

# Scrutiny Committee Report

Report of Head of Corporate Strategy

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To: SCRUTINY COMMITTEE

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## Performance review of Sodexo Ltd (Horticultural Services)

### Recommendation

That the committee considers Sodexo Limited's performance in delivering the grounds maintenance services contract for the period 1 January 2012 to 31 December 2012 and makes any recommendations to the Cabinet Member for parks to enable him to make a final assessment on performance.

### Purpose of Report

1. The report considers the performance of Sodexo in providing grounds maintenance services in South Oxfordshire for the period 1 January 2012 to 31 December 2012.

### Strategic Objectives

2. The service contributes to the council's corporate objective of excellent delivery of key services with particular emphasis on delivering high performance services, keeping public spaces clean and attractive and ensuring good quality sport and leisure provision.

### Background

3. Managing contractor performance is essential for delivering the council's objectives and targets. Since a high proportion of the council's services are outsourced (approximately half the revenue budget is spent on seven main contractors), the council cannot deliver high quality services to its residents unless its contractors are performing well. Working jointly with contractors to review performance regularly is therefore essential.

4. The council's process for managing contractor performance focuses on continuous improvement and action planning. The council realises that the success of the framework depends on contractors and the council working together to set and review realistic, jointly agreed and measurable targets.
5. The overall framework is designed to be
  - a way for the council to consistently measure contractor performance, to help highlight and resolve operational issues
  - flexible enough to suit each contract, including smaller contracts which may not require all elements of the framework
  - a step towards managing risk more effectively and improving performance through action planning.

### **Overview of the Review Framework**

6. Evaluating contractor performance has four elements:
  1. performance measured against key performance targets (KPTs)
  2. customer satisfaction with the total service experience
  3. council satisfaction as client
  4. summary of strengths and areas for improvement, plus feedback from the contractor on the overall assessment and the contractor's suggestions of ways in which the council might improve performance.
7. The first three dimensions are assessed and the head of service makes a judgement of classification. The fourth element is a summary of strengths and areas for improvement and includes contractor feedback. Where some dimensions are not relevant or are difficult to apply fairly to certain types of contract, the framework may be adjusted or simplified at the discretion of the head of service.
8. Sodexo were awarded a joint contract for South Oxfordshire and Vale of White Horse district councils for the supply of grounds maintenance in October 2011 with a commencement date of January 2012.
9. The current value of the contract, as a fixed annual charge is £406,500 per annum of which South Oxfordshire's proportion is £67,800 per annum, a saving of £107,000 per annum on the previous contract. The contract is due to end in December 2016, with an option to extend for a further three years, subject to satisfactory performance.
10. The South Oxfordshire's elements of the contract includes delivery of the following service:
  - grass cutting
  - maintenance of shrub beds
  - maintenance of hedges
  - maintenance of play areas

- litter clearance
- vegetation control of hard surfaces
- minor tree works
- burials at Wallingford and Kidmore End cemeteries.

## **Dimension 1 – Key performance targets**

11. KPT's are recognised as an important element of monitoring the contractor's performance, in this first year we have used KPT 1 and KPT 2 as set out below as a measure of Sodexo's performance. We have agreed with Sodexo additional measurable KPT's which will be used in future years.

- KPT 1 – quality inspection– the average percentage quality rating of randomly selected play areas. Target - 85 per cent
- KPT 2 - quality inspection – the average percentage quality rating of randomly selected parks and open spaces. Target - 85 per cent.

12. The additional KPT's to be used in future are:

- percentage of substantiated complaints received which are resolved within agreed time scales: target – 90 per cent
- overall customer satisfaction rating for the grounds maintenance service: target – 85 per cent
- percentage of actions, identified as part of health and safety audit inspections, which are rectified within agreed time scales: target - 95 per cent
- percentage of additional work orders issued that are completed within agreed time scales: target - 80 per cent.

### **KPT 1 – QUALITY INSPECTIONS – PLAY AREAS**

13. This key performance target is measured by monthly joint inspections by the client and Sodexo of randomly selected sites. As well as an overall assessment, providing a general impression of the quality of the service being achieved, each service activity for the particular site is subject to a more detailed assessment and given a score out of ten. The total of all scores for the site are then shown as a percentage, for the purposes of this review the average for the year is then calculated.

14. During this review period the average percentage rate of randomly selected play areas was 82.2 per cent. This is slightly below the target of 85 per cent. Where a particularly low score is achieved then the contractor is issued with a Notification Notice and given a period of time to bring the site up to the required standard. The site is then jointly re-inspected after the agreed time scale has elapsed.

**KPT 2 QUALITY INSPECTIONS – PARKS AND OPEN SPACES**

15. This key performance target is also measured by monthly joint inspections by the client and contractor of randomly selected sites. As well as an overall assessment, providing a general impression of the quality of the service being achieved, each service activity for the particular site is subject to a more detailed assessment and given a score out of ten. The total of all scores for the site are then shown as a percentage. For the purposes of this review the average for the year is then calculated.
16. During this review period the average percentage rate of randomly selected parks and open spaces was 80 per cent. This is below the target of 85 per cent. Where a particularly low score is achieved then the contractor is issued with a Notification Notice and given a period of time to bring the site up to the required standard. The site is then jointly re-inspected after the agreed time scale has elapsed.
17. Based on Sodexo’s performance an overall “average” KPT performance rating score of 3.50 has been achieved. An analysis of performance against the KPT’s can be found in Annex A.
18. For reasons of consistency and for fairness between contractors, the following is a rough guide to the assessment of Sodexo against all KPT’s:

Score	1 – 1.4999	1.5 – 2.499	2.5 – 3.499	3.5 – 4.499	4.5 – 5.0
Classification	Poor	Weak	Fair	<b>Good</b>	Excellent

19. The head of service has made a judgement on KPT performance as follows:

KPT judgement

Previous KPT judgement for comparison

**Dimension 2 – Customer satisfaction**

20. As this is the first year of the contract and due to the exceptional weather conditions experienced throughout the year it was not considered appropriate to undertake a Customer satisfaction survey this year. Under normal circumstances a face to face survey is carried out in August at some of the council’s parks, open spaces and play areas.
21. Sodexo will be undertaking customer satisfaction surveys in the future and the main areas of questioning regarding satisfaction with the grounds maintenance service will be:
  - satisfaction with the overall grounds maintenance service
  - satisfaction with the different elements of the grounds maintenance service
  - staff attitude and responsiveness
  - does the service meet the needs of the residents.

22. There was a large volume of calls received over the summer period as a result of the weather conditions. The adverse weather had a major impact on Soedexo’s ability to cut grass and the standards they were able to achieve. Despite the conditions there were no official complaints logged as part of the council’s complaints procedure.
23. As no customer satisfaction survey was undertaken this year the head of service has been unable to make a judgement on this dimension.

**Dimension 3 – Council satisfaction**

24. As part of the performance review officers with direct knowledge and who frequently interact with the contractor were asked to complete a short questionnaire, this included the shared parks manager, parks officers and monitoring officer. In total five questionnaires were sent out and returned.
25. Based on sodexo’s performance an overall council satisfaction rating score of 3.50 has been achieved. An analysis of council satisfaction can be found in Annex B.
26. For reasons of consistency with previous assessments, and for fairness between contractors, the following is a rough guide to the assessment of Sodexo on council satisfaction:

Score	<3.0	3.0 – 3.399	3.4 – 3.899	3.9 – 4.299	4.3 – 5.0
Classification	Poor	Weak	<b>Fair</b>	Good	Excellent

27. Based on this performance, the head of service has made a judgement on council satisfaction as follows:

Council satisfaction judgement

Previous council satisfaction judgement for comparison

**Overall assessment**

28. Taking into account the performance of the contractor against KPTs and council satisfaction, the head of service has made an overall judgement as follows.

Overall assessment

Previous overall assessment for comparison

29. Other areas of note within the period of this review are:

- this contract is being delivered at a much lower cost than the previous one

- Sodexo won the “employer of the year 2012” award presented by the British Association Landscape Industries.

## **Strengths and areas for improvement**

30. Annex B also records strengths and areas for improvement relating to the performance of the contractor in this review period.

## **Contractors feedback**

31. A key feature of the process for reviewing the performance of contractors is that the council provides them with an opportunity to give their feedback on the assessment, including suggestions for improvements to council processes. This is included in Annex C.

## **Financial implications**

32. There are no financial implications arising from this report.

## **Legal implications**

33. There are no legal implications arising from this report.

## **Conclusion**

34. This first year of the contract has been very difficult for Sodexo because of the extreme weather conditions which have had a major impact on this service. There were very few weeks when the service was not disrupted because of wet weather, and this was so prolonged it was difficult for them to catch up missed days and provide the service expected of them. The impact of the weather conditions meant we had to work closely with Sodexo to identify changing priorities and allocate the work force accordingly. These disruptions to service have made it more difficult to accurately assess their performance and their resourcing levels in this first year, compared to a normal season.

35. There are a number of areas for improvement and therefore the head of corporate strategy has assessed Sodexo’s performance as fair in delivering the grounds maintenance service. The committee is asked to make any recommendations to the Cabinet Member for parks to enable him to make a final assessment on performance.

## **Background Papers**

None

## Annex A – Key performance targets

KPT ref	Description of KPT	Target	Performance	Individual KPT rating (excellent, good, fair, weak or poor)	KPT rating score (excellent = 5, good = 4, fair = 3, weak = 2, poor = 1)
KPT 1	average percentage quality rating of randomly selected play areas.	85 %	82.2 %	good	4
KPT 2	average percentage quality rating of randomly selected parks and open spaces	85%	80%	fair	3
Overall “average” KPT performance rating score (arithmetic average) refers to point 17 in the report					3.50
Overall “average” KPT performance (excellent, good, fair, weak or poor)					good

## Annex B - Council satisfaction

This assessment allows the council (as a client) to record its own satisfaction with aspects of a contractor's performance which lie outside Key Performance Targets and customer satisfaction. Each officer with direct knowledge and who frequently interacts with the contractor should complete this form. Some questions can be left blank if the officer does not have direct knowledge of that particular question.

The numbers indicated in the following table are the total number of responses received for each question

Contractor / supplier / partner name Sodexo Limited (Horticultural Services)

From (date) 1 January 2012 To 31 December 2012

### SERVICE DELIVERY

Attribute	(5) Very satisfied	(4) Satisfied	(3) Neither	(2) Dis-satisfied	(1) Very dissatisfied
1 Understanding of the client's needs	1	3	1		
2 Response time		5			
3 Delivers to time		1	3	1	
4 Delivers to budget			1	3	
5 Efficiency of invoicing		1		1	
6 Approach to health & safety		2	2		

### COMMUNICATIONS AND RELATIONS

Attribute	(5) Very satisfied	(4) Satisfied	(3) Neither	(2) Dis-satisfied	(1) Very dissatisfied
9 Easy to deal with	1	3	1		
10 Communications / keeping the client informed		1	2	2	
11 Quality of written documentation		1	2	2	
12 Compliance with council's corporate identity		4	1		
13 Listening	1	1	3		
14 Quality of relationship	1	2	2		



## IMPROVEMENT AND INNOVATION

Attribute	(5) Very satisfied	(4) Satisfied	(3) Neither	(2) Dis-satisfied	(1) Very dissatisfied
15 Offers suggestions beyond the scope of work		1	2		
16 Degree of innovation		1	2		
17 Goes the extra mile		2	3		
18 Supports the council's sustainability objectives	1	2	2		
19 Supports the council's equality objectives	1	4			
20 Degree of partnership working	1	2	2		

The following table is a summary of council satisfaction based on the completed questionnaires

Rating	Votes	Weighting	Total weighted
very satisfied	7	X 5	35
satisfied	36	X 4	144
neither satisfied or dissatisfied	29	X 3	87
dissatisfied	9	X 2	18
very dissatisfied	0	X 1	0
<b>Total</b>	<b>81</b>		<b>284</b>

The overall council satisfaction is calculated as follows:  $284 \div 81 = 3.50$  (refers to point 25 in the report).

## STRENGTHS AND AREAS FOR IMPROVEMENT

Strengths	the local core staff who know the sites and have worked on the councils areas for many years
	easy to contact and deal with
	willingness to make the contract a success
	partnership working
	responsive to requests for additional services such as flooding and snow clearance
	the team and their approachability
	training programme introduced for new and existing staff, including the apprenticeship scheme
Areas for improvement	implementing the technology identified at tender submission to assist in self monitoring and supervision
	needs additional supervisory staff to monitor day to day work
	additional resources and equipment to deal with peak periods of work
	improve daily communications to enable more effective contract monitoring
	provide more qualified and experienced staff for the skilled elements of the contract
	establish improved procedures and quality of paperwork supplied

## **Annex C - Contractor 360° feedback**

### **CONTRACTOR'S REACTION / FEEDBACK ON COUNCIL'S ASSESSMENT**

Sodexo believe the performance assessment to be fair, and representative based on Year 1 of the contract during a year of extraordinary weather. Sodexo will continue to work in partnership to improve performance against all KPT's in 2013.

The areas cited for improvement are currently under review and discussions have taken place with the council.

### **ANY AREAS WHERE CONTRACTOR DISAGREES WITH ASSESSMENT**

None

### **WHAT COULD / SHOULD THE COUNCIL DO DIFFERENTLY TO ENABLE THE CONTRACTOR TO DELIVER THE SERVICE MORE EFFICIENTLY / EFFECTIVELY / ECONOMICALLY?**

Sodexo have asked to review certain areas of the contract operations to enable a more efficient delivery of service. Litter collection, play inspections and grass cutting routes are being reviewed.

Feedback provided by

Date