

Scrutiny Committee Report

Report of Head of HR, IT and Customer Services

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AGENDA ITEM

6

Performance review of contractors

Recommendation

That the Scrutiny Committee notes improvements made to the system for reviewing the performance of contractors.

Purpose of report

1. To update the Committee on improvements to the system for monitoring the performance of contractors.

Background

2. The council spends a significant proportion of its revenue budget on a small number of major contractors. Contractor performance therefore plays a significant part in council performance, customer satisfaction and council reputation.
3. In 2003, South Oxfordshire District Council (South) developed a system for producing an annual report on the performance of major contractors. This was extended to Vale of White Horse District Council (Vale) in 2011.
4. Major contractors are evaluated on three dimensions:
 - Performance against contractual key performance targets (KPTs)
 - Customer satisfaction
 - Satisfaction of the council as client.
5. The three judgements are summed into an overall evaluation on a scale of Excellent, Good, Fair, Weak, Poor. This scale is a continuation of a system

developed by the Audit Commission to judge overall council performance, and has been retained so that trends in contractor performance can be clearly observed.

6. The process also encompasses:
 - The contract monitoring officers judgement of the contractor's strengths and areas for improvement
 - An opportunity for the contractor to comment on the assessment
 - An opportunity for the contractor to comment on any opportunity for the council to improve its working methods which would ultimately make the service more efficient or effective.
7. Annual reports on contractor performance are customarily presented to Scrutiny Committee for discussion, usually in the presence of the contractor and council contract monitoring officer, and then the committee makes a recommendation of the final overall evaluation to the Cabinet Member for formal individual cabinet member decision.

Current contracts included

8. The system now applies to the following South and joint contracts:
 - Engineering support (Monson)
 - Grounds maintenance (Sodexo)
 - Leisure centre management (GLL Nexus)
 - Public conveniences cleansing (Healthmatic)
 - Revenues, benefits and accountancy services (Capita Business Services)
 - Waste and recycling collection, fly-tip clearance and street cleaning (Biffa)

Improvement opportunities

9. Despite annual tweaks to the system, some variation has started to occur in the way annual reports are compiled and performance calculated.
10. Vale Scrutiny Committee recently requested a review of the process, and the results of this are incorporated here.

Updated template and guidance

11. The updated template and guidance presented to the committee today includes a number of improvements:
 - Discontinue the practice of calculating KPT performance as the percentage of individual KPTs met, as this could be unfair to contractors who narrowly miss a KPT
 - Introduce a process that takes into account the different types of KPT and enables a more arithmetic calculation of overall KPT performance (avoiding the incorrect averaging of percentages)

- Provide a way for the contract monitoring officer to add weighting to the importance of KPTs and to ensure that day-to-day contractor performance is taken into account in arriving at a fair overall KPT performance
- Updated guidance on measuring customer satisfaction, including customer satisfaction surveys and sample size
- Guidance on judging the overall customer satisfaction score when there have been a number of complaints
- Include comparisons of each dimension with the assessments in the previous reviews, for the purposes of identifying trends in performance
- There is now an option not to double the weighting of customer satisfaction in cases where this is a less than fully reliable indicator of contractor performance (e.g. cleanliness of leisure centre changing rooms, where satisfaction is known to fall when the floor is wet, even though it is clean)
- Any action plan requiring improved performance appears as an appendix, and there is also an appendix to report on progress of a previous action plan.

12. All five contract monitoring officers using the system have been consulted during this review, together with the shared consultation officer for advice on customer satisfaction measurement.

13. While the new template and guidance reflect a number of improvements and clarifications that will help to bring about greater consistency between contractor reviews, no fundamental changes are being suggested to the system, so that annual performance can be comparably measured with previous reviews and annual trends of contractor performance can be monitored (the trends appear on the intranet).

Conclusion

14. This report will be accompanied by a short presentation by Geoff Bushell, shared performance and projects manager, who has been the lead on this process since 2003.

15. For consistency, the above changes apply equally to Vale, and were agreed with Vale Scrutiny Committee on 26 February 2012.

16. The first contract to be reviewed using the improved system will be the joint waste contract at the March meeting.

Recommendation

17. The Scrutiny Committee is invited to note improvements made to the system for reviewing the performance of contractors.

Accompanying papers

- Updated template for the performance review of contractors
- Updated guidance for the performance review of contractors