
Director of Engineering Memorandum
DEM 117/09
DEM TITLE: Contractor Performance, Assessment and Monitoring

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Level 1 (Title / Key Words)	Contractor, Performance, Assessment, Monitoring
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Level 2 : (Directorate/Owner):	Engineering
Level 3: (RSHQ or HoBU Managed Function):	TEPU – Engineering Policy Branch
Level 4 : (Work Areas)	All

Purpose

The Achieving Excellence in Construction initiative has led to an increased emphasis in quality in the delivery of construction related contracts. Many contracts are now awarded not only on the basis of tender price but also the contractor's tendered proposals for the delivery of quality in all aspects of the contract.

It is the responsibility of the Project Manager / Engineer appointed to administer the contract to ensure that the quality related elements of the contractor's tender are delivered during the execution of the works. Accurate reports on the extent to which contractors deliver these quality elements provide essential input in the assessment of future procurement competitions. Project Managers / Engineers must not therefore underestimate the importance of the contractor performance reporting aspect of their duties and the need to take ownership of all elements of the marking and reporting process.

The purpose of this memorandum is to establish a method for the assessment and monitoring of contractor performance and to explain how the reports generated are used for contractor feedback, tender assessment and input to Constructionline.

Scope

Contractor Performance Assessment and Monitoring shall be carried out on the following:-

- Individually tendered contracts for discrete packages of construction related work, and
- Term / Measured Term Contracts (including Environmental Maintenance).

Under the Conditions of Contract used in these categories of work, the Project Manager / Engineer has sole responsibility for administration of the contracts on the Employer's behalf. It is therefore one of the duties of the Project Manager / Engineer to assess Contractor Performance throughout the term of a contract.

The Project Manager / Engineer shall undertake formal Contractor Performance Assessments at six monthly intervals and at the end of a contract. The assessments shall be based on

- the content of on site performance reporting carried out by site supervisory staff,
- the Contractor's response to issues brought to his attention by the Project Manager / Engineer in writing or at formal meetings at which minutes are recorded, and
- discussions at formal Contractor Performance Review meetings attended by the Contractor, the Project Manager / Engineer and the Employer.

For contractor performance assessments to be meaningful and useful in future tender assessments, they must be carried out consistently and conscientiously in a methodical manner.

The methodology employed in performance assessment, reporting and monitoring ensures that all contractors are being treated on an equal basis, allowing ongoing monitoring to be used to compare contractor performance by contract, by area and over a range of contracts

Contractor Performance Monitoring consists of three stages:

- Contractor Performance Reporting and Assessment during and after completion of a contract,
- Monitoring and analysis of scores, and
- Contractor feedback including any restrictions that may be placed on future tendering opportunities.

Procedure

Procedures for Reporting and Assessing

1. On-site reporting by site supervisory staff.

On-Site Performance Report forms in Appendix A are to be completed by site supervisory staff nominated by the Project Manager / Engineer.

[\(See Appendices A - C \)](#) {Appendix B is for Guidance on Reporting Categories, and Appendix C details frequency of reporting for each specific type of contract}

The on-site performance reporting is based on the Constructionline headings:

Constructionline (new headings)	On Site Performance Reporting (Also KPI Zone headings)
Overall Quality of Finished Product	Organisation
Overall Quality of Service	General
Defects at time of Handover	Workmanship
Delivery to Agreed Cost	Delivery to Agreed Cost
Delivery to Agreed Time	Timeliness
Safety	Health and Safety

Under each heading is a range of subheadings. The Supervisory staff shall rate contractor performance against each subheading with a score of 1 to 10 according to the framework. Guidance is provided in Appendix B on areas that may be relevant to each subheading. These will vary depending on the type of contract.

On-Site Performance Reports shall, on completion be forwarded to the Project Manager / Engineer.

2. Project Manager / Engineer actions on receipt of on site report forms.

On receipt of the on-site report forms the Project Manager / Engineer shall satisfy himself / herself that he / she is fully in agreement with the scores allocated by the site supervisory staff before taking responsibility for the scores by countersigning the report forms. The report forms shall then be forwarded to RSC, Contracts Section. These report forms may be copied to the Contractor.

RSC Contracts Section shall input the scores from the reports onto the Contractor Performance Database (CPD). At the year end, summary scoring information, from the CPD, for each Contractor, shall be entered onto Constructionline as derived from the following table.

Constructionline (new headings)	On Site Performance Reporting (existing headings)
Overall Quality of Finished Product	Organisation, General, Workmanship, Timeliness and Delivery to Agreed Cost – (average of all scores)
Overall Quality of Service	Organisation and General – (average of all scores)
Defects at the Time of handover	Workmanship – W2
Delivery to Agreed Cost	Delivery to Agreed Cost – D1
Delivery to Agreed Time	Timeliness – T3
Safety	Health and Safety – H1 and H2

The Project Manager / Engineer shall determine if there are any matters which need to be brought to the attention of the Contractor. If there are any such matters the Project Manager / Engineer shall either formally write to the Contractor or raise the issues at a meeting at which minutes are taken. Records of the Contractor's response to the issues raised and any subsequent actions needed should be kept for consideration at formal Contractor Performance Review meetings.

3. Contractor Performance Review Meetings.

Contractor Performance Review meetings shall be held at six monthly intervals during the course of the contract and on completion of the contract. The meetings shall be attended by the Employer, the Contractor and the Project Manager / Engineer.

At the meetings all aspects of the Contractor's performance since the beginning of the contract shall be reviewed with particular emphasis on commitments contained in the Contractor's quality undertakings submitted during the tender process and as subsequent contractual requirements. The review should take account of each party's actions and allowance should be made for any failures of the Employer to fulfil any of its obligations under the contract.

4. Project Manager's / Engineer's assessment of performance.

Following the review meeting, the Project Manager / Engineer shall assess the Contractor's performance during the review period and prepare a Contract Performance Report using the form attached at [Appendix D](#). If the Contractor's performance has been deemed unsatisfactory, evidence in support of this assessment shall be attached. Evidence shall be in the form of letters, minutes of meetings, photographs etc through which issues have been brought to the Contractor's attention during the period of the report and shall include details of how the Contractor subsequently responded.

A copy of this form shall be provided to the contractor. If the Contractor's performance during the period of the review has been unsatisfactory, he should be informed that, if the performance does not improve, the matter will be brought to the attention of the Director of Engineering for further consideration which may include reduced tendering opportunities for future contracts.

A copy of the form and, in the case of unsatisfactory reports, the attachments shall be sent to RSC, Contracts Section and to RSHQ for information.

5. Escalation of actions following unsatisfactory performance reports.

Where a Contractor has been given

- consecutive unsatisfactory performance reports during a contract, or
- an unsatisfactory performance report at the end of a contract,

the report(s) shall be referred to the Director of Engineering for consideration.

Depending on the nature of the unsatisfactory performance, the Director of Engineering may choose to do any or all of the following

- write to the Contractor concerning his performance,
- interview the Contractor concerning his performance, or
- place restrictions on types of contract that the Contractor would be considered suitable to undertake.

Equality

No Section 75 equality issues arise from the introduction of this Memorandum as it addresses an internal procedural matter covering the recording of contractor performance.

R. J. Cairns
Director of Engineering
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