

Gloucester City Council

Options Appraisal and Best Value Review

October 2020

WYG

The Pavilion, 1st Floor, Botleigh Grange Office Campus, Hedge End, Southampton, Hampshire, SO30 2AF
Tel: +44 238 202 2800
Email: waste.enquiries.com

GLOUCESTER CITY COUNCIL OPTIONS APPRAISAL AND BEST VALUE REVIEW

A117962

OCTOBER 2020

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 2005 but following takeovers (Accord by Enterprise; Enterprise by Amey) is now held by Amey.
- 1.0.2 WYG reported its initial findings to the Council and this included attendance at Overview & Scrutiny Committee on 29 June 2020 and at Cabinet on 15 July.
- 1.0.3 WYG's original recommendation as set out in our final report was 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;

WYG

The Pavilion, 1st Floor, Botleigh Grange Office Campus, Hedge End, Southampton, Hampshire, SO30 2AF
Tel: +44 238 202 2800
Email: waste.enquiries.com

- 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.

1.0.4 At Overview & Scrutiny two points were voted upon and agreed:

- That the option of delivering all services in-house be considered along with the options of an extension with Amey and service delivery by Ubico; and
- That all options should include for paying the Living Wage to all operatives.

1.0.5 At the Cabinet meeting referred to above the recommendations of Overview & Scrutiny were agreed, the minute reads as follows:

WASTE, STREETSCENE AND GROUNDS MAINTENANCE SERVICES OPTIONS REPORT

Cabinet considered the report of the Leader of the Council and Cabinet Member for Environment that sought to provide an assessment of the options available as a consequence of the current contract for the delivery of Waste, Streetscene and Grounds Maintenance Services coming to an end in March 2022, to recommend the next steps and to report the recommendation made by the Overview and Scrutiny Committee on 29th June 2020.

The Leader of the Council summarised the report in detail and advised that due to the complexity of the matter some elements could be separated. He drew Members' attention to the recommendations of the Overview and Scrutiny Committee (29 June 2020) which had been included for consideration.

RESOLVED that:

(1) the Options Report is received and welcomed

(2) the recommendations made by the Overview and Scrutiny Committee (Paragraph 3.4 of the report) are accepted and, as a consequence...

(3) in the period June to mid-September 2020 Ubico and Amey are invited to submit proposals for service delivery to be considered alongside an option for in-house service delivery

(4) the proposals outlined in (3) above and (6) below incorporate a requirement to pay employees the real living wage

(5) a Best Value Review is undertaken to provide a benchmark against which to assess the proposals identified above in early October

(6) if none of the options presents a suitable proposition move to commence a formal procurement exercise to secure an external service delivery partner having first determined whether to offer a fully or partially integrated service

(7) delegated authority be given to the Corporate Director (after consultation with the Cabinet Lead for the Environment) to implement these decisions.

1.0.6 This report, then, examines the three options in turn (bring services back in-house; extend the Amey contract; have the services delivered by Ubico) and compares them. Direct comparisons are not entirely straightforward: but we hope that our analysis is sufficient for GCC to make a decision. In line with the Cabinet decision we have ensured that each includes for payment of the Living Wage. A Best Value Review is also included in this report.

1.0.7 This project would have been impossible to deliver without support from various Council officers and we thank them here.

2.0 OVERVIEW & EXECUTIVE SUMMARY

- 2.0.1 GCC currently has a contract with Amey for the delivery of waste and recycling, street cleansing and grounds maintenance services which is due to expire at the end of March 2022. The contract is capable of extension (by a period of five years i.e. until the end of March 2027) provided a Best Value Review is undertaken.
- 2.0.2 WYG presented a report to GCC, at Overview & Scrutiny Committee on 29 June 2020 and at Cabinet on 15 July.
- 2.0.3 Following this, WYG was tasked with assisting GCC to explore a number of options:
- To seek proposals from Ubico and Amey for service delivery which would be considered alongside an option for in-house service delivery, all to include a requirement to pay employees the real living wage;
 - To undertake a Best Value Review to provide a benchmark against which to assess the proposals identified above; and
 - if none of the options presented a suitable proposition, move to commence a formal procurement exercise to secure an external service delivery partner having first determined whether to offer a fully or partially integrated service.
- 2.0.4 Working with GCC officers, WYG has developed technical specifications for the various services and used these to seek the proposals referred to above.
- 2.0.5 Using Best Value principles, WYG has undertaken a review of services and believes them to be at a quality level such that an extension with Amey is a possible outcome.
- 2.0.6 As part of this Best Value assessment, WYG has calculated a cost estimate for the delivery of these services should a contract be offered to the market.
- 2.0.7 It has been identified that there is a lack of accurate measurements for grounds maintenance services: the Council is in the process of correcting this situation, which is not an uncommon one., and we make no criticism of the Council in this regard. We recommend that, in addition to completing this re-measurement a strategic review of grounds maintenance sites is undertaken.
- 2.0.8 This lack of accurate measurements effectively rules out the option of re-procuring a contract either for grounds maintenance services on a stand-alone basis; or for an integrated contract

including grounds maintenance. Either the market would be inclined to not bid on this basis; or the Council stands the risk of receiving entirely unrealistic bids.

- 2.0.9 In any case, WYG's assessment for the costs of a re-tendered contract is that the costs would be higher than for either an extension with Amey or for working with Ubico. In the case of Amey a key factor is that they can continue to use the current vehicles and plant, whereas a new contractor would incur significant costs in this regard. In the case of Ubico, they have no need to make a profit and their overhead level is relatively low: and they should get some economies from their proximate operations. We believe, therefore, that the option of a re-procurement should be discarded at this stage.
- 2.0.10 Our assessment is that the in-house solution would also be more expensive than either the Amey or Ubico solutions: we assess the overhead cost to be marginally higher; but more significantly this solution would incur extra costs for pension contributions to the LGPS. As well as incurring additional cost, this option exposes GCC to additional risk because the in-house option is untested; whereas either the option of an extension with Amey or the option of an arrangement with Ubico involves working with an operator who has (as a minimum) demonstrated satisfactory performance elsewhere. Finally, the in-house option would pose the challenge of a fundamental change in the size and nature of GCC's workforce. Taking all of these points into account, we do not recommend this option as worthy of further consideration.
- 2.0.11 In the case of Ubico's proposal, a small number of queries are outstanding; but we expect these to be resolved in the next few days. We believe this to be a robust proposal and we believe that Ubico has engaged well with GCC throughout the process.
- 2.0.12 There are important differences between the Ubico (Teckal) model than in working with a contractor: essentially the Teckal model requires actual costs to be charged, and these could be more or less than the estimate; whereas the contractor model gives greater certainty re costs (except in such areas as values for dry recyclables) and no real possibility of savings.
- 2.0.13 The Ubico model offers a new fleet from day one whereas the Amey model does not. Additionally, it is likely that the Ubico model offers greater flexibility and thereby the possibility of better alignment with GCC strategic ambitions and objectives.
- 2.0.14 In the case of Amey's proposal, the current situation is that Amey has informed GCC that, due to the fact that they have agreed, in principle, to sell their waste operations to another organisation, they cannot absolutely confirm the final details of their offer. until it has been

reviewed by the new owner. This is understandable. As things stand, the Amey offer represents value in that it is for a lower cost than for our estimate for a re-tendered contract or for an in-house operation; but is very comparable to the Ubico offer. With the queries regarding the offer, WYG is not able to recommend acceptance of Amey's offer; on the other hand, WYG believes that it is entirely possible that the new owners may improve the current offer and so it may not be appropriate to reject the Amey offer at this stage. It is worth re-iterating here our conclusions from the Best Value Review: our evidence is that the overall quality of services delivered is such that an extension with Amey is possible. We understand, from the discussions that Amey has had with GCC officers that it is possible that the sale may be concluded by the end of October; with a backstop of completion by the end of 2020. Therefore, it is likely that an offer could be finalised before the end of January 2021.

- 2.0.15 As Amey is incumbent, there is continuity: although the new owner might make some changes. In choosing this option GCC would be tied into the arrangement until April 2027.
- 2.0.16 As stated, at the time of writing some final clarifications from Ubico are still awaited: but we can say that the Ubico offer is entirely comparable with the Amey offer (as it stands); represents value-for-money compared to our estimate for a private sector bid (chiefly because of lower overhead costs and because of Ubico's no profit status); and is a lower cost than working in-house (chiefly because of lower pension costs). WYG believes that Ubico's proposed level of resource is sufficient to deliver services to at least the current standard (which level of resource has also been checked by GCC officers); and that Ubico has experience of delivering good quality services elsewhere in Gloucestershire for its current clients.
- 2.0.17 Under a Ubico arrangement, GCC would have to take ownership of the function of selling its dry recyclables, since Ubico has no expertise in that area of operation; and the GCC client side would need to be re-designed to incorporate this function. Our financial assessment takes this into account. It may be that some joint working with e.g. Cheltenham and/or Stroud on this area of work would be possible.
- 2.0.18 Because there are a few pieces of fine-tuning required to finalise the Ubico offer, it is not possible to recommend acceptance of it as it stands: but GCC may feel that there is sufficient evidence to consider an 'in principle' decision to work with Ubico in the future. Equally, GCC may wish to defer any decision until further information from Ubico is available: and/or wait until a final offer from Amey's new owners is received and then make a decision as to which offer to accept.

2.0.19 GCC needs to be aware that, in the event that it chooses the Ubico option, then some costs (which are relatively insignificant in the overall cost assessment e.g. less than 4% of the annual cost) would be incurred as a one-off in the year before the arrangement started. This would also be the case for an in-house solution.

3.0 BEST VALUE REVIEW: WASTE SERVICES

3.0.1 One of the requirements of the option for extending the current contract is that there should first be a Best Value Review. Our Best Value Review for waste services, in terms of assessing the quality of service, is set out in this Section. A quality assessment of streetscene services (i.e. street cleansing and grounds maintenance) is set out in Section 4; whilst in Section 5 we consider the costs and quality so as to arrive at an assessment of value.

3.0.2 This Section therefore evaluates the performance of the Council's current waste collection services and benchmarks this against similar councils in terms of their recycling/composting performance in 2018/19 (the latest available year for which data for all English authorities is publicly available) and in terms of specific diversion rates by material type in 2017/18 (via WRAP's Local Authority Portal). This is a methodology that is commonly used to assess performance in a Best Value Review.

3.0.3 The council currently operates the following waste and recycling collection services:

- Fortnightly collection of residual waste predominantly from 240-litre wheeled bins, but from bulk bins for communal properties and from sacks for some properties with e.g. restricted access or storage / presentation difficulties;
- Weekly collection of separately presented dry recyclate – glass (box), paper/card (reusable bag), plastic, cans, aerosols, cartons and foil (box), and small electricals;
- Weekly food waste collection; and
- Chargeable garden waste service on a fortnightly basis from a 240-l wheeled-bin.

3.0.4 Examining overall waste arisings for Gloucester City Council (GCC and a selection of other waste collection authorities of the same rurality classification (2 – predominantly urban lower

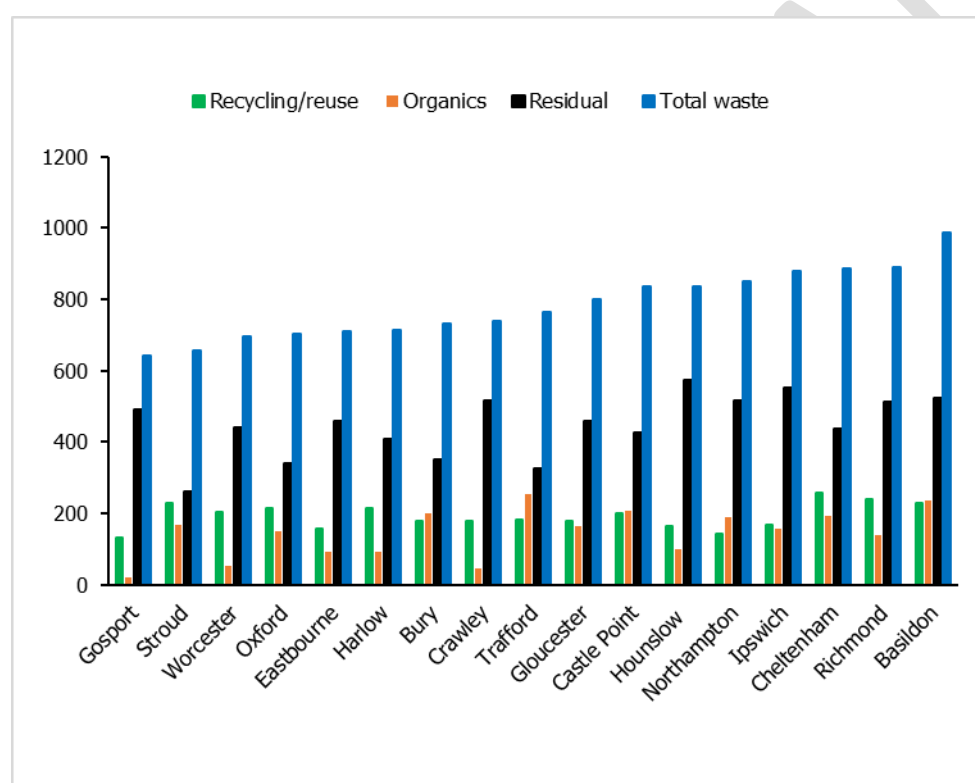
deprivation), as well as four benchmark collection authorities (Ipswich, Northampton, Trafford, Bury) indicates that GCC residents generated an average amount of waste in 2018/19 compared to the benchmark group (table 1 and Figure 1, source DEFRA reported data). Compostable yield (164kg/hh/yr) was below average compared to this benchmark group (11th from 17). For recycling/reuse Cheltenham diverted the highest amount of material compared the benchmark group (at 257kg/hh/year) and for compostables. Trafford recorded the highest (254kg/hh/year).

Table 1: Total Waste Yields (kg/hh/year) for Gloucester and similar authorities, 2018/19 (in ascending order of total waste arisings)

Authority	Recycling / Reuse	Compostables	Residual	Total	IMD
Gosport	133	20	490	643	20.5
Stroud	227	167	261	655	10.8
Worcester	204	51	441	696	20.4
Oxford	215	150	339	703	16.7
Eastbourne	157	92	460	710	22.1
Harlow	214	93	407	714	21.4
Bury	179	201	350	731	23.7
Crawley	180	45	515	740	18.9
Trafford	184	254	326	763	16.1
Gloucester	179	164	458	800	21.8
Castle Point	202	208	427	836	16.8
Hounslow	164	98	574	837	21.8
Northampton	144	190	515	849	23.5
Ipswich	169	158	554	881	25.9
Cheltenham	257	193	438	888	14.3
Richmond	238	140	511	889	9.4
Basildon	228	237	522	988	23.2

Authority	Recycling / Reuse	Compostables	Residual	Total	IMD
Average	193	145	446	784	-

Figure 1: Total Waste Yields by Material Type: Gloucester & similar authorities (2018/19: in ascending order for total waste)



- 3.0.5 The Council's recycling/composting performance has increased incrementally over the last few years in question, from just below 36% in 2016/17 to 42.8% in 2018/19. Current performance is below the national household recycling rate for England of 44.7% achieved in 2018 (but which reflects a national trend of stabilisation (or slight decline) compared to previous years). Analysis of the most recent DEFRA data demonstrates that GCC's overall performance in 2018/19 is at mid-point compared to other English waste collection authorities (placed 109th from 222 authorities reporting in 2018/19). Recycling performance (including bring site tonnage), is around average at 22.4% compared to other authorities, with GCC ranked 126th from 222 authorities (top authority is Ealing at 35.5%, average rate is 23%). Composting performance is just above the average ranked 101 from 222 authorities at

20.5%.

- 3.0.6 Comparing Gloucester's overall performance to the benchmark group, which includes waste collection authorities with the same rurality classification (and the four ONS Nearest Neighbours as identified by WRAP), provides a similar picture: the Council's overall performance and recycling diversion is just below average, while composting diversion is above average by 2% (see Table 2 below). Overall performance is ranked 9th from 17, with Stroud achieving the highest diversion at 60.2%. Stroud also achieved the highest level of recycle diversion at 34.7%, while Trafford diverted the highest amount of compostable material (33.2%) – the latter is unsurprising given that the council collects garden and food waste together on a weekly basis.

Table 2: Recycling/composting performance in 2018/19 – Gloucester & similar Authorities (in descending order of overall diversion)

Authority	Overall diversion %	Recycling/ reuse %	Composting %
Stroud	60.2	34.7	25.5
Trafford	57.3	24.1	33.2
Bury	52.0	24.5	27.6
Oxford	51.9	30.6	21.3
Cheltenham	50.7	29.0	21.8
Castle Point	49.0	24.1	24.9
Basildon	47.2	23.1	24.0
Harlow	43.0	30.0	13.0
Gloucester	42.8	22.4	20.5
Richmond	42.8	22.4	20.5
Northampton	42.5	26.8	15.7
Ipswich	39.3	17.0	22.4

Authority	Overall diversion %	Recycling/ reuse %	Composting %
Worcester	37.1	19.2	18.0
Eastbourne	36.6	29.2	7.4
Hounslow	35.2	22.2	13.0
Crawley	31.4	19.6	11.7
Gosport	30.4	24.3	6.1
<i>Average</i>	<i>43.0</i>	<i>24.8</i>	<i>18.2</i>

3.0.7 According to WRAP's Local Authority Portal¹ the Council's kerbside performance is in the bottom 50% compared to all UK authorities. In addition, it is in the bottom 25% compared to those in the same region (South West) and by similar ONS area classification (Manufacturing) in terms of yield achieved for five 'widely recycled materials' (paper, card, cans, glass and plastic bottles). However, the Council is in the top 50% of authorities when comparing the same rurality classification. It is noted that paper yield, in particular, is in the bottom 25% across all comparator groups.

3.0.8 Table 3 shows the kerbside dry recycling yields in kg/household in 2017/18 (the latest year for which detailed figures are available on a national basis via WRAP) for GCC and for those authorities with the same rurality classification ('2: predominately rural, lower deprivation') and the four ONS Nearest Neighbours as identified by WRAP. Each authority's index of multiple deprivation (IMD) is noted (average score at district level, the higher the figure the more deprived the area²). The authorities are listed in order of collection system then decreasing yields and shows the recycling container and frequency of collections (for 'standard' households) for both residual waste and dry recycling. These yields are illustrated in Figure 2 overleaf.

Table 3: Kerbside Recycling Yields for 'Rurality 2' Authorities & WRAP benchmarks in 2017/18

¹ <http://laportal.wrap.org.uk/>

² <https://www.gov.uk/government/statistics/english-indices-of-deprivation-2019>

Authority	IMD	Yield kg/hh	Collection system for dry recyclables	Recycling collections	Residual collections
Oxford	16.7	231	Co-mingled incl glass	Fortnightly w/bin /sacks	Fortnightly w/bin
Worcester	20.4	218		Fortnightly w/bin	Fortnightly w/bin
Harlow	21.4	211		Fortnightly w/bin /box	Fortnightly w/bin
Crawley	18.9	169		Weekly w/bin	Fortnightly w/bin
Northampton*	23.5	163		Fortnightly w/bin	Fortnightly w/bin
Stroud	10.8	222	Two stream (sep paper)	Weekly box	Weekly w/bin
Trafford*	16.1	212		Fortnightly w/bin	Fortnightly w/bin
Bury*	23.7	204		Weekly w/bin	Weekly w/bin
Richmond	9.4	200		Weekly box	Weekly sacks
Basildon	23.2	217	Two stream (sep glass)	Weekly sack (mixed recyclate); fortnightly glass box	Weekly sacks
Castle Point	16.8	217		Fortnightly sacks and glass box	Fortnightly sacks
Eastbourne**	22.1	157		Weekly w/bin	Fortnightly w/bin & box
Gloucester	21.8	159	Multi-stream	Weekly boxes and reusable bag	Fortnightly w/bin
Hounslow	21.8	142		Weekly boxes	Fortnightly w/bin
Cheltenham	14.3	140		Fortnightly boxes & reusable sack (card)	Fortnightly w/bin
Ipswich*	25.9	148	Co-mingled excluding glass	Fortnightly w/bin	Fortnightly w/bin
Gosport	20.5	114		Weekly sack	Weekly sack

* ONS Nearest Neighbours as per WRAP portal

** Eastbourne moved to fully co-mingled recyclate in w/bin and w/bin for residual since August 2019

3.0.9 This analysis indicates that, from a total of 17, fourteen local authorities are operating some form of co-mingled collection, either fully co-mingled or two-stream (with paper or glass separate). Of these, eleven achieve a higher yield than Gloucester, who operates a multi-

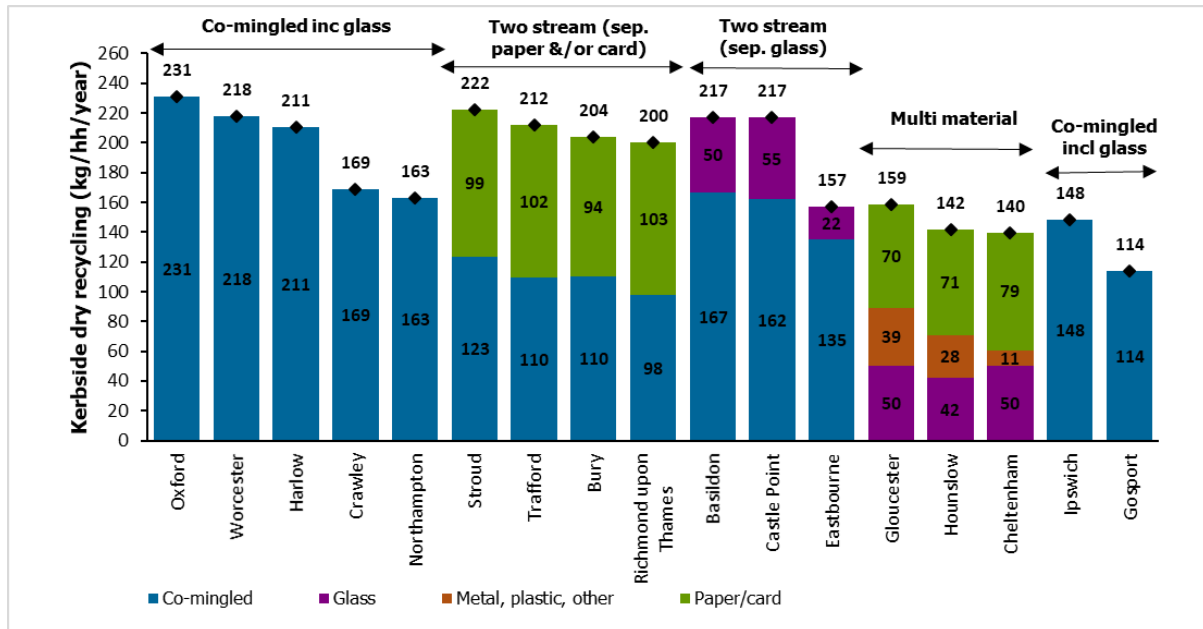
stream (kerbside sort) system. In general terms, co-mingled and two-stream systems can collect more recyclables than kerbside-sort systems: but some of the recyclables collected are subsequently rejected at the MRF, as discussed below.

CONFIDENTIAL

WYG

The Pavilion, 1st Floor, Botleigh Grange Office Campus, Hedge End, Southampton, Hampshire, SO30 2AF
Tel: +44 238 202 2800
Email: waste.enquiries.com

Figure 2: Kerbside Recycling Yields for 'Rurality 2' & WRAP benchmarks 2017/18



3.0.10 The highest performing authority operating a fully co-mingled system is Oxford capturing 231kg/hh/year, while the average yield for this benchmark group is 184kg/hh/year, which is higher than Gloucester's performance (159kg/hh/year). For those operating a multi-material (or kerbside sort) system, Gloucester achieves the highest rate of diversion at almost 20kg/hh/year more than Hounslow and Cheltenham.

3.0.11 As noted earlier, it is worth noting a word of caution regarding the WRAP LA portal data as this does not fully account for any material rejects i.e. the data appears to report the gross kerbside recycling yield rather than net of rejects. This can be verified by comparing raw data from WasteDataFlow (WDF): Q10 tonnes of material collected by kerbside recycling schemes and Q100 contamination (process rejects) – to generate a gross and net kg/hh/year dry recycle yield. Interrogating Gloucester's data via WDF, indicates that 159 kg/hh/year of dry recycle were collected at the kerbside in 2017/18 and no dry recycle was rejected as contamination (process rejects – only relevant if a MRF is used to process the material).

3.0.12 The difficulty with the WDF data is that Q100 Contamination (process rejects) does not specify where the rejected contaminants have originated from – either kerbside, bring site, or, in the case of unitary authorities, from Household Waste and Recovery Centres (HWRCs). In addition, we sometimes come across authorities who do not record any rejects in Q100

(for example, those that operate kerbside sort systems) or very low amounts, which may or may not accurately reflect the situation. As a consequence, we tend to use WRAP figures for consistency in relation to broad-brush benchmarking (and as this would be the amount of material actually collected at the kerbside).

Conclusions from benchmarking

- 3.0.13 Total waste arisings at GCC are about average in terms of kg per household, in relation to the benchmark group.
- 3.0.14 Overall diversion rates are also average compared to all UK authorities and the benchmark group. Kerbside recycling diversion is slightly below average compared to the benchmark group (but the highest for kerbside sort), whereas compostable yield is above average.
- 3.0.15 From this analysis we see no reason to either change the design of the collection systems at GCC (performance is about average, the design fits with Government thinking and the system produces quality outputs) or to change the service provider. Were the waste service failing to deliver then this might be grounds for changing the service provider, but the evidence is that it does. However, other reasons (in terms of the waste service) might be in terms of quality of service delivery or in terms of cost.

3.1 Quality of service delivery

- 3.1.1 Had we been writing this report 18 months ago, we would certainly have identified this as a reason not to continue with the current arrangements. Indeed, at that time WYG was supporting the Council in trying to get Amey to agree to improve the quality of their service delivery, particularly in terms of collecting recyclables in a fashion that meant the maximum amount could be recycled.
- 3.1.2 From interviews with Council staff and (during our earlier options appraisal) Members, we can report that all agree that there has been a marked improvement in the quality of service, with a much lower level of complaints and of missed collections. Amey has changed the local management team with positive results emanating from the change.
- 3.1.3 Further, a set of Performance Indicators have been agreed upon: and within the confines of the current contract, we believe that these have been progressed to an appropriate level. There is therefore some safeguarding mechanism to stop any deterioration in the quality of service

WYG

The Pavilion, 1st Floor, Botleigh Grange Office Campus, Hedge End, Southampton, Hampshire, SO30 2AF
Tel: +44 238 202 2800
Email: waste.enquiries.com

3.2 Conclusions from this section

- 3.2.1 There is no evidence whatsoever, in terms of the Council's overall performance, for an extension with Amey not to be agreed. The key test will be that of cost, which we consider in Section 5.
- 3.2.2 In terms of a likely cost for an alternative private sector operator to deliver the waste and recycling service, we calculate this cost to be between **£4,302,486.** and **£4,338,867** (detailed calculation included at Appendix A). Our calculation is based around costs from our private sector models but using labour rates and resource levels appropriate for Gloucester. The range is calculated using two different methodologies for overheads and profit, reflecting our experiences from procurement exercises. These figures exclude any income from recycle sales.

WYG

The Pavilion, 1st Floor, Botleigh Grange Office Campus, Hedge End, Southampton, Hampshire, SO30 2AF
Tel: +44 238 202 2800
Email: waste.enquiries.com

4.0 BEST VALUE REVIEW: STREETSCENE

Introduction

- 4.0.1 So as to assess the quality of service delivery for street cleansing and grounds maintenance services, a team from WYG attended at Gloucester on 2 and 3 September and carried out a number of site inspections. We use this methodology on all Best Value Reviews for these services, it is one which we developed with the Audit Commission some years ago and we still believe it to be valid.
- 4.0.2 We are, of course, aware that there are limitations to such a study: in particular, at present there is a lower level of activity because of the effects of the lockdown related to coronavirus. That said, we believe that we are able to draw some conclusions regarding current quality standards.
- 4.0.3 WYG has been providing LEQ (Formally BV199 and NI195) services since 2005 and has undertaken these independent inspections for many local authorities. To assess the quality of street cleansing and grounds maintenance that is currently being delivered, randomly selected transects across a selection of land uses were inspected in line with the LEQ standards. Although such a methodology cannot be considered as thorough as a comprehensive performance assessment, it does provide an accurate snapshot of the current situation with regard to street cleansing and grounds maintenance at the locations visited as well as a useful picture of general performance.
- 4.0.4 Particular attention was paid to several areas that we understand to pose challenges for street cleansing and grounds maintenance or have proven to be hotspots in the past. From some of our discussions and meetings with the Council we have picked up that areas of concern regarding street cleansing include the city centre, Barton and Tredworth, and the area close to the rugby stadium in Kingsholm.
- 4.0.5 To assess grounds maintenance standards we visited several parks and open spaces as well as observing verge cutting standards.

WYG

The Pavilion, 1st Floor, Botleigh Grange Office Campus, Hedge End, Southampton, Hampshire, SO30 2AF
Tel: +44 238 202 2800
Email: waste.enquiries.com

4.1 Street Cleansing

4.1.1 Overall street cleaning in Gloucester appeared to be to a high standard, with generally low litter levels encountered and many examples of spotless road channels free from detritus and weeds.

4.1.2 In Gloucester City Centre it is clear a wet sweep is carried out using a small mechanical sweeper and overall standards are very good with clear channels and backlines



However, the presence of many items of street furniture make it difficult for the mechanical sweeper to be fully effective and this was evident in the accumulations of small litter such as cigarette ends around benches.



It is felt that the use of a banksman and blower on a daily basis would help to mitigate this (we understand this occurs on two days per week) and would ensure that small items of litter left on any day were removed by the following day at latest. We noted the presence of a barrow beat operative and we consider this to be good practice.

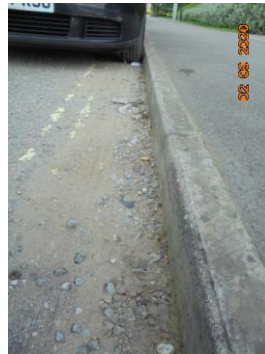
4.1.3 It was evident that bins are emptied as necessary: however it was less clear whether sacks are collected immediately or left for a period of time. We encountered several sacks on the

streets mostly by litter bins, some of which appeared to be waste from flats above shops, others unmarked which may be fly tipping (Photos LA1 & LA7)

- 4.1.4 Throughout the areas of housing inspected there were many examples of near pristine road channels and backlines for example Coltishall Close (Photo 434), Wittering Way (Photo 491), Staxton Drive (Photo 498-499) and Nympsfield Road (Photo 531). The majority of roads surveyed were also free from weed growth, the only exception to this was the area around Matson Park such as Garnalls Road where weed growth was found along the road channels (Photo 623): it may be that this area was soon due a weeds spray.



- 4.1.5 Several areas with industry and warehousing operations were surveyed. These areas often prove challenging to street cleansing operations due to a high presence of parked cars blocking access to the road channels, increased traffic movements (particularly of large vehicles) and many of the businesses day to day activities produce dust and detritus. Of the roads surveyed we encountered somewhat mixed results. On Stephenson Drive, for example, a scattering of litter (Photo 429 & 431) and significant detritus accumulations we encountered along both sides of the road channels obscuring the double yellow lines in places (Photo 432). Similar conditions were encountered on Ashville Road (Photo 550 & 555), where some of the detritus appeared to be there for some time evidenced by the presence of weed growth in it (Photo 556). On Bristol Road, just along from Ashville Road in the industrial area, significant litter was observed along both back lines suggesting this area had not been litter picked in some time: however channels were mostly free from detritus other than a couple of blocked drains (Photo 559-569). Olympus Way was one of the cleaner areas of industrial land surveyed: a scattering of litter was present across the grass verges (Photo 471) but the majority of the road channels and backlines were spotless (Photo 478-479). Similarly, Eastern Avenue was found to have overall good standards of cleanliness.



- 4.1.6 Other highways can often be hotspots for fly-tipping, littering, dog fouling and accumulations of detritus due to the inability to get mechanical sweepers along them. Of those surveyed in Gloucester, standards of cleanliness were found to be very high with very few instances of litter or detritus (photo 436, 452, 454 and 465).



- 4.1.7 We were advised by the Council that the areas of Barton and Tredworth can be difficult to keep clean and that there is a significant incidence of fly-tipping. Having visited the area we are clear that there are many challenges, in particular regarding cleansing around parked cars. However, despite these difficulties we found that many streets are generally clean (Photo LA33 - LA37). That said, it was not difficult to find incidents of fly tipping: in addition to the furniture shown in Photo LA35, we saw two mattresses and several bags of rubbish (black bags, carrier bags) which were clearly fly tipped waste rather than household waste for collection. Walking in alleyways, which are locations where we might expect to find litter, we found evidence of litter from gatherings such as cans and smoking litter. Overall results are acceptable apart from these incidents: we cannot say whether these were incidents that had just occurred although their appearance suggested just that (it had rained heavily the previous day but these items did not seem particularly wet).

- 4.1.8 We had heard from Members that the Kingsholm area could prove problematic in keeping clean. We did not find this to be the case (although, as stated, we were visiting at a time when local activity was low): it is worth noting that some small items of litter observed on the afternoon of 2 September had been removed by the following morning.



4.2 Grounds Maintenance

- 4.2.1 Overall grounds maintenance standards in Gloucester were at a broadly acceptable level. However, it was felt that some of the parks could do with investment to utilise the spaces differently and make them more aesthetically appealing than just large expanses of grass.
- 4.2.2 We have concerns that, in addition to there being a lack of information regarding measurements of grounds maintenance areas, there appears to be a lack of clarity as to just what maintenance regimes are desired for each site (and indeed whether these regimes are appropriate).
- 4.2.3 Plock Court is a vast open area used primarily for sports pitches. Rugby poles were present however there was no real evidence of a marked up pitch. Various football goals were observed and Amey were out marking up pitches during our visit. The grass was at an acceptable length but had large concentrations of weeds (Photo LA24) which we do not feel to be appropriate for sports areas. The site appeared to be widely used by dog walkers, yet we found no evidence of dog fouling. The site poses challenges to maintain due to the wetlands nature of some parts.



- 4.2.4 Barnwood Park and Arboretum is a very pleasant site with several families utilising the space at the time of our visit. Grass was at a suitable height although there were some areas where re-seeding is needed. The area has several interesting and well-maintained trees (Photo LA29) and paths that are well used by cyclist and walkers. Adequate seating was observed, however much of it could do with some attention in the form of repainting (Photo LA32).



- 4.2.5 Randwick Park is a large space with a vast open green space one end that appears popular with dog walkers and includes marked out football pitches although no goal posts were present. The other end of the park consists of a playground and several hard surface areas such as a basketball court and skate park. The hard surface areas are in need of some maintenance, particularly the skatepark where accumulations of detritus, over hanging vegetation, weed growth through the damaged surface and some damage to the fence were evident (Photo 514, 517, 518 & 520). Several of the paths were also need of attention due to weed growth and the paving slabs alongside the basketball court, in particular, were almost completely lost (Photo 510 and 512). The site has several patches of trees which are well maintained with longer grass left directly beneath them (Photo 522). The grass had recently been cut with cuttings left behind; however, the paths and hard surfaces were clear of cuttings. We also observed several graffiti tags around the skatepark and a large tag on one of the fences (Photo 515, 516, 519 & 524).

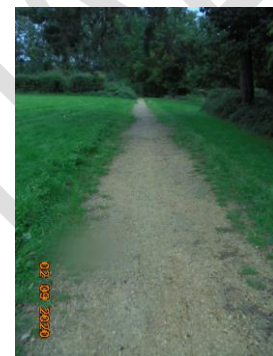


- 4.2.6 Tuffley Park is another open green space used primarily for sports with a playground in one corner. The pitches of varying sizes were extremely well marked out and it was obvious care had been taken to do a shorter cut of the grass before painting thus ensuring the marking were clearly visible (Photo 579). Two areas were fenced off which we assume are used as cricket squares; however, one area had lost the majority of the blue rope leaving just the posts (Photo 580). There was evidence just inside the gate that fly-tipping may be a problem (Photo 585).



- 4.2.7 Matson Park is a large area that probably isn't utilised to its full potential. At one end of the park is a basketball court in reasonable condition and a rugby pitch the lines of which were somewhat faded. This end of the park was scattered with litter and a fly-tipped broken pallet was also present (Photo 601-602, 607-609). The park has play equipment in several areas rather than one big playground, the swings in one particular area were heavily littered and a full bin was observed (Photo 586-589 & 594), however as we were leaving the site a staff member arrived and began litter picking this area (Photo 610). This same playground area has a nice well-maintained fence with gates for access; however, there is also a large gap

between the fence and vegetation making it somewhat redundant (Photo 600). At the other end of the park is another play area, a fishing lake and several paths through patches of trees. Some of the pathways are in need of attention due to weed growth and encroachment from the grass (Photo 643-644) in many cases the path edging stones are still visible so it's evident where the paths should extend to. A lot of the tree areas look like they have not been touched in some time with expanses of large bramble growth surrounding them rather than just the longer grass observed in other parks (Photo 639 & 645). Similarly, some of the shrubs and bushes around the park could do with a tidy up (Photo 596, 597, 599 & 640) as many look unkempt and overrun with brambles.



- 4.2.7 Glenvum Park runs adjacent to the sports and community centre and it's difficult to differentiate which bits are council responsibility and which bits belong to the sports centre. A playground is present that looks in good condition as well as some well-maintained pathways through wooded areas and a small stream running alongside. The football pitches are cut to a good height but some of the markings are faded and some re-seeding is required in the goal mouths (Photo 616).



- 4.2.8 Parts of Gloucester Park appear rather neglected. In general the grass cutting standards were adequate and the tree scape is attractive and trees appear to be well-maintained. However, the graffiti cleaning on the toilet block is to a very low standard (although the toilet is functional) (Photo LA39 & LA40); and the planters are of a very poor standard (LA41-42 & LA47). The play area and the standard of signage is good and there is a good provision of

seating (Photo LA43): but at the time of our visit the hard areas (paths etc.) were very littered, particularly with smoking litter, and at a level which would suggest that it was not just one day's litter.



4.2.9 Aside from the larger parks several other smaller areas were surveyed. Goose Bay Drive playground had well maintained hard surfaces around the play equipment, clear pathways and what appeared to be relatively new seating however there were accumulations of cigarette ends beneath the seating (Photo 506).

4.2.10 We also visited the open space between Rectory Road and Matson Lane. This area looks like it was once a very aesthetically pleasing and well laid out garden with flower beds and ornate shrubs and bushes. However, it appears that little more than grass cutting has occurred in some time. The flower beds are overgrown with thistles and weeds, the shrubs and bushes are out of shape and untidy and the pathways narrowed by weed growth and detritus accumulations (Photo 627-634).



- 4.2.11 Of the grass verges observed the majority were maintained to a good height with the exception of central reservations which we are led to believe are left on purpose to encourage natural growth. We would question this policy on safety grounds.
- 4.2.12 Many examples of neat and tidy litter free verges were observed with some encroachment onto pathways in places (Photo 529, 533 & 622). One exception to this was the verge along the A38 Cole Avenue where significant littering was observed (Photo 539-541 & 544-546) possibly due to its proximity to the main road. The grass verge did appear to have been cut relatively recently and yet the litter appeared whole, suggesting a litter pick was carried out before grass cutting and the litter encountered was deposited post grass cutting.



4.3 Conclusions from this section

- 4.3.1 As regards street cleansing services, from the evidence of our inspections and taking into account the specification and the performance mechanism, we consider the overall standard to be more than acceptable. It is worth saying that Amey is in the process of increasing the resource used in the city centre by deploying a banksman equipped with a blower to work in tandem with the mechanical sweeper on a daily basis (currently this only occurs on two days per week) thus addressing directly one of our concerns.
- 4.3.2 As regards grounds maintenance, the current specification is very loosely drafted and there are no entirely accurate measurements of areas (although this is in the process of being addressed).
- 4.3.3 The lack of accurate measurements effectively rules out the option of re-procuring a contract either for grounds maintenance services on a stand-alone basis; or for an integrated contract

WYG

The Pavilion, 1st Floor, Botleigh Grange Office Campus, Hedge End, Southampton, Hampshire, SO30 2AF
Tel: +44 238 202 2800
Email: waste.enquiries.com

including grounds maintenance. Either the market would be inclined to not bid on this basis; or the Council stands the risk of receiving entirely unrealistic bids.

- 4.3.4 It is worth repeating that we began Section 4.2 by saying that, on the basis of our inspections and taking into account the resources deployed:

Overall grounds maintenance standards in Gloucester were at a broadly acceptable level. However, it was felt that some of the parks could do with investment to utilise the spaces differently and make them more aesthetically appealing than just large expanses of grass.

We have concerns that, in addition to there being a lack of information regarding measurements of grounds maintenance areas, there appears to be a lack of clarity as to just what maintenance regimes are desired for each site (and indeed whether these regimes are appropriate).

- 4.3.5 We recommend that, whatever the Council's decision regarding future service provision, the Council continues with its activity of measuring the areas to be maintained, both for street cleansing and for grounds maintenance; and embarks upon a strategic review regarding maintenance regimes for each grounds maintenance start (and we recommend commencing with Gloucester Park).
- 4.3.3 As with waste and recycling services, there is no significant evidence, in terms of the Council's overall performance, for an extension with Amey not to be agreed. The key test will be that of cost, which we consider in Section 5.
- 4.3.3 In terms of a likely cost for an alternative private sector operator to deliver these services, we are unable to use factors such as costs per linear metre or per square metre, since absolutely detailed measurements are not to hand. Rather, we use a methodology which we have seen used elsewhere by the private sector in calculating estimates in such circumstances: the starting point will be the TUPE list and the estimator will work on key ratios (which will be different for street cleansing than for grounds maintenance, to take account of the different levels of plant and equipment required for each operation). Finally, the organisation would consider the estimate, in terms of how it sits with the cost of similar operations elsewhere

(which would take into account factors such as rurality and demographics of the particular area.

- 4.3.4 We note that the TUPE list states that there are 38.5 and 31 full-time equivalents employed for street cleansing and grounds maintenance services respectively. We also have a list of plant which Amey currently deploys.
- 4.3.5 Our assessment for a private sector estimate in a re-tendering situation would be costs of ca. **£1.63 million** per annum for street cleansing and **£1.55 million** per annum for grounds maintenance and allied activities. It is much easier to be confident as to the costs of street cleansing, since this figure is comparable to tenders we have seen for other urban councils of a similar size to Gloucester; our figure for grounds maintenance could well be an under-estimate since at Gloucester several specialist activities are included (e.g. the volume of tree work).

WYG

The Pavilion, 1st Floor, Botleigh Grange Office Campus, Hedge End, Southampton, Hampshire, SO30 2AF
Tel: +44 238 202 2800
Email: waste.enquiries.com

5.0 OPTIONS OF A CONTRACT EXTENSION WITH AMEY

- 5.0.1 WYG and GCC officers have been working extensively with Amey so that Amey can provide a clear statement, both in terms of total costs and costs for each service area, that can be compared to the other options under consideration. In particular, specifications for waste and recycling services and for street cleansing (the latter incorporating options for service enhancements) have been produced: and these have also been used by Ubico to calculate their cost estimate and by WYG to estimate the costs for in-house service provision and for a private sector bid. For grounds maintenance services an 'input' measure, using staff numbers as per Amey's current resource, has been used to calculate the estimates: additionally a technical specification has been produced.
- 5.0.2 Right up until the time of writing this report, WYG and GCC officers have been engaging with Amey: and have come close to being able to evaluate Amey's final offer. However, at the end of September Amey informed GCC that, due to the fact that they had agreed, in principle, to sell their waste operations to another organisation, they could not absolutely confirm the final details of their offer.
- 5.0.3 In broad terms, the Amey offer is similar to the current costs, except that Amey had stated that they wished to move to a 'cost-plus' model (whereby GCC would pay actual costs plus fixed percentages for overheads and return); and there were some queries about the risk and surety of income that Amey would receive from third parties, both for their commercial waste operation and in terms of the value of recycle sales.
- 5.0.4 As stated above, Amey has said that they cannot confirm an unqualified offer until it has been reviewed by the new owner. This is understandable: but in any case, with the queries regarding the offer as outlined above, WYG is not able to recommend acceptance of Amey's offer as it stands. On the other hand, WYG believes that it is entirely possible that the new owners may improve the current offer and so it may not be appropriate to reject the Amey offer at this stage.
- 5.0.5 We understand, from the discussions that Amey has had with GCC officers that it is possible that the sale may be concluded by the end of October; with a backstop of completion by the end of 2020. Therefore, it is likely that an offer could be finalised before the end of January 2021.

- 5.0.6 It is worth re-iterating here our conclusions from the previous two sections: our evidence is that the overall quality of services delivered is such that an extension with Amey is possible.
- 5.0.7 It is also worth stating that the Amey offer, as it stands, represents value in that it is a more economic option than going to market. This is partly because Amey is able to use its current fleet (for residual and garden waste collections plus for street cleansing and or grounds maintenance) for the extension period: whereas another private sector operator would have to fund these. Another factor is that Amey understands the various risks associated with the current arrangement.

WYG

The Pavilion, 1st Floor, Botleigh Grange Office Campus, Hedge End, Southampton, Hampshire, SO30 2AF
Tel: +44 238 202 2800
Email: waste.enquiries.com

6.0 OPTION OF WORKING WITH UBICO

Overview

- 6.0.1 It is necessary here to remind readers that working with a Teckal company (as Ubico is) is entirely different to working with an organisation such as Amey. Whereas a contractor (in this case Amey) will normally work to a fixed price and absorb some of the risks, this is not (legally) possible for a Teckal arrangement, since the organisation has to charge the actual costs. Thus if, for example, there were to be a significant rise in fuel costs (which is anticipated), then Ubico would charge for these as they are incurred; whereas Amey would initially absorb the costs, but would see these increases as a consideration for future indexation. That said, Amey is keen to move to a 'cost-plus' model, which makes the two options more comparable.
- 6.0.2 An additional complication to consider is that of mobilisation costs: whereas a commercial organisation will absorb any pre-services commencement mobilisation costs and then roll these forward to recover them within their contract sum, a Teckal organisation cannot do this, since whilst it is incurring mobilisation costs, the members of the Teckal organisation would not (yet) include the council for which it is mobilising.
- 6.0.3 Further, in this particular case there would be fairly significant costs for mobilisation for Ubico, whereas Amey is the incumbent and therefore mobilisation costs would be lower. Additionally, Amey can, for the extension period, make use of the vehicles which they own (all except for the Romaquip vehicles used to collect dry recyclables and food waste) and run these down during the extension period: whereas Ubico would require investment in a new fleet.
- 6.0.4 It is worth pointing out that the last point mentioned above is only really relevant in relation to the extension period: at some point a new fleet will be required.
- 6.0.5 Although the Teckal (Ubico) option opens up some degree of risk in terms of cost increases, it also offers up opportunities. If costs are below budget, the Council will benefit from the savings: whereas in a 'traditional' contract such savings would be retained by the contractor as additional profit. Ubico has, in their offer, identified some opportunities for savings.

The Ubico offer

- 6.0.6 Ubico has engaged with WYG and GCC officers to produce a comprehensive offer, not just in terms of the financial offer but also in terms of stating their resources and how they would be deployed.
- 6.0.7 At the time of writing some final clarifications from Ubico are still awaited: but we can say that the Ubico offer is entirely comparable with the Amey offer (as it stands); represents value-for-money compared to our estimate for a private sector bid (chiefly because of lower overhead costs and because of Ubico's no profit status); and is a lower cost than working in-house (chiefly because of lower pension costs).
- 6.0.8 Further: WYG believes that Ubico's proposed level of resource is sufficient to deliver services to at least the current standard (which level of resource has also been checked by GCC officers); and that Ubico has experience of delivering good quality services elsewhere in Gloucestershire for its current clients.
- 6.0.9 Under a Ubico arrangement, GCC would have to take ownership of the function of selling its dry recyclables, since Ubico has no expertise in that area of operation; and the GCC client side would need to be re-designed to incorporate this function. Our financial assessment takes this into account. It may be that some joint working with e.g. Cheltenham and/or Stroud on this area of work would be possible.
- 6.0.10 At this stage, because there are a few pieces of fine-tuning required to finalise the Ubico offer, it is not possible to recommend acceptance of it as it stands: but GCC may feel that there is sufficient evidence to consider an 'in principle' decision to work with Ubico in the future. Equally, GCC may wish to defer any decision until further information from Ubico is available: and/or wait until a final offer from Amey's new owners is received and then make a decision as to which offer to accept.
- 6.0.11 GCC needs to be aware that, in the event that it chooses the Ubico option, then some costs (which are relatively significant in the overall cost assessment e.g. less than 4% of the annual cost) would be incurred as a one-off in the year before the arrangement started (because of the situation described in 6.0.2 above).

7.0 THE IN-HOUSE OPTION

- 7.0.1 At present GCC has a small in-house organisation which delivers services in cemeteries and at the crematorium: but otherwise no manual workers. Bringing services in-house means transferring (via TUPE) some 164 staff, most of them manual workers: GCC's current workforce is ca. 228 staff, so this would be a sizeable increase (72%) in staff numbers.

Management structure

- 7.0.2 One consideration is what the management structure for in-house working on this scale might be. Working with Council officers we have developed the structure at Appendix B, which incorporates the existing manual workers under a Head of Operations. This would be a new post and, we estimate, this would be at Grade M, Job Size 3 (£56,987 to £62,555). It is possible that the post would be filled via a TUPE transfer from Amey, their current Operations Manager is paid ca. £46,000 but receives a company car plus potential bonuses, meaning our grade assessment is entirely reasonable.
- 7.0.3 The structure includes for a 'client' arm to cover waste data, waste strategy work, community engagement etc. as present. We believe that this part of the organisation would be as present: although we would expect the workload in terms of contract management to be somewhat less, we would be adding the task of selling the collected recyclables on the market, which we believe overall balances the workload.
- 7.0.4 Below the Operations Manager, the Bereavement Services Manager is a post that already exists: but the other four posts are new posts. As with the Head of Operations, it is possible that some of these posts would be filled via a TUPE transfer: for example, the current Amey establishment includes a Workshop Supervisor (current salary £42,350 plus company car: meaning Grade K, job size 2 would be equivalent); but for some posts Amey has no directly comparable jobs (since some of the facets of the posts in the new structure are delivered by Amey's support structure).

Staff

- 7.0.5 The remainder of the workforce for the in-house organisation below the structure set out in Appendix A would directly transfer from Amey via a TUPE transfer (this includes not only operatives, drivers and supervisors; but also admin staff including one post covering health and safety and one covering finance).

7.0.6 There are a number of key considerations regarding staff that transfer under TUPE:

- First, although they will initially transfer under their current terms (and these will be protected for a period should their current terms be better than they would receive were they employed under GCC terms), should their current terms be worse than GCC terms, they will be entitled to be employed on these better terms. We assess the risk of this happening in 7.0.7 and 7.0.8 below.
- Second, as we understand it, all employees would be entitled to join the Local Government Pension Scheme (LGPS).
- Third, the terms for GCC staff are for a 37-hour week; but a number of the operational staff at Amey work a longer working week. We are advised that the reason for this (slightly – up to 40 hours per week) longer working week is for operational need: and a cursory examination of Amey's productivity figures suggests that this argument holds water. To maintain operational efficiency, we have continued to apply these longer working hours with the hours over 37 being paid as overtime.

7.0.7 As regards the first, for some posts we see that the pay levels that Amey pay is broadly similar to some of the jobs in GCC's bereavement services. Thus a shift supervisor at Amey receives £23,664 for a 37.5 hour working week compared to £21,963 for a supervisor in bereavement services (grade D, 37 hours per week); and Amey employs waste operatives (i.e. loaders) at £18,135 for a 37.5 hour week, whereas an operative in bereavement services at GCC is paid grade B (£17,972 for a 37-hour week).

7.0.8 As regards LGV drivers, Amey pays £22,255 for a 37-hour working week (some drivers work marginally more hours per week than this); and this is between grades D and E on the GCC pay scales. Looking at the job evaluation scheme in use at GCC, it is clear to us that LGV drivers would receive at least grade D: but given that supervisors (who clearly have supervisory responsibilities but need not hold a LGV licence, which demands specialist practical and theoretical skills) are at grade D, it seems not logical for LGV drivers to be a grade higher. Overall the GCC pay-scales fit fairly well with Amey's pay structure, once the 37-hour equivalent week is taken into account.

7.0.9 As far as pension costs are concerned, we have included in our cost model for the current employer's contribution rate of 17.5%.

- 7.0.10 From the TUPE list we note that the typical leave entitlement for Amey staff is 24 days per annum: and this is also the entitlement for staff at these operational grades at GCC (a higher entitlement of 29 days applies for staff at Grade G and above).

Infrastructure: Depot

- 7.0.11 Within all cost models (Amey, Ubico, in-house) we have excluded rent and rates cost for the depot but included for utility bills.

Infrastructure: Admin & Finance

- 7.0.12 One of the benefits of in-house working (compared to the Amey extension) is that we avoid the costs of a Bond or Company Guarantee.
- 7.0.13 Following discussions with GCC staff, there would be an additional cost for payroll functions and this amounts to £35,000 per annum.
- 7.0.14 As far as cost control, procurement and exchequer functions are concerned, GCC staff believe that it would be appropriate to base these at the depot. There is a Finance Manager on the TUPE list, paid at £40,000 per annum plus car allowance and potentially 10% bonus – higher than GCC grade H; and also a management accountant, paid at £23,000 so GCC grade E. Interestingly both posts are said to be based in Liverpool: but they do represent the level of additional activity for delivering the services in-house. It should be noted that much of the procurement work (in terms of value) would be for vehicles and plant: and the technical work associated with this would sit with Fleet Management in our structure.
- 7.0.15 There would be a need to procure containers: though this is generally done via frameworks (e.g. ESPO, YPO) in other councils. There would be a need for general admin also.
- 7.0.16 We note that the TUPE list includes one senior administrator (at the equivalent of Grade F) and three full-time and two part-time administrators (at the equivalent of Grade C). We think this is an entirely reasonable level of support overall (at least one would be dedicated to fleet administration).

Infrastructure: Health & Safety

- 7.0.17 This matter needs to be managed in a serious fashion: we pointed out in our June report that waste is one of the most dangerous activities (according to HSE; and in terms of accidents or deaths per 1,000 employees). GCC does have some experience of managing the Health & Safety of manual workers (in cemeteries and crematorium activities) plus a template: but

covering waste, street cleansing and grounds maintenance activities, which include the management of a significant LGV fleet, take this to a different level.

7.0.18 We have discussed this matter with GCC officers and they believe that an additional two full-time staff at grade G would be required, ideally from 1 January 2021, to give 15 months preparatory work (risk assessments, training programme etc.) prior to work starting in April 2022.

7.0.19 There is an Operational Health & Safety adviser on Amey's TUPE list, paid £39,265 plus car allowance, equivalent to GCC grade H. We have to assume that this post will transfer across, meaning that GCC should recruit one staff member from January 2021 with any additional support prior to April 2022 being bought-in.

Infrastructure: Fleet

7.0.20 There is a Workshop Manager on the TUPE list, paid at £42,350 plus car allowance, higher than GCC grade H, interestingly the list says that he is based at Solihull. GCC would require an O licence holder to be in post at least six months before commencing operations – or would need firm agreement re transfer plus consultancy costs for pre-contract O licence application.

Infrastructure: HR

7.0.21 As noted, were these services to be taken in-house then the staff numbers at GCC would increase by 72%. We have been advised by those providing HR support that this would add £160,000 per annum to the cost for this support function.

Infrastructure summary

7.0.22 Including for National Insurance and pension costs, plus adding an estimate for ICT, we believe that the annual overhead cost for an in-house organisation would be ca. £650,000 per annum. We have confidence in this statement since the stated overhead cost for Ubico is within £100,000 or so (lower) of this figure and Ubico would gain economies of scale, particularly in areas such as fleet management (since an O licence holder already exists), Health & Safety (where risk assessments covering GCC activities already exist).

7.0.23 As with Ubico, should GCC take services in-house there would be one-off costs to be incurred up front: in the case of the in-house operation we consider that these would be more than for Ubico because of the need to ensure that arrangements for the O licence and Health and

Safety would be in place for day one (as noted, Ubico could replicate current arrangements that they have for e.g. Cheltenham and Cotswold).

7.1 Operational costs

- 7.1.1 Broadly speaking, we would expect the cost of in-house service provision to be much as they are for Ubico: except for the costs of the LGPS. As stated in our options appraisal report of May 2020, this could add in excess of **£300,000 per annum** to the costs of in-house working compared to the Ubico option.

7.2 Summary and risk assessment

- 7.2.1 Overall we believe that the in-house option would be in excess of **£400,000 per annum** more expensive than either the option of an extension with Amey or entering into an arrangement with Ubico.
- 7.2.2 Another factor that should be considered is that of risk. For some facets of the services, the risk is similar for the options under consideration: for example, in relation to changes in the value of recyclables. However, we consider the in-house option to contain more inherent risks than either the option of an extension with Amey or the option of an arrangement with Ubico. This was outlined in detail in our May report; and is because the in-house option is untested; whereas both Amey and Ubico have demonstrated (at a minimum) satisfactory performance elsewhere.
- 7.2.3 Finally, the in-house option would pose the challenge of a fundamental change in the size and nature of GCC's workforce.
- 7.2.4 We do not recommend this option as worthy of further consideration.

8.0 CONCLUSIONS

- 8.0.1 Using techniques that would be part of a Best Value Review, we conclude that overall current services are of a standard whereby an extension with Amey would be possible.
- 8.0.2 However, because a takeover is in process, Amey are unable to make a firm final offer to GCC and so we cannot recommend acceptance at this point in time
- 8.0.3 Amey's provisional figures (which have been fine-tuned, clarified and critically examined in recent weeks) are at a level that, if they were confirmed in due course, an extension could be considered.
- 8.0.4 At the time of writing, we do not have absolutely final proposals from Ubico (although we consider that they are firmer than Amey's are): and therefore, we cannot recommend acceptance at this point in time.
- 8.0.5 We are clear that, although for both Amey and Ubico some final adjustments to their figures are expected, they are broadly comparable. It may be that a clear 'winner' in terms of price emerges in due course: but any differential in the cost levels is likely to be marginal; and GCC's final decision might be based on factors other than cost.
- 8.0.6 Although final figures are yet to be confirmed, it seems clear to us that both Amey and Ubico are making offers that are below current market rates were this contract to be re-tendered. In the case of Amey a key factor is that they can continue to use the current vehicles and plant, whereas a new contractor would incur significant costs in this regard. In the case of Ubico, they have no need to make a profit and their overhead level is relatively low: and they should get some economies from their proximate operations.
- 8.0.7 There are two other factors to consider in terms of what we previously described as the 'backstop' option of re-procuring a new contract:
- First, we have noted (as stated in 4.3) in relation to grounds maintenance, that a e lack of accurate measurements effectively rules out the option of re-procuring a contract either for grounds maintenance services on a stand-alone basis; or for an integrated contract including grounds maintenance. Either the market would be inclined to not bid on this basis; or the Council stands the risk of receiving entirely unrealistic bids. We should add here that many

other councils (particularly those delivering services in-house or via a Teckal arrangement) are in exactly the same position as GCC: and no criticism of GCC is made in this regard.

- Second, any re-procurement would incur very significant one-off costs.

8.0.8 We believe that the option of a re-procurement should be discarded at this stage.

8.0.9 We also believe that the option of bringing the services in-house should be discarded: our modelling suggests increased overhead costs as well as increased operational costs, compared to either the Amey or Ubico options. Additionally, we see this option as having greater risks than the other two options.

8.0.10 As stated above, we recommend that the Council continues with its activity of re-measuring the areas to be maintained, both for street cleansing and for grounds maintenance; and embarks upon a strategic review regarding maintenance regimes for each grounds maintenance start (and we recommend commencing with Gloucester Park).

WYG

The Pavilion, 1st Floor, Botleigh Grange Office Campus, Hedge End, Southampton, Hampshire, SO30 2AF
Tel: +44 238 202 2800
Email: waste.enquiries.com

Appendix A – Private Sector Estimate Waste

Gloucester cost model									
	Vehicles	Drivers	Loaders	Vehicle unit cost	Driver unit cost	Loader unit cost	Vehicle cost	Driver cost	Loader cost
Residual Waste									
7.5-tonne	1	1	1	29,205.00	23,944.00	21,624.00	29,205.00	23,944.00	21,624.00
3.5-tonne	1	1	1	10,000.00	23,944.00	21,624.00	10,000.00	23,944.00	21,624.00
18-tonne	1	1	2	50,000.00	23,944.00	21,624.00	50,000.00	23,944.00	43,248.00
26-tonne	5	5	10	88,638.00	23,944.00	21,624.00	443,190.00	119,720.00	216,240.00
Recycling / Food									
Romaquip	11	11	22	45,205.00	23,944.00	21,624.00	497,255.00	263,384.00	475,728.00
7.5-tonne RCV	2	2	4	40,488.00	23,944.00	21,624.00	80,976.00	47,888.00	86,496.00

Gloucester cost model

	Vehicles	Drivers	Loaders	Vehicle unit cost	Driver unit cost	Loader unit cost	Vehicle cost	Driver cost	Loader cost
26-tonne	1	1	2	88,638.00	23,944.00	21,624.00	88,638	23,944	43,248
Garden waste									
26-tonne	4	3.75	7.5	88,638.00	23,944.00	21,624.00	354,552.00	89,790.00	162,180.00
Bulky / bins									
7.5 tonne	2	2	2	29,205.00	23,944.00	21,624.00	58,410.00	47,888.00	43,248.00
Spares									
7.5-tonne RCV	1			40,488.00			40,488.00		
7.5-tonne tipper	1			29,205.00			29,205.00		
18-tonne RCV	1						50,000.00		

WYG

The Pavilion, 1st Floor, Botleigh Grange Office Campus, Hedge End, Southampton, Hampshire, SO30 2AF
 Tel: +44 238 202 2800
 Email: waste.enquiries.com

Gloucester cost model

	Vehicles	Drivers	Loaders	Vehicle unit cost	Driver unit cost	Loader unit cost	Vehicle cost	Driver cost	Loader cost
				50,000.00					
26-tonne RCV	1			88,638.00			88,638.00		
Romaquip	2			45,205.00			90,410.00		
Drivers		5			23,944.00			119,720.00	
Loaders			8			21,624.00			172,992.00
PPE Costs									25,000.00
Overtime re B Holidays									92,144.12
TOTALS							1,910,967.00	784,166.00	928,044.12
GRAND TOTAL OPERATIONS									3,623,177.12

WYG

The Pavilion, 1st Floor, Botleigh Grange Office Campus, Hedge End, Southampton, Hampshire, SO30 2AF
 Tel: +44 238 202 2800
 Email: waste.enquiries.com

Gloucester cost model

	Vehicles	Drivers	Loaders	Vehicle unit cost	Driver unit cost	Loader unit cost	Vehicle cost	Driver cost	Loader cost
Supervisors		3	31,314.00	93,942.00					
Vans for above		3	5,088.00	15,264.00					
Admin		2	23,779.00	47,558.00					
Manager		1	45,597.00	45,597.00					
Car allowance for above		1	4,000.00	4,000.00					
									206,361.00
SUB-TOTAL									3,829,538.12
Corporate Overheads		10%							382,953.81
Profit		3%							126,374.75
TOTAL 1									4,338,867.69
Corporate Overheads		7%							268,067.67

WYG

The Pavilion, 1st Floor, Botleigh Grange Office Campus, Hedge End, Southampton, Hampshire, SO30 2AF
 Tel: +44 238 202 2800
 Email: waste.enquiries.com

Gloucester cost model

	Vehicles	Drivers	Loaders	Vehicle unit cost	Driver unit cost	Loader unit cost	Vehicle cost	Driver cost	Loader cost
Profit		5%							204,880.29
TOTAL 2									4,302,486.08

CONFIDENTIAL

WYG

The Pavilion, 1st Floor, Botleigh Grange Office Campus, Hedge End, Southampton, Hampshire, SO30 2AF
Tel: +44 238 202 2800
Email: waste.enquiries.com

Appendix B Gloucester City Council: draft structure for in-house working

