

Project Appraisal and Scrutiny Committee Recommendation

Project Name	Route Optimisation Software
Committee	Environment
Portfolio	Environment & Waste Services
Committee Date	11 January 2011
Executive Councillor	Mike Pitt
Lead Officer	Chloe Hipwood

Recommendation/s

Financial recommendations –

- The Executive Councillor is asked to recommend this capital scheme (which is not included in the Council's Capital Plan) for approval by Council, subject to resources being available to fund the capital and revenue costs associated with the Scheme. The total capital cost of the project is £15,000, and it is proposed that this funded from the Efficiency Fund.
- The revenue costs of the project are £3,600, these are to be funded from the Efficiency Fund in 2011/12 and from the base budget in following years.

Procurement recommendations:

- The Executive Councillor is asked to approve the carrying out and completion of the joint procurement of route optimisation software.
- If the quotation or tender sum exceeds the estimated contract value by more than 15% the permission of the Executive Councillor and Director of Finance will be sought prior to proceeding

1 Summary

1.1 The project

The project is a contribution to the development of a compatible in-house route optimisation capability for the RECAP partnership and

undertaking route optimisation in waste services within the two partner areas of Cambridge City and Huntingdonshire. The project will also include developing and agreeing a strategic approach to partnership route optimisation in support of advanced partnership working.

Target Start date	November 2010
Target completion date	April 2011

1.2 The Cost

Total Capital Cost 2010/11	£15,000
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Capital Cost Funded from:

Funding:	Amount:	Details:
Reserves	£	<i>Capital bid reference</i>
Repairs & Renewals	£	<i>R&R <u>Cost Centre</u> number</i>
Section 106	£	<i>S106 <u>Cost Centre</u> number(s)</i>
Other	£15,000	<i>City Council Efficiency Fund</i>

Revenue Cost

2011/12	£3,600
Ongoing	£3,600

1.3 The Procurement

Software/licensing and relevant training which meets the success criteria will be procured from an external supplier. A formal joint tender process will be undertaken with the other partner Local Authorities. The total partnership project costs are as follows:

Project Cost Breakdown 2010/11	
Software licensing	£39,290
Training and support	£11,710
Partnership officer time	£20,000
Total resource for project	£71,000

The contribution by Cambridge City Council is estimated to be £10,000 in 2010/11. In addition to this implementation costs where Contender data requires updates will be in the region of £5000, this will ensure that the CSC data is accurate for resident enquiries.

Ongoing revenue budgets will be required for annual support, which is anticipated to be in the region of £3,600 and is dependant on the outcome of any tender process. This will be found from the efficiency fund in 2011/12 and from base budgets in 2012/13 onwards when the requirement for the software will be reviewed.

2 Capital Project Appraisal & Procurement Report

2.1 What is the project?

The first phase of the project will include the routing of refuse collection vehicles in Cambridge City. Route optimisation software has been shown to reduce mileage and therefore CO2 emissions by 10-15% in other local authorities.

The second phase of the project will see strategic mapping of working patterns, cross boundary working and mapping of new developments to ensure that the impacts of growth can be both predicted and managed effectively, reducing capacity wastage.

A one-off consultancy project was considered to meet the immediate routing need however with routing needs being required in relation to major developments such as Clay Farm and Trumpington Meadows and boundary changes for Cambridge in future years, in-house software will prove more cost effective. In addition a shared partner resource will further reduce costs.

Potential savings resulting from route optimisation work in Cambridge City and Huntingdonshire District Council alone have been estimated at £252k per annum, with additional one-off savings of £787k over the next seven years. Comparable savings can be assumed within other partner authorities.

2.2 What are the aims & objectives of the project?

This project supports the vision statement 4: A city in the forefront of low carbon living and minimising its impact on the environment from waste and pollution and has the following aims.

- To procure a route optimisation tool and training package that is compatible with and accessible to all partnering authorities by December 2011.
- To undertake round reviews in domestic and commercial waste and recycling services across Cambridge City by April 2011.
- To undertake round reviews in domestic and recycling services in Huntingdonshire by December 2011.
- Plan an approach to cross boundary/collaborative route optimisation, in support of advanced partnership working.

2.3 Summarise the major issues for stakeholders & other departments?

- Residents – some disruption to refuse & recycling collections may result due to re-routing however day changes will be kept to a minimum. All changes will be well publicised and CSC fully briefed.
- Members – Executive Councillor has been briefed and is in support of the project. Refuse & recycling collections are high profile front line services, it should be noted that resident communication is fundamental to the success of this project for members, full briefings with the Executive Councillor will be undertaken during the decision making and implementation stages of the project.
- CSC – new routes will require updates to information held on computer databases, these will be implemented as part of the project and there are associated costs. New scripts will be devised where required.

2.4 Summarise key risks associated with the project

See appendix B

2.5 Financial implications

- a. Appraisal prepared on the following price base: 2010/11

2.6 Capital & Revenue costs

(a) Capital	£	Comments
Building contractor / works	0	
Purchase of vehicles, plant & equipment		
Professional / Consultants fees		
IT Hardware/Software	15,000	Funded from the Efficiency Fund
Other capital expenditure		
Total Capital Cost	15,000	

(b) Revenue	£	Comments
Supplies & Services	3,600	Year 2 cost funded from efficiency fund. Year 3 found from base budgets through optimisation savings.
Total Revenue Cost	3,600	

There will be a review of software requirement in year 3 or post boundary change as required.

2.7 VAT implications

There are no adverse VAT implications to this project.

2.8 Other implications

Joint procurement with other Local Authorities requires additional stakeholder involvement, which may delay the project.

There are no other known implications.

2.9 Estimate of staffing resource required to deliver the project

Input will be required from both the operational and strategic waste team and corporate ICT team in writing the tender specification in order to meet both corporate, service and partner needs.

2.10 Identify any dependencies upon other work or projects

None.

2.11 Background Papers

RECAP Route Optimisation - Project Initiation Document.

2.12 Inspection of papers

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Appendix B

Risk 1			
Description: Software cannot be identified that is compatible with all partners' business needs, IT and access requirements.			
Impact: Not all partners have access to the tool and therefore cannot be included within any joint route optimisation in the longer term.			
Minimisation	Probability (H/M/L)	Cost	Person Responsible
- Tools previously used/tested by partners are considered and learning obtained. - Partner's needs for the tool are effectively scoped and identified. - Partner expectations in terms of the degree of accessibility to the tool are managed. - Pooled resource considered within objective 4 (point 4).	L	N/A	Chloe Hipwood
Risk 2			
Description: Results of route optimisation within Cambridge City and Huntingdonshire are not implemented due to political sensitivities.			
Impact: Efficiencies cannot be realised within Cambridge City and Huntingdonshire.			
Minimisation	Probability (H/M/L)	Cost	Person Responsible
- Project is approved by Councillors within respective authorities before commencement and Councillors are effectively engaged throughout.	M	Up to £71k – full cost of project	Jas Lally and Malcolm Sharp
Risk 3			
Description: Partners' business needs/situation changes during the course of the project and therefore joint route optimisation is no longer relevant.			
Impact: Limited partner participation in development of plan for joint approach to route optimisation.			
Minimisation	Probability (H/M/L)	Cost	Person Responsible
- Limited mitigation although potential gains from project	L	Up to £4000	JWOG

<p>should be maintained through project communications.</p>			
<p>Risk 4 Description: Lack of ongoing investment to maintain partnership route optimisation capability.</p>			
<p>Impact: Route optimisation software is short-term.</p>			
<p>Minimisation</p>	<p>Probability (H/M/L)</p>	<p>Cost</p>	<p>Person Responsible</p>
<ul style="list-style-type: none"> - Ongoing resource requirements are determined and understood within purchase of route optimisation capability. - Software package is compatible with partner business needs. - Efficiencies are captured and communicated to partners. - Pooled resource considered within objective 4 (point 4). - Negotiation of longer term agreement with provider. 	<p>M</p>	<p>TBD</p>	<p>JWOG</p>