



<u>Committee and Date</u>
Environment and Services Scrutiny Committee Monday 30 th November 2015

<u>Item</u>
<u>Public</u>

Review of DEFRA recommendations on Waste Contract Management

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1. Summary

- 1.1 In April 2012 a Contract Management Review (CMR) was conducted by the Department of the Environment and Rural Affairs (DEFRA) Waste Infrastructure Delivery Programme (WIDP) team on the Waste PFI Contract. The review considered the suitability of arrangements which the Council had in place to manage the waste contract and produced a report which included 11 recommendations. As requested by Protecting and Enhancing the Environment Scrutiny Committee from its meeting in July 2012 upon review of the CMR report, an Action Plan on the CMR recommendations was developed.
- 1.2 A report on progress of the CMR Action Plan was presented to the Protecting and Enhancing the Environment Scrutiny Committee on January 21st 2013.
- 1.3 This report provides an update on further work related to the CMR Action Plan.

2. Recommendations

Members of Environment and Services Scrutiny Committee are asked to:

- 2.1 Review and comment on the CMR Action Plan and progress achieved to date.

REPORT

Review of DEFRA recommendations on Waste Contract

The recommendations of the CMR are listed in Appendix 1. Table 1 covers the elements categorised by the review team as “Do Now” and Table 2 those that were categorised as “Do As Soon As Practicable”. The tables also include progress against each recommendation.

As the tables show, work on most recommendations has been completed, while only items 4, 6, 10, and 11 remain outstanding. All of these items are linked to the creation of a Contract Management Manual (CMM). As noted in the tables, this work was dependent on a Defra led project to create a generic CMM which could then be used as the basis of a Shropshire contract specific manual.

The latest information from Defra is that this project has stalled due to changing priorities and resource pressures. However, as there is general acceptance that the creation of a CMM for each contract is beneficial, attempts will be made to re-start this work when possible.

3. Risk Assessment and Opportunities Appraisal

3.1 This report has been provided for information only and therefore no risk assessment or opportunities appraisal has been carried out.

4. Financial Implications

4.1 Shropshire Council’s financial landscape has changed significantly since the DEFRA recommendations were produced. In accordance with Shropshire Council’s Business Plan and Financial Strategy 2014-17, the Waste client team was restructured during 2015, achieving a base budget saving of approximately £210k. The contract management element of the client team was not significantly affected by this, however.

4.2 In accordance with the recommendations, in the 2012/13 (financial year) investment in I.T. infrastructure and the compatibility of Shropshire Council and Veolia’s I.T. systems was made by both parties, as part of the creation and implementation of the Darwin CRM. Both Veolia and Shropshire Council made changes to their systems, and most importantly the interfaces between the two systems were also re-written in accordance with the recommendations.

4.3 There are no anticipated costs to Shropshire Council, over and above day to day operating costs, of the outstanding recommendations.

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)

Waste PFI Contract Management Review, Protecting and Enhancing the Environment Scrutiny Committee , July 9th 2012

Progress on Defra Waste PFI Contract Management Review ,Protecting and Enhancing the Environment Scrutiny Committee , January 21st 2013

Cabinet Member (Portfolio Holder)

Steve Charmley, Portfolio Holder for Business, ip&e, Culture and Commissioning (North)

Local Member

All Members

Appendices

1. PROGRESS ON RECOMMENDATIONS OF DEFRA WIDP CMR REPORT

**APPENDIX 1: PROGRESS ON RECOMMENDATIONS OF DEFRA WIDP
CMR REPORT**

Table 1: Progress on ‘Do Now’ Recommendations

Recommendation	Progress
1: The Authority should ensure that the proposed contract management resources after the current planned re-organisation are not further reduced in the immediate term.	Waste Unit restructuring plan based on Defra recommendations was implemented Nov 5 th 2012. A further restructure took place in 2015 in line with reassessment of the Councils services against budget reductions.
2: The Authority should proceed promptly to establish a Contract Management Board (CMB), with the proposed membership and terms of reference.	First meeting of CMB held 20 th November 2012 and since held on a quarterly basis
3: The Authority should also progress its plans for a Strategic Waste Board (SWB).	Terms of Reference approved by Portfolio Holder and first meeting of SWB held 5 th December 2012. Merged with Contract Management Board from June 2014 creating Waste Contract Management Board which meets quarterly.
4: The CMT should create a Contract Management Manual (CMM), in line with WIDP guidance, but reflecting the specifics of the Contract, and the already established processes of the Authority.	Progress for development of CMM initiated with generic manual being prepared by Defra. This will be used as guidance for developing a SC specific CMM.
5: The Authority should ensure appropriate succession planning systems are put in place as part of the current restructuring of the CMT, and to mitigate the risks that arise in future when key individuals leave the CMT.	As part of Unit restructuring in Autumn 2012 a Career Development position was included. The Waste Unit plus officers from other Council departments including Finance and Legal received 2 days of training from Defra WIDP in November 2012 to address key areas identified in the CMR report and strengthen knowledge and understanding.

Table 2: Progress on ‘Do As Soon As Practicable’ Recommendations

Recommendation	Progress
6: The Authority should ensure that key management processes are documented and incorporated into the Contract Management Manual.	See recommendation 4
7: The CMT and the Contractor should continue to explore ways to overcome the current IT compatibility issues associated with the sharing of data to enable more efficient management going forward.	There has been substantial investment in IT infrastructure by both SC and Veolia including new Customer Relationship Management (CRM) systems and interfaces. This has increased reliability and efficiency.
8: The CMT should consider creating a risk and issues log specific to the contract management function that can be regularly reviewed as part of the Contract Management Board meetings.	Risk management and performance scorecard included as part of all levels of contract management meetings including CMB.
9: The Authority should consider formalising contact with the Contractor at a senior level – for example as part of the function of the proposed Strategic Waste Board.	Existing Progress Liaison Group (PLG) between contractor and client expanded to include Portfolio Holder (PH). PH and VES Senior Executive also attend Annual General Meeting (AGM) to review strategic direction of the service. PH also attends Waste Strategic Communications Board with Veolia senior management on a quarterly basis.
10: The Authority should ensure that where appropriate the context behind certain key contractual provisions is captured and documented in the Contract Management Manual.	See recommendation 4.
11: The Authority should ensure that the Contract Management Manual documents the rights and obligations of the Authority with respect to planning outcomes related to the (planning) development of the key remaining infrastructure – the IVC facility.	See recommendation 4