

**ATTACHMENT 15**

**FM Services KPI Model Instructions**

**FURTHER COMPETITION UNDER**

**FM SERVICES FRAMEWORK AGREEMENT FOR TRAINING ESTATE SERVICES.**

CONTENTS

[1. introduction 3](#_Toc23768483)

[2. KPI Model Template for FM Services FOR TRAINING ESTATE 4](#_Toc23768484)

[3. Guidance worksheet 5](#_Toc23768485)

[4. Performance criteria worksheet 5](#_Toc23768486)

[5. Measures Worksheet 6](#_Toc23768487)

[6. Scoring scales worksheet 8](#_Toc23768488)

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# introduction

## The following guidance provides the user with broad instructions on how to complete the Key Performance Indicator (KPI) Model template for FM Services regarding Training Estate Services. It is important to note that the KPI Model template and Payment Mechanism (Pay Mech) Model both complement one another. Monthly figures will be taken from the KPI Model and placed into the Pay Mech Model, the latter calculating the Monthly Payment (MP) due and the former informing any deduction necessary.

## The KPI Model is provided as a standard template which may be adapted by the Buyer. This can be done with the help of CCS (as part of a managed service arrangement). After the call off tender process, the successful Supplier may then have further input, working with the Buyer, to then refine the KPI Model as may be required in order to deliver the best outcome for the Buyer. The Buyer may apply any number of measures in line with their requirements in order to help them monitor the performance of the Supplier. They will do this through the setting of ‘Measure Requirements’ and ‘Measure Achievement’ criteria, allowing each stakeholder to track and monitor the level of service being provided against agreed Service Level Requirement (SLR) and in line with the contract agreement. As part of successfully becoming a Framework Supplier, the Supplier has signed up to meeting appropriate and relevant Key Performance Indicators (KPI). These High Level KPIs are referred to as ‘KPI Name’. In the first instance within the ‘standard’ KPI Model template, these are defined as follows;

## Compliance & Safety

## Service Delivery

## Management Information

## Maintenance Services

## Sustainability

## Customer Satisfaction

## Collaboration & Continuous Improvement

## Management of Change

## Waste Services

## Cleaning Services

## Catering Services

## Training Estate Delivery

## Rural Estate Management

## Against each ‘KPI Name’, the Buyer may then apply more meaningful text which defines the measure required. Each ‘Measure Requirement’ is assigned a unique ‘Measure Reference’ to identify it. These ‘Measure References’ are linked to any one of the high level KPIs.

## The following guidance explains how this process flows and how each ‘Measure Reference’ is assigned a weighting to indicate exactly how and what level of financial deduction will be applied to each KPI.

## Note that the High Level KPI stated above are flexible, and headings may be updated to fit the Buyers need. Note that where appropriate for service based KPIs, a reference back to the Service Level Requirements (SLR) should be made by the Buyer for those services they are purchasing. Against these High Level KPIs, the ‘Measure Requirements’ which are assigned a ‘Measure Reference’, may be either used as they are, updated or amended, removed completely and replaced with a requirement that better suits the Buyers need, or new ones to suit the Buyers need may be added.

## If KPI’s are not met, payment deductions may be applied by the Buyer against the Supplier for not meeting agreed service levels. This may be up to and is capped at an amount of 6% of the Value of the Call-Off Contract (or lower as the Buyer requires). If the monthly deduction is agreed at 6%, then this figure will not be exceeded under any circumstances. Table 1 below provides an example of the value of the contract at risk “Call Off Contract Current Month Value”. This cell must be completed by either the Buyer or Supplier (as may be agreed between the two entities), as must the “Value of variation events in this month” field. The “Total Value at risk for the month” is then calculated in reference to these figures, in this example as £5000.

## Continuous inability by the Supplier to maintain agreed Service Levels will trigger a ratchet system (Table 2) whereby further payment reductions will increase in line with an agreed scale (ratchets will not allow for the 6% threshold to be exceeded).

Table 1

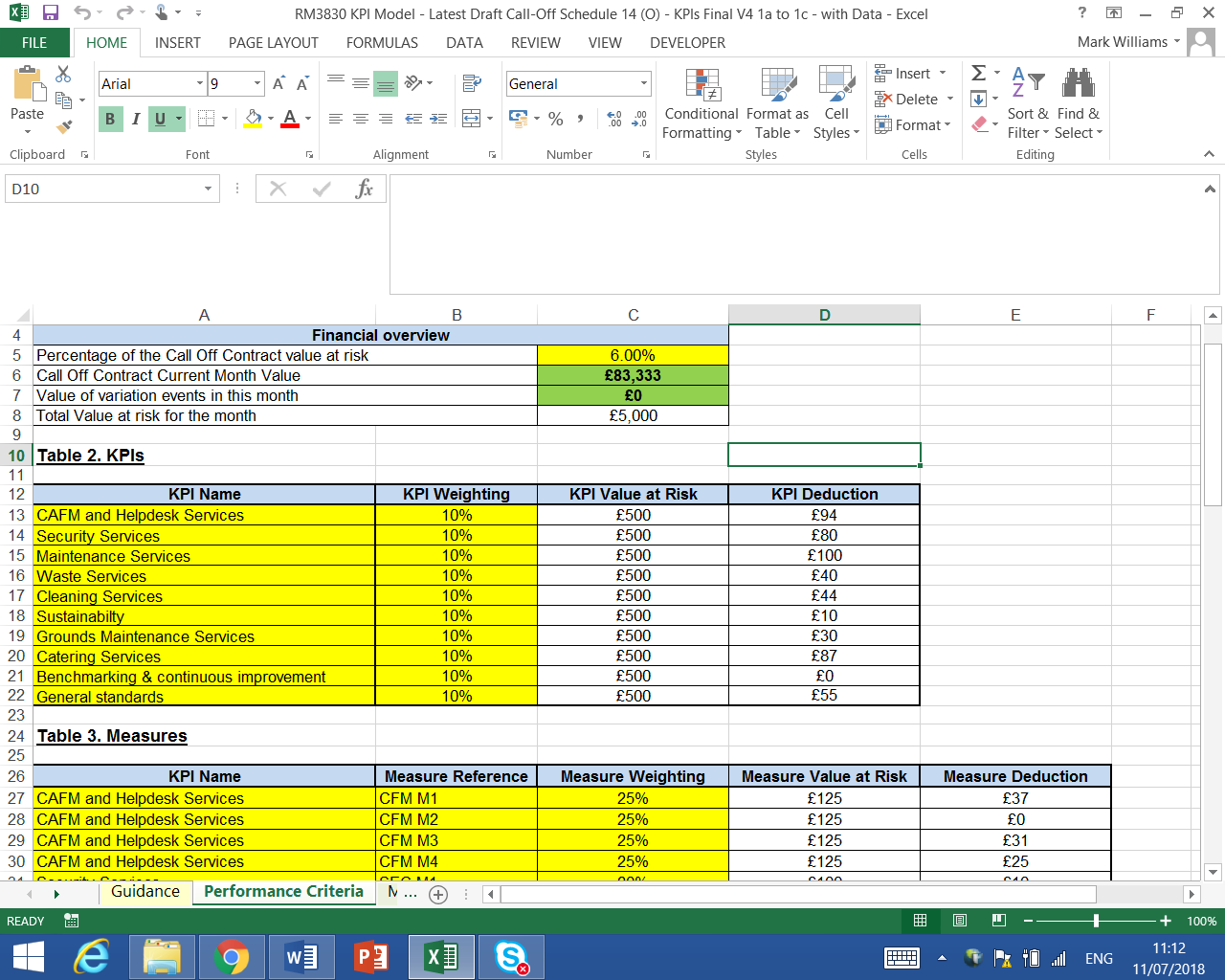


Table 2

|  |  |  |
| --- | --- | --- |
| **Ratchet Value** | **Consecutive Failure** | **Failure over a 12 Month Rolling Period** |
| 1 |  |  |
| 1.5 | 2 | 3 |
| 1.75 | 3 | 4,5 |
| 2 | 4 | 6,7,8,9,10,11,12 |

## **Hints & Tips** – when the Buyer updates the KPI Model to meet their need, care must be taken to ensure that formulas within the cells are maintained or amended accordingly. Care must also be taken to ensure that formulas point to the correct cells. All formulas must be tested accordingly to ensure that they are appropriate and are returning the required result. The CCS Data Team are available to consult if assistance is required.

# KPI Model Template for FM Services FOR TRAINING ESTATE

## The work book/spreadsheet for the FM Services KPI Model template is made up of 4 work sheets named below. They will be individually explained throughout this guidance in more detail:

* Guidance
* Performance Criteria
* Measures
* Scoring Scales

## The FM Services KPI Model template is provided in a ‘standard’ format. Pre award of any contract, the onus is with the Buyer to decide which of the High Level KPIs are most relevant and important to their organisation, and on this basis, what ‘Measure Requirements’ are needed against these. These measures may then be proposed and discussed internally, and subsequently with the Supplier (post award). In as much as what the final version of these will be, these are agreed between the two parties but ultimately meet the need of the Buyer. Discussions on how the final ‘Measure Requirements’ should be tracked and monitored and how the quality of the data/MI fed back may be maintained as agreed and satisfactorily audited, should also take place. More detail on how these agreed KPIs will look for each Buyer and how these will work is described later on in this guidance.

## **Hints & Tips** – typically, final ‘Measure Requirements’ are discussed with the successful Supplier post award. In the first instance, the KPI Model is populated and provided to potential Suppliers at the tender stage. This is to give bidders an understanding of the initial KPI requirements to be met. The detail of how these will be delivered may be discussed post award albeit an understanding of how this will/could happen will have already been described in the ITT documentation.

# Guidance worksheet

## The “Guidance” tab within the FM Services KPI Model, is exactly that. It provides guidance and context to each of the four tabs and should be consulted and used alongside this guidance document.

# Performance criteria worksheet

## This worksheet consists of 3 tables; Table 1 – Financials, Table 2 – KPIs and Table 3 – Measures.

## **Table 1 – Financials** looks to establish the Contract Value at Risk (up to and capped at 6% of the annual Call Off contract current value) which will be spread across the High Level KPIs. This represents the first task required to be performed in this tab and when complete will prime the KPI Model in its entirety to return the appropriate values at risk against each KPI and associated ‘Measure Requirement’. To complete Table 1 – Financials;

## Percentage of the Call Off Contract Value at Risk – this should be completed on the % value at risk set by the Buyer. This is typically at the maximum cap of 6% but may be lower. It is important to set this percentage correctly at the agreed figure.

## Call Off Contract Current Month Value – this figure is input and used to calculate the ‘Total Value at risk for the month’, and then considering the monthly percentage at risk – in this example 6%.

## Value of variation events in this month - as may be appropriate, the value of variations entered into the ‘Value of variation events in this month’ field will be added to the ‘Call Off Current Month Value’ figure, to take account of these events.

## Total Value at risk for the month – in consideration of the aforementioned values being entered to Table 1 – Financials, the total value at risk is automatically calculated

## This ‘Total Value at risk for the month’ will be allocated across the KPIs and ‘Measure Requirements’ using Table 2 – KPIs and Table 3 - Measures.

## Table 1 - Financials

|  |  |
| --- | --- |
| **Financial overview** | |
| Percentage of the Call Off Contract value at risk | 6.00% |
| Call Off Contract Current Month Value | **£83,333** |
| Value of variation events in this month | **£0** |
| Total Value at risk for the month | £5,000 |

## **Table 2 – KPIs** looks to take the ‘Total Value at risk for the month’ and allocate this across the High Level KPIs. In this example, £5000 needs to be allocated across those High Level KPIs that the Buyer intends to use. Note that not all of these High Level KPIs need to be selected if they are not required, i.e. if the Buyer simply wishes to allocate the sum at risk across say ‘Compliance & Safety’, ‘Service Delivery’ and ‘Management Information’ they can certainly do this. In this case, the sum at risk value of £5000, will be allocated across 3 KPIs instead of 12. The following Table 2 – KPIs shows an even allocation across all 12 High Level KPIs. Note that the ‘KPI Weighting’ column should always add up to 100%, signifying that the full value at risk has been fully allocated across the appropriate high level KPIs. The ‘KPI Weighting’ column does not need to show even allocation, as any combination totalling 100% is acceptable. This flexibility allows for appropriate allocation of risk by the Buyer depending on their need and priority for what they see as services critical to their business to be delivered appropriately. The ‘KPI Value at Risk’ column in this example should total £5000, which it does.

## Table 2 – KPIs

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## **Table 3 – Measures** In consideration of ‘Table 2 – KPIs’, ‘Table 3 – Measures’ deals with the allocation of the ‘KPI Value at Risk’ value across the appropriate number of measures required by the Buyer for each of the appropriate High Level KPIs they have chosen to use. Using ‘Compliance & Safety’ as an example, ‘Table 3 – Measures’ below details 4 measures with unique ‘Measure References’ spanning 1.1 to 1.4. Each of these unique reference relates to an individual measure for the ‘Compliance & Safety’ high level KPI. The measures are clearly detailed in the ‘Measures’ tab and will be explained later on in this guidance. The ‘KPI Value at Risk’ column in ‘Table 2 – KPIs’, for ‘Compliance & Safety’ totals £1,200. In ‘Table 3 – Measures’ this value has been spread across the 4 unique measures, in this case two at 35% and two at 15%. The Buyer will set these percentage levels. They do not need to be at the aforementioned levels but must total 100% in order that the total value at risk for the High Level KPI is fully disseminated across the 4 measures. In this example, the ‘Measure Weighting’ value totals 100% and as a result the total ‘KPI Value at Risk’ for ‘Compliance & Safety’ sums at £1,200 ((£420 x 2)+(£180 x 2)).

## The Buyer may have as many measures as they wish against each required High Level KPI. The values at risk and weightings explained above are disseminated against each High Level KPI in exactly the same way.

## Table 3 - Measures

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# Measures Worksheet

## This worksheet refers to the ‘Measure Requirement’. The ‘Measure Requirement’ is the actual detail of what needs to be done. Next to it is the ‘Measure Achievement Calculation’ which details a unit of measurement by which the measure will be assessed. Staying with the ‘Compliance & Safety’ example, the 4 measures 1.1 to 1.4 are detailed below in the following Table 4. The Buyer will decide the text that goes to make up each measure based on their requirements. They may introduce their own measures, use the measures already in place or update existing measures to suit their needs or a combination of all of these options.

## Table 4

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## Next to each measure there are a number of methods by which a score for each one may be applied and returned. These methods are applied every month delivering any payment ‘Deductions%’ applicable, and form part of the overall calculation that delivers the ‘Monthly Payment’ (MPn1). An example of these methods are shown below in Table 5;

## Table 5

## 

## Looking at the first measure which relates to 1.1. This is completed to show an ‘Achievement Value (Pass or Fail)’ of ‘Fail’. This score looks up to a ‘Score Table’ in the ‘Scoring Scales’ tab (will be explained later on in this guidance). In this case, the ‘Pass/Fail Qualitative’ Score Table with appropriate score scales (‘Pass’ or ‘Fail’) has been selected in the ‘Scoring Scale’ column. This selection will point the ‘Achievement value’ entered to the appropriate table, thus returning into the ‘Score’ column a result of 0% and dictating in turn a ‘Deduction’ of 100%. In this example a 100% deduction is applied against the ‘KPI value at risk’ figure as shown above in ‘Table 3 – Measures’ in the ‘Performance Criteria’ tab. This equates to £420 deduction in the ‘Measure Deduction’ column, representing 100% of the £420 sum at risk.

## For subsequent measures, the same scoring methodology may be applied as has been used for 1.1. Alternatively, the Buyer may wish the ‘Achievement value’ to be displayed as a percentage or number rather than a Pass/Fail. In this case, the score looks up to a different Score Table in the ‘Scoring Scales’ tab, one that contains % or number score. However, the Buyer may simply wish to stick with and apply a straight ‘Pass/Fail (100%/0%)’ to a measure.

## As may be appropriate for the Buyer needs, different scoring scales to current ‘Score Tables’ may be updated. If necessary, additional ‘Score Tables’ may be added to the KPI Model with the scoring scales required. Whatever the choice, the KPI Model is flexible in this respect and can be updated accordingly. The example provided for 1.1 follows for each ‘Measure Requirement’ stated within the ‘Measures’ worksheet.

# Scoring scales worksheet

## This worksheet provides the standard ‘Score Tables’ which have been compiled and included by CCS. The Buyer may change the scales on these score tables as they see fit or add additional tables to meet their need. If the scoring scales within any one of the Score Tables is already appropriate, then the Buyer may leave them as they are.

## A score, which has been populated into the ‘Score’ column within the ‘Measures’ tab, will need to ‘V LOOK UP’ to an appropriate table stored within the ‘Scoring Scales’ worksheet. This is the sole purpose of the ‘Scoring Scale’ worksheet - to contain these tables and return scores into the ‘Deduction %’ column of the ‘Measures’ tab. These tables can be managed by the Buyer to meet their specific needs for each ‘Measure Requirement’. The current tables look to provide an example of varying score ranges. These have been rated from Low to Medium through to High depending on the severity of the reducing Supplier Score returned, based on the Suppliers performance. The example shown as ‘Table 6’ below relates to 1.1 and is named ‘Score Table 7’. It is a straight Pass/Fail scenario based on Supplier Performance.

## ‘Score Table 1’ below represents an alternative scoring method of a ‘Number’ scenario. The number achieved within this ‘Low’ selected scoring table will return the appropriate % reduction, i.e., a score of 2 will return a score of 95%, and therefore a deduction of 5% of the allocated value at risk.

## If it is more suitable to apply a formula in order to return an appropriate score into the ‘Score’ and ‘Deduction %’ columns of the ‘Measures’ tab, then this is also an option for the Buyer.

## Table 6

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