



# Annual Awards 2011 Entry Form

Name of organisation Sandwell MBC

Contact name Robin Powell

Job title Risk Management Adviser

Address Council House

Freeth Street

Oldbury  
West Midlands

B69 3BS

0121 569 3654

Telephone no. robin\_powell@sandwell.gov.uk

Email Jan Britton

Name of endorsing person Interim Chief Executive

Job title 0121 569 3500

Telephone no. jan\_britton@sandwell.gov.uk

Email

Please tick the relevant box below to indicate which category you wish to enter

Risk Manager of the Year	<input type="checkbox"/>	People Risk	<input type="checkbox"/>	Community Risk	<input type="checkbox"/>
Operational Risk	<input type="checkbox"/>	Strategic Risk	<input checked="" type="checkbox"/>	Risk Management Young Achiever of the Year*	<input type="checkbox"/>

\*Applicants for Risk Management Young Achiever of the Year should indicate their date of birth here:

N.B. If you wish to enter more than one category, a separate entry form is required for each category.

**Please type your executive summary here. The summary should be no more than 500 words. Please use Arial font, size 11, at 1.5 line spacing. Use additional spacing between paragraphs.**

Sandwell MBC has, in recent years, had to cope with the threat of significant increases in landfill tax if it did not improve its Waste Management strategy and increase the rate of recycling of waste by 2012. The increased landfill tax liability is estimated at c£88m per annum. This was identified as a strategic risk, impacting on the Council's ability to function properly, in 2007.

The Council recognised that it did not have the level of investment required to bring about the pace of change and improvements to recycling rates demanded. The identified solution was to enter into a partnership agreement with an external provider, in itself, a challenging prospect for a very traditional Labour council, where 'outsourcing' was a taboo subject.

The scope of the potential partnering arrangements were deliberately not fixed, therefore traditional procurement arrangements would not fit with the Council's requirements for its waste management strategy. Through a complex procurement process, lasting 2 years, an innovative partnership was entered into in November 2010, with SERCO. This combines waste management with street cleansing, the first time within a partnership agreement between public and private sectors. The successful negotiations and commencement of the partnering agreement were brought about by robust programme and risk management arrangements, including a comprehensive communications strategy to seek engagement with, and provide assurance to, elected members.

The ongoing approach is now one of partnership working, having at its heart, the needs of the community, including the maintenance of weekly waste collections against the national, controversial, drive towards alternate weekly collections. Various alternative methods of waste collection are also offered, each reflecting the needs of individual members of the community, including the introduction of wheelie bins for the first time in the Borough.

Sandwell MBC has a local priority of ensuring a 'safer, cleaner place to live'. The waste



## Executive Summary

improvement programme is a key enabler to ensure this priority is met. Although the waste management and street cleansing partnering arrangement have only been in place since November 2010, there are already signs that recycling rates are improving and the changes brought about by the partnering arrangements with SERCO are becoming embedded.

The strategic risk has now been deactivated and devolved to an operational level, reflecting the 'business as usual' nature of the partnership arrangement.

**Please write your main submission here. The submission should be no more than 1500 words. Please use Arial font, size 11, at 1.5 line spacing. Use additional spacing between paragraphs.**

**Clear need for the initiative**

Sandwell MBC, like all local authorities with a responsibility for the management of waste has, in recent years, had to cope with the threat of significant increases in landfill tax if it did not improve its Waste Management strategy and increase the rate of recycling of waste by 2012. The increased landfill tax liability is estimated at c£88m per annum. Clearly, there is no possibility of meeting this tax from revenue as, to do so, would significantly impact on the Authority's ability to function. There would also have been a severe impact on the Authority's reputation arising from increased scrutiny and adverse media interest, as street cleansing and waste management targets would not have been met. The negative impact of failure to deliver front line services would have been significant.

The risk was identified and included on the Authority's strategic risk register in 2007. The Authority did not have the capacity and capability to introduce the required improvements, at a fast enough rate, to meet the demand for increased recycling rates by 2012. Doing nothing was not an option, and the identified solution was to explore a partnering arrangement with a provider, who would have the capability and capacity to improve the Authority's waste management strategy.

The opportunity could also be taken, through a partnering arrangement, to bring inward investment to the Borough, to improve the infrastructure and assist in the Borough's regeneration.

**Approach taken and evidence of partnership working**

The Council recognised that it did not have the resources required to bring about the pace of change and improvements to recycling rates demanded. The scope of the potential partnering arrangements were deliberately not fixed, therefore traditional procurement arrangements would not fit with the Council's requirements for its waste management

strategy and an innovative approach to procurement was required.

The first consideration was the length of contract. Should this be for an 11, 18 or 25 yr+ contract period? Soft market testing was undertaken and, as a result, a 25yr period was chosen as this was more attractive to the market and provided a better rate of return.

Such soft market testing was innovative in itself as the Council was, in effect, asking the market what they could provide. In June 2008 an open day was held, with over 70 attendees from the waste market sector representing over 20 organisations. The purpose of the open day was to engage with the market, to see what was available and to gauge the market appetite for an innovative solution to the Council's risk.

Council Members also needed to be convinced that partnering was the most appropriate method. Sandwell was a traditional Labour Council, where 'outsourcing' was; at the time, a taboo subject. Members needed assurance that a partnering arrangement was the only solution to address the risk. Throughout the procurement process, a Member communication strategy was adhered to, ensuring political engagement and support for the programme.

In August 2008, a notice was published in the Official Journal of the European Union, advertising a Waste and Street Cleansing Contract, through a competitive dialogue procurement process. This process was only introduced in 2007, the first time that it had been used by the Council. To give as much scope as possible to potential partnering participants, a site had also been identified for compulsory purchase for development as an eco park, in Sandwell's local plan. Although this added risk to the programme, the site needed to be purchased in time for partnership commencement, as it was felt that the provision of a ready designated site would encourage as much innovation as possible.

Ten submissions were received in response to the PQQ, and five were selected to submit outline solutions (ISOS stage). At that time, the largest risk to the programme was identified as the uncertainty in connection with the disposal of municipal waste. It was determined that

Staffordshire CC were in the process of seeking PFI funding for the development of a 300k tonne EfW (Energy from Waste) facility. SMBC and Walsall MBC joined a local agreement whereby SMBC commit to the disposal of between 40-60k tonne of waste per annum. It was deemed appropriate to join Staffordshire in their PFI bid and this was successful. The facility could therefore be offered to the successful participants, and thereby reduce a significant reputational risk as the location of such a waste facility within Sandwell would have been extremely unpopular.

Of the five submissions received, two were deselected. The remaining three participants were invited to submit detailed solutions (ISDS). These companies were; Enterprise, Biffa and SERCO. From these, two (Biffa and SERCO) were selected to submit final tenders (CFT). SERCO were successful and commenced operations from November 2010.

The initiative was embedded through competitive dialogue and engagement with participants throughout an 18 month period. The programme was managed through PRINCE2 project management methodology and including robust risk management arrangements to ensure delivery of the programme on time and to budget.

Key risks impacting on this innovative programme included:-

- The TUPE transfer of 300+ staff to SERCO and the failure to ensure that such transfer arrangements were handled responsibly and in accordance with accepted HR protocols, including appropriate union consultation.
- The risk of industrial dispute based around the nationally driven standardisation of working terms and conditions (single status). Other authorities in the vicinity had experienced significant disruption as a result of such industrial action. This was anticipated well in advance of the programme commencing and contingencies were in place, working in partnership with SERCO.

- Failure to manage the compulsory purchase of land required for waste facilities and the management of the procurement process. This would ensure the continued involvement of key participants without them leaving the procurement process. External advisers, practiced in the competitive dialogue process, were used, to reduce this risk.

The ongoing approach is now one of partnership working, having at its heart, the needs of the community, including the maintenance of weekly waste collections against the national, controversial, drive towards alternate weekly collections. Various alternative methods of waste collection are also offered, each reflecting the needs of individual members of the community, including the introduction of wheelie bins for the first time in the Borough.

There are governance and performance management arrangements in place to support the partnering arrangement with SERCO. This is managed by an internal Waste Management client function.

## **Innovation**

Major innovation was demonstrated through the inclusion of street cleansing in the partnering arrangement, combining that with the waste management contract. This gave as much scope to the prospective partnership as possible. The combination of collection, cleansing, treatment and disposal of waste was a first for a local authority. At the time, this had not occurred elsewhere, to the authority's knowledge.

Use of the Competitive Dialogue procurement process was also innovative. It was the first time that the Council had used this process, running this at the same time as the Council embarked on other major procurement activities, including its Building Schools for the Future programme.

Further innovation was demonstrated through the provision of a site, offered as part of the overall solution, with outline planning permission already granted. Participants were required to specify what innovation they could bring to the negotiations through the use of the site i.e. how the site was to be used was NOT specified beforehand.

## **Evidence of Impact**

Sandwell MBC has a local priority of ensuring a 'safer, cleaner place to live'. The waste improvement programme is a key enabler to ensure this priority is met.

Although the waste management and street cleansing partnering arrangement have only been in place since November 2010, there are already signs that recycling rates are improving and the changes brought about by the partnering arrangements with SERCO are becoming embedded.

Through the use of the Council's performance management system, PerformancePlus, it is possible to determine that the % of household and municipal waste sent for recycling (NI 192) is exceeding targets set for SERCO, with 32.2% sent for recycling against a target of 31% for Q3 for 2010/2011. It is also possible to determine that in respect of the % of municipal waste sent for landfill (NI193), 42% is sent for landfill compared to a target set of 66.5% for Q3 for 2010/2011.

These are very positive signs that the partnering arrangement with SERCO is working successfully. The potential for the Council to have to deal with a landfill tax in 2012 is negated. This is also demonstrated by the deactivation of the Waste Improvement Programme as a strategic risk from January 2011, having been devolved from the Council's strategic risk register to an operational risk, managed at a service delivery level.



# Main Submission



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