

Report to the Cabinet

Report reference: C-013-2024/25

Date of meeting: 15 July 2024



**Epping Forest
District Council**

Portfolio: Contracts Delivery (Cllr.R. Balcombe)

Subject: Approval the Adoption of Terra Verde Services Ltd (TVS Ltd) Business Plan

Responsible Officer: James Warwick, Service Director Contracts, Partnerships and Procurement

Democratic Services Officer: V Messenger (democraticservices@eppingforestdc.gov.uk)

Recommendations/Decisions Required:

- (1) Agree that Epping Forest District Council as 100% shareholder of Terra Verde Services Ltd, approve the adoption of Terra Verde Services Ltd Business Plan (Appendix 1).

Executive Summary:

The Terra Verde Service Ltd Business Plan sets out the strategic approach set for Epping Forest District Council's (EFDC) newly created Local Authority Trading Company (LATCo), Terra Verde Services Ltd (TVS Ltd) as it prepares to deliver two key environmental services, recycling and waste collections and street cleansing, to residents of Epping Forest District Council from 4 November 2024.

The Business Plan begins by introducing TVS Ltd and why the Council decided to adopt this delivery model after having outsourced these services for some 30 years or so. The business plan continues by identifying the visions and values of TVS Ltd and how they align closely with those of its 100% shareholder, EFDC.

The business plan identifies the key objectives for TVS Ltd and the services that will be delivered back to the council with a strong emphasis on quality of delivery and value for money. These services will be delivered within the administrative boundary of EFDC initially but will look outwards for other business opportunities at the appropriate juncture.

The business plan describes the Business Model adopted by the company to commence services on 4 November 2024. There is an explanation around the service delivery approach and the impact of using a new depot facility. The rationale for using externally appointed specialist support services is explained and how this approach allows the council flexibility to explore potential synergies and economies of scale across its portfolio of wholly owned companies.

Reasons for Proposed Decision:

The governance agreement between TVS Ltd and EFDC states that TVS Ltd must adopt a Business Plan for each Financial Year except for any Financial Year where the Council as Shareholder by ordinary resolution disapplies this requirement. TVS Ltd's board is responsible for preparing, reviewing, and updating any Business Plan. In accordance with the Shareholders Reserved Matters, the Shareholder (EFDC) must approve the adoption of any Business Plan and any revision or update thereof ahead of adoption by the Board.

Report:

1. This Business Plan sets out the direction of travel for TVS Ltd as it prepares to go-live in November 2024. It has a clear set of objectives that are set out as follows:
 - High quality services to the residents of EFDC
 - To deliver value for money services including the return or reinvestment of financial surplus into improving the services
 - To ensure that EFDC's statutory obligations are fulfilled
2. A clear business model has been developed that will enable TVS Ltd to put in place a trained and experienced workforce. Work to align the workforce with TVS values and behaviours will take place through induction and training prior to the TUPE transfer taking place. The business model will be supported by externally appointed experts for at least the first 12 months of operation to assure the TVS Ltd Board that a sound governance framework will be in place around finance, HR matters, health and safety and data protection. ICT services will be sourced from EFDC to enable a full-service integration to take place ahead of day one.
3. The key objectives for TVS Ltd are:
 - To provide high quality recycling and waste collection and street cleansing services to its customers cost effectively and efficiently
 - To ensure that the company's financial targets are achieved
 - To fully meet customer needs and to encourage and support its customers in reducing residual waste generation and to maximise recycling opportunities
 - To deliver services in a way that will help reduce the carbon impact of the company's business activities
 - To recruit and retain an enthusiastic staff that are committed to delivering services to the highest standards and to provide opportunities for personal and professional development
4. The services that Epping Forest District residents will receive from TVS Ltd will remain the same services that residents currently receive from the current waste service. Household recycling and residual waste collections along with street cleansing form the core business of TVS Ltd. This service includes house to house collections as well as servicing both converted and purpose-built flats; provision of bulky waste collections; a garden waste collection service combined with food waste and servicing of EFDC Trade Customers, street sweeping and litter picking and small fly tip removal.
5. Maintenance of the collection infrastructure will be provided to ensure that customers have the correct container solutions in accordance with the policies of EFDC. This is likely to include managing the stock of containers, alerting EFDC colleagues when the minimum stock quantity is reached to facilitate ordering of new and replacement stock. A removal and distribution service will be provided.
6. TVS Ltd clearly has commercial opportunity moving forward but it is vital that the focus for the first year or two should be on improving the quality of the services delivered and working alongside EFDC to deliver more efficient and cost-effective services. Once those objectives have been achieved, TVS Ltd can consider more thoroughly any plans for commercialisation.
7. The estimated costs for delivering the service have been based on a mix of experience, knowledge and shared information and are explained in this plan whilst recognising there may be some challenges ahead based on the variables that have been identified.
8. Underpinning the process of TVS Ltd being ready to go-live in November 2024 is a mobilisation plan that has many layers and picks up the detailed requirements necessary to ensure that there are staff on the ground, vehicles in place and a depot facility to operate from. This

process is supported by a team of professionals from EFDC, externally appointed consultants, externally appointed specialists in finance, HR, health and safety, corporate governance, an experienced Interim MD and an experienced and knowledgeable Board of Directors.

9. TVS Ltd held their first board meeting on 15th May, with board members confirmed as, Councillor Chris Whitbread (EFDC Leader), Georgina Blakemore (EFDC CEO) and Rosa Tanfield (Colchester City Council, Head of Neighbourhood Services). The board approved TVS Ltd.'s business plan and for this to be recommended for adoption by EFDC.

Resource Implications:

An independent review carried out by Ricardo, a consultancy firm, confirmed that if the council decided to go to market the likely cost would be in the region of £10m pa.

Appendix 2, shows the financial costs and estimates for TVS Ltd. The estimated cost for the remainder of the financial year 24-25 will be £3,328,801 and the full year cost for 25-26 is estimated to be £7,898,694, with no allowance yet made for inflation. The detailed table in appendix 2 is restricted due to procurement activities still be undertaken, therefore the table contains commercially sensitive information. In the absence of a dedicated, professional accountancy support, no cash-flow projections have been made yet. It is the intention to procure the services of an Accountancy and Payroll organisation at the earliest opportunity now that agreement with EFDC officers has been determined. This will help provide the Board of Directors with the confidence that all financial matters are being controlled effectively and will allow for monthly financial reports to be delivered to each Board meeting in the future.

Legal and Governance Implications:

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Consultation / Scrutiny Undertaken:

TVS Ltd Board Approval on 15th May 2024

Background Papers:

Appendix 1 – TVS Ltd Business Plan

Appendix 2 - Table of total estimated costs of TVS Ltd.

Risk Management:

Waste Project Risk Register, Waste Management Risk Register updated on regularly basis along with the service directorate risk register. Full operational health and safety assessment and risk assessment are currently being assessed and developed for TVS Ltd.

Equality:

An Equality Impact Assessment was carried out and there was no significant impact.