

## **Appendix 4**

### **Contract Extension Criteria and Process**

#### **1. Performance Management.**

- 1.1. With effect from the commencement of the contract(s), there will be two types of Key Performance Indicators, namely collective Alliance Key Performance Indicators (AKPI's) and Contract Key Performance Indicators (CKPI's).
- 1.2. For the Alliance partners to work in collaboration with each other and to identify strategic opportunities so that the partners can jointly add value to the delivery of services, a system of AKPI's has been developed to measure the success or failure of the overarching Alliance. AKPI's will be based around the strategic objectives of the service and the expected outcomes of the Alliance, as contained in the Alliance document. These indicators will thereafter be reviewed and set each year by the parties of the Buckinghamshire Highways Alliance.
- 1.3. These strategic opportunities should be ones for which individual partners could not achieve the same outcome in their own right.
- 1.4. In addition to these AKPI's, each individual provider will be measured by their own CKPI's, as contained in the tender documentation and monitored and reviewed based on their individual performance. This will include as appropriate framework and supply chain partners.
- 1.5. Two targets will be set for each set of KPI's, one target for Minimum Acceptable Performance and one target for Desirable Performance. (The minimum and desirable levels yet to be determined). The expectation is that these target levels will increase rather than decrease over the contract period. Each year, pending agreement of amended levels, the previous levels of Minimum Acceptable Performance and Desirable Performance would continue. A methodology will be agreed for each indicator which will include the reporting frequency and specifics around what the indicators are measuring.
- 1.6. In addition, and as is appropriate, performance indicators will be set for project specific work and be relevant to the parties involved with the delivery of the project, including framework partners and the supply chain.

#### **2. Monitoring and Reviewing Performance**

- 2.1. Each provider, including the client as appropriate, will be responsible for submitting the relevant information in order that this can be monitored and reviewed monthly, quarterly or annually as relevant to each indicator. Failure to submit or provide the required information, in the agreed timescale, will be deemed as a failure for that specific indicator, unless reasons for non-submission have been agreed by the client.
- 2.2. The service provider(s) will maintain sufficient performance records to allow all performance reporting and scores to be fully audited. These records will be available for inspection and audit by the client and the client will instruct any amendments to the performance reporting if the records do not substantiate the service provider(s) performance reporting.

- 2.3. Both AKPI's and CKPI's will be monitored on a regular basis (as appropriate) and be measured and reported quarterly unless data is only available on an annual basis.
- 2.4. End of year performance information should be submitted no later than 2 months after the financial year end to enable the Key Performance Indicators to be reviewed, agreed and signed off at the first quarterly Alliance Strategic Board meeting.
- 2.5. Further detail of how Key Performance Indicators are:
  - Described
  - Measured
  - How the information is calculated and by whom
  - How often they are measured
  - The range expected, the range achieved, minimum and desirable acceptable figures will be further explained in the tender documentation.

### **3. Annual review and setting of Key Performance Indicators and targets**

- 3.1. The Parties will review annually both the AKPI's and the CKPI's and set target levels for each. In addition, the relevance of the indicators to the successful operation of the Alliance and the respective contracts should also be reviewed and subject to agreement, amendments made to the Key Performance Indicators as appropriate throughout the contract period.
- 3.2. If it becomes evident that the KPI's are not incentivising the high levels of performance in the delivery of the service for which they were intended, they can be amended, deleted or supplemented by other KPI's by agreement between the partners subject to final approval by the Strategic Board. Amendments, deletions and supplementary KPI's require only the agreement of the individual partner of the Alliance subject to final approval by the Alliance Strategic Board.
- 3.3. The aspects identified in this section shall be reported and escalated in order that they can be raised at the first quarterly meeting of the Alliance Strategic Board for consideration.
- 3.4. In addition, all parties shall carry out a review of the contract during year three, and timescales thereafter as appropriate, ensuring the parties remain focused on delivering the Client Objectives for the service.
- 3.5. This review should include looking back:
  - (a) doing a root and branch review of the services, including performance data and benchmarking;
  - (b) reviewing the processes and systems used;
  - (c) identifying the areas in which the contract has not worked well;
  - (d) collecting customer and community feedback on service levels and Client Objectives.looking forward:
  - (a) engaging with elected members to review the Client Objectives for the service required;

- (b) identifying the available budgets and setting new services levels (where applicable);
- (c) engaging with customers to agree where priorities are;
- (d) reviewing who does what and redesigning the contract;
- (e) any necessary contract changes;
- (f) setting new targets and agreeing where any investments should be made to develop the services and the parties;
- (g) implementing mutually agreed improvements in the areas where the contract has not worked well.

#### **4. Performance entitling consideration of extensions to the contract period**

- 4.1. As stated above, the performance of the service provider(s) will be assessed against the CKPI's as specified and contained within the contract between the client and the respective party. In addition, assessment against the contribution and overall performance of the AKPI's will also be taken into account along with other factors. These would comprise not only past performance and public satisfaction, but investment and innovation etc., both in the past and for the future if extensions were to be granted.
- 4.2. The Client will consider granting any extension(s) to the contract period, subject to the paragraphs below.
  - a) Extensions of the contract will not be automatic and shall be at the discretion of the client.
  - b) While performance for the first year of the contract(s) and the Alliance will be measured, monitored and reviewed, and considered in the overall decision, they will not form part of the overall qualifying criteria.
  - c) The first extension consideration to the contract period will be assessed 3 years in advance of the end of the initial contract period, i.e. at the end of year 5.
  - d) Should a 2-year extension be granted at the end of year 5, then the second potential extension will be considered at the end of year 7.
  - e) For consideration of the first two-year extension, the service provider(s) should have achieved a 85% pass rate annually at the 'Minimum Acceptable' standard' for all CPKI's for each of the financial years 2 to years 5 and a 90% pass rate annually for all CPKI's at the 'Desirable' standard for at least three of the four years for financial years 2 to years 5 of the contract.
  - f) In addition to point (e) above a similar achievement should also be attained for the Alliance indicators.
  - g) As stated in 4.1 above, in addition to the performance indicators, other factors comprising public satisfaction, innovation and investment will also be considered.
  - h) If the first 2-year period of extension is not awarded then the second 2-year period will automatically not be available, irrespective of future performance levels.
- 4.3. Subject to the above, a review will be carried out by client officers with a recommendation by the Head of Service/Service Director for a Key decision by the Leader or Cabinet Member (if delegated).

4.4. Notwithstanding the points above, the Council/Client reserves the right to award or not to award any of the two number 2-year extensions.