

Ubico Corporate Update

1. Health & Safety & Environmental Compliance

- 1.1. Keeping Ubico workforce safe will always be the company's first priority and highest risk.
- 1.2. In 2018 considerable work was undertaken to continue to harmonise our health and safety and environmental compliance systems and processes. In addition, Ubico enhanced its Health and Safety reporting to identify year on year trends and provide more meaningful data to managers providing a clearer picture on Ubico performance and enabling informed decision making and intervention.
- 1.3. Ubico's core priority in 2018 was working towards achieving the International Standard for Health and Safety (ISO45001). Ubico achieved certification in April 2019 representing a significant milestone for the company.
- 1.4. Achieving and embedding this ISO standard will be a core priority for 2019/20.
- 1.5. Ubico also implemented a corporate restructure in 2018 to strengthen the company's compliance function. This has provided Ubico with more robust internal monitoring to check whether safe systems of work, training and risk assessments are being followed and executed appropriately. On-going enhancement of the company's compliance function will progress in 2019/20 as a means of driving a culture of health and safety and continued improvement.
- 1.6. Partnership working and investment has enabled Ubico to strengthen our environmental compliance by making key changes to operational depots. However, further investment is needed at some sites to ensure that Ubico can demonstrate the highest standards of compliance.

2. Fleet Operations

- 2.1. Fleet operations underwent considerable change in 2018 in order to meet the needs of the company. The fleet function, including the corporate and workshop staff, was moved under the Operations Division to enable stronger partnership working between fleet and operational services.
- 2.2. In addition, a series of improvements to process and systems were implemented following an external review from the Freight Transport Association (FTA). Ubico is working to implement Fleet Management Software to provide a more robust system to underpin the maintenance and management of vehicles and improve performance reporting.
- 2.3. Ubico has successfully increased its number of qualified Transport Managers and we are now in a far stronger position with regard to compliance with the requirements of our Operator Licence.

- 2.4. During 2019 we will undertake a restructure of the fleet operations to better meet the company's aims and aspirations and work with shareholders on investing in our workshops to provide improved brake testing capability, in line with regulatory changes, and to maintain and improve MOT pass rate performance.

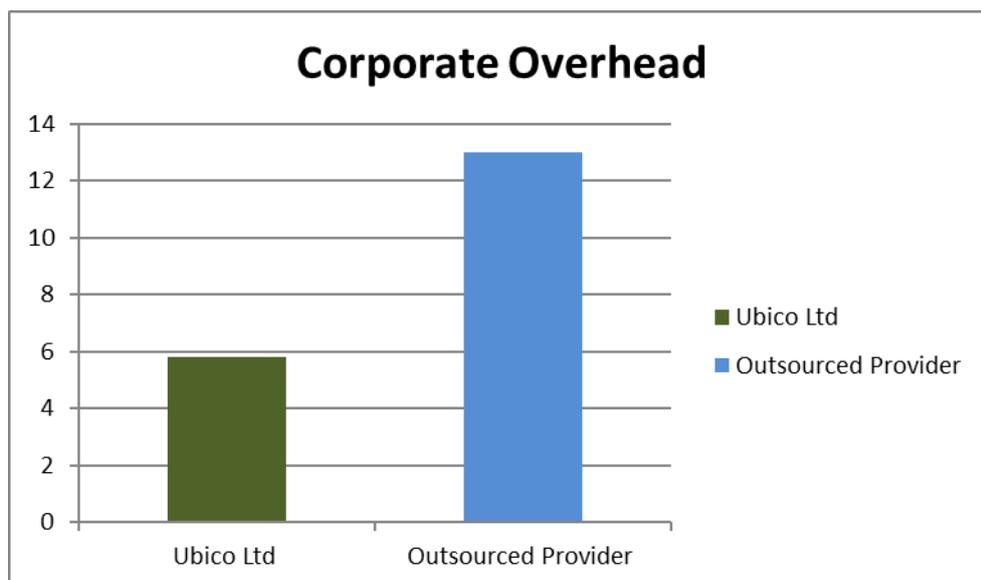
3. Technology

- 3.1. Ubico continues to operate with an out-dated back office system to underpin operations. Webaspx software is used to model and plan round changes, and cameras and trackers are used to monitor vehicles, however, day-to-day collections and maintenance remains a largely manual, paper-based process. Improvement is also required on both software and hardware systems to make them more effective, efficient and improve the management information provided to staff. Shareholders have expressed an interest in procuring systems that will deliver a more responsive and efficient operation. Ubico will work in partnership to undertake an end to end review of information transfer with a view to maximising the value of new technologies, which will likely incorporate of new technology. This will deliver benefits to both the councils and Ubico, allowing shareholders to get real time information on collection rounds and Ubico to be able to both report and respond to issues more easily, effectively and swiftly. However, it is a key priority for Ubico that the procurement of any system is undertaken in a coordinated and joined-up manner so that the company does not have an inefficient legacy of multiple different software systems.

4. Finance & Transparency

- 4.1. Ubico recruited a full time Financial Controller and technician to strengthen the function. This is in addition to maintaining the three FTE staff provided by Publica finance staff who work exclusively for Ubico. The finance team is now appropriately resourced for a company of Ubico's size and turnover. Historically, a lack of capacity within finance, with the company experiencing periods with only one full-time post to manage the company's finances, was insufficient to provide the service and detail necessary to partners.
- 4.2. In 2018 Ubico moved to providing monthly financial reporting, offering full line-by-line detail to partners if requested to ensure transparency and to provide an opportunity for appropriate scrutiny. Ubico also redesigned its partnership sum setting process for 2019/20, commencing dialogue and interaction with the commissioners much earlier than in previous years, and by being more proactive with both commissioners and finance officers on priorities for 2019/20. Whilst this updated process has been well received, Ubico needs to continue to improve for 2020/21 by starting this dialogue earlier still and by aligning Ubico's reporting to Council decision making or consultation meeting schedules to support our finance partners.

Ubico's Corporate overhead



- 4.3. Ubico still compares favourably when compared to traditional outsourced providers within the market. Outsourcing will result in a typical overhead of 9% and profit margin of 3-4% being added to the contract value. Ubico's corporate overhead remains at 5.8% to provide for a range of back office services such as HR & IT, Payroll, Finance, Procurement and management.
- 4.4. That said, Ubico will continue to strive to deliver efficiencies back to shareholders by exploring greater innovation, integration and partnership working to create savings

5. Performance Reporting

- 5.1. In 2018 Ubico redesigned its monthly performance reporting, in response to partners requesting more information from the company. Ubico's monthly reports now contain more measures and provide more information on the performance of the services we operate than ever before.
- 5.2. In 2019, Ubico will continue to refine and improve its reporting. Ideally, the company would like to streamline and harmonise reporting to make it more efficient, however, this is dependent on partners agreeing to a more standardised metrics and, at present, commissioners are retaining bespoke local measures.

6. Commercial

Vehicles & Assets

- 6.1. Ubico is not currently maximising the use of the vehicles or assets that it operates. Retaining vehicle assets under shareholder ownership creates barriers to commercial success, leads to inefficiency and can expose shareholders to greater

financial risk if vehicle costs remain in silos within each individual contract.

- 6.2. While some sharing of vehicles has taken place between shareholding authorities, the full potential of the vehicle assets that Ubico operates is yet to be realised. By Ubico managing assets more effectively it will increase the company's ability to deploy vehicles based on need and to use them more widely for commercial purposes. Improved management or ownership of vehicles will help to:
- Smooth the costs of maintenance through a seven year fleet cycle across contracts
 - Reduce the reliance and financial impact of hire vehicles
 - Increase resilience
 - Increase commercial use
- 6.3. Ubico's other key resources are its operational depots. Again, the commercial value of these sites has not yet been maximised and the company will increasingly explore the potential to:
- Share and integrate operations to release assets for commercial use
 - Increase commercial activities from operational sites
 - Work in partnership to identify new sites or locations that will reduce costs or increase commercial potential
- 6.4. Ubico will bring forward proposals in 2019/20 to offer a re-designed procurement and vehicle management process for shareholders.

Investment

- 6.5. Shareholders have invested significant amounts of capital to support operational service delivery – largely in vehicles and plant equipment that are used to meet agreed specifications. However, investment for commercial return thus far in Ubico has been minimal. Ubico will present a number of investment opportunities to shareholders in the years ahead in the following areas:

Hire Vehicles

- 6.5.1. Ubico has already developed an initial pilot for hire vehicles and will offer further opportunities for investment in hire fleet for commercial return if the pilot proves to be a success. The model developed has demonstrated that by Ubico developing a pool of hire vehicles it is estimated will generate a return on investment averaging 12% across a 3 year period. The Board are clear that developing a diverse range of vehicles that can be used internally to reduce costs as well as offer potential income from third parties represents a viable opportunity for the company to further pursue in 2019/20.

Commercial Waste

- 6.5.2. Ubico will develop a range of options to develop a commercial waste offer to reflect shareholder appetite to generate additional income and realise greater commercial profit from this sector.
- 6.5.3. Ubico will bring forward a paper in the first quarter of 2019/20 that will explore the potential to deliver a more commercial and integrated commercial waste service. An initial stage in this development may be to invest in a pilot to develop an existing trade waste service operating from Swindon Road Depot to enable the testing and development of the appropriate technology and equipment to deliver a more sophisticated and customer focussed service.

Fleet Maintenance

- 6.5.4. As an extension of fleet capabilities Ubico will also look to the provision of other fleet services, such as vehicle washing and supply of parts and tyres to see if there is value in Ubico becoming more involved in these markets. Firstly to reduce internal costs to existing shareholders, but also to explore external commercial growth via third parties. In 2019 the Fleet department will be restructured and consolidated under the Head of Fleet Operations to enable and expedite the development of the fleet service and its commercial potential. Business cases have already been developed for investment and will be put progressed in 2019.

7. Javelin Park EfW

- 7.1. Javelin Park EfW is currently scheduled to begin operations in late June. In 2018 Ubico undertook a significant amount of work to support both CBC and Tewkesbury Borough Council high risks associated with direct deliver and to construct an operational plan for the transfer of waste locally before being transported to Javelin Park.

8. Future of Swindon Road Depot

- 8.1. As stated above, reviewing depot provision remains a key area of activity for the company. It has been identified that future property growth will place added pressure on the Swindon Road depot, increasing congestion and vehicle movement on site. While the existing depot has served CBC well, the current depot will require investment if it to remain fit for purpose for the size of the operation as well and maintain the highest standards of health and safety and compliance.
- 8.2. Ubico is committed to supporting CBC in exploring alternative depot locations that will aim to:
- Accommodate future growth in operations
 - Increase efficiencies
 - Have in-built infrastructure to sustainable fleet options e.g. electric vehicles
 - Allow for commercial expansion

- Deliver a more coherent and joined-up approach to collection and disposal of waste and recycling

Ubico Operational Update

1. Food Waste Collections

1.1 Food waste collections are the busiest collection service making an average of 170,000 collections a month. Staffing has been an issue and finding long term staff for this service has been difficult which has led to an increase in missed collections due to a lack of knowledge of the rounds.

2. Residual Waste Collections

2.1 Residual waste collections have improved since the start of the year and the introduction of the stretch target of no more than 50 missed collections per 100,000 collections has helped. The use of the "Red" list to highlight properties with repeat missed collections across all services has led to a reduction in repeat missed collections of 80% since June.

2.2 The capacity for growth of new housing in some areas means that some rounds were not making the most efficient use of their working hours; this has been rectified by reducing the number of collection vehicles being used on certain days thereby making the most efficient use of resources.

2.3 The reduction in vehicle use has also enabled fleet maintenance to be carried out without causing disruption to the front line services.

3. Recycling Collections

3.1 Recycling collections continues to be the best performing service in terms of missed collections with some weeks having less than one missed collection per crew per day over an average of 20,000 collections.

3.2 The capacity for growth of new housing in some areas means that some rounds were not making the most efficient use of their working hours; this has been rectified by reducing the number of collection vehicles being used on certain days thereby making the most efficient use of resources.

3.3 The reduction in vehicle use has also enabled fleet maintenance to be carried out without causing disruption to the front line services.

4. Garden Waste Collections

- 4.1 This service sees obvious spikes in weights in the spring and later in the year due to weather conditions promoting plant growth, due to this a third vehicle is used to reduce the pressure on the two existing rounds.
- 4.2 The transition from three rounds to two and back again causes obvious disruption with the crews and a spike in missed collections usually follows, this is minimised by close supervision and the use of staff who have knowledge of all the rounds.
- 4.3 During the weeks following Xmas the garden waste crews operate the treecycle scheme and collect trees from various points (usually garden centres) around the borough as well as from the kerbside. This maximises the amount of trees diverted from landfill and gives all residents a good service.

5. Bulky Collections

- 5.1 Ubico operate this service but TBC have kept control of the scheduling.
- 5.2 Although there is a strict limit on what can be collected larger items such as three piece suites can cause issues by filling the vehicle and causing additional journeys to the disposal point. This can lead to the scheduled daily work not being completed.
- 5.3 The bulky collection crew also deliver bins and bags and any delays in the delivery of these can cause reputational damage to both TBC & Ubico. Due to this the spare day is often utilised to catch up on deliveries.

6. Street Cleansing

- 6.1 The development of new housing throughout the borough has seen an increase in the requirements of TBC of the street cleansing team, this has so far been absorbed into the current service with a review currently being carried out to ensure all crews are working to maximise efficiency
- 6.2 As well as reviewing working practices the location of all litter bins will be mapped and assessed to ensure that they are in suitable locations for receiving the waste and that manual handling is kept to a minimum.

6.3 Cleaning up during and after events such as Tewkesbury Mop and Medieval Festival was carried out with a minimum of disruption to residents and event goers.

7. Grounds Maintenance (GM)

7.1 All parks, verges and TBC owned land received the scheduled amount of grass cutting.

7.2 Disruption at the start of the growing year led to delays in cutting some areas, this coupled with favourable growing climatic conditions led to round schedules not being met as the machinery normally used was not able to achieve the same standard of cut on the longer grass in the same time.

7.3 Additional resources were brought in to recover the situation and work was carried out by TBC & Ubico to ensure all cutting rounds were fully mapped and placed into an efficient order.

7.4 Grass cutting commenced in February 2019 to ensure all areas remained within the current service standards, this enabled Ubico to roll out the new schedules with minimum disruption.

8. Health & Safety

8.1 All Risk Assessments and Safe Working Practices were reviewed as normal through the year with an additional activity register being produced to ensure all tasks are covered.

8.2 All staff received refresher training covering basic induction, bin lift operation, use of reversing assistants, manual handling along with task specific training to maintain their safety.

8.3 Ubico supervisors received train the trainer training on Manual Handling and the safe use of bin lifts to ensure that all staff receive the correct induction training prior to going out on the rounds.

8.4 All office based staff received Operator Licence Awareness Training (OLAT) as well as a waste specific "IOSH" health & safety course.

8.5 Drivers continue to receive the 7 hours of mandatory Driver CPC training each year. Ubico designed its own waste collection specific course to be approved by JAUPT (the approving body). This course was presented by an external trainer and received very good feedback from the staff who had previously expressed concerns that standard issue courses were not relevant to the industry.

8.6 Driver Assessments to improve the standard of driving across the company were started this year; all drivers will be assessed on commencement of employment, at least once per year and after any vehicle accident. A reduction in vehicle incidents has already been seen but more data is required to be able to analyse the cause effectively.

9. Future Plans

9.1 Ubico will continue to work closely with TBC to identify areas of efficiency and income generation; costings have already been put forward for various projects and while Ubico will suggest new ways of working it will always remain TBC's ultimate decision on which course to follow.

9.2 Current reviews and projects include Street Cleansing, Grounds maintenance, Garden Waste efficiency, vehicle procurement and preparing for the change in tipping location for residual waste.