



Terra Verde Services Ltd Business Plan

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Executive Summary

This 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. This section also reveals the visions and values of TVS Ltd and how they align closely with those of its 100% shareholder, EFDC.

Section 2 describes the key objectives for the business 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.

This leads us into the next section of the plan that sets out some of the drivers for change and nods in the direction of understanding better the local and regional market over the first two years of operation. An explanation of the types of commercial activity that TVS Ltd could potentially exploit is provided and suggests a strategy that may be relatively straightforward to implement should EFDC be agreeable in the next year. This section also describes how TVS Ltd will seek to compete in the future based sound ethical and public sector values utilising its own commercial expertise.

The next section 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.

A competent workforce is required and is being sourced from Biffa to meet the requirements of the Transfer of Undertakings Protection of Employment (TUPE) regulations 2006. There will almost certainly be some organisational culture issues to address and an example of one is described along with some of the early interventions arising from hosting 2 induction days for staff transferring. There is also the warning that some staff, particularly if they are competent and capable, may not transfer into TVS Ltd. This is unknown at the time of preparing the Business Plan but TVS Ltd has agreed with EFDC colleagues that a short-term mitigation would be to utilise some or all of the EFDC waste team who all have relevant operational experience.

The competent workforce will also comprise specialist support services that will be purchased from external providers on short term contracts to provide

flexibility should the council at any time wish to explore any potential synergies and economies of scale across its portfolio of wholly owned companies.

As important, are the appointments to the Board of Directors of TVS Ltd and the day-to-day executive management of the company. Brief details of those appointees are shown in Appendix 1.

The next section explains how the estimated costs and assumptions to provide the services have been arrived at as well as explaining some of the risks around the first full year of operation. Some of these risks can be apportioned to receipt of more detailed TUPE information such as sickness and disciplinary records. These are unlikely to be received until the statutory deadline is close some 28 business days prior to transfer. Other variables are around fluctuations in the cost of supplies and services such as fuel, insurances, driver related damage and the price/availability of parts etc.

There is a table that shows the estimated cost for the remainder of the financial year 24-25 as well as a full year cost for 25-26 with no allowance yet made for inflation. 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.

The penultimate section explains some of the service improvements for both the short and medium terms such as the route optimisation work along with the ongoing development of the Whitespace system to help ensure that requested jobs are carried out effectively and efficiently. Looking forward reviews of all service provisions will be undertaken to assess their effectiveness and efficiency.

The final section sets out the conclusions as the company mobilises the services over the coming months ready to commence on the 4 November 2023.

1. Introduction to TVS Ltd

TVS Ltd was established by Epping Forest District Council in 2024. A key driver for change after approximately 30 years of reliance on the private sector to deliver its' waste and street cleansing functions has been poor contractor performance since having retendered the contract in 2014. While poor contractor performance was a key consideration in shaping the need for change, it is not the only driver.

The Council had identified several factors of concern that resulted in seeking an alternative delivery solution such as:

- Entrenchment of existing practices/behaviours
- Falling revenues
- Spiralling costs
- Resource difficulties
- Brand toxicity
- Dissatisfied customers
- Time taken to manage/resolve complaints
- Compensation events

The Council recognised that there were alternative solutions where more influence on how the service is delivered may be achieved driven by the following:

- New markets and revenue streams
- Overhead dilution
- Enhanced budget control
- Innovation
- Resilience
- Improved performance
- The need for improved customer satisfaction
- Flexibility of service to meet changing needs e.g. alignment with Essex CC strategy and wider Government policy on managing waste as a resource
- Scope to integrate with other services for a more comprehensive community-based approach

By creating a Teckal company, wholly owned by the Council, there is the potential to deliver the above and where local authority functions can be traded to make financial surpluses and return them to the council, these can be delivered by agreement. There are no other beneficiaries. As a company owned by a local authority, under the 'Teckal' ¹ regulations, TVS Ltd can trade up to 20% of its turnover with clients outside the council.

¹ Teckal Svius Commune di Viano (1999) established the principle of the Teckal exception which allows a public authority to procure direct from an external company in which it has control similar to that which it exerts over its own departments. EU Directive 2014/24 established that such companies can trade 20% of their activities on top of Council work.

Financial pressures on local Government have continued to grow and there is now more urgency to find additional revenue streams to help EFDC to protect services.

Vision and Values that align with those of our sole shareholder

TVS Ltd exists to provide:

- 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

TVS Ltd is driven by a clear ethical and moral stance, maintaining high standards of quality, transparency and respect, where employees are treated well, and reward goes beyond remuneration.

We are an organisation which is 'of the Council' but different, combining commercial expertise with a commitment to public service.

We will seek out business opportunities with clients who share our values and where our activities are in line with the policies and values of our sole shareholder, Epping Forest District Council.

Values

TVS Ltd shares its values with those of the Council as follows:

- To contribute to a clean, green district
- An organisation that will work to improve the services delivered to EFDC residents and to work in a transparent and efficient way
- Entrepreneurial – expert at identifying and exploiting opportunities to generate new revenue streams
- We support our staff in generating new ideas and in taking risks to find better ways of delivering our services
- We encourage and support our staff to take responsibility for their continued personal and professional development
- Across the whole business we encourage staff to always treat each other with respect and courtesy and to extend this to all of our customers
- We will continuously monitor and review our performance across the business with a view to making our business more efficient and cost effective balanced against the needs of our customers
- We will strive to make the TVS Ltd brand one in which all staff can take pride in

2. Description of the business

What are the key objectives for the business?

- 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

What services will be offered to the market?

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.

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.

Which organisations are the target audience?

EFDC and its residents

Local businesses in and around EFDC

Other waste collection organisations

Other Essex based local authorities

Geographically, where will services be targeted?

The core business of TVS Ltd will be delivered within the administrative area of the EFDC. This will include some commercial waste activity for business and retail outlets within EFDC. Commercial waste activity will potentially extend into targeted areas where they are easily accessible for our operations and will be able to create additional financial surplus. Areas such as Epping, Loughton, Waltham Abbey, Chigwell and Buckhurst Hill all provide potential target markets for enhanced commercial waste activities.

Market analysis: size, trends, growth, and appetite

TVS Ltd does not plan to undertake a comprehensive market and competitor analysis until year 2 of operation. This is because it is imperative to address the quality issues that have affected the service when delivered by the previous incumbent.

However, it is important to note that competition in nearby London as well as Essex is rife with major players such as Biffa, Veolia and Suez holding many contracts ranging from their preferred target markets of larger multi-site clients through to smaller SME's which are usually sub-contracted to smaller commercial waste collection companies. These smaller commercial waste collection companies are making inroads into the markets where TVS Ltd may be able to reach. Companies such as First Mile are proving highly competitive in this marketplace so it is important that TVS Ltd begin their planning to capture a share of the market when resource capacity allows.

Given the number of commercial waste customers already signed up to EFDC contracts TVS Ltd will provide the collection service to those customers at an agreed rate that is not commercial in the true sense of the word. It does not make sense for the wholly owned company of EFDC to actively compete for commercial waste contracts with its' shareholder.

An alternative strategy is to novate the current EFDC contracts to TVS Ltd and for TVS Ltd to actively seek commercial waste work within the EFDC area as well as cross-border to compete with other local authority providers and the private sector. The focus would initially be to seek out the smaller "High Street" type customers that are expensive to service and therefore, realise lower levels of profit. However, by servicing this type of customer well, the reputation of TVS Ltd as a provider of choice is enhanced.

There are other business opportunities that may be exploited by TVS Ltd such as providing a bin cleaning service for both commercial customers and residents within EFDC and beyond. Similarly, the sale of street sweeping services to industrial estates for example is another commercial opportunity to explore when the time is right.

The Competition

Competing based on sound ethical and public sector values

In the first 12 months of operation, TVS Ltd will provide all its services directly to the Council, but as a Teckal company, it will have the ability to trade services up to 20% of its turnover value to external clients.

From the start of year 2 operations, TVS Ltd will undertake a market and competitor analysis, making comparisons with companies and organisations supplying similar services or alternative services to our selected markets and target clients. It will include:

- Those offering the same services to the same clients in East London, Essex and M25 area

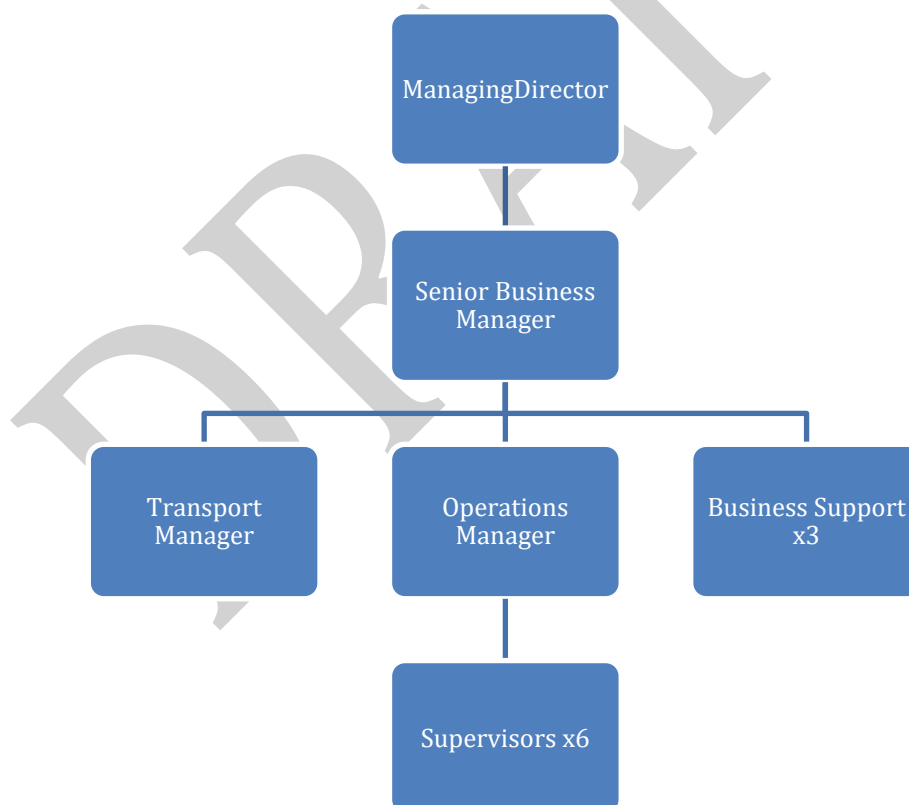
- How they compare in size, financially and head count
- Whether they are growing, steady state or shrinking
- The strength of their brand and reputation
- The opportunities and risks that competitors present to TVS Ltd
- How we can take advantage of the opportunities and mitigate the risks

Fundamentally, alongside excellent service and value for money, TVS Ltd will offer an alternative service based on sound ethics and a care for employees, with commercial realities grounded in public service ethos, knowledge and experience.

At an appropriate point in time, the Company will then seek to develop new business, moving into growth.

3. Resourcing the business

TVS Ltd is currently one of four LATCO's wholly owned by EFDC. Given the TUPE requirements, TVS Ltd has broadly adopted the operational and management structure that was used by Biffa but with the additional post of a Managing Director to oversee the company.



Business Model

The TVS Ltd Business Model is straightforward in that it provides labour capable of delivering a recycling, waste collection and street cleansing service. There is a requirement to provide the management and business

support teams to manage the operational staff which is reflected in the diagram above and reflects the management structure currently employed by the incumbent except for the Managing Director role which has been created to oversee the day-to-day management of the organisation. Overall strategic direction will be the responsibility of the newly appointed TVS Ltd Board of Directors, and that strategy delivered by the Managing Director. Appendix 1 shows brief biographies of each of the Directors as well as the current Interim Managing Director.

The process of securing a competent workforce is being managed by EFDC colleagues within the HR Team. They are working to a project plan that will result in the transfer of the current Biffa staff under the Transfer of Employment Protection of Employment (TUPE) regulations 2006. It is anticipated that all staff will transfer from Biffa into TVS Ltd although that cannot be guaranteed. To protect against a shortfall of operational staff on day 1, agency staff will be available should the need arise. Key skills and experience within the management and supervisory staff should, for example, the Senior Business Manager be offered alternative employment within Biffa and not transfer into TVS Ltd, this will be mitigated by using staff within the EFDC Waste Services Team who all have direct management/supervisory experience.

The council is constructing a new depot facility on the North Weald airfield which is unlikely to be completed until April 2025. Interim operating measures have been developed along with the approved constructor and the plans appear both sensible and practical. The site will be capable of receiving and storing the new vehicle fleet ahead of the go-live date and there will be temporary office and welfare facilities on-site ahead in place too.

EFDC has made it clear that the services are to be delivered with the minimum of disruption to residents so the existing round structures will be used as the basis of providing the service. A route optimisation exercise is being undertaken to identify any inefficiencies created by the change of start and finish location from the new depot site. This will help identify if there is a need to make some minor collection day changes or if we put on additional resource to cover any inefficiencies found. Should that be the case, TVS Ltd will be able to provide costs as required to ensure the minimum of disruption to residents and services rescheduled in collaboration with EFDC.

There are a range of skills required from having a Managing Director in place who understands how to run a commercially viable trading company as well as having experience in the resources sector. The Managing Director and the Senior Business Manager should both have experience or an understanding of the politics of local government and how being wholly owned by the council affects some of the decision making in terms of the company. This is underpinned by a management and supervisory team who are competent in operations and logistics management with a very strong focus on Health and Safety as well as being able to take P&L responsibility for the service.

The Business support team will provide administration support to collate payroll information, raise invoices, update service request via Whitespace and check goods received against invoices before recommending for authorised sign-off.

Other disciplines will be outsourced directly such as:

- Accountancy and Financial Management
- Payroll
- Audit
- Human Resources
- Health and Safety
- Governance and Secretariat

These will be provided by separate companies, all to be procured during the coming months in advance of the go-live date in November 2024. These contracts will be awarded for 1 year initially with the potential to extend for up to a further 12 months. The reason for taking this approach is that there may be a time where the council would explore potential economies of scale and other synergies across its portfolio of wholly owned companies. This approach allows flexibility to be built into the company moving forward.

The company's ICT solutions are being sourced from EFDC as this is believed to be the most expedient solution to ensure that all systems and hardware are available from day 1 of the services. This approach enables TVS Ltd to remain flexible to meet the changing pace of technology into the future

TVS Ltd will adopt similar procurement practices to those of EFDC given that the company is owned by EFDC and is required to operate within the Public Contracts Regulations 2015.

There will undoubtedly be some cultural matters to be addressed given the reports of poor contractor performance that has resulted in the creation of TVS Ltd. To help address some of these issues prior to commencing the services, TVS Ltd will be running 2 induction days during October.

An example of the approach to be taken is that container return is often an issue of frustration to residents where their bins and boxes are indiscriminately deposited in the middle of their driveway blocking vehicular access or in the neighbours' hedge. To address this, part of the customer care training will feature the company's expectations of a good bin/box return looks like and how failures to comply will be managed. The sessions will also include:

- Introduction to the company
- vehicle familiarisation
- health and safety refreshers
- eligibility to work in the UK
- driver licence check
- how to book leave

- when to expect salary
- issue of personalised PPE sized to fit

The company has a mobilisation plan that supports the project management and delivery of the key steps towards the go-live date. A high-level version of the plan is shown at Appendix 2. Behind the high-level plan lie several complex spreadsheets that have captured the detailed activities that need to be completed moving closer to go-live.

4. Financial Estimates for 2024-25 and 2025-26

TVS Ltd is a wholly owned LATCo that has been created to provide waste and recycling collections and street cleansing services on behalf of Epping Forest District Council (EFDC). These services are currently being provided by Biffa whose contract ends on 3 November 2024.

In July 2023, the EFDC Cabinet decided to create its own LATCo to deliver these services to exercise a greater degree of control over how the services are provided to residents of EFDC after several years of poor performance by Biffa. To support this decision, EFDC officers had explored the possibility of going to market again for these services and had entered into discussions with Biffa. Biffa indicated that they were losing in the region of £2m pa on the contract and that to re-bid, their likely price would be likely to exceed £10m pa. 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.

This section highlights the various elements that contribute to the cost of providing these services through TVS and what that figure looks like for both the 5 months from November 2024 to March 2025 and the 1-year operational costs for providing those services that will assist in planning the 2025-26 budgets.

When starting from nothing to creating a company that is ready to go live operationally there are inevitably costs that can only be estimated and not guaranteed absolutely. This is due to many variable factors such as:

- Procuring a new fleet of vehicles and the associated costs of maintenance and driver related damage
- Pending pay award to existing Biffa staff to apply from 1 April 2024
- Absence of hard and fast TUPE data which does not have to be shared by the outgoing entity until 28 days prior to the date of transfer. This includes for items such as sickness/absence data, terms and conditions of contract e.g. contracted overtime, car allowances, number of staff transferring to the new entity, pension arrangements, leave entitlement etc. Biffa have co-operated with TVS Ltd by providing some early Employee Liability Information that has provided the basis for estimating salary costs
- Variable fuel costs

- Efficiency or otherwise of the current collection/sweeping routes which is further impacted by a change in start/finish location which will be from the North Weald Airfield at a newly purpose-built depot
- Price increases in consumables such as PPE
- Abuse of PPE by staff therefore necessitating replacement to comply with Health and Safety requirements
- Costs of replacement parts to vehicles when damaged by drivers too small to claim through insurance e.g. broken indicator clusters, damaged or broken mirrors, kerbing of tyres leading to safety issues etc and the number of instances therein and how they are managed by local management
- Increased costs for support services post original quotes issued several months past
- Costs of providing Agency cover for sickness and leave absences – this is variable dependent on how well sickness absence is managed

Developing a cost base for the new company is therefore fraught with a series of variables that can, at best, be estimated based on empirical data and experience of operating such businesses. It is an iterative process that becomes sharper into focus once purchases have been made and the operation begins to function. This section sets out the estimated costs for each element that TVS will be required to finance as well as highlighting some costs that are initially being picked up by EFDC but may novate to TVS in the future. It is fortunate that Biffa have cooperated from an early stage in providing some early TUPE information which has helped inform the bulk of the salary costs. This information is commercially sensitive whilst procurement activity is undertaken therefore this information is restricted and in Appendix 2 of the Cabinet report.

Next steps

The total costs associated with providing the waste and street cleansing services on behalf of the council remain a work in progress and are dependent on several factors:

- Final TUPE information from Biffa being received which they can leave right up to 28 days prior to the date of transfer – it is hoped that Biffa will work with TVS Ltd to provide the final detailed information earlier than that
- depot running costs will only really be known once the operations hub is occupied and operating fully.
- To provide the Board of Directors with assurances around the robustness of financial management moving forward, an Accountancy firm is being appointed to manage all the company's finances including payroll.
- The interim MD to continue to work alongside council colleagues to ensure the readiness of the company to provide the services from Monday 4 November 2024

- Seek to reach agreement between TVS Ltd and the Council that all first-year costs to TVS Ltd are paid on a full-cost recovery basis which will enable a more accurate budget picture to be prepared moving into future years whilst ensuring an open book approach to managing finances
- TVS and EFDC to jointly work up plans to improve service efficiency and to explore service enhancements such as separate food and garden waste for which a charge for collecting garden waste can be made to help off-set the costs of collection and treatment
- Finally, under the current contract arrangements, Biffa finance their vehicles directly. Should the vehicle hire/maintenance contract be novated to TVS, then the estimated costs for TVS to provide these services is very close to the estimates made back in 2023 of £10m

5. Service Improvements

There are already several projects underway in the short-term leading up to and post the commencement date and others highlighted for the mid to long term as set out below:

Short Term

- Contract completion/signing (pending final version of pay mech)
- Complaints training – better complaints handling – 360° feedback and learning
- Fleet replacement – Brand new fleet to be in place for the start of the contract through a contract let by EFDC.
- Route Optimisation – Routesmart have been appointed by EFDC as part of the ongoing Whitespace system development as it will be Whitespace software on the in-cab devices
- Development of Whitespace system to enhance the customer experience

Mid-Long Term

- Service improvements such as, implementation of new, more efficient collection rounds, introducing wheeled bins for dry, mixed recycling, review effectiveness and efficiency of organic waste collections to align with simpler recycling and the Waste Strategy for Essex.
- Bin washing – implementation of new service offer
- Build the Commercial waste offer
- Clinical Waste Collections
- Confidential Waste Collection

- Waste Reduction Strategy – Ongoing
- Hard surface cleaning services to private landowners e.g. Industrial estates

Initial meetings have taken place for the implementation of Whitespace. Whilst EFDC are project managing the implementation TVS Ltd are a key contributor to the project team. Once the contract is agreed and signed it is anticipated that there will be more details provided around the target dates for implementing these projects.

6. Conclusion

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

A clear business model has been developed that will enable TVS Ltd to put in place a trained and experienced workforce which, with appreciation of some of the cultural issues that may be inherited, will be managed out over time through attention to 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 1.

TVS Ltd clearly has commercial opportunity moving forward but that 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 its future plans for commercialisation.

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.

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.

Appendices

Board Directors and Interim MD Bios

Mobilisation Plan – high level

Supporting Documents

EFDC Cabinet Report – July 2023

Appendix 1

TVS Ltd – Board Directors and Interim MD Bio's

Georgina Blakemore is the Chief Executive of Epping Forest DC

Having played a major role in the strategic development and implementation of Qualis, the Council's first Local Authority Trading Company, Georgina brings exceptional levels of leadership, knowledge and experience to the board of TVS. Brought in to deliver strategic change at a time of expanding demand and reducing resources, Georgina has led Epping Forest District Council through a major transformational process, applying commercial knowledge and skills to the development and provision of public sector services. Having joined Epping Forest District Council in 2018, Georgina was appointed Chief Executive a year later. Georgina is also a member of the board on the Council's wholly owned property investment, development and management company Qualis set up in 2019. Before joining the public sector, Georgina gained extensive retail experience as Managing Director for luxury brand retailer, Lilestone PLC, and Operations Manager at the White

Company. Prior to joining Epping Forest District Council, Georgina had a short spell consulting at the London Borough of Redbridge. Her public sector CV also includes Head of Customer Services for Basildon District Council and Strategic Change Manager with Colchester City Council.

Councillor Chris Whitbread is the Leader of Epping Forest DC

Councillor Chris Whitbread is a skilled political leader and negotiator, with a strong understanding of both the public and private sectors. He is an innovator who also brings unrivalled experience of public sector finance as well as the commercial business world to the board of TVS. Chris has been the Leader of Epping Forest District Council for thirteen years, having previously held other senior cabinet positions including the Finance Portfolio. He is also a long-standing and senior Essex County Councillor, holding the purse-strings at County Hall as Cabinet Member for Finance. A local businessman, Chris has lived and worked in Epping throughout his personal and professional life. Driving Epping Forest District Council's modernisation and transformation agenda, Chris believes strongly in the value of public/private partnerships. He was instrumental in the creation of Qualis and the Council's long-standing Leisure Management contract arrangements with Places for People. He has led the development of new council housing, and expanded the Council's commercial portfolio income, reducing reliance on Council Tax to support public services. He has played a central role in the development of major capital projects including Epping Forest Shopping Park, Waltham Abbey Leisure Centre, and the most recently, the new leisure centre currently under construction in Epping.

Rosa Tanfield – Head of Neighbourhood Services – Colchester BC

Rosa Tanfield boasts a diverse professional background spanning both the private and public sectors. With a BSc in Civil Engineering, she has accrued over 15 years of experience in local government, demonstrating a fervent commitment to effecting positive change. Currently serving as a strategic leader at Colchester City Council since 2019, she oversees the efficient delivery of various front-line environmental services including the household recycling and waste collections. Under her guidance, the services have undergone a transformation, embracing digitalization and innovation with data-driven approaches, while maintaining a focus on community engagement. Notable achievements include driving significant new income revenue streams, integrated workforce development programmes, achieving top-tier regional performance, and spearheading nationally recognized biodiversity initiatives.

Dave Ward MBA, DMS, MCIWM – Current Interim MD TVS Ltd

Dave is an experienced professional having worked across the environmental and waste sectors for more than 40 years.

His skills and experience cover a broad range of sectors from local government through the development and management of LATCO's and consultancy/interim management delivery.

Since 2016, Dave has successfully created LATCO's from the ground up as well as having operated at Group Managing Director level overseeing a range of services delivered by several LATCO's under a Group company structure. These services covered recycling and waste collection, recycling processing for sale to market, grounds maintenance, property development and Investment portfolios.

He has successfully mobilised several recycling and waste contracts to ensure they were delivered on time and on budget. He has a depth of operational experience coupled with strong political awareness and is used to working in highly politicised and unionised environments.

Dave is skilled in Business Planning, Operations Management, Strategic Management, Contract Negotiations, Business Development and Project Management.

He has a collaborative management style and utilises his coaching and mentoring skills underpinned by his Institute of Leadership Management Level 7 Diploma in Leadership Mentoring and Executive Coaching, to positive effect.

Appendix 2 Area	Task	Lead (Client, TVS, shared, other)	Target Completion Date
TVS	Agree TVS business plan (including service budgets)	Shared	May
General Operations (Waste Collection and Street Cleansing)	Identification of Licensing, Permits and Statutory Requirements and application for relevant permits/licences (eg waste carriers licence, Operators licence)	TVS	June
	Route Optimisation Exercise and sign off routes/rounds	Shared	August
	Confirm DMR offtake contract and agree waste transfer locations	Client	July/August
	Vehicles delivered and readied for service commencement. Fuelling strategy confirmed. Service infrastructure installed and tested.	Other (SFS)	Sept/Oct
	Create H&S Risk Assessments, Safe Systems of Work and Toolbox Talks	Shared	June/July
	Transfer containers from Biffa and arrange procurement and storage of new containers for all services (bins, sacks etc)	Client	October
Legal	Appoint directors, create bank account, hold first Board Meeting	Shared	May/June
	Agree service specification, contract and performance management/monitoring regime	Shared	July/Aug
ICT	Design, build and test ICT solution	Client	Sept
	ICT solution final testing and implementation	Client	Oct
People	Confirm staff required (and on TUPE list)	TVS	

	Create and sign off HR policies, procedures, payroll, pension enrolment etc	Shared	Sept/Oct
	PPE/Uniform (employees measured, provider appointed and orders placed. Issued to staff)	TVS	Oct
	TUPE transfer	TVS (and Biffa)	4 th Nov 2024
Operations Hub	Interim Solution Go Live	Client	Oct
	Permanent Ops Hub Solution Go Live	Client	Feb /Apr 2025
Communications	Agree Comms strategy. Design, install/adopt/affix TVS branding on vehicles, Ops Hub, comms materials (calendars etc)		Sept
Service Go Live			4 th Nov 2024

DRAFT

Report to the Cabinet



**Epping Forest
District Council**

Report reference: C-00?-2023/24

Date of meeting: 10th July 2023

Portfolio: Contracts, Service Delivery, and Improvements (Cllr R Balcombe)

Subject: Waste Collection Services – Future Delivery Options

**Responsible Officer: James Warwick/Service Director Contracts
(jwarwick@eppingforestdc.gov.uk)**

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

Recommendations/Decisions Required:

- (1) To agree that the preferred option for the future delivery of Waste Collection Services is delivered through a wholly owned Epping Forest District Council (EFDC) subsidiary (option 2 in attached waste options report, Appendix 1).
- (2) To agree that this programme of work will be sponsored by Epping Forest District Council's Chief Operating Officer and project ownership by Service Director Contracts.
- (3) To agree to continue to work with OPS Ltd in their role as project management and implementation support.
- (4) To agree to stop the procurement for a waste contractor and not to proceed with Stage 2 of the procurement process.

Executive Summary:

OPS Ltd were commissioned to look at future waste service delivery options for Epping Forest District Council (EFDC). The report produced sets out a shortlist of potential options for EFDC to consider in developing its forward arrangements for Waste Collection Services. Following an analysis of the strengths, weaknesses, opportunities, and threats associated with each option, an option appraisal scoring was completed by OPS to highlight which option best aligned with a set of criteria linked to impact, affordability, deliverability, and acceptability.

The preferred option involves the establishment of a wholly owned Epping Forest District Council (EFDC) subsidiary. Working proposals for the company's management and operation are introduced in the report. The intention is that the company would be ready to deliver Waste Collection Services on behalf of EFDC no later than November 2024.

The report concludes with proposals around the implementation activities required to establish and launch the wholly owned EFDC subsidiary. It proposes a programme management approach ensuring that all relevant perspectives/expertise are accessed and deployed in trading company set up, and that the process aligns with further Waste Collection project workstreams associated with the creation of an Environmental Operations hub to park waste fleet vehicles and the procurement of new waste fleet vehicles ready for November 2024.

Reasons for Proposed Decision:

To ensure EFDC can maintain and appropriately manage its statutory duties around domestic and commercial waste collections. The current waste contract finishes in November 2024.

EFDC has relied on the private sector to deliver its Waste Collection Services for nearly 30 years. In the main, contractor provision has gone well under the stewardship and contract management of EFDC's client team. Since the contract was re-let following a competitive process in 2014, EFDC has experienced a number of unacceptable performance failures by the current contractor. While poor contractor performance has been an important consideration in shaping the need for change, it is not the only driver.

Other Options for Action:

1. Move to an in-house team to manage and deliver all aspects of the in-scope services. However, this would be expensive due to TUPE.
2. Set up an unincorporated collaboration (a shared service) through a joint venture or similar with another public authority.
3. Outsourcing to the commercial sector with a contractual agreement between EFDC as the client and a Waste Services provider as the contractor. This would mean continuing with the procurement of new waste contract through a commercial contract. Fundamentally this will not give EFDC any more control or flexibility over delivery of waste collection services. There is a risk that despite the interest shown to date, no waste contractor submits a bid, or any submitted bid is affordable.

Report:

1. EFDC has since 1990 used outside contractors to provide most of the waste collection & cleansing services in the district. This tender exercise was forced by the new regulations of Compulsory Competitive Tendering (CCT) with the Direct Labour Organisation losing substantially especially on the financial aspects.

2. Following a challenging period of performance by the current contractor, EFDC is planning to end its current Waste Collection contract at the next available break point (in November 2024). Whilst maintaining its statutory duty to provide a multi-stream Waste Collection service, EFDC is taking a comprehensive approach to identifying and planning the implementation of alternative arrangements moving forward.

3. Three key workstreams are being progressed under the coordination of a Future Waste Services Steering Group (FWSSG) which is made up of James Warwick (Service Director Contracts), David Marsh (Waste Management Team Manager), Gary Donoghue (OPS Ltd), Derek Stewart (OPS Ltd associate), Ian Clarke (Concept 3 Consulting) and Richard Brooks (Anthony Collins Solicitors). Other people with specialist skills and knowledge are invited to attend as and when required. The steering group is responsible for the delivery of three workstreams:

Workstream 1 – Determine the recommended forward arrangements for Waste Collection provision. The objective here is to identify and appraise options for service delivery moving forward, then to either mobilise or procure and appoint a partner/contractor in time to deliver the service from the cessation date of the existing contract. There is a range of options available to the Council including going to market for a replacement contractor, directly delivering the services in-house, or creating a new vehicle owned by the Council with flexibility to enable the authority to partner with another local authority in future.

Workstream 2 - Mobilise a New Operations Centre. The objective here is to develop and mobilise a new operations centre to be used to operate the Waste Collection service (irrespective of the preferred delivery option identified in workstream 1). A location has been identified and initial studies have been completed by EFDC. The centre needs to be operational by November 2024.

Workstream 3 - Procure a Vehicle Fleet. The objective here is to procure a replacement vehicle fleet to deliver the Waste Collection service from November 2024. EFDC has decided to progress this in tandem with workstreams 1 and 2, making the fleet available to the preferred service delivery entity. This will include developing a vehicle specification, confirming fuel type, expected lifespan and storage and maintenance arrangements.

4. The project and associated opportunity require coordination, planning, and execution of all three workstreams using systematic programme and project management techniques, which OPS Ltd can provide. It will culminate in a fit-for-purpose service ready to provide services to EFDC residents from November 2024.

5. The options report attached (appendix 1) focuses solely on Workstream 1. It sets out the drivers for change, a shortlist of options worthy of detailed exploration (via a Strengths, Weaknesses, Opportunities and Threats exercise), the options appraisal approach, and the blueprint of a preferred option. It also sets out the programme management approach that will be adopted to support implementation of the recommended option within the required timescales.

6. Based on the scoring, the preferred option is to establish a wholly owned Epping Forest District Council subsidiary to deliver Waste Collection Services on behalf of EFDC. There are several key drivers behind the preferred option. From a strategic perspective, the option is considered to:

- Provide a platform to build a more integrated neighbourhood services model (in tandem with EFDC colleagues and other EFDC trading companies).
- Preserve flexibility for potential future joint delivery with other Local Authorities through the wholly owned Epping Forest District Council subsidiary.
- Provide a mechanism for EFDC to grow/trade its Waste Services in the future.
- Align with the values and expectations of its key stakeholders (elected members, residents, and employees).
- Offer greater control over direction and deployment of directly employed resources than in a shared services or outsourcing approach.
- Provide business continuity that service assets ultimately rest with EFDC.
- Allow increased flexibility to refine service approaches within available cost envelope, as well as greater agility to align these approaches with changes in the Essex County Council Waste Strategy over time.
- Support positive messages around EFDC's ambitions and its willingness to trade/operate commercially.
- Provide less reliance on a commercial partner and their drivers (while still be able to appoint sub-contractors to provide access to additional expertise and capacity if required).
- Avoid more significant pension cost implications than if seeking to build an in-house team.
- Offer greater flexibility in charging for discretionary services.

7. There are some potential challenges however, including:

- Management overheads and specialist input costs will be borne by EFDC, though this would likely to be the case under an outsourced model as contractor overheads are recharged as part of the fee.
- Service and trading liabilities will rest with EFDC, though again the EFDC was in a somewhat similar situation in an outsourced model where delivery and financial risk still ultimately lies with the EFDC.
- Set-up activities will be more demanding for the Council than in an outsourcing approach, but this can be carefully planned and delivered, potentially receiving targeted support for mobilisation where any gaps in knowledge or skills are identified from relevant third parties - the required investment in set-up would not be recurring.
- Potential for reduced access to partnering benefits (investment, innovation, inter-contract learning), though there are different mechanisms for accessing these benefits through benchmarking, inter-authority collaboration and targeted sub-contracting.
- Less access to economies of scale in delivery or purchasing, though many of these can still be accessed in areas such as fleet and materials through establishment of the right relationships with appropriate suppliers.

8. EFDC may choose to supplement the core expertise and capacity with additional input from a suitable business management partner in due course. There is no intention to proceed with this

at this time, though further consideration around benefits and opportunities may be revisited as the proposed trading company management structure is finalised and populated.

9. Detailed governance, management and support arrangements will be developed in due course, but the working assumption is that the preferred model would see:

- A clear focus on Waste Services.
- Customer Service and Value for Money as key themes.
- Clarity of accountability and responsibilities for Waste Services activities.
- Client-side monitoring activities will require further exploration to determine whether and which client-side functions could/would transfer to the wholly owned Epping Forest District Council subsidiary if desired.
- Management, supervision, and delivery (staff) resources would be accessed via TUPE transfer or recruited (in the event of individuals opting not to transfer or additional posts being created to provide capacity or expertise).
- Support services provided by EFDC will need to be determined if and what is required, if there a requirement then an agreed rate will be determined and managed through a service level agreement (SLA).

10. In terms of the business model, there will need to be a nominal allowance for profit under the trading company arrangement. For VAT reasons the subsidiary will likely need to charge a small margin/surplus – although tax or accounting advice will be taken to confirm this. In addition, the charges for the trading company likely need to be at market value for whatever Services it is providing to EFDC. Charging at market value will probably lead to a small profit being made in the Subsidiary. Any small profit could then be used to reinvest in improving service delivery to reduce waste and customer satisfaction.

11. Whilst the detailed proposals for any wholly EFDC owned subsidiary would need to be worked up. Appendix 2 provides examples of arm's length/Teckal companies providing waste collection / street cleansing services in UK. As part of the next stage of this work, officers will approach some of these examples for advice, lessons learnt and successes to this delivery model for waste services.

12. The next steps would be to determine how the company is set up and structured, further work will be carried out to analysis the different options and SWOT (Strength, Weaknesses, Opportunities and Threats) analysis will be carried out. There will be a number of key building blocks and themes to determine this: Service Operations, Procurement/Supply Chain, Technology and Information, People, Finance and Budgets. (Further detail is in Appendix 1, Figure 2).

Scrutiny Comments

This report went to Place Scrutiny Committee on 4th July and any amendments will be made following this meeting and will be provided to Cabinet on 10th July.

Resource Implications:

An estimated budget of £400,000 would be required to take this forward and implement by November 2024. This budget will come from an existing waste contingency budget as referenced in the Cabinet Budget Report February 2023. This budget would be broken down as follows:

£262,000 for project management and implementation support. It is estimated this would be £154,000 in 2023-24 and £108,000 in 2024-25.

£138,000 for procurement, legal and governance expertise and advice. It is estimated this would be £84,000 on 2023-24 and £54,000 in 2024-25.

Budget required for 2023-24 is £238,000 and in 2024-25, £162,000. Budget required for 2023-24 is £238,000 and in 2024-25, £162,000. Therefore, it is recommended that £162,000 from this year's budget of £400,000 is carried over into the 2024-25 budget.

It is strongly recommended that EFDC has external specialist implementation support for the first 12 months of operating the wholly EFDC owned subsidiary to ensure the smooth transition and successful delivery of waste services. The estimated budget required for this would be £136,500 and would be factored into the first-year operating cost of the wholly EFDC owned subsidiary as a transitional mobilisation cost.

The working proposition is that client and wholly EFDC owned subsidiary operating costs will fall within the envelope for Waste Collection Services budgeted for by EFDC. Many wholly EFDC owned subsidiary costs will be similar in scale and nature to those borne by Biffa through the current outsourced arrangements. Any additional wholly EFDC owned subsidiary costs are intended to be offset by the savings on contractor profits.

Estimated operating costs are difficult to predict due to the multiple variables involved. It is believed that the costs will be less than the costs of paying an external waste contractor. Based on current market trends and discussions with waste contractors' costs of a new waste contractor could be as high as £10 million.

In terms of set up costs for the wholly EFDC owned subsidiary, these are likely to include:

- Additional costs associated with any new roles required in the wholly EFDC owned subsidiary structure (including an allowance for recruitment costs)
- Advisor costs (legal, tax, accountancy and programme management associated with trading company set-up).

There will also be set-up costs associated with acquiring:

- ICT (desktop and handheld hardware and any operational management software)

- PPE for supervisors and operatives
- Insurances
- Certifications/licenses/accreditations.

This latter list however would accrue as costs in any of the models (even if accrued by a contractor and passed back to EFDC) and are not distinct to wholly EFDC owned subsidiary set-up.

Legal and Governance Implications:

EFDC would develop and deliver its Waste Services wholly EFDC owned subsidiary proposals using a programme management approach. Overall programme sponsorship will rest with the Chief Operating Officer, with project ownership held by the Service Director (Contracts). The programme management itself will be led by OPS Ltd, with thematic leads for each theme (as set out in figure 3 in the attached report, appendix 1). This will help to ensure that all three Waste Collection project workstreams are progressed in tandem. The thematic leads will be identified in discussion with the Waste Project Steering Group and the programme sponsor.

As part of the programme management approach, the team will prepare an implementation programme plan and risk register. Progress and performance will be assessed against the Plan and reported fortnightly to the Steering Group. Risk will be monitored (using a RAG-based approach) and reviewed on an ongoing basis and reported monthly on an exception basis to the Steering Group. The project also appears on the Corporate Risk Register, providing a further layer of monitoring.

This programme of work will also be monitored and reported at EFDC's monthly Project Management Office (PMO) governance board and at quarterly Overview and Scrutiny Committee meetings.

Legal and Governance will be provided by Anthony Collins Solicitors as part of the Future Waste Services Steering Group (FWSSG).

Safer, Cleaner and Greener Implications:

Potential Collection route efficiencies to reduce overall fuel consumption will be considered. This will reduce emissions as will the procurement of a new waste fleet, through sourcing low emissions vehicles.

This work will have a focus on sustainability aims of EFDC. This will include aspirations in the Corporate Plan and Waste Strategy for Essex in respect of reducing volumes of waste and focusing on the established Waste Hierarchy of prevention, minimisation, reuse, recycling, energy recovery.

Consultation / Scrutiny Undertaken:

Internal EFDC Waste Service Delivery Options Workshop – April 2023

Background Papers:

Appendix 1 - Epping Forest District Council, Waste Collection Services – Future Delivery Options May 2023.

Appendix 2 provides examples of arm's length/Teckal companies providing waste collection / street cleansing services in UK.

Risk Management:

This programme of work is identified on Corporate Risk Register and Directorate Risk Register. A project risk register will be developed if this paper is approved.

Equality:

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