



## ENVIRONMENT AND SUSTAINABILITY SCRUTINY COMMITTEE – 23RD MARCH 2021

**SUBJECT: REVIEW OF CONTRACT MANAGEMENT ARRANGEMENTS IN WASTE SERVICES**

**REPORT BY: INTERIM CORPORATE DIRECTOR - COMMUNITIES**

### **1. PURPOSE OF REPORT**

- 1.1 The purpose of the report is to outline a proposal for strengthening contract management arrangements within Waste Services.

### **2. SUMMARY**

- 2.1 The report sets out details of the range of high value contracts that are managed within Waste Services and provides details of a proposal to strengthen current contract management arrangements.
- 2.2 The proposed approach will ensure that all contracts are maximised in terms of service delivery, regulatory requirements, and that the wider social value benefits are realised. At the end of the proposed two-year contract management review period, an analysis of the effectiveness of the service model will be undertaken to determine if this approach to contract management can be applied more generally to other service areas across the council.
- 2.3 The report also includes a proposal to fund the estimated cost of circa £410k to undertake the contract management review.

### **3. RECOMMENDATIONS**

- 3.1 It is recommended that the Scrutiny Committee considers the content of the report and the funding proposal prior to Cabinet consideration on the 7<sup>th</sup> April 2021.

### **4. REASONS FOR THE RECOMMENDATIONS**

- 4.1 To ensure that the Scrutiny Committee is provided with an opportunity to consider the proposed contract management review and the proposed funding prior to Cabinet consideration.

### **5. THE REPORT**

- 5.1 There are a significant number of high value contracts within Waste Services as detailed in Appendix 1.

- 5.2 Each contract has its own terms and conditions which determine the contract management processes. These processes are currently developed, implemented, and managed by Officers in Waste Services and the Corporate Procurement Team. This work includes regular contract management meetings and monitoring of relevant Key Performance Indicators (KPI's) as set out within the terms and conditions of contract. A selection of key performance management information is regularly reported to Welsh Government to ensure statutory performance targets can be monitored. This is currently collated manually.
- 5.3 Given the high value of the contracts within Waste Services it is considered prudent to undertake a review of contract management arrangements and the collation of data. This will ensure that contract terms are delivered, which will result in performance targets being met and contracts delivering against value for money objectives.
- 5.4 Key targets for recycling have been achieved in previous years but during 2019/20 there was a drop off in performance due to supply chain issues and problems experienced with an end destination recycling processor who was sub-contracted to one of the Authority's main recycling contractors. Key targets for recycling for future years are currently set at 64%, then rising to 70% in 2024/25. Furthermore, there is a drive towards achieving zero waste by 2050.
- 5.5 Performance in 2019/20 dropped to 62.51% from 65.08% in 2018/19 due to the supply chain issues mentioned above and some decline in participation levels by residents. In order to achieve the 70% target for 2024/25 there will need to be changes in approach to the service provision, and robust contract management and data collection to assist in achieving this challenging target.
- 5.6 It is proposed that a critical friend should be identified from another public body to review our processes alongside what works well elsewhere. This may need to be outside of Wales and the critical friend will be chosen based on evidenced good practice in the delivery of Waste Services.
- 5.7 It is also proposed that additional fixed-term staffing capacity should be agreed to strengthen contract management arrangements and data collection within Waste Services. This additional capacity will allow for training on contract management, awareness raising of existing terms and conditions, identification of key data requirements, the automation of processes where possible and the identification of any issues with suppliers and appropriate resolution.
- 5.8 To undertake the proposed review the following additional staff will be required: -

<b>Post</b>	<b>Annual Cost (£)</b>
1 x Procurement Policy & Training Officer (Hay Band D)	71,825
1 x Principal Procurement Officer (Grade 10)	50,945
2 x Data Analytics Officers (Grade 8)	82,126
<b>TOTAL: -</b>	<b>204,896</b>

- 5.9 It is proposed that these posts should be recruited to on a fixed-term basis for a period of 2 years at a total cost of circa £410k. It is recommended that this should be funded as follows: -
- £400k from the balance remaining on an earmarked reserve previously established to meet cost pressures within Waste Services.
  - £10k from the projected 2020/21 revenue budget underspend for the Corporate Procurement Team.
- 5.10 The appointment of a Procurement Policy & Training Officer will allow for training and development of critical policy on procurement into key contract areas such as Waste Services. The postholder will also be responsible for ensuring that the Principal Procurement Officer

works on specific contracts with relevant Contract Mangers to provide training, knowledge, and support to operate contracts effectively and in line with the agreed terms and conditions.

- 5.11 Due to the proposed changes in Wales public procurement legislation there will be a requirement to completely retrain the Authority on procurement policy and the Procurement Policy & Training Officer will also play a key role in the delivery of this training across other service areas.
- 5.12 The Data Analytics Officers will interrogate the large volume of data within Waste Services to allow contract management to be more robust and to provide a strong evidence base to monitor supplier performance against contractual terms. This will allow both the Authority and external monitoring bodies to have confidence in the outcomes from public waste contracts in operation within the council. Once established, these roles can also provide support for other critical contracts within the council.
- 5.13 It is proposed that the contract management function will remain within Waste Services but with strengthened support and management from the Corporate Procurement Team. This will allow for local knowledge of waste and its function to remain with the “expert” group but with training and contractual support from the Procurement Team. This dedicated procurement resource will be on hand to develop terms and become a category specialist developing markets with the expert group (Waste Services).

### **Conclusion**

- 5.14 The report sets out details of the range of high value contracts that are managed within Waste Services and provides details of a proposal to strengthen current contract management arrangements.
- 5.15 It is proposed that four fixed-term posts be established for a period of 2 years at a total cost of £410k to undertake the review of contract management within Waste Services and to apply the learning to other critical contracts across the council.

## **6. ASSUMPTIONS**

- 6.1 There are no assumptions made within this report.

## **7. LINKS TO RELEVANT COUNCIL POLICIES**

- 7.1 Effective contract management ensures value for money and the effective use of the council's resources which supports the following Well-being Goals within the Well-being of Future Generations Act (Wales) 2015: -
- A prosperous Wales.
  - A resilient Wales.
  - A healthier Wales.
  - A more equal Wales.
  - A Wales of cohesive communities.
  - A Wales of vibrant culture and thriving Welsh Language.
  - A globally responsible Wales.

## **8. WELL-BEING OF FUTURE GENERATIONS**

- 8.1 Effective contract management helps maintain expenditure within approved budgets which is a key element in ensuring that the Well-being Goals within the Well-being of Future Generations Act (Wales) 2015 are met.

## 9. EQUALITIES IMPLICATIONS

9.1 There are no direct equalities implications arising from this report.

## 10. FINANCIAL IMPLICATIONS

10.1 The total cost of the proposed four fixed-term posts for a period of 2 years is circa £410k. It is recommended that this should be funded as follows: -

- £400k from the balance remaining on an earmarked reserve previously established to meet cost pressures within Waste Services.
- £10k from the projected 2020/21 revenue budget underspend for the Corporate Procurement Team.

## 11. PERSONNEL IMPLICATIONS

11.1 This report proposes that four new fixed-term posts should be established for a period of 2 years to undertake the review of contract management within Waste Services. This will strengthen existing arrangements and the learning can then be extended to other critical contracts across the council to develop a sustainable method of data collection and reporting.

## 12. CONSULTATIONS

12.1 There are no consultation responses that have not been reflected in this report.

## 13. STATUTORY POWER

13.1 Local Government Act 1972.

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Appendices: Appendix 1 – Contracts in Waste Services