

CONTRACT MONITORING

1 CORPORATE OBJECTIVES

- 1.1 To establish appropriate quality standards and ensure that they are consistently delivered
- 1.2 To ensure that services are cost effective

2 PURPOSE OF REPORT

- 2.2 The purpose of this report is twofold. First, to provide Members with details of the current Contract Monitoring arrangements for the Leisure, Refuse Collection, Street Cleansing and Grounds Maintenance Contract and secondly, to make proposals for changes to those processes in the light of Best Value and in readiness for the new Contracts.

3 BACKGROUND

- 3.1 In 1987 Rochford District Council was one of the first Local Authorities in the country to voluntarily put its services out to Competitive Tendering process (VCT) for the private sector to run. The contracts and monitoring systems that were put in place at the time were both new and innovative, as there were no other Authorities from which advice could be sought.
- 3.2 Since 1987 many other Authorities have contracted out their services. As a result, both the contract specifications and monitoring procedures have become more demanding and sophisticated. Lessons can be learned from these Authorities with regard to how Rochford may carry out these functions in the future, particularly in response to Best Value.
- 3.3 The Leisure Contract (let in 1988), the Refuse Collection & Street Cleansing Contracts (let in 1987) and the Grounds Maintenance Contract (let in 1988) have been operating in accordance with the Local Government Act 1988.
- 3.4 Whilst each Contract has been the subject of a number of extensions, none have ever been formally re-tendered and as such, much of the document specification and monitoring systems remain unchanged.
- 3.5 However, the current Leisure Contract, managed by Leisure Connection PLC, expires on 31st March 2002, whilst the Grounds Maintenance, Refuse Collection & Street Cleansing Contracts provided through Serviceteam Ltd., expire on 31st March 2001. The new Contracts, if they are to satisfy the demands of service delivery in the

21st Century, will need to reflect current Best Practice and fully embrace the Best Value principles of efficiency, effectiveness and economy

4 WHERE ARE WE NOW? – THE CURRENT POSITION

4.1 The current arrangements for monitoring the Contract have been in place since the late 1980's and have up to now, served Rochford well and proven adequate to meet the Council's requirements. This has been reflected in the high level of customer satisfaction and relatively low level of complaints.

4.2 The Leisure Contract

4.2.1 Monitoring of the Contracts is a shared function between the Council's "Client Officers" and the Contractors. The Leisure Contract is monitored by the Council's Leisure Client Officer, monitoring the quality of service provided. This is supported by formal monthly meetings with the Contractor to discuss all issues relating to the management and operation of the Contract. The Contractor produces regular reports for the Client Officer, providing details of performance against the Contract and these are submitted to the Head of Leisure & Client Services and the Leisure Sub Committee on a quarterly basis, most recently to the Meeting on 5 January 2000.

4.4.2 The Contractor also conducts regular customer service questionnaires, to gain feedback on service delivery and standards. The results of these are available to the Leisure Client Officer as a part of the monitoring process.

4.2.3 In addition, the Contractor is required to have accreditation under ISO 9002. This is a quality management system which incorporates monitoring functions for systems, processes and procedures and works in conjunction with the Contractors normal operating procedures and good practice. ISO 9002 is regularly reviewed by external and independent quality systems auditors to ensure probity, consistency and effectiveness of the systems. The results of these are also made available to the Council.

4.2.4 There is also ongoing liaison between the Leisure Client Officer and the Contractor on a daily basis through which problems can be addressed. It should also be noted that the Leisure Client Officer is responsible for managing and delivering the Council's Sports Development, Arts and Tourism Programmes, in addition to the Contract Monitoring role.

4.3 The Refuse Collection and Street Cleansing Contracts

- 4.3.1 Monitoring of the Refuse Collection & Street Cleansing Contracts, operates at two levels. At a strategic level, monitoring is directed through the Leisure & Contracts Manager, and Depot Supervisor, who have monthly meetings with the Contractor to discuss all issues of performance against the contract specification and resolve any arising problems. As with the Leisure Contract, the Contractor is required to have accreditation under ISO 9002 and provide evidence of its compliance.
- 4.3.2 At the daily operational level, under the direction of the Depot Supervisor, monitoring of the Refuse Collection and Street Cleansing Contracts is the responsibility of the 3 Assistant Contract Inspectors. Their role is to inspect the work carried out by the Contractor, to ensure that it complies with the standards of performance set in the contract specification and initiate any corrective action as necessary.
- 4.3.3 In addition to their monitoring role, the Assistant Contract Inspectors undertake a number of other non contract monitoring duties listed below:
- Cover of Civic Chauffeuring duties.
 - Delivery and collection of wheeled bins.
 - Installation and repair of street signs and furniture.
 - Investigation of reports of stray dogs.
 - Investigation of abandoned vehicle reports.
 - Covering caretaking duties at Civic and office sites.
 - Delivery of equipment and support on election days.
 - Delivery and installation of litter bins.
 - Providing support where extra manual labour or transport is required throughout the Council.
 - Collection of re-cycled paper from Council offices.
 - Co-ordinating collections with regard to arranged special items of refuse.
- 4.3.4 It should be noted that the above functions account for about 50% of each Assistant Contract Inspectors time, leaving 50% for contract monitoring.
- 4.3.5 The Authority currently invests about £1.87 million per annum in providing contracted out services in relation to depot based services. The resources employed to ensure Contractor compliance compared with the resources invested in the other functions viewed as low against the total value of the contracts.
- 4.3.6 If the Council is to meet the rigours of Contract Monitoring, and Best Value, this balance will need to be redressed. Best Value will require

that we explore seek continuous improvement in both the monitoring the Contracts and providing the functions listed above. This will be examined later in this report.

- 4.3.7 As well as the 3 Assistant Contract Inspectors, there is a Depot Assistant/Civic Chauffeur. Whilst this post is not directly involved in inspection, 50% of the post time is spent chauffeuring and 50% providing general depot support as listed in (a) – (l).

4.4 The Grounds Maintenance Contract

- 4.4.1 Monitoring of the Grounds Maintenance Contract at an operational level, is provided by the Parks Officer, with assistance from the Assistant Contract Inspectors. The Parks Officer's role is to inspect on a daily basis, the performance of the contractors, to ensure that they meet the required standards and comply with the Council's contract specification.
- 4.4.2 The Grounds Maintenance Contract is a district wide contract covering Parks and Open Spaces and in order to provide adequate monitoring resources, the Assistant Contract Inspectors provide a supporting role to the Parks Officer when required. This can have the effect of further distracting from their own monitoring duties.

5 WHERE DO WE WANT BE? - A PROPOSAL FOR THE WAY FORWARD

- 5.1 Current Best Practice suggests that it would be of benefit to the Council to develop a dedicated "Client Monitoring Unit" to monitor and manage the Contracts.
- 5.2 To maximise efficiency and economy, many Local Authorities have adopted a generic approach to the monitoring process. To achieve this, the District would need to be divided into zones with a Monitoring Officer being responsible for the Contracts in the allocated zonal area. Due to the mixed rural/urban nature of the Authority care would need to be taken to ensure that the workload for each Officer within a zone, was equitable. The advantages to generic monitoring through zoning are as follows:
- Staff are able to adopt "ownership" of their zone and can be more familiar with contracts, situations and the geography of their allocated zone.
 - There can be one point of contact with regard to all Contracts operating in a given area.
 - Contract Monitoring staff gain knowledge with regard to all Contracts, which enables Officers to cross-fertilise ideas and working methods.

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- Staff are able to work flexibly, as it is possible for a monitoring officer to work in any zone monitoring the range of contracted services.
 - Reduced travel time and cost, as it is not necessary for all Officers to travel over the whole of the district.
- 5.3 It is proposed that the zoning of the district should only apply to the work of the Assistant Contract Inspectors and Parks Officer, in relation to the Refuse Collection, Street Cleansing and Grounds Maintenance Contracts.
- 5.4 The monitoring of the Leisure Contract requires considerable specialist knowledge, particularly in order to ensure compliance with stringent requirements of Health & Safety regulations. Currently this expertise is confined to the Leisure Client Officer and therefore this function should remain unchanged. The rigours of the Best Value approach and the demands of the new leisure contract will mean that the contractor will be required to provide more and better management information to the council. The Leisure & Client Officer will be responsible for monitoring this additional output.

6 HOW DO WE GET THERE? – A PERIOD OF CHANGE

- 6.1 There are approximately 15 months to the renewal of the Grounds Maintenance, Refuse Collection and Street Cleansing Contracts and 27 months to the renewal of the Leisure Contract. Consideration needs to be given to a phased approach to introducing the Contract Monitoring Unit, with a completion date of 1 April 2001. A number of interim actions have already been taken in order to prepare for a smooth transition from operating the existing contract to meeting the demands of Best Value, which will be the hallmark of the new contracts.
- 6.2 The appointment of the Leisure & Contracts Manager and Depot Supervisor has served to strengthen the level of expertise in contract monitoring within the Council. Since taking up post, the Officers have carried out a fundamental review of operations within the Depot and in particular, the Contract Monitoring. As a result, a number of changes have already been, or are being, introduced, as follows:
- An increase in the level of contract monitoring from 30% to 45% through more efficient management of Officer time and better prioritising of non contract monitoring works.
 - Improved administrative systems have been introduced.
 - Documentation has been added to the inspection process to improve the audit trail.
 - Monitoring systems are being computerised.
 - Improved systems for recording and monitoring customer complaints have been introduced.

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- Increased customer satisfaction surveys carried out.
 - Greater and more stringent enforcement of penalties for lack of performance have been introduced and are monitored.
 - Clear re-enforcement of the Client/Contractor roles and responsibilities is being monitored.
 - Closer and more formal liaison between the Client and Contractor has been introduced and is monitored.

6.3 Significant headway could also be made towards developing a Specialist Contract Monitoring Unit by taking away some of the non-monitoring duties that the Assistant Contract Inspectors currently perform. Members might wish to consider including some of these duties in the new contracts. Of the 11 duties identified; 7 would seem appropriate for inclusion in either the Refuse Collection or the Street Cleansing Contract. These are highlighted below for Members further consideration.

6.3.1 To be considered for inclusion in the new Refuse Collection Contract

- Delivery and collection of wheeled bins.
- Co-ordinating collections with regard to arranged special items of refuse.
- Collection of re-cycled paper from Council offices.

6.3.2 To be considered for inclusion in the new Street Cleansing Contract

- Installation and repair of street signs and furniture.
- Investigation of reports of stray dogs.
- Investigation of abandoned vehicle reports.
- Delivery and installation of litter bins.

6.4 Discussions with other Local Authorities suggest that it is common practice for these types of functions to be carried out by the contractor. Although there is likely to be a cost to the council, the economy of scales the contractor can offer means this is likely to be relatively small. Appendix "A" outlines some of the possible savings that could be accrued by the Council by outsourcing these tasks.

6.5 If these tasks are out-sourced, a major benefit would be to free up more time for contract monitoring, particularly at weekends which are currently monitored infrequently

6.6 The remaining duties, as listed below, would not be appropriate to include in the new contracts. However, covering of caretaking is likely to be the subject of a process review to determine the most appropriate area for delivering this service.

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- Cover of Civic Chauffeuring duties.
 - Covering caretaking duties at Civic and office sites.
 - Delivery of equipment and support on election days.
 - Providing support where extra manual labour or transport is required throughout the Council.
- 6.7 Members will be aware that the Civic car is due for replacement within the next 12 to 18 months.
- 6.8 There is currently a vacant Assistant Contract Inspectors post. Officers would suggest for Members consideration, that this post is re-designated as a "Contract Monitoring Officer" post, with a revised job description, omitting those non monitoring duties listed. This would enable the post holder to provide an improved monitoring service, focusing on key areas such as the town centres.
- 6.9 This appointment is a key development in moving toward establishing a dedicated Monitoring Unit. It would be anticipated that following award of the new Contracts, the Depot would be restructured with the Depot Supervisor, Parks Officer and the existing Assistant Contract Inspectors posts all being re-designated, with new job descriptions to complete the transition to establishing the new Contract Monitoring Unit. Fig 1 below gives the details. This can be achieved at no additional cost to the Council.

Fig 1

CONTRACT MONITORING UNIT

(Previously Depot Supervisor)	Principal Contract Monitoring Officer	Civic Chauffeur/ Depot Assistant
	Senior Contract Monitoring Officer	(Previously Parks Officer)
Contract Monitoring Officer	Contract Monitoring Officer	Contract Monitoring Officer

6.10 Options

6.10.1 There are six possible options, which Members may wish to consider in deciding the most appropriate way forward.

Option 1 – Continue at the present level of monitoring

Members have expressed concerns over the current level of contract monitoring and have indicated to Officer that they would wish to see the levels increased and improved, particularly in the Town Centres. To achieve this within the current working arrangements would be extremely difficult as in effect there is only the equivalent 1 ½ post available for contract monitoring. To increase the level of monitoring without out-sourcing the non-contract monitoring works make this option unachievable

Option 2 – Introduce enhanced weekend monitoring within existing resources

Members have indicated that they would wish to see weekend monitoring on a regular basis. Again within out sourcing the non-monitoring works this would be difficult to achieve. Any increase in weekend monitoring would have to be at the expense of monitoring during the week and for this reason Officers would not recommend this option.

Option 3 – Continue with the current level of monitoring out source the non-monitoring works to achieve potential savings.

The non contract monitoring works currently accounts for about 50% of the available resources or 1½ posts. If these works were out sourced and used as potential savings this would leave only 1½ posts for carrying out the monitoring function. This would be below the critical mass required to operate the service effectively. There would be operational difficulties with leave, sickness and vacancies. There would be no room for flexibility in such an arrangement. For these reasons Officers would not recommend this option.

Option 4 – As 3 above, but with weekend working added to the monitoring works.

In light of the addition requirements of weekend monitoring, this would be worse position than option 3 and Officers would not recommend this option.

Option 5 – Out source non-monitoring works and retrain staff in a restructured format.

By out sourcing the non-monitoring works and retaining the staff there will be a net cost to the council. However, the benefits of the council would be:

- the introduction of a zonal approach to monitoring the district
- an increased and enhanced monitoring regime taking half the time to monitor the district compared to the current position
- the introduction of a full and comprehensive weekend monitoring service focusing on Town Centres.

All of the above will ensure that the council and its residents get better value for from the contract and officer would recommend this option.

7 ENVIRONMENTAL IMPLICATIONS

- 7.1 An improved Grounds Maintenance, Street Cleansing, and Refuse Collection monitoring regime will provide increased opportunity to ensure compliance with the contract, specification and environmental standards, particularly with regard to the Environmental Protection Act 1990.

8 FINANCIAL IMPLICATIONS

- 8.1 The main focus of the report is to maximise existing resources directed towards contract monitoring. The real economy will follow from a well-structured contract with effective monitoring. With the change to an area approach, there will be a reduction in travelling time and probably costs.
- 8.2 At a later date the need for the replacement of the existing vehicles used for contract monitoring will be re-examined with the option of Inspectors using their own vehicles.
- 8.3 Some functions will be packaged with the new contract which will lead to an unknown increase in the tender price. The broad climate of the current cost to the Authority of these functions to transfer are:

	Approximate Staff Time Percentage	Staff Cost £	Estimated Vehicle/ Travelling £	Total £
Wheeled bin delivery	40	6,600	3,000	9,600
Litter bin street sign Installations	60	7,700	1,500	9,200
Stray Dogs/ Abandon Vehicles etc	60	8,400	1,500	28,700

The Council may expect to make an overall estimated gross saving of:

82,100

There will however be a cost to outsource the tasks (a) – (l). It is anticipated that due to the economies of scale, Contractors will be able to undertake these tasks giving a saving to the Council of approximately 25% - 50% of the current cost of providing these services.

9 RECOMMENDATION

- 9.1 It is proposed that the Sub-Committee **RECOMMENDS**:
- 1) that the establishment of a specialist Contract Monitoring Unit as described in this report, to be fully operational by 1 April 2001, be approved
 - 2) that tasks appropriate to the contractor function from the Assistant Contract Inspector posts and include them in the appropriate new contract.

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- 3) That the vacant Assistant Contract Inspector post Job Description be revised to a Contract Monitoring Officer and that the post be advertised. (HLCS)

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Background Papers:

Previous Monitoring Report

Appendix A) Leisure Connections Report
 B) Zoning Map

For further information please contact Alan Willis on (01702) 546366