

Ubico Ltd

Financial Overview & Future Efficiencies



WEST OXFORDSHIRE
DISTRICT COUNCIL



Presentation

- Recap on finances
- Where we are now
- Future efficiencies & next steps



Teckal Model

- ❖ **The authority controls the company as if it were an internal department**
- ❖ At least 80% of turnover is from Council Shareholders
- ❖ 20% of turnover can be traded with 3rd parties



Ubico Model

- Ubico delivers services at cost back to shareholders
- Ubico service costs include a 5.8% charge of contract value to pay for shared management and support services e.g. HR, Payroll, IT, Finance (these are currently provided by Publica)
- This compares favourably to an overhead of 11-13% found in private sector contracts comprised of corporate overhead of 7-9% and a profit margin of 4-5%
- Any savings, efficiencies or surpluses achieved by Ubico are returned to WODC but the financial risk lies with the shareholder as if the service was delivered in-house



Recap – Original Service Model

Service	Original Model
	4,723,671
Refuse*	512,305
Recycling*	873,137
Food*	269,275
Trade	740,479
Organics	608,783
Grounds	533,752
Streets	950,639
Animal	235,301

Original financial model developed in 2015 based on following assumptions:

- Ubico T&Cs
- Waste
- Recycling
- Food waste
- 12t Narrow vehicles
- Communal rounds and bring banks completed as part of the waste & recycling rounds
- No transfer station included
- In-house vehicles maintenance

*New service projected to start on 1st October 2017 so only 6 months of service included.



Recap – Revised model

Service	Original model	Revised 17/18 Budget
	4,723,671	5,072,182
Refuse*	512,305	551,529
Recycling*	873,137	965,618
Food*	269,275	302,902
Trade	740,479	740,479
Organics	608,783	791,962
Grounds	533,752	533,752
Streets	950,639	950,639
Animal	235,301	235,301

Increases due to:

- TUPE conditions - Kier rates of pay higher than Ubico T&Cs
- Additional staffing in admin function
- Cost of transfer station staff
- Increase in cost of Organics due to higher than projected subscriptions
- Outsourced vehicle maintenance due to not having a workshop to enable in-house maintenance

*New service projected to start on 1st October so only 6 months of service included in the 2017/18 sum. If the service had run for a full year the projected contract sum would have been **£6,893,231**



Recap – 2017/18 Actuals

Service	Revised Budget	17/18 Actual Costs
	5,072,182	5,240,427
Refuse*	551,529	623,848
Recycling*	965,618	1,198,628
Food*	302,902	354,416
Trade	740,479	669,661
Organics	791,962	806,018
Grounds	533,752	495,977
Streets	950,639	942,693
Animal	235,301	149,187

Increases due to:

- High overtime and hire vehicles to tackle missed collections
- Additional supervisor post
- Additional narrow rounds to complete collections safely
- Dedicated communal, clinical waste and bring site rounds
- Some transfer station costs not included e.g. lease
- Extra loaders required on food waste
- Demand for containers and bins significantly higher than modelled

*New service projected to start on 1st October so only 6 months of service included in the 2017/18 sum.



2018/19 Budget & Forecast

Service	Agreed 18/19 budget (set Dec 17)	Pd 9 Forecast
	6,913,770	7,145,738
Refuse	1,146,890	1,297,891
Recycling	1,715,800	1,900,895
Food	649,020	768,658
Trade	737,830	693,539
Organics	893,690	819,764
Grounds	554,070	523,471
Streets	1,015,150	996,181
Animal	201,320	145,339

Forecast Increases due to:

- 2018/19 Budget was largely based on the original 17/18 model.
- Service launched in October 2017 and left no time to set an accurate budget for 2018/19 as it was too late in the cycle.
- Additional narrow rounds to complete collections safely & efficiently
- Staffing of bulky, communal, clinical waste and bring site rounds
- Some transfer costs not included e.g. lease
- Extra loaders required on food waste
- Huge demand for containers and bins significantly higher than modelled



2019/20 Finances

- Working with WODC on 2019/20 budget - £7.45m
- Premise of using the 18/19 forecast with following additions:
 - Inflation (including fuel)
 - NJC pay award
 - Employers pension contribution



Lessons learned

- Not enough provision for risks/contingency built into the original model, especially considering the challenges left by the previous operator
- Scale and complexity of change was significant
- No costs were included to account for additional overtime and collections while the new service settled
- The settled service is different from the original model e.g. additional narrow rounds
- Review how we agree budgets and contract sums when launching a new service



What have we done

- Completed a Board Effectiveness Review which has changed how the Board review risk
- The Board now scrutinises projects and services in more detail
- A new Board composition will increase skills and ability to scrutinise the Executive
- Reduced the staffing on the food waste rounds to be more efficient
- Reduced to a single Operations Manager across both Downs Road & Station Lane (Bob Lightfoot)
- Developed options for changing rounds on bulky waste, clinical waste with the aim of implementing this in 2019/20 with the agreement of the commissioner
- Implemented improved suite of KPIs and performance information to improve transparency



Next Steps

- Important to regain trust and confidence that Ubico is providing WODC with a high quality service that demonstrates value for money and is better than other service models and alternatives
- Demand for containers remains extremely high. This may be positive for recycling rates but it remains an additional cost. We will explore with the Commissioner ways to reduce costs
- Reviewing operation across both depots for future efficiencies, including staffing structures
- Further improve our budget/contract sum setting process
- Implementing training and development to improve forecasting and management of financial risks

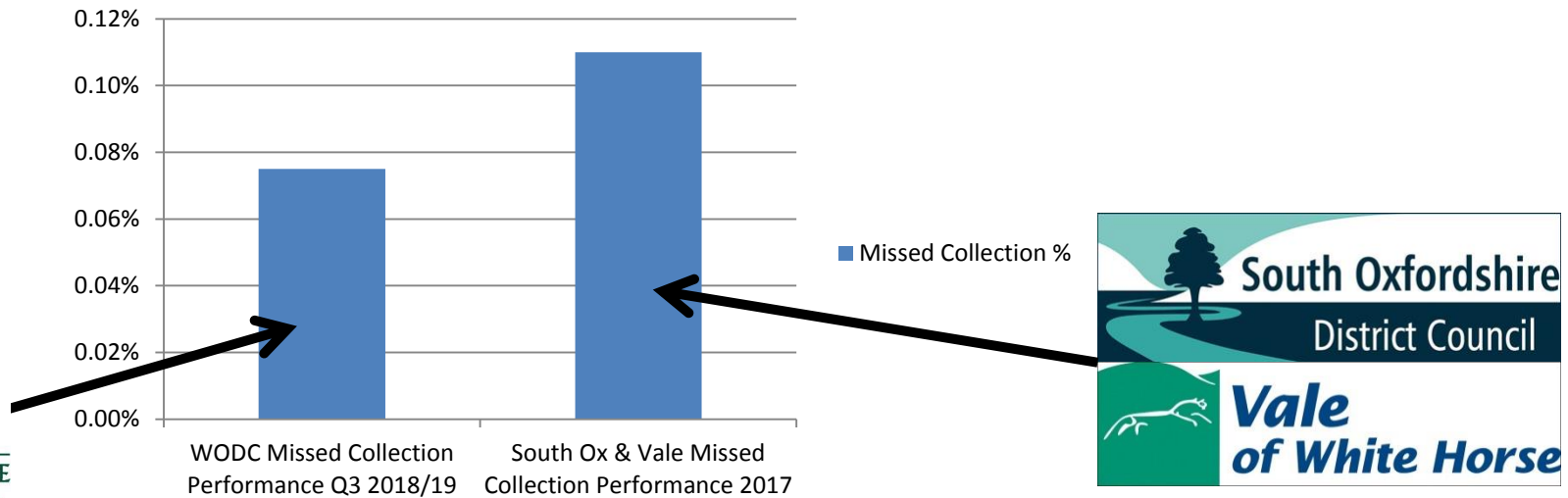


Performance & Depot Update



Missed Collection Comparison

Missed Collection %



WEST OXFORDSHIRE
DISTRICT COUNCIL



South Ox & Vale Performance reported to O/S in Autumn 2018 as part of their contract performance review



Downs Road Depot Before (Kier)



- Downs Road Depot was deemed unsafe and not compliant by the Environment agency
- Staff accommodation was unfit for habitation or use
- Untidy & rodent infestation
- Recycling material was contaminated by moisture due to pooling water and uneven surface

Downs Road Depot – Ubico



Downs Road Depot Ubico

