

TITLE: AMENDMENTS TO THE MEMORANDUM OF AGREEMENT (MOA) BETWEEN EAST CAMBRIDGESHIRE DISTRICT COUNCIL (ECDC) AND EAST CAMBS STREET SCENE (ECSS)

Committee: Council

Date: 19 October 2023

Author: Director, Legal and Director, Finance

Report No: Y71

Contact Officer: Maggie Camp, Director, Legal & Monitoring Officer
Ian Smith, Director, Finance
Maggie.Camp@eastcambs.gov.uk
Tel: 01353 616277
Room No. 112 The Grange, Ely

1.0 ISSUE

1.1. Proposed changes to the MOA between ECDC and ECSS.

2.0 RECOMMENDATIONS

- 2.1. Council is requested to approve the changes to MOA as detailed in Appendix 1, with the addition of the revised Key Performance Indicators (KPIs) for ECSS at Appendix 2.
- 2.2. Council is requested to note the revised Risk Register entry in relation to ECSS at Appendix 3.

3.0 BACKGROUND/OPTIONS

- 3.1. The ECSS Board formally requested negotiations to take place between the Company Secretary and the Council (through its contact officer, Director, Legal) with a view to amend the MOA as a matter of urgency.
- 3.2. These amendments include a requirement to put into place a formal escalation process to oblige ECSS to report in-year overspends/underspends to the Council's Operational Services Committee within an agreed parameter. In addition, the MOA would need to be amended to reflect revised KPI's.
- 3.3. Negotiations between the Company Secretary of ECSS and Director, Legal representing ECDC have now concluded and they have agreed to recommend changes as detailed in Appendix 1 with the addition of the revised KPIs at Appendix 2.

4.0 ARGUMENTS/CONCLUSION(S)

- 4.1 The decision to request a renegotiation of the MOA by ECSS Board was driven by a number of factors, specifically:

- the review by the Chief Executive (initiated by the Council's Audit Committee) into the 2022/23 ECSS overspend and its impact on the corporate risks to the Council (see paragraph 4.2);
- the decision by external auditors to report a 'material uncertainty related to a going concern' in the draft 2022/23 accounts and the ECSS Board to defer signing off the accounts under these circumstances;
- the ongoing overspend in 2023/24 management accounts projected to £47k at year end. Please note that this remains a 'best case scenario' and is dependent on the delivery and operation of new vehicles by October/November 2023 and stable fuel prices.

4.2 Risk (A6) related to ECSS and the delivery of its Business Plan has been reviewed. It now has a RAG rating of Red and, in accordance with the Council's Risk Management Framework, there is a requirement to formally report this to Council. The Risk Management Group (RMG) has also introduced a new corporate risk (A7) related to the Council's Waste Collection and Street Cleansing service which also rated as Red and is attached in Appendix 3.

4.3 Appendix 1 details the changes proposed to the MOA. There remains ongoing issues with the MOA, particularly in relation to the apportionment of costs between the Council and ECSS notwithstanding the need to review the MOA in the medium term to respond to the Environment Act and the need to review the whole service by 2025.

5.0 FINANCIAL IMPLICATIONS / EQUALITY IMPACT STATEMENT / CARBON IMPACT ASSESSMENT

5.1. There is no requirement to report any of these matters to the Council at this stage.

6.0 APPENDICES

Appendix 1 – Proposed Changes to the MOA

Appendix 2 – Revised KPIs

Appendix 3 – Changes to the Corporate Risk Register (Revised A6 and A7)

Background Documents:

MOA dated 26th March 2018