



PROCUREMENT

Report to: STAR Joint Committee Meeting
Date: January 2016
Report for: Review and Approval
Report of: STAR Board

Report Title

Balanced Score Card Proposal 2016/17

Purpose

The purpose of this report is to:

- Provide a revised Balanced Scorecard for review and approval
- To provide rationale for the proposed changes

Recommendations

- STAR Joint Committee to review proposals and approve for 2016/2017

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Background

Financial Impact:	No
Legal Impact:	No
Human Resources Impact:	No
Asset Management Impact:	No
E-Government Impact:	No
Risk Management Impact:	No
Health and Safety Impact:	No

Consultation

No public consultation required

Reasons for Recommendation(s)

STAR Procurement is recommending a change in the weighting of the parameters that comprise the Balanced Scorecard against which the performance of STAR Procurement is monitored. The Joint Committee is asked to approve the change in weighting

1. Summary of Balanced Scorecard Proposal for 2016/17

1.1 Development of the 4 parameters

It is proposed that the balanced scorecard for 16/17 is as follows:

Finance	40%
Compliance	30%
Social Value	20%
Performance/Customer service	10%

This represents a change from 15/16 to reflect a 5% increase in Social Value weighting (from 15%) and a relative 5% reduction in Performance/Customer Satisfaction from 15% to 10%. It is proposed that all other parameters stay the same.

It is proposed that greater emphasis is placed on Social Value for 16/17 so that greater benefit is delivered to the Councils and communities they serve through the procurement process.

The Board proposes that the weighting for Compliance and Finance for 16/17 should remain the same at 40% for Finance and 30% for Compliance respectively.

It is proposed that Performance is reduced from 15% to 10%. This reflects the fact that the performance for 15/16 has considerably exceeded targets set and as STAR as an entity has matured, good customer service has become embedded as part of a business as usual approach.

1.2 Removal of weightings

The revised scorecard proposal removes the complicated weightings, providing a score for each metric which contributes to a total score out of one hundred.

1.3 Appendix one illustrates the 15/16 measures and provides a rationale as well as baseline statistics for the previous year. Appendix two provides a summary of the 16/17 proposed balanced scorecard.

1.4 The Board has reviewed the actual measures for the scorecard and recommends a number of changes. These reflect the relevance of the existing measures, acknowledging that as STAR has matured and some of the measures are no longer required. Similarly some measures are proposed to move to Performance Indicators (PI) rather than Key Performance

Indicators (KPI). It is proposed that others are refined or replaced to ensure that we are continuously improving, incentivising the most appropriate behaviours and activities

1.5 KPI's will continue to be reported on a quarterly basis to the Joint Committee.

1.6 PI's will be reported on a monthly basis to the STAR Board.

1.7 Proposed changes:

- C3 and C5 were measures used to indicate that STAR is engaged with services, understand when contracts are up for renewal and are better able to plan resources. These metrics have been delivered successfully, have served their purpose and it is proposed to change these measures to PIs.
- F2, the previous metric has served its purpose and the PID process is now embedded as business as usual. It is proposed that F2 is changed to an income generation target but measured as a PI. Targets are yet to be agreed. F1 savings will be quantified using the following parameters:
 1. Planned savings via contract renewals
 2. Targeted budget reduction as identified by Service Business Cases or Medium Term Financial Plans
 3. New savings opportunities identified by contract register/spend data reconciliation
- F1 will continue to be reported as an aggregate measure across all three Councils
- It is proposed to remove S1, S3 and S4. The true performance measure is S5 (SV KPIs embedded in contracts). S1 is the process by which social value is achieved and it is proposed that this is now a PI facilitated through the PID (Procurement Initiation Document) process and managed by SMT (Senior Management Team). SMT are to provide proportionate targets for S3 (local spend) and S4 (SME spend) based on the procurement plan for 16/17 not just an improvement on 15/16.
- P1 and P2, customer and supplier satisfaction respectively, have been developed to further promote continuous improvement. The proposal refines the P1 Performance parameter to include internal and external stakeholders. P1 previously measured only internal "customer satisfaction" we are extending this measure to include all stakeholders such as suppliers who attend market engagement events. Attendance at business forums or meet the buyer days is an important and resource heavy activity for STAR and the new measure will capture feedback on these activities too.
- P2 has been changed to measure the perceived "accessibility" of STARs processes and documentation by the market. It is proposed that all potential bidders who "express and interest" in tendering will be provided with a

questionnaire to comment on their experience in terms of the quality and relevance of the information provided, the proportionality of the documentation and general accessibility of the process. The intention is to use this learning to make documentation and processes more user friendly for bidders, particularly local SME's who often cite "barriers" to successfully tendering for public sector opportunities. P2 will be a PI in 16/17 therefore P1 is the sole measure for performance.

1.8 PI Measurements

In addition to STAR's KPI's it is proposed that PI's are introduced to further support continuous improvement. This data will be used by the SMT to promote, manage and report the positive behaviours within the team to ensure that process is followed and good service levels are maintained for clients, continuingly provide demonstrable value for money.

Further the data produced will constitute valuable information which can be used for management reports, promotion of the service, tender bids, award applications and general good news stories when delivering presentations and workshops for clients.

2 **Recommendations**

It is recommended that:

- STAR Joint Committee approve the proposals and a set of KPIs for 16/17

Appendix 1: 15/16 Balanced Scorecard with proposed revisions and rationale
Appendix 2: 16/17 Balanced Scorecard Proposal

Appendix 1: 15/16 Balanced Scorecard with proposed revisions and rationale

Balanced Scorecard

Compliance (Weighting 30%)								Forecas		Comments / Rationale
Ref	Current Metric	Proposed	Measurement Period	Current Target	Proposed Target	Current Score	Proposed Score	Mar. 2017	Achieving to date	
C1	Number of contracts in the work plan awarded without a successful legal challenge against the total number of contracts on the work plan.	Keep the same	Annually	100%	Keep the same	5.00	10.00	100.0%	100.0%	We aim to maintain our current position
C2	% of 'live' / compliant contracts in the Contracts Register against the total number of contracts in the Contracts Register	% of 'live' / compliant contracts in the Contracts Register against the total number of contracts in the Contracts Register in year	Annually	90%	Keep the same	10.00	Keep the same	90.0%	92.9%	We aim to maintain our current position
C3	% of planned exemptions to the Contract Procedure Rules against the total number of exemptions	Propose move to PI	Annually	50%	Propose move to PI	5.00	Propose move to PI	60.0%	79.4%	Remove from balance score card and use as a PI measure for SMT C3 were measures used to indicate that STAR is engaged with services, to understand when contracts were up for renewal and therefore better able to plan resources. These metrics have been delivered successfully, have served their purpose and it is proposed to move these measures to PIs.
C4	% of signed contractual documents filed on The Chest within 12 weeks from Contract Award	% of signed contractual documents filed on The Chest for contracts over 3 months	Annually	100%	90%	0.00	10.00	90.0%	51.7%	Wording amended to measure deliverables more accurately
C5	% of planned procurement activities in the work plan against the total number of work plan activities.	Propose move to PI	Annually	65%	Propose move to PI	5.00	Propose move to PI	65.0%	88.2%	Remove from balance score card and use as a PI measure for SMT C5 was a measure used to indicate that STAR is engaged with services, to understand when contracts were up for renewal and therefore better able to plan resources. These metrics have been delivered successfully, have served their purpose and it is proposed to move these measures to PIs.
Compliance Score >										

Finance (Weighting 40%)								Forecas		
Ref	Current Metric	Proposed	Measure ment Period	Current Target	Proposed Target	Current Score	Proposed Score	Mar. 2017	Achieving to date	Comments / Rationale
F1	% of achieved savings against target	Keep the Same	Annually	90%	Keep the same	35.00	40.00	100.0%	100.0%	Savings will be measured against the 16/17 target, target to be agreed; F1 will be the sole financial measure
F2	% of PIDs with Savings represented against all signed PIDs	Propose change to Income Target, Propose move to PI	Annually		TBA		Propose move to PI	100.0%	100.0%	Remove original F2 measure and replace with an income target, target to be agreed and measure as a PI. The previous metric has served its purpose and the PID process is now embedded as business as usual.
Finance Score >										

Social Value (Weighting 20%) from 15%								Forecas		
Ref	Current Metric	Proposed	Measure ment Period	Current Target	Proposed Target	Current Score	Proposed Score	Mar. 2017	Achieving to date	Comments / Rationale
S1	% of SV embedded in procurement documentation against the total number of work plan activities.	Propose move to PI	Annually	50%	Propose move to PI	3.00	Propose move to PI	50.0%	41.4%	Remove from balance scorecard and use as a PI for SMT. The true performance measure is S5 (SV KPIs embedded in contracts). S1 is the process by which this is achieved and it is proposed that this is now a PI facilitated through the PID process and managed by SMT.
S2	Number of local employment opportunities created as defined in GMCA Social Value Policy **	Keep the Same	Annually	TBA	150	5.00	10.00	150	157	Maintain metric
S3	% of overall spend that is spent in the Local area (based on the average between the three authorities)	Propose move to PI	Annually	30%	35%	3.00	Propose move to PI	35.0%	29.0%	Remove from balance scorecard and use as a PI for SMT. SMT are to provide proportionate targets for S3 based on the procurement plan for 16/17 not just an improvement on 15/16.
S4	% of overall spend that is spent with SME's (based on the average between the three authorities)	Propose move to PI	Annually	10%	12%	3.00	Propose move to PI	12.0%	9.0%	Remove from balance scorecard and use as a PI for SMT SMT are to provide proportionate targets for S4 based on the procurement plan for 16/17 not just an improvement on 15/16.
S5	% Number of tender exercises resulting in a measurable SV outcome.	% of tender exercises resulting in SV KPI's.	Annually	40%	50%	0.00	10.00	50.0%	24.1%	Wording amended to measure deliverables more accurately
Social Value Score >										

Performance (Weighting 10%) from 15%							Forecas			Comments / Rationale
Ref	Current Metric	Proposed	Measure ment Period	Current Target	Proposed Target	Current Score	Proposed Score	Mar. 2017	Achieving to date	
P1	% of satisfaction (Good or above) on completed Customer satisfaction surveys forms.	% of satisfaction (Good or above) on completed Customer/Stakeholder satisfaction surveys forms. (Customer to include internal and external customers)	Annually	50%	75%	-	10.00	85.0%	83.6%	Developed metric to include internal and external customers to be sole measure for performance. P1 and P2 have been developed to enhance the data measured for continuous improvement. The proposal refines the P1 Performance parameter to include internal and external stakeholders. P1 previously measured only internal "customer satisfaction" we are extending this measure to include all stakeholders such as suppliers who attend market engagement events. Attendance at business forums or meet the buyer days is an important and resource heavy activity for STAR and the new measure will capture feedback on these activities too.
P2	% of satisfaction (Good or above) on completed Supplier satisfaction surveys forms.	% satisfaction with STAR Procurement processes and documentation from entities who participate in procurment cycle. Propose move to PI	Annually	0%	45%	-	Propose move to PI	45.0%	-	Remove from balanced scorecard and use a a PI for SMT, metric to include satisfaction of procurement processes and documentation. P2 has been changed to measure the perceived "accessibility" of STARs processes and documentation by the market. It is proposed that all potential bidders who "express and interest" in tendering will be provided with a questionnaire to comment on their experience in terms of the quality and relevance of the information provided, the proportionality of the documentation and general accessibility of the process. The intention is to use this learning to make documentation and processes more user friendly for bidders, particularly local SME's who often cite "barriers" to successfully tendering for public sector opportunities.
Performance Score >										

Compliance (Weighting 30%)

Finance (Weighting 40%)

Social Value (Weighting 20%)

Performance (Weighting 10%)

Final Score >

Create x number of new jobs in the local economy

Create x number of traineeships (including apprenticeships) for local residents

** As defined in the GWMCA policy

Provide x number of days of meaningful work experience for local residents

Support x number of people back to work by providing career mentoring for job clubs, including mock interviews, CV advice, and careers guidance

Supporting young people into work by delivering employability support (e.g. CV advice, mock interviews, careers guidance) to x number of school and college students

Employ x number of ex-offenders (or other group of people who typically face additional challenges in competing in the labour market)

Appendix 2: 16/17 Balanced Scorecard Proposal

Balanced Scorecard

Compliance (Weighting 30%)				
Ref	Metric	Measurement Period	Target	Score
C1	Number of contracts in the work plan awarded without a successful legal challenge against the total number of contracts on the work plan.	Annually	100%	10.00
C2	% of 'live' / compliant contracts in the Contracts Register against the total number of contracts in the Contracts Register in year	Annually	90%	10.00
C3	% of signed contractual documents filed on The Chest for contracts over 3 months	Annually	90%	10.00
Compliance Score >				30

Finance (Weighting 40%)				
Ref	Metric	Measurement Period	Target	Score
F1	% of achieved savings against target	Annually	90%	40.00
Finance Score >				40.00

Social Value (Weighting 20%)				
Ref	Metric	Measurement Period	Target	Score
S1	Number of local employment opportunities created as defined in GMCA Social Value Policy	Annually	150	10.00
S2	% of tender exercises resulting in SV KPI's.	Annually	50%	10.00
Social Value Score >				20.00

Performance (Weighting 10%)				
Ref	Metric	Measurement Period	Target	Score
P1	% of satisfaction (Good or above) on completed Customer/Stakeholder satisfaction surveys forms. (Customer to include internal and external customers)	Annually	75%	10.00
Performance Score >				10.00