

Report to: **Overview and Scrutiny Panel**
Date: **11 July 2019**
Title: **Waste Procurement Close Down report**
Portfolio Area: **Commercial Services - Cllr Baldry**

Wards Affected: **All**

Urgent Decision: **N** Approval and clearance obtained: **Y**

Date next steps can be taken: **N/a**
(e.g. referral on of recommendation or implementation of substantive decision)

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Recommendations:

That the Overview and Scrutiny Panel notes the Frontline Services Waste Procurement Project Close Report and makes any necessary recommendations.

1. Executive summary

- 1.1 South Hams District Council took the decision to enter into a three-stage procurement project for its Frontline Waste Service. This took place over a 14 month period concluding with a Full Council Decision in December 2018 which resolved that the Council award a contract to a private sector bidder, FCC Limited.
- 1.2 South Hams District Council awarded the contract for its Frontline Waste Collection, Street Cleansing and Public Convenience Cleansing Services to FCC commencing on 1 April 2019.
- 1.3 In order to support the procurement project for the Frontline Waste Service, a Project Team was established together with a Project Board.
- 1.4 Throughout the procurement process, the Project Team sought guidance and approvals at strategic stages of the project from a Member led Project Board. The Project Board's terms of reference were set out in a Memorandum of Understanding and the Project

consisted of 3 members from South Hams District Council and 3 from West Devon Borough Council including the Deputy Leaders from both authorities.

- 1.5 This report provides an overview of the project detailing the successes, lessons learnt and the realisation of any immediate benefits.

2. Background

- 2.1 This project was required in order for the Council to continue to provide high quality, statutory services in relation to refuse collection, recycling, street and toilet cleansing services for both Councils, while ensuring that they remained cost effective.
- 2.2 The commissioning process allowed South Hams to benchmark historic in-house costs against the market to ensure that best value for service provision was achieved in terms of both cost and quality.
- 2.3 The Project commenced with the issue of the Official Journal of the European Union (OJEU) notice in November 2017 and was completed with the Full Council decision in December 2018.
- 2.4 The project was allocated a budget of £125,000 to take both South Hams and West Devon through the procurement stages.
- 2.5 The Project Scope included a number of objectives:-
 - 2.5.1 Inform Council on the options for future provision of the service;
 - 2.5.2 Ensure the final service specification accords with current legislation and is flexible to respond to any future statutory requirements;
 - 2.5.3 Continue to provide competitive, high quality waste and cleansing services infrastructure for residents and visitors;
 - 2.5.4 Improve on the current recycling rate where possible;
 - 2.5.5 Ensure that value for money is achieved;
 - 2.5.6 Improve the quality of service through greater use of technology which better meets the requirements of customers and integrates with existing systems where necessary, subject to affordability;
 - 2.5.7 Address specific priority issues and aspirations identified by internal and external stakeholders, subject to affordability;
 - 2.5.8 Work towards the future aims of The Waste and Resource Management Strategy for Devon including working towards the 'aligned service'.

3. Outcomes/outputs

- 3.1 The project was delivered on time, hitting all Project Milestones.

3.2 The joint project exceeded the budget by £40,000 with a total spend of £165,000. 3 stage Competitive Dialogue procurements are generally longer than normal procurement exercises thus can cost more but can lead to better overall outcomes as it enables the Council to work with bidders to develop its final solution. An overall budget of £125,000 was optimistic given the known costs. To put this into context, the cost of running the procurement exercise for one authority alone (West Devon) 10 years ago was £125,000. Due to the advantages of joint working both authorities were able to benefit from sharing the expenditure proportionally.

Comparison of Budgeted to Actual Expenditures – Budget of £125,000 against projected spend £160,625				
Budget Item	Actual Costs to Date	Estimate to Complete	Total Estimated Costs	Forecast Actual Expenditure to end
Specialist Advisor	96000	0	96000	96000
Legal Support	35585	2915	38500	38500
Other Expenditures	26125	0	26125	26125
Other Expenditures include supplies, materials, training courses, addition Officer resource etc.				

3.3 Project Controls - The higher level project management strategy worked very effectively allowing the Project Board to perform the 'Gatekeeping' and 'sign off' function at key stages of the project. This provided check and balance whilst ensuring Member involvement and engagement throughout the life of the project. The project board consisted of 3 elected members from both Councils which met on a monthly basis.

3.4 The expected and unexpected Project objectives that we can measure in the short term have been delivered.

- a. Increase in Council Officer capacity enabling reprioritisation of resources.
- b. Proposed restructure of Senior Leadership Team responsibilities to focus on the Councils current priorities (i.e. a Director of Place and Enterprise rather than Commercial Services)
- c. Plan in place to move towards the Devon aligned service. For South Hams a complete service change to be introduced in September 2020.
- d. Comprehensive set of Service Specification documents.
- e. Robust contract Management process in place.
- f. A constituted Partnership Board in place.

- 3.5 The Project delivered a competitive tendering process which gave an outcome which provided both Authorities with significant financial savings over the life of the contract.
- 3.6 The Project delivered on time a signed services contract with all of the associated asset leases.
- 3.7 The Project was recognised by the LGA with the recent 'peer review' report singling The Waste Procurement Project as an exemplary piece of work.
- 3.8 The Project team were shortlisted for corporate team of the year award in recognition of their work.

4. Residual project risks

- 4.1 Due to the size of the procurement, the project held an extensive risk register and some tasks have not been completed. The 3 outstanding project risks that are currently being managed by the Project Manager are detailed below

Risk	Impact	Mitigation
Not completing the installation of the IT solution which was not fully in place for the Contract start date.	Provision of Management Information and service reporting/resolution not in line with required service levels.	Closely monitor and challenge IT project plan through to a conclusion.
Not having a construction contract in place for the works the Ivybridge depot.	No legally binding agreement in place to modify the Ivybridge depot to support the service change in Sept 2020.	Draft construction contract with FCC to consider and a deadline to have this in place by End of Summer
Not completing the outstanding schedules within the main contract (i.e. Admissions agreement, Business continuity plan).	Although the main Terms and Conditions are signed final 2 outstanding schedules have not been signed off by both solicitors.	Pursue Devon County to answer outstanding queries (Admissions agreement). Business continuity due from FCC by 1 st August.

- 4.2 For the full Project Risk Register see Appendices B and C

5. Lessons Learnt and measure of Satisfaction with the project.

- 5.1 A record of all the lessons learnt were recorded throughout the project lifecycle. See Appendix D for the lessons learnt log. This will inform future Projects to ensure a greater success rate.
- 5.2 On the completion of the project an anonymous 'survey monkey' questionnaire was sent out the Project team, Project Board and the wider membership. See Appendix E for the list of responses.

6. Implications

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/Governance	N	There are no direct Legal or Governance issues associated with this report. Legal and governance issued where addressed throughout the process at the appropriate time on the Project. The Overview & Scrutiny Panel is responsible for oversight of the Council's performance including specific projects.
Financial implications to include reference to value for money	N	There are no direct financial implications to this report.
Risk	Y	There are some outstanding risks which are being monitored by the Project Manager and Head of Waste Practice as set out in paragraph 4 above.
Comprehensive Impact Assessment Implications		
Supporting Corporate Strategy	Y	Efficient and Effective Council
Equality and Diversity	N	There are no Equality and Diversity implications
Safeguarding	N	There are no safeguarding implications in this report
Community Safety, Crime and Disorder	N	There are no Community Safety, Crime and Disorder implications
Health, Safety and Wellbeing	N	There are no Health, Safety and Wellbeing Implications
Other implications	N	

Supporting Information

Appendices:

Appendix A - Waste Procurement and Mobilisation Project Plan

Appendix B - Waste Procurement Risk Register

Appendix C - Waste Contract Mobilisation Risk Register

Appendix D - Waste Project Lessons learnt log

Appendix E - Waste procurement Project Satisfaction Survey

Background Papers:

None