

OPEN

Corporate Policy Committee

20 March 2025

**ASDV Review – Update on ASDV
Transfer and Alliance Environmental
Services Ltd.**

Report of: Phil Cresswell, Executive Director – Place

Report Reference No: CPC/62/24-25

Ward(s) Affected: ALL

Purpose of Report

1. To provide an update on the transition process of the staff and services provided by the Council's two wholly owned companies ANSA Environmental Services Ltd ("ANSA") and Orbitas Bereavement Services Ltd ("Orbitas")

Executive Summary

2. The Finance Sub-Committee in its role as shareholder to the Council's wholly owned companies made a decision in June 2024 to insource the services and staff which since 2014 have been provided by ANSA and Orbitas.
3. Since that decision was made a significant programme of activity has been established and delivered to date, a series of integrated workstreams overseen by a senior management board. Each of these workstreams have been supported by a large range of internal services from the likes of human resources, legal, finance, procurement and communications.
4. The insourcing of Orbitas staff and services was successfully completed on 1 February 2025. Subsequently, a lessons learned session has been held in order to improve the processes and procedures applied to the forthcoming ANSA insourcing task.
5. The insourcing of most staff and services provided to the Council by ANSA remains on track for completion by 1 April 2025. A summary of where the constituent functions will sit is included at Appendix A.

RECOMMENDATIONS

The Corporate Policy Committee is recommended to:

1. Note the progress against plan made to date in transferring the services provided by ANSA and Orbitas into the Council and next steps.
2. Note the initial management structure arrangements for the insourced services from the two companies, as shown at Appendix A.
3. Note the work underway to conclude the insourcing of the ANSA services and the potential financial aspects of the change process as further set out in the confidential Part 2 paper, including the impact of the transfer on Alliance Environmental Services Ltd.

Background

Update on transfer of ASDV Services to Cheshire East Council

6. Orbitas staff and services were successfully transferred into the Council on 1 February 2025. This transfer affected 42 staff.
7. The bereavement services element was transferred into the Council's Environmental Services under Planning and Environment division of the Place directorate. The handypersons service was transferred under the Housing team within Growth and Enterprise.
8. Following this transfer officers have held a lessons learned session to capture improvements to processes in order that these can be applied to the forthcoming transfer of ANSA services which affects a much larger number of staff and systems.
9. A summary of where these services do, or will sit once they have returned to the Council, is set out at Appendix A. As it can be seen, the transfer of ANSA staff is broader than Orbitas with teams such as human resources, communications and finance being integrated with their Council counterparts in corporate services.
10. Alongside the TUPE transfer process for staff, a number of other workstreams have been established to consider impacts on ICT, systems and processes, regulatory consents and licenses and more broadly workplace issues.

11. The transfer of most ANSA staff and services remains on target for 1 April 2025.
12. Discussions are continuing with some individuals over the impact of the insourcing of Council services on their roles and Members are invited to review the confidential Part 2 paper for an update on this position.
13. The Part 2 document contains exempt information pursuant to paragraphs 1, 2, 3, 4 and 5 of schedule 12A of The Local Government Act 1972 which set out the reasons for this report being considered as confidential and withheld from public inspection:
 - Information relation to any individual.
 - Information which is likely to reveal the identity of an individual
 - Information relating to the financial or business affairs of any particular person (including the authority holding that information).
 - Information relating to any consultations or negotiations, or contemplated consultations or negotiations, in connection with any labour relations matter arising between the authority or a Minister of the Crown and employees of, or office holders under, the authority.
 - Information in respect of which a claim to legal professional privilege could be maintained in legal proceedings.
14. The public interest test has been applied and it is concluded that the public interest in maintaining the exemption outweighs the public interest in disclosure at this time, based on the following factors for withholding:
15. The disclosure of personal information should be safeguarded where the individuals have a legitimate expectation that this will be the case.
16. The report provides information about the arrangement of the Council's business and operations hitherto conducted by ANSA and ANSA's contractual relationship with Alliance Environmental Services Ltd (AES).
17. The public interest favours withholding the information as it is considered that the disclosure of this information would prejudice the interests of the Council by reason of the fact that disclosure might prejudice the Council in terms of its current and future dealings with the AES shareholders.
18. The Council must be able to seek and obtain legal advice on a confidential basis.

ASDV Review – Financial and Transformation Plan Context

19. The revenue growth pressures within the Council's Environmental Services commissioning budget, as the principal budget through which ANSA is funded, have continued to escalate in recent years. There have and are currently inflight several initiatives designed to reduce that overall revenue budget pressure.
20. The Council are aware of financial pressures and risks, forecast at £3.8M in 2025/26, in the service areas that are being insourced into the Council which will need to be addressed. The MTFS contains £3m of growth to address these pressures and savings of £2.4m to help manage the impact.
21. It should also be noted that the approved MTFS includes savings associated with the ASDV Review, being delivered through the approved transformation plan of £700k over the next two financial years. The 2025/26 impact of the saving is £450k, included within the savings total in paragraph 20.
22. To manage the financial pressures, this will include a combination of growth, service efficiencies and increasing income.
23. Income generation and commercial growth is very likely to extend beyond those services which ANSA or Orbitas have traditionally focused upon and may be used to support other transformation savings proposals, for instance as the model for delivery of increased advertisement income, included under the Place theme.

Consultation and Engagement

24. As part of the transfer process both informal and formal consultation and engagement processes have been undertaken with all staff affected.
25. Consultation has also been undertaken with suppliers and customers of the two companies to ensure that these relationships can continue unaffected.

Preferred Option

26. Not applicable.

Reasons for Recommendations

27. Implementation of the recommendations associated with insourcing the current services provided by the Council's wholly owned companies will support a more transparent approach to the governance and oversight of performance, whilst ensuring full cost recovery against any resource support which is provided to their operation.

Other Options Considered

28. Not applicable.

Implications and Comments

Monitoring Officer/Legal

29. This report has come before Corporate Policy Committee in the interests of expediency. The Constitution provides that the committee is entitled to exercise: 'any function of the full Council not otherwise allocated; as well as the functions of all other Committees and Sub-Committees, particularly where plans, strategies or activities straddle a number of Committees.'
30. The insourcing of Orbitas staff and services have been successfully completed. The resulting shell company will now be subject to formal closure.
31. Insourcing the services provided by ANSA to the Council is a far bigger undertaking in terms of staffing and contract novation. Currently all staff who have been identified by the Council as subject to TUPE have accepted the position that they transfer into the Council, albeit that discussions continue to take place.
32. TUPE imposes strict information and consultation obligations on the outgoing and in-coming employer. Staff who are in-scope to transfer have a legal right to transfer their employment to the Council on the same terms and conditions of employment. Any purported changes to terms will be void unless there is an economic, technical or organisational reason entailing changes in the workforce. A failure to comply with consultation obligations could lead to claims for failure to consult and/or individual claims of breach of contract/unfair dismissal and/or redundancy. The Council has provided the required measures information and confirmed no changes to terms are envisaged, with other implications further set out in the confidential Part 2 paper.
33. Whilst the Council insourced Orbitas completely, in relation to Ansa the proposal is to end the contractual relationship between Ansa and the Council by which it currently delivers services to the Council and insource those staff involved in that service delivery. Discussions are continuing with affected staff who it is proposed will remain in the company and as further set out in the confidential Part 2 paper.
34. Mechanisms are being put in place regarding ANSA's shareholding in Alliance Environmental Services Ltd which is further discussed in the confidential Part 2 paper.

35. The basis upon which the information within the Part 2 paper is exempt from disclosure is appropriately set out within the report.

Section 151 Officer/Finance

36. As part of the transfer process the base revenue budgets previously utilised to commission these services have been thoroughly reviewed and re-baselined to ensure that they are fit for purpose. The additional growth requirements and proposed savings to balance are contained in the Medium-Term Financial Strategy 2025-29 (MTFS) approved at full council on 26 February 2025.
37. The MTFS includes savings of £700k from the ASDV review over 2 years (2025/26 £450k and 2065/27 £250k). These are based on closing the Orbitas and ANSA companies.
38. If that does not proceed as planned, then there is a risk those savings may not be delivered within the expected timeline meaning the service will need to find alternative savings to live within their budget. Including a thorough review of fees and charges and where necessary service structures.
39. If any savings or income generation cannot be identified or delivered within the relevant timescales, the service will need to find compensating savings to ensure we manage the budget.

Policy

40. Good corporate governance is at the heart of the Council's core values, and this report supports the following Cheshire East Plan priorities:
- (i) P1.3) Support a sustainable financial future for the council, through service development, improvement and transformation
 - (ii) P1.4) Look at opportunities to bring more income into the borough.
41. It also supports our financial priorities in ensuring that the Council's finances are well managed and where appropriate existing practices are challenged to ensure that they continue to deliver value for money.

Equality, Diversity and Inclusion

42. There are no direct equality impacts arising from this report.

Human Resources

43. The management and delivery of the ASDV Review project is supported by a large number of internal resources from a range of technical disciplines.

44. The project has involved large scale staff consultations in relation to the Transfer of Undertakings (Protection of Employment) (TUPE) process which the Council must undertake in order that the staff and services can be transferred into its organisation.

Risk Management

45. The project relating to the transfer of services into the Council is supported by a robust risk register which is updated on a regular basis.
46. Risk management across the project is delivered through a series of detailed workstreams and overseen by a senior officer management board.
47. As a result of this work a number of the initial significant risks have now been mitigated in their entirety, with the remainder remaining under strict scrutiny.

Rural Communities

48. There are no direct impacts on rural communities arising from this report.

Children and Young People including Cared for Children, care leavers and Children with special educational needs and disabilities (SEND)

49. There are no direct impacts on children and young people arising from this report.

Public Health

50. There are no direct impacts on public health arising from this report.

Climate Change

51. There are no implications for climate change as a result of the recommendations of this report.

Access to Information	
Contact Officer:	Christopher Allman Director of Planning and Environment Christopher.allman@cheshireeast.go.uk
Appendices:	Appendix A – Overview of management structure post transfer

Background Papers:	N/A
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