

## **DECISION REPORT TO CABINET MEMBER**

### **REPORT INFORMATION - APPENDIX C**

#### **Item/Subject: Implementing a new Facilities Management Model**

#### **Appendix C - Key Performance Indicator (KPI) Model**

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The KPI model is different for each of the FM services although the model and fundamental principles are consistent across all services. Features of the hard FM contract are described in detail below and the other models will include the same basic principles.

The development of the KPIs started in late 2020, these KPIs were presented at Property Procurement Board in December 2020, a gap analysis against the current TFM KPIs was also presented. The gap analysis included lessons learned such as reducing the number of KPIs and avoiding the creation of perverse incentives.

These KPIs were presented to stakeholders from all directorates who commented and provided insight into areas that were important to them. The KPI model was further developed and presented to stakeholders again to help them with understanding how the model worked. The KPI model was also presented to all bidders at the Strategic Questionnaire stage and amendments made to reflect comments on the risk position and suggestions for improvement. At tender stage, bidders made some comments once they had undertaken a sensitivity analysis and the model was updated once again.

The KPI regime includes the following features:

- Mobilisation KPIs - inclusion of KPIs against mobilisation milestones that makes deduction if the milestones are not delivered by the date due. This is to ensure all mobilisation activities are completed as there is a deduction against each milestone that increases for each day it is late.
- Different criticality level for different KPIs low, medium, high and critical. The levels all have different gearing which translates into different deduction levels and also different caps on deductions for each level.
- Different types of KPI measurement including:
  - a. Pass or fail - this is where a KPI is either pass or fail and there are no allowances for degrees of performance e.g., accidents and incidents.
  - b. Percentage - this is where a certain percentage needs to be achieved and the supplier can have some failures and still achieve the necessary level of performance e.g., compliance.
  - c. Dynamic threshold - where the number of events is likely to vary each month e.g., provision of reports which differs each month, failure is related to the number not provided.
  - d. Fixed threshold – where the number of events is constant and the failure is the same each time e.g., number of hours of CAFM system availability.

- There is a cap on the number of deductions that can be made and this is related to the value of the contract which will change over time as the estate reduces. Even if a deduction is not made, the performance level is still calculated, as these deductions will ultimately lead to contractor default and the termination of the contract if not rectified or resolved. There are a number of steps before this extreme measure, such as a poor performance meeting and escalation through the various governance groups.
- There are four performance levels (poor, below, meets and exceeds expectations). One of the considerations was to not just use the KPIs as a penalty but there should be an incentive to over perform. This is managed by the ability of supplier to offset the deductions by different percentages if they exceed expectations.
- The KPIs themselves detail what the purpose is of the KPI and how the KPI measure is calculated to ensure that there is no ambiguity, and this is clearly understood.

The KPIs themselves are included in the KPI model and these have been extracted and included below. The intent is that the KPIs form the 4 quadrants of a balanced scorecard and include some KPIs for KCC although these do not have a deduction associated with them.

PI Name	PI Description	Purpose of PI
<b>Compliance - Tier 1</b>	The Contractor shall be compliant with all relevant Legislation, Statutory Regulations, and Approved Codes of Practice as they relate to the management and delivery of the Services in the Performance Month, except where these are measured by another PI, save for where Policy requirements are in line with Compliance - Tier 1 requirements.	To ensure that the potential negative impact of non-compliance (be it reputational, environmental, health & wellbeing, commercial or other) does not materialise.
<b>Compliance - Tier 2</b>	The Contractor shall be compliant with all relevant Policy and Agreed Procedures as they relate to the management and delivery of the Services in the Performance Month, except where these are measured by another PI.	To ensure that the potential negative impact of non-compliance (be it reputational, environmental, health & wellbeing, commercial or other) does not materialise.
<b>Statutory Tests &amp; Inspections</b>	The Contractor shall ensure that all required Planned Activities for Statutory Tests and Inspections within the Performance Month are undertaken in accordance with the relevant tolerance in Schedule 1 - Specification.	To ensure that the Authority is compliant with statutory requirements.
<b>Accidents &amp; Incidents</b>	The Contractor shall manage and report on all accidents, incidents and near misses affecting any Contractor Staff or Service Users on Sites and Buildings as they relate to the management and delivery of the Services and occur in the Performance Month, in accordance with the following hierarchy of requirements: a) Legislation; b) Authority Policy; c) Specification; d) Agreed Procedures; and e) Contractor's Plans.	To ensure that the Authority is compliant with applicable Legislation and Policy requirements, and to allow the Contractor to identify risks and trends in order to take action to minimise future accidents & incidents.
<b>Quality Audits</b>	The Contractor shall undertake all audits due within the Performance Month as detailed within the Quality Management Plan ensuring the results of all audits are incorporated within the Service Delivery Report and where required the Performance Model.	To ensure that the quality of the management and delivery of the Services is being pro-actively managed by the Contractor in order to identify specific issues and trends to continuously improve the quality of the Services.
<b>Contractor Staff</b>	The Contractor shall ensure all Contractor Staff meet the minimum requirements of the Contract at all times within the Performance Month.	To ensure that all Services are delivered by appropriately qualified, competent and security cleared Contractor Staff to ensure the safety of Service Users and Sites and Buildings and high quality workmanship.
<b>CAFM System Availability</b>	The CAFM System shall be available for read only access by the Estates & FM Team or other nominated Authority License Holders, covering all functionality required in Schedule 1 – Specification, 24 hours a day for each day during the Performance Period, excluding pre-agreed periods of down time for upgrades etc.	To ensure the Authority is able to monitor the performance of the Services and interrogate data in order to inform decisions pertaining to the effective and efficient operation of the Sites and Buildings.
<b>Reports, Plans &amp; Schedules</b>	The Contractor shall prepare and issue all reports, plans and schedules to the Authority on the due date for each, in accordance with the Contract requirements or as otherwise agreed with the Authority in Agreed Procedures.	To ensure the Authority receives information relating to the planning, management, delivery and monitoring of the Services and other management information relating to the Sites and Buildings in a timely manner.

PI Name	PI Description	Purpose of PI
<b>Helpdesk – Phone Calls</b>	The Contractor shall ensure that all phone calls received at the Helpdesk within the Performance Month are answered in person (no answerphone) within 60 seconds and in accordance with Schedule 1 – Specification.	To ensure that Service Users requirements are managed within the contractual timeframes and to ensure excellent Service User communications.
<b>Helpdesk – Service Request Acknowledgments</b>	The Contractor shall ensure that all Service Request Acknowledgments required within the Performance Month are issued within 15 minutes of the end of each phone call or receipt (in the Contractors systems) of a Service Request by any other method for all Service Requests in accordance with Schedule 1 – Specification.	To ensure that request for services from Third Party Suppliers are managed within the contractual timeframes and to ensure excellent Service User communications.
<b>Helpdesk – Third Party Suppliers</b>	The Contractor shall ensure that all Service Request notifications are issued to Third Party Suppliers within 5 minutes of the end of the phone call with Services Users or from receipt (in the Contractors systems) of a Service Request by any other method, for all Third Party Service Requests received within the Performance Month in accordance with Schedule 1 – Specification.	To ensure that Service User requests for services from Third Party Suppliers are managed within the contractual timeframes.
<b>Helpdesk – Ongoing Service User Comms</b>	The Contractor shall ensure that all key stage communications (as set out in Schedule 1 – Specification) required within the Performance Month are issued within 15 minutes of the change of status of the Service Request.	To ensure excellent Service User communications throughout the life cycle of a Service Request.
<b>Helpdesk – Priority Levels</b>	All Service Requests and Faults processed within the Performance Month to be assigned an appropriate Priority Level in accordance with the individual circumstances and indicative guidance provided in Schedule 1 - Specification and priority levels in each of the Third Party Supplier contracts for Third Party Service Requests.	To ensure that reactive Service Requests, Third Party Service Requests and Faults are Attended and Permanently Rectified in an appropriate timeframe, accounting for the impact of the Service Request, Third Party Service Request or Fault on the Authority’s Staff, Sites and Buildings or business activities.
<b>Reactive Maintenance First Time Fix</b>	The Contractor shall achieve a minimum of 80% First Time Fix rate for all Faults reported to the Helpdesk in the Performance Month.	To ensure that Faults are Permanently Rectified in as short a timeframe as a possible thereby minimising any damage to the Authority’s Assets and any disruption to the Authority’s use of the Sites and Buildings. This also measures the effectiveness of the Helpdesk in understanding the nature of each Service Request, the allocation of appropriately skilled resources, and an effective spares strategy.
<b>Reactive - Priority A - Attendance</b>	The Contractor shall ensure that all Faults and Service Requests reported to the Helpdesk and/or logged on the CAFM System, in the Performance Month are Attended in accordance with the Priority Level A Reactive Service Levels.	To provide the Authority with rapid response to Faults and Service Requests which are categorised as a Priority A in order to minimise any adverse impact on the Service Users, Authority Sites and Buildings or business interests.
<b>Reactive - Priority A - Rectification</b>	The Contractor shall ensure that all Faults and Service Requests reported to the Helpdesk and/or logged on the CAFM System, in the Performance Month are Permanently Rectified or are subject to Interim Rectification in accordance with the Priority Level A Reactive Service Levels.	To provide the Authority with rapid resolution to Faults and Service Requests which are categorised as a Priority A in order to minimise any adverse impact on the Service Users, Authority Sites and Buildings or business interests.

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<b>Reactive - Priority B - Attendance</b>	The Contractor shall ensure that all Faults and Service Requests reported to the Helpdesk and/or logged on the CAFM System, in the Performance Month are Attended in accordance with the Priority Level B Reactive Service Levels.	To provide the Authority with quick response to Faults and Service Requests which are categorised as a Priority B in order to minimise any adverse impact on the Service Users, Authority Sites and Buildings or business interests.
<b>Reactive - Priority B - Rectification</b>	The Contractor shall ensure that all Faults and Service Requests reported to the Helpdesk and/or logged on the CAFM System, in the Performance Month are Permanently Rectified or are subject to Interim Rectification in accordance with the Priority Level B Reactive Service Levels.	To provide the Authority with quick resolution to Faults and Service Requests which are categorised as a Priority B in order to minimise any adverse impact on the Service Users, Authority Sites and Buildings or business interests.
<b>Reactive Maintenance - Priority C</b>	The Contractor shall ensure that all Faults and Service Requests reported to the Helpdesk and/or logged on the CAFM System, in the Performance Month are actioned in accordance with the Priority Level C Reactive Service Level.	To provide the Authority with appropriate resolution to Faults and Service Requests which are categorised as Priority C.
<b>Reactive Maintenance - Priority D</b>	The Contractor shall ensure that all Faults and Service Requests reported to the Helpdesk and/or logged on the CAFM System, in the Performance Month are actioned in accordance with the Priority Level D Reactive Service Level.	To provide the Authority with appropriate resolution to Faults and Service Requests which are categorised as Priority D.
<b>Lift Entrapments</b>	The Contractor shall ensure that all lift entrapment Service Requests reported to the Helpdesk and/or logged on the CAFM System in the Performance Month, are actioned in accordance with the lift entrapment Reactive Service Level.	To provide the Authority with rapid response and resolution to all lift entrapment Service Requests in order to minimise any adverse impact on the Service Users, Authority Sites and Buildings or business interests.
<b>Quotations</b>	The Contractor shall submit all Quotations to the Authority within the CAFM System within 8 Business Days of the Service Request for a Quotation.	To provide the Authority with a timely response to requests for Quotations.
<b>Routine Maintenance - Critical Systems</b>	The Contractor shall ensure that Routine Maintenance for Critical Systems, on the Routine Maintenance Schedule within the Performance Month are carried out within the relevant tolerances set out in Schedule 1 – Specification.	To ensure that the Planned Activities required to ensure the uninterrupted functioning of the Authority’s Critical Systems are carried out within appropriate timescales.
<b>Routine Maintenance</b>	The Contractor shall ensure that Routine Maintenance for all systems and Assets except Critical Systems on the Routine Maintenance Schedule within the Performance Month are carried out within the relevant tolerances set out in Schedule 1 – Specification.	To ensure that the Planned Activities within the Routine Maintenance Schedule for the Authority’s systems and Assets are carried out within appropriate timescales.
<b>Service User Satisfaction Surveys</b>	The Contractor shall achieve a minimum of 80% of respondents scoring 7 out of 10 or above, as measured in line with the requirements of Schedule 1 – Specification.	To measure and monitor the perception of Service Users to inform continuous improvement initiatives to ensure the Services meet the minimum objectives for Service User satisfaction.
<b>Senior Stakeholder Satisfaction Surveys</b>	The Contractor shall achieve a minimum of 80% of questions on the Senior Stakeholder Satisfaction Survey scoring 7 out of 10 or above, as measured in line with the requirements of Schedule 1 – Specification.	To measure and monitor the perception of Senior Stakeholder to inform continuous improvement initiatives to ensure the Services meet the minimum objectives for Senior Stakeholder satisfaction.

PI Name	PI Description	Purpose of PI
<b>Formal Complaints</b>	The Contractor shall investigate and respond in writing to all Formal Complaints received in the Performance Month within 5 Business Days of written notification to the Contractor.	To ensure a timely and appropriate response to all Formal Complaints.
<b>Contractor Invoicing</b>	The Contractor shall ensure that all Contractor invoices are issued on time and accurately in accordance with Clause 32 and Schedule 5 - Commercial.	To minimise any administrative burden for both Parties where the correct invoicing procedures are not followed and to maintain healthy cash flow for the Contractor.
<b>Authority Payment</b>	The Authority shall ensure that all legitimate and compliant Contractor invoices are paid in accordance with Clause 32.	To encourage timely payment of Contractor invoices and to give visibility of this to senior stakeholders, averting cash flow issues and relationship breakdowns, each of which could result in poor performance.
<b>Sub-Contractor Payment</b>	The Contractor shall pay all valid Subcontractor invoices in accordance with clause 32 of the Contract ensuring payment does not exceed 30 days.	To encourage timely payment of Subcontractor invoices averting cash flow issues for Subcontractors and relationship breakdowns, each of which could result in poor performance.
<b>Contractor Profit</b>	For discussion with bidders	The Authority recognises the Contractor's objective to achieve a certain level of profit as a minimum, and that financial performance in line or better than that modelled during the tender stage indicates a financially successful contract. This PI provides both Parties with visibility of the financial performance and viability of the Contract for the Contractor, in order to understand the context of any potential performance issues.
<b>Gain Share - Combined Benefit</b>	The Parties shall aim to achieve a minimum of 80% of the agreed annual Gain-Share target for each Contract Year	To foster a collaborative approach to innovation and continuous improvement in regard to how the Services are managed and delivered and to share the benefits of such endeavours.
<b>360 Degree Contact Management Survey</b>	The Parties shall achieve a minimum of 80% of responses to all questions within the annual 360 Degree Contract Management Survey being given a score of 7 or above.	To obtain a 360 degree view of the success of the working relationship and the degree to which the Authority and Contractor values are demonstrated, as perceived by members of the contract management team for both Parties.