## Waste Infrastructure Delivery Programme
## Contract Management Training

defra
Department for Environment Food and Rural Affairs

**Norfolk**

**Planning the Transition**

**January 2013 – NAME REDACTED**

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## Objectives

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- To understand the nature of the transition phase
- To understand the importance of planning the transition phase
- To prepare an outline draft of a Transition Plan

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## Agenda

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- Introduction (15 mins)
- Exercise 1 (30 mins)
- Exercise 2 (30 mins)
- Conclusions (15 mins)

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## Terminology (1)

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## What Happens During Transition?

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## What is the Nature of the Transition Phase?

- Complexity
- Multiple changes
- One-off events
- Critical path

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## Why is a Transition Plan Important?

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- To retain knowledge during changeovers
- One off events need to be right first time
- Different stages of the project require different approach
- To minimise delay and disruption

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## Example - Staffing the transition

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Potential Transition Arrangements

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## Exercise 1

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- Use Post-Its notes to identify what activities need to be planned during the transition period, for example:
  - Human resources, knowledge, budgets, time
  - Project management and controls, governance, communications, document management
  - Risk management, obligations
- Identify other areas that require planning.

**Be ready to provide feedback after 20 minutes**

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## Managing Projects – General Principles

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| Project Integration Management | Scope Management | Cost Management |
|---|---|---|
| • Stakeholder objectives<br>• Project execution plan<br>• Consistency<br>• Coordination<br>• Approvals<br>• Identification of funding | • Brief/Objectives<br>• Scope planning<br>• Interface definition<br>• Verification<br>• Change control | • Affordability<br>• Value for money<br>• Quantum and timing of funding<br>• Benchmarking costs<br>• Budgets<br>• Cost control |
| **Time Management** | **Quality Management** | **Communication Management** |
| • Activity definition<br>• Sequencing and logic<br>• Duration estimates<br>• Schedule<br>• Development and control<br>• Meeting scheduling and management | • Planning<br>• Assurance<br>• Control<br>• Clear transparent and auditable processes<br>• Pier Reviews<br>• Benchmarking standards and practices | • Organisational for<br>• Structures<br>• Information distribution<br>• Reporting<br>• Risk response control<br>• Stakeholder and community consultation |
| **Risk management** | **Procurement management** | **Human resources management** |
| • Risk analysis<br>• Risk mitigation<br>• Residual liabilities<br>• Containment strategy is<br>• Risk allocation and transfer | • Notification<br>• Procurement planning<br>• Contract documentation<br>• Source selection<br>• Contract administration<br>• Negotiation | • Organisational planning<br>• Staff acquisition<br>• Team development<br>• Relationship management |

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## Human Resources – Contract Manager

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- Define job description
- Determine skills requirement
- Appoint contract manager as soon as possible after preferred bidder appointment

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## Human Resources – Building The Team

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- Set up the team
- Deal with residual staffing issues e.g. TUPE
- Staff selection and management
  - Roles and responsibilities
  - Skills and experience
  - Training
- Succession planning
- Joint working arrangements

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## Resources – Document Team Structure?

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## Resources – Knowledge Management

- Contract Management Manual
- Succession planning
- Document management systems

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## Resources – Knowledge & Expertise

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- In house experts
  - Finance, legal, construction
- Access to advisers
  - Terms of engagement
  - Duration
  - Knowledge management
- Networking with others:
  - Authorities with same Contractor
  - Managers of PFI/PPP contracts

*The Knowledge Management Cycle*

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## Resources – Contract Management Budget

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- Secure senior commitment to provide necessary resources
- Monitor spend against budget
- Record and communicate instances of additional cost avoided through good contract management

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## Managing Other Resources

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- Time?
- Quality?
- Contractor goodwill?

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## Project Management

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- PID – plan and benefits defined
- Determine transition milestones
  - Detailed programme of work from financial close to steady state
  - Key timelines
- Quality management system
- Internal audit input
- Interface issues

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## Project Control - Communications

- Identify stakeholders
- Agree key messages and benefits
- Manage expectations
- Define protocols, routes and systems
- Integrate with existing protocols

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## Project Control - Risk Management

- Maintenance of Risk Register
- Need for frequent review as risks change
- Contingency plans
- Opportunities management
- Register of Benefits and Obligations (ROBO)

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## Project Control - Governance

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- Board membership
- Terms of reference
- Frequency of meetings
- Interface with wider corporate governance
- Member involvement/ briefings

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## Project Control - Liaison With SPV

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- Liaison Committee
- Authority and Contractor Representatives
- Authority and Contractor Related Parties
- Non-contractual processes - identify contractor contacts, roles and responsibilities

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## Exercise 2

- Previous Table Groups – 30 minutes
- Identify the key clauses and associated management actions relating to the following phases :
  1. Planning – Interim Services & Revised Project Plan
  2. Construction

  **<u>Be ready to provide feedback after 20 minutes</u>**

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## Clauses Relating to Planning

- Signing off All Reasonable Endeavours (Para 2.2)
- Taking Advice from Leading Counsel (Para 2.4)
- Defending a JR Challenge (Para 2.5)
- Reimbursing Contractor for Costs Above Appeal Contingency (Para 2.6 – 2.8)

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## Clauses Relating to Planning

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- Considering whether a Planning Consent is Satisfactory (Para 3.1)
- Deciding Whether To Terminate (Para 3.2 and 3.5)
- Agreeing a Revised Project Plan (Para 3.3)
- Approving Claims for Architectural Enhancement Costs (Para 3.9)

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## Other Issues Relating to Planning

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- Supporting Contractor s planning application
- Managing any delay
- Considering affordability
- Appeal or resubmission?
- Delivering s106 works

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## Interim Arrangements & Revised Project

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- Interim Services Clause 2.9
  - Schedule 21 Change protocol
- Revised Project Plan
  - No later than 3 months prior to the Planning Permission Longstop Date but! (10th June 2013)
  - All reasonable endeavors test
  - Lenders interest
  - Content of plan
  - 6 months to agree

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## Interim Arrangements & Revised Project

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- Accept or reject (termination)
- Implementation
- Significant plan
- Procurement issues
- Risk profile
- Lenders
- Resource and expertise

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## Clauses Relating to Construction

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- Monitoring Contractor Compliance with Principle Obligations (Clauses 13 and 19)
- Dealing with Fossils and Antiquities (Clause 14)
- Reviewing Design Data (Clause 15)
- Meetings etc with Construction Sub Contractor (Clause 16)

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## Clauses Relating to Construction

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- CDM requirements (Clause 17)
- Dealing with Delays (Clauses 20)
- Dealing with Protester Action (Clause 42)

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## Other Issues Relating to Construction

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- Delivering the site to the Contractor
- Enabling works
- Interface contract commitments

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## What Indicates a Successful Transition?

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- Planning clauses in contract successfully implemented as required
- Unexpected problems during construction/commissioning resolved promptly
- Knowledge and document management systems in place

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## What Indicates a Successful Transition?

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- CMT has clear understanding of contract
- CMT understands its role and responsibilities
- Constructive working relationship with SPV focussed on delivering service objectives and vfm

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