

Report to: Economy, Transport and Environment (ETE) Scrutiny Committee

Date of meeting: 8 November 2016

By: Director of Communities, Economy and Transport

Title: Waste PFI Contract Update

Purpose: To update Scrutiny Committee on work with the Department for Environment Food & Rural Affairs and how that might link with future scrutiny or value for money work.

RECOMMENDATIONS: The Economy, Transport and Environment Scrutiny Committee is recommended to:

- (1) Note the update on work with the Department for Environment Food & Rural Affairs (DEFRA) and Local Partnerships; and
- (2) Await completion of the work being undertaken with Local Partnerships on the Operational Savings Review before considering whether to undertake further scrutiny work jointly with the Audit, Best Value and Community Services (ABVCS) Scrutiny Committee.

1. Background

1.1 A Waste PFI Contract Update Report was presented to the Economy, Transport and Environment Scrutiny Committee on 15 June 2016. The Committee discussed the possibility of conducting further scrutiny of the Waste PFI Contract. However, the Committee agreed that it should carefully assess whether it would be worth the officer and Member time in doing a more detailed value for money review, or whether that would be a duplication of existing work.

1.2 Work with DEFRA is currently underway in which Local Partnerships (a HM Treasury and Local Government Association joint venture that provides commercial support to the public sector) are supporting the Council in an effort to explore and deliver contract savings and efficiencies, which has followed on from a DEFRA contract management review that took place in March 2016.

2. DEFRA Contract Review and current work with Local Partnerships

2.1 The DEFRA contract management review has now been completed. The four recommendations from this report are detailed below:

| Ref. No. | Recommendation | Timing |
|----------|---|----------|
| 1 | The Authority should make provision for the creation of a Contract Management Manual in line with the guidance provided by the Waste Infrastructure Development Programme (WIDP) ¹ . | 9 months |
| 2 | The Authority should ensure that the Deed of Variation represents value for money for the Authority and that further benefits cannot be secured or at least discussed whilst the Contractor remains committed to completing it. A comprehensive business case should be undertaken. | 3 months |

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|----------|--|----------|
| 3 | More attention needs to be given resource levels within the team, including induction, development and retention. This effort will benefit the Contract over the longer term as changes to the make-up of the CMT will continue over the remaining 17 years of the Contract | 9 months |
| 4 | The Authority should build on existing work dedicated to identifying and pursuing opportunities to reshape the Contract that delivers savings at the requisite service levels at an affordable cost into the future. The Authority should ensure adequate resource is allocated to this project. | 3 months |

2.2 As part of the DEFRA contract management review a number of specific areas were also identified for further investigation, as they may provide opportunities for efficiencies and savings, many of which are current work-streams within the waste team.

2.3 The waste team are addressing recommendations 1, 2, and 3 of the DEFRA contract management review. In relation to recommendation 4, Local Partnerships, who were part of the team undertaking the contract management review for DEFRA, offered to undertake a more detailed Operational Savings Review.

2.4 The waste PFI project board has agreed to continue to work closely with DEFRA and Local Partnerships to expedite efficiency and savings opportunities within the waste contract. A contract for the proposed Operational Savings Review and additional support has been signed and work commenced at the end of September and will continue into 2017.

3. Recommendations

3.1 The recommendations and areas of investigation outlined in the sections above offer opportunities for possible savings and efficiencies to be made. Officers consider that the detailed work being undertaken by Local Partnerships will give both Councils and Scrutiny Committee a clearer picture on any savings opportunities and their deliverability.

3.2 It is recommended that following the completion of the Operational Savings Review both ETE and ABVCS Scrutiny Committees should give consideration to the need for further scrutiny work, or to utilise the information from the Operational Savings Review to update both Scrutiny committees.

RUPERT CLUBB
Director of Communities, Economy and Transport

Contact Officer: Justin Foster
Tel. No: 01273 335805
Email: Justin.foster@eastsussex.gov.uk

LOCAL MEMBERS

All

BACKGROUND DOCUMENTS

None