

Ref PHD 020/09

Subject:	WASTE MANAGEMENT Programme – Extension of Scope to include Radio Frequency Identification (RFID) for Trade Waste
Responsible Officer:	Carol Cutler, Director of Business Transformation and Customer Service
Portfolio Holder:	Performance, Communication and Corporate Services Cllr Paul Osborn
Key Decision:	Yes
Urgent/Non Urgent:	Yes
Power to be exercised:	Paragraph 2 (iii) of the Delegated Powers of Portfolio Holders as set out in the Appendix to the Executive Procedure Rules, Part 4D and 3A of the Constitution.
Exempt:	No
Enclosures:	RFID Cost/Benefit Presentation

Section 1 – Summary and Recommendations

Recommendations:

That the Waste Project be extended in scope to include RFID for trade waste, using the technology proposed by Bartec.

Reason:

Contribute to the cleaner, safer streets agenda by introducing streamlined Trade Waste Management that will deliver improved business process and improve the environmental condition of the borough

Section 2 – Report

2.1 Introduction

The Waste Project Full Business Case was presented to CSB, the BTP Partnership Board, and the Portfolio Holder without the RFID component, as this was subject to further review by the service area.

As part of the approval to proceed, Members were assured that any changes in scope to include RFID would be subject to a full agreement from the Partnership Board and Portfolio Holder.

An outline of the Costs and benefits of the proposed solution is presented at Appendix A.

2.2 Supporting the Corporate Strategy

The programme supports the Corporate Strategy through:

- Contributing to cleaner and safer streets by delivering operational solutions to improve the environmental condition of the borough;
- Introducing new working practices to improve customer service;
- Enabling financial savings and income generation;
- Improving shared business processes;
- Providing real time performance information.

The programme supports the Council's 9 point improvement plan through:

- Improving first impressions with customers through:
 - collecting information once from customers and sharing it with Council service units;
 - providing easily accessible operational and management information.
- Delivering Cleaner and Safer Streets

Other options considered were:

- Introduce a simplified solution which would bring limited benefits to the current end-to-end invoicing process. This is the current solution, and does not include any RFID proposal, but does include the simplifying of Trade Billing;
- To choose between service options for RFID as follows:
 - use Terberg (for RFID hardware) and their preferred partner (Cobham) for Back Office systems;
 - use Bartec as the supplier to reduce the overall complexity of the solution and ensure that there is only one core back office system (Bartec's 'Waste Collector').

The project team have recommended that the Council accept the proposal from Bartec.

2.4 Current situation

No RFID capability is in place for Trade Waste, despite the Council's competitors using comparable systems.

2.5 Why a change is needed

Change is needed in these key service areas to deliver savings and increase revenue, and most importantly to transform their working processes to improve performance, and thereby to meet the Council targets in specific KPIs and customer satisfaction.

If the Council does not introduce a comparable system to other service suppliers, this may lead to customers dumping trade waste on the Council as it is less able to measure and verify trade waste volumes. It will also provide:

- management information to incentivise waste minimisation and recycling;
- the ability to introduce more sophisticated pricing models and an automated invoicing process with itemised invoices;
- assurance that only Harrow owned bins are picked up by operational crews;
- an accurate measurement of the amounts of trade waste being collected and recycled;
- streamline contract management to manage the end-to-end trade process, providing up to date and real time information to Access Harrow for issue resolution at first contact

The case for change does not require the early introduction of charging as efficiencies will still be obtained from the current operation. A decision on charging by weight can be undertaken at a further point in time (and would be subject to Member agreement).

2.6 Recommendation:

That the Waste Project be extended in scope to include RFID for trade waste, using the technology proposed by Bartec.

2.7 Resources, costs and risks

Resources for the project will be within the current BTP and Service Area teams, under the BTP Partnership framework.

Initial risks have been assessed as follows:

- the solution may incorrectly be viewed as a pre-cursor to the Council introducing RFID for domestic waste;
- the addition of RFID may impact successful delivery of the rest of the programme;
- the programme will increase in complexity and may require more extensive testing and user training.

2.8 Staffing/workforce

Development and delivery of the programme will be provided by Capita.

The impact of development of the solution, and training, on Harrow staff has been detailed, and assumed within the overall cost of the project.

Any changes to staff numbers and terms of employment will be subject to consultation and negotiation with Unions.

2.9 Equalities Impact

There are no specific equalities issues related the report or recommendations. A full Equalities impact assessment will be completed as part of the programme. A Privacy Impact Assessment will be completed if required.

2.10 Legal comments

The programme has been progressed under the Business Transformation Partnership. Outline and Full Business cases for the original Waste Project have been approved in line with contract requirements. This report fulfils the instruction to report back any change in scope of the system to include RFID for Trade Waste.

Appropriate technical and organisational policies will be in place to ensure compliance with Data Protection Act.

2.11 Financial Implications

The 10 year project cost are £556k, including MRP. There will be operational savings/efficiencies of £990k over 10 years. Net benefit of £434k will be obtained, with project costs paid back in 5.6 years.

The capital programme for 2009-2010 includes the capital investment for RFID for Trade Waste, and the medium term revenue budget includes the anticipated net savings arising from 2010-11 onwards.

The Council has full visibility of the Financial Model based on the open book principles of the original Partnership Contract. This includes full visibility of third party supplier costs and the Capita margin and overhead. The work will be undertaken at a fixed price based on the agreed specification.

Benefits will be tracked using the BTP's established benefits management process involving the use of signed benefit cards, and monitored by the BTP Benefits Board chaired by the Director of BTP and Customer Services and attended by the Divisional Director of Finance & Procurement.

2.12 Environmental Impact

Waste management operations accounts for approximately a third of the council's carbon dioxide emissions from its fleet operations. Optimising routes should mean a reduction in emissions and help the council deliver its climate change strategy.

NI 185 measures the carbon dioxide emissions from council operations and this proposal should help to deliver reductions in this area.

2.13 Performance

Indicators	Current Performance	Impact
NI 195a Improved Street and Environmental Cleanliness (Litter)	Actual – 18.54% 08/09 Target – 15% 09/10 Target – 13% 10/11 Target – 12% Polarity ↓ is good	The system will provide a positive effect on the indicator, but given the number of other factor this is difficult to quantify.
NI 195b Improved Street and Environmental Cleanliness (Detritus)	Actual – 22.81% 08/09 Target – 20% 09/10 Target – 16% 10/11 Target – 12% Polarity ↓ is good	The system will provide a positive effect on the indicator, but given the number of other factor this is difficult to quantify.
NI 196 – Fly Tipping	Actual – Very effective Target – Very effective	Given that other suppliers of the service have RFID, the Council must be aware of the potential negative impact on fly tipping levels as trade customers can no longer dump their waste on the Council.
NI 193 – Land Fill	Actual – 61.40% Target – not available	The impact on the land fill is difficult to assess but is viewed as neutral. It will demand vigilance in controlling potential fly tipping.
Reduction in Avoidable Contact NI14	Currently being measured to provide a baseline	Although there is not a high level of contact with trade customers through Access Harrow, there will be a significant reduction in queries on billing and service.
Place Survey Q8 The Quality of Council Services	There is no specific question related to Trade Waste but other refuse questions will be	Given the great impact of waste management performance on customer perception of the overall Council, the project will contribute

Indicators	Current Performance	Impact
	influenced. Sat/Fairly sat	very positively to the Council's overall rating of customer satisfaction in this area (esp. Q 8 /1228 Refuse Collection).
Value for Money Indicators	N/A	The increase in useful management information in this area will support future analysis of costs and VfM.

Section 3 - Statutory Officer Clearance

Signature:

Name: Steve Tingle on behalf of
Chief Financial Officer

Date: 24rd July 2009

Signature:

Name: Hugh Peart on behalf of the*
Monitoring Officer

Date: 24rd July 2009

Section 4 – Performance Officer Clearance

Signature:

Name: Tom Whiting on behalf of the*
Divisional Director
(Strategy and
Improvement)

Date: 24rd July 2009

Section 5 – Environmental Impact Officer Clearance

Signature: e-mail clearance

Name: Andrew Baker on behalf of the*
Divisional Director
(Environmental
Services)

Date: 24rd July 2009

Section 6 - Contact Details and Background Papers

Contact: Carol Cutler, Director of Customer Services & BTP, Ext: 6701

RFID Cost/Benefit Presentation

Signature: Tom Whiting (on behalf of)

Position: Director of Customer Services & BTP

Name (print) Carol Cutler

Date: 23rd July 2009

For Portfolio Holder/Leader

- * I do agree to the decision proposed
- * I do not agree to the decision proposed
- * Please delete as appropriate

Notification of personal interests (if any):

(Note: if you have a prejudicial interest you should not take this decision)

Additional comments made by and/or options considered by the Portfolio Holder

Signature:

Portfolio Holder

Date: