

STROUD DISTRICT COUNCIL
ENVIRONMENT COMMITTEE

**AGENDA
ITEM NO**

4 FEBRUARY 2021

6

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|--|--|-------|----------|---------------|
| Report Title | UBICO CONTRACT EXTENSION | | | |
| Purpose of Report | To recommend the extension of the Ubico agreement for a further five year period. | | | |
| Decision(s) | <p>The Committee RESOLVES to:</p> <p>a) Approve the extension of the Ubico agreement for a further 5 years, taking the contractual period to 31st March 2027, and</p> <p>b) Delegate authority to the Head of Community Services in consultation with the Chair of Environment Committee to formally write to Ubico and undertake such other steps necessary to carry out this recommendation.</p> | | | |
| Consultation and Feedback | N/A | | | |
| Report Author | Michael Towson, Community Services Manager Email: michael.towson@stroud.gov.uk | | | |
| Options | Committee could instruct a procurement procedure to be undertaken. However, for the reasons outlined in the report the officer advice is that we extend the existing agreement with Ubico. | | | |
| Background Papers | N/A | | | |
| Appendices | N/A | | | |
| Implications (further details at the end of the report) | Financial | Legal | Equality | Environmental |
| | Yes | Yes | No | Yes |

1. INTRODUCTION / BACKGROUND

- 1.1 In 2016 SDC entered into an agreement with Ubico for the provision of waste and recycling collections, street cleansing, grounds maintenance, building cleaning and fleet management and maintenance.
- 1.2 Ubico are a teckal company owned by various local authority shareholders, including SDC. The ‘teckal’ exemption allows Ubico to deliver services to public bodies without going through a public procurement process. The status has numerous associated benefits including services being delivered at cost and a greater degree of flexibility to re-design and change services.

- 1.3 The agreement runs until the 31st March 2022, after which there is the option to extend, for a period up to five years.
- 1.4 The agreement with Ubico is a key contract for SDC, representing around a third of the overall budget in financial terms, but also providing many of the front facing customer contacts.
- 1.5 This report briefly reviews performance over the preceding years, with a view to recommending an extension to the term.

2. OPERATIONAL PERFORMANCE

- 2.1 Ubico entered into the agreement in 2016 in the midst of a service change, which made some fundamental changes to waste and recycling provision in the district.
- 2.2 These changes and the resulting improvements to recycling percentages and residual waste levels, have been recognised nationally with an award at the Materials Recycling World National Recycling Awards in June 2019 (lowest national rate for waste sent to landfill 2017/18).
- 2.3 The working relationship between SDC and Ubico is robust and improvements to reporting measures have taken place over the preceding five years. Recommendations from a 'satisfactory' internal audit have been implemented and the flow of information is now much improved. This includes the flow of financial data, allowing SDC to closely monitor budgets and expenditure throughout the year. The budget setting process has also improved, with Ubico providing waste round expansion plans, to cater for housing growth.
- 2.4 Ubico provide full transparency to SDC staff, offering full access to site records at all times and particularly for the purposes of the annual health and safety report, presented to the Joint Safety Committee. Regular arranged and unannounced site inspections are undertaken and SDC staff monitor radio communications when working at the depot.
- 2.5 A quarterly Environmental Services Partnership Board (ESPB) meeting is undertaken where any fundamental changes to practice are discussed. Standing members include the Environment Committee Chair alongside personnel from various SDC departments and Ubico management staff. It was recently agreed that the minutes of these meetings would be circulated to members of the Environment Committee.
- 2.6 The ESPB meeting provides the forum for the discussion of Key Performance Indicators (KPIs), which are also rigorously monitored by the Community Services Manager and Ubico Operation and Transport Manager. KPI targets have been agreed and results are assessed against these, taking account of seasonal fluctuation and other mitigations.
- 2.7 The KPIs were subject of much consideration and remain under constant review, as do the associated performance targets. Most recently at the January ESPB meeting, the target for missed collections was tightened from no more than 350 misses in a calendar month, to no more than 325 in a calendar month, after previously being trimmed from 400.
- 2.8 The latest review of KPI figures revealed that Ubico are performing well; the ESPB minutes note a positivity about the performance in 2020 despite the increase in waste volumes at the kerbside and in litter bins, as a result of the Covid-19 pandemic.

2.9 The table below (Table 1) is a colour coded KPI Tracker, used to highlight headline performance. The predominant table colour is green, illustrating performance at or above target levels. For those not regularly recording 'on target' figures there is the following commentary:

- CS3 (Agency staff as a percentage of the overall workforce) – In 2020/21 there has been a marked improvement and less reliance on agency staff, even given the pandemic. A wider contracted pool of staff has been created to cover holidays and other absences.
- SC1 (Number of street cleaning requests per month) – Winter always increases the number of street cleaning requests, often associated with fallen leaves. Over 21 tonnes of leaves have been collected so far this winter and whilst every effort is made to proactively guard against service requests, nature sometimes overrides this.
- WC1 (Residual household waste per head of population (KG/month)) – The pandemic has led to increased waste presentation levels by residents, as waste disposed of commercially, at workplaces and offices, is diverted to the kerbside scheme. Whilst the pandemic may lead to more working from home in the long term, we expect figures to return to normality as we recover.
- WC2 (% household waste – Recycling rates are somewhat seasonal and we've seen this over many years. This phenomenon is exacerbated by our garden waste scheme ceasing in December and January. Recycling rates are at a peak in the summer and tail off in winter, especially directly after Christmas. Year to date figures suggest we're likely to maintain a recycling rate of around 60%. Although residual waste has increased considerably (reflected in WC1), recycling presentation has also increased to maintain parity.

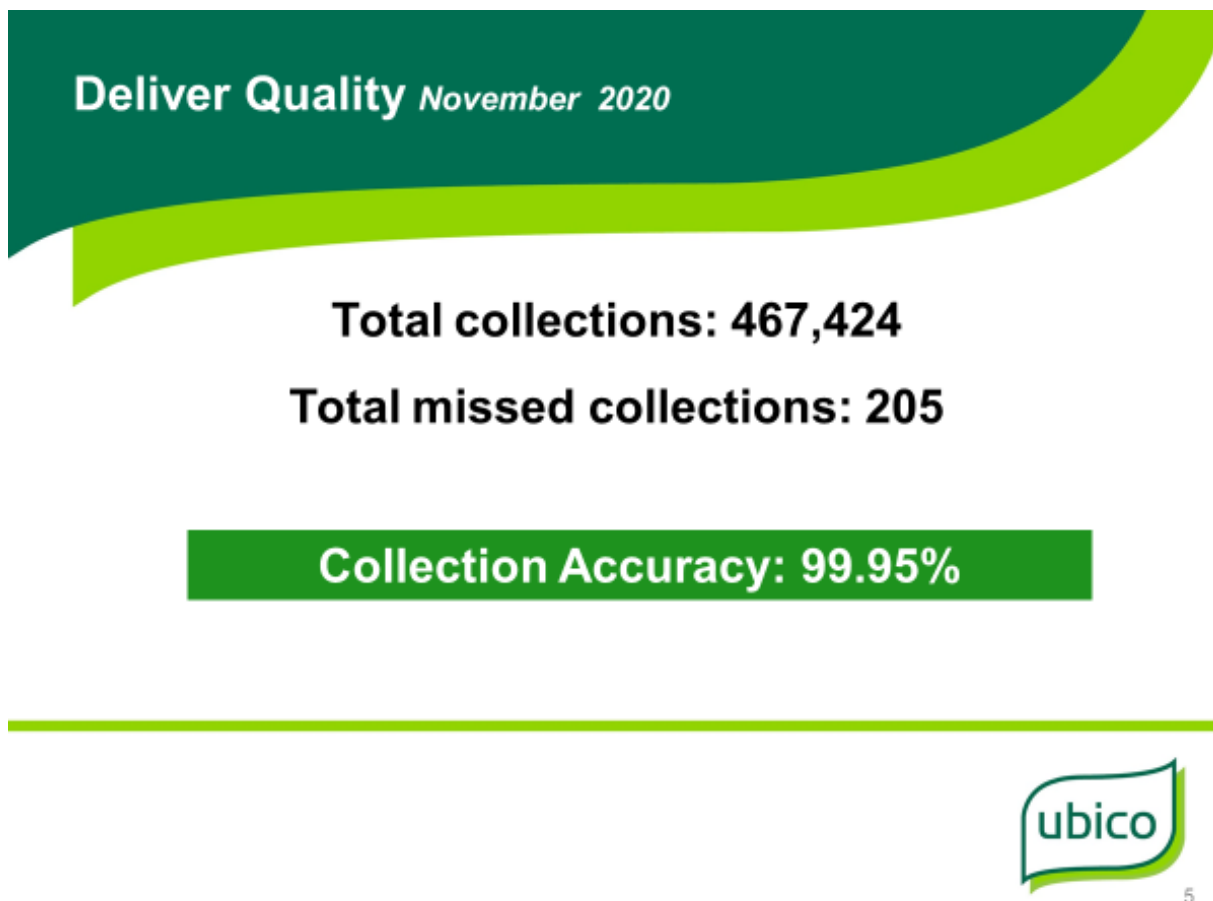
Table 1
KPI Tracker – 2020 Calendar Year

| KPI | Monthly Target | Dec-19 | Jan-20 | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov |
|--|----------------|--------|--------|--------|--------|--------|--------|--------|-------|--------|--------|--------|--------|
| CS1 Number of RIDDOR incidents | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| CS2 Number of 'safety concerns' health and safety reports | 25 | 69 | 56 | 46 | 42 | 35 | 25 | 36 | 45 | 43 | 55 | 61 | 56 |
| CS3 Agency staff as a percentage of the overall workforce | <3% | 8% | 6% | 0% | 10% | 3% | 2% | 3% | 3% | 3% | 3% | 3% | 3% |
| CS4 - Number of service complaints (non-waste) | <5 | 2 | 0 | 3 | 2 | 0 | 3 | 1 | 6 | 4 | 0 | 4 | 0 |
| SC1 – Number of street cleaning requests per month | <30 | 35 | 49 | 33 | 25 | 10 | 10 | 33 | 20 | 21 | 23 | 25 | 39 |
| WC1 - 'Residual household waste per Head of Population (kg/month)' | <10kgs | 10.22 | 12.24 | 9.64 | 10.24 | 11.88 | 11.59 | 11.40 | 12.37 | 10.12 | 11.58 | 11.56 | 10.80 |
| WC2 - % Household waste reused, recycled and composted | >60% | 57.78% | 55.57% | 57.60% | 58.86% | 60.83% | 60.56% | 59.94% | 61.22 | 60.33% | 61.12% | 59.06% | 58.46% |
| WC3 – Number of justified missed collections per month | <325 | 196 | 284 | 276 | 292 | 241 | 232 | 256 | 257 | 210 | 235 | 264 | 205 |
| WC4 – Number of missed assisted collections per month | <25 | 24 | 25 | 18 | 26 | 13 | 15 | 11 | 21 | 15 | 24 | 27 | 20 |

- 2.10 Picture 1 below is an excerpt from the November 2020 Management report that Ubico produce for regular review. It provides an illustration of what the KPIs mean in reality – the slide relates to missed collections. Whilst there were 205 missed collections, 467,219 collections were conducted across the waste streams without issue.

Picture 1

Excerpt from Ubico Monthly Report (November 2020)



- 2.11 In addition to the positivity regarding KPI performance, the contract management team within Community Services also report that working relationships are positive and supervisory changes have been made recently to enhance this.
- 2.12 A performance report from the Community Services Manager to ESPB has been added to the agenda as a standing item. This further provides the opportunity to reflect on particular areas of concern, with the emphasis being on feedback from the wider multi-service team, who are monitoring standards in their day to day work.
- 3. INDEPENDENT REVIEW**
- 3.1 To supplement the ongoing contract management, SDC commissioned a value for money report in late 2018 to assess the substantive elements of the Ubico agreement, namely the waste services.
- 3.2 The APSE associate looked at numerous factors including financial data. The report concluded: 'The authority receives value for money from the operation of waste services by Ubico'.

- 3.3 Moreover, the associate considered that: 'The operational delivery by Ubico...is very professional, has a wealth of experience and skills on the front line and managerially, and is well managed'.
- 3.4 SDC remain APSE members and use benchmarking data, submitting returns every two years to lessen the considerable administrative burden. Data for 2019/20 has recently been submitted, whilst the most recent report for 17/18 ranks SDC favourably within the family group.
- 3.5 At the ESPB meeting in September it was agreed that more simplistic DIY benchmarking data would be sought in the future too.
- 3.6 A review exercise has been undertaken by other district authorities in Gloucestershire, who use Ubico for environmental services. Each has replicated the conclusion of our APSE report and reflected that significant financial savings are being delivered by Ubico. The setup of Ubico as explained in [1.2], is key to this.
- 3.7 It should be noted that whilst the independent report in Stroud focused on waste services, other authorities have focused on broader services; with similar conclusions. In fact, a WYG report for one authority, particularly praised street cleansing and grounds maintenance operations, which were realising particular financial benefits compared to commercial options.
- 3.8 Consideration will be given to a further SDC consultant report throughout the extension term. This could encompass the whole range of Ubico activity to provide further ongoing reassurance, or to highlight areas that may have degraded.

4. DECISIONS FROM OTHER UBICO PARTNERS

- 4.1 Other district authority partners are taking similar decisions around the county at present, with all agreements to be reviewed 12 months prior to the concurrent conclusions in 2022.
- 4.2 At the time of writing Cheltenham Borough Council have decided to extend their agreement for the additional 5 years. They have been the first to make this decision.

5. CONCLUSION

- 5.1 There have been vast improvements in the relationship between Ubico and SDC since conception. The adversarial stance has retreated and as a result, trust continues to build. In large part this has been enabled by better information flow, particularly concerning finances.
- 5.2 Results are good. Residents are getting good service and performance indicators reflect this. Multi-service team staff are complementary of the continued operational improvements Ubico have made and rectification measures when things do go wrong are in place.
- 5.3 Ubico offer good value for money and the model offers significant savings against a commercial option.
- 5.4 Officers believe that an extension to the agreement should be sought and the maximum five year extension is recommended to members.

6. IMPLICATIONS

6.1 Financial Implications

The extension to the agreement will have financial implications over the next 5 years. A new budget is proposed in conjunction with SDC each Financial year. This will incorporate such things as inflation and material changes to the Contract. Officers (including the S151 Officer) from SDC will robustly investigate any increases and work alongside Ubico to set the budget each year to fulfil the community needs whilst retaining value for money. Budget discussions include consideration of the longer term picture and this is included in the Council's Medium Term Financial Plan.

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6.2 Legal Implications

On 29th January 2016 the Council entered into an agreement with Ubico for the provision of waste and recycling collections, street cleansing, grounds maintenance, building cleaning and fleet management and maintenance. This agreement terminates on 31st March 2022 unless the Council decides to extend the term. The agreement provides that the Council may extend the term for a further 5 year period if written notice is serviced on Ubico not less than 12 months prior to the termination date. If the Council decides to extend the term, the Council and Ubico will enter into a deed of variation accordingly.

One Legal
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6.3 Equality Implications

There are not any specific changes to service delivery proposed within this decision.

6.4 Environmental Implications

There are no significant implications within this category, albeit the Ubico agreement is a key driver to environmental improvements.