



WEST OXFORDSHIRE
DISTRICT COUNCIL

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Name and date of Committee	Cabinet – Wednesday 17 February 2021
Report Number	Agenda Item No. 7
Subject	Extension of Environmental Services Contract with Ubico
Wards affected	ALL
Accountable member	Councillor Norman MacRae, Cabinet Member for Environment; Email: norman.macrae@westoxon.gov.uk
Accountable officer	Scott Williams, Business Manager – Contracts Email: scott.williams@publicagroup.uk
Summary/Purpose	To update Members on the Ubico contract for Domestic Waste and Recycling collections, Trade Waste and Recycling collections (includes markets), Street Cleansing, Grounds maintenance, Bulky Waste collections, Pest Control & Dog Warden service and Bin deliveries which comes to an end on 31 st March 2022 and put forward a recommendation to extend the agreement term by 2 years to 31 st March 2024.
Annex	Annex A – Ubico Performance Report
Recommendation	That the proposal contained in this report be endorsed, and Council be recommended to authorise the extension of the current Ubico contract by two years, from 1 April 2022 until 31 March 2024.
Corporate priorities	The proposal in this report supports the Council priority: Climate Action - Leading the way in protecting and enhancing the environment by taking action locally on climate change and biodiversity.
Key Decision	No
Exempt	No
Consultees/ Consultation	The following people have all been consulted on this report and the detail contained within: Councillor Norman MacRae and Senior Council and Publica Officers.

1. BACKGROUND

- 1.1. West Oxfordshire District Council (WODC) along with Forest of Dean District Council (FoDDC), Cotswold District Council (CDC) and four other partners in Gloucestershire are shareholders in Ubico Limited, a Teckal company designed to deliver environmental services, offering better value for money than commercial contracts.
- 1.2. The Teckal model enables Councils to commission services without the costs associated with a procurement process. Ubico delivers environmental services on behalf of the Councils at a price which reflects the actual cost of service provision but in doing so holds no assets, and so the depots it operates from, the vehicles it uses to perform the services and the waste and recycling containers which are provided to residents, are all owned by the authorities. This ensures that the shareholders have full control over high value expenditure.
- 1.3. The WODC contract with Ubico delivers the following services:
 - Domestic Waste and Recycling collections
 - Trade Waste and Recycling collections (includes markets)
 - Street Cleansing
 - Grounds maintenance
 - Bulky Waste collections
 - Pest Control & Dog Warden service
 - Bin deliveries
- 1.4. Feedback from service managers confirms that Ubico performs well and delivers a good level of service, within the time constraints set by the Council. Collection accuracy is extremely high at 99.92%, so the level of missed bins is low. There is a good relationship between officers in Publica and Ubico which has been crucial in maintaining delivery of the front line service despite the Coronavirus pandemic and the pressure that has inflicted. A short update on the last six months of service delivery is attached at [Annex A](#).
- 1.5. Annual expenditure is subject to variation in areas such as salary increases and fluctuations in fuel cost. However, there has been regular in-year additional overspend in the management cost. Much of this was due to the cost of additional resources being required to provide the collection services in light of increases in waste volumes and this was largely out of the control of Ubico. However, some overspend was also attributed to omissions in the initial budget setting when the company was established and has required adjustment of base revenue budgets. In addition, some overspend has continued to occur as a result of changes in overheads.
- 1.6. The delivery of the Domestic Waste and Recycling collections, Trade Waste and Recycling collections (includes markets), Street Cleansing, Grounds maintenance, Bulky Waste collections, Pest Control & Dog Warden service and Bin deliveries is due to be reviewed and updated in 2024 in line with the majority of existing fleet vehicles reaching the end of their usable life and requiring replacement.

2. MAIN POINTS

- 2.1. There is provision within the current Ubico contract to extend by up to five years, should it be considered advantageous to do so but if nothing is decided before 31 March 2021, then the Council would automatically enter into the five year term extension period.
- 2.2. The services performed are part of the Councils statutory duty and therefore not providing them is not an option. The Council could however choose from one of the following options with regard to the contract for Domestic Waste and Recycling collections, Trade Waste and Recycling collections (includes markets), Street Cleansing,

Grounds maintenance, Bulky Waste collections, Pest Control & Dog Warden service and Bin deliveries:

- Enter into contract extension with Ubico for two years
- Enter into contract extension with Ubico for five years (any period up to five years could be selected, but for the purposes of this comparison 5 years has been presented)
- Award a new longer term contract to Ubico for this provision
- Complete a procurement to enter into contract with a private or third sector provider

2.3. The Council is facing unprecedented financial pressure brought about by the reduction in Central Government Revenue Support Grant to Local Authorities and the scale of risk to Government funding posed by the Ministry of Housing, Communities and Local Government “Fairer Funding Review” which may be implemented in 2022/23. Coupled with this is a significant reduction in income as a result of the national lockdowns in response to the Coronavirus pandemic.

2.4. It is therefore paramount that the Council identifies and implements efficiency measures to bring the costs down of its services and its contractors including Ubico are key in helping deliver this aim.

3. STRENGTHS & WEAKNESSES OF EACH OPTION

Enter into contract extension with Ubico for 2 years	
Strengths	Weaknesses
Mirrors the proposed extension of CDC	Potentially doesn't match up with other Ubico shareholders (excluding CDC but including FODDC)
Provides Ubico with certainty over contract for two more years	Could lead to increased cost due to Ubico not being able to secure long term contracts, for PPE as an example
Avoids cost in having to procure a new contract and any exit costs to leave the Ubico partnership	
Builds in time period for Ubico to demonstrate support to the Council in identifying and delivering efficiency measures to help address the financial pressures	
May allow for the Covid-19 pandemic and potential changes in local government landscape and the effects of Brexit to play out	
Ability to extend further up to the maximum of five years if required	
Enter into contract extension with Ubico for five years	
Strengths	Weaknesses
Provides Ubico with certainty over contract for five more years	Doesn't match up with CDC contract extension
Avoids cost in having to procure a new contract	Doesn't encourage Ubico to make additional effort to demonstrate support to the Council on efficiency measures and financial savings.

Ubico should support the Council in identifying and delivering efficiency measures to help address the financial pressures	
May allow for the Covid-19 pandemic and potential changes in local government landscape and the effects of Brexit to play out	
Matches up with other Ubico shareholders (not CDC)	

Award a new longer term contract to Ubico for this provision	
Strengths	Weaknesses
Provides Ubico with extended certainty over contract	Doesn't match up with CDC
Avoids cost in having to procure a new contract	Doesn't match up with other Ubico shareholders
Ubico should support the Council in identifying and delivering efficiency measures to help address the financial pressures	Doesn't encourage Ubico to make additional effort to demonstrate support to the Council on efficiency measures and financial savings.
May allow for the Covid-19 pandemic and potential changes in local government landscape and the effects of Brexit to play out	
Complete a procurement to enter into contract with a private or third sector provider	
Strengths	Weaknesses
May be able to reduce cost if contract awarded to a new provider	Costs associated with a procurement process
Dependant on term, may allow for the Covid-19 pandemic and potential changes in local government landscape and the effects of Brexit to play out	Would likely have to leave the Ubico partnership and finance any exit costs
	Ubico would likely not support the Council in identifying and delivering efficiency measures
	Would potentially need to enter into a longer term than two years to attract the necessary interest
	Costs may increase with a new provider specifically when taking into account operating profit

4. FINANCIAL IMPLICATIONS

- 4.1. The current Ubico contract for Domestic Waste and Recycling collections, Trade Waste and Recycling collections (includes markets), Street Cleansing, Grounds maintenance,

Bulky Waste collections, Pest Control & Dog Warden service and Bin deliveries is budgeted to cost the Council £7,570,023 this year (2020-21).

- 4.2. In support of the Councils financial position, Ubico has reviewed the services it performs and following challenge by senior officers has proposed a budget for 2021/22 as £7,485,798 which represents a small saving compared with 2020/21.
- 4.3. In addition, it is anticipated that there are more savings achievable through improved system design and this would be the focus for the period of the contract extension with the creation of an Environmental Services Improvement Programme (ESIP) which aims to:
 - Improve the services provided to residents and communities
 - Reduce costs for the Authorities, Publica and Ubico
 - Improve existing systems, processes and structures
 - Reduce service failure
 - Increase use of digital platforms so customers can effectively self-serve
 - Reduce the carbon produced by environmental services
 - Make business information current and visible, using it to make informed strategic and operational decisions
- 4.4. The ESIP will initially focus on the services currently performed and explore ways of making them more efficient through the use of technology, process redesign and lessons learned from alternative working practices elsewhere in the sector. An example of this will be the forthcoming 'In-Cab Technology System' which would immediately deliver efficiencies through reduced service failure. However, any such system cannot be fully effective without the necessary processes being in place to support it and so the ESIP would be the vehicle for reviewing the current practice and implementing improvements which will create greater efficiency.

5. LEGAL IMPLICATIONS

- 5.1. The Council is required to perform Domestic Waste and Recycling collections, Trade Waste and Recycling collections (includes markets), Street Cleansing, Grounds maintenance, Bulky Waste collections, Pest Control & Dog Warden service and Bin deliveries which is provided by Ubico under the terms set out in a formal contract.
- 5.2. The extension of the current contract ensures that there is the necessary provision in place to perform these functions.

6. RISK ASSESSMENT

- 6.1. The Council does not have the option of simply stopping these functions, so needs to continue delivering them directly or through a third party.
- 6.2. The risks associated with the options available to the Council are set out in the Strengths and Weaknesses section of this report [Section 3]

7. EQUALITIES IMPACT

- 7.1. None associated with this report.

8. CLIMATE CHANGE IMPLICATIONS

- 8.1. None associated with this report.

9. ALTERNATIVE OPTIONS

- 9.1. The Council can choose to enact the contract extension with Ubico or retender the contract for Domestic Waste and Recycling collections, Trade Waste and Recycling

collections (includes markets), Street Cleansing, Grounds maintenance, Bulky Waste collections, Pest Control & Dog Warden service and Bin deliveries with an alternative provider. However, given the risks surrounding the economy as a result of the Coronavirus pandemic and Brexit, it would be unlikely to receive competitive bids, when compared to that currently being paid to Ubico.

10. REASONS

- 10.1. In order to maintain delivery of the Domestic Waste and Recycling collections, Trade Waste and Recycling collections (includes markets), Street Cleansing, Grounds maintenance, Bulky Waste collections, Pest Control & Dog Warden service and Bin deliveries and taking account of the planned service redesign in 2024, and as a result of the Coronavirus pandemic and Brexit, Officers believe that entering into a two-year extension with Ubico (from 1 April 2022 until 31 March 2024) would be the best solution at this time. This should allow enough time for outside influences to play out and for Ubico to work with the council to deliver further efficiencies and the Environmental Services Improvement Programme in support of the Authorities Medium Term Financial Strategy.
- 10.2. If required the Council has the ability to extend for a further period up to a maximum of three years from 2024, award a longer term contract to Ubico, or go to the market.

11. BACKGROUND PAPERS

- 11.1. None

Ubico 6 Monthly report 2020-21



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Executive Summary

- A Tough 6 months due to Coronavirus
- Depots re-organised with one way systems, perspex screens. All those who could work from home did so.
- Front line crews in “Bubbles” to minimise risk of infection.
- HSE guidelines followed at all times.
- New Supervisory staff recruited and doing very well
- New Managing Director

Deliver Quality Month of *September 2020*

Total collections: 4,050,664

Total missed collections: 3,284 Inc. garden waste

Collection Accuracy %: 99.92%

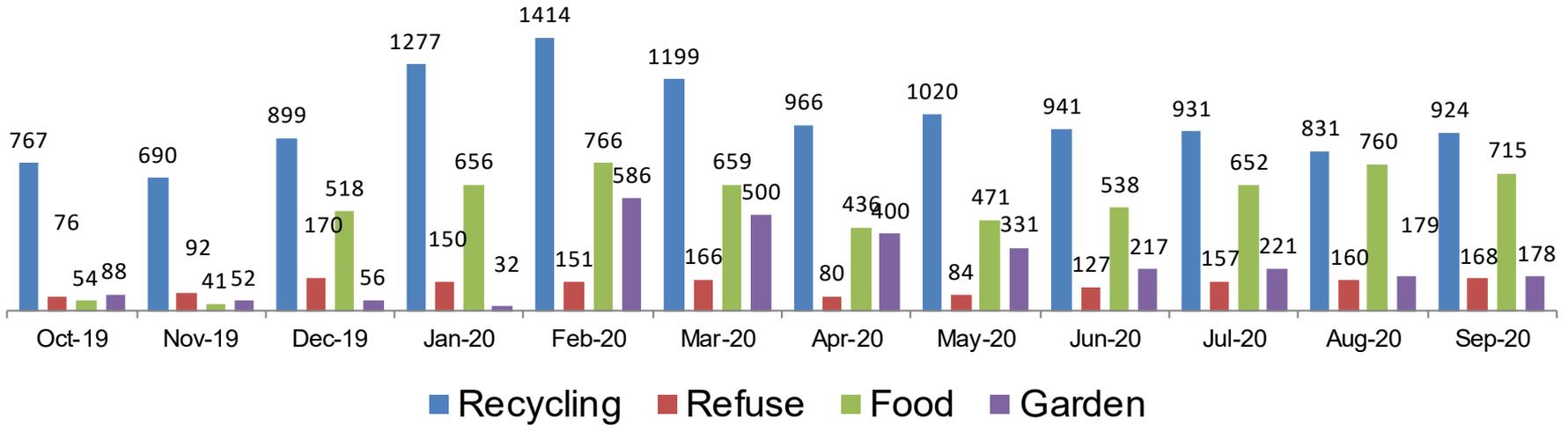
Target = 99%

- In 2019/20 the accuracy rate was 99.9%



Deliver Quality Container Requests

Container Requests per service area

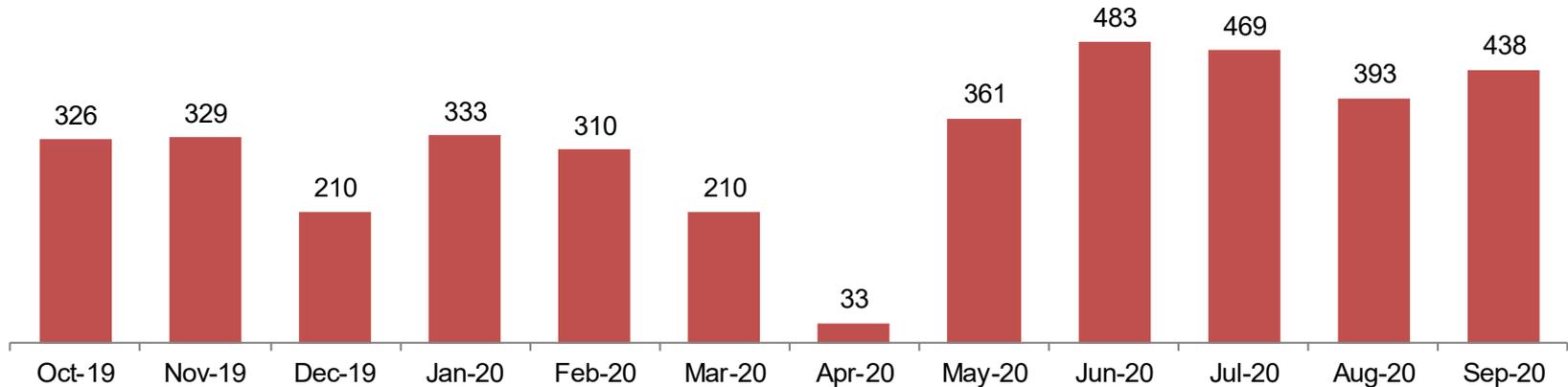


- Container requests remain at a very high level but Ubico continue to stay within delivery timescale deadlines. An increase in requests of 50% compared to Apr – Sep 2019



Deliver Quality Bulky Waste Collections

Number of **Bulky Waste** collections requested completed within 10 days

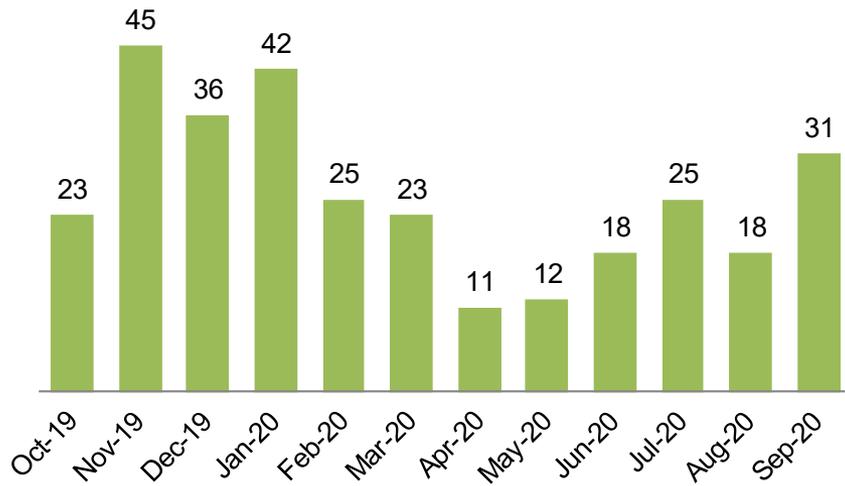


- Please note that collections were suspended from 23/03/2020 Restarted 18/05/2020. Collections cost residents £27.68 for up to three items with each additional item costing £9.22 (up to a max of five items)

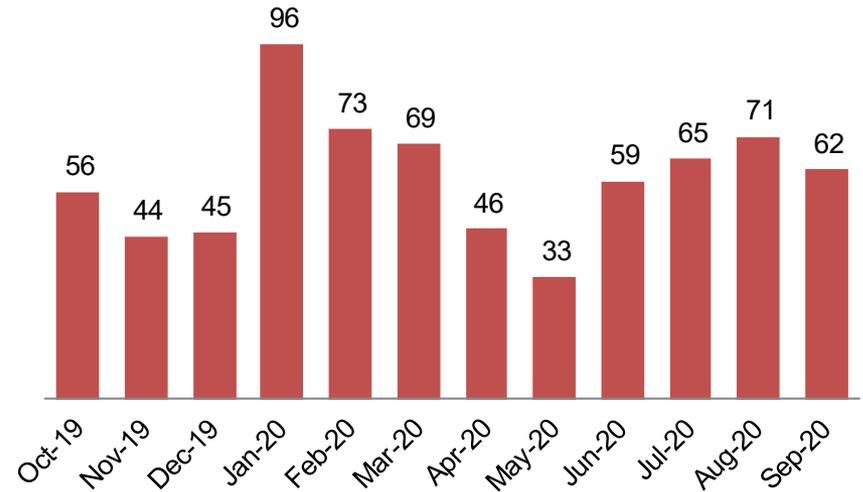


Deliver Quality Litter / Street and Fly tipping Requests

Litter & Street Cleaning requests



Fly tipping reports



- There has been a consistent increase in fly tipping reports and this has been sustained for at least the last 12 months. WODC provide litter picking equipment to volunteers and collect bags after the event.

