

**Network Delivery and Development Directorate**

**Asset Management Office**

# **Performance Management Framework Methodology**

**Date: 1 April 2013**

**Version: 1.1**

## Foreword

In 2010/11 the previous methods for monitoring our service provider performance were developed into a more useful performance management tool in the form of the service provider Performance Management Framework (PMF).

The PMF now gives us a standard approach to capturing performance data in order to achieve:

- Visibility of service provider performance
- Consistency in the data we capture on service provider performance
- Benchmarking of service provider performance results

We continue to develop the Aspect scoring across all PMFs (MAC, ASC, RTMC, etc.) to make it based on facts, supported by data and metrics to remove subjectivity from the assessment of performance.

This has produced PMFs that are more focused on the key performance elements of the contracts/frameworks and reduced the reporting requirements on the service providers.

The HA Strategic Goals for 2012/13 are:

1. We provide a service that our customers trust
2. We set the standard for delivery
3. We deliver sustainable solutions
4. Our roads are the safest in the world
5. Our network is a dynamic and resilient asset

This greater visibility of the business will lead to better, more informed decision making by the Directorate on where resources and improvement efforts need to be focused.

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## 1. Purpose of this document

### What it does

This document describes the process for measurement and management of service provider performance in delivering contractual requirements (for example as referred to by Annex 15 of the MAC contract).

### Who it is for

This document is to be used by the following groups of people involved in performance management:

- NDD's Asset Management Office (AMO), in particular the AMO Performance Team
- Regional Contract & Performance Teams
- Project Managers
- Framework Managers
- Service providers (including MAC service providers and ASC service providers)

It provides the wider context for Agency performance contacts and managers and service providers involved in performance management and submission of the performance scores to the AMO.

### Key elements of the PMF process

The process builds on current best practice in performance management and delivers visibility of service provider performance in delivering their contractual requirements.

The framework provides a link between our Strategic Goals, the outcomes that we require the service provider to deliver within the contract, and the performance measures that monitor these Aspects.

The PMF allows for the production of performance scores by providing clear scoring guidance where only limited guidance existed previously.

Regular reviews of the PMF are undertaken in order to capture lessons learned and support continuous improvement of the process. It is intended that periodic updates to the PMFs will take place. These are likely to occur 1 April and 1 October of each year. Reviews may refocus the Strategic Goals to align with HA-wide changes or adapt scoring to reflect changes in our objectives.

### Why it is important

The benefits of the PMF process include:

- Increased visibility of service provider performance
- Reduced subjectivity of scoring service provider performance
- Ability for us to benchmark service provider performance
- Evidence-based decision making to target improvement actions

All of the above are helping to drive improved effectiveness, efficiency and accountability in the delivery of our service provider contracts.

## 2. Contacts

For further information on the PMF please contact:

### Asset Management Office Performance Team

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James Bird	PM Coordinator	The Cube, Birmingham	0121 678 8442	<a href="mailto:james.bird@highways.gsi.gov.uk">james.bird@highways.gsi.gov.uk</a>
Janet Sivorn	AMO Performance Team Leader	The Cube, Birmingham	0121 678 5906	<a href="mailto:janet.sivorn@highways.gsi.gov.uk">janet.sivorn@highways.gsi.gov.uk</a>

### 3. Background

The Highways Agency's Strategic Plan 2010-15 sets out our vision to become “the world’s leading road operator”.

To achieve this vision it is essential to drive business improvement and strengthen our contribution to a sustainable transport system. Operating our network more effectively lies at the heart of greater sustainability. Our road network must function smoothly to support national economic recovery; we must meet the diverse needs of all our customers to promote national wellbeing; and we must continue to develop our sustainable approach.

To monitor our progress and achievements toward this vision we have determined the outcomes that support our goals and selected Performance Measures that provide suitable metrics of the performance of our organisation and the service providers that support delivery of these objectives.

Maximising performance against Performance Measures that are closely aligned to our objectives will help to ensure that our strategic goals and overall vision are achieved. Performance Management will be used to underpin best value, efficiency and accountability within our organisation and our supply chain.

As part of monitoring these aspects we need to measure the performance of all of our contracts and that of our Supply Chain. This PMF Methodology document describes the measurement of performance for maintenance contracts.

The Performance Management Framework described herein provides for a consistent method of performance measurement. Performance measured to a consistent framework can then be analysed in a variety of ways and action taken to drive continual improvement. The primary goal of our Performance Management Framework is to allow us to monitor the performance of these contracts and to improve it to meet best value and efficiency targets.

The Performance Management Framework will be subject to regular review to ensure that it reflects the current requirements of the Agency. As we focus on different aspects of our overall delivery, the indicators used and measurements taken will change and evolve.

This approach allows the Agency to:

- Increase the visibility of service provider performance
- Reduce subjectivity in the scoring of service provider performance, thereby providing the consistency required to compare performance across Areas
- Benchmark service provider performance
- Drive improved effectiveness and efficiency in the delivery of contracts through evidence-based decision making

## 4. Performance Management Framework

### 4.1 Areas of measurement

To allow Regional Contract & Performance Teams to consistently measure and manage the performance of the service provider, the service providers' duties and deliverables have been mapped to our Strategic Goals. These Strategic Goals come directly from the Agency's Strategic Plan 2010-15. Performance of the Aspects we have identified contribute toward the contractual deliverables that in turn assist with the achievement of the organisational goals.

The Agency's Strategic Goals are

#### **We provide a service that our customers trust**

This area will measure how the service provider is planning and delivering services that either reduce congestion at planned works or result from incidents on the network. The service provider may also contribute by delivering approved congestion improvement schemes.

#### **We set the standard for delivery**

This area will measure how the service provider is managing their own organisation in terms of quality management and continual improvement, and how they manage project delivery including cost control, time management and right first time delivery.

#### **We deliver sustainable solutions**

This area will measure how the service provider is managing the competing elements of service delivery with the affects on the environment and local community.

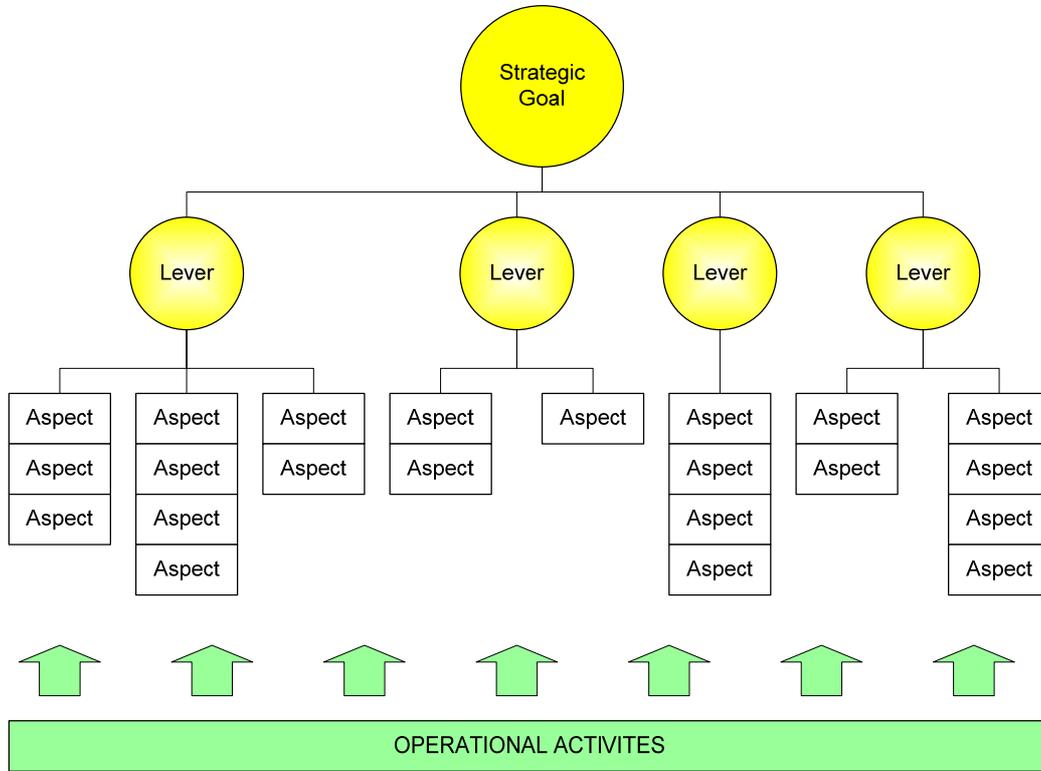
#### **Our roads are the safest in the world**

This area will measure how the service provider is providing safety maintenance, maintaining the safety of road users at road works and their own staff working on our network.

#### **Our network is a dynamic and resilient asset**

This area will measure how the service provider is contributing to our objectives to maintain the highway asset in a condition that is sustainable by the nation in the long-term.

Under each of these Strategic Goals a hierarchy of Levers and Aspects of measurement have been identified and the contribution of the Aspects and Levers determined. The hierarchical arrangement of Aspects, Levers and Strategic Goals is shown schematically in Figure 1 below:



**Figure 1: Schematic of Performance Hierarchy**

The Strategic Goals sit at the top of the hierarchy; a number of Levers contribute to each Strategic Goal; a number of Levers contribute to each Strategic Goal; and finally a number of Aspects contribute to each Lever.

The full performance hierarchy is included in an appendix to the relevant Performance Management Manual (PMM).

These Areas of Measure are designed to capture a holistic approach to service provider performance.

## 4.2 Data Standards

For certain contracts we require operational data to support a number of the Aspects and for these to be provided in the form of a data feed. Data standards define the format of these data feeds. The calculations and definitions that support these Aspects will be included in a separate document.

### 4.3 Performance Scoring

The scoring of performance in the PMF is carried out at Aspect level. Every Aspect receives a White, Red, Amber, Green, Mauve or Plum score, hereafter referred to as a WRAGMP score, depending on performance.

White (W) represents no score provided.

Red (R), Amber (A) and Green (G) have meanings defined in the relevant Scoring Guidance – this will be included as an appendix to each PMM. Green represents achievement of target.

Mauve (M) represents a N/A score. A score of N/A can only be used if an Aspect has no meaning within the specific service provider contract (representing an Aspect of delivery that is excluded from the responsibilities).

Plum (P) represents a N/S or Not Scored aspect. A score of N/S represents an HA specified activity that has not occurred in the measurement period (e.g. progression of improvement schemes).

### 4.4 Weighting the Performance Hierarchy

All the Strategic Goals, Levers and Aspects within the Performance Hierarchy are weighted to allow the relative importance of hierarchy elements to be accurately represented. A version of the Performance Hierarchy Poster which includes the latest weightings will be included as an appendix to each PMM.

The sum of the weightings directly below any element of the hierarchy equates to 100%. Hence, the Strategic Goal weightings sum to 100%, all the Levers contributing to a Strategic Goal sum to 100% and, finally, all the Aspects contributing to a Lever sum to 100%.

These weightings are integral to the reporting of performance at Strategic Goal and Lever, whereby the WRAGMP scores at Aspect level are propagated up the hierarchy in the form of Performance Flags.

Details of the weightings will be included as an appendix to each PMM.

### 4.5 Performance Flags

Performance at Strategic Goal and Lever level in the hierarchy is represented in the form of Performance Flags, as opposed to averaging the performance score and displaying the resulting WRAGM score. An example Performance Flag is shown in Figure 2 below.



**Figure 2: Performance Flag**

A Performance Flag has the ability to show the detail behind a performance score. For example, a flag which is part Green and part Red indicates that there are some areas of good performance and some areas of poor performance in the element being looked at.

Without the use of flags there is a danger that everything will become Amber at higher levels as the performance scores get averaged. For example, Amber at Lever level could indicate that all the Aspects contributing to that Lever are Amber or that half the Aspects are Red and half are Green. Clearly, these two scenarios are significantly different but this information is

lost as performance is propagated up the hierarchy when averaging instead of a Performance Flag being used.

The Performance Flag at Lever level is a weighted summary of the Aspects which contribute to it as demonstrated in Figure 3 below. The sum of the weightings equates to 100%.

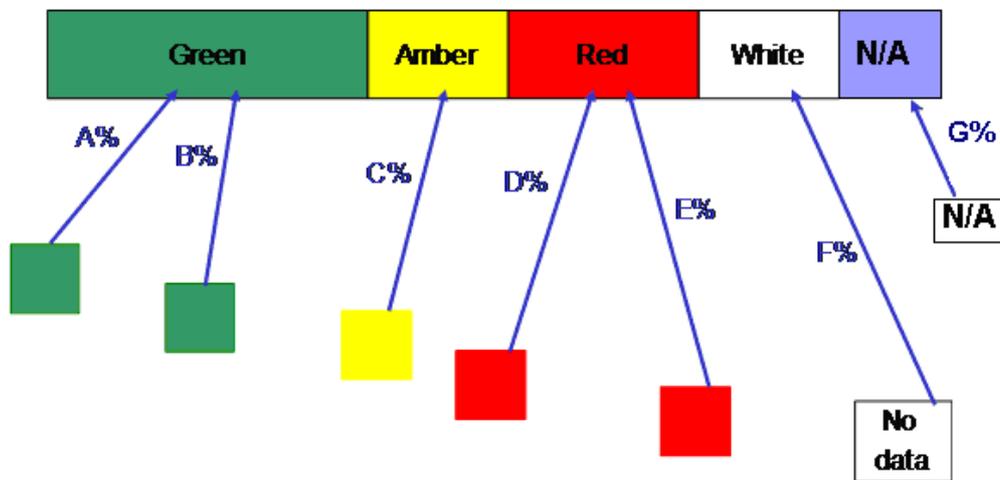


Figure 3: Scoring Propagation

#### 4.6 Submission of PMF Data Scores

Submission of scores will be by a Data Entry Sheet, details of which will be included as an appendix to each PMM.

## 5. Roles and Responsibilities

Responsibility for Performance Management lies primarily with the Network Delivery and Development Directorate and its service providers. The Service Manager/Project Sponsor and related performance teams (e.g. Regional Contract & Performance Teams, Project Managers, etc.) are responsible for monitoring and managing the performance of service providers. NDD Central (specifically AMO) is responsible for managing the PMF process, including continual improvement of the process itself.

Everyone involved must work together to score, agree and report performance, plan and implement improvement actions, and provide visible evidence at each stage of the process.

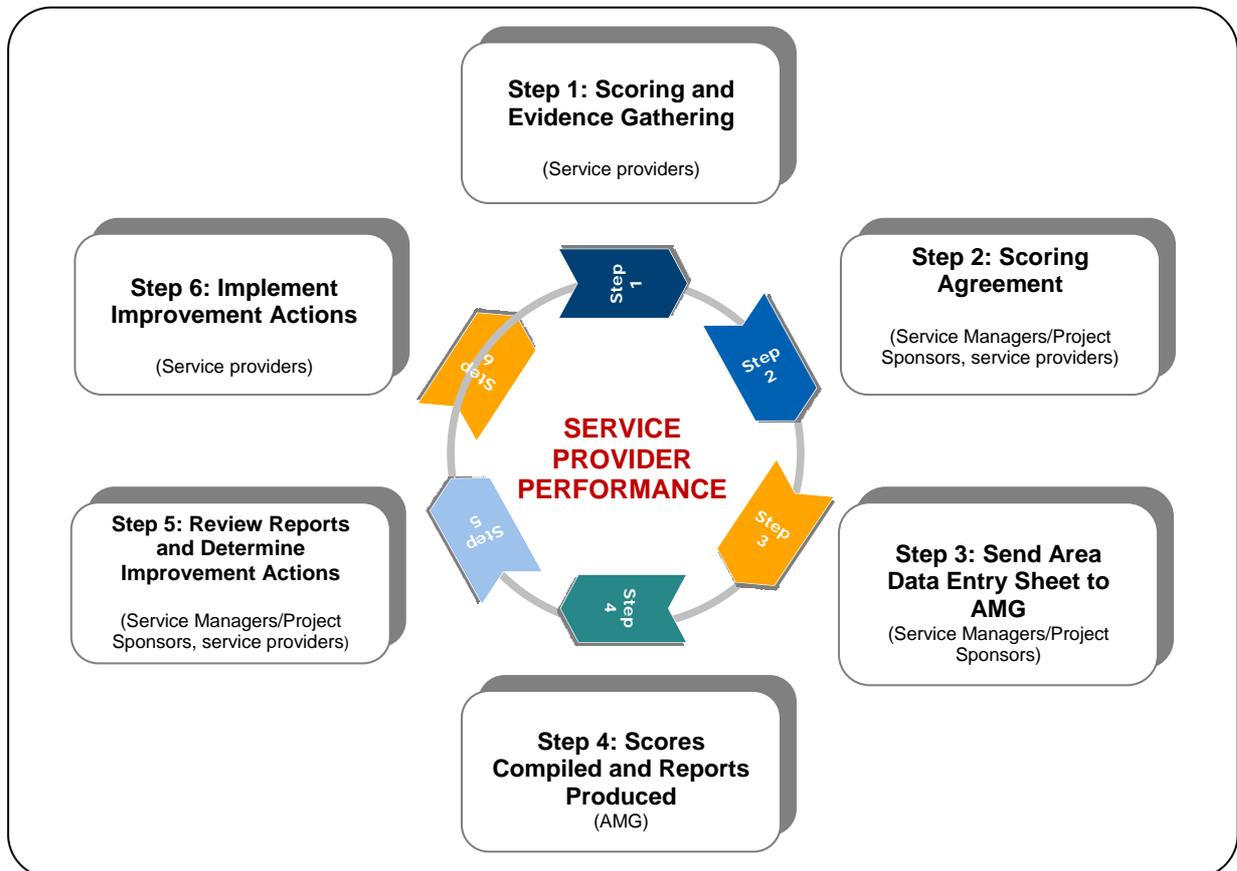
- Service providers are responsible for:
  - Self-Scoring their performance against the scoring guidance in accordance with the timelines as set out in the relevant PMM.
  - Providing evidence to justify their scores.
  - Submission of scoring to the HA.
  - Agreeing the scores with the relevant Service Manager/Project Sponsor.
  - Submission of Operational Data to the specified timescales as set out in the relevant PMM (if applicable).
  - Reviewing the performance reports and determining improvement actions with the relevant Service Manager/Project Sponsor.
  - Implementing those improvement actions.
  - Providing input and feedback for the continual improvement of the PMF.
- The Service Manager/Project Sponsor and related performance teams are responsible for:
  - Agreeing the performance scores with the service providers to the specified timescales as set out in the relevant PMM.
  - Ensuring that the evidence is provided to justify the scores.
  - Forwarding the agreed performance scores to the AMO to the specified timescales as set out in the relevant PMM.
  - Reviewing the performance reports and determining improvement actions with the service providers.
  - Providing input and feedback for the continual improvement of the PMF.
  - Undertaking periodic reviews and checks of the scores provided by service providers (for example to check that the evidence required to obtain a Green score is indeed in place).
- NDD Central AMO is responsible for:
  - Collating the performance scores for all contracts in the specified timescales to the specified timescales as set out in the relevant PMM.
  - Producing the performance reports and circulating them to the relevant Service Manager/Project Sponsor and performance team (who forward to service providers).
  - Producing National reports and circulating them to the relevant stakeholders.
  - Carrying out performance audits to ensure the process is being correctly implemented.
  - Co-ordinating feedback on the process and incorporating improvement actions in future versions of the process.

All participants in the process have a collective responsibility to ensure performance reporting is not just for reporting's sake but is done to inform improvement actions.

## 6. Measurement and Management

The service provider performance reporting process is a regular cycle, split into six steps, all of which are subject to audit and review. The process sits within the context of performance management and continuous improvement activities undertaken for each contract.

The following sections describe each of these steps in turn.



**Figure 4: Performance Management Cycle**

The process provides the Agency with regular visibility of service provider performance, framed within a Performance Hierarchy. It comprises:

- A Performance Hierarchy linking the Agency’s Strategic Goals and the activities controlled by the service provider – represented by the Performance Hierarchy Poster
- A White/Red/Amber/Green/Mauve/Plum (WRAGMP) score for every Aspect included in the Performance Hierarchy for all service providers. The WRAGMP score is based on detailed scoring guidance included in the relevant PMM.
- A Performance Flag indicating service provider performance at Aspect, Lever and Strategic Goal levels in the Performance Hierarchy.

## 6.1 Scoring and Evidence Gathering

### Scoring Performance

The first stage in the performance cycle is the self-scoring of performance by the service providers and the gathering of associated evidence to justify their score in advance of Step 2: Scoring Agreement.

The scoring of performance is conducted at Aspect level and all relevant Aspects should be scored. Each Aspect will be given a WRAGMP score (Section 4.3).

For Aspects that have WRAGMP criteria defined by percentage scores, these should be rounded to the nearest whole percent.

### *Overall Approach to Scoring*

Scoring service provider performance consistently will enable compliance to be demonstrated and improvement effort to be focused on where it is needed. Scoring should be conducted and agreed based upon the specific guidance outlined in each section of the Scoring Guidance but in general Green represents acceptable performance against an Aspect whilst Amber and Red signify that improvement is needed.

### *Aspects outside the control of the service provider*

If Aspects are outside the control of the service provider such that Green level of performance cannot be achieved then these should still be scored Amber or Red (as appropriate) but relevant comments should be added to the Data Entry Sheet. Also the Aspect should be discussed with AMO to obtain clarification – for MACs this communication can be facilitated by the HA Regional Team.. On the face of it this is unfair but if all service providers are scoring themselves this way then it highlights a national issue and provides an escalation route to NDD Central.

### *Rolling 12 month measures*

For any Aspect where the WRAGMP score is dependent on a rolling 12 month measure, then unless otherwise stated in the Scoring Guidance this should be pro rated for any contract that is less than 12 months old.

### *Data Entry Sheet*

To assist with this process, a template 'PMF Data Entry Sheet' is provided to all service providers – this will be included as an appendix to the relevant PMM.

The Data Entry Sheet requires the contract, date and author to be identified in the first instance. The Data Entry Sheet contains a list of all Aspects grouped by Strategic Goal and, for each Aspect, a drop down list which includes Red, Amber, Green, No Data and N/A options and a Comments box.

At present the PMF-Plus Database, does not support the scoring of N/S through the Data Entry Sheets, so all aspects which should be N/S, should be marked as N/A and the Service Provider should then mark the relevant comments box with 'N/S' as supporting commentary.

Further blank columns are available for use by service providers, for example to record Aspect owners.



Comments are required for all Aspects to explain the reasoning behind the allocated score, including Green and N/A scores. These should be instructive and allow the reader to understand why a particular score was given and what actions are required to improve the score (or maintain the score at green) for next time.

### **Scoring Guidance**

The associated guidance document “PMF – Scoring Guidance” provides detailed scoring guidance for each and every Aspect – this will be included as an appendix to the relevant PMM.

The Aspects in the scoring guidance are grouped by Strategic Goal to mirror the Data Entry Sheet.

### **Evidence Gathering**

To justify their self-scores the service providers should ensure all associated evidence is in place in advance of the scoring agreement meeting with the Agency in Step 2. The Scoring Guidance also details what service providers need to demonstrate to justify their scores and lists the associated evidence that needs to be provided.

## **6.2 Scoring Agreement**

### **Scoring Agreement Meeting**

Agreement on the scoring should be reached between the service provider’s performance manager and the relevant Service Manager/Project Sponsor.

The service provider should also be able to provide the evidence to justify the self-scores to aid speedy agreement and approval of the performance scores.



The AMO do not wish to prescribe exactly how each contract should conduct its scoring and who should submit the monthly scores. However, whatever the process, the relevant Service Manager/Project Sponsor should take responsibility for it to ensure that the scores submitted to the AMO have been agreed and are, as far as is known, correct.

## **6.3 Send Area Data Entry Sheet to AMO**

Following the scoring agreement meeting and by the agreed date as set out in the relevant PMM the Data Entry Sheet for each Area should be emailed to the PMF NDD Inbox ([NPU@highways.gsi.gov.uk](mailto:NPU@highways.gsi.gov.uk)).

## **6.4 Scores Compiled and Reports Produced**

The AMO is responsible for compiling the performance scores centrally, producing the performance reports and circulating to the relevant Service Manager/Project Sponsor (who forward to service providers) and NDDPG.

### **Producing the Performance Reports**

Having completed the import of the Data Entry Sheets into the database the AMO is also responsible for producing the performance reports and sending them back to the relevant Service Managers/Project Sponsors and NDDPG within the agreed timescales.

Typical categories of reports that might be produced are as follows:

- Area/Region/Contract Performance Reports: Detailing Performance Flags at Strategic Goal, Lever and Aspect level for any one Area/Region/Contract for any one time period
- Area/Region/Contract Performance Comparison Reports: Detailing Performance Flags at Strategic Goal, Lever and Aspect level for any number of Areas/Regions/Contracts for any one time period
- Area/Region/Contract Performance Trend Reports: Detailing Performance Flags at Strategic Goal, Lever and Aspect level for any one Area/Region/Contract over any number of time periods
- Highest Weighted White, Red and Amber Reports: Detailing the top five highest weighted White, Red and Amber Aspects

### **MST Scores**

After all scores have been imported into the database, the AMO will export MST scores back into a spreadsheet and send to the relevant Service Manager/Project Sponsor.

### **6.5 Review Reports and Determine Improvement Actions**

The relevant Service Manager/Project Sponsor and service providers determine targeted improvement actions informed by the performance reports.

The service providers then develop actions plans to incorporate those improvement actions.

### **6.6 Implement Improvement Actions**

The service providers implement the improvement actions as incorporated in the action plans.

## **7. Audit and Review**

The PMFs will be subject to audit and review by the Agency.

## **8. Change Control**

Based on feedback and further research in the area, the PMFs will be subject to continual improvement. Changes will be centrally controlled by the AMO to maintain consistency and comparability.

The document 'PMF Suggestion Template' should be used by performance teams and service providers to formally submit suggestions – see Appendix A.

Any changes will then be incorporated into the next planned release of the PMF.

The PMFs will be updated every six months, assuming updates are required. Version updates will be communicated via a Contract Management Memo, which incorporates formal notification from the Asset Delivery Manager to the service provider in the form of a letter.

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## Appendix A – PMF Suggestion Template

Appendix A covers the following documents.

Appendix Ref	Document	Version / Date
A	<a href="#">PMF Suggestion Template</a>	V1.0, January 2012

## Appendix B – Calculating the MST Scores

MST scores are produced for each MST Area of Measure (Product, Service, Right First Time, Time, Cost, Safety) and are calculated based on the WRAGM scores assigned to each Aspect associated with the relevant Area of Measure.

The allocation of Aspects to Areas of Measure can be seen in the relevant PMF Scoring Guidance.

The link between the WRAGM scores at Aspect level and the MST scores at Area of Measure level (0, 2, 4, 5, 6, 8 or 10) is detailed below:

- GREEN = 9 (average of 8 and 10)
- AMBER = 5 (average of 4, 5 and 6)
- RED = 1 (average of 0 and 2)
- “No Data” is considered worse than Red, hence = 0 to incentivise reporting on performance
- N/A scores are not taken into account.

These MST scores are then summed for each Area of Measure and an average is taken which is then rounded to the nearest MST score.

In practice this means that for an Area of Measure to gain an MST score of 10, all the Aspects within that Area must be scored Green (or N/A) under the PMF.

## Appendix C – Glossary

<b>Term</b>	<b>Meaning</b>
AMO	Asset Management Office
HA	The Highways Agency, sometimes shortened to the Agency
MAC	Managing Agent Contract
NDD	Network Delivery and Development Directorate
NDDPG	NDD Performance Group (chaired by the NDD Director)
PAF	Performance Audit Function
PMAG	Performance Management Advisory Group
PMF	Performance Management Framework
RCPT	Regional Contract & Performance Team
SHARE	The Agency's electronic document filing system
WRAGMP	White/Red/Amber/Green/Mauve/Plum scoring system