

Genesis

Common service delivery strategy devised between Cheltenham Borough Council and Cotswold District Council



Strategic decision driven by:

- ❖ *Commitment to partnership working*
- ❖ *Vision to integrate waste services*
- ❖ *Need to make cashable savings in service delivery*
- ❖ *Issues with contracted provider*
- ❖ *Need to avoid costs of insourcing*
- ❖ *Reduce waste to landfill*
- ❖ *Councils need to control their own waste strategies and service levels*



Business Plan – 2017 Position

Seven shareholding authorities

- ❖ *Cheltenham Borough Council* (04/12)
- ❖ *Cotswold District Council* (08/12)
- ❖ *Tewkesbury Borough Council* (04/15)
- ❖ *Forest of Dean Council* (04/15)
- ❖ *West Oxfordshire District Council* (04/15)
- ❖ *Stroud District Council* (02/16)
- ❖ *Gloucestershire County Council* (08/16)

Around 650 employees

Around 450 vehicles

Turnover > £30m



Ubico Vision & Mission

Vision

To be the provider of choice for reliable, integrated and value for money environment services

Mission

Use our expertise to deliver innovative and excellent services that provide greater value for our shareholders and customers. Make a lasting, positive contribution to our environment and the communities in which we work.



Business Plan – Services Delivered

Fleet Maintenance and Management

Route Optimisation

Grounds Maintenance

Recycling

Street Cleaning

Bulky Waste

Public Toilet Cleaning

Nursery Operations

MOT Testing

Project Management

Trade Waste and Recycling

Drainage ditch Maintenance

Fleet Planning & Procurement

Residual Waste

Household Recycling Centres

Cemetery Maintenance

Bring Banks

Option Appraisal

Bulking

Car Park Cleaning and Gritting

Pest Control

Organic Waste

Clinical Waste

Communications

Street sign cleaning

Building Cleaning and Caretaking



Teckal Exception Recap

- ❖ *The authority controls the vehicle as if it were an internal department*
- ❖ *More than 80% of its activities are with its controlling authority*
- ❖ *There is no direct private share or ownership participation in the company*



Teckal Pros and Cons

Advantages

- ❖ *Share risks and benefits (no lead authority)*
- ❖ *Vehicle for other partners to join*
- ❖ *Platform for integration of waste services and economies of scale*
- ❖ *Savings from efficiencies benefit members*
- ❖ *Avoid additional pension costs of in-house service*
- ❖ *20% 'Headroom' and platform for greater commercial trading*

Disadvantages

- ❖ *Administrative costs of governance*
- ❖ *Set up costs borne by shareholders*
- ❖ *Need to secure finance without private sector involvement*
- ❖ *Financial risk remains with the shareholder*



Governance – Why is Ubico Different?

Shareholders' Agreement

- ❖ *Equal shares (irrespective of contract value)*
- ❖ *Each shareholder appoints one non-executive director*
- ❖ *Each shareholder appoints one “Representative”, with “full authority to act on behalf of the ... shareholder” at General Meetings*

Two executive directors (appointed by the Shareholders)

Minimum four board meetings per year

Annual Business Plan – approved by shareholders



Benefits to Shareholders

Retain individual control over service provision

Avoid costly procurement processes

Economies of scale

- ❖ *Purchasing strength*
- ❖ *Access to specialisms*
- ❖ *Service resilience*

Accountability

Flexibility

Share best practice – social franchising

Services delivered at cost



Financing

Shareholders' Agreement

- ❖ *Direct costs paid by relevant shareholders*
- ❖ *Indirect costs apportioned (by contract value)*
- ❖ *Direct savings attributed to relevant shareholders*
- ❖ *Share of profits proportional to contract value or investment*

Fixed Assets

- ❖ *All assets currently owned by shareholders (although this may change)*
- ❖ *Asset charge paid by Ubico as operator*
- ❖ *Depots and offices leased to Ubico*



Learning

- ❖ **Managing services for a wide and diverse client base**
- ❖ **Delivering cashable savings**
- ❖ **Managing growth**
- ❖ **Building resilience**
- ❖ **Building a brand**
- ❖ **Adapting to governance**
- ❖ **Diversity of requirements**
- ❖ **Communication**



Capabilities

- ❖ **Delivering efficient services**
- ❖ **Resilient professional management base**
- ❖ **Project delivery**
- ❖ **Understanding of support services**
- ❖ **Respond to market changes**
- ❖ **Agility**
- ❖ **Strong reputation with TUs**





Questions?

