

# Direct Services & Waste Joint Venture Company Project



## Partnership Prospectus

# **DSW Joint Venture Company – Strategic Services Partnership**

## **Contents**

	Page no
1. Introduction to the Prospectus	2
2. Profile of Torbay	3
3. Historical Background, Strategic Review and Scope	11
4. Aims of the JVC Project	14
5. Service Summaries	15
6. Procurement Method	43
7. Anticipated Partner Benefits	45
8. Care and Development of Employees	48
9. Final Award Criteria	49
10. The Torbay Change Agenda	50
11. Summary Timetable	52
12. Contacts for Further Information	53

## 1. Introduction to prospectus

Torbay Council is looking to improve the level of service that it provides to the local community and believes that the establishment of a Joint Venture Company (JVC) is a major opportunity to contribute to the delivery of the Mayor's commitment to a clean, safe and prosperous Bay. The JVC will help deliver this aim by:-

- growing the existing services
- attracting external investment
- improving the service to customers through innovation and
- increasing employment opportunities.

This is an exciting time in Torbay where there is a desire and willingness to move the area forward. A number of regeneration projects are being progressed and we are also looking at how the council operates. The development of a JVC is an important part of the council's change agenda. This agenda will include considering how all other council services should be delivered and how they should link to the JVC.

The prospectus gives more information about Torbay, about what is expected from bidders, information on and scope of the services covered, details of the procurement process and an explanation of the importance we place on the care of employees. This prospectus, the pre-qualification questionnaire and bidders conference represent the start of our move towards identifying a strategic partner who can help us deliver improved services through the JVC.

The existing services were reviewed in response to the recognition that key strategic drivers exist, which will affect the future operation and sustainability of the business unit and the services that it provides to the rest of the authority and ultimately the community. The review carefully considered the views of stakeholders to identify an option which sought to improve the quality of service for no additional cost. The review recommended the establishment of the Joint Venture Company.



**Nick Bye**  
Mayor



**Elizabeth Raikes**  
Chief Executive

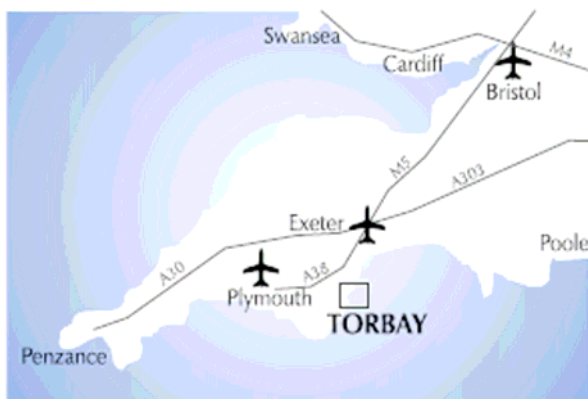
## 2. Profile of Torbay

**Location, Area & Transport** – Torbay, the English Riviera, occupies a prime position on the South coast of Devon. It attracts visitors of all ages with a wide variety of interests and boasts an enormous variety of scenery and attractions. It is one of the UK's premier holiday resorts, accommodating around 1.45 million visitors annually.

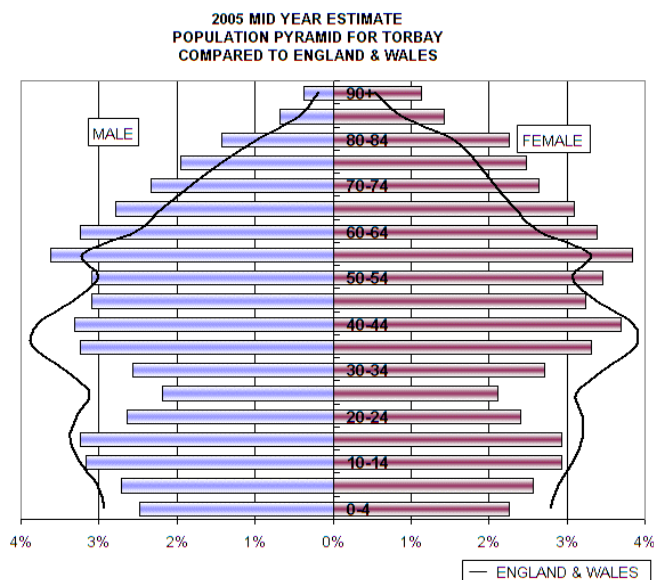
Torbay's rural fringe and coastal area are designated zones of high landscape quality, with over 35km [22 miles] of coastline, cliffs, coves and beaches. Torbay covers an area of 63.9sq.km [24.7sq. miles]. It enjoys a mild climate, with little frost in the Winter and high amounts of sunshine for most of the year. Nestled around the natural bay are the three principal towns: Brixham, Paignton and Torquay. Each has a unique character in terms of social and economic composition.

Regular train and bus services afford both local and national connections with express bus services providing links with Exeter and Plymouth.

**General** - Torbay is the ninth largest populated local authority area in the South West with tourism the main source of employment. Brixham maintains a significant fishing fleet and continues to be one of the top fishing ports, by value, in England and Wales. Service industries, in addition to those associated with tourism, are also strongly represented, particularly the private care sector. More recently, high technology companies have increased their investment in Torbay and are bringing new opportunities to the area. However, during recent years major redundancies have been made by a principal electronics developer and manufacturer, leading to an increased unemployment rate in contrast to other areas of Devon. Although a leading resort, tourism and visitor bed-nights are in decline as Torbay faces increasing overseas competition. Fishing is also on the wane due in part to the Common Fisheries Policy, decommissioning, competition and quotas.

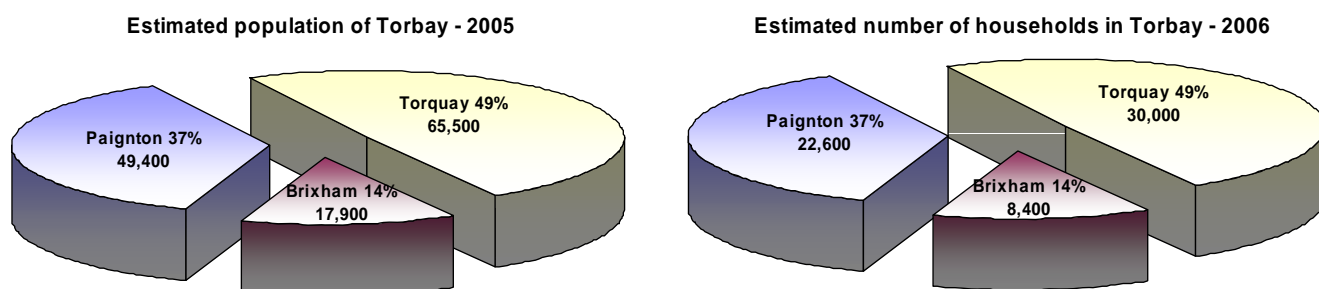


**Population** – Torbay has an estimated resident population of 132,800, but numbers rise to over 170,000 over the peak summer period. The resident population has risen by over 3,100 persons [2.4%] since the 2001 Census, the last fact-based population count. The population pyramid shows the distribution of age groups in Torbay compared to the national average and highlights Torbay's older person bias in the population – 26.6% of the population are over retirement age in Torbay compared to 18.7% nationally.



Source: 2005 Mid year estimates, Office for National Statistics

Torbay is projected to be a high growth authority area, with the latest projections showing an estimated 26% increase in the overall population from 132,500 in 2004 to 166,500 in 2029. The 2004 based, 2006 sub national population projections published by the office for national statistics project Torbay's population to increase from 137,000 in 2007 to 144,100 in 2012 – an increase of 5.2% over the period. There are an estimated 61,000 households in Torbay and this is projected to increase to 66,000 by 2011 and to 80,000 by 2026.

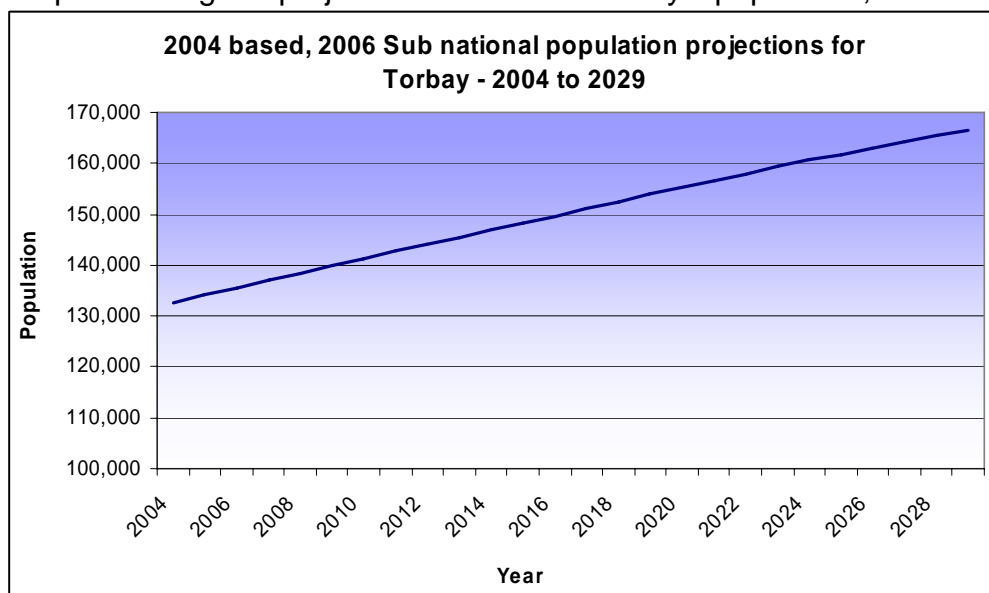


Source: Office for National Statistics, 2005 Mid Year

Source: Department for Communities and Local Estimate based on 2001 Census.

Government, based on the Office for National Statistics, 2001 Census

Graph showing the projected increase in Torbay's population, 2004 to 2029.



Source: Office for National Statistics

## **Economy –**

Just over half the population in Torbay are of working age. This is a lower than national proportion and also, the proportion of the working age population that are economically active is lower in Torbay than both the regional and national figures.

Economic Activity	Torbay		South West	England & Wales
ALL PEOPLE				
All people*	132,800	-	-	-
Working Age**	73,200	55.0	58.7	60.5
% of working age Economically Active	56,000	76.5	80.4	78.2
In employment	53,200	72.7	77.6	74.2
Employees	44,200	60.4	66.7	64.4
Self-Employed	8,700	11.9	10.4	9.4
Unemployed	2,800	5.0	3.5	5.1
Working Full-time	37,100	69.7	72.4	75.9
Working Part-time	16,100	30.3	27.6	24.0
% of working age Economically Inactive	17,200	23.5	19.6	21.8
Wanting a job	6,300	8.6	4.9	5.3
Not wanting a job	10,900	14.9	14.7	16.5

Source: NOMIS – Annual Population Survey (April 2005 – March 2006)

Notes:

\* Population based on 2005 mid year estimates

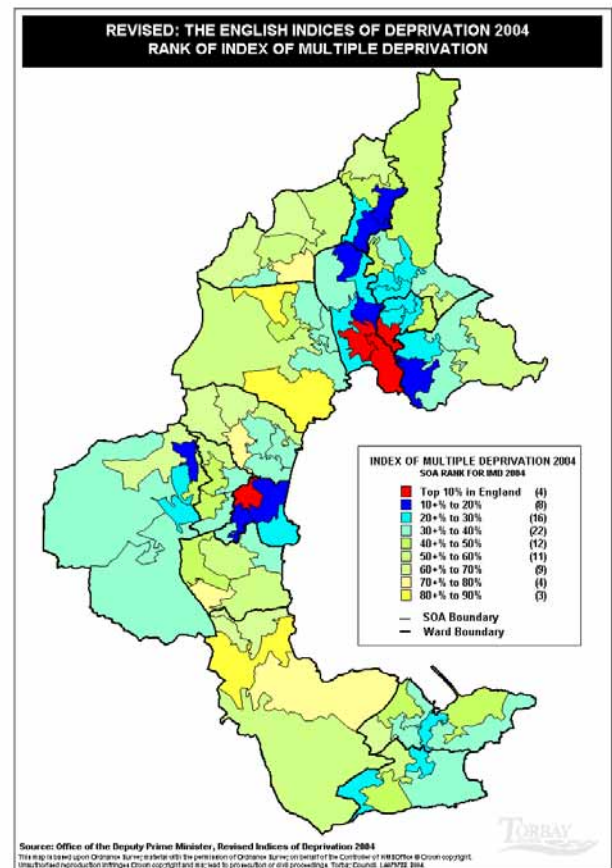
\*\* Population taken from the annual population survey

Figures from the Office for National Statistics show Torbay's economy was worth in the region of £1,400 million in 2004, up 5.5% from £1,327 million in 2003. The main area of employment is in the tourism sector, employing over a quarter of employees in the bay. The Gross Value Added (GVA) per head of population in Torbay is 6<sup>th</sup> lowest in the United Kingdom, at £10,562 (2004) and since 1995 the increase in £ per head has only increased by 18.7% compared to 58.1% for the UK. This limited increase is the lowest in the United Kingdom.

**Earnings** – Wage levels in Torbay are noticeably lower than both the national and regional levels. Figures from the 2006 annual survey of hours and earnings show the median annual gross pay for all employees in Torbay is £15,446 – 78.5% of the national figure. Just over 40% of employees working in Torbay earn less than £250 per week compared to just under 30% nationally.

**Benefits** – With the local economy having a tourism focus, there is a distinct seasonal pattern in the rate of job seekers allowance claimants. Claimant levels in Torbay are generally higher than the national rate and are also regularly the highest rates in the South West region. Over 10% of Torbay's population aged 16 to 65 are in receipt of incapacity benefit / severe disablement allowance, this compares to 7.2% nationally (Department for Work and Pensions – Aug 2006).

**Deprivation** – Torbay has areas of severe deprivation, with around 20,000 residents living in an area in the top 20% most deprived in England. The 2004 index of multiple deprivation (ODPM) shows Torbay to have areas in the top 10% most deprived in England, these areas are shown in this map:

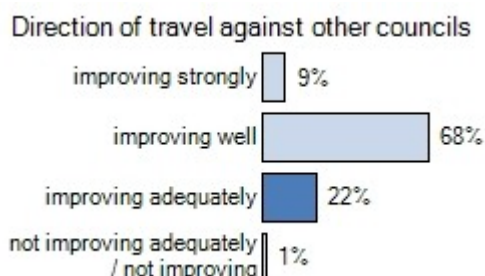


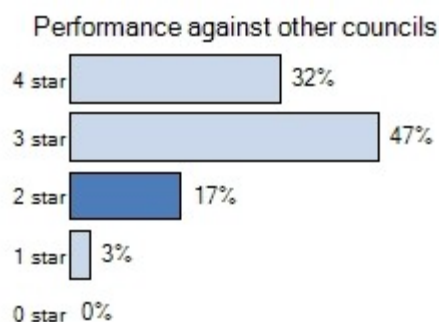
**Skills** – Torbay’s resident population has, according to the 2001 census, a lower than national level of overall qualification attainment, with a higher proportion not having any qualifications and a lower proportion has a higher level.

## Performance

### Torbay Council

The council performance is assessed through the Comprehensive Performance Assessment (CPA). Under the 2006 assessment the Council was classed as two (2) stars and in terms of improvement it was described as “improving adequately”. The following diagrams show how under CPA Torbay Council compares to other councils.





The Audit Commission described the progress being made by the council in the last year as:

“It has improved outcomes in some of its services. Housing services improved significantly with the council delivering an above target one hundred and fifty-three (153) affordable homes in 2005/06. Children and young people’s services remain strong, with reducing numbers of looked after children. Adult services made further progress in jointly developing and implementing the Torbay Care Trust. Crime levels are low and domestic burglaries are reducing. There has been some improvement in the planning service with faster processing of major planning applications. Progress has been more variable in other services. The transport plan is excellent and use of public transport increased, but the condition of non-principal roads remains below average compared to elsewhere. The council is not achieving national targets for waste recycling. Customer satisfaction with some services has improved, but overall satisfaction with the council remains low. The council has made progress with its improvement plans. It has a more focused corporate plan and better performance monitoring. However, progress with major projects such as job evaluation is slow. The council has changed its democratic and governance arrangements and these are still developing.”

### How Torbay Council's main services perform:

Under the CPA arrangements the Council scores for its services are as follows, out of a maximum of 4 :-

Service area	2005	2006
<b>Benefits</b> - The council's performance in providing housing and council tax benefit services.	3	3
<b>Children and young people</b> - The council's performance in providing children's services, such as children's education and social care.	2	3
<b>Culture</b> - The council's performance in services, such as libraries and leisure, as assessed by the Audit Commission.	4	3
<b>Environment</b> - The council's performance in services, such as transport, planning and waste, as assessed by the Audit Commission.	2	2
<b>Housing</b> - The council's performance in community housing and, where applicable, housing management services, as assessed by the Audit Commission.	3	2
<b>Social care (adults)</b> - The council's performance in adult social care services.	2	2

## The Way Forward

### Torbay

A new Community Plan has been finalised for Torbay. The plan aims to unlock Torbay's potential and drive forward its economic prosperity to give prosperous communities with a higher quality of life and improved access to jobs. This vision is directed by four key themes: Pride in the Bay, Stronger Communities, Learning and Skills for the Future and underpinning it all, the New Economy. This is shown diagrammatically below:-



#### Pride in the Bay

This means

- Creating and maintaining quality environments that are clean and safe, accessible and pleasant
- Improving the quality and quantity of culture on offer
- Making it easier to get around the Bay

#### Learning and skills for the future

This means

- Promoting a culture of life-long learning
- Encouraging continuous improvement in achievement
- Raising aspirations for all
- Better links between education and training and businesses
- Narrowing the gap between the most and least advantaged children
- Supporting a range of life long learning opportunities for adults and older people

#### The new economy

This means

- Building on and developing our traditional industries of fishing and tourism
- Encouraging investment and business growth in new business that use up-to-date technology
- Supporting the development of other growth sectors such as cultural industries
- Supporting the renaissance of Torbay with a strong infrastructure and affordable housing

**Stronger communities**

This means

- People feel safe
- People have access to good quality housing and support, education, training and employment
- People live in healthier communities and have happy, independent and healthy lives
- People can develop their own communities and treat each other with respect and consideration
- Older people feel valued, contribute and benefit from the Bay's improved economy.

### **3. Historical Background, Strategic Review and Scope.**

#### **Historical Background**

Direct Services and Waste is Torbay Council's in-house provider of a wide range of operational and associated support services. The key functions are a variety of asset maintenance services and environmental service activities.

Prior to the creation of the existing organisation, the services included in this project went through a number of changes from the 1980's onwards. A Direct Labour Organisation (DLO) was set up in the 1980's to respond to government legislation requiring the Compulsory Competitive Tendering (CCT) of work carried out by the council for a range of activities including construction and civil engineering.

In the late 1980's the scope and range of services subjected to CCT was extended. The new challenges this presented led the council to restructure the organisation giving rise to Torbay Contract Services. This organisation was given as much autonomy as possible. Under the CCT regime a number of contracts were awarded to private sector providers, although some have since come back in-house.

Torbay Contract Services, however, continued to deliver a wide range of services on behalf of the authority and for other organisations in direct competition with the private sector.

A further restructure came in 1997 in the formation of the Contracting Division, part of the Environment Services Directorate. This change was primarily in response to a change in central government, and the new Best Value legislation, together with local government reorganisation and Torbay becoming a unitary authority. The new organisation was larger and it was also more integrated with other parts of the council and more customer focused.

When Torbay Council achieved unitary status in April 1998, it took on the dual roles of a Waste Collection Authority and Waste Disposal Authority.

In 2003 there was a further restructure and name change to Operational Services. In 2005 the name of the overall business unit was changed to Direct Services and Waste.

#### **Strategic Review**

The Strategic Director of Community Services commissioned a strategic review of the Direct Services and Waste business unit in March 2005. This was in response to the recognition that key strategic drivers exist which will affect the future operation and sustainability of the business unit and the services that it provides to the rest of the local authority and ultimately the community.

The review was conducted at a high strategic level with Best Value principles being incorporated into the review process. The strategic/financial business case for change is based on a number of key 'drivers' that the organisation faces and can be summarised as:

#### **Waste Drivers**

- The requirement to increase waste recovery rates to reduce the impact on the environment and meet central government targets

- To increase volumes of waste diverted away from landfill
- To avoid penalties under the Landfill Allowance Trading Scheme
- To invest in an efficient, effective and sustainable waste recovery process

### **Direct Services Drivers**

- The need to develop a 'culture change' in the way we do business
- Changes in customer base due to strategic organisational changes elsewhere in Torbay Council (e.g. creation of Torbay Care Trust, Torbay Development Agency, PLUSS organisation)
- Competition in the internal market due to outsourced contracts
- Shrinkage of the internal market due to pressures on client budgets
- The need for change to meet changing operational needs, client expectations and competitive pressures
- The need to create a bigger market to sustain economic viability and ensure a provider organisation exists in the future to service Torbay Council's needs
- The need to gain further investment in modern skill levels, business technology and business processes.

As a result of the Strategic Review process Torbay Council took the decision in November 2006 that the most appropriate model for the organisation is a public/private partnership in the form of a joint venture company (JVC).

This option is considered to provide the best opportunity to meet the challenges of the above 'drivers' and improving the quality of service whilst maintaining cost effectiveness.

The option is viewed as being innovative and creative enabling the current organisation to be flexible, build on its commercial expertise, encourage inward investment and provide a sustainable future.

To this end Torbay Council has embarked on a procurement process to identify the best solution in creating its JVC and to select the best partner with which to establish the new business.

### **Scope**

The proposed JVC is expected to deliver a range of core activities which can be summarised as below:-

- Highways Operations
- Small Civil Engineering works
- Building Cleaning
- Building Maintenance
- Landscape Maintenance
- Cleansing
- Vehicle Maintenance and MOT Station
- Waste Collection
- Waste Processing/Transfer/Disposal/Recycling operations.
- Fleet Management
- Purchasing and Warehousing to support operations
- 24 hour Control Centre
- Finance and Admin
- Health and Safety

- Training and Development
- Technical Services
- Management of sub-contractors and supply chain management

The extent of work in these activities will be agreed as part of the competitive dialogue process. A key partner characteristic will be the ability to offer flexibility in the delivery of activities as community and customer priorities are adjusted over time. The initial contract period will be for 10 years with possible successive five year extension periods up to a maximum term of 25 years as a reflection of the long term strategic emphasis given to the JVC project.

In addition the current organisation has a property technical support team which provides building surveying, mechanical/electrical and project/contract management services to property and building 'owners' within the authority and associated organisations. Bidders are requested to look at the appropriateness of including these activities in the JVC.

The JVC project also presents the opportunity to look beyond the above core requirements as part of a wider change agenda within Torbay Council. Therefore, bidders are invited to look at the possible inclusion of other operational and technical support services if added value and benefits can be demonstrated. Bidders may wish to consider the current/contractor boundaries and interfaces as Torbay Council may wish to move to a strategic or 'intelligent' commissioning style organisation.

Torbay Council is currently embarking on a re-shaping programme which potentially affects the overall structure of the local authority. The outcome of this programme may have an affect on the scope of the JVC.

In particular, bidders' attention is drawn to the current client/contractor arrangements and how the provision of Direct Services and Waste services are managed by the parent authority. If benefits can be gained by moving the authority to a commissioning or strategic client organisation, bidders are invited to put forward proposals to re-engineer the current client/contractor boundary.

#### **4. Aims of the JVC Project**

The overall objective of Torbay Council's Direct Services and Waste JVC Project is to establish a strategic supplier of a range of services to Torbay Council and other customers for the long term.

A private/public partnership model has been chosen as the best means of combining the commercial input of the private sector with the community service ethic of the public sector.

The JVC will fulfil the role of a multi-discipline service organisation which will have the flexibility to service the current and future needs of Torbay Council and a wider customer base.

Whilst the current organisation is largely engaged in servicing the needs of Torbay Council, it has in recent years been more outward looking. As a result a wider customer base has slowly developed giving an embryo opportunity to develop into a wider service organisation.

A broader approach has been necessary in order to ensure the infrastructure to service Torbay Council's needs can be supported in the long term.

The JVC will be expected to add value and effectiveness to the current and future services provided to all of its customers.

It is anticipated that the JVC will be an entity in its own right with the aim of servicing its public sector parents' needs with the support of its private sector parent.

The strategic nature of this project is designed to allow the long term planning of service provision and investment in longer term outcomes.

## 5. Service Summaries

The section provides prospective bidders with a succinct summary of each of the current business units and support functions that make up the core requirements.

Prospective partners are particularly asked to note the key challenges sections. These are areas where there are issues and opportunities for the future.

The service summaries provide details of the specific challenges faced but there are a number of common issues which cut across most service areas:-

- The opportunity to develop a new efficient and consistent approach to commissioning these services by the council.
- As the competitive dialogue process progresses the position of bodies other than the council in procuring services from the new JVC will be established (e.g. schools and other public bodies).
- Relatively high age profile of existing workforce with skills based largely on traditional local authority work creating a challenge for succession planning.
- Pay and reward arrangements are currently aligned to local government systems rather than the commercial market place.
- Look to take advantage from streamlining and adopting more commercial systems, standards and culture.
- Seek to bring in new investment in plant and machinery and review operating procedures.
- The need to keep up with technology advancement and apply this to improved delivery.
- To work with client functions to consider implementing an enforcement policy for waste management and cleansing activities.
- To seek new clients to replace a shrinking workbase with Torbay Council
- Some customer groups, particularly schools, have a degree of independence in how they commission services. The JVC will need to foster long term customer relationships with customer groups such as schools.

The value of work for each Business Unit in Direct Services and Waste is explained later in this document. It is anticipated that annually there will be a guaranteed level of work in the order of £7m to £8m plus internal spend on areas such as fleet management, purchasing and warehousing. Detailed figures for each of the Business Units will be issued at the Bidders conference.

There will be a need for the JVC to respond to emergencies or urgent events that may arise which could result in suspending normal work to deal with these situations. For example, the Control Centre and other services may need to be involved in dealing with such incidents as road traffic accidents, storm damage, flooding, marine incidents etc.

## **Highways Operations**

### **Overview**

The Highways Operations team delivers a range of maintenance and minor works activities through the use of directly employed tradesmen and quality assured sub-contractors.

Works include Footway and Carriageway Maintenance, Thermoplastic Road Lining, Gully Cleaning, Drainage Maintenance, Retaining Walls and Masonry Works including General Walling and Paving, Provision of a Winter Maintenance service, Street Nameplates, Sign Maintenance, Litter Bin Renewal and Repairs, Seats, Fencing and Bus Shelters. Also larger schemes including Traffic calming and road improvement works from £20k up to around £150k in value. In addition to its Torbay Council work base, the team carries out work externally.

We have longstanding customer relationships, predominantly within the public sector but also within the private sector, customers include Local Authorities, Healthcare Trusts, Schools, Businesses and members of the public.

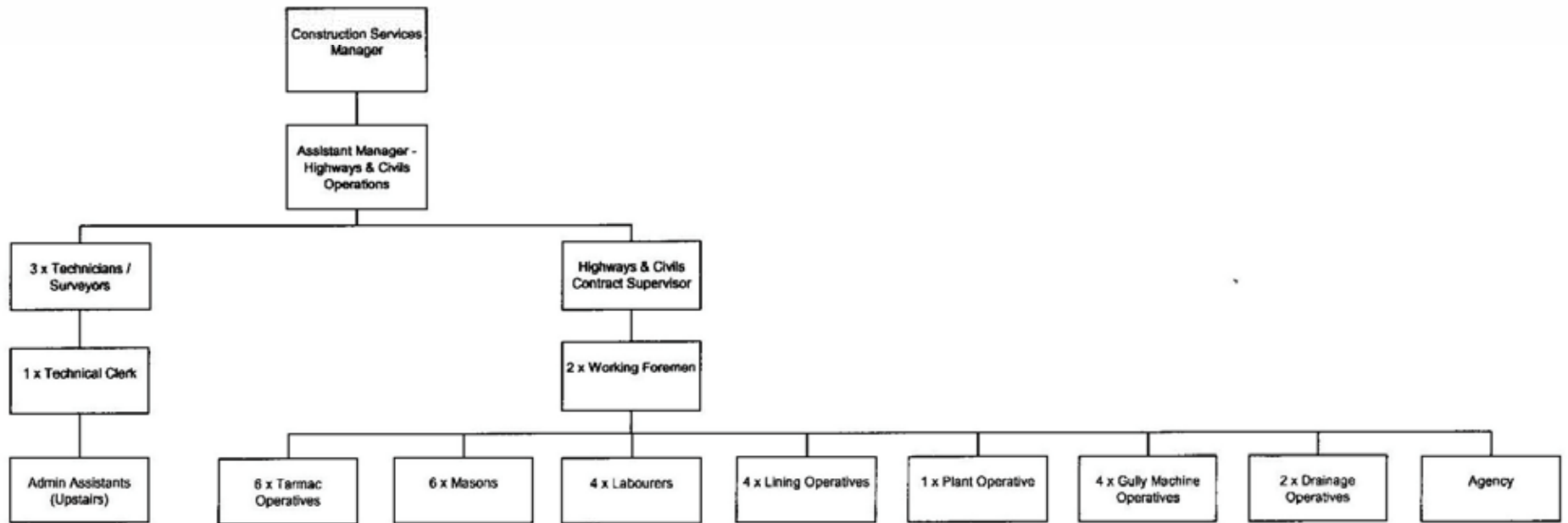
### **Organisation**

The team resides in the Construction Services Division and incorporates 37 staff and is supplemented by agency staff to cope with peaks in workload demand as required. The team offers a 24 hour response to emergency works and a one hour response to urgent works for its Torbay Council Highways Client during working hours.

The detail of the team structure is as below.

### **Key Challenges**

- Eight year old internal Service Level Agreement currently in place until April 2008 with a potential two year extension. Guaranteed £1.5 million per year but usually brings over £2 million turn-over. SLA brings stability and secured works but the rates in some areas need review in the light of benchmarking.
- Estimating and bidding resource/expertise is limited.
- There is an opportunity to introduce innovative ways of working to enhance the existing structure and client arrangements.
- Potential in due course to bid for further highway planned expenditure.



## **Building Cleaning**

### **Overview**

The Building Cleaning Section delivers a cleaning and caretaking service to a range of schools, libraries, offices and public toilets throughout Torbay.

### **Organisation**

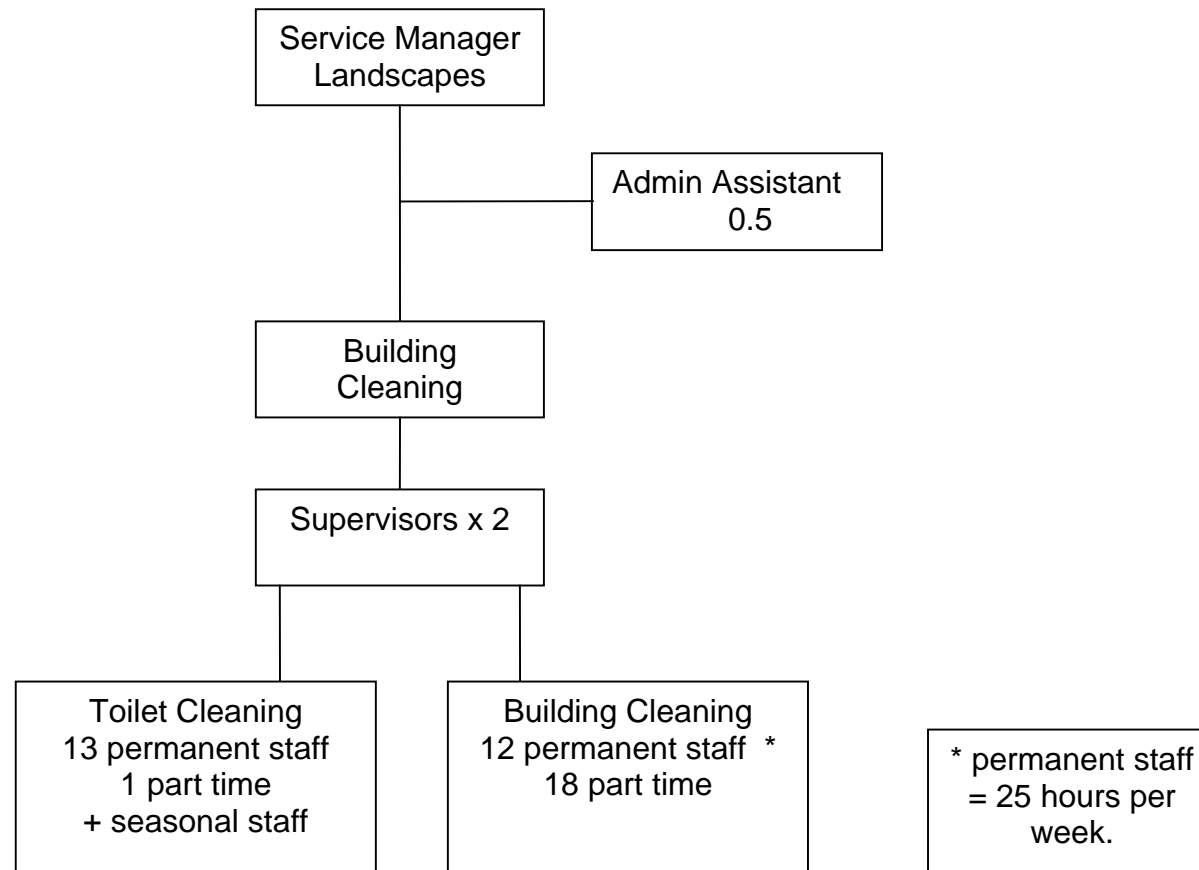
The Building Cleaning team sits within the Landscape Services Section has directly employed staff who are supplemented by temporary and seasonal staff at peak times.

The detail of the team structure is illustrated on the attached chart.

### **Key Challenges**

- Service is provided to 36 public toilets and 10 schools and a small number of other building such as libraries.
- Public toilets is currently a managed service which includes the client function.
- Services are provided to schools under annual renewal service level agreements with individual schools.
- Successful delivery of this service is a significant contributor to the Mayor's vision of a clean, safe and prosperous Bay.
- Recruitment and retention of part time staff has proven difficult.
- High level of competition from small operators.
- Challenge to maintain the existing customer base and find new customers.

## Building Cleaning Organisation Structure



## **Building Maintenance**

### **Overview**

The Building Maintenance team delivers a range of maintenance and minor works activities through the use of directly employed tradesmen and quality assured sub-contractors.

Works include, minor refurbishment, alterations and small new works and fit outs, internal and external redecorations, general plumbing, carpentry works supported by fully equipped machine shop, masonry works and general electrical work. We also have a fully equipped sign shop and blacksmith and fabrication workshop.

The team has a broad customer base and so we have formed strong customer relationships within the public and private sector, which include local authorities, schools and social housing organisations. This customer base has been extended to counteract the reduction in internal work.

### **Organisation**

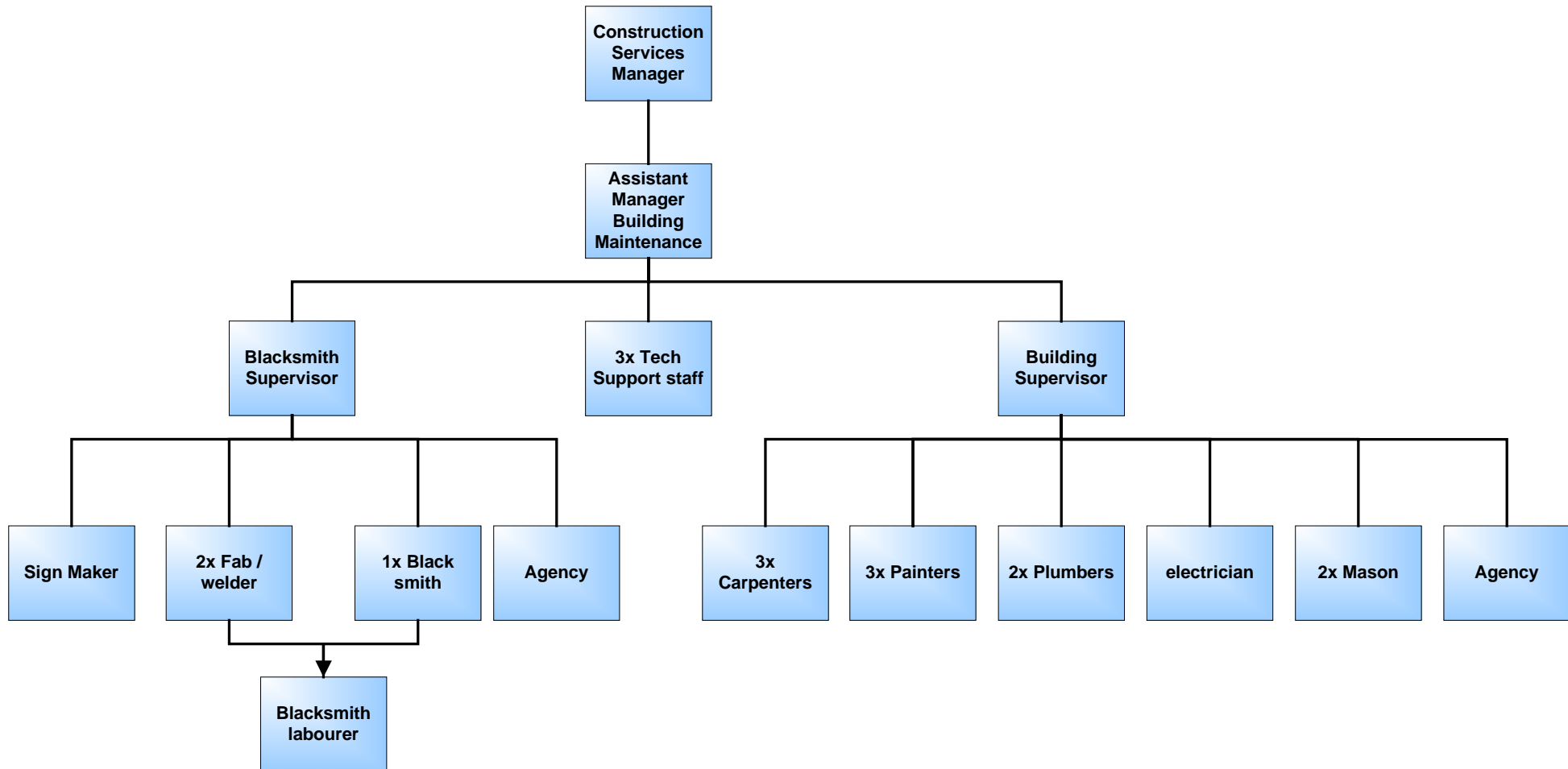
The team resides in the Construction Services Division and incorporates 24 staff and is supplemented by agency staff to cope with peaks in workload demand as required. The team offers a 24 hour response to emergency works.

The detail of the team structure is as below.

### **Key Challenges**

- Works are generally undertaken on a 'dayworks' basis or quotation. An opportunity exists to do more work in schools and planned maintenance on corporate buildings. Workflow has peaks and troughs which can result in a highly reactive work base.
- Estimating and bidding resource/expertise could be developed further.
- Diversity of customer base means that work is specified and ordered in a number of ways.
- Fluctuating workload means an apprenticeship programme is difficult to sustain.
- Competition (particularly on price) from small local suppliers operating with minimal overheads.

## Building Maintenance Organisation Structure



## **Landscape Maintenance**

### **Overview**

We aim to bring excellence to the maintenance of parks and public open spaces. Our grounds maintenance teams work with Torbay Council and other public bodies to help them provide easy access to well looked after open spaces. This service covers grass cutting, maintenance of sports pitches (including fine turf preparation for cricket pitches and bowling greens), maintenance of ornamental gardens and other green spaces.

Torbay Council currently employs a private sector contractor to maintain grounds within the northern part of the Torbay area. This contract runs until March 2009 with a possible two year extension.

### **Organisation**

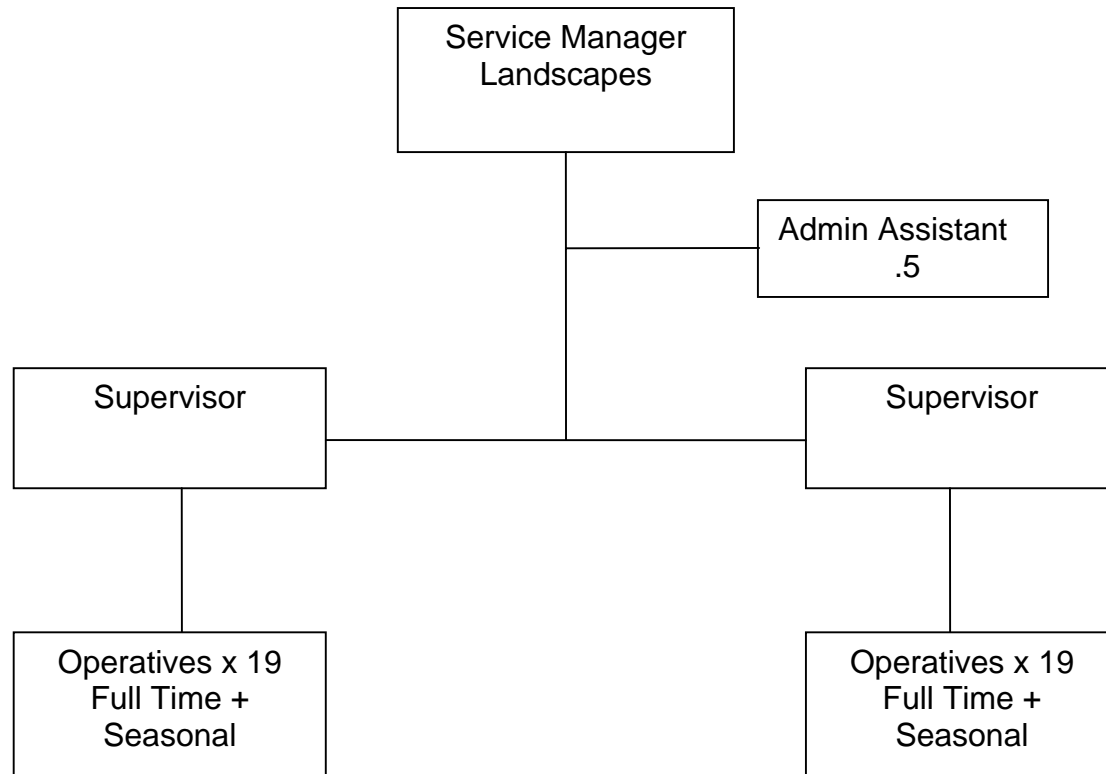
The team sits within the Landscape Services Section and employs 41 staff supplemented by agency staff to cope with peak seasonal work loads.

The detail of the team structure is illustrated on the attached chart.

### **Key Challenges**

- Works are generally undertaken by annual agreement rather than long term contracts.
- Differing requirements/specifications for different land holdings.

### Landscape Organisation Structure



## Cleansing

### Overview

Our multi-disciplined cleansing team has expertise in delivering a number of environmental services to meet the requirement of the Environmental Protection Act. This includes street cleansing, beach cleansing, cleansing of green spaces and parks, graffiti removal and the lengthsman scheme.

We have formed strong customer relationships within the public and private sector, assisting in achieving a sustainable community.

### Organisation

The team forms the Cleansing Division and incorporates 42 employees and is supplemented by agency staff to cope with the increases during the holiday season.

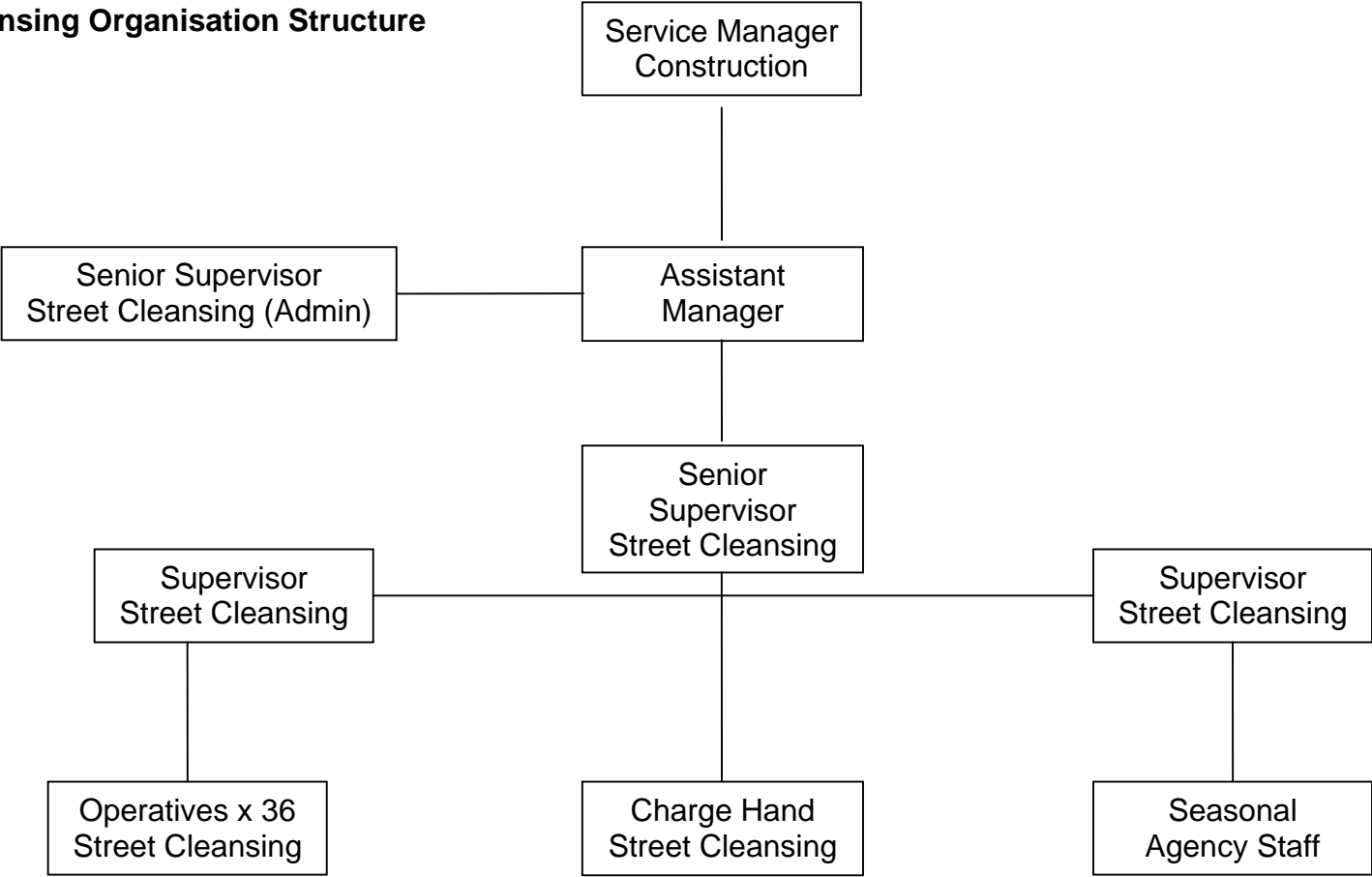
By developing long-term relationships with our customers we are able to advise and assist on delivering environmental **solutions** thus helping to protect, maintain and enhance our customers' 'infrastructure'.

The detail of the team structure is as below.

### Key Challenges

- Works are generally undertaken by negotiation without long term contractual arrangements.
- Some areas have annually agreed SLAs and the remainder are directly managed services.
- Differing client requirements/specifications for different properties/places.
- The need to develop an overall cleansing policy including enforcement.
- Successful delivery of this service is a significant contributor to the Mayor's vision of a clean, safe and prosperous Bay.

**Cleansing Organisation Structure**



## **Vehicle Maintenance and MOT Station**

### **Overview**

The vehicle / equipment maintenance for Torbay Council is carried out within the in house workshop. The equipment serviced and repaired range from chainsaws and mowing machines through minibuses to refuse vehicles. This is the only workshop in Torbay that services and repairs LGVs. Our main customers are the internal equipment/fleet users of Torbay Council, although 10% of the turnover comes from external contracts to service/inspect/repair commercial fleets. An MoT test facility is run for class IV, V and VII, this is used for council vehicles and is open to the public.

A 24 hour call out is in operation, to provide a service to our customers working non-standard hours.

### **Organisation**

The team resides within the Fleet Division, and incorporates 10 staff. As shown in the organisational chart for Fleet. There are two Apprentices within the workshop.

### **Key Challenges**

- The majority of the work is to support the operational fleet but the team also maintains the fleet supplied to other council services as a managed service.
- There is a difficulty in recruiting skilled mechanics, due to the general shortage of experienced staff.
- There is a desire to attract investment for fleet renewal programme and for equipment replacement.
- Being the only commercial (LGV) repair facility in the locality, the taking on of more third party LGV servicing, repair and inspections is a potential growth area.
- Possible benefits in flexibility could be obtained from further workforce training.

## **Waste Collection**

### **Overview**

The Waste Collection Team arranges household waste/recycling collections to 61,500 domestic properties in Torbay. Currently there are 38,000 properties on a bi-weekly wheeled bin collection, one week for domestic waste and the following week for co-mingled recyclable items. The remainder of Torbay's, 23,500 properties are serviced by a weekly domestic collection and fortnightly bag & box collection for glass & paper. Torbay Council also offers services such as Clinical Waste Collection, Bulky Waste Collections, Commercial Waste & Recycling Collection, wheeled bin exchange and repair service.

### **Organisation**

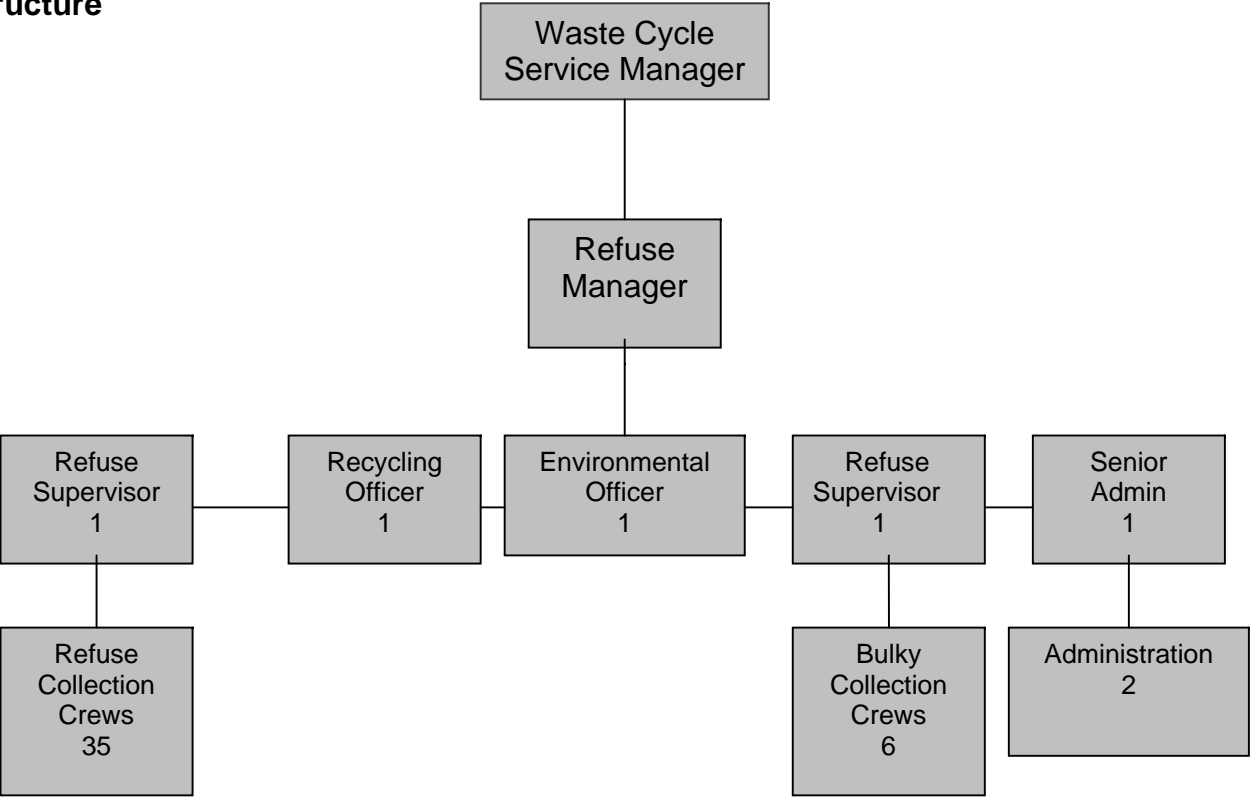
The Waste Collection Team is currently placed with the Waste Management business unit and has 50 staff.

The Waste Collection Headquarters are located on the Torbay Transfer Station site at Tor Park Road, Paignton.

### **Key Challenges**

- This is a directly managed service based on an extended agreement.
- Torbay Council's Waste Strategy is nearing publication and will have an effect on the way we currently deal with our waste and customer care.
- Central Government recycling targets.
- To encourage the residents of Torbay to increase the amount that they recycle and consider enforcement for non participation.
- To make additional efforts to educate all sectors of the population with regards to recycling and waste minimisation.
- Increasing number of items that can be recycled and finding a stable and consistent market place for them.
- The ability to be able to increase commercial business and commercial recycling i.e. chargeable collections from trade properties in and around Torbay without affecting the LATS figures or Waste Horizons.

Waste Collection Organisation Structure



## **Waste Processing /Recycling/Transfer / Disposal**

### **Overview**

The handling, processing, transfer and disposal of waste is carried out from Torbay Council's site at Tor Park Road, Paignton. The team manages the reception of general domestic waste, recyclable waste and trade waste, transfer operations to landfill and to recyclers and the council's household waste civic amenity site.

The Materials Recycling Facility (MRF) located at Tor Park Road was destroyed by fire in April 2007 and its future is currently under consideration.

In summary terms the volumes of waste handled by the team are:

Total Municipal Solid Waste (MSW) is 82,000 tonnes of which 34% is recycled. Of this total MSW tonnage, 64,000 tonnes is household waste of which 26% is recycled.

### **Organisation**

The team forms part of the overall Waste Management Division, along with Waste Collection, and has 50 staff.

### **Key Challenges**

- This is a directly managed service which is recharged on an annually agreed basis.
- Torbay Council's Waste Strategy is nearing completion and the direction this sets will have an effect on the disposal of waste.
- Loss of MRF to fire is necessitating the use of remote MRF.
- A need for future investment in the waste management infrastructure.
- The need to review the layout of Tor Park Road site, including the civic amenity site, to relieve working conditions and, improve customer access.
- Commercial waste activities offer opportunity for growth.

## **Fleet Management**

### **Overview**

To give fleet advice and procure vehicles and plant to suit individual user departments' needs. To procure and supply the item fully maintained and satisfy all legal requirements.

Maintain fleet management systems and all legal documentation.

### **Key Disciplines**

- The procurement of vehicles and plant
- Disposal of out of life vehicles and plant
- Excise licensing of vehicles
- Fleet insurance
- `O` Licence
- Fleet drivers' hours monitoring
- Maintenance of the fleet
- M.O.T. Station
- Fleet Managing external customers' fleets

### **Organisation**

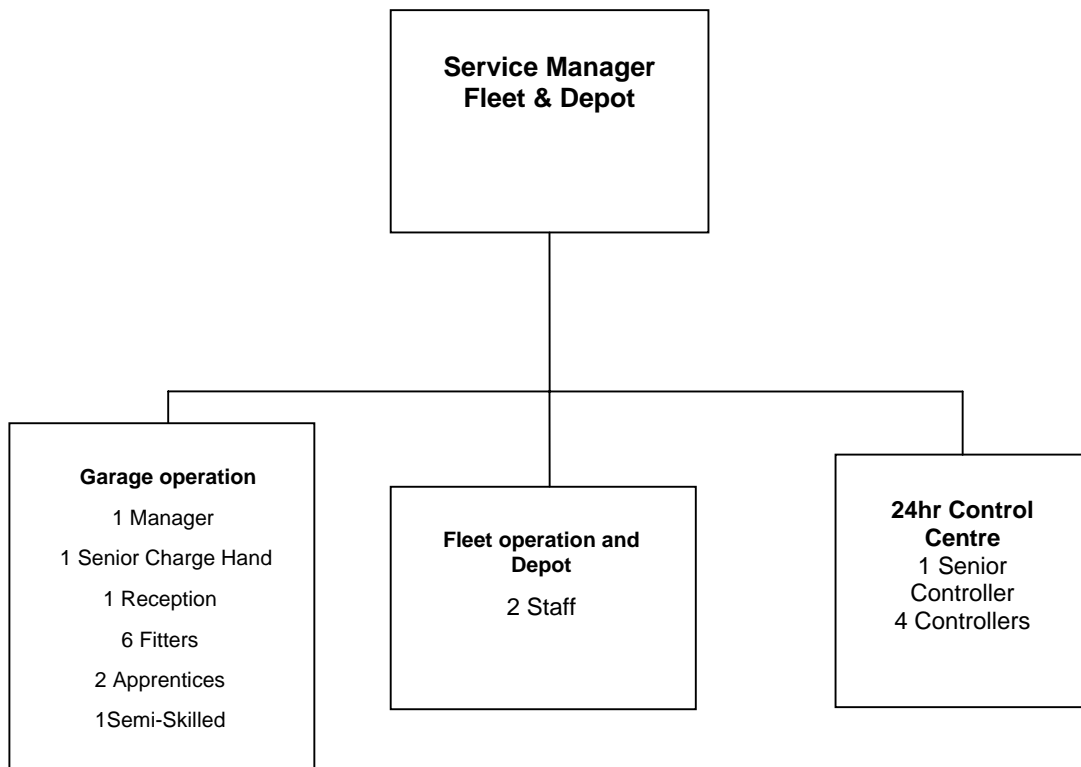
This unit is responsible for the operations of the Garage, 24 hour Control and maintenance of the facility at Aspen Way

The details of the team structure are set out below

### **Key Challenges**

- This is a directly managed service.
- The Fleet business is currently comprised of 86% "In House" and 14% external. The external work has been increasing in recent times. With the need for further investment, it is our intention to move towards a more evenly balanced ratio of in house and external works to reduce the risk of reductions in business from the Council.
- Current external customer base includes: local bus companies, small contractors and health care organisations.

## Fleet Management Organisational Structure



## **Purchasing and Warehousing**

### **Overview**

The Stores attempt to offer both internal and external clients a “one stop shop” option for their operational and day to day purchasing requirements throughout Torbay. Primarily the unit supports the activities of Direct Services and Waste but also offers its service to a wider customer base.

### **Organisation**

The team sits within the Financial Services Section and employs four directly employed staff supplemented by temporary members of staff at peak times.

The detail of the team structure is illustrated on the attached chart.

### **Key Challenges**

- This is a directly managed service.
- Business is gained and retained purely on the basis of service provision.

### Stores Team Structure



## **24 Hour Control Centre**

### **Overview**

The 24 hour Control Centre co-ordinates operational activities and provides the initial point of contact between the Emergency Services and members of the public.

The Control Centre controls the use of the Torbay Council VHF Radio Net, which is used to co-ordinate operational activities.

During out of hours the Control Centre is responsible for initiating call out procedures for:-

Major emergencies, environmental health issues, highways incidents, public building repairs, housing trust maintenance, Intruder alarms, lone working health and safety aspects.

The Council Centre is responsible for initiating agreed call out procedures for neighbouring South Hams District Council Environmental Health and Property Services departments. This is an embryo shared service arrangement.

### **Organisation**

The management of the 24 hour Control Centre is based at Aspen Way and directly employs five full time members of staff who cover 24 hours a day, 365 days a year through a shift pattern system.

### **Key Challenges**

- This is a directly managed service with actual costs recharged to clients.
- There is an opportunity to deliver the 24 hour control centre service to other organisations as well as playing a key role in the council's drive to improve customer service. Examples in the future could include joint arrangements with Torbay Council's CCTV Control Centre and the Torbay Care Trust "life line" call centre.
- Control room location/size could limit the scope for further growth and development in the future.

## **Finance and Administration**

### **Overview**

Direct Services and Waste is near stand-alone in support functions but draws on Torbay Council's corporate support for areas including legal advice, human resources advice, provision of payroll, finance, procurement and IT.

The in-house finance and administration teams manage all other aspects of support to the operational teams including:

- Management of the trading accounts
- All aspects of financial support
- Debtor management
- Reception activities
- Management of employee information
- Customer contact
- General administration functions.

The team contributes to the development of the council's statutory and corporate accounts and liaises closely with the internal audit team. The team also liaises annually with the council's external auditors who audit our financial statements as an independent trading account.

### **Organisation**

Support is provided to the operational teams by an administration team of three and a finance team of six.

### **Key Challenges**

- This is an internal support service which is charged as an overhead to the trading divisions and links with the Council payroll and other systems.
- Further investment could be used to provide more modern systems to manage the commercial organisation particularly in the areas of billing, estimating, customer database and contract management.

## **Health & Safety**

### **Overview**

The team delivers a Health & Safety service to Direct Services and Waste and provides accurate advice and information on Health & Safety matters and ensures we comply with statutory requirements.

The service works with all sections trying to improve safety awareness. This links closely with the training and development side of the team.

The service acts as the lead contact for Business Continuity Planning, and Emergency Planning. The team works closely with and contributes to the council's Corporate Health and Safety team.

### **Organisation**

Health & Safety is one of the responsibilities of the Safety and Development Officer and his assistant.

### **Key Challenges**

- This is an internal support service which is charged as an overhead to the trading divisions.
- Further work needs to be undertaken to develop a behavioural and cultural change to Health & Safety to reduce the number of RIDDOR and other accidents/incidents.
- Continue with and improve the current programme of health and safety awareness and health surveillance.

## Health & Safety Organisational Structure



## **Training and Development**

### **Overview**

The team manages and facilitates all the training for all staff including induction using both internal and external training providers and maintains all records for reference. Some training is supplied to other units in the council.

The team ensures that the management team are made aware of statutory training requirements and that funding is provided to ensure compliance with current regulations.

### **Organisation**

Training and development is one of the responsibilities of the Safety and Development Officer and his assistant, and the team is able to call upon another qualified trainer from within one of the business units.

The team has a small training facility which is able to accommodate up to 10 candidates for in house training.

### **Key Challenges**

- This is an internal support service which is charged as an overhead to the trading divisions.
- The personal development of staff has improved greatly over the last few years with benefits in all areas. In order for the Direct Services Waste functions to expand there will need to be continuous training and development.
- The Council sees significant benefits in continuing to develop the apprenticeship programme.
- The need to continue with/improve the approach to succession planning.
- Keep up to date with current legislation and continue with the programme of statutory training that has been developed.
- To obtain Construction Skills Certification Scheme Cards for all staff engaged in construction activities.

## **Technical Services**

### **Overview**

The Technical Services team provides property related and consultancy advice that include health and safety legislation, small building works procurement including mechanical services, electrical services, environmental services, building surveying, quantity surveying, contract management, design and feasibility advice.

Technical Services undertakes the following:

Service Level Agreements are in place for Torbay for the maintenance and repair of mechanical and electrical services, including building management systems, water hygiene risk assessments and monitoring regimes.

The team includes individuals that are identified as 'The Competent Person' able to enforce prohibitions imposed by relevant statutory health, safety, welfare and fire provisions including part P of the building regulations

The team is able to give advice to customers on a wide range of building related issues.

The customer base includes Torbay Coast and Countryside Trust, Torbay Care Trust and the PLUSS Organisation.

The team offers pre-contract design and cost advice for small contract works generally up to £150,000 although jobs that are significantly higher than this are often procured. This includes the provision of feasibility studies, undertaking planning applications, obtaining building control approval, full design and preparation of drawings, preparation of contract documentation for tender purposes and tender analysis and advice on contractor selection. The team assists customers in the procurement of specialist consultancy services.

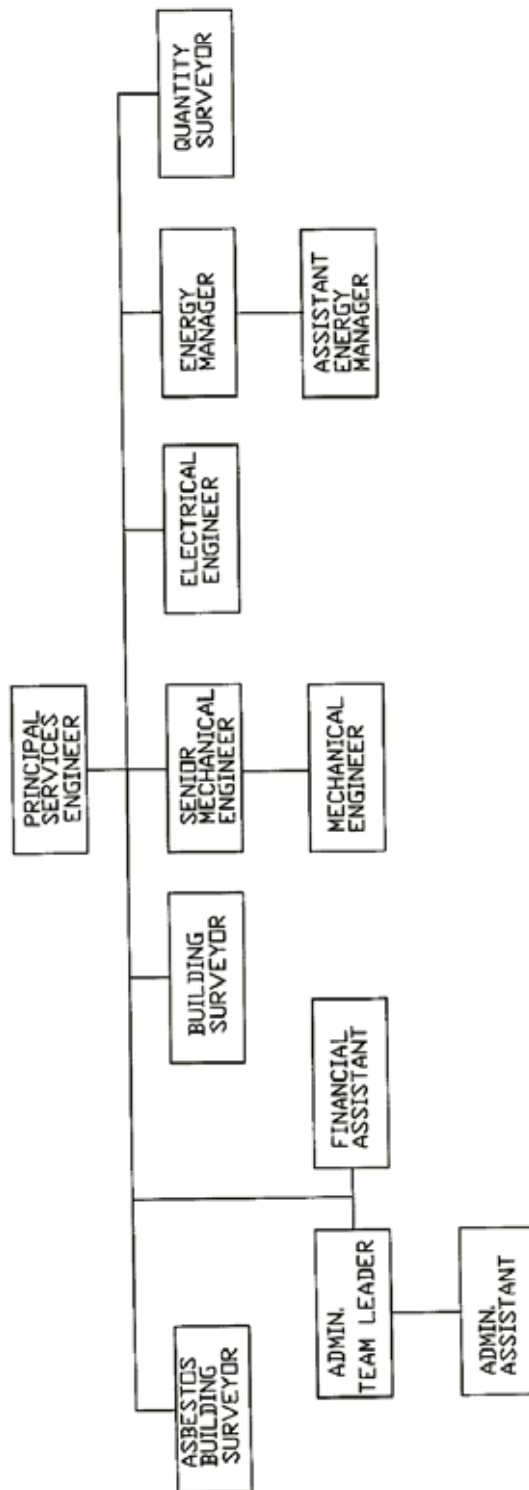
### **Organisation**

The team consists of 12 staff as detailed below.

### **Key Challenges**

- There are a variety of SLAs in place which reflect the diversity of the customer base. Where a customer is not covered by an SLA this is delivered as a managed service.
- Competition from framework suppliers.
- Maintenance budgets are placed with individual managers which leads to a diverse customer base that in turn means that customer relationship building is time consuming.

## TECHNICAL SERVICES (PROPERTY SERVICES)



## Summary of Business Value

The business units that make up the Direct Services and Waste organisation are run as individual trading accounts. The support functions within Direct Services and Waste include an element of 'trading' or income generation in addition to the provision of support to the other business units, the cost of which is covered by internal recharges.

The following summary is based on trading account out-turns for 2006/2007 and is included as an indication of business value. The out-turn values include work for customers outside of Torbay Council and intra-business unit recharges, and therefore should not be taken as contract values. It should be noted that business external to the council is carried out on a reactive or one-off basis and is not contracted.

<b>Direct Services</b>	Income from Torbay Council £m	External income £m	Total Income £m	Contracts/ Service Level Agreement in place ? (SLA)
Highways Operations & Civils	2.12	0.09	2.21	SLA
Building Maintenance	0.87	0.13	1.00	None
Landscape Maintenance	1.52	0.03	1.55	None
Building Cleaning	0.73	0.03	0.76	Some SLAs
Cleansing	1.71	0.01	1.72	Some SLAs
Sub Total	6.95	0.29	7.24	
<b>Waste Management</b>				
Waste Collection	1.96	0.31	2.27	None
Waste/transfer/disposal/ Recycling	1.06	0.50	1.56	None
Sub Total	3.02	0.81	3.83	
<b>Support Services</b>				
Vehicle Maintenance & MOT station	0.69 *	0.02	0.71	None
Fleet Management	2.10 *	0.25	2.35	None
Purchasing, Warehousing	0.99 *	0.05	1.04	None
Sub Total	3.78	0.32	4.10	

\* = internally recharged services

In addition to the above the Technical Services team project manage a programme of property maintenance related projects to the value of £2.5 million in 2006/2007. Most of the Property Services work is covered by SLAs, particularly works within schools.

The guaranteed level of work per year is anticipated to be in the order of £7-million to £8-million. In addition to this there are the internal recharges in support

areas such as fleet management, purchasing and warehousing. The internal recharges for Support Services, e.g. Finance, Control Room, health and safety etc are included in the above value of work.

## **6. Procurement Method**

### **Gateway Review Process**

Torbay Council's JVC Project is being managed using the Office of Government Commerce (OGC) Gateway Review process.

This is a six step project management/procurement system with the step wise process summarised as follows:

Gateway Review 0	-	Strategic Assessment
Gateway Review 1	-	Business Justification
Gateway Review 2	-	Procurement Strategy
Gateway Review 3	-	Investment Decision
Gateway Review 4	-	Readiness for Service
Gateway Review 5	-	Benefits Realisation

The Strategic Review of the Direct Services and Waste organisation has substantially completed Gateway Review Stages 0 and 1.

The procurement process and selection of the private sector partner will complete Gateway Review Stages 2 and 3.

It is intended that Gateway Review Stage 4 will be carried out in conjunction with the selected private sector partner as the joint venture is jointly established, final contract arrangements made, and business transfer preparations undertaken.

Gateway Review Stage 5 will be conducted by Torbay Council in its commissioning capacity once the JVC has been trading for a reasonable period of time. It is envisaged that this stage can be fulfilled as part of the on-going contract management and performance monitoring of the service delivery by the JVC.

### **Procurement Process**

Torbay Council will use competitive dialogue as the procurement method to select its private sector partner with which it will establish the joint venture company and to award the services contract to the JVC. As the resulting organisation will be a jointly owned private sector company, competitive dialogue has been selected to ensure the private sector expertise and experience of

prospective partners is fully utilised in assisting in identifying the best solution and structure for the JVC.

The dialogue phase will be conducted in successive stages with the preferred number of bidders entering the dialogue phase being between two and five. As many successive stages, as deemed necessary, will be used and this will be determined as the dialogue phase progresses.

As an early indication the means of dialogue likely to be used are:

- Structured round table discussions
- Initial summary bids
- Bid presentations
- Free format round table discussions
- Staff and Trades Union panel
- Feedback sessions to bidders
- Secondary and tertiary bids (as required)
- Other means as necessary

It is intended that there will be a significant involvement by frontline staff in the dialogue process to ensure staff engagement in the private sector partner selection.

The number of solutions considered and the number of bidders involved may be reduced during the dialogue phase.

## **7. Anticipated Partner Benefits**

In establishing a private/public partnership in the form of a joint venture company, Torbay Council is looking to create an organisation that will provide it with value for money services and be sustainable to supply its needs in the long term.

To achieve these aims Torbay Council is looking for its private sector partner to provide benefits in key areas to produce an efficient, modernised and sustainable service provision organisation.

In addition to the service benefits, Torbay Council is looking for the joint venture company to play a part in the improvement of the economy in Torbay and its sub-region.

Areas where Torbay Council anticipates that its joint venture partner could bring benefits are summarised as:

- Improved quality of service to customers
- Improved cost-effectiveness
- Modern working practices to give efficiencies
- Supply chain benefits
- Transfer of technology
- Growth opportunities
- Increased staff pool
- Wider skills base
- Wider management skills
- Business process re-engineering
- Investment vehicles
- Ability to offer alternative pay and reward systems, particularly incentive schemes
- Training and development opportunities
- Corporate support functions more applicable to a commercial and operational environment
- Wider pool of specialist plant and equipment
- Ability to move to a higher level of health, safety and welfare performance
- Increased employment opportunities
- Community benefits by improving employment opportunities in deprived groups
- Cultural change to assist in meeting client and customer expectations
- Management systems.

The above are intended for guidance only and Torbay Council will be seeking a private sector partner who will bring innovative thinking to the joint venture to create an organisation which is efficient, sustainable, and both growth and customer orientated.

## **Partnership working**

Torbay Council is committed to partnership working and this approach has brought significant benefits including enhancing our capacity to improve service outcomes as a relatively small unitary council.

A few examples of our partnerships are described below:-

- **Torbay Strategic Partnership**

The new Community Plan, with its focus on economic prosperity, was drawn up by the Torbay Strategic Partnership (TSP) which has wide membership from all key groups in the Bay, including the business sector. The TSP works through a series of forums and partnerships to engage with a broad cross section of the community including for example Community Partnerships, Culture Forum and the Older Persons Forum.

- **Community Partnerships**

The council has championed the work of Community Partnerships. Twelve have been established covering all 15 wards, and a strong network of community based activity is now emerging.

- **Torbay Care Trust**

A new partnership that is already producing results for service users is the Torbay Care Trust which was established to provide a seamless integrated service with improved outcomes for citizens. This partnership merged the adult care services with the Primary Care Trust. In the pilot programme at Brixham an evaluation has identified major improvements in practice and outcomes as a result of co-location and integrated working.

- **Torbay Development Agency**

The Torbay Development Agency Ltd was established in 2003 as a public/private board to lead the regeneration of Torbay and to oversee the setting up and running of the arm's length Torbay Development Agency. The board has established a clear strategy for improving economic performance in Torbay and delivered a number of major projects. The board has overseen the implementation of the Torquay harbour redevelopment (new slipway and related works), agreed proposals for a Town Dock in the outer harbour to be undertaken in 2007, and is implementing proposals for incubator units in Torquay and at South Devon College. Working in conjunction with Local Development Company Brixham 21, £16.5M of funding has now been secured for Phase One of the Brixham Harbour regeneration scheme for a new fish Quay and

related works. These projects are breathing new life into the harboursides and business areas of the Bay, and creating new higher value work opportunities.

- **Children's Services**

In developing Children's Services, a re-structuring exercise has taken place to provide lead capacity, to match a locally devised strategy that captures the main features of 'Every Child Matters'. A Children's Partnership Board and Partnership Executive has been established and a Director of the Torbay NHS Care Trust is a member of the Children's Services management team. The Service is being successfully redirected as a result to a greater emphasis on prevention rather than intensive intervention.

- **Torbay Coast & Countryside Trust**

Partnership working is increasingly an important aspect of delivering community services. For example the countryside service is now delivered through the Torbay Coast and Countryside Trust. The council provides core funding for the management of the 1,800 acres leased to the Trust and has recently provided a capital contribution and guarantee to the Trust's latest green tourism/heritage project at Ocombe Farm. This has enabled high standards to be maintained and new visitor opportunities to be developed for both residents and visitors. The partnership is managed through a formal management agreement and liaison forum.

## **8. Care and Development of Employees**

The care of employees who may transfer to the joint venture company is a critical success factor for Torbay Council.

Prospective bidders will need to consider how they will manage any transferring staff early in the procurement process.

Short listed bidders will be expected to submit a detailed plan of how they could manage the transfer of any staff as part of an initial bid. In particular they will need to demonstrate how they will communicate with, and inform staff during the dialogue process, in preparing for any transfer and post-transfer once the joint venture company is established.

## 9. Final Award Criteria

Applicants' responses to the questions detailed in the Pre-Qualification Questionnaire (PQQ) document will be used to determine a shortlist of applicants to be invited to participate further in the procurement process.

The following criteria and weightings will be applied in the evaluation of the Pre-Qualification Questionnaire responses:

Commercial	60%
Technical (including references)	40%

Those applicants that are asked to progress further will then be issued with Invitation to Submit Outline Solutions and Invitation to Submit Detailed Solutions documents, which will be evaluated against the following criteria:

Technical	100%
-----------	------

This will be broken down further to cover different technical criteria such as governance arrangements, risk and reward, flexibility to change and so on. These criteria have been provided as indicators and should not be taken as confirmation of the exact breakdown of evaluation criteria at this time. These will be indicated and confirmed in the documentation indicated previously.

Those applicants that are selected to proceed as a result of the Competitive Dialogue phase will then be invited to submit their Call for Final Tenders documentation. The following criteria and weightings will then be applied:

Technical	40%
Pricing	60%

The authority also reserves the right to impose pass/fail criteria and/or thresholds as part of the evaluation process, provided that any conditions are disclosed prior to the submission of the relevant documentation.

The method of evaluation given above and the way in which it has been broken down is reflective of the Competitive Dialogue process, further details of which can be found within the PQQ documentation.

## 10. The Torbay Change Agenda

There are a number of key drivers which have led to the council undertaking a change programme, as follows:-

- (i) Customer needs, expectations and values
- (ii) Demands from Government (central and local), auditors, inspectors, investors
- (iii) Limited resources – people, pounds and property

In responding to the above drivers the council is trying to achieve:

- Improved services focused on the needs, expectations and values of customers
- Improved community engagement
- Better public value
- Greater capacity to deliver

The change programme consists of a number of projects which have been grouped under three separate but linked strands:

- (i) **Changing the way we work** - There are a number of projects that will change the way we work. This includes improving and modernising our processes and systems, reviewing our accommodation, developing the brand of the authority and making our services more customer friendly.
- (ii) **Working better for and with our communities** - We have begun to do this through our Community Partnerships. This will also include considering how we can make better use of the expertise in our voluntary and community sectors as well as how we can help our communities to work more closely with us so we can better deliver what they want and need.
- (iii) **Providing better value** - This is really about how we deliver our services. The council will continue to make our services better and challenge the way we do things. We must look for the best service at the best price. We cannot simply accept that the services we continue to provide 'in-house' are the best. We must also continue to review those services we do not provide ourselves, to make sure they are still the best on offer.

If we do not make the best possible purchase of services (internally, externally, in partnership or conventional outsourcing) we will fail our tax payers and they would be entitled to withdraw their support. Continually seeking to improve our services is the only option to keep them strong, viable and vibrant. Competition has a vital role to play in this and so does focussing on what we must do and doing this well.

Establishing the Joint Venture Company (JVC) is a project under the providing better value strand. In setting up the JVC the council will be considering the best way for it to link with other council services. Other projects covered in this strand include workforce planning, pay modernisation/reviewing pay and reward and an options appraisal of how all the other council services could be delivered in the future.

## 11. Summary Timetable

The open nature of the competitive dialogue process means that it is impossible to give a precise timetable for the procurement process but a summary timetable as guidance is given below.

These key dates have been provided for your information and are to enable planning of resources throughout the entire Competitive Dialogue process.

It should be borne in mind that these dates are provisional and are subject to change, and as such, should be referred to as a general guide.

Date of dispatch of PQQ/Prospectus	16/07/07
Bidders Conference	19/07/07
Closing date for clarification questions	27/07/07
Closing date for response to clarification questions	01/08/07
Return of PQQ/Prospectus	17/08/07
Supplier Presentations (if applicable)	w/c 17 September 2007
Submit Outline Solutions (ISOS) issued	w/c 15/10/07
Outline Solutions submitted	w/e 12/11/07
Evaluation, clarification and dialogue on Outline Solutions	w/c 03/12/07
Send out Invitation to Submit Detailed Solutions (ISDS)	w/c 28/01/08
Detailed Solutions Submitted	22/02/08
Evaluation, clarification, dialogue and negotiate on Detailed Solutions	25/02/08-17/03/08
Further dialogue and refinement of solutions	17/03/08-28/04/08
Call for Final Tenders (CFT)	28/04/08-12/05/08
Final Tenders Completed	12/05/08-09/06/08
Select preferred bidder	09/06/08-23/06/08
Final clarification, due diligence, Financial Close and award	23/06/08-06/10/08
Start Date	October 2008

## **12. Contacts for Further Information**

### **Joint Venture Company Project**

Paul Lucas – Strategic Director, Performance  
Town Hall  
Torquay  
TQ1 3DR  
United Kingdom

01803 207003  
[paul.lucas@torbay.gov.uk](mailto:paul.lucas@torbay.gov.uk)

Gareth Bourton – Assistant Director, Direct Services & Waste  
Aspen Way  
Yalberton Industrial Estate  
Paignton  
Devon  
TQ4 7QR  
United Kingdom

(01803) 402901  
[gareth.bourton@torbay.gov.uk](mailto:gareth.bourton@torbay.gov.uk)

### **Procurement Process**

Carly Wedderburn – Procurement Officer  
Corporate Property & Procurement  
Town Hall  
Torquay  
Devon  
TQ1 3DS  
United Kingdom

(01803) 208980  
[carly.wedderburn@torbay.gov.uk](mailto:carly.wedderburn@torbay.gov.uk)