



Shareholder briefing June 2019

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Beth Boughton - Operations Director
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Presentation will cover

- Health & Safety (ISO 45001).
- Business Plan 2019-2020 Q1 Delivery Tracker.
- Finance & Corporate Charges.
- Fleet.



ISO 45001

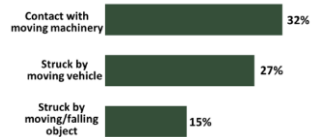
- International Health & Safety Standard agreed in 2018.
- ISO 45001 Replaces OH&S 18001 (UK Standard).
- Ubico achieved the international standard for Environmental management (ISO 14001) in 2016.



Why do we need ISO 45001?



12
fatal
injuries to
workers in
2017/18



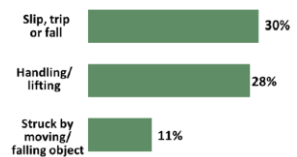
Source: RIDDOR, 2013/14-2017/18. Accident kinds are shown that account for 10% or more of injuries.



Why do we need ISO 45001?



5,000
non-fatal
injuries to
workers
each year



Source: Non-fatal injuries reported under RIDDOR 2013/14-2017/18. RIDDOR is used here as the LFS is not able to provide a breakdown to this level of detail. Accident kinds are shown that account for 10% or more of injuries.



Aims of ISO 45001

- Allow organisations to integrate Health & Safety into the processes and management of the business.
- Minimise risks and harm.
- Create the opportunity for continuous improvement.



ISO 45001 certifications



Process to achieve certification

- Two in-depth audits by an external assessor (February & April 2019) to:
 - Interview employees at all levels of the organisation, including Executive Directors.
 - Review Ubico's health and safety management system, including a detailed review of documentation e.g. training records and risk assessments.
 - Inspect depots and facilities across the organisation.



ISO audit findings

- No major or minor non-conformities.
- No areas for concern.
- Overall the facilities provided for operational staff are of a good quality.
- Well-run organisation, albeit still paper based and some of the document systems are still young and require reviewing
- Seven opportunities for improvement across depots:
 - Five in Swindon Road, Cheltenham
 - One in Gossington, Stroud
 - One in Downs Road, West Oxfordshire



ISO opportunities for Improvement

- **Swindon Road, Cheltenham:**
 - 3x OFIs identified at the vehicle wash bay.
 - Internal audits could improve consideration of the management system.
 - Management reviews should follow the ISO standard structure.
- **Gossington, Stroud:**
 - Compliance records could be stored in one central database.
- **Downs Road, Witney:**
 - Introduce cross hatching as warning around an electrical fuse box, PAT testing of weighbridge, provision of an additional fire blanket.



ISO next steps

- Significant achievement for Ubico to achieve certification; all staff were involved in preparing for the audit.
- The hard work must continue in order to retain the accreditation, demonstrate ongoing improvements and prepare for annual audits.



Business Plan 2019-20

Q1 Delivery Tracker



People

Q1 Action	Update	On track
Launch and implement a new People Strategy for the company that addresses training, recruitment, retention and investment in staff.	Board approved People Strategy (subject to amendments), completing final amendments and planning resources in partnership with Publica HR.	Yes
Increase the Ubico contribution to the corporate pension scheme to 4% to be in line with legislative changes.	Completed. Agreed as part of partnership sum setting process.	Yes
Implement a new company-wide code of conduct, gifts and hospitality guide & declaration of interests.	Completed. Agreed by Board and being implemented.	Yes
Expand the use of our Apprenticeship Levy to train our own drivers.	Completed and launched. 12 apprentice drivers are embarking on training.	Yes



Operations

Q1 Action	Update	On track
Mobilise operation for the commissioning of Javelin Park Energy from Waste.	Javelin Park EFW delayed until June, preparations in place for operational mobilisation.	Yes
Implement changes to grounds maintenance (Tewkesbury BC).	Updated grounds maintenance schedule. Being implemented in TBC.	Yes
Work in partnership with TBC to implement changes to street services.	Review of street services underway in partnership with the commissioner.	Partial
Ensure specification and contract sums are appropriate for the costs of the Ubico operation (FoDDC)	Awaiting confirmation of variation and specification from FoDDC.	Partial



Value for money

Q1 Action	Update	On track
Implement an updated contract sum setting process for 2020/21 financial year.	Process planned and updated to be mobilised in partnership with shareholders and commissioners.	Yes
Embed the monthly production of management and performance information to meet corporate and commissioner needs.	Monthly management information reports completed and circulated for each contract. Working with commissioners to harmonise some production of information to streamline the process.	Partial
Procurement of a new PPE clothing contract.	Evaluation completed and contract awarded. Planned implementation for July.	Yes
Provide finance and procurement training to staff.	Underway, procurement training delivered to managers and finance training being rolled out.	Yes



Highlights of key activity next quarter

- Developing an updated training package for supervisors and key operational staff.
- Restructure of fleet services to improve operational performance and compliance.
- Begin implementation of a new Fleet Management software system.
- Work with CDC and other commissioners on tender of a new in-cab system and back office software.
- Commercial waste paper presented to Board.
- Independent NED recruitment.
- New process for agreeing Business Plan 2020/21.



Finance update



Background

- In 2016/17 Ubico was expanding rapidly and did not have corporate resources to meet demands from shareholders for improved transparency and detailed finance and management information.
- Shareholders expressed concerns that corporate capacity was not sufficient to manage expanded operation or compliance risks.
- The corporate charge was too low to fund the resources necessary to meet operational and shareholder requirements.
- Board agreed to allow an increase in corporate charge from 4.9% to up to 6% to fund additional staff.



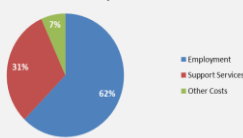
Corporate overhead

- Ubico corporate overhead is **5.8%**.
- This is benchmarked against **12-13%** in the Private Sector (Source: Eunomia & WYG). This is comprised of 8-9% overhead with a 4% profit margin.



Current position

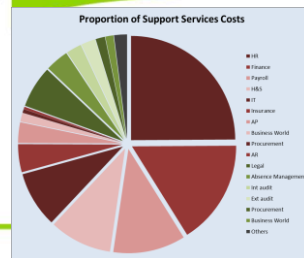
Ubico Corporate Support Costs
2019/20



- 25 posts funded by the corporate support charge, including the three Executive Directors.
- Posts cover senior management and functions of compliance, company and board secretariat, internal communications, finance, business analysis and management information.



Support services



- Total of £700K was spent on support services in 2018/19.
- £400K to provide HR and finance functions.
- 80% of support service cost is with Publica (HR, finance, payroll, IT, insurance, procurement, H&S advice).



Finance

- Ubico Financial Controller has now been in post for nine months. Finance team now appropriately resourced for a company of Ubico's size.
- Financial Controller working in partnership with commissioners and finance officers to make improvements to monthly reporting and accuracy.
- Partnership sum setting will begin in July for 2020/21.



Fleet



Our fleet

- Ubico operates three vehicle maintenance workshops with 14 vehicle technicians and one apprentice.
- The company operates and manages the maintenance for a large and varied fleet consisting of **781** vehicles, plant and trailers including:
 - **171** Heavy Goods Vehicles up to 32,000kg GVW
 - **41** Trailers
 - **77** Light Commercial Vehicles 3,500kg or less
 - **12** Cars
 - **44** Road registered plant
 - **3** Other non mobile plant
 - **433** Non road registered plant



'Grey' fleet

- Vehicles which are owned by employees but used on company business.
- Ubico has 42 registered grey fleet drivers and vehicles.
- Ubico has a duty of care to ensure grey fleet is fit for purpose.
- Fleet team must ensure that every grey fleet vehicle has a valid MoT, is insured for appropriate business use and that the employee has a valid driving licence.
- Severe sanctions for non compliance including corporate manslaughter in extreme cases.



Priorities

- Maintaining compliance and safety
- Improving data, management information and telematics to:
 - Improve driver behaviour
 - Improve safety
 - Reduce fuel consumption
 - Drive efficiencies
 - Reduce costs and volatility
- Reducing environmental impact



Current work

- Proposal presented to Board and commissioners to improve the process of specifying and procuring the vehicles to reduce hires and improve cost efficiencies.
- Business cases developed to make investments in workshops to reduce costs and offer potential to deliver greater commercial income.
- Depreciated vehicles being assessed for refurbishment for deployment in a hire fleet.
- Improving the specifications and technology in vehicles.
- Restructure of fleet services team to improve operational performance.

