



Recycling Materials Bulking and Sales

PROJECT INITIATION DOCUMENT

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DOCUMENT HISTORY

Document Location:	O:\Business Development\Bulking Project\Key documents
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Version Number	Version Date	Summary of Changes
0.1	03/11/14	Version 1
0.1.1	04/11/14	Mark Woodward comment
0.1.2	11/11/2014	Beth Boughton comment
0.1.3	25/11/2014	Including text from Business Case Report
0.1.4	08/12/2014	Following meeting between SW and BB
0.1.5	09/12/2014	RC changes
0.1.6	15/12/2014	BB and SW comments
0.1.7	18/12/2014	Further comments
0.1.8	15/01/2015	Comments from Project Board

This document requires the following approvals

Name	Job Title	Project Title
Rob Bell	Ubico Managing Director	Project Sponser/Senior Supplier Bulking
Pat Pratley	Deputy Chief Executive (CBC)	Senior User
Steve Read	Head of GJWT	Senior Supplier Marketing

This document has been distributed to

Name	Job Title	Project Title
Dave Baker	GOSS Procurement	Project Team
Tammy Beach	Waste and Recycling (Ubico)	Project Team

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Beth Boughton	Senior Operations Manager (Ubico)	Project Support
Richard Coole	Performance Officer (Ubico)	Project Manager/Project Admin
Chris Finch	Property Services (CBC)	Project Team
Nick Francis	Materials Marketing Expert	Project Team
Des Knight	Finance (CBC)	Project Team
Rachel McKinnon	ICT (for Ubico)	Project Team
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Morag Rose	Business Support Manager (Ubico)	Project Team
Gary Spencer	One Legal	Project Team
Dan Tompkins	Insurance	Project Team
Scott Williams	Strategic Client Officer (GJWT)	Project Support
Shirin Wotherspoon	Legal (for Ubico)	Project Team

1. Project Background

- 1.1 Cheltenham Borough Council (CBC) currently provides a borough-wide kerbside collection of recycling through Ubico Ltd, a company jointly owned by CBC and Cotswold District Council. All dry recyclates are offloaded and bulked at the Swindon Road depot, Cheltenham, which is also Ubico's operational depot for Cheltenham.
- 1.2 Ubico Ltd is a local authority company set up to deliver environmental services to its shareholding Councils through service contracts. The current shareholders are Cheltenham Borough Council and Cotswold District Council. The Cheltenham Borough Council contract commenced on the 1st April 2012 and the Cotswold District Council contract on the 6th August 2012 and both are set for 10 years with a 5 year break clause.
- 1.3 Cheltenham Borough Council has contracts in place with Printwaste for use of the Swindon Road facility (Tenancy at Will) and for the bulking of recycling material collected from the kerbside (paper, mixed cans, mixed glass, kitchen cardboard and mixed plastic bottles), bring sites and through the Swindon Road Household Recycling Centre. The contractor also carries out the sale of the recycled materials; however it is CBC that owns the building. The current contract extension is due to expire in April 2015, with CBC planning to offer Printwaste an extension until October 2015 so that the service can be brought in-house at that time.
- 1.4 Printwaste is currently responsible for offloading stillage vehicles, sorting recycling materials, baling the materials that are collected, liaising with haulage firms for the transport of materials to re-processors and loading haulage vehicles and material marketing. Dry recyclable materials are transported to a variety of destinations depending on the material being recycled with the costs being borne by the re-processors and as such they are classed as 'ex-works'
- 1.5 Printwaste pay an income fee per tonne for each material stream to CBC. The tonnage fee payable is reviewed every 3 months. A per-tonne charge is made for bulking paper and glass which amounts to approximately £45K per annum which is recharged to CBC by Ubico.
- 1.6 Plant and equipment on the site is currently owned by Printwaste.
- 1.7 The Gloucestershire Joint Waste Committee (GJWC) included in its 2014-17 business plan a project "tendering of a new contract for the sale of recyclable material with consideration of the associated bulking and transfer operations in Cheltenham". The GJWT considered two options, firstly a procurement process through a service concession contract and a secondly an option whereby Ubico would take on the dry recyclable material bulking and the Gloucestershire Joint Waste Team (GJWT) having responsibility for marketing and sales of the dry recyclable materials.
- 1.8 The GJWT commissioned the consultants Eunomia to evaluate the relative costs, risks and benefits associated with taking the marketing and bulking of the current kerbside collected dry recyclable in-house. The report concluded that there would be annual surplus of around £71,000 with Ubico running the facility, which could be increased through several options.

- 1.9** The recommendations, which are supported by CBC Cabinet, are expected to achieve a net income to the General Fund up to £92K per annum assuming the purchase of capital equipment.
- 1.10** Under the revised governance arrangements for Ubico, the Managing Director has delegated authority to approve contracts up to £250,000, but in this case it would be a variation to the existing contract which would be reported via the annual business planning process. The Board are however aware of Ubico's plans to expand in this area and support the proposal.
- 1.11** From October 2015, Ubico will be responsible for receiving recycling vehicles into the Swindon Road, weighing in and offloading the vehicles. Ubico will then sort and or/bale or bulk up the materials as necessary ready for sale to the market and will keep accurate records of goods received and loaded on to bulk transport vehicles.
- 1.12** The new operation, whilst not the same as the current services performed by Ubico on site, does share a large number of processes concerning safe material handling and health & safety, so if Printwaste is not willing for the existing staff to transfer to Ubico under TUPE, then Ubico could employ replacement operatives who could be trained to the required standard without the need for significant additional expenditure.
- 1.13** For recycling materials that have been sold 'ex-works' the buyer will send bulk transportation to collect the materials. Ubico will receive and weigh these vehicles, load them accordingly and weigh them on departure, keeping accurate records of goods out. Ubico will also be responsible for other ancillary services such as the transfer and transport to a local bulking/reprocessing facility of food waste.
- 1.14** The constitution of the Joint Waste Committee (JWC) delegates the Councils waste, recycling and street cleansing 'client' functions to the JWT.
- 1.15** The JWT will be responsible for the marketing and sales of dry recyclable materials through procurement contracts. It is anticipated that the contracts would be let over time periods of 6 months to 2 years and include a floor and ceiling price for the particular commodity to mitigate any shortfall in the Councils income if the market crashed. The only down side of such an agreement is that potential additional revenue might not be realised if the commodity value increased dramatically. Through the expertise of a material marketing advisor, the contract terms will be carefully scrutinised by the JWT to ensure that a good balance between protection for CBC and maximising income is found. For the avoidance of doubt selling to the market includes the haulage of materials from the bulking facility to its ultimate destination and is what is known in the industry as 'ex-works'.
- 1.16** As the JWT is not a legal entity it cannot enter into contracts directly itself. For the purposes of this arrangement it is therefore proposed that CBC would be the contracting authority for procurement purposes and would receive the associated income directly.
- 1.17** The JWT will need to demonstrate best value through its procurement process not just from a monetary perspective but also an environmental perspective.
- 1.18** Following review of the Project Initiation Document (PID) by the senior users, it

has been decided that the project's work streams will be split between commissioner (CBC) and provider (Ubico).

Acts as an Introduction to the PID and places the Project in some organisational context. Describes how the project came about (perhaps reference to a Strategic or Programme Plan). If the Project has started by means of a 'Project Brief' many of the following sections are expansions of the briefing material.

2. Project Definition

2.1 Project Objectives

The objectives of the Project are to:

Phase 1

1. Negotiate an approximate 6 month contract extension with Printwaste including lease (end date dependant on operational circumstances i.e. take over on a Friday afternoon preferred)
2. Negotiate purchase price of plant and equipment from Printwaste or purchase from an alternative source
3. Produce a detailed implementation project plan for Ubico Ltd to take on the dry recyclable material bulking operation with effect from October 2015.
4. Produce a detailed implementation project plan for CBC to take back responsibility for the sale of the dry recyclable material and make arrangements for the day to day management of material sales to be undertaken by the Gloucestershire Joint Waste Team (GJWT).
5. Target a net income benefit of at least £92k for CBC (within the bounds of the commodity value market)

Phase 2

Delivery of project plan
Provision of plant and equipment
Procurement of plant and equipment
Business continuity planning
Lease
TUPE
H&S
Potential Recruitment
Training
Licenses
Insurance
Maintenance arrangements
Contractual arrangements for materials sales

Phase 3

Ubico take over the bulking operation
GJWT take over the marketing and management of the material sales
Ongoing monitoring of the performance of the marketing sales

Simple list of the initial objects that the project sets out to achieve. If at project completion all the objectives are met then the project can be considered successful, however in projects with a long timescale objectives often 'drift' and it is incumbent on the Project Board (PB) to have clear sight of the up-to-date Project Objectives. If objectives do change then there is no need to re-write the PID the Project Board minutes should be sufficient.

A 'good' objective should be Specific, Measurable, Achievable, Relevant and Trackable. A clear and precise definition of the objectives gives a greater chance of success.

2.2 Method of Approach (methods and standards to be used)

The project is to be managed using Prince2 methodology and in accordance with Cheltenham Borough Council standing orders, regulations and guidelines.

It is unrealistic at the drafting of the PID to have the entire project planned out in detail. The PB should expect to be informed as to the way the project will be tackled, the approach, and if any standards, policies or procedures will be used. For example, if PRINCE is the basis for the Project Management method but it will be modified to suit particular circumstances then this is the section in which the deviation/modification is described.

2.3 Project deliverables, outcomes or end results

A robust costed implementation project plan leading to Ubico Ltd taking on the dry recyclable and food waste bulking operation and the GJWT to market and manage the material sales from October 2015.

A costed business case that will document the following –

Bulking Operations

Project Management

- Resource requirements
- Risk register
- Issues Log
- Decision log
- Highlight Reports

Operational Service Delivery

- A business case rationale
- A statement of set up costs for CBC for Ubico to take over the bulking operation
- Deliverable cost efficiencies – including cashable and non cashable benefits
- Operation transitional planning and associated costs
- Licenses
- Insurance

- Business Continuity Planning
- H&S
- Training

HR

- Staff Structures/TUPE
- TUPE

Marketing

Legal

- Contract Variation
- Transfer of Assets Agreement (including lease and inventory of all equipment, furniture, ICT, vehicles – if appropriate)
- Lease

Asset Management

- A business case rationale
- *CBC and Printwaste come to an agreement for the purchase of relevant Printwaste plant and equipment on site or an external source is found
- Provision of plant and equipment
- Business Continuity Planning
- Procurement implications

Sale of Materials

- A statement of set up costs for the GJWT to manage the selling of the materials
- Business Continuity Planning
- Procurement implications
- Contracts between CBC and material reprocessors

*A contingency plan will need to be drafted in the event that CBC do not/can not purchase plant equipment from Printwaste or that the equipment is not up to a sufficient standard.

A description of what the project will deliver. This is what the organisation will get in return for the time and money it invests in the project. Ideally couched in terms of 'concrete' project products in order to enable project assurance or the benefits realisation functions to more easily perform their roles.

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2.4 Scope and Boundaries

This project is limited to dry recycling material only in CBC area. Food waste is not within the scope of this project.

This section covers two related areas that either individually or together cause problems in many projects. A statement of 'Project Scope ' should clearly define the extent of the project activity and this should be in terms of what the end users of the project product(s) can expect. Two common causes of project failure are:

1. *Scope creep – where due to lack of control the extent of the project work expands without either additional resources being deployed to undertake it or the users are led to believe that additional facilities will be delivered and they are not.*
2. *Unrealistic expectations – without a clear statement of what is not going to be delivered the users expectations may be, inadvertently, set too high.*

2.5 Constraints

Typical project constraints are:

- | | |
|-----------|---|
| Financial | <ul style="list-style-type: none">• Within agreed project budget• It is anticipated that the materials marketing contracts would be let over time periods of 6 months to 2 years and include a floor and ceiling price for the particular commodity to mitigate any shortfall in the Council's income if the market crashed. |
| Time | <ul style="list-style-type: none">• Current contract with Printwaste runs until April 2015, Printwaste will be given a contract extension up to October 2015. Ubico Ltd and the GJWT to take over running and management of material marketing respectively from October 2015 |
| Resource | <ul style="list-style-type: none">• Project to be managed by Ubico Ltd with work streams to be delivered by Ubico Ltd and CBC, supported by the GJWT, One Legal, GO Shared Services, Audit Cotswold and ICT Shared Services |
| Quality | <ul style="list-style-type: none">• As agreed with project sponsor |
| Security | <ul style="list-style-type: none">• Site security / data security / project security |

No project operates in a business vacuum. The Project Manager will be given certain restrictions that prevent him or her managing the project with a completely free hand. In order to clearly define what these restrictions are the PM is well advised to document the constraints and seek PB agreement via approval of the PID.

2.6 Dependencies and Interfaces

There are dependencies and interfaces with:

Cheltenham Borough Council
Gloucestershire County Council
GJWC
GJWT
Ubico Ltd
Printwaste
GO Shared Services
One Legal
External Suppliers
External Reprocessors

Interfaces are areas where problems are very likely. If a boundary of the project is where some project related 'product' is passed across (i.e. a dependency) work has to be undertaken to ensure that information flows across this boundary so that 'delivery' is made when expected.

If a Project Manager is dependant of the work of another party then this is a risk to the project, however slight, and should be recognised as such.

3. Assumptions

- ◇ CBC agrees with Printwaste a contract extension up to October 2015.
- ◇ Printwaste continues to operate the bulking facility in line with the contract extension until October 2015
- ◇ Ubico Ltd will operate the facility in broadly the same manner as Printwaste
- ◇ The GJWT are able to find reprocessors for the recycling materials on the recycling material market.
- ◇ CBC and Printwaste come to an agreement for the purchase of relevant Printwaste plant and equipment on site or source from external suppliers
- ◇ The relevant plant and equipment is fit for purpose and left in full operational condition at the time of handover to Ubico
- ◇ Current relevant Printwaste staff TUPE transfer to Ubico Ltd or Ubico Ltd recruit externally

In preparing the PID it is almost inevitable that some assumptions will have to have been made by the PM. As these may have a significant bearing on the project time or cost calculations the PB should be made aware of them.

4. Initial Business Case

It is this section of the PID that provides the justification for the project. It defines the costs and benefits associated with this project. It is the primary statement against which the success or otherwise of the project is evaluated.

This section should cover two aspects of the project, the functional and financial criteria.

If there are various options available to provide the business solution then each option needs to have its advantages/disadvantages discussed prior to the preferred option of the PM being revealed.

That Ubico Ltd take over the dry recyclable bulking operation and GJWT take over the marketing and selling of the dry recycling material from October 2015. This will provide CBC with greater value for money, with financial savings of approximately £92,000 per annum (within the bounds of the commodity value market).

This will expand the skills, knowledge and experience within the Ubico business that can be applied elsewhere. It will give a greater level of control to be both CBC and Ubico. It will also provide future strategic benefits to the partnership and cut operational costs, however other financial benefits are dependent on the commodity market.

5. Project Organisation

A list of the people, or posts, on the project management team. If in any doubt as to the function and responsibilities of these roles include agreed descriptions in an appendix.

Project Board

Name	Job Title	Project Title
Rob Bell	Ubico Managing Director	Project Sponser/Senior Supplier Bulking
Pat Pratley	Deputy Chief Executive (CBC)	Senior User
Steve Read	Head of GJWT	Senior Supplier Marketing

Support to Project Board

Name	Job Title	Project Title
Richard Coole	Perfomance Officer (Ubico)	Project Manager/Project Admin
Beth Boughton	Senior Operations Manager (Ubico)	Project Support
Scott Williams	Strategic Client Officer (GJWT)	Project Support

Project Team

Name	Job Title	Project Title
Dave Baker	GOSS Procurement	Project Team
Chris Finch	Property Services (CBC)	Project Team
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Shirin Witherspoon	Legal (for Ubico)	Project Team

6. Stakeholder Analysis and Communication Plan

When you consider that the Project Team, Project Management, Programme Management, Users, Stakeholders and other interested parties can be dispersed both organisationally and geographically some consideration should be given to what should be communicated to how ensure effective communication.

Project board – Rob Bell, Pat Pratley, Steve Read

Project Manager/Project Admin – Richard Coole

Project Support – Beth Boughton, Scott Williams

Project team – As listed in section 5

Cabinet member to be included in highlight report distribution

Councillors and other internal council staff to be agreed.

Communications will be by email, telephone, face to face.

7. Quality Plan

The purpose of including this section is so that whoever is responsible for the supply side of the project intends to meet the quality expectations of the user. An organisation may not have corporate Quality Standards but your external suppliers may. This section can be used to describe what standards will be followed them and how they effect the project.

Each project stage to be signed off and agreed by the project board and sponsor.

8. Initial Project Plan

An initial project plan is developed by the PM as part of the PID. When the PB agrees the PID they should use it as the baseline against which project progress is measured. Depending on the sophistication of the plan it can also be used to keep track of costs, resource usage and provide a number of management reports.

Project planning software for supporting the planning process is very useful and should be used wherever possible. However some packages are not easily integrated with word processed documents if a composite report is required.

Please see on separate sheet

9. Change Control

All changes should be considered by the project board and will be captured in the project issue log, risk log, decision log and highlight reports which will be presented at project board.

This PID will be referred to and any new or continuing issues will be discussed at each project meeting?

One of the biggest dangers¹ to the successful completion of a project is not controlling change. This section can be used to describe how the project will avoid this danger.

10. Project Controls

The PID will be agreed and signed off by the project board. Periodic reviews will then take place at each project board meeting.

The project board will have clearly identified stages with specific milestones which will be reviewed at project team meetings. Project progress will also be reported to CBC's OPD via highlight reports on their own internal document format.

This section describes what functions will be undertaken to facilitate the decision making of the Project Management Team. The minimum number of control points that the PB should expect to see are:

1. *Project Initiation and the agreement of the PID*
2. *Provision of Highlight and Checkpoint reports on a regular basis. These are from the PM and Project Assurance respectively.*
3. *Project Closure and acceptance of the Project Closure Report.*

Depending on the agreed approach these others may be required:

4. *End Stage Assessments – depending on the setting of Management Stages*
5. *Mid Stage Assessments – depending on the length/complexity of a Management Stage*
6. *Exception Report - depending on the setting of a Tolerance (see following section)*

11. Exception Procedures

Tolerance for each stage of the project will be set and reviewed by the project board at their regular meetings.

The initiation of an Exception Procedure occurs when a previously set Tolerance has or is about to be exceeded. Tolerance is the plus and minus limit set by the PB on cost and time estimates. The PM cannot exceed these without reference back to the PB to seek their approval

12. Initial Risk Log (or Risk Register)

A project risk log will record all risks –

O:\Business Development\Bulking Project\Risk Log

Initial risks identified:

¹ According to a recent survey by the British Computer Society the two biggest dangers are "Unclear Objectives and Requirements" and "Lack of Business Commitment".

- Printwaste do not take up the option of the contract extension
- If Printwaste is unwilling to sell the relevant plant and equipment it owns within the material bulking facility then the business case viability could be compromised
- It is found out that plant and equipment owned by Printwaste is not fit for purpose
- Printwaste staff that would be due to TUPE over to Ubico Ltd do not, leading to a loss of site-specific knowledge and experience
- The GJWT does not have any previous experience in marketing dry recyclable materials or the relationships in place with the material reprocessors
- If Ubico Ltd cannot implement the new operational arrangements by the end of the Printwaste contract then Ubico Ltd will need to put in contingency arrangements for the bulking and sale of dry recyclable material
- Ubico Ltd do not have previous experience in materials bulking and transfer
- Market fluctuations in material value will affect levels of income to the Council
- If the sale of plant and equipment cannot be agreed, external suppliers will have to be sourced, impacting cost and time

This documents currently known, identified and analysed risks to the successful outcome of the Project

13. Contingency Plans

Business continuity plans will be developed as part of the project.

It is anticipated that the relevant plant and equipment currently utilised by Printwaste to run the site be purchased by CBC for Ubico's use. Should CBC fail to reach agreement regarding purchase price in a timely fashion, or should any of the plant or equipment be deemed unfit for purpose this could have a significant impact on the timeline and workload required to implement the project.

It would therefore be sensible to produce two project plans, the primary one which assumes an agreement is reached and the equipment is of a suitable standard, and a contingency plan which covers workstreams and timelines required in the case of no agreement being reached, or current equipment not being purchased from Printwaste.

Ensure timely applications are made for all relevant permissions and licences.

Ensure existing Ubico management team understand the requirements of the roles of the staff currently employed by Printwaste at the bulking facility to enable appropriate job descriptions etc to be drawn up in a timely fashion should Printwaste staff not TUPE transfer into Ubico Ltd.

There is always the risk that something will go wrong and the preparation of a

Contingency Plan may, in the opinion of the PM, be worthwhile.

Another form of Contingency Plan is the 'counter-measures' described in the Risk Log/Register against any 'whole project risks'.

14. Project Documentation

A usually neglected part of project initiation, this section describes how project documentation will be stored.

Project files will be stored on the Huddle Cloud system and sequential version numbering will be applied following each change.

When planning a project consideration has to be given to whether a Post Implementation Review will be undertaken. The Post Implementation Review is carried out some time after project closure enabling the 'project product(s)' to have been in use for several months.

The Review is best placed to determine:

- 1. Has the implemented project met the originally defined objectives?*
- 2. Has the implemented project fully met the Users needs?*

If the source documents for this review are not stored or archived as defined in the PID the chances of this review, as well as any benefit realisation work being successful are low.