Schedule 6 – NCCT43137

Key Performance Indicators (KPIs)

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# Introduction

Section 52 of the Procurement Act 2023 (The Act) requires a minimum of three KPIs to be in place for public contracts with an estimated value of more than £5m.

This document outlines the KPIs which have been set, and which will be published annually.

This guide is designed to provide an overview of the process for the Supplier and the Client’s Team, detailing the KPI process and marking guide.

# Supplier Key Performance Indicators (KPIs)

* 1. Monitoring

The KPIs will be used to provide an ongoing review of the Supplier’s performance over the course of the Contract. There are levels of required performance identified through the KPIs and this guide to the implementation of the KPIs identifies methods of managing Suppliers whose scores are assessed as ‘Requires Improvement’ or ‘Inadequate’.

Each KPI assessment will be undertaken between the Supplier and the Client’s Contract Manager.

Formal recording of KPIs will be undertaken at the following stages:

* Quarterly face-to-face meetings and site audits
* Annual face-to-face meeting and site audits

Clients can monitor, record and review Supplier KPIs informally and continuously. Notwithstanding this, the formal capture takes place at the project points above. The Supplier will meet with the Client’s Contract Manager on a quarterly basis to review performance and undertake a KPI review.

Should, at any time, an individual or set of KPI scores highlight potential issues, then the Supplier may be called in by the Client’s Contract Manager to collaboratively discuss concerns and improvements required.

* 1. Marking

Overview

The KPIs have been chosen to review performance against the following three metrics which are considered by the Client to be Critical Success Factors for projects. Please note that the Council reserves the right to change these KPIs to better represent the critical success factors for the project.

* + 1. Orders Delivered On-time and In-Full (OTIF)
    2. Call Handling – Alarm Call Response Time
    3. Virtual Care – Time to process referrals from receipt of referral to installation

Formal recording of KPIs will be undertaken at the following stages:

* + - * Quarterly
      * Annual overview and assessment

Clients can monitor, record and review Supplier KPIs informally and continuously. Notwithstanding this the formal capture takes place at the project points above.

For the purposes of reporting KPIs in line with the requirements of The Act, where multiple assessments have been undertaken within a 12-month period, the latest assessment will be used for publication.

Should this publication identify performance that requires improvement or is inadequate, republication will be made if subsequent KPI assessments show an improvement.

Marking Methodology

Each of the KPIs will be assessed in accordance with the following ratings as set out in regulation 39(5) of the Procurement Regulations 2024:

| **Rating** | **Description** |
| --- | --- |
| Good | Performance is meeting or exceeding the KPI |
| Approaching target | Performance is close to meeting the KPI |
| Requires improvement | Performance is below the KPI |
| Inadequate | Performance is significantly below the KPI |
| Other | Performance cannot be described as good, approaching target, requires improvement or inadequate |

Final designation for publication

The Council is required to publish a single KPI rating, this will be calculated as an average of all KPI assessments over a 12-month period.

Supplier KPI Scoring Matrices in Appendix A provides a score for each rating. The scores achieved for each KPI, at each assessment period (quarter 1,2, 3 and annual), will be tallied to give a total annual score. The final rating for publication will be linked to the scores as follows:

|  |  |
| --- | --- |
| Total KPI score | Rating |
| 40 to 48 | Good |
| 28 to 36 | Approaching Target |
| 13 to 24 | Requires Improvement |
| 12 or less | Inadequate |

Each KPI has its own set of marking matrices (Appendix A) which demonstrate the evaluation system to be implemented.

* 1. Reporting

Section 71 of the Procurement Act requires the publication of performance against KPIs, at least once in every 12-month period.

Publication of performance will be undertaken through a contract performance notice and will be assessed in accordance with the criteria set out in the rating in section 2.2 and the Appendix A of this guide.

In addition to the 3 KPIs monitored and published as described in this document, there is a series of additional KPIs which will be monitored by the Contract Manager and the Supplier. The criteria, measurement, and reporting of these additional KPIs will be agreed during mobilisation and will form Appendix B. Furthermore, unless otherwise stated these KPIs will not be subject to the same marking methodology or publishing requirements outlined in this document. The Council reserves the right to add or amend any of the KPIs in Appendix B.

* 1. Consequences of Non-Performance

If, at any of the formal reviews, the Supplier receives a KPI score of either:

1. Requires Improvement; or
2. Inadequate; or
3. For KPIs in Appendix B they receive the score agreed during mobilisation that would trigger this process for Non-Performance

The Client’s Contract Manager shall

* notify the Supplier of the KPI scores and reasons for them; and
* notify the Supplier of the Area for Improvement; and
* require the Supplier to provide within a specified period of time (or if not specified a reasonable period of time) a Performance Improvement Plan (PIP) to address and improve the Area for Improvement; or (at the Client’s discretion)
* provide the Supplier with a Performance Improvement Plan addressing the Area for Improvement.

The PIP shall address the Supplier’s internal personnel, processes and policies, which impact upon the Area(s) for Improvement and shall set out changes to be made to such internal personnel, processes and policies, which are designed to address the Area(s) for Improvement and any other actions identified by the Supplier or the Client in the PIP. The execution of a Performance Improvement Plan shall be in two stages:

1. PIP Stage 1 - execution by the Supplier of the changes identified as required; and
2. PIP Stage 2 - a re-measurement by the Client prior to the next formal review meeting of the KPIs which were identified as an Area for Improvement.

Upon receipt by the Client of a PIP from the Supplier or upon receipt by the Supplier of the Client’s PIP, the Supplier shall, at no cost to the Client or any Other Contracting Body;

* 1. take all steps necessary (including but not limited to deploying alternative or additional resource) to execute PIP Stage 1 in order to attempt to address, improve and/or prevent the reoccurrence of the Area for Improvement; and
  2. carry out any other actions identified in the PIP in accordance with the terms specified therein.

If the Supplier fails to comply with the PIP (PIP Stage 1) by the earlier of:

1. the time period specified in the PIP; or
2. the next formal review meeting;

or if the Supplier executes PIP Stage 1 but at PIP Stage 2 (at the next formal review meeting) the Area for Improvement has not been improved (to be assessed in the next KPI review), then without prejudice to the Client’s other rights or remedies under the Contract, the Client may either:

1. Accept the Service Failure and amend the Scope so the failure does not have to be corrected OR;
2. The Client shall assess the cost of the Client having the Service Failure corrected by other people and the Service Provider pays this amount OR;
3. This shall be a substantial failure to comply with the Contract and the Client may terminate in accordance with clause 10 of the Terms and Conditions.

**APPENDIX A** - SUPPLIER KPI SCORING MATRICES

|  |  |  |  |
| --- | --- | --- | --- |
| **KPI 1 – Orders Delivered On-time and In-Full (OTIF)** | | | |
| Good (4) | Approaching Target (3) | Requires Improvement (2) | Inadequate (1) |
|  |  |  |  |
| **KPI 2 – Call Handling – Alarm Call Response Time** | | | |
| Good (4) | Approaching Target (3) | Requires Improvement (2) | Inadequate (1) |
|  |  |  |  |
| **KPI 3 – Virtual Care – Time to process referrals from receipt of referral to installation** | | | |
| Good (4) | Approaching Target (3) | Requires Improvement (2) | Inadequate (1) |
|  |  |  |  |

Please note, the criteria, measurement, and reporting of these KPIs will be finalised during mobilisation and could be subject to change.

**APPENDIX B** - ADDITIONAL KPIs

Please note, this list is indicative and not exhaustive. KPIs will be discussed during mobilisation and the finalised by the Council. The criteria, measurement, and reporting of these KPIs will be finalised during the mobilisation stage.

