Highlights presentation, Ansa referred to risk management measures, including ensuring service continuity during the critical winter operating period (mindful of the effects of the Covid-19 pandemic on staff), and noting their proposal to make exceptional incentive payments to their employees. In accordance with the Shareholder Agreement, this requires Shareholder approval. Payments would be funded from company profits and are estimated to cost in the order of £50,000 in total.

2. Recommendations

- **2.1.** Note the update from the Chair of the Shareholder Working Group (Draft Ansa Business Plan Review attached)
- **2.2.** Ask the Shareholder Working Group to meet again at its earliest convenience to:
- 2.2.1. Complete the review the Ansa Busines Plan by resolving any outstanding matters raised at the meeting of 24 November 2021
- 2.2.2. Review the implications of the ASDV Review as they relate to Orbitas
- 2.2.3. Complete the review of the Public Interest Reports to identify any implications for CEC and its Group Structure

2.3. Provide approval as Shareholder to Ansa making exceptional incentive payments to staff linked to performance during the critical winter operating period

Contact:	Cllr Steve Carter, Chair, Shareholder Working Group Steve.Carter@cheshireeast.gov.uk



Shareholder Working Group – WOC Business Plan Review Template

This appraisal tool provides a framework to support members of the Shareholder Working Group in reviewing the business plans of the Council's Wholly Owned Companies (WOCs).

The template can be used to capture feedback to enable reporting to the Shareholder, represented by the Finance Sub-Committee.

How to use the Appraisal Tool: Work through each business plan independently. Consider the matters detailed under the 5 core appraisal criteria, writing down any additional items you wish to consider. Responses can be recorded in the righthand column to support feedback.

In considering the overall assessment of the Criteria items can be scored as presenting High, Medium or Low Risks to achievement or present Opportunities for future achievements (H/M/L/O)

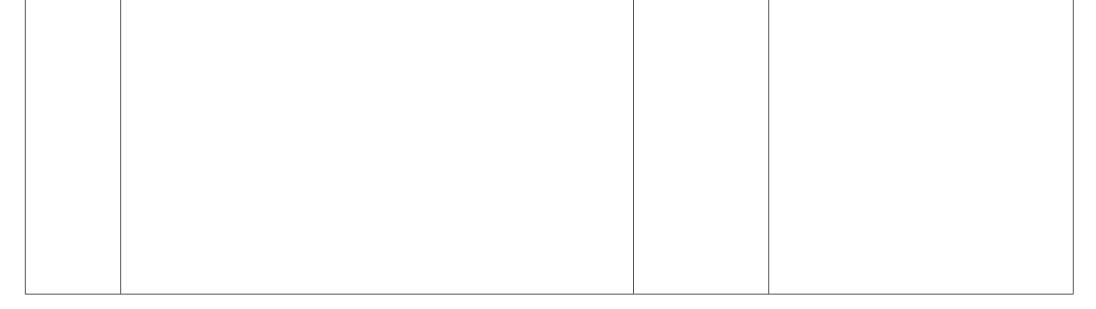
NAME OF ASDV: ANSA ENVIRONMENTAL SERVICES LTD

CRITERIA	MATTERS TO CONSIDER	Assessment (H / M / L / O)	Response / Comment
Strategy	Is there a clear focus on priorities and vision?	L	Yes, clear priorities, good company knowledge, so low risk
	Are key stakeholder expectations being managed?	М	Generally, yes but shareholder dividend needs to be discussed, CEC funding gap and contract renewal in 2023
	Is there evidence to demonstrate that business plan will achieve customer expectations?	L	Yes, the proven track record of the management demonstrates their competency to deliver for customers
	Is planned product development and market analyses aligned with market demand and vision / strategic objectives?	0	Good synergy with CEC's values. Some review of markets P40- P43 but little conclusions drawn from it. Will be more of a focus for the Sister company.
	 Is there a focus by the company on reducing its carbon footprint, environmental sustainability by reducing energy consumption, and/or promoting healthy lifestyles? 	L	Yes, clear initiatives underway to achieve their carbon goals
			Business Plan Sections: 2.4 – Vision/ Strategic Objectives 2.5 - Shareholder Support 3.1 - Internal Operating Environment 3.2 - External; incl. Product Developments and Market Analysis 4.1 - SWOT/ Customer Review 7.3 – Environment
			Highlights Presentation Slides Sections: 1 – Introduction 2 – Business Development; incl. Corporate Plan Alignment; Community Engagement; Carbon Neutral & Sustainability



Shareholder Working Group – WOC Business Plan Review Template

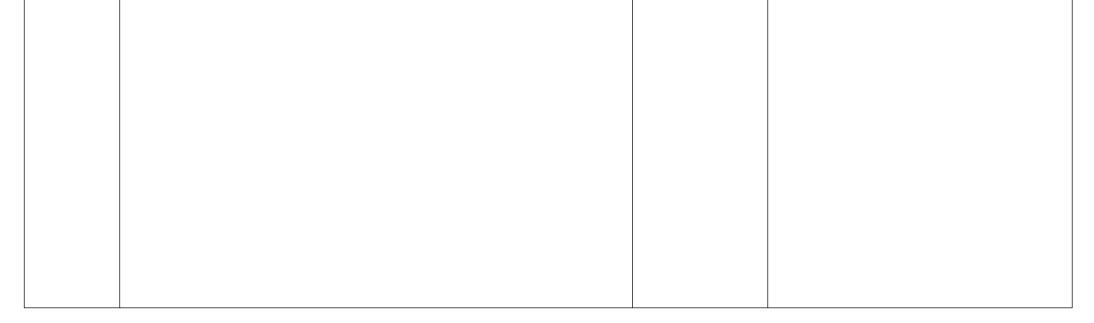
CRITERIA	MATTERS TO CONSIDER	Assessment (H / M / L / O)	Response / Comment
Value for Money			SHWG has concerns on the potential funding gap between Council MTFS and company forecasts. It was proposed that there is a further meeting with both ANSA and our commissioning team to see how these concerns are being dealt with. The SHWG is keen to closely monitor this situation.
	Are the financial plans transparent to you as shareholder?	н	Good previous performance but changes in consumer behaviour means a forecast funding gap
	 Are the forecast achievements against each income stream transparent? 	L	No, it does not seem to be broken down by income streams other than Core, Projects Comm (page 129)
	 Are commercial development plans robust especially for new business/? 	0	Income from Alliance and wider market offers growth potential. Little detail on commercial growth plans but Sister company will develop these.
	 Do services offer represent value for money to clients / customers – how is this demonstrated? 	L	Yes, lower costs and higher retained profits
	 Is there evidence that the company has reduced costs to improve margins? 	L	Clear cost improvements over time that are continuing.
	Are plans scenario tested to understand their resilience?	0	No evidence of scenario planning. With the future so unstable and their strong capacity to adapt during the pandemic, this planning may not be a worthwhile task.
	 Is the Company Board offering a dividend? 	0	Not yet established
			Business Plan Sections: 4.3 - Financial Review 5 – Business Development; incl. Company Strategy; Client Opportunities; Financial Plan 6 – Risk Analysis Appendices A-D
			<i>Highlights Presentation Slides Sections:</i> 2 – Business Development 4 – Finance





Shareholder Working Group – WOC Business Plan Review Template

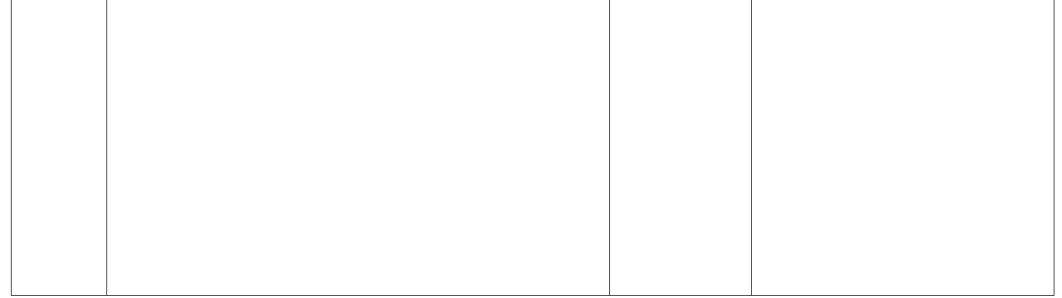
CRITERIA	MATTERS TO CONSIDER	Assessment (H / M / L / O)	Response / Comment
mpact & Risk			The SHWG recognise the adverse impact that Covid has had on the business.
	Are delivery plans sufficiently robust?	L	Yes. Delivery plans are provided throughout the report
	Are risks to current services identified and managed?	L	Yes – especially government changes to RAW
	 Is innovation risk assessed to understand likely returns on investment? 	L	New fuel types are being trialled to minimise risk
	Is there evidence that the impact of any commercial development plans on existing core clients/contracts has been identified, assessed robustly and managed effectively?	0	Full commercial development remains slow (understandably given the pandemic) and will be the focus of the new Sister company.
	• Are financial plans suitably robust to withstand variations in operating costs or demand such as that driven by inflation, bad weather or customer behaviour?	н	Funding gap has been identified but no plan as yet to tackle it
	 Is the company at risk of issuing a profit warning, or are financial risks robustly mitigated? 	L	Reserves are high but could be needed to fill funding shortfalls
	Does the Company have adequate reserves to manage risk?		Reserve funds seem adequate and may allow a return to shareholders
			Business Plan Sections: 3 – Operating Environment; incl. Market Analysis 4 – Performance Analysis; incl. SWOT and Business Challenges/ Constraints 5.3 - Financial Plan 6 – Risk Analysis
			Highlights Presentation Slides Sections: Covid19 and Risk Management slides 4 – Emerging Issues





Shareholder Working Group – WOC Business Plan Review Template

CRITERIA	MATTERS TO CONSIDER	Assessment (H / M / L / O)	Response / Comment
Control	 Are services clearly identifying where they fulfil statutory obligations on behalf of the Council? Are strategic commissioning arrangements clear, robust and well managed? Are KPIs managed and achieve strategic objectives? Are quality assurance mechanisms in place such as for ISO / HSE? Are other assurance mechanisms in place to ensure compliance to any necessary statutory and regulatory frameworks? Is the company complying with Teckal exemption? Are client contracts governed appropriately? 		The SHWG recognise that transfer of functions from TSS, and potentially Orbitas, to ANSA will have a positive effect on the Teckal status of the company; and that additional profits that may be generated by these transfers/ mergers. The SHWG noted that ANSA had included their view of the current status/ working position on governance in relation to findings form recent public interest reports; this material will be considered alongside the Council view, with particular input from Legal Services, in due course. Yes, they clearly understand their legal obligations and the regulatory landscape Yes, as mentioned on P17 Yes, demonstrated by pages 34 & 35 Yes, P36 and ANSA are also winning awards Yes Yes, full QA systems detailed on page 22 Yes, it is creating a Sister company to ensure Teckal compliance Yes, no evidence otherwise Business Plan Sections: 2 – Business Overview; incl. Services Offered 3 – Operating Environment; incl. Governance, KPIs and SHEQ; and External Regulation 5.4 – Teckal Highlights Presentation Slides Sections: 2 – Business Development; incl. Corporate Plan Alignment
			Slide on Public Interest Case Studies





Shareholder Working Group – WOC Business Plan Review Template

CRITERIA	MATTERS TO CONSIDER	Assessment (H / M / L / O)	Response / Comment
Service			The SHWG noted that ANSA has won a
Delivery			succession of national awards
	Are key service achievements evident?	L	Yes, good service maintained during difficult operational period
	Are current customers / clients satisfied?	L	No evidence to show they are displeased
	• Were there any service delivery failures in the last year, and were they dealt with appropriately?	L	Yes, but exceptional circumstances due to the pandemic
	 Is future service delivery in line with market / customers demand and strategic objectives? 	L	Yes, it aligns with CEC policy
	 Have development plans been aligned to current contract delivery and resource plans to ensure sufficient capacity, capability and control to deliver success? 	Μ	Not evidenced in the report
	 Are you anticipating any challenge to service standards throughout the year, and how are you preparing to minimise these? 	L	Plans to bring more HGV drivers on stream are underway, which will help with current operational difficulties
	 Is there sufficient capacity and capability to respond to any changes in priorities? 	L	Yes, capacity expanded during lock down when more waste was collected from homes meaning 1,700 more lorry trips
			Business Plan Sections: 3.1.2 – KPIs 4 – Performance Analysis 5 – Business Development 6 – Risk Analysis
			Highlights Presentation Slides Sections: 1 – Introduction 2 – Business Development 5 – Emerging Issues



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