

To: City Executive Board

Date: 21st April 2010 **Item No:**

Report of: Peter Sloman, Chief Executive
Tim Sadler, Executive Director City Services

Title of Report: Outcome of Recycling and Waste Collection Market Testing

Summary and Recommendations

Purpose of report: To recommend the outcome of the Market Testing element of the Recycling and Waste Collection Fundamental Service Review and the next steps in transforming this and other direct service operations

Key decision? Yes

Executive lead member: Councillor John Tanner

Report approved by:

Procurement: Jane Lubbock
Finance: Penny Gardner
Legal: Lindsay Cane

Policy Framework: Transform Oxford City Council by improving value for money and service performance
Improve the local environment, economy and quality of life
Cleaner Greener Oxford

Recommendation(s): That the City Executive Board:

- a) Notes the results of the Market Testing exercise for the collection of Recycling and Waste
- b) Resolves that on the basis of the evaluation of the external bids and fully recognising the Council's best value obligations it shall exercise its right to make no award of contract to either tenderer in regard to a waste and recycling collection service.
- c) Notes that subject to the agreement with the Trade Unions being maintained, the delivery of the in-house plan, the adherence to the Trading Account provisions and any unforeseen matters which significantly affects the value for money position, the presumption be that the in-house service provision continues for a period of not less than 7 years without further Market Testing
- d) Instructs that officers develop a plan to apply the lessons from the Fundamental Service Review and Market Testing across the direct service provision areas
- e) Instructs the Chief Executive to implement, in accordance with the existing delegation from Council, all necessary structural changes to the management structure, including those set out

in paragraph 10.5 in order to ensure that the In-house service improvements set out in this report are delivered effectively and that all savings are realised and further efficiencies are driven out from service realignment

1. Background

Fundamental Service Review

1.1 One part of the Transformation Programme for Oxford City Council is the programme of Fundamental Service Reviews. These are focussed on areas where there were significant opportunities to improve value for money and the quality of service. The first review, leisure services, which was completed in March 2009 led to the formation of the partnership with Fusion Lifestyles to manage and develop the Council's leisure facilities.

1.2 The second review identified was to focus on the operations of City Works.

1.3 Early analysis suggested that the specific area most in need of review was recycling and waste. This was due to its size, complexity, interrelation with depot and fleet management and the apparent high cost of the service to deliver a modest and static recycling rate based on the 2008/09 outturn figures. There was also a lack of clarity about how to drive improvements in value for money. Subsequently the market testing of recycling and waste services was approved in the Corporate Plan for 2009/10, with a budget saving in 2010/11 of £300k being identified.

1.4 Whilst this report focuses on the market testing of recycling and waste collection operations, the Fundamental Service Review (FSR) covered all other associated areas including depot, fleet management and strategic commissioning functions which have also been reviewed.

1.5 During the review in excess of £600k of savings have already been realised in the 2010/11 budget. This has arisen from :-

- Increases in productivity
- Improvements in service design
- Reductions in depot and fleet overhead costs

1.6 At the same time services have been improved most notably with the introduction of the first phase of weekly food waste recycling to 15,000 households, the elimination of side waste from our streets and exceeding the 40% recycling rate from November 2009.

1.7 The FSR also included the procurement of materials recycling services to complement the adopted service design. The outcome of that procurement has been reported separately and is neutral in respect of the analysis of collection options.

1.8 Overall, the Fundamental Service Review is expected to deliver savings of around £1m, improve our recycling to over 50% and exceed our carbon reduction targets for the service.

Market-Testing and the Procurement Process

1.9 The Council has recently updated its Procurement Strategy, "Procurement, Commissioning and Supplier Management Strategy (2010-2014)"

<http://www.oxford.gov.uk/Direct/ProcurementCommissioningandSupplierManagementStrategy201014.pdf>

1.10 The principles set out in this and its predecessor, have been reflected during the market testing exercise. We have sought to provide the Council with the very best market offer to seek to meet the Council's requirements.

1.11 A "Market Testing" procurement was chosen in this case rather than "Outsource", as there was a viable in-house provider and the Council wished to better understand the private sector offers so that it could test whether the in-house service offered Best Value, rather than acting on the basis that it was predetermined that an outsourced solution was most appropriate. At all times the external suppliers were informed that the Council reserved the right to make no award of contract at the conclusion of the market testing exercise, although the Council now clearly holds the right to make such an award should it choose to do so.

1.12 A Competitive Dialogue (CD) form of market testing was identified as being the most appropriate procurement model in this case. This route maximised the opportunity for dialogue around collection methodologies, methods of working and contract structures.

1.13 During the CD process as well as the traditional outsource model different contractual methods were explored. The aim being to maximise the benefit to the Council and potential partners from working together and utilising the best of both the public and private sectors.

1.14 In December 2009 the City Executive Board resolved that bids should be invited on both the traditional outsourced and Managed Service (MS) models.

1.15 With the outsourced model all relevant staff would transfer to the contractor, the contractor would supply the fleet and would be free to use the Council's depot and fuel supply or not.

1.16 With the managed service the workforce would remain the employees of the City Council with only the managers transferring to the contractor. The contractor would use the Council's depot and fuel supply. However they may source that fuel for the Council. The Council would purchase and own the fleet. The contractor would operate the fleet. The Council would set policy and provide the client functions. The contractor runs the operation in the most efficient means within the terms of the contract which appropriately applies risk and reward.

1.17 This MS model is a unique solution negotiated through the CD process to meet the Council's requirements in respect of services and optimise impact on the rest of the Council.

1.18 Managed services are not common in waste and recycling services where most procurements have gone direct to outsourcing. The London Borough of Bexley had a managed service for similar services but has now outsourced the service. Managed services are more common within the NHS where a range of non-medical services have been provided. Managed services are most commonly applied where there is a desire to bring in external expertise to drive service improvement and change service delivery culture without compromising entirely the culture of the host organisation.

1.19 In developing this solution we have been mindful of the experiences of others and the guidance set out in the CLG document *Service Transformation through Partnerships*. <http://www.communities.gov.uk/documents/localgovernment/pdf/151462.pdf> We have also been supported by the law firm Lawrence Graham who have expertise in novel solutions in the

public sector. A statement about the robustness and lawfulness of the procurement process is included in Appendix 1.

1.20 In December 2009 following extensive option reviews, the Council adopted its new recycling and waste service which provides the optimum balance between cost, recycling rate, carbon impact and customer satisfaction. This has been used for the final stages of the competitive dialogue and financial offers from the bidders and is also the basis on which the in-house team would operate. That scheme is essentially

- Fortnightly collection of co-mingled dry recyclables
- Weekly collection of food waste
- Fortnightly collection of residual waste
- Free fortnightly collection of garden waste
- Free bulky waste collections

1.21 The new scheme will deliver significant savings, reductions to carbon footprint and increased recycling rate and drive customer satisfaction whoever ultimately delivers the service.

In-house “Comparator”

1.22 Building on the work during the FSR the in-house team have continued to develop the in-house service. This takes the improvements achieved over the past year and applies them to the new service solution. The in-house offer has been technically vetted by an independent person who has expertise in recycling and waste productivity analysis and the financial model has been checked for completeness by the Council’s internal auditors Price Waterhouse Cooper (PWC).

1.23 The key aspects of the revised in house service (the in house comparator) is that it is a relatively low risk, low in capital investment, efficient solution tailor made to meet the unusual requirements that the diverse nature of Oxford demands. An outline of the In-house comparator is set out in Appendix 2.

2. Evaluation and comparison

2.1 As this is a market testing exercise there is no “in house bid” and there is thus no requirement to evaluate the in house comparator directly against the external bids, nor indeed to make any award at all.

2.2 The principal test is that of achieving Best Value for the Council and tax payers from the overall evaluation of the market offers and then deciding whether the best of those has sufficient advantages over the in house service to persuade the Council to change from in house provision of the service.

2.3 In view of this we first evaluated the market bids and then compared the best market offer with the in-house comparator.

2.4 The evaluation of the market bids has been carried out using the scoring mechanism first outlined at the initial stage of the procurement. This has remained consistent throughout the process. The high level scoring matrix is set out in Appendix 3.

2.5 The scoring mechanism is broadly composed of 60% marks for quality and 40% price. This is a ratio commonly applied in such procurements and is consistent with our procurement strategy.

2.6 The financial analysis was executed by the Head of Finance. The methodology was appraised by both our technical advisers and our internal auditors PWC.

2.7 The quality scores were applied by a panel consisting of the Head of Procurement, our external technical advisers WYG and our consultant who provided support throughout the FSR. To demonstrate fairness and probity, City Works employees were not asked to score.

2.8 The outcome of the combined evaluation of financial and quality score is shown below :-

Bidder	Outsource score	Managed Service score
A	2256	2276
B	2083	2022

2.9 From this it can be seen that the best overall fit with the Council's requirements is the proposal based on the Managed Service from Bidder A.

2.10 An outline of this proposal is given in Appendix 4. In operational terms, the most significant difference between the In-house comparator and the Bidder A offer is the way in which food waste is collected. Bidder A proposes to collect the food waste in pods on new combined waste or recycling lorries. This is an efficient method successfully being engaged in a number of areas including South Oxfordshire. However, it is largely untested in dense urban areas.

2.11 The In-house team have opted to combine the currently under utilized garden waste rounds with food in one week and collect food with specialist small food waste vehicles in the alternative week. These specialist vehicles are already in the fleet and were funded via a grant from the Waste Resources Action Programme. The In-house team may move to podded vehicles if they offer advantages once the waste outputs from the revised scheme are known. It would seem risky to implement until detailed waste arising statistics are known as it could lead to an inefficient operation if the rates of different waste types are different than estimated.

2.12 A unique feature of the In-house comparator is the proposal to move to a 4-day, Tuesday-Friday collection week. This reduces the number of weeks when the service needs to be adjusted for public holidays, thereby reducing costs, improving customer satisfaction and enabling efficiencies in the vehicle workshops.

3. Comparison with In-house Comparator

3.1 The next stage is to compare the best market bid with the in-house comparator.

3.2 This has been conducted by examining which option provides the most advantageous solution to the Council over the seven year life of the contract. This exercise has focussed on price, risk and opportunity.

3.3 In respect of price, the detailed financial analysis by the Head of Finance has concluded that the In-house comparator would operate at a lower cost. A summary of this analysis is provided in the confidential section of the agenda for this meeting.

3.4 Comprehensive risk registers have been maintained for the whole Fundamental Service Review, the Market Testing exercise and have been compiled for the bids and the in-house comparator. A summary of the key risk issues options for Bidder A MS and In-house Comparator are shown in Appendix 5.

3.5 The MS proposal offers the opportunity to transfer risk in respect of the issues identified in Appendix 4. However, the MS proposal also limits the potential for the Council to benefit from efficiency savings which can be achieved within the service and from integration with other services provided by the Council. Accepting the MS solution would also cause the shifting of irreducible overheads to other services, making those services more expensive and not making the most efficient use of overhead costs.

3.6 The MS provider would no doubt be keen to explore possibilities of drawing additional services into the MS arrangement but any significant change would have to be subject to a separate procurement exercise.

3.7 The MS option does provide other, as yet uncosted, opportunities to be explored. For example, intensifying use of the motor transport service through providing services to others. This opportunity is more difficult to realise in-house due to the restrictions of the Council trading in the private sector. However, if retained in-house, this and other opportunities will be explored to reduce costs further. The MS offer provides for a share potential in identified efficiency gains. However, even when taking these into account, the In-house offer still provides the most economically advantageous solution.

3.8 The In-house comparator does provide for greater flexibility if service changes including reductions are required without the potential for compensation payments.

3.9 With the In-house comparator, the major service risks remain with the Council. These and the mitigation identified are set out in Appendix 5. Essentially the mitigation falls into four parts.

1. Strengthening the leadership and management of the In-house service provision
2. Resourcing the “commissioning function” so that there is clear accountability for policy, strategy, budget and delivery
3. Moving the provider function into a trading account regime to provide transparent control over operational spending
4. Workforce commitments to productivity levels achieving the efficiencies in the comparator and understanding the consequences of failure.

4. Equalities Issues

4.1 Both in-house comparator and the Bidder A MS bid comply with the Council’s equalities policy and in particular provide for the Living Wage.

4.2 Service equalities issues are dealt with in the service design and have been addressed in the City Works Service Transformation Plan for 2010/11.

5. Environmental Issues

5.1 Both the in-house comparator and the Bidder A MS proposal comply with the Council's environmental policies and exceed the target for carbon reduction initially set for this project. The total reduction taking into account the recycling of waste and in particular food waste will exceed the numbers quoted elsewhere in this report. Both proposals meet our recycling targets.

6. Risk

6.1 A risk assessment of this report and the recommendations are set out in Appendix 6.

7. Financial Implications

7.1 The recommended option delivers the savings in the 2010/11 budget. It is anticipated that the full implementation of the revised scheme will exceed the budgeted figures and that the Fundamental Service Review overall will produce savings of around **£1m** per annum from 2011/12, compared to the 2009/10 budget.

7.2 In the current year (2010/11), there will be savings of around £200k against the agreed budget. This will be used to fund the implementation of the changes identified in this report relating to corporate changes beyond the recycling and waste changes themselves which are funded within comparator costs.

8. Legal Implications

8.1 See Appendix 1, a letter from our specialist advisors Lawrence Graham (LG). It is possible that either of the bidding companies may challenge the recommended course of action. We are confident that we can robustly defend the recommendation.

9. Conclusions

9.1 The Market Testing exercise has identified the best market solution to meet the Council's requirements. That is the MS proposal from Bidder A. Their proposal meets the Council's requirements at a competitive price and presents the opportunities for risk transfer, bringing in new management for the function and the possibilities of further savings through exploiting their ability to trade.

9.2 The In-house comparator also meets the Council's requirements and provides the most advantageous solution. With the in-house comparator, risk is retained within the Council, however, so is opportunity. It is my view that in certain areas, in order to ensure that the service can be delivered within price, the proposal is somewhat conservative and further cost reductions could be driven out.

9.3 The key issues for the Council are therefore:

- Do we believe that the cost advantages and opportunities outweigh the retained risks, and
- Can the Council strengthen the management of the commissioning and delivery of recycling and waste services so as to deliver the In-house comparator?

9.4 The Corporate Management Team have considered these questions and have concluded that on balance, the continuation of the provision of the service in-house provides best overall value for money and should be pursued provided that we can strengthen management arrangements. We also believe that the answers to the management challenges posed can largely be met from within the Council and subject to a number of changes in structure and reporting lines we can achieve the safe implementation of the recycling and waste In-house Comparator and drive further efficiencies and savings across the Council.

9.5 The changes proposed are:

- Form a single Direct Services Team including recycling and waste, street scene, highways and engineering, and building maintenance
- Setting up the budget for all of the Direct Services operations on a Trading Account basis
- Form a Commercial Operations Board to oversee and hold to account the Direct Services Team to ensure delivery of the trading account of all elements of internally traded work
- Moving to a single depot, and stores operation to support that new team
- Moving the non-maintenance delivery elements of the housing landlord function to a new combined Housing and Communities Team
- Combining the maintenance and property related functions of Oxford City Homes with the Asset Management function
- Combining the contact centre operations currently within Oxford City Homes with the Customer Services Team, creating one generic front of house and call centre service
- Forming a commissioning unit reporting to the Executive Director City Services for all services provided by the Direct Service operation
- Further explore the potential for wholly owned or a joint venture vehicle to enable trading in the market by the Direct Services Team
- Move administrative transactions and processing functions currently within City Works and Oxford City Homes into a combined corporate shared services units for Finance and People & Equalities.

9.6 There are a number of lessons arising from the FSR and Market Testing of recycling and waste services particularly for other direct service areas operated by the Council.

9.7 These are:

- The importance of a robust commissioning function which enables the Council to be very clear about its requirements and the workload to be delivered
- The need for well developed leadership and management of the provider function with a focus on cost control and performance
- The power and effectiveness of base budget reviews allied to delivering the Council's requirements and workload
- The control that can be exerted on provider budgets by the use of Trading Accounts
- The importance of external challenge and benchmarking to understand strengths and weaknesses
- Some things are better delivered through an external provider – in this case, the Materials Recycling Facility. A good procurement exercise can drive down cost and still deliver on the Council's social, environmental and other aims

- Where there is a market in which we could trade to improve value for money but for the legal restrictions, we should explore the alternative structures to enable that trading to take place
- Our current department splits have led to duplication and inefficient support services and inconsistent Finance systems have created a weaker than necessary controls environment.

9.8 It is the view of the Corporate Management Team that we should apply these lessons in the implementation of the In-house comparator and also in direct service delivery across the whole Council to drive further savings and that a series of consequential changes to structure and reporting lines are required to achieve this.

9.9 The In-housing option implementation gives an opportunity to make further savings from shared services and structure redesign which will help significantly towards meeting the efficiency targets set in the Medium Term Financial Strategy for transforming corporate and shared services.

10. Recommendations:

10.1 That the City Executive Board:

- a) Notes the results of the Market Testing exercise for the collection of Recycling and Waste
- b) Resolves that on the basis of the evaluation of the external bids and fully recognising the Council's best value obligations, it shall exercise its right to make no award of contract to either tenderer in regard to a waste and recycling collection service.
- c) Notes that subject to the agreement with the Trade Unions being maintained, the delivery of the in-house plan, the adherence to the Trading Account provisions and any unforeseen matters which significantly affects the value for money position, the presumption be that the in-house service provision continues for a period of not less than 7 years without further Market Testing
- d) Instructs that officers develop a plan to apply the lessons from the Fundamental Service Review and Market Testing across the direct service provision areas
- e) Instructs the Chief Executive to implement, in accordance with the existing delegation from Council, all necessary structural changes to the management structure, including those set out in paragraph 9.5 in order to ensure that the In-house service improvements set out in this report are delivered effectively and that all savings are realised and further efficiencies are driven out from service realignment

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List of background papers: None that have not already been placed in the public domain

Version number: 2.2

Appendix 1

Your ref.
Our ref. JXB/IT/27
Doc. number 9552119.1
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Jeremy Thomas
Head of Law and Governance
Oxford City Council
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BY EMAIL : jthomas@oxford.gov.uk

7 April 2010

Dear Jeremy

Recycling and Waste Collection Services Market Testing (the "Services")

Lawrence Graham has provided advise and support to the Council's project team in relation to the market testing of the above Services through out the procurement process.

It is our view that the Council has carried out a robust procurement process in full compliance with the Public Procurement Regulations and recommended policy and practise.

The procurement has involved a consistent, objective and transparent evaluation process.

All tenderers have been treated equally and fairly and all tenders have been evaluated against objective evaluation criteria at every stage of the procurement process.

Every effort has been to keep all tenderers informed at every stage at the process and feedback provided to those unsuccessful tenderers.

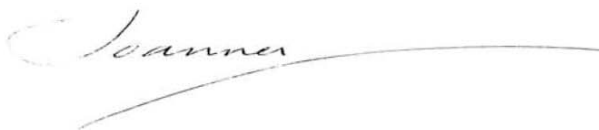
The Council currently provides these Services in-house. The in-house team were not invited to submit a tender.

If the Council determines not to award a contract at the conclusion of the procurement process, the Services will remain in-house.

Clearly, the Services can be subject to further market testing in the future to satisfy the Council that the in-house provision represents best value.

Kindest regards

Yours sincerely



**JOANNA BUSSELL
LAWRENCE GRAHAM LLP**

Appendix 2

In-House Service Provision

Council - operations:

Employs workforce
Employs management and supervision
Provides depot
Provides stores

Council - Commissioning:

Provides customer interface
Sets policy
Reviews performance
Controls budget

Council depot, fuel, stores,
fleet repairs & maintenance

'Ring fenced'
Recycling and Waste
operations funded
through Trading
Account

Commissioning -
Policy, Strategy, Performance,
Communications, Budgeting
seperated from operations

Council retains risk:

- Absence management
- Fleet management
- Fuel costs
- Productivity levels
- Recycling Credits - upside as well
- Pensions
- Terms and Conditions
- Health and Safety
- Demand risk
- Cost of changes to services

Operational Offer:

- Early implementation of the Council's adopted recycling and waste collection scheme, including early implementation of food waste recycling collections across the city
- Four day (Tues-Fri) recycling and waste collection services. Reducing the need for service modifications and disruption to the public due to Public Holidays and reducing service costs due to weekend working
- Maximising usage of existing fleet and therefore minimising capital requirements
- Food waste collected in one week in specialist small food waste collection vehicles already provided through WRAP funding and the alternative week with garden waste. The garden waste rounds being currently low productivity
- High productivity rates based on intimate working knowledge of the city

Appendix 3

CONTRACT AWARD CRITERIA

The over-arching award criteria are as follows:

<u>Rank No.</u>	<u>Criterion</u>	<u>Weighting</u>	<u>Scoring</u>
<u>1</u>	Demonstrable experience and capacity and plans to provide an excellent service to residents with high level of customer satisfaction throughout the life of the contract working with the Council to deliver waste targets	<u>25</u>	<u>250</u>
<u>2</u>	Overall Financial offer over the life of the contract providing budgetary certainty within a clearly articulated and costed risk sharing arrangement	<u>40</u>	<u>400</u>
<u>3</u>	Developed proposals with agreed targets that reduce the carbon footprint of the service and reduce the long term environmental impact for the City	<u>10</u>	<u>100</u>
<u>4</u>	Cultural and business fit of organisation to Council's policies and aims – optimising the offer to meet the Council's requirements and drive the desired outcomes	15	150
<u>5</u>	Commercial issues – clearly understood, articulated and costed <ul style="list-style-type: none">- Flexible and transparent approach to dealing with unexpected and Council imposed changes through partnership approach- Optimisation of potential for joint venture	<u>10</u>	<u>100</u>
	<u>Total</u>	<u>100</u>	<u>1000</u>

Total marks available: 1000

These criteria are further detailed and broken into sub-criteria. The tender submission includes a response to each section.

Appendix 4

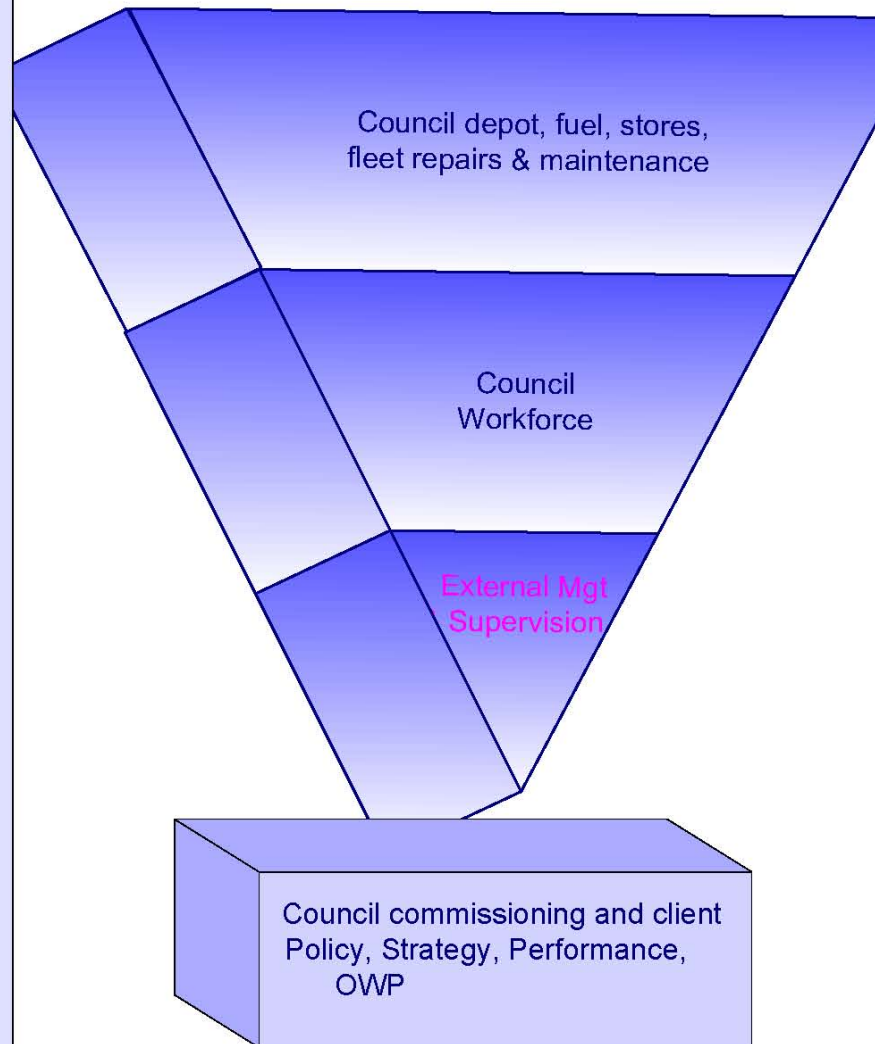
Bidder A Managed Service Option

Council:

Employs workforce
 Buys and owns fleet
 Provides depot
 Runs fuel store
 Provides stores
 Provides customer interface
 Sets policy, strategy, collection methodology etc.
 Discipline stage 3
 Grievance stage 3

Takes risk on:

Long-term sickness
 Workforce changes
 Fleet availability (due to spares & repairs etc)
 Depot R&M and its utilities
 Recycling rate upside 50%
 Workforce T&Cs
 Workforce pensions
 Overall H&S
 Latent defects with fleet
 Fuel available and quality of fuel
 Stores available (sacks, bins etc.)
 Lose future unrevealed gains
 Indexation of fee vs reality
 Efficiency of MT service
 Efficient stores
 Lost and stolen bins
 Demand risk on special collection
 Council originated changes of service
 Managing a unique model
 Workforce co-operation
 Contractor impact on reputation
 Client side not well run
 Client side no well managed
 Any unallocated risk or unknown
 E.T outcomes



Contractor:

Employs managers and supervisors
 Manages workforce on day to day basis
 Occupies part of depot
 Runs fleet
 Bulk buys fuel and other stores for us
 Invests in new technology
 Implements more efficient solution
 Disciplinary stages 1&2
 Grievance stages 1&2

Takes risks on:

Delivery within cost envelope:
 Number of operatives required
 Fuel required and price (subject to indexation)
 Fleet requirements
 Recycling rate floor (50%)
 Cost of fleet repairs and maintenance
 Absence management
 Training
 Operational H&S
 Bins damaged or lost during collection
 Demand risk (excluding special collections)
 Contractor originated change

Appendix 5

Waste Recycling FSR - Options Risk Register

No's	Risk, Issue or Opportunity	Risk Source Category	Service Option	Probability	Impact	Gross Risk Score	Proximity	Risk description	Risk response	Risk owner	Response owner	Target Date	Revised Probability	Revised Impact	Residual Risk Score	Status
1	Risk	5	In	3	3	9	Long Term	In-House - Lack of contract enables more frequent un costed changes which impact on cost and allows budget to drift	Separate out "client" function to approve service changes. Operations team costs proposed changes. If not approved by client no increase in payment into the trading account	TS	TS	May-10	1	1	1	Open
2	Risk	4	In	3	3	9	Long Term	Previous management culture returns. Lack of drive to deliver the comparator and innovation	Strengthen operational leadership and management. Strengthen cost accounting support the operations. Agreement with Trade Unions regarding productivity. Introduction of trading accounts to prevent cost drift	TS	TS	May-10	1	2	2	Open
3	Risk	4	In	2	4	8	In year	In house comparator not deliverable in practice.	Trial methodology before completing comparator. Productivity levels independently reviewed. Agreement with Trade Unions. Additional external support costed in comparator	DW	DW	May-10	2	3	6	Open
4	Risk	2	In	4	2	8	Long Term	Market providers unwilling to participate in market testing in future	Demonstrate a fair and not predetermined process.	TS	SH	Apr-10	2	2	4	Open
5	Risk	3	In	5	3	15	Long Term	Cost risks eg fuel, remain with Council	Optimise fuel purchasing arrangements (costs through indexation flow back to Council with Managed Service solution)	TS	TS	Apr-11	5	1	5	Open
6	Opp	1	In	3	2	6	Long Term	In house comparator conservative to ensure that can be delivered within price - possible future savings from eg improved rounding and fuel use	Revised management structure, trading account structure, savings pressures. Additional support costed in comparator	TS	TS	Dec-10	4	3	12	Open
7	Risk	4	Mgd	3	3	9	Long Term	Lack of local knowledge - applies model not applicable to Oxford. Assumptions around waste and performance false. Cost contained by contractor in short term but long term impacts on contract	Procurement processes. Conditions of contract. Strong client	TS	TS	Apr-10	3	2	6	Open
8	Risk		Mgd	4	4	16	Long Term	Lack of cultural fit leads to disputes with client, other departments and partners. Lack of workforce cooperation.	Careful selection through competitive dialogue process. Council being clear about requirements. Careful examination of managed service risk allocation, rights and responsibilities. Seek new workforce agreement	TS	TS	Aug-10	3	3	9	Open
9	Risk	4	Mgd	3	3	9	Long Term	Managed service complex to manage in practice - disagreements about risk allocation.	Careful examination of managed service risk allocation, rights and responsibilities. Allocation of additional HR resource in year 1. Well resourced and supported client side.	TS	TS	Aug-10	2	2	4	Open
10	Risk	4	Mgd	4	2	8	Long Term	Pay and conditions and pension risk remains with Council	Council budgeting processes. Agreement re: Terms and Conditions with Trade Unions. Single Status agreement	TS	TS	Mar-10	4	1	4	Closed
11	Opp	4	Mgd	3	1	3	Long Term	Further savings ideas identified in bid materialise	Incentivise contractor to innovate and reduce costs further. Strong client to capture savings	TS	TS	Aug-10	4	2	8	Open
12	Risk	4	Mgd	5	1	5	Long Term	Further savings ideas not identified in bid materialise and contractor retains	Strong client, good relationship with contractor. Seek fair sharing of risk and reward	TS	TS	Aug-10	3	2	6	Open
13	Risk		Mgd	3	2	6	Long Term	Council changes incur costs that would be avoided inhouse	Minimise Council Changes. Make sure fully costed and understood. Try to negotiate win-win	TS	TS	Dec-10	3	1	3	Open
14	Risk		Mgd	4	3	12	Long Term	Novel solution costly to implement. Managing Council's workforce causes problems	Workout protocols for operation. Involve workforce - seek new workforce agreement	TS	TS	Aug-10	3	3	9	

Appendix 6

CEB Risk Register

CEB Report – Outcome of Recycling and Waste Collection Market Testing
 Author – Tim Sadler, Executive Director City Services

Date – 21st April 2010

No.	Risk Description Link to Corporate Obj	Gross Risk		Cause of Risk	Mitigation	Net Risk		Further Management of Risk: Transfer/Accept/Reduce/Avoid	Monitoring Effectiveness				Current Risk	
Risk Score Impact Score: 1 = Insignificant; 2 = Minor; 3 = Moderate; 4 = Major; 5 = Catastrophic Almost Certain													Probability Score: 1 = Rare; 2 = Unlikely; 3 = Possible; 4 = Likely; 5 = Almost Certain	
		I	P		Mitigating Control: Level of Effectiveness: (HML)	I	P	Action: Action Owner: Mitigating Control: Control Owner:	Outcome required: Milestone Date:	Q 1 ☹	Q 2 ☹	Q 3 ☹	Q 4 ☹	I P
1	Have not identified the best market offer	3	3	Incorrect or flawed evaluation	Robust procurement. Competitive Dialogue. Market bids Evaluation criteria. Robust market regime	1	1	Tim Sadler	March 2010					
2	Have not identified most economically advantageous solution	3	3	Incorrect or flawed analysis	Analysis by head of Finance with external support External support provided by PwC & WYG & LG Analysis of technical and quality sections Review by Corporate Management Team	1	1	Penny Gardner Jane Lubbock Jane Lubbock Tim Sadler	March 2010 March 2010 March 2010 March 2010					
3	Recommended solution is not delivered or unsure	3	3	Solution not thought through or tested. Unintended consequences	External specialist support to steer In-house Comparator. Proposed solution	2	2	Tim Sadler	May 2010					

No.	Risk Description Link to Corporate Obj	Gross Risk		Cause of Risk	Mitigation	Net Risk		Further Management of Risk: Transfer/Accept/Reduce/Avoid	Monitoring Effectiveness	Current Risk					
Risk Score Impact Score: 1 = Insignificant; 2 = Minor; 3 = Moderate; 4 = Major; 5 = Catastrophic Probability Score: 1 = Rare; 2 = Unlikely; 3 = Possible; 4 = Likely; 5 = Almost Certain															
		I	P		Mitigating Control: Level of Effectiveness: (HML)	I	P	Action: Action Owner: Mitigating Control: Control Owner:	Outcome required: Milestone Date:	Q 1 ☹ ☹ ☺	Q 2 ☹ ☹ ☺	Q 3 ☹ ☹ ☺	Q 4 ☹ ☹ ☺	I	P
				arise	trialled. Separate out commissioning and delivery. Strengthen delivery management, move to trading accounts, Agreement with Trade Unions. Productivity and methodologies tested										
4	Challenge by dissatisfied bidder	3	3	Bidder not satisfied with the outcome of the tender process. Tying up management time and incurring legal costs	Council has carefully complied with the EU public procurement directives and public law requirements throughout the process and bought in professional external specialist advice to support the project. Ability to close down challenges quickly.	3	2	Jane Lubbock	April 2010						