

STROUD DISTRICT COUNCIL
COUNCIL

**AGENDA
ITEM NO**

29 APRIL 2021

8

Report Title	UBICO SHAREHOLDER DECISION			
Purpose of Report	To resolve a decision around Gloucester City Council joining the Ubico partnership			
Decision(s)	The Council RESOLVES to authorise the Chief Executive in her role as Ubico Shareholder representative to vote to approve Gloucester City Council joining the Ubico Partnership			
Consultation and Feedback	Alliance Group Leaders and Chair of Environment Committee			
Report Author	Andrew Cummings, Strategic Director of Resources Email: andrew.cummings@stroud.gov.uk			
Options	Council can choose not to vote in favour of Gloucester City Council joining the partnership. The decision on expanding the partnership is by majority of the existing partners			
Background Papers	None			
Appendices	None			
Implications (further details at the end of the report)	Financial	Legal	Equality	Environmental
	No	Yes	No	No

1. INTRODUCTION / BACKGROUND

- 1.1 Stroud District Council is a shareholder in Ubico, a teckal company wholly owned by local authorities, and the shareholder function for the Council is performed by the Chief Executive.
- 1.2 A key board decision is required in relation to Gloucester City Council joining the partnership and Council is asked to make that decision.

2. Gloucester City Council joining the Partnership

- 2.1 Gloucester City Council (GCC) agreed, at a Cabinet meeting on 10 March, to join the Ubico partnership. They have agreed to commission all their waste and recycling, street cleansing and grounds maintenance services through the partnership.

- 2.2 The decision to accept the City Council request to join the partnership is a reserved matter for the existing shareholders of the partnership and requires a majority decision.
- 2.3 Ubico will be making a written resolution seeking that formal shareholder decision. This written resolution lasts for twenty-eight days before a further resolution would be required. In order to allow time for the decision-making processes at all existing partner authorities it is expected that the written resolution will be issued in mid-May.
- 2.4 Once the written resolution is approved Gloucester City Council would have to sign articles of adherence and enter into a contract for services. This would allow Ubico to issue them a share and begin the mobilisation process.
- 2.5 The proposal from Ubico is that the initial contract would cover the mobilisation of services before the full contract for services begins on 1 April 2022. Having a mobilisation contract in place minimises risks for existing partners as this work is not carried out “at risk”.
- 2.6 Ubico has identified the mobilisation costs to be incurred and these will be ringfenced to Gloucester City Council as soon as the contract for services is agreed.
- 2.7 There are four key tests to be applied by the Ubico Board when considering whether to accept new partners:
- Prior notice is given – At least six months prior written notice is given
 - The proposed partners will take services from Ubico
 - There is no detriment to existing partners
 - Business case proves benefits
- 2.8 In terms of prior notice, it is intended that the services will begin in April 2022. Until a contract is agreed and services have begun then Ubico will be working effectively at risk. This would mean that any costs incurred would fall back on the partnership if, for some unforeseen reason, the mobilisation work was not successful. To mitigate this risk shareholders will be asked in May to approve a written resolution beginning an agreement for mobilisation work to begin.
- 2.9 It is clear that the second test is passed through both the mobilisation of services and the full contract for a variety of services to include waste collection, recycling services and grounds maintenance to begin in April 2022.
- 2.10 To protect existing partners a prudent approach to risk has been included in the Gloucester City Business Plan. A dedicated mobilisation team and digital transformation project is included in the proposal. Contract costs are ring fenced to Gloucester City minimising the risk for partners. Ubico’s business case has been priced on a prudent basis to reduce the risk that initial costings prove to be insufficient.
- 2.11 With regards to potential benefits the business case includes an assessment that there will be £2m in benefits to existing partners over ten years. In addition to that there is the ability to explore various savings initiatives to the partnership which could realise more than £11m of additional savings in the longer term.
- 2.12 The £2m savings to be achieved would be through sharing existing Ubico corporate costs among one additional partner. Even allowing for the increase in corporate costs that taking

on a new partner would require, this would be mean a reduction in current levels charged to existing partners. For SDC this would be considered as part of the contract fee setting process at budget setting time.

2.13 The business case highlights the opportunity to explore savings for the partnership worth up to £11 million over the next ten years. This is through better sharing of resources and more collaborative working. All such proposals would need feasibility studies and likely further investment from partners before they can be realised. The ideas for generating such savings include:

- Optimising rounds across boundaries
- Combined services such as bulky waste
- Sharing of a reserve fleet
- Shared vehicle procurement
- Depot sharing
- Promotion of trade waste services.

3. CONCLUSION

3.1 Ubico have provided the details of the Business Case to officers at the Council. It has not been published here as it contains confidential information about the provision of services to Gloucester City Council.

3.2 This Business Case has been reviewed by the Strategic Director of Resources who is satisfied that the four tests for accepting a new partner into the organisation have been met. There is no detriment to Stroud District Council in accepting the new partner and there are significant potential benefits, financial and non-financial in the future.

3.3 It is clear that all of the longer-term partnership savings require significant work and development to bring them to fruition. All partners have a role to play in developing new working approaches to deliver those savings. Any efficiencies must also consider carbon savings as we work towards a carbon neutral district.

3.4 Councillors are therefore recommended to endorse a vote in favour of Gloucester City Council joining the partnership.

4. IMPLICATIONS

4.1 Financial Implications

The potential financial impacts are set out in the body of the report. There will be short term savings arising from shared corporate costs and the potential to realise savings in the longer term through partnership working.

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4.2 Legal Implications

The legal implications have been referred to in the body of the report. There will be a need for formal contractual arrangements to be agreed and concluded which will be dealt with

by One Legal. The Chief Executive, as the Council's shareholder representative, has the ability to sign the resolution on behalf of the Council.

One Legal

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4.3 Equality Implications

An EqlA is not required because there are not any specific changes to service delivery proposed within this decision.

4.4 Environmental Implications

There are no environmental implications from resolving to approve a new shareholder joining the partnership. Potential service changes in future years may have environmental implications and they will be considered at that point.