

Nottingham City Council Delegated Decision



Reference Number:

2340

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Department:

Communities

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Subject:

Procurement of New Waste Management System

Total Value:

Estimated total value of contract over four years is £170k. (Type: Revenue)

Decision Being Taken:

Decision to be taken:

- 1) To approve the initiation and completion of an open procurement process for a replacement back office system for commercial waste.**
- 2) To give delegated authority to the Director of Neighbourhood Services to award the contract up to a value of £170k over four years to the preferred supplier.**

Nottingham City Council Commercial Waste service is a business to business provider of charged for waste management services totalling £5.1m per annum. This business includes 4,900 contracts for the collection of commercial waste and recycling direct from businesses, a skip service including haulage and disposal of industrial waste products, a waste transfer facility and, from June 2016 a confidential waste on site destruction service. In total this area of operation manages 42,000 tonnes of waste on behalf of commercial clients each year and employs a workforce of 48 full time employees.

At present, the entire £5.1m turnover of the company is managed via the WasteManager system. This system is a DOS based package which is supported by a single individual and as such, represents a significant risk to the business and its financial return to the corporate centre. The limited functionality of the system also significantly restricts the business' ability to use data to drive continual improvement or respond to developments in client requirements over time.

The development of the NCC web utilising the FirmStep package is also opening up significant opportunities to streamline work processes and improve customer experience. In order to maximise the potential of this new technology, back office systems for waste management must be able to integrate effectively.

The following business objectives have been identified as requiring system improvements in order to be delivered:

- . Consolidation of existing systems
- . Consolidation of income and debt management processes supported by Oracle
- . Cost control - tracking costs associated with physical operation and disposal/treatment or waste.
- . Legal compliance - duty of care documentation, weight data and evidencing adherence to the waste hierarchy.
- . Supporting new business growth - confidential waste service/secure destruction.
- . Quality assurance for new and existing business ISO 9001.
- . To offer enhanced services for large clients - on board weighing, recycling performance information, alternative payment schemes.
- . Improving customer experience.
- . To support move to online account management.
- . Reduce administrative burden.

In order to establish what technologies and solutions are currently available a soft market testing exercise was undertaken, in which two prospective suppliers were asked to present costed proposals to respond to the above objectives. In addition, both suppliers provided an overview of the additional or extended functionality they were able to provide.

In order to ensure best value and compliance with financial regulations, it is proposed that an open tendering process be initiated in February 2016 for contract commencement programmed for May/June 2016.

By undertaking the proposed procurement exercise and implementing the technical solution of the preferred bidder, the service will realise the following benefits:

- Greater access to data and analysis to enable to efficient deployment of resource and reduce marginal cost of delivery.
- Improve client price management and target sales activity towards the most profitable areas of work.
- Help drive continuous improvement by making performance data available in real time.
- Help keep the service competitive with private sector providers already making extensive use of this technology.

- Improve the customer experience and by so doing, strengthen the NCC brand.

Other Options Considered:

Options Considered:

- 1) Do nothing - This is not considered a viable option as the inherent risk of continuing to operate an unsupported financial package is unacceptably high.
- 2) Undertake an open procurement process - This is the preferred option as it will provide assurance of value for money and legal compliance, and will provide a modern solution capable of meeting the developing needs of the business and its clients.
- 3) Use other existing systems to replace functionality of WasteManager - While there are existing systems which are capable of replacing some of the functionality of waste manager (Confirm, Bartec, Oracle) none of these provide the required functionality to support pay by weight contracts, secure destruction or end to end process management.
- 4) Develop in-house solution - This is not considered to be a viable or cost effective option due to the availability of in house expertise and the reworking of complex systems development which has already by undertaken by a number of private software providers.

Background Papers:

Published Works:

Affected Wards:

Citywide

Colleague / Councillor Interests:

Consultations:

Those not consulted are not directly affected by the decision.

Crime and Disorder Implications:

The procurement and purchase of a back office system for commercial waste collection does not have any direct or indirect implications in relation to section 17 of the Crime and Disorder Act.

Equality:

EIA not required. Reasons: This decision relates exclusively to the procurement and purchase of an IT system to support the effective management of commercial waste collection, and as such will have neither positive nor negative impacts for any person or persons with protected characteristics. The replacement of this system does not offer any opportunities to make a positive impact with regard to equality.

Social Value Considerations:

The proposed procurement exercise and looked for solution do not offer any opportunity to realise significant social value, other than by enabling the continued growth and development of a surplus generating service. This surplus is used to offset reductions in other revenue streams and protect frontline services and the social value they contribute.

Major Implications for IT:

Yes

Decision Type:

Portfolio Holder

Subject to Call In:

Yes

Call In Expiry date:

26/02/2016

Advice Sought:

Legal, Finance, Procurement, IT

Legal Advice:

There are no legal concerns arising from this decisions. Legal advice and support will be provided throughout the tendering process, including the preparation and completion of the contractual terms.

Connie Green, Solicitor 11/02/2016

Finance Advice:

The implementation of the new system has been identified in the Commercial Waste business plan for 2016/17. The Commercial Waste service is projected to generate a net contribution to the MTFP of -£1.749m in 2016/17 with a further -£0.331m business plan target added. The procurement of this system will contribute towards the achievement of this target.

The new contract is estimated to cost £0.170m over 4 years split between £0.050m of upfront costs and £0.030k annual running costs. Any upfront costs are to be paid from the Trading Operations Head of Service cost centre, specifically from available budget within 'Other Services'. Ongoing annual costs will be met from new income streams as identified in the Commercial Waste 2016/17 business plan.

The procurement of the system represents value for money as the current system is outdated and inefficient. The new system will allow for greater benefits including improved cost control.

The contract must be awarded in accordance to Financial Regulations.

Advice provided by Phil Gretton (Finance Analyst) on 09/02/2016

The current WasteManager system integrates indirectly into core financial systems; purchasing and implementing a new product gives an opportunity to look at the best way of integrating our systems.

There are three primary options:

- 1) Continue as a system that only integrates into our Income Management systems (Civica). This would be similar to the existing approach, but would require development of communication between the two systems.
- 2) Minimal integration direct with Oracle. This will require maintaining duplicate information in Oracle and WasteManager; but would require the smallest up-front work. This could be developed upon at a later stage.
- 3) Fully developing integration between WasteManager and Oracle. This would require a minimum of 9 months development time and would require funding to develop the functionality required within Oracle.

It is recommended that, as part of the tender exercise suppliers are asked to explain how they ensure their product would interface with the Council's other financial systems.

Advice provided by Paul Clarke (Financial Systems) on 09/02/2016

Procurement Advice:

The Procurement Team will support the tendering exercise and ensure that a fully compliant value for money contract is entered into via a fully compliant OJEU open process.

Advice provided by Mabs Karim (Procurement Officer) on 04/02/2016.

IT Advice:

The IT Service welcome the proposal to migrate from the Waste Manager system which has been identified as a risk in assessments of Council IT systems.

Integration of Waste Manager's replacement with other financial systems of the Council will require consideration by the Financial Systems Team. It is anticipated that any integration requirements will be acknowledged within the broader requirements for Waste Manager's replacement.

Colleagues from Commercial & Operations are engaging with the IT Service and so technical standards, etc. are available to them to inform the requirements specification.

Advice provided by Paul J. Burrows (Strategy Manager) on 08/02/2016.

Signatures

Nicola Heaton (Portfolio Holder for Community Services)
SIGNED and Dated: 18/02/2016
Andrew Vaughan (Corporate Director Commercial and Operations)
SIGNED and Dated: 18/02/2016