

APSE National roads, highways and street lighting seminar 2009

Thursday 12th March 2009

Newcastle Marriott, Newcastle upon Tyne.



**London
Streets**

Speaker: Devlan Kruck, Transport for London (TfL)



Managing Contracts to ensure 'Service Delivery' and realise improvements

Purpose:

To provide an overview of the performance management framework implemented upon our highways contracts and give insight into how this supports our drive for better value and continuous improvement.



Agenda

1. Getting what you pay for and more from your contractors

- *Contractual foundations*
- *Incentivisation*
- *Evaluating Performance*
- *Realising improvements*

2. Linking performance to organisational objectives

- *Mayoral priorities linked to those for London Streets*
- *Contract Maturity Model*
- *Independent audit regime*

3. Performance management in an open relationship

- *Corporate agenda*
- *Communication*
- *Building trust*
- *Process evolution*

Questions



Introduction and Background information

Transport for London (TfL)

The integrated body responsible for the Capital's transport system. TfL's main role is to implement the Mayor's Transport Strategy for London and manage transport services across the Capital for which the Mayor has responsibility.

London Streets

Highways and traffic authority for London's main road and street network

- **Road network of 580 kilometres (360 miles) of roads. It's 5% of London's road network - carries 30% of the traffic.**
- **Infrastructure expenditure per annum - £200m – revenue maintenance, capital, renewals, scheme improvements and major projects - five year plan £1b**
- **Three highway works maintenance & improvement Contracts commenced April 2007 (North, Central South)**
- **Combine 24/7 reactive, routine and ordered maintenance with design and build**



1. Getting what you pay for and more from your contractor

- **Contractual foundations**
- **Incentivisation**
- **Evaluating Performance**
- **Realising improvements**



Getting what you pay for and more from your contractors

Contractual foundations

- Procurement strategy
- Quality and performance management
- Partnership working a Contract imperative
- Equality & Diversity and Sustainability a prerequisite
- Continual Improvement not an optional extra



Getting what you pay for and more from your contractors

Incentivisation

- **Longer term arrangements – 6 year term**
- **Rewards / Penalties**
- **Default audits until satisfied failings are remedied** – costs recoverable from Contractor
- **Annual Performance Review** – financial deduction assessed on a sliding scale linked to overall performance for each Contract year



Getting what you pay for and more from your contractors

Evaluating Performance

- **Active client - regular performance review and reporting at all levels**
- **Service Performance Indicators**
- **Surveillance checks by TfL**
- **Independent audits of the whole service 6 monthly**
- **Annual Performance shaped by evidence from all sources**



Getting what you pay for and more from your contractors

Realising improvements

- **Systematic approach to detect performance problems, remedy them and capture data**
- **Action Plans at a local level to address performance issues**
- **Independent audit regime record and demonstrate improvements**
- **Follow-up audits check close-out of any non compliance**
- **Sharing best practice**



2. Linking performance to organisational objectives

- **Mayoral priorities linked to those for Directorate**
- **Contract Maturity Model**
- **Independent audits regime – in more detail**



Linking performance to organisational objectives

Mayoral priorities linked to those of the directorate

- TfL and London Streets objectives derive from Mayoral priorities
- Translated into annual objectives for our Contractors in the form of a 'Contract Maturity Model'
- The basis of our formal Annual Performance evaluation and assessment
- Independent audit review and report against these objectives



Linking performance to organisational objectives

Contract Maturity Model

- Contracts go through a maturity process not compliant day 1
- As the contract matures so does the Contractors capability
- The annual themes :-
 - Year 1 'Establishing the Service'
 - Year 2 'Delivering a Compliant Service'
 - Year 3 'Improving Delivery'
 - Year 4 'Innovation & Adding Value'



Linking performance to organisational objectives

Independent Audits in more detail

- **Terms of Reference common across three Contractors**
- **Short duration audits – 1 week on site, every 6 months**
- **Audit resource selection crucial to success of approach**
- **Peer Review key stages of audit process to ensure consistency**
- **Performance Grades; A (Excellent) to F (Wholly unsatisfactory)**



Linking performance to organisational objectives

Independent Audits in more detail - considerations

- **Contractors sensitive to audit results**
- **High degree of strategic interest throughout Contractor organisations**
- **Audit Strategy is successful**



3. Performance Management in an open relationship

- **Corporate agenda**
- **Communication**
- **Building trust and confidence**
- **Process evolution**



Performance management in an open relationship

Corporate agenda

- Working relationships crucial to successful projects
- Performance management part of the every day business
- Partnering ethos – open, problem solving, learning relationship, dedicated Partnering Manager
- Strategic Boards
- Co-location of Network Management teams



Performance management in an open relationship

Communication vital to success

- Discussion with Contractors about messages from SPI results and how they might be improved
- Debriefing and support following the results from independent audits
- Joint workshops, involving key supply chain partners, to learn from experiences, generate ideas and remedy issues
- Listened to comments, feedback and other reactions



Performance management in an open relationship

Building trust and confidence

- **Contractor buy-in to performance regime vital**
- **Involvement in the development of performance management and audit process**
- **Awareness briefings to help Contractor understand and prepare for audits**
- **Strategic Board ultimate sanction of Annual Performance Grade – financial/reputational impact**



Performance management in an open relationship

Evolution of process

- **Process owner:- integrity, effectiveness, organisational aims, continual improvement and value for money**
- **Successful but process is developing**



Questions?



After today?

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