

Meeting:	Cabinet	Date:	11 November 2020
Subject:	Waste, Street Scene and Grounds Maintenance Services Options Report		
Report Of:	Leader of the Council and Cabinet Member for Environment		
Wards Affected:	All		
Key Decision:	No	Budget/Policy Framework:	No
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Appendices:	1. Options Appraisal and Best Value Review from WYG		
	2. Financial and Benefit Summaries		

EXEMPTIONS

The Report is available for General Release. However, Appendix 2 contains commercially confidential financial information.

The public are likely to be excluded from the meeting during consideration of any of the information contained in the exempt appendix to the report as it contains exempt information as defined in paragraph (3) of schedule 12A to the Local Government Act 1972 (as amended).

1.0 Purpose of Report

- 2.1 To recommend next steps for the delivery of Waste, Street Scene and Grounds Maintenance services beyond the current contract end date of 31 March 2022.
- 2.2 To provide a Best Value Review and detailed assessment of options in line with the Cabinet decision of 15 July 2020.

2.0 Recommendations

- 2.1 Cabinet is asked to **RESOLVE** that:

- (1) the Options Appraisal and Best Value Review is received and noted
- (2) the option to commence a formal procurement on the open market is not taken forward for the reasons set out in 2.0.6 through 2.0.9 of the Options Appraisal and Best Value Review, in line with Cabinet Resolution (6) of 15 July 2020
- (3) the option to bring services back in-house is not taken forward for the reasons set out in 2.0.10 of the Options Appraisal and Best Value Review and elsewhere in this report

- (4) the option to extend the Amey contract is either;
 - (a) Not taken forward for the reasons set out in this report and 2.0.14 of the Options Appraisal and Best Value Review, or
 - (b) A decision is deferred until 31 January 2021 at the latest to provide the opportunity for an offer to be finalised by the new owners
- (5) the option to have the services delivered by Ubico from 1 April 2022 is maintained as a preferred option, subject to further developing and refining of the detailed cost model and mobilisation plan
- (6) a full financial and legal appraisal of the remaining model(s) is undertaken
- (7) delegated authority be given to the Corporate Director (after consultation with the Cabinet Lead for the Environment) to implement these decisions.

3.0 Background and Key Issues

- 3.1 The Council's contract for Waste, Street Scene and Grounds Maintenance Services comes to an end on 31 March 2022.
- 3.2 The Council commissioned WYG to undertake an independent assessment of the options available to the Council as a consequence of the ending of the contract.
- 3.3 The first phase of this work resulted in a report to Cabinet which recommended a two-stage approach to deciding on waste, street scene and grounds maintenance service provision beyond 31 March 2022. On 15 July 2020 Cabinet 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.
- 3.4 As part of the process, detailed specifications for waste and recycling, street scene, and general requirements were completed and issued to Amey and Ubico. These included a request for additional proposals for enhanced service to street scene and technology.
- 3.5 During development of the specifications, it became clear that there was not enough reliable information to complete a detailed specification for Grounds

Maintenance within the time available. A project was initiated to undertake a proof of concept to map Gloucester's assets and features so as to improve the reliability of Grounds data and enable future opportunities for innovation and service improvement.

- 3.6 Submissions were received from Amey and Ubico as planned and WYG worked with Council Officers to build a model for bringing the service in-house.
- 3.7 Amey's submission included a cost model for the existing service and enhancements along with some clarifications and covering letter. Amey's offer is described in section 5.0 of the Options Appraisal and Best Value Review.
- 3.8 Ubico's submission included a cost model for the core services and enhancements (complete with supporting information), an environmental services proposal (describing Ubico's approach to service delivery and mobilisation), a proposition document summarising the model, risk, assumptions and opportunity for innovation, and covering letter. Ubico's offer is described in section 6.0 of the Options Appraisal and Best Value Review.
- 3.9 Alongside this, WYG developed a worked model for assessing the in-house option. The in-house option is described in section 7.0 of the Options Appraisal and Best Value Review.
- 3.10 We also asked for costings for future enhancements that would deliver:
 - (1) Higher cleansing standards, and
 - (2) An out-of-hours service
- 3.11 Amey and Ubico have both submitted costs for the enhanced service described in paragraph 3.10. These are included in Appendix 2.
- 3.12 Stage one has now completed and the Options Appraisal and Best Value Review at Appendix 1 details WYG's findings.
- 3.13 In addition, financial and benefit summaries to support the recommendations are at Appendix 2.

4.0 Social Value Considerations

- 4.1 Part 6 of the Options Report (Cabinet, 15 July 2020) addresses the City's approach to community-based service delivery and the social value derived from that approach. The Options Appraisal and Best Value Review analyses the options considered. An assessment of how well each option meets the Council's social value aspirations is included in the benefit summary at Appendix 2 and the Head of Communities was consulted to inform this assessment.
- 4.2 All proposals considered in this stage (Amey, Ubico, in-house) incorporate a commitment to pay employees the real living wage and provide an opportunity for local employment.

5.0 Environmental Implications

5.1 Part 4 of the Options Report (Cabinet, 15 July 2020) addresses the environmental implications of the options available to the Council. An assessment of how well each options meets the Council's environmental aspirations is included in the benefit summary at Appendix 2.

5.2 The current model of service delivery is in line with the emerging Government Waste Strategy.

6.0 Alternative Options Considered

6.1 The options considered are fully set out in the Options Appraisal and Best Value Review.

7.0 Reasons for Recommendations

7.1 The Options Appraisal and Best Value Review (Appendix 1) and financial and benefit summaries (Appendix 2) outline the reasons for these recommendations.

7.2 The key reasons for not taking forward the open market and in-house options in 2.1 are cost, when compared to the offers from Amey and Ubico, and risk. In the case of open market there are risks related to the reliability of Grounds Maintenance information such that suppliers may choose not to bid, or costs may end up being much higher than anticipated. With the in-house option there are risks relating to the cost of pension liability and the fact that it is also untested, whereas both Amey and Ubico represent tested options.

8.0 Future Work

8.1 This report recommends that the options are narrowed to either one or two, and that the period between now and January 2021 is used to undertake detailed analysis, explore value engineering options, agree legal models and develop mobilisation plans depending upon whether one or two options are being kept open.

9.0 Financial Implications

9.1 The Financial implications are summarised in Appendix 2.

(Financial Services have been consulted in the preparation of this report.)

10.0 Legal Implications

10.1 There are differing legal implications depending on which option the Council decides to pursue:

- a) A contract with Ubico Ltd will enable the Council to benefit from the "Teckal" exemption and award directly to the company without a procurement exercise. The Council will have to become a shareholder in Ubico Ltd prior to award.
- b) Clause 6.1 of the present contract with Amey/Enterprise AOL Ltd permits extension of its term, subject to the matters addressed in the Options report presented to Cabinet on 15 July 2020. Also, any extension should be of at least five years duration. A lesser period will require the agreement of the contractor and formal variation of the contract terms.

- c) If the Council wishes to procure a new contractor for the services its likely value will require a full procurement exercise compliant with the Public Contracts Regulations 2015 (or such legislation as may replace the regulations following the United Kingdom's exit from the European Union).

10.2 As noted in 12.1 of this report, TUPE regulations may apply depending on the option(s) selected.

(One Legal have been consulted in the preparation of this report.)

11.0 Risk & Opportunity Management Implications

11.1 These are set out within the Options Appraisal and Best Value Review. Key risks and opportunities for the recommended option(s) are summarised in the summary table at Appendix 2.

12.0 People Impact Assessment (PIA) and Safeguarding:

12.1 There are potential staffing and TUPE implications depending on which option(s) are taken forward from this report. A PIA will be undertaken for the option(s) that are deemed proceedable.

13.0 Community Safety Implications

13.1 N/A

14.0 Staffing & Trade Union Implications

14.1 See 12.

Background Documents: None