



WEST OXFORDSHIRE
DISTRICT COUNCIL

WEST OXFORDSHIRE DISTRICT COUNCIL

| | |
|----------------------------|---|
| Name and date of Committee | EXECUTIVE – 15 JANUARY 2025 |
| Subject | WASTE AND ENVIRONMENTAL SERVICES REVIEW |
| Wards affected | All |
| Accountable member | Cllr Lidia Arciszewska - Executive Member for Environment Email: lidia.arciszewska@westoxon.gov.uk |
| Accountable officer | Bill Oddy, Assistant Director Commercial Development Email: bill.oddy@publicagroup.uk |
| Report Author | Bill Oddy, Assistant Director Commercial Development Email: bill.oddy@publicagroup.uk |
| Summary/Purpose | To update the Executive on the review of the waste and environmental services contract with Ubico and to outline the proposed Oxfordshire Waste and Environmental Services (WESP) Transformation Programme |
| Annex | Annex A - Service Review Report (Confidential) |
| Recommendations | <p>That the Executive resolves to consider any comments or recommendations from The Overview and Scrutiny Committee meeting on the 8 January 2025, and recommends to Council to:</p> <ol style="list-style-type: none">1. Note the content of the report and the Activist Service Review Report, attached as Annex A; and2. Agree to extend the waste and environmental services contract with Ubico to March 2027 (circa £9m per annum); and3. Agree to undertake a detailed review of all waste and environmental services provided by Ubico; and4. Agree to inform Ubico of the potential to vary the contract from April 2026 or earlier by mutual consent; and5. Delegate Authority to the Council's Director of Finance, in consultation with the Assistant Director Commercial Development, to extend the contract with Ubico and to negotiate any variations to the contract; and <p>That the Executive resolves to:</p> <ol style="list-style-type: none">6. Endorse and support the principle of 'Working Collaboratively' in the future with other local authorities in Oxfordshire on environmental and waste services; and |

| | |
|-----------------------------|--|
| | <p>7. Agree to support the creation of The Oxfordshire Waste and Environmental Services Transformation Programme and delegate authority to Assistant Director Commercial Development, in consultation with the Executive Member for Environment, to negotiate and agree the governance framework for the programme, and the associated programme plan; and</p> <p>8. Appoint the Executive Member for Environment to be the Council's lead Member for the Oxfordshire Waste and Environmental Services Transformation Programme and the Assistant Director Commercial Development to be the Council's Lead Officer; and</p> <p>9. Allocate £150,000 from the Council Priority Fund to support The Oxfordshire Waste and Environmental Services Transformation Programme in 2025/26; and</p> <p>10. Request that Officers report back to the Executive Transformation Group and the Executive Member for Environment periodically on progress with the Waste and Environmental Services Transformation Programme.</p> |
| Corporate priorities | <ul style="list-style-type: none"> • Putting Residents First • Enabling a Good Quality of Life for All • Creating a Better Environment for People and Wildlife • Responding to the Climate and Ecological Emergency • Working Together for West Oxfordshire |
| Key Decision | Yes |
| Exempt | Annex A |
| Consultees/ Consultation | <p>The following people have all been consulted on this report and the detail contained within:</p> <ul style="list-style-type: none"> • Councillor Lidia Arciszewska • Councillor Alaric Smith • Senior Council, Publica, and Ubico Officers |

I. BACKGROUND

I.1 This report covers a number of waste and environmental services related areas including:

- The contract the Council has with Ubico Limited to provide waste and environmental services; and
- The proposed Oxfordshire Waste and Environmental Services Transformation Programme

The contract the Council has with Ubico Limited to provide waste and environmental services

- I.2 West Oxfordshire District Council along with Cotswold District Council, Forest of Dean District Council and five other Gloucestershire local authorities are shareholders in Ubico Limited, a Teckal company designed and created to deliver waste and environmental services.
- I.3 The Teckal model allows for a greater level of flexibility within the contract. Ubico delivers services on behalf of the Council 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 (Station Lane and Downs Road in Witney), the vehicles it uses to perform the services and the waste and recycling containers which are provided to residents and businesses, are all owned or leased by the council. This ensures that the shareholders have full control over high value expenditure.
- I.4 The Council's current 2024-25 contract with Ubico costs £8,933,592 and delivers the following services:
- Domestic waste & recycling collections (refuse, recycling, food & garden waste)
 - Business waste and recycling collections
 - Street cleansing
 - Grounds maintenance
 - Bulky waste collections
 - Dog warden service
 - Waste container deliveries
 - Fairs and markets
- I.5 The Council faces significant financial challenges and the costs of delivering the waste and recycling service has risen by £1.5M (21%) over the last few years. During this period, significant service improvements have been made by Ubico including a reduction in missed collections of 25%. In addition, a significant number of new dwellings have been built across the district and an aging vehicle fleet and the associated repairs, maintenance, and hire costs have added to these costs. This is against a backdrop of general inflation (wage, fuel, vehicle repairs etc) as well as delivering service savings, increased growth in paid for products, and savings from

the new dry mixed recycling recycling contract, approved by the Executive in September 2024.

- I.6 In February 2023, the Executive and Council approved extending the Ubico contract by two years, from 1 April 2024 until 31 March 2026. The decision in 2023 to extend the contract was based on the following benefits:
- It provided Ubico and WODC with certainty over the contract for two more years
 - It avoided the costs of setting up a new contract with a commercial service provider
 - It provided a period of time for Ubico to demonstrate support to the Council in identifying and delivering service improvements and efficiency measures to help address the financial pressures it faces.
- I.7 The Council can only extend the current contract by a further year and must inform Ubico of its intentions by 31 March 2025. Because Ubico is a Teckal company, The Council could directly award a new contract when the current one expires. The Council has now reached a point where it needs to determine how it wants to provide waste and environmental services in the futures and who it wants to commission to provide these.
- I.8 The Council has three realistic options for future service delivery to consider:
- Outsourcing the contract to a private sector contractor
 - Continuing to deliver the services with Ubico
 - Explore alternative service delivery models.
- I.9 In partnership with Cherwell District Council and Oxford City Council, The Council commissioned Activist to undertake a review of these service options, the report is contained at Annex A.
- I.10 The report concludes that the Council is well placed to take an evolutionary approach to how it provides its waste and environmental services over the next few years.
- I.11 The report outlines the opportunity to work collaboratively with other District Councils in Oxfordshire in the future as well as Oxfordshire County Council in its capacity as the Waste Disposal Authority for the county. The report also confirms that there is an appetite to work collaboratively in Oxfordshire across a range of waste and environmental services.
- I.12 The District and City Councils in Oxfordshire are Waste Collection Authorities (WCA) and Oxfordshire County Council is the Waste Disposal Authority (WDA).
- I.13 Each of the WCA's has different contract arrangements in place to collect waste and dispose of recycling material. All domestic residual (refuse) waste is disposed of at Ardley Energy Recovery Facility. The table below outlines who provides the service for the WCA's and the type of recycling service they provide, all other waste services (Refuse, Food, Green) are the same.

| AUTHORITY | WASTE SERVICE PROVIDER | TYPE OF RECYCLING SERVICE |
|-----------|------------------------|---------------------------|
| Cherwell | In-House | Fully Co-mingled |

| | | |
|-------------------------|---|----------------------------------|
| Oxford City | Oxford Direct Services (ODC) Limited / Oxford Direct Services Trading Limited | Fully Co-mingled |
| South Oxfordshire | Biffa | Fully Co-mingled |
| Vale of the White Horse | Biffa | Fully Co-mingled |
| West Oxfordshire | Ubico Limited | Fully Co-mingled Separated glass |

- I.14 Although this looks like a complex contractual picture; Cherwell, Oxford City and West Oxfordshire’s contracts are much easier to vary because they are either with a Teckal company they own, or the majority of services are in-house. At the same time South Oxfordshire and Vale of the White Horse Council’s currently have an outsourced contract with Biffa that comes to an end in 2026. The current arrangement across the county provide an opportunity to review how waste collection services could be delivered over the next year in Oxfordshire as part of the proposed Oxfordshire Waste and Environmental Services Transformation Programme.
- I.15 Based on the findings in the report, it is proposed that the current contract with Ubico is extended to March 2027 (Recommendation (2)). At the same time, the contract allows the Council to give Ubico “Reasonable written notice” to change the service as part of the Annual Review (Recommendation (4)). Over the next year a review of the services provided by Ubico will be undertaken as part of the proposed Oxfordshire Waste and Environmental Services Transformation Programme to determine the most appropriate service delivery model(s). Detailed business cases will be commissioned for each service area to determine the most appropriate option.
- I.16 In order to undertake work on this scale, the Council will need to invest in a transformation programme as well as working with Ubico to determine the optimum roadmap. The proposed establishment of an Oxfordshire Waste and Environmental Services Transformation Programme would be the vehicle to deliver the service reviews and potential change.

The Oxfordshire Waste and Environmental Services Transformation Programme

- I.17 Over the last year officers from local authorities in Oxfordshire have worked collaboratively on several waste and environmental services related projects including:
- Commissioning the Activist Service Review
 - Undertaking a Discovery on waste container management
 - Completing a joint dry mixed recycling procurement process
 - Completing a joint recycled glass procurement process
 - Undertake a commercial waste pilot (ongoing)
 - Initial discussions around grounds maintenance and biodiversity.
- I.18 This work has demonstrated the value of working more collaboratively and the Activist report outlines the potential financial and non-financial benefits of a more

joined up approach across Oxfordshire to waste management and environmental services.

- I.19 One of the biggest challenges to delivering this work over the last year has been capacity, and in some cases the capability to deliver these projects. There is no doubt that the delivery of a programme across waste and environmental services will require resources and is an “Invest to save and improve” programme.
- I.20 A programme of this scale will require robust and clear governance to ensure the risks are managed and the benefits are realised. A governance framework for the programme will need to be prepared as part of the programme mobilisation.
- I.21 An emerging list of short, medium, and long-term projects has been developed and prioritised and this will form the basis of The Oxfordshire Waste and Environmental Services Transformation Programme. Early estimates indicate that the financial benefits are circa £3m a year for West Oxfordshire, Cherwell and Oxford City Councils’, this is likely to increase if other Authorities join the programme . The Activist report recommends this evolutionary approach and also outlines the potential financial and non-financial benefits.
- I.22 A significant benefit for the Council of collaborating with local authorities in Oxfordshire is that there is already a collaborative partnership called The Oxfordshire Resources & Waste Partnership (ORWP). This includes all the District Councils and Oxfordshire County Council (OCC) with each authority financially supporting the work of ORWP. The current disposal arrangements for both residual and recycling material in the county have been in place since 2012. There are now discussions about reviewing these, where legal contracts allow, in light of the financial implications, pending legislation, and emerging desire to adopt a circular economy in the county to support all of the local authorities' ambitions to be net zero. This provides a very significant medium-term opportunity for the County, one that does not exist for the Council with the Ubico Shareholder Councils in Gloucestershire and Gloucestershire County Council.
- I.23 In addition, in November, the Government announced new “[Simpler Recycling in England](#)” arrangements. The new default requirement for most households and workplaces will be 4 containers for:
- residual (non-recyclable) waste
 - food waste (mixed with garden waste if appropriate)
 - paper and card
 - all other dry recyclable materials (plastic, metal and glass)
- I.24 Simplier Recycling provides a financial risk but also a strategic opportunity for authorities in Oxfordshire to collaborate and deliver the proposed changes through The Oxfordshire Waste and Environmental Services Transformation Programme.

2. FINANCIAL IMPLICATIONS

- 2.1 The current Ubico contract budget is £8,933,592 in 2024-25, this compares to £7,361,462 in 2022-23, an uplift of over £1.5m (21%). The main drivers of this are:
- A significant number of new dwellings have been built across the district

- An aging vehicle fleet and the associated repairs, maintenance, and hire costs
- General inflation including wages and fuel^{2.2} An extension of the waste and environmental services contract with Ubico to March

2027 will mean a similar figure (circa £9m per annum) will be included in the 2025/26 and 2026/27 budgets.

2.3 The proposed Invest to save, and improve, programme, in the form of The Oxfordshire Waste and Environmental Services Transformation Programme, provides the Council, and other local authorities in Oxfordshire, with a very significant financial opportunity, estimated to be circa £3m.

2.4 Alongside work on the programme plan, a resource plan will be developed, this will be the vehicle to deliver the transformation and change that is required. For a programme of this type, there will a need for:

- A dedicated core team to manage the programme and support decision-makers
- The close involvement of service, accountancy and legal specialists
- Engagement and communication specialists, with a focus on partnership building
- Specialist advice and challenge for joint procurement and shared service projects.

2.5 Ideally, the main programme resources should be in-house, with external support limited to specialist advice or to add capacity. Care should be taken in ensuring that the workload of in-house specialists can accommodate work on the programme, backfilling where necessary. The core team should ideally be seconded from among the prospective partners. The initial estimate of the cost of the programme for each authority of £150,000 a year for two years should be treated as a provisional estimate that should be refined further as the work programme is developed and refined.

3. LEGAL IMPLICATIONS

3.1 The Council has a statutory responsibility to collect refuse, recycling and food waste. The proposed extension of the contract to 2027 ensures that there is the necessary provision in place.

3.2 Some of the services Ubico provide may be the subject of contract variation, the process for this is outlined in the service contract.

3.3 The Council and the proposed Oxfordshire Waste and Environmental Services Transformation Programme will require legal support to ensure the legal implications are carefully considered.

4. RISK ASSESSMENT

4.1 The Council does not have the option of simply stopping the majority of these functions, so needs to continue delivering them directly or through a third party.

4.2 Doing nothing is not considered to be an option given the increase in costs outlined in the report. Clearly there are significant risks to the Council if they do not explore a more collaborative approach to delivering waste and environmental services with Oxfordshire local authorities given the potential benefits outlined in the Activist report.

4.3 A robust governance and risk management framework will be implemented as part of the Oxfordshire Waste and Environmental Services Transformation Programme.

5. EQUALITIES IMPACT

None associated with this report.

1. CLIMATE CHANGE IMPLICATIONS

6.1 The benefits associated with the recommendations are outlined in the report and the Activist report in Appendix A.

6.2 A Sustainability Impact Assessment will be completed as part of the mobilisation of the proposed Oxfordshire Waste and Environmental Services Transformation Programme governance framework.

7. ALTERNATIVE OPTIONS

7.1 The Council could choose to tender the contract for some, or all of the services provided by Ubico from April 2026. However, there would be additional unbudgeted one-off costs of circa £250,000 to prepare the comprehensive service specifications and conduct the necessary procurement process. In addition, there is no guarantee that a private sector contractor would provide a more cost-effective solution given the legislative changes, including Simpler Recycling, being implemented over the next few years. This option does not provide the flexibility the Council needs and is likely to inflate the cost of the contract.

7.2 The Council could negotiate a new contract with Ubico with the aim of reducing the contract sum. This would mean a significant reduction in service standards and/or services. Many of the non-statutory services provide an income for the Council to offset the revenue costs so stopping or reducing them would have a negative impact on the overall financial position.

8. BACKGROUND PAPERS

None