

## **Annual Governance Statement 2023/24**

### **East Cambs Street Scene**

East Cambs Street Scene (ECSS) is a private company limited by shares that is wholly owned by East Cambridgeshire District Council (ECDC). ECSS operates at 'arm's length' from ECDC with an independent board for operational decision making.

### **ECSS Mission Statement**

We believe that by continuing to develop the services that we offer we will be able to deliver services that are profitable, sustainable and flexible and focused on meeting the needs of local people and businesses in East Cambridgeshire.

### **ECSS Vision**

We believe in improving the quality of life of the taxpayer of East Cambridgeshire and we believe in the Council's objectives that are set out in the Corporate Plan. East Cambs Street Scene Limited will continue to support the Council in achieving these objectives.

### **Strategic Objectives**

- To deliver an efficient, resilient, high-quality waste and street cleansing service for the people of East Cambridgeshire; To maximise on every commercial opportunity available, and
- To trade in a manner that, wherever possible, acts in the best interest of the Council.

### **Our Services will be**

- Flexible - Innovative and tailor-made options to meet the needs of the customer;
- Climate Conscious – Operate in a way that reduces the impact on the environment
- Local - Wherever possible (and relevant) utilise local suppliers;
- Trusted - Reliable services delivered by skilled staff.

East Cambs Street Scene has been providing high quality services for half a decade. A core team of dedicated, hard working employees have been pivotal in the success and survival of the company; particularly as we faced the increasing challenges presented by the COVID-19 pandemic and national HGV driver shortages.

We are ambitious to develop a resilient and efficient service for residents of East Cambridgeshire, and ensure that we deploy robust working practices, with an engaged and positive workforce. ECSS has been developing and has created and nurtured new relationships with internal and external parties and increased our connection with the residents of the district by providing well designed and informative communications.

## Governance Framework

ECSS is governed by its Articles of Association and the Shareholder Agreement. Any changes to either of these documents would require the consent of ECDC.

### Articles of Association (14 November 2019)

Key requirements	Compliance	2024/25 developments/issues
There shall be a minimum of 3 Directors	Full Compliance. Board Directors:  Paul Remington (Chairman) John Hill Isabel Edgar (resigned 31 October 2023) Sally Bonnett (appointed on 1 November 2023)	None to report
Quorum shall be 2 Directors	Full Compliance	None to report

### Shareholder Agreement (22 January 2019)

Key requirements	Compliance	2024/25 developments/issues
Produce Annual Business Plan for approval by Shareholder Committee	2023/24 Business Plan approved by Shareholder Committee (Operational Services) on 27 March 2023.  2024/25 Business Plan approved by Shareholder Committee (Operational Services) on 25 March 2024.	2025/26 Business Plan will be presented to Shareholder Committee (Operational Services) on 24 March 2025.
Maintain effective and appropriate control systems in relation to the financial, accounting and record keeping.	[Financial statements prepared in accordance with UK adopted international financial standards and audited by Price Bailey LLP, registered auditors.  2022/23 statements approved on 21 December 2023.  2023/24 statements expected to be approved in September 2024.	No issues identified
Board of Directors shall consist of not less than 3 Directors.	Full Compliance. Board Directors:  Paul Remington (Chairman)	None to report

	John Hill Isabel Edgar (resigned 31 October 2023) Sally Bonnett (appointed on 1 November 2023)	
Board meetings shall be no less than 4 times per annum.	Board meetings held: 1 June 2023 12 September 2023 1 November 2023 14 December 2023 18 January 2024 7 March 2024	Meeting held since 1 April 2024: 3 September 2024  Scheduled meetings: 31 October 2024 30 January 2025 13 March 2025
Deputy Leader of Council and Chair or Vice Chair of Operational Services Committee are appointed as Board Observers.	Full Compliance  Note- Vice Chair was appointed by Council on 23 July 2023 (Agenda Item 11)	None to report
Shareholder Committee to:  Recommend, where relevant, the appointment of the Chairman of the Board and approve best practice policies in relation to such an appointment.  Receive, review, comment on and approve the business plan.  Approve the company entering into any joint venture.  Approve the borrowing of any external monies (other than from CPCA).  Review the financial performance of the company.	n/a for 2023/24  2023/24 Business Plan approved by Shareholder Committee (Operational Services) on 27 March 2023.  2024/25 Business Plan approved by Shareholder Committee (Operational Services) on 25 March 2024.  n/a for 2023/24  n/a for 2023/24  Quarterly Management Accounts presented to Shareholder Committee (Operational Services).	None to report  2025/26 Business Plan will be presented to Shareholder Committee (Operational Services) on 24 March 2025.  None to report  None to report  Shareholder Committee (Operational Services) to continue to receive.

<p>Make recommendations to Council on how it would exercise the functions flowing from its ownership of shares.</p> <p>Shareholder Committee meeting shall be held no less than 2 times per annum.</p> <p>Board of Directors shall send a report biannually to the Shareholder Committee; strategic risk assessment, progress against business plan, summary management accounts and key financial information.</p> <p>The Company will host an annual All Council Member Shareholder Seminar.</p> <p>The Company shall supply all Members of the Shareholder Committee with Agenda and support papers.</p>	<p>2022/23 Statutory Accounts presented to Shareholder Committee (Operational Services) on 31 January 2024.</p> <p>n/a for 2023/24</p> <p>Full Compliance- meetings held on: 19 June 2023 18 September 2023 13 November 2023 31 January 2024 25 March 2024</p> <p>Report considered by Shareholder Committee (Operational Services) on 13 November 2023.</p> <p>Seminar held on 27 September 2023 and 9 May 2024.</p> <p>Full Compliance.</p>	<p>2023/24 Statutory Accounts to be presented to Shareholder Committee (Operational Services) on 23 September 2024.</p> <p>None to report</p> <p>None to report</p> <p>Requirement removed from Shareholder Agreement (Council approval 24 May 2024).</p> <p>None to report.</p> <p>Council approved changes on 24 May 2024 and this requirement now applies to all Members of the Council.</p>
<p>Matters reserved for Council:</p> <p>issuing or allotting any shares;</p> <p>granting any option or other interest (in the form of convertible securities or in any other form) over or in its share capital, redeeming or purchasing any of its own shares or effecting any other</p>	<p>n/a in 2023/24</p> <p>n/a in 2023/24</p>	<p>None to report.</p> <p>None to report.</p>

reorganisation of its share capital;	n/a in 2023/24	None to report.
altering in any respect its articles of association or the rights attaching to any of its shares;	n/a in 2023/24	None to report.
permitting the registration of any person as a Shareholder of the Company;	n/a in 2023/24	None to report.
re-registering the Company as a public limited company, or as any entity other than a company limited by shares;	n/a in 2023/24	None to report.
applying for the listing or trading of any shares or debt securities on any stock exchange or market;	n/a in 2023/24	None to report.
forming any Subsidiary Undertaking or acquiring shares in any other company or participating in a joint venture (incorporated or not);	n/a in 2023/24	None to report.
amalgamating or merging with any other company or business undertaking; or	n/a in 2023/24	None to report.
passing any resolution for its winding up or presenting any petition for its administration, unless it has become insolvent;	n/a in 2023/24	None to report.
changing the nature of the Business or commencing any new business which is not ancillary or incidental to the Business;	n/a in 2023/24	None to report.
appointing or removing any Director;	Isabel Edgar resigned on 31 October 2023 and the Council appointed Sally Bonnett on 1 November 2023.	None to report.
the grant of any power of attorney or the appointment of	n/a in 2023/24	None to report.

any agent, or the entry into any other agreement which devolves or transfers management control of the Company from the Board of Directors;		
agreeing to remunerate (by payment of fees, the provision of benefits-in-kind or otherwise) any Director;	n/a in 2023/24	None to report.
the entry into any service contract, terms of appointment or other agreement with a Director;	n/a in 2023/24	None to report.
agreeing to remunerate (by payment of fees, the provision of benefits-in-kind or otherwise) any key employee of, or consultant to, the Company at a rate in excess of £100,000 per annum;	n/a in 2023/24	None to report.
establishing or amending any profit-sharing, share option, bonus or other incentive scheme of any nature for directors;	n/a in 2023/24	None to report.
making any bonus payment to any director;	n/a in 2023/24	None to report.
borrowing any monies which require a guarantee or security from the Council (other than normal trade credit);	n/a in 2023/24	None to report.
changing its name or its registered office; or	n/a in 2023/24	None to report.
replacing or modifying the Business Plan;	n/a in 2023/24	None to report.
entering into an agreement to do any of the foregoing.	n/a in 2023/24	None to report.

<p>The Company shall provide an Annual Governance Statement to the Shareholder and this shall be supplied at the same time as the information required in clause 7.2. The Annual Governance Statement shall include the key risks for the Company in the forthcoming year and set out the process for escalating the risks to the Council where these affect the Council as the Shareholder.</p>	<p>Presented to Board for approval on 3 September 2024.</p>	<p>None to report.</p>
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On 24 May 2024 Council approved changes to the Shareholder Agreement which will be considered by the Board on 3 September 2024. The changes arise from recommendations by the Council's Internal Auditors and a review by the Company Secretary and the Council's Director Legal and Monitoring Officer.

#### Summary of changes:

- The relationship and rights of access for the Council's Internal Auditors with ECSS should be suitably documented to ensure consistency and clarity going forward,
- The Seven Principles of Public Life (Nolan Principles) should be incorporated into the Shareholder Agreement or Articles of Association (as appropriate),
- Include in the Shareholder Agreement a statement which sets out that where staff are formally seconded to ECSS they must not take decisions on behalf of the Council on its statutory functions,
- ECSS Board to prepare and approve an annual governance statement for submission to the Council,
- The MoA to be updated and formally approved to reflect recent changes in ECSS governance, financial and performance management arrangements.
- All Members will receive a copy of the Board Papers. [Note: this formalises the current practice],
- Remove the requirement at Clause 5.5 for Board to send a Biannual Report to the Shareholder Committee. [Note: this was considered duplication as All Members receive a copy of Board Papers], and
- Remove the requirement for Board Directors to attend the Shareholder Committee for noting items. [Note: the relevant personnel will continue to attend the Shareholder Committee to present noting items. Board Directors will continue to attend the Shareholder Committee for items which require a Shareholder decision, e.g. Annual Business Plan].

## Strategic Risk

The Strategic Risks are provided in the Business Plan for 2023/24 and are monitored by Director Commercial and ECSS Management Team. For 2024/25 a Strategic Risk report will be presented at each Board Meeting.

Risk	Matters relating to 2023/24	Matters for 2024/25
Changes in legislation relating to Waste and Environmental Management	No operational impact in 2023/24	ECSS Management Team to assist the Council with information during 2024/25
Changes in the Councils delivery mechanism for Waste and Street Cleansing services (e.g out source /inhouse)	No impact in 2023/24	Council approved an extension to the current contract to 31 March 2026 on 25 July 2024.  Board to consider the approval of extension on 3 September 2024.
Non - Compliance with Regulatory frame works and Guidance:  Health and Safety Legislation Waste and Environmental Management Transport Management	None to report	None to identified to date
Inadequate governance arrangements and lack of clarity on roles of ECSS and ECDC could lead to poor decision making that undermines the operation of ECSS.	On 1 November 2023 changes to the Senior Management structure were introduced to provide clarity in the 'client' and 'contractor' roles.	None identified to date
ECSS is wholly owned by ECDC and so is subject to the controls and decision-making process for matters that are outside of the Business Plan.	None to report	ECSS Management Team to assist the Council with information during 2024/25 and if successful in securing a new contract with the Council will ensure that the contract incorporates how changes from the Council will be managed and charged for.



ECSS is not a Profit making Company and therefore the management fee does not allow for unexpected costs.	<p>On 19 October 2023 Council approved changes to the Memorandum of Agreement to include an escalation mechanism for events where ECSS is projecting an end of year under/over spend of £50,000 or more.</p> <p>On 20 February 2024 Council approved an increase of up to £200,000 to the 2023/24 management fee.</p>	None identified to date
Recruiting and Retaining staff in a competitive market leads to salary increase, reliance on agency, lack of skills within the service.	2023/24 was a more settled year with less reliance on agency workers.	Continue to focus on staff retention to reduce the reliance on agency workers.
Inadequate management of Operation, contracts can lead to poor performance and overspends	Performance improved in 2023/24, however, still below the KPI's outlined in the Memorandum of Agreement. This resulted in a penalty charge from the Council of £5,000	Performance is a key focus for 2024/25
Adequacy of organisational resources to deliver the required business outcomes.	None to report	<p>The Head of Street Scene will retire on 27 September 2024.</p> <p>The post will not be replaced. The new management structure is now embedded and more than sufficient now and into the future.</p>

In 2024/25 the Head of Street Scene introduced a risk matrix which has been included in the 2024/25 Business Plan.

**'Red scores'** – in excess of ECSS' risk appetite. Action is needed to redress, with regular monitoring. In exceptional circumstances residual risk in excess of the risk appetite can be approved if it is agreed that it is impractical or impossible to reduce the risk level below 16. Such risks should be escalated through the management reporting line to ECSS Board, Operational Services Committee and Council.

**Amber scores** – likely to cause the ECSS some difficulties (risk score 5 to 15) – six monthly monitoring.

**Green scores** (risk score 1 to 4) – low risk, monitor as necessary.

## Financial Matters

### 2023/24 Budget

		2023-24 Business		
		2023-24 Actual	Plan	Variance
<b>INCOME</b>		<b>4,762,111</b>	<b>4,489,363</b>	<b>272,748</b>
Management & Administration		458,953	363,990	94,962
Core Staffing		1,842,053	1,867,967	(25,914)
Overtime Costs		197,152	127,950	69,202
Agency Costs		266,782	96,797	169,985
<b>Staffing Costs</b>		<b>2,764,939</b>	<b>2,456,703</b>	<b>308,236</b>
Vehicle Dept Repayment		173,300	186,950	(13,650)
Vehicle costs inc Maintenance		529,400	565,441	(36,041)
Insurance		121,950	107,864	14,086
Fuel		351,781	416,632	(64,852)
Supplies & Services Costs		27,359	3,000	24,359
Wheeled Bins and Bags		113,818	109,292	4,526
PPE		11,934	11,829	105
Waste Disposal		397,672	410,602	(12,930)
Premises Costs		63,109	57,311	5,798
Other Direct Costs		743	966	(223)
Communication and Education		15,095	14,338	757
Training		11,923	16,500	(4,577)
Support Services Costs		81,914	93,835	(11,921)
Miscellaneous		95,349	31,422	63,927
Vehicle Depreciation		1,826	6,677	(4,851)
<b>Non-Staffing Costs</b>		<b>1,997,172</b>	<b>2,032,660</b>	<b>(35,487)</b>
<b>EXPENSES</b>		<b>4,762,111</b>	<b>4,489,363</b>	<b>272,748</b>
<b>Profit (Loss)</b>		<b>(1)</b>	<b>(0)</b>	<b>(1)</b>

	<b>Compliance</b>	<b>Matters for 2024/25</b>
Management Accounts	The Board received Quarterly Management Accounts throughout 2023/24	None to report
Statutory Accounts	The Board will consider the Statutory Accounts for 2023/24 on 3 September 2024.	None to report

## 2023/24 Business Plan

The improvement and investment plan for 2023/24, centered around 4 themes; Powered by People, Robust and Resilient, Safe and Green and Commercially Minded was delivered via a new programme of work known as Project Steet Smart.

Through the instigation and implementation of the Street Smart project ECSS has continued to build on improved performance of the service. A new management structure has been successfully implemented and appointments were made to all key posts. This has provided a stable and resilient team, with the key skills required to manage any arising challenges.

Progress on implementation has been reported to the Board and the Council through the respective formal channels. Below is a summary of the current project.





- New staffing structure embedded
- Communication with residents ongoing
- Customer journeys refined
- Skills training and development plan for front line staff in place
- New recruitment strategy has reduced reliance on agency staff
- New HR policy has reduced sickness absence



- New recycling and green waste fleet in use
- New waste and fleet management systems launched
- Improved management of vehicle maintenance contract
- New, local contract in place for small fleet



- Depot improvement works (internally) finished
- Fleet compliance secured
- Vehicle replacement program produced (street cleansing)
- Health and safety policies refreshed and communicated
- Hydrotreated Vegetable Oil in use
- Waste and fleet digital systems implemented



- Contracts reviewed and updated
- Processes automated
- Initial scoping for future commercial service provision taken place

## Performance

### Health and safety – staff welfare

Description of Key Performance Indicator	KPI	Q1	Q2	Q3	Q4
<b>ECSS Accident Incident (AIR) score</b>	4%	5%	1.52%	1.96%	1.48%
<b>No. reported monthly near misses</b>	10 or more	2	0	2	1
<b>Percentage of productive days</b>	94% (sickness absence 6%)	93%	93%	96%	95.9%

### Waste Collection

Description of Key Performance Indicator	KPI	Q1	Q2	Q3	Q4
<b>Refuse – Average no. of missed bins per 100,000 bins collected</b>	15	57	45	42	42
<b>Recycling – Average no. of missed bins per 100,000 bins collected</b>	30	77	86	76	73
<b>Green – Average no. of missed bins per 100,000 bins collected</b>	30	98	87	81	64
<b>No. of monthly service complaints</b>	3	4 Average	5 Average	5 Average	5 Average
<b>No. of monthly service compliments</b>	No target	0.3 Average	0.3 Average	1 Average	0.7 Average

**Street Cleansing**

Description of Key Performance Indicator	KPI	Q1	Q2	Q3	Q4
Average monthly clean streets graded A on random inspection	95%	41%	75%	77%	99%
No. streets graded C or below for litter on random inspection	1%	8%	0%	0%	0%
No. reported fly tips per month	No target	150	128	187	182
No. reported incidents of graffiti per month	No target	15	3	5	5
Removal of offensive graffiti within 1 working day	98%	0%	0%	N/A (none reported)	100%
Removal of fly tipped waste within 2 working days	98%	59%	73%	75%	75%
No. overflowing litter bins reported per 100 bins emptied	3	0.30	0.91	0.36	0.33
No. overflowing dog bins reported per 100 bins emptied	1	2	3.91	1.77	7
No. of monthly service complaints	3	Average 4	0	0	0
No. of monthly service compliments	No target	1	0	0.33 Average	0.7

**Communication, Education and Promotion**

Description of Key Performance Indicator	KPI	Q1	Q2	Q3	Q4
Increase in social media presence	Increase by 5%	27%	26%	9%	5%
School or Community groups engaged with	10 PA	0	0%	1	0
Number of local events attended	10 PA	1	6	2	1
Recycling rate	60% (annual)	50.2% (Q4 22-23)	60.8% (Q1)	58.6% (Q2)	52.9% (Q3)
Overall waste tonnage reduction	1% (annual)	+8%	+5%	+2%	+3%