

Committee:	Date:
Efficiency and Performance Sub-Committee	17 May 2017
Subject:	Public
Contract Management Corporate Supplier Scorecard	
Report of:	For Decision
The Chamberlain	
Report author:	
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Summary

This report provides Members with the recommended Corporate Supplier Scorecard that will be introduced to drive best practice contract management across the organisation. It is proposed that it will be mandatory to our performance monitoring and interventions with our key suppliers (known as “*Category A*” suppliers).

The recommended scorecard focuses on 10 key areas to ensure robust contract management provision commensurate to the value and risk of a contract:

1. Supplier Performance and Service Delivery
2. Health and Safety
3. Risk Management
4. Internal Contract Management Performance
5. Social Value
6. Environmental Protection
7. Ethical Sourcing
8. Market Intelligence, Economic and Financial Standing
9. Commercialism & Innovation
10. Supplier Relationship & Supply Chain Management

Each of these scorecard elements are explained in more detail at paragraph 6 in the main report.

The introduction of the scorecard supported by proactive monitoring, management and actions with our key contracts will drive greater level of contract compliance, higher assurance on performance, reduce risk and deliver commercial benefits to the organisation.

Recommendation

Members are asked to approve the Corporate Supplier Scorecard.

Main Report

Background

1. The development of a Corporate Supplier Scorecard is one of the key components of the new Contract Management framework that is scheduled to be implemented during 2017/18. This is one of the interventions deriving from the Service Based Review recommendations to strengthen the Corporation's

contract management procedures and improve our management of risk, contract performance and commercial performance.

2. The scorecard itself measures ten corporate contract priorities and not just the actual supplier service performance and KPIs. It is there to ensure all aspects of supplier performance, contractual terms, commercials and risk are monitored and adhered to. In instances that a measurement is not hitting the expected standards, the scorecard will highlight these and explain the action plan in place using the corporate toolkit to improve the rating and mitigate any risks.
3. The finalisation and approval of the scorecard is a key milestone, as this drives the final design of the supporting toolkit and overall Contract Management framework which remain in draft format until the scorecard is approved.

The Scorecard

4. The scorecard has been developed after extensive consultation with key stakeholders, consideration of appropriate corporate strategies and key aims in delivering best in class contract management.
5. It is proposed that it will be mandatory to our performance monitoring and interventions with our key suppliers (known as “*Category A*” suppliers). There are forty-five *Category A* suppliers identified, the full list can be found in Appendix 1.
6. The recommended Scorecard focuses on ten key areas to ensure robust contract management provision commensurate to the value and risk of a contract. Below we explain the ten scorecard elements:
 1. **Supplier Performance and Service Delivery** – This will be a metric based on the supplier’s performance focused around the contract KPIs, customer satisfaction, budget and billing controls, finance performance and items of statutory compliance. We believe this element to be where the majority of contract management resource is currently focused and therefore should be readily accessible in terms of monitoring.
 2. **Health and Safety** – This metric will ensure suppliers have appropriate Health and Safety management provision in place, ensuring suppliers are complying with specific additional relevant requirements, have up to date data confirming their evidencing competence in Health and Safety and have provision to deliver interventions that satisfy the Corporation’s key policy and strategies in Health, Safety and Wellbeing.
 3. **Risk Management** – This metric will ensure risk and business continuity is at the heart of each of our key contracts. It will ensure suppliers have “live” risk registers, risk handling and escalation procedures, business continuity plans in place and procedures to mitigate the risk of organised crime. There will also be consideration of the internal contract management team’s performance in following the corporate risk procedure and tools.

4. **Internal Contract Management Performance** – This metric will be inward looking as we will have a number of dependencies to deliver to ensure a successful contract outcome. Measured in this area will be assurances there are contract handover plans, regular diarised supplier meetings, milestone monitoring and clear roles and responsibility documentation in place. It will also ensure that a maintained change control and contract variations log, action plan, contract file, issues log and contract exit/closedown plan are in place.
 5. **Social Value** – There will be a focus on ensuring contracts deliver stipulated social value deliverables across social inclusion, community benefit, local economic regeneration, skills and apprentices amongst other key themes. In instances where such deliverables are not part of an existing contract, we could develop an action plan with existing suppliers to deliver social value outcomes through contract variations.
 6. **Environmental Protection** – Measurements in this area are looking to ensure suppliers are complying with mandatory Government Buying Standards and are supporting our energy efficiency strategies and other key policies like noise reduction etc. Once again we could choose to put action plans in place for those suppliers who have no existing requirements contractually to comply with our emerging or recently published policies.
 7. **Ethical Sourcing** – This area will ensure suppliers are compliant with the Modern Slavery Act, legal working rights in the UK, human rights requirements as well as ensuring they are sourcing from countries and suppliers that meet our mandatory requirements.
 8. **Market Intelligence, Economic and Financial Standing** – This area will proactively seek assurances that our key suppliers can continue to deliver the required service and monitors in particular reputational risk and early indicators that a supplier may fail to meet our standards or are at risk of going into liquidation etc. We will monitor finance health, media coverage, market intelligence and news.
 9. **Commercialism & Innovation** – There will be an opportunity in this area to consider how innovation has been introduced or considered by our key suppliers. It will monitor opportunities and their implementation and track savings, efficiencies and income generation outputs derived from the contract during its life cycle. More contractual requirements such as regular benchmarking will also be part of this metric.
 10. **Supplier Relationship & Supply Chain Management** – The final measurement will include a subjective score on the overall relationship taking into consideration all aspects on the contract, their reputation in the marketplace and their ability to manage their supply chain to the levels required by us as the buying authority.
7. We believe by proactively monitoring, managing and taking mitigating action on our key contracts using the corporate scorecard will drive a greater level of

contract compliance, higher assurance on performance, reduce risk and deliver commercial benefits to the organisation.

How it will work

8. The scorecard will be produced quarterly, with all data being collated by the Supplier Performance Officer within Chamberlain's from the responsible contract management officer for the particular contract and area of measurement. These will be a mixture of dedicated department contract management personnel and corporate specialist personnel from Health and Safety, Audit and Risk and City Procurement.
9. Each of the ten elements of the scorecard will be rated on a 0-3 range with 0 constituting a complete failure through to 3 which will represent exceeding expectations. The ratings will be refreshed quarterly based on the evidence and data provided with any element scoring a 0 or a 1 automatically having a requirement for an action plan to be put in place as well as when appropriate a risk added to our corporate risk management tool.
10. The scorecard will have the aim to have all our key suppliers scoring a 2 or above and highlight and intervene when any standards drop below this, with appropriate actions put in place.

How it will be reported

11. The dashboard (see Appendix 2) of the key supplier performance will be reported to senior leadership via Strategic Resources Group and Summit Group and to a number of committees including Efficiency and Performance Sub, Audit and Risk and Health and Wellbeing. There will be a more detailed scorecard available and presented at the relevant forums, typically for those suppliers who have red or amber risks and a number scorecard elements achieving below 2 as a score. Appendix 3 shows an example of the scorecard and action summary report.

Conclusion

12. The implementation of the SBR contract management recommendations includes the roll out of a corporate framework and supporting toolkit. The first phase of this is to finalise the Corporate Supplier Scorecard which will measure all elements of required performance to satisfy our performance, commercial and policy driven expectations. The scorecard presented for adoption has been designed in consultation from key stakeholders and considers key policies relevant to third party suppliers. We recommend approval of the corporate supplier scorecard. When finalised, this will allow the toolkit, framework and training courses development to be concluded for implementation during 2017/18.

Appendices

Appendix 1 - Recommended Category A" suppliers

Appendix 2 - Illustrative Dashboard of Category A Suppliers Performance

Appendix 3 - Illustrative example of a Corporate Supplier Scorecard and action summary report

Background Papers

- *City Procurement restructure to incorporate new Commercial Contract Management team* – Establishment, Policy and Resources and Finance Committees – July 2016
- *Service Based Review of Procuring and Managing Services Final Report* – Efficiency and Performance Sub-Committee – March 2016

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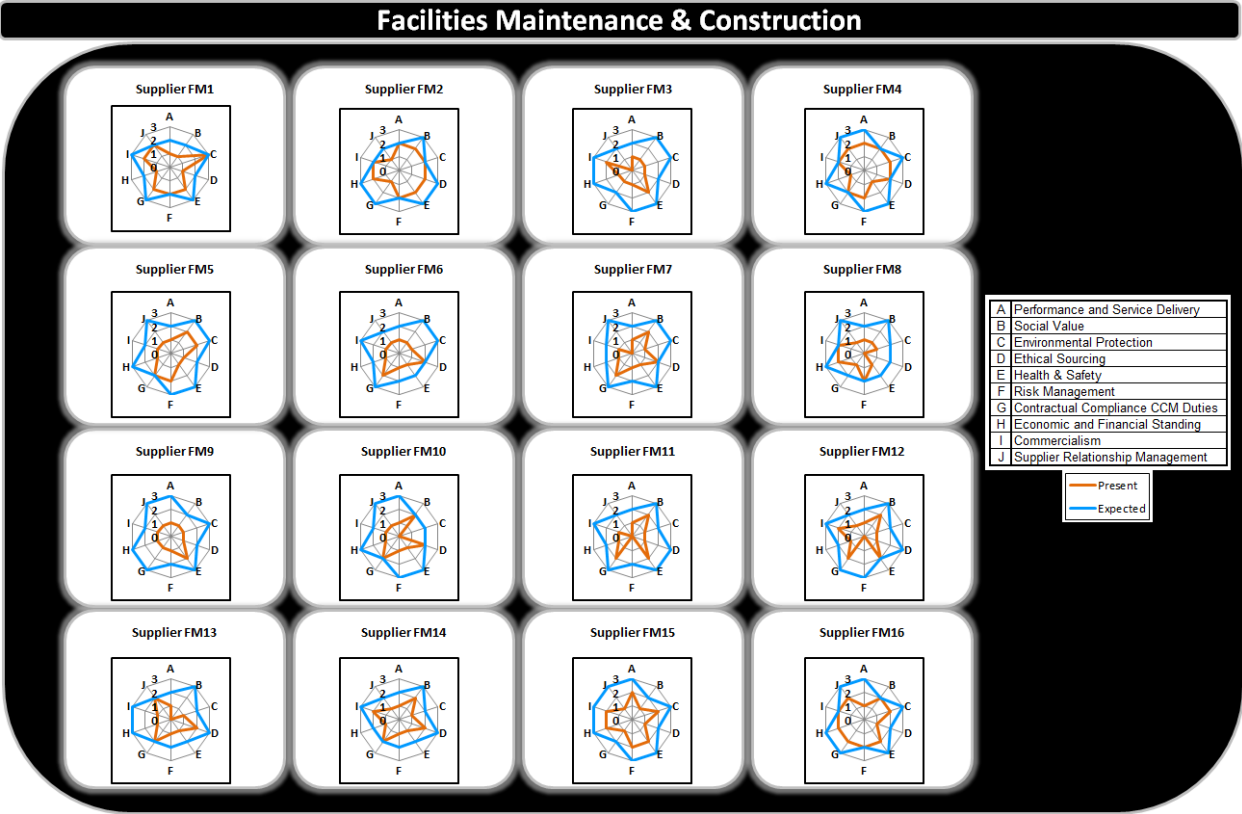
Appendix 1

Recommended Category A” suppliers

	Supplier Name	Title	Category
1	Enterprise Managed Services Ltd	Waste Collection, Street Cleansing and Ancillary Service	FM & Construction
2	J B Riney & Co Ltd	Highway Maintenance Term Contract	FM & Construction
3	Mitie Technical Facilities Management Ltd	Integrated Building Repair and Maintenance Services	FM & Construction
4	Servest Group Ltd	Corporate Cleaning Services	FM & Construction
5	Countrystyle Recycling Ltd	Combined market Cleaning Waste Collection and Disposal & Ground Maintenance	FM & Construction
6	VINCI Park Services UK Ltd	Off Street Car Parking Services	FM & Construction
7	Noonan Services Group (UK) Ltd	Corporate Security Service	FM & Construction
8	Sodexo Ltd	Freemen's School Soft FM	FM & Construction
9	Holroyd Howe Ltd	Catering Services - City of London School	FM & Construction
10	Compass Group, UK & Ireland Ltd	Barbican Catering (Food Hall and Lounge)	FM & Construction
11	Brookwood Partnership Ltd	Catering Services - City of London School for Girls	FM & Construction
12	Apex Lift & Escalator Engineers Ltd	Corporate Lift R&M (Lot 4)	FM & Construction
13	VINCI Park Services UK Ltd	Combined Services for Civil Parking & Traffic Enforcement including Cash Collection 2014-2019	FM & Construction
14	Guideline Lift Services Ltd	Barbican and Housing Estates R&M of Lifts	FM & Construction
15	Wates Living Space (Maintenance) Ltd	Building Fabric Repairs (Minor Works)	FM & Construction
16	Sykes & Son Ltd	Minor Mechanical & Electrical Works	FM & Construction
17	Citigen (London) Ltd	The City of London Combined Heat and Power (CHP) system	FM & Construction
18	Konica Minolta Business Solutions (UK) Ltd	Photocopiers	ICT
19	Niche Technology UK Ltd	CCCI	ICT
20	Tyco Integrated Systems Ltd	CCTV Support and Maintenance	ICT
21	British Telecommunications Plc	IMS DRS	ICT
22	Phoenix Software Ltd	Microsoft Licences	ICT
23	Telefonica UK Ltd	Mobiles	ICT
24	Oracle Corporation (UK) Ltd	Financial System	ICT
25	Cornerstone Telecommunications Infrastructure Ltd	Wireless Concession	ICT
26	IBM United Kingdom Ltd	Action Fraud	ICT
27	Daisy Communications Ltd	Landlines	ICT
28	British Telecommunications Plc	WAN lines	ICT
29	XMA Limited & Insight Direct (GB) Limited	IT hardware - Laptops/desktop tops	ICT
30	Virgin Media Business Ltd	WAN Legacy	ICT
31	Agilisys Ltd	IT Infrastructure Services	ICT
32	TBC	London Sexual Health eServices	Corporate Services
33	Comensura Ltd (Hay Plc in May 2017)	Temporary Staff	Corporate Services
34	Addison Lee Plc	Taxi Services	Corporate Services
35	Thistle London Market Risks	Professional Indemnity Insurance	Corporate Services
36	Majestic Wine Warehouses Ltd	Contract for the supply of Barbican Spirits, Mixers and Beers	Corporate Services
37	TMP (UK) Ltd	Recruitment and Public Notice Advertising	Corporate Services
38	Risk Management Partners	Insurance Services	Corporate Services
39	Allstar Business Solutions Ltd	Police Fuel Cards	Corporate Services
40	British Engineering Services Ltd	Engineering Insurance & Inspection Service including Engineering Business Interruption	Corporate Services
41	Office Depot UK Ltd	Office Stationary	Corporate Services
42	Kent County Supplies	Office Stationary and Books	Corporate Services
43	Greenham	PPE and Workwear	Corporate Services
44	TBC	Police Uniforms	Corporate Services
45	Angel Supported Living Ltd	Supported Living	Corporate Services

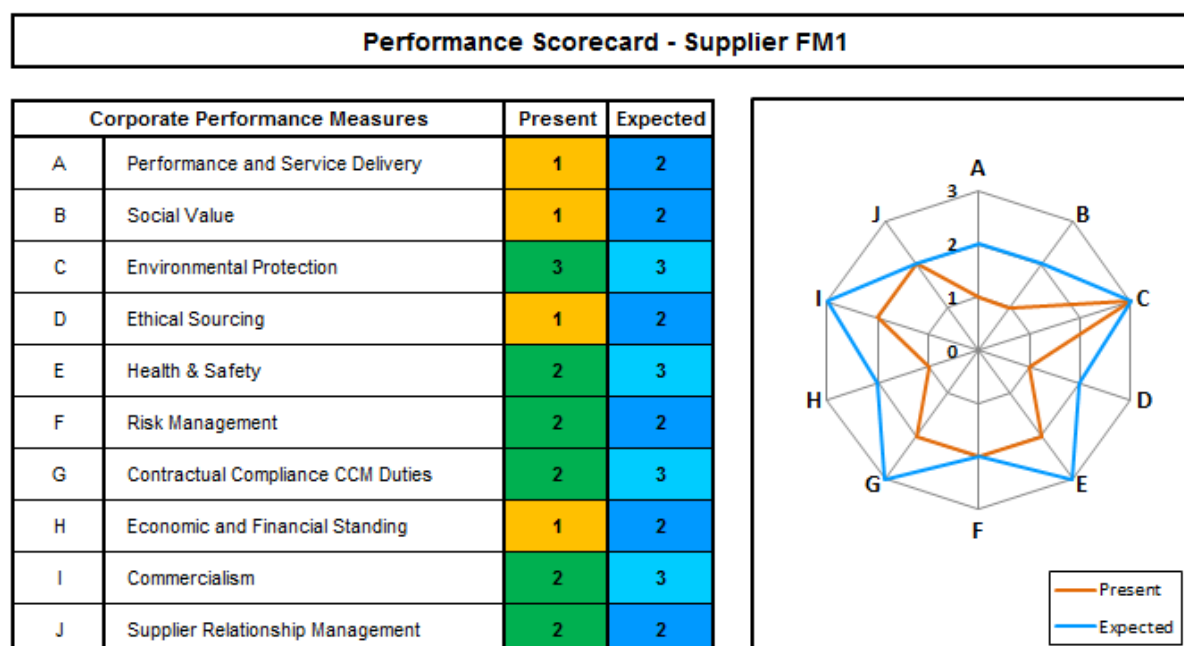
Appendix 2

Illustrative Dashboard of Category A Suppliers Performance



Appendix 3

Illustrative example of a Corporate Supplier Scorecard and action summary report



Action plan (for those falling below Expected)		
A	Performance and Service Delivery	Example - Supplier has failed one of its Corporate Performance Measures for two months running. The KPI in question has been around time to resolve issues and an action plan has been instigated by the supplier to track its operatives and select the best located to react to our urgent requirements. This will be monitored for the next quarter to ensure effectiveness and resolution of this failing KPI.
B	Social Value	Example: The supplier has so far not engaged with local SME's or targeted long term unemployed workers to support this contract despite it being listed in there social value return at tender stage. Unfortunately it is not a contractual term but our Responsible Procurement team are liaising with the supplier to deliver better performance in these two areas in line with their bid.
D	Ethical Sourcing	Example: The supplier has not been able to provide evidence that timber used so far for this contract has been sourced in line with the Corporation's sustainable timber policy. We are working to attain certificates to prove the origin of the tender and again reminding the supplier of the policy and a list of known sustainable timber suppliers.
H	Economic and Financial Standing	Example: The supplier is subject to media speculation that it is subject to an aggressive takeover bid from a major competitor. The CCM team will monitor this situation and work on mitigating strategies if this happens and the implications of the supplier swiching to a company who are very commercially focused needs to be considered.