

STREETSCENE SERVICES – OPTIONS APPRAISAL

A117443

Gloucester City Council

JUNE 2020





Contents

- 1.0 INTRODUCTION & BACKGROUND 1
 - 1.1 The Services 2
- 2.0 EXECUTIVE SUMMARY 4
- 3.0 THE GOVERNMENT’S WASTE STRATEGY 11
- 4.0 GLOUCESTERSHIRE SPECIFIC ISSUES 16
- 5.0 SERVICES AT GLOUCESTER 17
- 6.0 CONTRACT DOCUMENTATION 19
- 7.0 CHANGES TO SPECIFICATION 21
- 8.0 INTERVIEWS WITH LOCAL MEMBERS 23
- 9.0 ANALYSIS OF OPTIONS 25
 - 9.1 In House Service Delivery (As a Whole or in Parts) 25
 - 9.2 Undertaking A New Procurement to Market (As A Whole or in Parts) Of Our Service(s) As Stand-Alone GCC Arrangements 27
 - 9.3 Undertaking A New Procurement to Market (As A Whole or In Parts) Of Our Service(s) In Partnership with Others 30
 - 9.4 Delivery Through a Teckal Organisation (new or UBICO) 30
 - 9.5 Extension of The Existing Arrangement 32

1.0 INTRODUCTION & BACKGROUND

1.0.1 WYG was engaged by Gloucester City Council (GCC) to undertake an options appraisal in relation to its streetscene services (waste collection, street cleansing and grounds maintenance) currently delivered through a contract which expires at the end of March 2022. This contract was originally awarded to Accord in 2007 but following takeovers (Accord by Enterprise; Enterprise by Amey) is now held by Amey.

1.0.2 Specific tasks to be undertaken by WYG in relation to this project are:

- To provide commentary on the current state of the waste, recycling, street scene and grounds maintenance market regionally, nationally and internationally, which is set out in Appendix A (which includes some confidential information);
- To provide commentary as to the uncertainties/opportunities of the Government's Waste Strategy and other potential policy impacts on the services delivered at Gloucester, which is set out in Section 3;
- To provide commentary on any Gloucester(shire) specific issues, including the Waste Partnership, Ubico, aligned waste procurement opportunities with other authorities and the potential new depot for Ubico/Cheltenham/Tewkesbury which might also serve Gloucester: this is set out in Section 4;
- To analyse the Gloucester CC requirement for its services including examination of the current specification / contract terms and any gaps in GCC client/service data etc (e.g. GIS): this is set out in Section 5;
- To comment on any changes to the existing contract documentation that the market might demand, expect or seek: this is set out in Section 6;
- To identify any changes to the existing specification that the City Council might want (e.g. separation of Grounds Maintenance, any service reductions or enhancements that might be required and changes in service including options for collecting dry recycling on a different basis): this is set out in Section 7;
- To interview and collate the views of the Council's political groups (Conservative/Liberal Democrat/Labour), the results of which are set out in Section 8;

- To undertake a critical assessment of the service delivery options to include:
 - a. In house service delivery (as a whole or in parts)
 - b. Undertaking a new procurement to market (as a whole or in parts) of our service(s) as stand-alone GCC arrangements;
 - c. Undertaking a new procurement to market (as a whole or in parts) of our service(s) in partnership with others;
 - d. Delivery through a Teckal organisation (new or Ubico);
 - e. Extension of the existing arrangement;
 - f. Any other delivery options not covered above.

And then to summarise the results of each option in terms of project delivery method, route, timescale, costs and risk assessment, all of which is set out in Section 9.

1.0.3 We were tasked with producing a final draft report before the end of May and we have met with this deadline. This final version includes some amendments discussed with the Council in early June. We would wish to thank all who have participated in making this possible; in particular, the Officers and Members of Gloucester CC, at this difficult time.

1.0.4 An Executive Summary is included as Section 2.

1.1 The Services

1.1.1 The design of waste collection services is as follows:

- Food waste collected weekly from caddies: meat, fish, fruit and vegetables (raw and uncooked), dairy products, bread and cakes, uneaten food from plates, tea and coffee grounds and nutshells
- Dry recyclables collected weekly, with collections made using a collection vehicle with multiple compartments to separate the individual waste streams, which residents are asked to present as follows:

- Blue Sack: mixed papers; corrugated cardboard (broken up & flattened to fit inside the sack) pizza boxes, Mail order packaging, sachet pet food boxes and washing powder boxes
 - Green recycling box: Glass jars and bottles in box 1; , Plastic bottles, food and drinks cans, cartons (e.g. tetraPak), aerosols, mixed plastic containers.
 - Residual waste collected fortnightly, predominantly from black wheeled-bins, but with communal collections for flats: there is a 'closed lid' policy.
 - Garden waste collected fortnightly, charged service, using wheeled-bins.
- 1.1.2 As well as collecting the dry recyclables, Amey is responsible for ensuring these are separated into commodity streams and selling them for recycling; and this includes separation of cans and plastic using machinery provided by GCC which is based at the depot.
- 1.1.3 Street cleansing services include not only the cleansing of 'relevant land' by both mechanical and manual methods; but also the removal of flyposting and graffiti, weed control on streets, salting and snow clearance from non-highway areas. Additionally (under the heading Streetcare Services) Amey repairs non-highway street furniture, provides street nameplates and cleans public conveniences.
- 1.1.4 Grounds maintenance services within the Amey contract include not only services for the City Council but also for Gloucester City Homes; and also the cutting of highway verges, for which some funding is provided by the County Council (as described in Section 4). Works covered in the contract include grass cutting, hedge and shrub bed maintenance, the cleansing of open spaces including leaf clearance, floral displays, arboricultural work and maintenance of sports pitches including managing the booking of these.
- 1.1.5 An analysis of the market for these services is set out in Appendix A (which includes some confidential information).

2.0 EXECUTIVE SUMMARY

- 2.0.1 The prime purpose of this report is to undertake an options appraisal in relation to the various services (waste, recycling, street cleansing and grounds maintenance) delivered by the Amey contract which expires at the end of March 2022.
- 2.0.2 The detailed analysis is set out in Section 3 to 8 and in Appendix A; but a summary of our findings in relation to the options appraisal is set out in the table overleaf:

STREETSCENE SERVICES – OPTIONS APPRAISAL



Option	Pros	Cons	Comments	Recommendation
Deliver in-house	<p>Thought (particularly by opposition leaders) to give more direct control</p> <p>Potential synergies with other grounds maintenance services</p>	<p>Bringing waste and street cleansing services in-house will place demands on GCC infrastructure in respect of e.g. HR and ICT which will prove challenging</p> <p>Additionally, these services are highly regulated and GCC lacks the personnel with required expertise / qualifications: these people are in short supply</p> <p>Could possibly prove the most expensive option: labour costs will increase.</p>	Small in-house team already delivering grounds service in cemeteries plus ranger service	<p>Discard this option for waste and street cleansing</p> <p>Consider for grounds maintenance, if only as a 'staging post'</p>
Procure a new contract	<p>Would give GCC the option to create a robust contract</p> <p>Ready market available either for a fully integrated</p>	A stand-alone grounds maintenance contract which included flexibility for passing services to the community is not obviously attractive to the market	Procurement via CPN (Competitive Procedure with Negotiation) recommended	Retain as an option: but essentially this is a secondary option should either the Ubico option / Amey extension option not work out well

STREETSCENE SERVICES – OPTIONS APPRAISAL



Option	Pros	Cons	Comments	Recommendation
	<p>contract or for a waste / street cleansing contract</p> <p>Client side for this option already exists</p>	<p>Work would be needed to refine data for street cleansing and (particularly) grounds maintenance</p>	<p>Contract documents would need to be completed by end of November 2020</p> <p>Most bidders would find capital provision for vehicle purchase helpful (this would also provide a more economic solution)</p>	<p>A new contract should either be a fully integrated arrangement; or a waste / street cleansing arrangement (latter would require a separate solution for grounds maintenance either via Ubico or in-house)</p>
<p>Joint contract with others</p>	<p>Could provide synergies / economies if possible</p>	<p>No other neighbours have arrangements which need changing within GCC's time window</p> <p>Cheltenham, Stroud and Tewkesbury are committed to Ubico for some time yet</p>	<p>Does not seem a feasible option – the same synergies / economies could be realised via the Ubico option</p>	<p>Discard this option</p>
<p>Teckal arrangement</p>	<p>Ubico exists as an existing Teckal arrangement providing services to many neighbours</p>	<p>Setting up a stand-alone Teckal for GCC is seen as a challenging exercise and not of obvious benefit given local presence of Ubico</p>	<p>Ubico was seen as a realistic alternative to the current contractor recently</p> <p>Ubico would require vehicle purchase / provision to be</p>	<p>Certainly an option to be pursued, possibly in parallel with that of an extension with Amey</p>

STREETSCENE SERVICES – OPTIONS APPRAISAL



Option	Pros	Cons	Comments	Recommendation
	<p>WYG has independently assessed that arrangements in Cheltenham and Tewkesbury are value-for-money and (particularly in Cheltenham) high quality</p> <p>APSE has assessed that arrangements at Stroud also provide value-for-money</p> <p>Working with Ubico could provide synergies / economies regarding vehicles; options for depot sharing; plus potentially increased income from e.g. Commercial Waste</p> <p>GCC would have a seat on the Ubico board</p>	<p>Separate arrangements for marketing collected dry recyclables required</p> <p>Working with a Teckal requires a different mindset to working with a contractor:</p> <ul style="list-style-type: none"> - A contractor will give a firm contractual price and will have to stick with the results, good or bad - Ubico would give a price, usually significantly lower than a contract price; but would charge costs which could be higher than their price (though experience shows total is usually lower than for a contract since Ubico carries low overheads and has no need to make a profit) 	<p>via GCC (this should also provide a more economic solution)</p>	<p>Ubico proposals would need to be received and reviewed before the end of September: so as to allow secondary option of a new contract to be still feasible</p> <p>Process would be to benchmark Ubico proposal (process similar to a Best Value Review)</p>

STREETSCENE SERVICES – OPTIONS APPRAISAL



Option	Pros	Cons	Comments	Recommendation
Extend current contract	Amey currently performing well	<p>History is that Amey have not always performed well</p> <p>Seen as least favourable option by Opposition Members</p>	<p>Legally possible but requires agreement by both parties (GCC and Amey): Amey has formally offered to agree in principle</p> <p>Best Value review also required</p>	<p>If this is approved by Members as an option, embark on Best Value Review, to be completed before October 2020: so as to allow receipt of detailed offer from Amey, benchmarking and comparison to Ubico offer; and enable secondary option of a new contract to be still feasible</p>
Other			None discovered	

STREETSCENE SERVICES – OPTIONS APPRAISAL

2.0.3 Our recommended option is for the Council to:

- From now until September to concentrate on two major options: either to extend the Amey contract or to look to Ubico to provide replacement services:
 - As part of this, the Council would retain a secondary option, should both of the preceding options fail to provide realistic solutions, of re-tendering a contract, either for fully integrated services or for waste and street cleansing services;
 - To develop the option for an extension of the current contract, the Council needs to carry out a formal Best Value Review;
 - To develop the option for a Ubico solution, Ubico have indicated that they can provide a proposal in time for this to be scrutinised within this timescale provided GCC can set out a specification of requirements together with TUPE information from Amey: the process for review would be similar to that of a Best Value Review;
 - A report setting out the results of these two pieces of work would then be submitted for consideration in early October.
- To commence work on measuring / confirming quantities, particularly for grounds maintenance and street cleansing: a by-product of this may be that charges to GCH can be reviewed;
- Should both the Amey extension and the Ubico solution prove undesirable, then the Council should work to let a new contract: work on contract documentation should start in October and be completed by the end of November to enable a contract notice for procurement using CPN to be placed in December;
- Part of the process immediately above is to consider whether grounds maintenance should be part of an integrated contract, be part of an arrangement with Ubico or be taken in-house.

2.0.4 In terms of other matters considered in this appraisal:

STREETSCENE SERVICES – OPTIONS APPRAISAL

- The waste and recycling services at GCC entirely fit with the Government's 'gold standard'; furthermore, by separating materials at source the GCC service design is best placed to obtain secure markets for the collected materials.
- We therefore do not recommend any change in the service design for waste and recycling.

2.0.5 As stated, the detailed analysis which leads us to these recommendations is set out in the Sections which follow.

3.0 THE GOVERNMENT'S WASTE STRATEGY

- 3.0.1 At present there are no statutory local targets much less targets for individual local authorities. Overall, the Government's most recent aims which affect the Council are set out in DEFRA's Resources and Waste Strategy for England published in December 2018(the Strategy). The Strategy notes that from rates of 11% in 2000/01, household recycling rates in England have risen to ca. 45% but have now plateaued. Key targets include eliminating biodegradable waste being sent to landfill (already achieved at GCC) and for at least 65% of municipal waste by weight to be recycled by 2035 (GCC current rate ca, 45%). There is a requirement for ensuring a consistent set of dry recyclable materials is collected from all households and businesses (consultation to take place on this core set: but it is likely that GCC collects the vast majority) and to introduce weekly food waste collections (already in place at GCC). There is to be consultation as to where garden waste collections should be free or charged for (the latter being the case at GCC).
- 3.0.2 As far as GCC is concerned, then, the way in which it collects compostable waste and dry recycling is very much in line with the Strategy: but it is not on target to achieve the desired performance standard (the Strategy notes difficulties in urban situations).
- 3.0.3 The Council has to abide by the Waste (England & Wales) Regulations 2011. These enshrine the principles of the Waste Hierarchy, whereby waste prevention is given the highest priority; then re-use; then recycling; then recovery; and disposal (landfill and incineration without energy recovery) which is seen as the worst option. These Waste Regulations were amended in 2012 including adding Regulation 13 regarding the collection of glass, metal, paper and plastic for recycling; and the amendment was subsequently the subject of a judicial review. The requirement of Regulation 13 is that these materials (i.e. glass, metal, paper and plastic for recycling) should be collected separately: but may be collected on a different basis in certain circumstances where it can be shown that it is not technically, economically or environmentally practicable (TEEP). It is possible that this Regulation will be reviewed in light of the Strategy.
- 3.0.4 Waste Regulation 13 is commonly misunderstood. It does not mean that these materials cannot be co-mingled: but if they are, then a test needs to be carried out to compare the technical, economic and environmental practicabilities of not collecting them separately in comparison to the methodology chosen. In late April 2014 WRAP published the Waste Regulations Route Map to carry out such tests: and since its publication WYG has carried out over 30 such tests for local authorities that do not collect these materials separately; and all have passed this test using this methodology. GCC collects some materials co-mingled and would need to pass any (revised) test but WYG believes that it would be likely to given the amount of co-mingling is limited.

STREETSCENE SERVICES – OPTIONS APPRAISAL

- 3.0.5 As far as recovery is concerned, DEFRA states that the landfill tax is *'the key driver to divert waste from landfill to ensure that we meet EU targets under the Landfill Directive'*. For now, we assume that Landfill Tax will continue and will be increased in line with inflation, but probably no more, in the future.
- 3.0.6 DEFRA also notes that the *'waste producer and the waste holder should manage waste in a way that guarantees a high level of protection of the environment and human health. In accordance with the polluter-pays principle, the costs of waste management shall be borne by the original waste producer or by the current or previous waste holders'*.
- 3.0.7 The Government consulted on a Deposit Return Scheme (DRS) in 2019, as a result of which Defra stated that it was *'...minded to introduce a DRS for drinks containers in England and Wales from 2003.'* However, in the same communication DEFRA stated that *'The introduction of a DRS is subject to receiving additional evidence and carrying out further analysis on the costs and benefits of such a scheme.'* It is worth noting that the Scottish Government had proposed to introduce a DRS from April 2021 but this has now been deferred to July 2022 and this may lead to a delay in implementation in England.
- 3.0.8 The consultation included responses from local authorities some of whom noted that the introduction of a DRS could have an impact on their waste collections, particularly the convenience for customers and the income they receive from the recycled materials. DEFRA responded that these factors needed consideration but their general thrust of a DRS for cans, plastic bottles and glass bottles, and possibly Tetra Pak or similar containers, would continue.
- 3.0.9 Looking at GCC's current collection systems, the impact of a successful DRS would be to reduce the volume of these containers collected at the kerbside: and, depending upon just how successful the DRS scheme was, this could effect the precise design of the recycling vehicles. That said, there will still be some households that prefer to use a kerbside collection service and in any case it is likely that there will still be glass, plastic and metal containers that will not be covered by the DRS (DEFRA refer to drinks containers to be included in the DRS, not food containers; and there is a consideration also as to the size of container, though DEFRA *'...anticipate this could be drinks containers up to 3-litres in volume...'* but note that this detail requires consideration).
- 3.0.10 Overall, then, the waste services as currently delivered at GCC do not conflict at all with the aims of the Government's Waste Strategy: this position is in marked contrast to a sizeable number of councils that do not currently collect food waste (a situation that exists in e.g. most of Hampshire and East Sussex as well as in many urban situations) or councils that collect food waste and garden waste mixed as a single stream (as is the case in parts of e.g. Essex and Hertfordshire).

STREETSCENE SERVICES – OPTIONS APPRAISAL

- 3.0.11 There is some risk in terms of the precise volumes of dry recyclate which would be collected following the introduction of a DRS: but there would still be a need to collect at the kerbside plastic, metal and glass containers which would not be covered by the scheme.
- 3.0.12 Some months ago, and in connection with another project, WYG consulted with DEFRA regarding procurements for waste contracts in the period up to 2023, which was the target date for the introduction of food waste services nationally. They gave the following advice (which WYG has followed on recent procurement exercises):
- Where a contract that does not include for waste collections as per the models identified by DEFRA but goes beyond 2023, then the council will not be required to introduce the changed services until the contract expires;
 - Where a contract that does not include for waste collections as per the models identified by DEFRA expires between now and 2023 but can be extended, then the council should not extend that contract but instead procure a new contract which includes for the models identified by DEFRA; and
 - Where a contract includes for waste collections as per the model identified by DEFRA but parts of those services are not yet enacted, then the council will be required to enact them.
- 3.0.13 DEFRA was quite clear that these were general principles: and if there were significant issues (e.g. a very significant cost over and above what might be normally expected from making a change) then DEFRA was there to help and to provide guidance.
- 3.0.14 It seems to us that in the case of Gloucester, it has a contract which includes for waste collections as per the models identified by DEFRA. Therefore, the Council could either extend the current contract; could procure a new contract to the same system design; or could set up in-house or Teckal arrangements to the same design. Each of those meet with the Waste Strategy as currently drafted.
- 3.0.15 Following on from this, should Government policy change and the Council had procured a contract which did not (because it could not) anticipate such a change, then changes would not need to be made until that contract expired: whereas if the services were delivered through an in-house or Teckal arrangement, then changes to the service would be expected in line with any required date set by the Government.
- 3.0.16 In our discussions with Members (see Section 8 below) we were asked about the possibilities of changes to the current system at GCC for collecting dry recyclables. At present, DEFRA says that there are three systems for collecting dry recyclables which meet with its approval:

STREETSCENE SERVICES – OPTIONS APPRAISAL

- A kerbside-sort system (as operated at GCC);
 - A two-stream system with paper and card collected as one stream and all other dry recyclable items collected co-mingled (as operated at Stroud); and
 - A fully co-mingled collection system (as operated at Tewkesbury).
- 3.0.17 Interestingly, at present a two-stream collection system with glass as one stream is not an approved methodology; although some of the highest-performing authorities (e.g. Dorset; Epping Forest) use this system.
- 3.0.18 It would be possible to change to one of the alternative approved systems, as described in 3.0.16 and fit with the Strategy: but we would urge caution, particularly in moving to a fully co-mingled collection system. We know that access to MRFs in this part of the country is more limited than in e.g. the South East; and we also know that for some authorities the lack of high quality local MRFs has meant that they are having difficulties in ensuring all recyclate collected is recycled, partly because of contamination (which GCC's system largely manages) and partly because the MRF does not perform as expected. We would urge GCC to remain with its current collection design.
- 3.0.19 To expand upon this argument: under GCC's current collection system for dry recyclables, most materials are sorted at the kerbside, with the exception of cans and plastic which are collected mixed. All are taken to GCC's depot where some of the separate streams (e.g. paper, card) are baled and ready for market; where glass is immediately ready for market; and where the co-mingled stream is sorted into its separate streams (steel cans, aluminium cans and plastics) and baled ready for market. In other words, the recyclables are processed locally and then sent straight to market. In the case of a co-mingled system (and using Tewkesbury as an example) the co-mingled recyclate would be tipped at the depot and thence transferred to a MRF for separation (Tewkesbury's material goes to Avonmouth). The transportation and sorting incurs a cost and the current gate fee is such that it negates the additional cost and carbon impact of weekly recycling collections at GCC compared to the fortnightly collections at Tewkesbury. Further, GCC is currently achieving better income rates than those at TBC (mostly because of the contamination issues noted above) and does not have the significant problem (in terms of carbon and cost) of dealing with collected contaminants. Co-mingled collections often work best (in environmental terms and in terms of cost) where there is low contamination and there is good access to high quality MRFs: and GCC is not ideally situated with regard to these key factors. Several WRAP studies (e.g. in Wales) have strongly argued that kerbside-sort systems work better.
- 3.0.20 In conclusion, we see this matter not so much an argument not to embark upon a new or different arrangement to current, rather as a need for any documentation relating to the

STREETSCENE SERVICES – OPTIONS APPRAISAL

arrangement (in particular, the payment mechanism and budgeting) to reflect DRS and to be flexible so that any subsequent changes can be dealt with by means of a variation. Additionally, in any arrangement there needs to be a break clause in the contract period (or a shorter than current prime contract period with the option for extension) and we discuss this matter further in Section 6.

4.0 GLOUCESTERSHIRE SPECIFIC ISSUES

- 4.0.1 The most significant matter that we believe is relevant to this contract is in regard to the treatment of dry recyclables. Whereas in some counties the disposal authority takes responsibility for the receipt and treatment of dry recyclables (and in some counties the disposal authority uses their powers of direction to require collection authorities to deliver dry recyclables to them), in Gloucestershire the collection authorities retain dry recyclables and are responsible for the costs of treatment and transport plus ensuring that they are recycled. For this the County Council, as disposal authority and in accordance with the Environmental Protection Act, pays recycling credits to the collection authorities.
- 4.0.2 Discussions with the County Council have elucidated that they have no intention to change the current procedures. Therefore, in its successor arrangements, the Council must arrange for the management of collected dry recycle. The County Council will continue to provide facilities in respect of other wastes (residual waste, food waste, garden waste, street cleansing arisings etc.); and these will continue to be delivered to their current locations.
- 4.0.3 Another pertinent matter is that the County Council, as highway authority, makes payment to the constituent districts and boroughs for cutting highway grass verges. In general terms, this funding is considered by districts such as Gloucester to be insufficient and they simply use these funds to top up their grass cutting activities. There is little prospect for the funding to increase.

STREETSCENE SERVICES – OPTIONS APPRAISAL

5.0 SERVICES AT GLOUCESTER

- 5.0.1 As noted in Section 3, the design of the waste and recycling services fits with the Government’s Waste Strategy; and, in WYG’s opinion, is probably the most robust design in terms of producing high quality recyclables that can be easily marketed at a good price, taking into account the geographic location of GCC. The Council Plan includes an ambition to increase recycling rates: and notes that in recent years there have been *‘...modest but important increases especially when many councils are finding it hard to sustain increasing recycling rates’*.
- 5.0.2 As regards street cleansing services, the Council Plan sets out a clear vision to *‘create a vibrant and prosperous city’* and to *‘maintain a safe and attractive city’*. GCC has achieved ‘Purple Flag’ status: and it is clear to us that achieving high standards for street cleansing is a high priority for GCC.
- 5.0.3 For grounds maintenance services, WYG notes the policies of GCC with regard to devolution of responsibilities for grass cutting *‘...as part of its plan to build strong and resilient communities’* (report to Overview & Scrutiny, November 2019). The Council Plan includes the desire to *‘Support communities to take ownership of their local services and assets’*.
- 5.0.4 At the time of writing, grass cutting and allied activities in Podsmead have been delivered by the local community for two years, meaning that this specific project is still in pilot stage. It would seem that the costs are marginally higher than they would be under the previous contracted-out arrangement: but the standards are much higher as is customer satisfaction. In particular, the new arrangement is better in terms of managing seasonal demands.
- 5.0.5 Although there are currently no specific plans (in terms of agreed locations and dates for communities to take over grass cutting and allied responsibilities), it is clear from discussions with Council officers that there are likely to be further moves in this direction: and we have seen references / had discussions regarding possible changes for Barton, Matson, Robinswood and Tredworth in the future.
- 5.0.6 In terms as to what this means as regards delivery strategy for the future, we understand that currently Amey’s establishment for grounds maintenance activities is 25 permanent staff plus six seasonal workers, out of a total establishment of around 175 full-time equivalents (the number in post currently is a little below establishment; and clearly at this time of coronavirus we fully understand that this might be the case). We further understand that the current spend with Amey on grounds maintenance activities, including work for GCH, is ca.£1 million per annum out of a total contract value of ca. £6.3 million per annum.
- 5.0.7 A variation to move work away from a contract towards community activity would obviously

STREETSCENE SERVICES – OPTIONS APPRAISAL

have more impact on a stand-alone grounds maintenance contract than upon an integrated contract: not just in terms of the financial viability of the arrangement but potentially in terms of TUPE implications. We consider that this policy effectively rules out the viability of a stand-alone grounds maintenance contract: although it does not rule out the viability of an integrated contract or other solutions such as in-house working or working with Ubico.

- 5.0.8 Additionally in relation to grounds maintenance services, GCC has achieved Green Flag status for three sites (Robinswood Hill, Barnwood Arboretum and Saintbridge Balancing Pond & Allotments) and is working to achieve this in relation to Gloucester Park. The Council is working to implement the national Playing Pitch Strategy. Clearly, this means that the future operations need to ensure high standards of service delivery to fit with these achievements. Therefore, if there is to be an integrated contract there would need to be a check as to the contractor's track record in achieving similar or better standards at other locations. As far as the alternatives are concerned, WYG has observed very high standards achieved by Ubico at Cheltenham: and potentially this might be the best option to first explore. Ubico's 'open book' approach to costs would fit well with the Council's policies of community involvement as described above.

STREETSCENE SERVICES – OPTIONS APPRAISAL

6.0 CONTRACT DOCUMENTATION

- 6.0.1 There are a good number of changes which we would recommend in terms of a re-procurement for all or part of the services currently covered by the contract. Some of these considerations are also relevant to e.g. a Teckal arrangement, particularly if involving a third party such as Ubico.
- 6.0.2 We would recommend a total review of the contract conditions in the case of a re-procurement: we highlight here just some of the changes that we would recommend from a technical / commercial perspective. There may be other matters (particularly legal matters including changes in law since the contract was first procured) that also require attention but these require a legal input.
- 6.0.3 The first recommended change is in relation to the contract period, a matter highlighted in our interviews with Members. Ideally, the contract period will be aligned to the depreciation period for the major assets of the contract: which for a contract including waste services might be between eight to ten years: the precise details might need to be agreed as part of the procurement process to obtain optimum value but relative to some authorities vehicles at Gloucester would have low annual mileage and they no longer travel to landfill. Different contract periods might apply for arrangements that did not involve waste services.
- 6.0.4 Also mentioned in our interviews with Members was the need for an improved performance management scheme. We are quite clear that this is so. We note the provisions included in the Variation Deed of March 2020, which include a Payment and Performance Mechanism at Schedule 4: as to whether this is at an optimum level or whether it would be adequate for a replacement contract is, at the time of writing, untested.
- 6.0.5 The current contract includes for security in the form of a Performance Bond. We are clear in our minds that this provision should stay: except that, first, the Council could consider (but entirely at its sole discretion) the option of a Parent Company Guarantee; and second that it will almost certainly not be possible for the Council to determine the wording of such a Bond, but it could be agreed. As to the value of such a Bond, the current contract is for 15% of the annual value which is at the higher end of what we would recommend; but we would not recommend a value lower than 10% of the annual value. A Bond would not be necessary in the case of a Teckal arrangement.
- 6.0.6 A key component of a contract which covers waste services is the question of how to deal with fluctuations in the value of recyclate: and we have noted earlier (in Section 3) that the volumes of recyclate would vary if a DRS were introduced. We note the provisions included in the Variation Deed of March 2020: it is difficult to say just now (because of the exceptional circumstances in which we are in) how this might be covered in future arrangements and

STREETSCENE SERVICES – OPTIONS APPRAISAL

these would need to apply for a contract or a Teckal-type arrangement. Clearly, in the case of an in-house arrangement, the entire risk would need to be dealt with by the Council.

- 6.0.7 As far as indexation, excluding recycle values, is concerned, we believe that indexation according to a basket, would be appropriate, along the lines of the provisions included in the Variation Deed of March 2020. Clearly the precise details might need to be refined according to the scope of the contract and its provisions (e.g. what the arrangements were for financing vehicles, as noted below). Clearly, in the case of an in-house arrangement, the entire risk would need to be dealt with by the Council.
- 6.0.8 We have outlined in Appendix A options for the capital financing of vehicles and we believe that in the case of a procurement, or indeed e.g. a Teckal arrangement involving Ubico, that there should be a financial advantage in (at least) exploring options for the Council financing of vehicle purchase within the contract documentation.
- 6.0.9 As far as staffing matters are concerned, we note the provisions included in the Variation Deed of March 2020 in relation to pensions. WYG are not lawyers but we are clear that since the original contract was drafted the law regarding pensions has changed; and it appears that the wording in the Variation Deed covers this change. In our interviews with Members, the idea of ensuring any contractor would give good employment terms to its staff was mentioned: and WYG has worked with councils that have inserted 'Living Wage' requirements (or, in the case of London authorities, 'London Living Wage' requirements) in their contract conditions. This is quite clearly a matter of Council choice: although inserting such a requirement will increase costs, as will the new pension requirements.

STREETSCENE SERVICES – OPTIONS APPRAISAL

7.0 CHANGES TO SPECIFICATION

- 7.0.1 Should the Council decide to re-tender these services, we would recommend a total review of the specification in the case of a re-procurement: we highlight here just some of the changes that we would recommend from a technical / commercial perspective. These relate to the core services i.e. waste and recycling, street cleansing and grounds maintenance: we have noted earlier that the specification also includes some more marginal activities which we have not commented on.
- 7.0.2 As regards waste and recycling activities, for the most part we feel that a review of the specification could be done fairly quickly. For the most part, we believe that the specification for these services should be input based, describing the activities that are required to be done, setting out quantities and frequencies and the way in which they are to be carried out. Since the GCC specification was first drafted WYG has been involved in numerous procurements for waste and recycling services and could provide a choice of templates for GCC to choose from; following which WYG could work with GCC to develop not only the specification for these services but also a pricing document / mechanism. Discussions with Dawn Fearn suggest that a revised specification could be produced in a few weeks.
- 7.0.3 It would not be appropriate to include certain output measures in a revised specification for waste and recycling services: for example, it would not be appropriate to task the contractor with achieving a certain recycling/composting rate since many of the factors which determine it are beyond the contractor's control. However, it would be possible to e.g. define quality levels for dry recyclables and for compostables; and to include appropriate KPIs for the contractor to achieve.
- 7.0.4 We believe the specification for street cleansing activities requires a very thorough review: and we believe that for a location such as Gloucester the revised specification needs to be a hybrid, combining both input and output measures. Outputs would be in the form of KPIs such as those measurements for the former NI195 (describing targets in terms of % compliance for litter, detritus, graffiti and flyposting and which are currently used) or e.g. in terms of % capacity in litterbins at any one point in time; inputs could require certain activities to take place at certain times (typically for cleansing the city centre, either in the morning, throughout the day or at night time, or for cleansing 'hotspots' e.g. outside schools on certain times / dates. Again, WYG could provide basic templates and the specification itself would not take long to develop: what would be required is some sort of measurement of street lengths etc. but WYG believes that it might be possible to use digital data from the highways authority that is readily available (we have used such data on procurements elsewhere). At present the street cleansing specification is relatively brief and includes detail that might well be understood by the client and an incumbent that has been working to such a contract for

STREETSCENE SERVICES – OPTIONS APPRAISAL

many years and possibly through a Teckal arrangement: but if a new contractor were to be tasked with delivering the service as currently designed, we feel the specification needs to be tighter.

- 7.0.5 If the view of the Council is that grounds maintenance should be part of a formal contract, then it is for these services that the most work would be required in developing a specification. At present, the specification sets out the areas of responsibility in broad-brush terms but gives little technical information and there is not much detail regarding quantities. Some work is required to develop an adequate specification, even if the work was to be subject to either a Teckal or in-house operation.
- 7.0.6 Our starting point for a revised specification for grounds maintenance services would be to categorise the various sites as assets; to identify the features and to measure them; and to describe the activities that are required for each feature. Thus, there would be a different specification for e.g. the various sports pitches than for open space areas, with different outputs for each in terms of e.g. grass length; and, therefore, estimated frequencies for cutting. Just how far GCC should follow this principle (e.g. should it determine different species for shrub beds or hedging) would depend upon the relative quantities and the type of arrangement it wished to enter into. A key advantage of this approach is that it would clearly identify ownerships (GCH, highways, community etc.). This could be a much more significant task, and require a longer timescale, than for waste and street cleansing services.

STREETSCENE SERVICES – OPTIONS APPRAISAL

8.0 INTERVIEWS WITH LOCAL MEMBERS

- 8.0.1 WYG interviewed Councillor Richard Cook and Councillor Jeremy Hilton on 21 April; and Councillor Kevin Stephens on 22 April, all interviews carried out using Skype.
- 8.0.2 Councillor Cook (Council leader, Conservative) stated that he had an open mind regarding the options at this stage and was not wedded to any particular solution: he felt that extending with Amey was a realistic option as was taking some / all services in-house or having them delivered by Ubico. He noted that Amey was now performing well and that relationships between Amey and the Council were much improved: but also noted that grounds maintenance service standards were not always met; also, that standards for e.g. toilet cleaning needed definition.
- 8.0.3 Councillor Cook felt that there was an argument for delaying any reprocurement until or unless the Government's Waste Strategy was clear (WYG shared our findings as set out in Section 3 in which we believe the Waste Strategy to be entirely clear at this point in time insofar as the affect GCC's service design). WYG also highlighted that the current service design at GCC was such that it was easier to find good markets for collected materials than e.g. the co-mingled service at Tewkesbury and that WYG could not, at this stage, recommend GCC moving to such a system.
- 8.0.4 Whatever the arrangement, Councillor Cook was not in favour of splitting the services into more than two separate arrangements: he could see how e.g. grounds maintenance services might benefit from a different arrangement to waste and street cleansing services. He noted that having an integrated contract made services more resilient (as evidenced at the present time). He noted that any arrangement involving Ubico could also provide resilience.
- 8.0.5 Councillor Cook noted that the current culture and knowledge base among GCC officers did not really align with the requirements of running an in-house service. As regards a Teckal arrangement with Ubico, Councillor Cook noted that several councils that had their services delivered by Ubico found it difficult to deal with the situation whereby Ubico might submit claims for increased costs (as described in Appendix A): although WYG advised that it has found that even with those additional payments Ubico has been found to offer an economic service.
- 8.0.6 Councillor Hilton (Liberal Democrat) was quite clear on several points. Whatever future arrangements were put in place, they should not be for a 15-year period without appropriate 'break clause' provisions; and he saw extending the contract with Amey as very much the worst option. He said that he understood that (even with recent changes) the contract documentation underpinning the Amey contract was inadequate.

STREETSCENE SERVICES – OPTIONS APPRAISAL

- 8.0.7 He was also against the concept of an 'all-in' contract with the private sector: and believed that if the option was to continue to contract out these services then a different arrangement for grounds maintenance might be of value (noting that specific horticultural skills were required; and opening up the possibility of SMEs carrying out some of the work).
- 8.0.8 Overall Councillor Hilton was more in favour of in-house working as a first option, with Ubico a possible option, although he had not studied this option in much detail yet. He said that he was 'fed up of organisations that don't deliver'; and was also concerned about the terms and conditions of staff employed under contracted-out arrangements, including the level of pay (WYG advised that some contracts include e.g. Living Wage clauses).
- 8.0.9 As regards street cleansing services, Councillor Hilton felt that this needed to be more effective and more responsive to residents' needs. He said that waste services were now operating at a good level.
- 8.0.10 Councillor Stephens (Labour) said that he would go along with the option according to where the evidence led: but he noted that the history of the Amey contract was that performance had not always been good; and he therefore was not inclined to continue to work with Amey (meaning that he almost certainly would not support an extension to the current contract).
- 8.0.11 He said that he was not committed to an integrated arrangement, in particular he thought that separate arrangements for grounds maintenance could be attractive to local businesses.
- 8.0.12 Councillor Stephens' preferred option was for services to be delivered in-house: but he acknowledged that this was certainly not a panacea and would not be easy. He said that officers dealing with these services were excellent but that their experience was under a contracted-out service and said that different skills and capacities would need to be developed for in-house operations, which he thought could take 18 months to set up. His second preference would be to enter into an arrangement with Ubico which he felt would be an easier transition.
- 8.0.13 Councillor Stephens did not rule out the option of a new contract: but said that in any new arrangement there needed to be adequate break-clauses and strong clauses regarding performance management.
- 8.0.14 It is worth noting that all three Councillors raised the question which was raised by Councillor Cook and discussed in 8.0.3 above: moving to a different collection system for dry recyclables. WYG is clear as to the advantages of the current system at GCC and would not recommend any change: but it may be that a brief presentation to all Members regarding recycling methodologies and the Waste Strategy would be of advantage as part of the decision-making process.

STREETSCENE SERVICES – OPTIONS APPRAISAL

9.0 ANALYSIS OF OPTIONS

9.0.1 Here we consider each of the options and summarise each in terms of an overview, taking into account our findings.

9.1 In House Service Delivery (As a Whole or in Parts)

9.1.1 In many ways we see this as a challenging option for GCC. The services have been outsourced for some 13 to 14 years at the time of writing: and although the Council has the skills within its structure to manage a contractor it does not currently have within its structure all of the skills or the necessary qualified personnel to manage direct service delivery; and where it does have them it may not have the capacity.

9.1.2 One of the gaps is in relation to the 'O' licence which the Council would require in the case of an in-house service or a stand-alone Teckal organisation. Waste services and (probably) street cleansing services would require the use of LGV vehicles: and therefore, the Council would require an individual with a CPC qualification for such a licence.

9.1.3 If the Council chose to bring services in-house or deliver through its own Teckal arrangement, then some up-front investment would be required in terms of recruiting a suitably qualified individual some six months before start date; and for that individual to then apply for the 'O' licence. A licence could not be granted without a named responsible individual holding a CPC; and, crucially, the application including details of the named employee (whom would need to be employed by the organisation that would operate the fleet) would need to be made well in advance of service start. There would be an obvious up-front cost for this.

9.1.4 Similarly, the Council would, should it choose to deliver services in-house, require investment in terms of Health & Safety before the new arrangement started. Whilst it is true that a contracted-out arrangement would require some involvement by the Council in managing Health & Safety (particularly for waste services, which record the second-highest levels per employee of any industry for both accidents and deaths) this would be at a different level entirely should the Council deliver services in-house. A full set of risk assessments would need to be carried out and training given before any activities could be carried out. This would incur a significant up-front cost: some years ago, WYG worked with Thanet DC who had decided to take waste collection and street cleansing back in-house but had retained a DSO for grounds maintenance. Looking at the time we spent on making and writing up risk assessments, we estimate that a one-off cost of ca. £75,000 would need to

STREETSCENE SERVICES – OPTIONS APPRAISAL

be invested before service start date were the services to be taken in-house; and in addition there would be a further on-going costs each year.

- 9.1.5 For waste activities the Council would also need to obtain a waste carrier's licence. We are, of course, entirely aware that other councils that do deliver these services in-house have met these various challenges in terms of compliance: but they are, in the main, building onto an infrastructure that already exists. Were GCC to decide to take these services in-house it would be necessary to recruit staff with a new skills set well in advance of the start date for the new arrangement: and since these skills are in relatively short supply, the cost could be significant, certainly at least at the level of the range of costs we estimate for procuring a new contract (see 10.2.12), and possibly more. Having invested the costs, there remains a (small) risk of potential non-compliance.
- 9.1.6 Finally, there is a distinct possibility of increased on-going costs for staff within the in-house model. At present Amey would argue that they are paying what they believe to be market rates for the operational staff: and since, by and large, they are able to recruit sufficient staff to deliver the services currently, that argument would seem to hold water. Should GCC take the services in-house then initially the staff would transfer with their current terms and conditions under TUPE: but at some point they would need to be transferred to GCC terms and conditions to fit with the 'equal pay for work of equal value' principle.
- 9.1.7 GCC already employs some manual workers in-house and the grounds maintenance workers are employed at grade B, which is in the range of £18,426 to £18,795 per annum for a 37-hour week.
- 9.1.8 Information provided by Amey shows that, even after a lengthy period of operating the contract for GCC, they do not have an entirely consistent approach to employment. In particular, some of the staff who were originally employed by GCC (16 of 164 current Amey employees) still retain what are said to be 'GCC conditions' in relation to pay increases. Some 31 employees (of 164) are members of the Gloucestershire LGPS. The working week for the staff varies from 37 hours (64 employees) to 40+ hours (five employees) whilst the balance (excluding two part-timers) have a working week of between 37.5 and 39 hours.
- 9.1.9 As to the rates of pay stated in the information provided by Amey: excluding the two part-timers, 65 staff are paid below the lowest level of the GCC grounds maintenance staff (£18,426 as stated in 10.1.7 above): and a cursory examination of their job titles suggests that to maintain parity / fair treatment with GCC staff, these would be entitled to an increase in pay.

STREETSCENE SERVICES – OPTIONS APPRAISAL

- 9.1.10 Of those receiving pay above the highest level of the GCC grounds maintenance staff (£18,795), from a cursory examination of their job titles they would probably be evaluated at a grade higher and thus would probably retain their current pay levels. However, there is the issue of those working more than 37 hours per week that might need to be addressed; and it is possible that GCC's job evaluation scheme might place some posts (e.g. LGV drivers) at a higher grade than their current rate of pay.
- 9.1.11 The cost of increasing the pay levels as noted in 9.1.9 above is ca. £20,000 per annum, a low level of additional cost: however, more significantly, if the staff were transferred in-house, then they would all be entitled to join the LGPS; and since we are advised that the current employer's contribution rate is 17.5%, our assessment is that this would incur additional costs of ca. £317,000 per annum over and above what the current costs are.
- 9.1.12 Including an allowance for addressing the 37-hour week, then, we might see the cost of labour increase by between £350,000 and £400,000 per annum; and this might be an under-estimate should GCC's job evaluation scheme re-grade some posts.
- 9.1.13 Whilst this figure is somewhat lower than we might have feared, it is at a level well in excess of what we would assess Amey's (or any other contractor's) profit level from such a contract. Taking into account both this increase in annual costs and the one-off costs necessary to set up an in-house operation, we conclude that this is not likely to be the cheapest option; and, of course, under this option the Council has no risk mitigation, it handles all of the risk.
- 9.1.14 In our view this does not seem to be the optimum solution, particularly for waste and street cleansing services; although if one considers grounds maintenance services there is the possibility of synergies / economies with the current in-house services.

9.2 Undertaking A New Procurement to Market (As A Whole or in Parts) Of Our Service(s) As Stand-Alone GCC Arrangements

- 9.2.1 We see this option as entirely feasible. The current contract runs until the end of March 2022 and there is certainly adequate time to procure a new contract to commence from that date should that be the chosen option.
- 9.2.2 In terms of a procurement, one of the key decisions would be just what services would be included and whether there is to be a division by Lots. If there is to be division by Lots, then this could necessitate or argue for a Competitive Dialogue (CD) process: but if there

STREETSCENE SERVICES – OPTIONS APPRAISAL

were to be no such division then either a mini-CD process (with two stages) or the new CPN might be appropriate.

9.2.3 We do not consider either the Restricted or Open Procedures to be appropriate at all for waste services because of the sensitivity around recycle values both now and in the future and the likelihood of the Council being able to draft documentation that industry will agree to without discussion or negotiation is close to zero.

9.2.4 We set out here, first, a potential timetable for a three-stage CD process, in which we allow for a six-month period for mobilisation from contract award until service commencement:

• Development of contract documentation	To June 2020
• Placing of contract notice	June / July 2020
• Shortlisting from questionnaires	August 2020
• Inviting Outline Solutions tenders	September 2020
• Receiving Outline Solutions tenders	November 2020
• Evaluating Outline Solutions tenders	December 2020
• Inviting Detailed Solutions tenders	January / February 2021
• Receiving Detailed Solutions tenders	March 2021
• Evaluating Detailed Solutions tenders	April / May 2021
• Final dialogue	June / July 2021
• Closing of dialogue, inviting final tenders	Late July 2021
• Evaluating final tenders	August / September 2021
• Contract award	End of September 2021

9.2.5 Clearly, it would be a very tight timetable if a three-stage CD procedure was chosen since there is only a short time to develop contract documentation and we have noted, in Sections 5 and 6 that much work is needed. However, a shortened two-stage procedure (involving placing a Contract Notice in autumn 2020) seems entirely achievable.

9.2.6 Second, we set out some notes regarding the CPN process together with a potential timetable for a CPN process.

9.2.7 Under this procedure, contract documents are published with the Contract Notice as with all other procedures. Tenders are invited whereby the participants are required to submit some variant scenarios; and may choose to submit others. In this particular case, we might expect tenderers to offer different prices for different contract periods (e.g. ranging from an initial seven to 10 years); to clarify the discount they would give if the Council provided the

STREETSCENE SERVICES – OPTIONS APPRAISAL

capital, and clarifying the amount of capital required; to show discounts for multi-Lot awards; and to comment upon some specific terms and conditions.

9.2.8 Tenders are then evaluated. Under the CPN it should always be possible to award the contract without negotiation: and if the same tenderer offers the best tender in any scenario with no amendments required to the terms and conditions then that would indeed be possible. Where this is not the case then the Council would invite the highest scoring tenderers (using set criteria to determine how many etc.) to separate negotiation meetings, which might include e.g. a demonstration of the contractor's ICT system. Following these meetings, the Council would fine-tune its requirements and invite those who have participated in the negotiations to re-tender: and then re-evaluate the submissions. The fine-tuned requirements would need to be such so that there is a clear winner.

9.2.9 By these means the Council can evaluate variants and award the contract with low risk attached to the process. This would not be possible using Restricted or Open Procedures: and we believe that CD could be seen as being too cumbersome and time-consuming (and expensive), unless the contract was far-reaching.

9.2.10 The key stages in a CPN process might be as follows:

- | | |
|---|-------------------------|
| • Development of contract documentation | To December 2020 |
| • Placing of contract notice | December 2020 |
| • Shortlisting from questionnaires | January 2021 |
| • Inviting tenderers | February 2021 |
| • Receiving initial tenderers | March / April 2021 |
| • Evaluating initial tenders | April / May 2021 |
| • Negotiations | June / July 2021 |
| • Inviting final tenders | July 2021 |
| • Evaluating final tenders | August / September 2021 |
| • Contract award | End of September 2021 |

9.2.11 We appreciate that these timescales might have to be expanded a little to fit in with reporting processes: but the degree of expansion should not be too long (apart from, possibly, those associated with final contract award) given that dates for meetings etc. might be able to be set around these drafts. The key thing is that, at the most pessimistic, there are around six months for decisions to be made and for documents to be drafted: and if the number of options to be tested can be reduced then the more time is available for these processes.

STREETSCENE SERVICES – OPTIONS APPRAISAL

9.2.12 There would, of course, be costs in relation to a re-procurement: as to the level of these, much would depend upon what specialist advice would be required from external sources (legal, procurement, technical, financial) but a cost of between £100,000 and £200,000 might be a reasonable range: and although this range should cover all aspects of a procurement for waste and street cleansing services, there would be the 'over and above' costs of a re-measurement for grounds maintenance.

9.2.13 At this stage, we see this option as a 'fall-back' option: the timetable makes it clear that a contract notice would not need to be published until December and this enables other options to be tested in the meantime and without committing to the cost of a fresh procurement.

9.3 Undertaking A New Procurement to Market (As A Whole or In Parts) Of Our Service(s) In Partnership with Others

9.3.1 Working in partnership with other councils means in practice working with geographic neighbours, which for GCC are the councils at Stroud and Tewkesbury. Both of these councils have their services delivered by Ubico. The arrangements at Stroud have been independently reviewed recently and stated as being good value-for-money (see 3.1.26) whilst at Tewkesbury recent service reviews indicate that they are likely to continue to have their services delivered by Ubico for some considerable time.

9.3.2 It is worth noting that, elsewhere in Gloucestershire, Cotswold also have services delivered by Ubico (and Cotswold's previous contractor SUEZ found service delivery there to be difficult and uneconomic); Cheltenham has all services delivered by Ubico and, following a service review, has committed to continuing with this delivery model for some years; whilst Forest of Dean extended their waste contract with Biffa until, July 2024 with all other services being delivered by Ubico.

9.3.3 A joint procurement with other partners seems an unlikely option: we discuss the option of GCC working with Ubico in 9.4 below.

9.4 Delivery Through a Teckal Organisation (new or UBICO)

9.4.1 First of all, we should say that, given the local presence of Ubico and the testimony that exists as to the good value they provide elsewhere, it is not at all obvious why GCC should either seek to set up its own Teckal company or to engage with another partner, such as Norse. With regard to the first, there would be costs in setting up the Teckal and there is no track record to support such a move; and with regard to the second, engaging with a

STREETSCENE SERVICES – OPTIONS APPRAISAL

party other than Ubico would mean a steeper 'learning curve' with no opportunities for local synergies.

- 9.4.2 About a year ago, GCC was seriously considering entering into an arrangement with Ubico because at the time there were various problems with the Amey contract. Happily, these problems are now resolved: but the option of a future arrangement with Ubico seems to us, in principle, to be entirely realistic.
- 9.4.3 That is not to say that a decision to definitely move in that direction should be taken now. Rather, we believe that GCC should ask Ubico to make a proposal for service delivery and then evaluate that proposal: first, against any other option that is under consideration; and second, against an estimate as to what a contracted-out solution might cost.
- 9.4.4 WYG has enquired as to how Ubico could respond and we can report that Ubico could provide a proposal for around mid-September. For them to do this they would require a specification: but unlike the situation in a formal procurement, the specification could be produced in piecemeal fashion e.g. we believe a waste specification could be produced within a week or so for Ubico to work on, with other details to follow (probably street cleansing a week or two later; and grounds maintenance etc. following after).
- 9.4.5 Ubico would naturally require a TUPE list early on; and to make the most of this option we would recommend a series of meetings during the summer months so that both sides are entirely clear as to the details of the proposal: for example, the length of the arrangement and the details for vehicle funding would be important matters to discuss.
- 9.4.6 As part of the Ubico proposal they would give details as to the governance arrangements for GCC to consider: and the likelihood is that there would be a 'joining fee' as has been the case for other Ubico partners (which we are sure would be lower than the cost of a procurement and should be reflected in lower on-going costs).
- 9.4.7 For Ubico to participate in this exercise would require Ubico board approval: from our discussions we understand that the chair has agreed in principle. One of the matters that might concern the board is that (in effect) they would be committing Ubico resources (and thereby monies) for an activity that might not yield positive results for the existing partners.
- 9.4.8 The process of evaluating Ubico's proposal would need to consider the fact that, by the nature of Teckal working, we would expect Ubico's proposed costs to be lower than a

STREETSCENE SERVICES – OPTIONS APPRAISAL

private sector equivalent bid (since the latter is largely fixed, whereas Ubico could charge for any exceptional unforeseen costs).

9.5 Extension of The Existing Arrangement

- 9.5.1 GCC officers approached their legal advisers concerning this option. The advice is that this indeed an option and an extension, by mutual agreement with the contractor (Amey), is possible for a period not exceeding five years i.e. up to the end of March 2027; but as part of the process for agreeing an extension, a Best Value Review is required. Although this report covers some of the elements of a Best Value Review, it probably does not meet the full requirements of such a Review.
- 9.5.2 GCC officers have approached Amey to ascertain their willingness to agree such an extension and have received confirmation that Amey is indeed willing to pursue this option.
- 9.5.3 WYG should emphasise at this stage that we are not lawyers: but we know that there is a limit as to how much the current contract (including variations) may be further varied and still be regarded as an extension.
- 9.5.4 As with the Ubico option. We believe GCC should seek a detailed extension proposal from Amey by mid-September at the latest; and WYG could evaluate it against any other option that is under consideration; and against an estimate as to what a contracted-out solution might cost, which would be part of the Best Value Review. This could be for a period of up to five years.