

# Contractor Performance Management System

## Introduction

1. With effect from 1 October 2016, Singapore Power Limited and its Singapore-incorporated subsidiaries **[SP Group]** has implemented the SP Group's Contractor Performance Management System **[CPMS]** to strengthen its partnership with and improve the safety and quality performance of its contractors.
2. Through the CPMS, SP Group aims to take a holistic approach to the selection of its contractors as part of enhancing procurement process, by looking at the performance of its contractors at a quarterly and annual basis and not only based at performance at each individual contract basis. The previous demerit scheme in respect of each contract will be abolished while an incentive and mitigation scheme that goes towards enabling contractors to improve their performance on a longer term basis is now implemented.

## Objectives

3. The objectives of the CPMS are:
  - (a) to adopt a more holistic approach in reviewing contractors' overall performance;
  - (b) to work with contractors to raise safety and quality standards; and
  - (c) to encourage an environment of continuous improvement by contractors.
4. In order to achieve the above objectives, CPMS will utilise the following 3 main components:
  - (a) Contractor Performance Assessment (CPA);
  - (b) Business Under Surveillance (BUS) Programme; and
  - (c) Tender Evaluation Framework (TEF).

## Applicability

5. The CPMS will be applicable for procurement in relation of the following services and works:
  - (a) cable installation, cable jointing and road reinstatement;
  - (b) gas pipe-laying;
  - (c) milling and patching;
  - (d) transmission cable-laying;
  - (e) building and construction; and
  - (f) other road opening-related works (e.g., manhole access works).

SP Group intends to broaden the scope of the CPMS to eventually apply the CPMS for procurement of other engineering-related works and services.

6. The CPMS will apply to contracts awarded on or after 1 October 2016 and any ongoing contracts which fall in any of the above categories set out in paragraph 5. All aspects of the CPMS, such as the BUS Programme and rewards and mitigations, will apply to such contracts.

## Contractor Performance Assessment

7. For each contract, a contractor will be assessed by the relevant SP Group project team in the following four (4) areas:
  - (a) Safety;
  - (b) Quality of Work;
  - (c) Project & Risk Management; and
  - (d) Value Added Services.

These scores for each contract [**Contract Quarterly Score**] will be tabulated at fixed quarterly basis. The individual Contract Quarterly Scores applicable for each contract will then be averaged to derive the Contractor Quarterly Score.

8. Examples of the factors taken into consideration in determining the individual Contract Quarterly Score are as follows:

<p style="text-align: center;"><b><u>Safety</u></b></p> <ul style="list-style-type: none"> <li>• Safety performance</li> <li>• Site safety management</li> <li>• Safety training for project workforce</li> </ul>	<p style="text-align: center;"><b><u>Quality of Work</u></b></p> <ul style="list-style-type: none"> <li>• Documentation</li> <li>• Workmanship</li> <li>• Any damage to properties</li> </ul>
<p style="text-align: center;"><b><u>Project &amp; Risk Management</u></b></p> <ul style="list-style-type: none"> <li>• Incident management</li> <li>• Cooperativeness</li> <li>• Meeting schedules</li> <li>• Availability of resources</li> </ul>	<p style="text-align: center;"><b><u>Value Added Services</u></b></p> <ul style="list-style-type: none"> <li>• Initiatives to improve productivity and efficiency</li> </ul>

9. In addition to the above criteria, SP Group will also take into account the occurrence of any **Critical Incidents** and/or any **Serious Incidents** when determining the Contractor's Quarterly Score by applying a corresponding adjustment factor to their score.

(a) The Critical Incidents includes:

Critical Incidents
Smoking or open flame in gas installations and electricity transmission substations
Not adhering strictly to isolation procedures for live electricity or gas equipment and machinery at site
Damage to Transmission Cables / Gas Pipes
Damage to Distribution Cables / Gas Pipes affecting more than 300 customers
Not anchoring safety harness while working at heights exceeding 3 metres
Working in a confined space without conducting mandatory gas check
Working under suspended load during lifting or excavator operations
Fatality or serious injury

(b) The Serious Incidents includes:

**Serious Incidents**

Damage to Distribution Cables / Gas Pipes affecting less than or equal to 300 customers

Damage to Public assets (e.g. PUB pipes, street lights)

10. At the end of each quarter, SP Group will provide each contractor a grade relative to their score to provide them timely information on their performance. In the spirit of full transparency, SP Group will publish the identities of contractors in each grade from next quarter onwards FY16/17 Q2.
11. In the event the Contractor's Quarterly Score is lower than 50, the contractor will be suspended from participating in any new procurement activities for the next 3 months. The suspended contractors and their subsidiaries are also not allowed to apply to be sub-contractors for any SP Group contracts during the suspension period. In the event of an occurrence of a fatality or serious injury at his work site, the contractor will be suspended from participating in any new procurement activities until the end of the Assessment Year which commences from 1 April to 31 March of the next year.
12. The Contractor Quarterly Scores will be aggregated on an annual basis [**Contractor Annual Score**]. Contractors must have at least two (2) Contractor Quarterly Scores to be included for the Contractor Annual Score computation.
13. At the end of each Assessment Year, the 5 contractors with the highest Contractor Annual Score for the year will be given an incentive of 2% of the total annual value of their respective contracts capped at \$100,000.00 per year per contractor. The annual value of each contract is computed as follows:

$$ACV = A \times B$$

where:

**ACV** is the annual value of a contract;

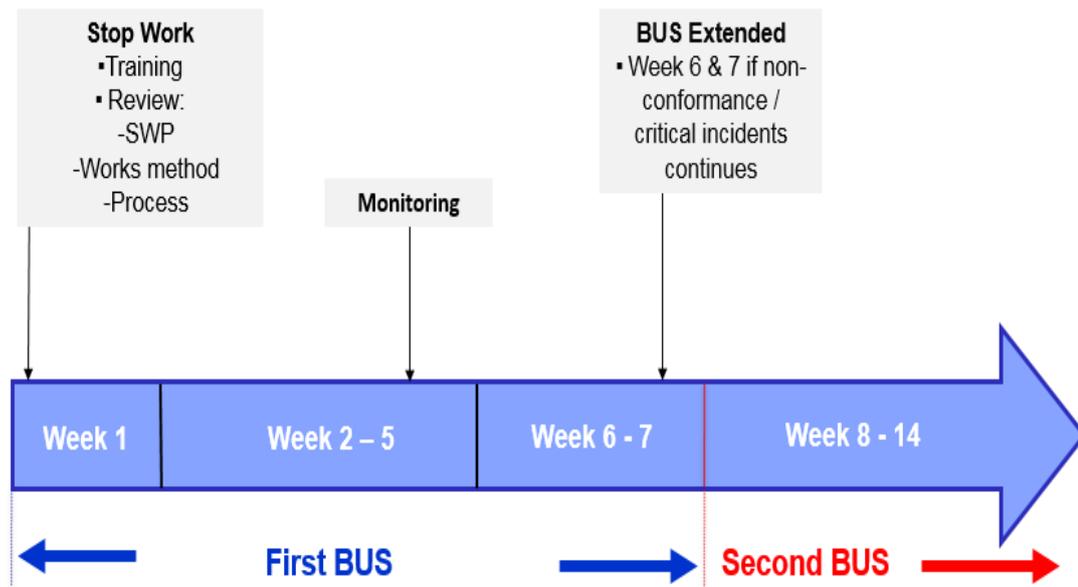
**A** is the Contract Sum divided by the Contract Period [weeks]; and

**B** is the number of weeks [or part thereof] where Works carried out in that year under that contract.

14. The 2 contractors with the lowest scores will be suspended from participating in any new procurement activities for the next 12 months.
15. In the event of any suspension imposed in accordance with the above provisions, the suspended contractors (including their subsidiaries) shall not be allowed to apply to be sub-contractors for any SP Group contracts during the suspension period.

### **Business Under Surveillance (BUS) Programme**

16. The BUS Programme is an educational and correctional tool aimed to partner contractors to address safety and quality issues encountered by contractors in the course of their work for the SP Group and in the longer term help improve their safety and quality standards. The BUS Programme and will be activated in the following situations:
  - (a) Occurrence of any Critical Incident; and/or
  - (b) 3 or more safety inspections at the project sites where major safety-related non-conformances (**safety non-conformance**) are observed.
17. In the event of the activation of the BUS Programme, the Contractor will be required to undergo the activities as follows:



18. Stopping work at the affected site[s] during a BUS Programme is important to allow contractors to review its safety practices and focus on its operational methods and processes with the aim of preventing further incidents from occurring again.
19. If the contractor placed on a BUS Programme is unable to meet the exit requirements at the end of the 5<sup>th</sup> week, a further 2 weeks extension will be granted. If the contractor is still unable to meet the exit requirements at the end of the 7<sup>th</sup> week, the contractor will be placed on a second BUS Programme to address the failure of the first BUS Programme.
20. In the event the contractor is placed on the BUS Programme more than 2 times in a calendar quarter, the contractor will be suspended from participating in any new procurement activities until the end of the Assessment Year. The suspended contractors and their subsidiaries are also not allowed to apply to be sub-contractors for any SP Group contracts during the suspension period.

## Tender Evaluation Framework

21. The CPMS adopts a tender evaluation framework that comprises the following 3 Stages:



- Quality score include past 2 years CPMS scores

22. Stage 1 (SET) aims to inculcate a mindset of safety being the highest priority among our contractors, by selecting only likeminded contractors who have adequate safety management system and track records to work on our projects. Contractors who meet the SET requirements will be pre-qualified to participate in SP Group's tenders for works described in paragraph 5 above. Once such pre-qualification is granted by SP to the contractors, it shall be valid for the entire Assessment Year. Any contractor which fails the Stage 1 assessment can apply for re-assessment at the start of new calendar quarter after being notified of its failure to pre-qualify.
23. In the subsequent Stage 2 and 3 of the evaluation of bids submitted for CPMS applicable tenders, each bidder's Contractor Quarterly scores over the past 2 years will be taken into account to determine the successful bidder. Where a bidder does not have sufficient records of past Contractor Quarterly Scores (e.g new contractors) a default score will be used instead.

## Amendments and FAQs

24. SP Group may modify the CPMS at any time and such amendments shall be deemed immediately applicable to the contracts that are ongoing at the time of such amendments. Contractors are strongly encouraged to check <https://www.spgroup.com.sg/resources?category=Procurement> for amendments, updates and FAQs relating to the CPMS.
25. If you have any questions, comments or suggestions regarding the CPMS, please email to us at the following address:

**CPMS@spgroup.com.sg**