

Major Contract Performance Improvement Plan – Close Out Statement V2 10 October 2022

No	Improvement Aim	Background from GT audit and August 2020 Major Contract Performance Review	Action	Date Completed or Expected	Lead Director	Lead Officer	Progress Status	Evidence
1.	Risk Management.	<p>The monthly Performance Report – Risk Register does not sufficiently log actions related to risk Each risk should be accompanied by a strategic plan, which is either to accept, tolerate or transfer the risk. These strategic plans should also be accompanied by clear actions against each which are tracked and updated each month (even if no progress)</p> <p>The current Performance Report - Risk Register updates actions every few months, which is not frequent enough and is not updated in a timely manner.</p>	BBLP hold a joint contract risk register in an IRIS risk management system. This is a BB corporate system and it is not possible to allow client access, but risk and actions can be output into Excel.	July 2022	RC	MA	Completed. Output reports from BBLP IRIS system now formally reviewed by Risk Management Board attended by BBLP, Directorate and Corporate lead officers.	Meeting Minutes from Risk Management Board. Risk Logs and transfer, as appropriate, of risks to Directorate and Corporate Risk Registers
			Ensure that the E&E Directorate Plan and relevant annual service plans capture the audit actions and actions from this improvement Plan.	April 2022	RC	MA	Completed. Risk Management Board in place attended by BBLP, Directorate and Corporate lead officers to capture Contract Risks. 2022/23 Annual Plan revised to capture and close out improvement plan recommendations.	Meeting Minutes from Risk Management Board. Risk Logs and transfer, as appropriate of risks to Directorate and Corporate Risk Registers 2022/23 Annual Plan sets out actions to close out improvement plan recommendations.
			Develop suite of contract annex risk registers to be provided by BBLP that identifies, manages and mitigates service delivery risks.	May 2022	RC	MA	Completed. Output reports from BBLP IRIS system by service annex now reviewed by Risk Management Board attended by BBLP, Directorate and Corporate lead officers.	Meeting Minutes from Risk Management Board. Risk Logs and transfer, as appropriate of risks to Directorate and Corporate Risk Registers
			Contract risks to be actively managed through a new monthly risk board which will be established between Client and Contractor to identify and manage risk. Each risk having a strategic plan to either accept, tolerate or transfer with an appropriate action	April 2022	RC	MA	Completed. Risk Management Board in place attended by BBLP, Directorate and Corporate lead officers.	Meeting Minutes from Risk Management Board. Risk Logs and transfer, as appropriate of risks to Directorate and Corporate Risk Registers

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			plan, which is tracked and updated each month.					
			Financial implications of contract risks are identified by the risk board and escalated to the operational and strategic boards as appropriate.	April 2022	RC	MA	Completed. Risk Management Board in place attended by BBLP, Directorate and Corporate lead officers. Risks are identified and escalated to Directorate and Corporate Risk Registers and the Financial and Commercial Cluster Group to be managed a part of Contract Risk Reduction process.	Meeting Minutes from Risk Management Board, Ops Board and Financial and Commercial Cluster Group. Risk Logs and transfer, as appropriate of risks to Directorate and Corporate Risk Registers. Minutes and settlement agreements from Risk Reduction meetings.
			Contract and Service risk registers to be reported to the Improvement Board.	July 2022	CW/RC	MA	Completed. Monthly Risks reported to the MCIB.	Risk registers reviewed at monthly contract reviews, Risk Management Board and reports reported to the Contract Strategic Partnering Board.
			Risk registers will be migrated into the Council Corporate Risk Management System, which is currently being considered.	July 2022	CW/RC	NS/PH	Completed. Risk registers now in place conforming to Councils current risk management system.	Risk registers available and will be moved to new system when available.
2.	Relationship Management.	There was "little constructive tension" between the two parties and lack of competitive dialogue.	Recruitment of Tier 1 cost consultants will allow for a robust assessment of cost estimates and target costs.	Oct 2022	RC	MA	Completed. Aecom scoping complete. Future phasing works now specified with clear deliverables.	Arrangements in place through the Midlands Highway Alliance Framework to introduce the required commercial support on a call off basis.
			Join APSE benchmarking club to provide comparable data on similar services from other authorities to allow robust	February 2022	RC	MA	Completed. Council full members of Apse and Performance Networks Benchmarking service.	Data collection underway. First results available from Apse in December 2022. Key

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			challenge to contract costs and productivity					findings report to Strategic Partnership Board.
			2022 annual plan subject to detail review and challenge.	February 2022	RC	MA	Completed. Formal review of 2022/23 completed including the issue of Early Warnings to BBLP on Out of Scope and Performance Indicators.	Commentary tables detailing Council challenge on BBLP. Early Warning raised with revised and outcome focussed Annual Plan now developed.
			Introduce a clerk of works function to audit BBLP completed jobs.	February 2022	RC	MA	Completed. Clerk of Works now engaged to carry out audits	Completed Audits.
			Review of completed target cost jobs underway to understand the percentages that fall within different pain/gain bandings.	October 2022	RC	MA	Completed. Council review completed and Early Warning issued to BBLP based on findings. Commercial negotiations conducted through Contract Risk Reduction meetings.	Gainshare report developed. Early Warning raised to challenge application methodology of gainshare to ensure optimal commercial position for the Council.
		Contractor not always providing ' the proactive support or the collaborative behaviour that would be expected from a strategic partner"	Develop a customer focus action plan to address the issues identified by Members and Communities so that HC/BBLP and communities are clear on what is and isn't possible within the climate of significantly reduced resources.	Sept 2022	RC	MA	Completed. Short-term (current contract) key stakeholders identified and appropriate two way consultation built into revised Annual Plan process for 23/24. Medium term (FOM) identifies key attributes required for a community led service.	Revised and agreed Annual Plan process. Finalised 2023/24 Annual Plan.
			Revised approach to forward plan and annual plan to be implemented from 2023/24	September 2022	RC	MA	Completed. Revised process in place.	Revised and agreed Annual Plan process in place with Early Warnings and commentary tables, which set out the Councils position.

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		A lack of clear demarcation between the council and its contractor as both sides were collocated in the same office.	Secure "Client Only" office to be created at Thorn Depot to provide separation between Client and contractor (as required under the contract) whilst maintaining the benefits of co-location. Colocation within council office has been discounted due to BBLP staff needing to be close to operational staff and also there are clear benefits to council contract management staff have eyes on what is happening within the operational environment.	February 2022	RC	MA	Completed. Dividing wall and lockable doors in place.	Doors in place.
3.	Change Management.	BBLP contract is on the Councils Contract Register, however, framework agreements with BBLP and call offs related to these frameworks are not included in the contracts register.	Review of Frameworks and Contracts outside of the BBLP contract to be undertaken and included within the Councils Contract register if not already.	April 2022	RC	MA	Completed. Process review completed with Procurement Team to provide clarity on requirements. Review of highway related contracts outside BBLP completed and Contract Register updated accordingly.	Updated Corporate Contract Register and closer working arrangements with Procurement through the Operations Board to ensure compliance.
BBLP sub contracts, tender information and frameworks to be provide on an annual basis and recorded in contract management team. Procurement officers have confirmed these should not be included in the Councils contact register as they are not Council Contracts.	April 2022		RC	MA	Completed. Review of Annual Plan process now requires BBLP to identify nominated sub-contractors and suppliers within the Service Annexes for approval by Commissioners and inclusion on Contract Register if required.	Annual Plan records information. Corporate Contract Register updated as required and closer working arrangements with Procurement through the Operations Board to ensure compliance.		
Review contract changes since contract inception to ensure that changes are appropriately recorded and documented.	October 2022		RC	MA	Completed. Out of Scope now built into Annual Plan development process to provide clarity on contract changes. Early Warning raised to clarify Councils	Annual Plan 2022/23 now identifies a schedule of Out of Scope contract changes. Early Warning issued by Council to		

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							position on accuracy of information. Commercial negotiations underway to confirm position to include commissioners feeding outcome into draft 2023/24 Annual Plan.	confirm its position on accuracy. Schedule of full changes will be formally recorded into 2023/24 Annual Plan and carried forward into the FOM requirements.
4.	Councils Internal Governance.	The council did not appear to be adhering to the contract procedure rules when commissioning works outside the core programme.	Review of original tender documentation, contract and contract specification to identify scope of the contract and direct award that complies with the councils CPRs. (original OJEU notice suggests this contract was to be for works up to the OJEU threshold but with the option for the council to tender some of these works if it wanted to)	October 2022	RC	MA/MC	Completed. Legal advice obtained (Freeths) on contract variations to be used. New structure now in place which identifies roles and responsibilities for Commissioning and Contract Management.	Revised process ensures that any commissions are in compliance to Councils Policy and Procedures. This is formally compliance checked by CMT prior to any Service Order being raised.
			Produce a commissioning flow chart based on the outcome of the above review to guide officers in the commissioning process for highway works.	October 2022	RC	MA	Completed. Aecom have confirmed that the Councils procedure is fit for purpose. Further development of VFM model, based on Councils procurement Policy and best practice NEC contract principle will include a commissioning flowchart specifically for commissioning within the PRC. Commissioning outside of PRC will adhere to Council commissioning process.	Works commissioned outside of PRC in compliance with Council procurement process. Any commissions made within the Public Realm Contract will require appropriate approvals and compliance checks with Council CPR.
5.	Concerns around the lack of Clarity around commissioning the contract and	The contract management team should not be involved in commissioning work but rather only focus on managing the contract	Define and agree roles and responsibilities of the contract management team and the strategic client teams. To inform redesign of the Highways, Environment and Waste Service structures to	April 2022	RC	MA	Completed. Roles and Responsibilities for the development of the Annual Plan (Commissioning) now with Head of Highways. New Structure now agreed with plan in place for	Annual Plan 2023/24 led by Head of Highways supported by lead commissioners for each service delivery area. Schedule of Commissioners in place.

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	commissioning further work.		build separate strong intelligent client, and contract management functions.				recruitment to secure appropriate talent.	
			Redesign of Highways Environment and Waste service to ensure that there is appropriate segregation between functions, at head of service level, for the strategic client/commissioning function and the contact management function.	Sept 2022	RC/AL	MA	Completed. New Structure now agreed with plan in place for recruitment to secure appropriate talent all in place by March 2023. Interims in place to ensure integrity of roles and responsibilities in the short term.	New structure agreed. Recruitment in progress. Interims in place.
6.	Build technical knowledge within the Council.	Lack of an in house technical team increases the council's resilience on Balfour Beatty and limits the ability to effectively scrutinise their performance. This can be addressed by either building in house technical capabilities or by seeking second opinions more regularly. (eg by receiving competitive solutions /proposals from other suppliers.) There is a risk that the Council is over reliant on Balfour Beatty for end-to-end delivery of its infrastructure, property and public realms works.	Develop internal commercial and estimating capacity through recruitment of permanent Quantity Surveyor and Tier 1 Cost Consultants to develop VFM assessment model and install commercial rigour.	Oct 2022	RC	MA	Completed. Framework in place through MHA to ensure arrangements can be scaled up to meet demands and ensure appropriate technical support is available to support commissioners or CMT. Civil Engineering Graduate included in new structure.	Framework in place and agreed with Procurement. Graduate QS to be recruited.
			Redesign of Highways Environment and Waste service to develop new organisation design that builds capacity and competency to meet the short term and longer term operating models.	Sept 2022	RC	MA	Completed. New Structure now agreed with plan in place for recruitment to secure appropriate talent all in place by March 2023. Interims in place to ensure integrity of roles and responsibilities in the short term.	New structure agreed. Recruitment in progress. Interims in place.
7.	Improve internal communication and education.	There is an opportunity to clarify and clearly communicate to all client teams and stakeholders to better understand the	Agree and identify all key stakeholders.	March 2022	RC	MA	Completed. Key stakeholders identified. Appropriate two way consultation built into revised Annual Plan	Schedule of key stakeholders developed. Revised and agreed Annual Plan process.

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		Balfour Beatty to avoid conflicting views on a number of topics including LMO, fees for quotations and the timing of gain share calculations.					process for 23/24. Medium term (FOM) identifies consultation as key requirement.	
			Develop a presentation on operation, management and charging mechanisms including the benefits, disbenefits and risks of the following cost options available within the contract: <ul style="list-style-type: none"> Lump Sum Cost Reimbursable Target Cost 	Oct 2022	RC	MA	Completed. Presentation developed which addresses the issues and highlights the requirements and changes to be adopted throughout the Council to ensure compliance.	Finalised presentation and record of briefings undertaken.
			Organise training/discussion sessions for elected members and officers (including MB) on the operation of the contract.	Oct 2022	RC	MA	Completed. Presentation developed which addresses the issues and highlights the requirements and changes to be adopted throughout the Council to ensure compliance	Finalised presentation and record of briefings undertaken.
8.	Increase the involvement of the procurement team	For a contract of this size and strategic importance, a representative of from the procurement team would typically be involved in project governance meetings. The procurement team requires a better understanding of the BBLP contract in order to effectively inform decisions and options appraisals which will ultimately help demonstrate VFM on commissioning decisions.	The Councils procurement team be included on the Operational Board and Strategic Board Meetings	February 2022	RC	MA/MC	Completed. Procurement now included in Operational Board and Strategic Partnership Board Meetings.	Board packs specifically addressing procurement pipeline and meeting minutes.
			Formally issue the process model for how highways works can be commissioned that will be used in all commissioning decisions.	October 2022	RC	MA	Completed. Aecom have confirmed that the Councils procedure is fit for purpose. Further development of VFM model, based on Councils procurement Policy and best practice NEC contract principle will include a commissioning flowchart specifically for commissioning within the PRC. Commissioning outside of PRC will adhere to Council commissioning process.	Works commissioned outside of PRC in compliance with Council procurement process. Any commissions made within the Public Realm Contract will require appropriate approvals and compliance checks with Council CPR.

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9.	Set up a contract management framework	The current contract management process and guidelines are not fully documented and some documentations are inconsistent such as the non-Annual Plan service process map are inconsistent with the Council's governance policies.	Define and agree roles and responsibilities of the contract management team and the strategic client teams and develop a RACI matrix for inclusion in a documented contract management framework to ensure that there is appropriate segregation between strategic client/commissioning functions and the contact management function.	Sept 2022	RC	MA	Completed. New structure agreed which identifies roles and responsibilities for Commissioning and Contract Management. Competent interims in place to support BAU and change management whilst permanent recruitments are made. Process review and RACI matrix in progress to support new structure. Contract Management Framework completed and assessed by Corporate Support team.	New structure agreed and recruitment underway. Interims in place to drive change management and ensure compliance. Process review and RACI matrix in progress with RACI matrix to be in place to support the new structure. Completed Contract Management Framework in compliance with policy.
			Ensure appropriate compliance resource to review and report on compliance with governance and other policies.	Oct 2022	RC	MA	Completed. New structure agreed which identifies roles and responsibilities for Commissioning and Contract Management. Competent interims in place to support BAU and change management whilst permanent recruitments are made. BAU compliance to be delivered by all employees with adherence to governance and council policy formally reviewed by CMT through revised Annual Plan process, commission process and appropriate audits.	Revised and agreed Annual Plan process identifies policy requirements. Commissioners now in place to drive compliance and adherence. Works commissioned outside of PRC in compliance with Council procurement process. Any commissions made within the Public Realm Contract will require appropriate approvals and compliance checks with Council CPR.
			Ensure that BBLP submit key Contract proposals in the form of Annual Plan and Forward Programme in a timely manner to allow the Council sufficient time to critically assess and	Oct 2022	RC	MA	Completed. Formal review of 2022/23 including the issue of Early Warnings to BBLP on Out of Scope, Performance Indicators and Forward Programme. Revised Annual Plan	Revised Annual Plan that sets out key matters. New process in place for development of 2023/24 Annual Plan now led by Lead Commissioner.

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			evaluate and agree with the strategic client.				development process now in place to ensure that information is presented to allow appropriate review by commissioners on key matters including finance and risk, appropriate consultations and commercial challenge.	Finalised 23/24 Annual Plan and Forward Programme
			Review of the Strategic Partnering Board, Operations Board and cluster groups to ensure they are fit for purpose suitably aligned and provide a defined escalation process where required.	April 2022	RC	MA	Completed. Revised arrangements proposed and agreed with BBLP and built into Annual Plan to ensure that arrangements are formally reviewed as part of the contract governance.	Board reports setting out new requirements. 2022/23 Annual Plan sets out governance and roles of Cluster Groups. New Annual Plan development process ensures annual view of priorities.
			Develop a documented contract management framework in line with best practice.	Sept 2022	RC	MA	Completed. CMF review completed to comply with the Councils Contract Management Framework. CMT now have live access to Contractors work management software. System diagnostic by Confirm completed. Short term (current contract) improvements to ensure contract compliance will be managed by CMT with medium term (FOM) issues highlighted for determination as part of the future management arrangements.	Finalised assessment and compliance to Council Contract Management Framework. Outcomes of Confirm diagnostic.

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10.	Consider an appropriate Contract Management System (CMS)	The Council does not currently use the contract management module of the tender portal, which is considered too basic and insufficient for its requirements. The Council can consider the use of an appropriate CMS, which can significantly improve the quality of information, reduce ambiguities around contractual clauses and Service Level Agreements (SLA), and reduce manual workload related to contract management activities. It is recommended that an industry leading off-the-shelf CMS is considered in the first instance as such solutions translate good practice contract management processes into workflows, and there is an opportunity for the Council to adopt elements of these underlying processes.	Identify the implications and benefits from the Council having joint access to the Confirm system currently operated by BBLP.	Sept 2022	RC	MA	Completed. CMT have access to live contract information and can generate reports as required. Early Warning raised on Integrated Works Programme to support this.	Schedule of Council employees with access to Confirm in place. Confirm management reports used to challenge Contractor performance and contract compliance.
			Investigate options for the Council to purchase and implement its own Asset Management and Contract Management software packages to identify alternative software solutions to support business as usual requirements and strengthen the contract management arrangements.	Sept 2022	RC/MP	MA	Completed. Early Warning raised by the Council to notify the Contractor of Councils requirements. Confirm engaged to provide training and support to BAU including a council only Confirm module. Short term (current contract) action plan now in progress to address system design and integration to support contract management arrangements. Medium Term (FOM) matters will be developed to ensure that appropriate arrangements are in place to support FOM implementation and delivery.	Councils CMT has access to Contractors live system to support BAU compliance and deliver improved contract management. Medium term requirements agreed as part of FOM.
11.	Ensuring Delivery	Ensure appropriate resources are available to deliver the improvement Plan	Identify costs associated with Tier 1 cost consultant.	February 2022	RC/AL	MA	Completed. Tier 1 Cost Consultant engaged to review HCCTP and develop VFM model with both reports and findings	Scoping report of VFM setting out vision and way forward. Framework in place through MHA to ensure arrangements

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							available in August and September.	can be scaled up to meet demands and ensure appropriate technical support is available to support commissioners or CMT.
			Identify and cost resources necessary to deliver the improvement plan including PM resource.	Sept 2022	RC/AL	MA	Completed. Action Plan formally reviewed monthly and reported to MCIB with clear and costed close out plans in place for all actions.	Monthly reports to MCIB. Close out plans for issues in progress.
			Identify IT Costs associated with CMS.	Sept 2022	RC/AL	MA	Completed. Costs of short term (current contract) action plan now identified to address system design and integration to support contract management arrangements. Medium Term (FOM) matters will be developed to ensure that appropriate costs are identified to support FOM implementation and delivery.	Early Warning and Confirm proposal setting out short term plan deliverables. IT identified as key matter as part of the FOM requirements.