

To
Scrutiny Co-ordination Committee

24th January, 2007

Subject Serco Review Group – Revised Terms of Reference and Timescale

1 Purpose of the Note

- 1.1 To recommend revised terms of reference and time-scale for this review, in the light of recent developments.

2 Recommendations

- 2.1 The Committee is recommended to approve the revised terms of reference for the Review Group indicated in section 4 below.

3 Information/Background

- 3.1 This Review Group was established by the Committee on 27th September, 2006. It has held two meetings (on 7th November and 7th December, 2006) and a third is due to be held on 23rd January, 2007.
- 3.2 At the first meeting, the Review Group was given information about the contract and the service level agreement. It agreed to add a fourth point (relating to value for money) to its terms of reference.
- 3.3 At the second meeting, officers provided information on Serco's current performance and explained that it was now proposed to hold discussions with representatives of Serco about re-defining their contract with the City Council, with particular reference to finance and the service level agreement.
- 3.4 These discussions would take place over the next few months, with the aim of having the redefined contract in place by 1st April, 2007. Serco's contract performance on the service level agreement would then be monitored for six months and officers would develop proposals for how value for money might be achieved in relation to the areas of the contract not covered by the service level agreement. The results would be reported to the Review Group, who would then make a recommendation on whether or not the contract should be extended for a further two years from April 2009. This means that the original timescale for the review will be put back by around six months.
- 3.5 It was further proposed that, during the discussion period with Serco, the Review Group act as a reference point, receiving progress reports and giving guidance where necessary.

3.6 In the meantime, Serco's performance on the current service level agreement would be robustly monitored.

3.7 The Review Group agreed this approach.

4 Proposal

4.1 In order to reflect the developments shown in section 3 above, it is proposed that the terms of reference of the Review Group be revised to read as follows:-

- To examine Serco's current performance
- To receive reports, and give guidance where necessary, on the progress of discussions with representatives of Serco about redefining their contract
- To assess Serco's performance against the redefined contract after six months and make recommendations to the Cabinet (via the Scrutiny Co-ordination Committee) on whether to exercise the option to extend the Serco contract beyond April 2009
- To make recommendations on how value for money might be achieved in relation to the areas of the contract not covered by the service level agreement

(Note: the Review Group's previous terms of reference were as follows:-

1. To examine Serco's current performance.
2. To develop targets and performance measures against which Serco's performance can be measured over the next six months.
3. To assess performance after six months and make recommendations to the Cabinet on whether to exercise the option to extend the Serco contract beyond 2009.
4. To assess whether the current contract with Serco represents value for money by examining costs as well as performance. To determine whether they are achieving the outcomes they require and to explore alternative options to extending the contract.)

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