

Appendix 1 – Incentivisation & KPIs
Service Performance Repairs, Servicing and Maintenance

1.00 Performance Indicators

- 1.01 Throughout the partnership contract there are a range of measures and indicators designed to drive continuous improvement in performance. These are divided into Key Performance Indicators (KPIs) that apply to all areas of the responsive repairs and maintenance service, unless otherwise stated. In addition there are various Management Performance Indicators (MPIs) that apply to particular areas of the service.
- 1.02 A separate set of KPIs apply to the planned replacement of Kitchens and Bathrooms.
- 1.03 All KPIs shown in this section are deemed to be agreed and can only be amended through review and then written agreement by both parties when Annex A will be re-issued. The Client is considering a lead-in period before these KPIs and incentivisations take effect.
- 1.04 The methods of calculations for the KPIs shown in Annex A provide a good indication of the Client's expectation in terms of the types and nature of reports required. It is expected that both parties will work together, throughout the mobilisation period, to ensure that accurate and clear reports are developed, to track performance.
- 1.05 Some MPI targets are shown in Annex B but the list is not exhaustive and is likely to vary. Any change will be by written agreement of both parties. At this stage no methodology has been shown, but again, the information as shown in Annex A provides a clear idea as to the nature of information required. All reports need to be produced regularly, on a monthly basis, and provide accurate year to-date data.
- 1.06 Performance against each KPI/MPI will be measured on a monthly basis (unless otherwise stated) with reports also being produced for year to-date performance. Unless otherwise stated all reports shall be produced by the Service Provider.

2.00 Key Performance Indicators

2.01 A list of the KPIs is shown below, together with the first year target and the target for subsequent years of the contract.

KPI no.	Key Performance Indicator	First year target	Target 2 nd yr. onwards
1	Percentage of properties with a valid Landlord Gas Safety Certificate	100.00%	100.00%
2	Percentage of tenants satisfied with the repairs service	93.00%	95.00%
3	Quality inspection pass rate	95.00%	99.00%
4	Average number of calendar days to complete standard voids	10 days	10 days
5	Right First Time	85.00%	90.00%
6	Repairs completed on time • Priority 1 repairs • Priority 2 – 5 repairs (both targets to be met to meet the KPI and receive incentive)	92.00% 90.00%	98.00% 96.00%
7	Percentage of appointments kept	98.00%	98.00%

3.00 Key Performance Indicators & Incentivisation

3.01 The Client is interested in measuring the final output of what the Service Provider does and the impact this has on residents. The KPIs are the most significant measures and are designed to monitor the performance of the Service Provider at the highest level.

3.02 Moreover, the performance against the KPIs will be used to drive an incentivisation mechanism as shown below.

KPI no.	Key Performance Indicator	First year target	Target 2 nd yr. onwards	Category	Percentage incentivisation based on annual expenditure for Repairs, Servicing & Voids
1	Percentage of properties with a valid Landlord Gas Safety Certificate	100.00%	100.00%	1	No incentivisation
2	Percentage of tenants satisfied with the repairs service	93.00%	95.00%	2	0.60%
3	Quality inspection pass rate	95.00%	99.00%	2	0.60%
4	Average number of calendar days to complete standard	10 days	10 days	3	0.40%

	voids				
5	Right First Time	85.00%	90.00%	4	0.20%
6	Repairs completed on time • Priority 1 repairs • Priority 2 – 5 repairs (both targets to be met to meet the KPI and receive incentive)	92.00% 90.00%	98.00% 96.00%	4	0.20%
7	Percentage of appointments kept	98.00%	98.00%	4	No incentivisation

- 3.03 As can be seen there are categories of KPIs ranging from 1-4 depending on their relative importance. The categories are used to determine if a Service Improvement Plan (SIP) needs to be introduced (see section 4).
- 3.04 KPI no.1, related to gas safety certification, is the only category 1 KPI and is not incentivised as the Client expects the target to be met at all times. KPI 7 is also not incentivised but is nevertheless an important KPI.
- 3.05 All of the other KPIs will be incentivised, as shown in the table above, based on a percentage of the annual expenditure for repairs, servicing and voids. For the avoidance of doubt this will include those items as defined in parts 2, 3, 6 & 7 of Section 5 – Price Framework.
- 3.06 The KPIs are pass or fail and performance against them will be calculated on a year to date basis (Financial Year commencing 1 April). All targets will be measured to 2 decimal places and if performance meets the target exactly, the incentive will be paid.
- 3.07 If a KPI is achieved the pro-rata percentage incentive figure for that KPI will be paid by the Client to the Service Provider. Equally, if the KPI is not achieved the same figure shall be paid by the Service Provider to the Client.
- 3.08 At the end of every financial quarter, performance against each of the KPIs will be calculated, using the year to-date figures. An on account adjustment of the sum of the appropriate incentive/low performance damages will be made to the Service Provider's account.

4.00 Service Improvement Plan

- 4.01 It is expected that the Service Provider will report to the Client on a monthly basis as to the performance against all KPIs and MPIs. For the avoidance of doubt, any missing KPI/MPI information will mean that the target for the month in question will have been failed completely.
- 4.02 Where targets for certain KPI targets are missed by small percentages the Service Provider will be expected to strive to improve the performance as necessary. However, there will be situations that call for a more formal approach to service improvement when the Client will expect the Service

Provider to produce a formal Service Improvement Plan (SIP). The criteria that will trigger the need for a SIP are for instance:

1. The Service Provider fails to hit the target for the Category 1 KPI;
 2. The Service Provider fails to hit the target for any Category 2 KPI by more than 5% of the target;
 3. The Service Provider fails to hit the targets for any two Category 3 or 4 KPIs by more than 10% of the target;
 4. The Service Provider fails to provide the requested MPI reports at the required frequency; or
 5. Any other shortfalls in performance that the Client deems unacceptable, for instance the Service Provider fails to meet a number of MPI targets by an amount deemed unacceptable.
- 4.03 If, after discussions during the monthly meetings, the Client is not satisfied as to the reasons for any poor performance, or the remedial action being taken, the Client will request that the Service Provider prepares a SIP. This should be prepared and presented to the Client within 2 weeks of request and, as a minimum, will consist of the following:
1. A considered report detailing why KPI/MPI targets are being missed, backed up with salient fact and figures;
 2. A named Senior Director who is responsible for the delivery of the overall SIP;
 3. A detailed breakdown of all of the activities necessary to improve the service, with named owners and dates for delivery of the said actions;
 4. Details of the expected outcomes of the SIP; and
 5. A fortnightly meeting between the Client and Service Provider to review progress.
- 4.04 If, after a period of 3 months from the date the SIP comes into force, the targeted criteria KPIs/MPIs still fall into the criteria detailed in paragraph 4.02 above, the Client will have the right to apply the Problem Solving and Dispute Avoidance or Resolution process that is contained within the Term Partnering Contract.
- 4.05 Paragraphs 4.03 and 4.04 are without prejudice to the Client's rights under the Contract to terminate all or part of the Contract.

5.00 Management Performance Indicators

- 5.01 A list of the likely MPIs is listed in Appendix B but this list is not exhaustive and may change from time to time by agreement with both parties.
- 5.02 The MPIs are designed to help both parties understand how the service is performing at a more operational level and to provide reassurance to the Client that the Service Provider is in control of the service. Furthermore, some data is required for wider reporting purposes.

Annex A – Calculation of Key Performance Indicators

More details of how the KPIs are to be calculated are shown below.

KPI No.1	Percentage of properties with a valid Landlord Gas Safety Certificate
Purpose	To determine the percentage of applicable properties that has a valid LGSC in force.
Definitions	The percentage of tenanted properties with a gas supply or gas boiler that have a current and valid Landlord Gas Safety Certificate in force.
Method	Data to be run monthly, showing a full list of all properties with appropriate certificate. Those properties without a valid certificate that are required by law to have one to be listed together with the number of days elapsed without a valid LGSC.
Example	Number of properties with a gas supply or gas boiler = 12,500. No of properties with a valid LGSC = 12,497 $12,497/12,500 \times 100 = 99.97\%$

KPI No. 2	Percentage of tenants satisfied with the repairs service
Purpose	To determine the overall level of resident satisfaction with the complete repairs service.
Definitions	How satisfied the resident was with the repairs service?
Applies to	General repairs – Property and communal Gas Domestic – Repairs and Servicing Gas Communal Mechanical Communal Controlled Access
Method	A sample of residents who have had a repair completed within the last month will be contacted by an approved third party who will ask the residents a range of questions. One leading question will be used to determine the overall level of satisfaction - How satisfied were you with the repairs service for the repair that has just been completed? This will be followed by drill down questions with scripts to be agreed (in the absence of agreement the scripts shall be as reasonably determined by the Council). Where the resident indicates 'very satisfied', or 'satisfied', that will constitute a satisfied resident. The Service Provider is to send a weekly data file, containing details of completed repairs, to an approved third party, who will conduct telephone surveys and amongst other questions will ask residents how satisfied they were with the overall repairs service. Data file to contain the following information; UPRN, Tenant Ref. No, Job, Ticket or Order Number, Completion Date, Tenant Name, Tenant Address, Tenant Postcode, Contact Number (Primary), Contact Number (Secondary), Description of Works, Contract Description, Priority, Trade and Area
Example	5000 residents contacted and participated in the survey. 3500 responded either very satisfied or satisfied to the key question. $3500/5000 \times 100 = 70\%$ Customer Satisfaction rate

KPI No. 3	Quality inspection pass rate
Purpose	To identify the percentage of work which is completed and in accordance with the required standard (materials and/or workmanship).
Definitions	The Client will complete quality inspections in addition to the Service Provider's quality assurance process but this KPI will be based on the results of quality inspections undertaken by the Client only.
Applies to	General Repairs Communal Repairs Voids Electrical Testing Gas Domestic Gas Communal Mechanical Communal Controlled Access Fire Safety Works Asbestos Removal Works.
Method	The total number of all orders completed correctly in accordance with the quality standards of the contract divided by the total number of all orders checked for quality purposes. Results of all quality reports to be recorded by the Service Provider and Client in a manner to be agreed during mobilisation. Data to be run monthly.
Example	% of orders completed in accordance with the quality standards of the contract = $(A \div B) \times 100$ where A = Number of orders correctly completed B = Number of all orders checked.

KPI No. 4	Average number of calendar days to complete standard voids
Purpose	To determine whether the Service Provider is completing work on void properties at a sufficient rate.
Definitions	The KPI is used to ascertain the percentage of standard void properties completed within the target time (10 calendar days). (Where a void is received after 12.00 the commencement date shall be the following calendar day).
Applies to	Voids
Method	Total days to complete void is measured from date of key receipt to the date the key is handed back. Number of days to complete all voids is totalled and divided by the no of voids identified year to date. Data to be run as year to date figures for each financial year. This data will be from the Service Providers system
Example	No of days to complete all voids = 2300 Total number of void properties which have been identified year to date = 250 $2300/250 = 9.2$

KPI No. 5	Right First Time
Purpose	To determine how effective the Service Provider is at fixing and repairing the defective element(s) at the first visit.
Definitions	The percentage of repairs which are completed right first time. This is defined as the total number of responsive repairs being completed right first time divided by the total number of responsive repairs being completed multiplied by 100. Right First Time is as defined by Housemark: <i>“Right” is defined as completed to the satisfaction of the landlord.</i> <i>“First Time” is defined as completed by the repairs operative without the need to return a further time because the repair was inaccurately diagnosed and / or the operative did not have the right training, tools or components to fix the problem.</i> <i>“Repair” is as the Definition of a Repair.</i>
Applies to	General Repairs Communal Repairs Gas Domestic – Repairs Gas Communal – Repairs Mechanical Communal – Repairs Controlled Access – Repairs
Method	For the month ascertain the total number of responsive repairs being completed right first time divided by the total number of responsive repairs being completed multiplied by 100. Excludes cancelled jobs where a new order is raised. Excludes jobs where there was no access. Includes jobs where variations are raised. Data to include all orders completed in the previous month and in the case of the Year to Date figures, the preceding months in that fiscal year (April –March).
Example	400 Repairs have been completed during one calendar month. Of these 350 were completed right first time. $350/400 \times 100 = 87.5\%$ right first time

KPI No. 6	Repairs completed on time
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Purpose	To determine whether the Service Provider is completing repairs in accordance with the Client's obligation to residents.
Definitions	The Obligations table (see Section 4, Element 1, Annex C) prioritises repairs into 5 categories. Priority 1 - Time taken to attend & make safe/repair – within 2 hours Priority 2 – Time taken to complete the repair – within 24 hours Priority 3 – Time taken to complete the repair – within 3 working days Priority 4 – Time taken to complete the repair – within 5 working days Priority 5 – Time taken to complete the repair – within 20 working days
Applies to	General Repairs Communal Repairs Gas Domestic – Repairs Gas Communal – Repairs Mechanical Communal – Repairs Controlled Access – Repairs
Method	The percentage of repairs completed within their target times will be calculated for each priority time. The percentage target for priority 1 repairs will be 98%. An average percentage of priorities 2-5 will be calculated – this will have a target of 96%. Excludes cancelled jobs where a new order is raised. Excludes jobs where there was no access due to tenant not being at property. Includes jobs where variations are raised. Both percentages need to be achieved to meet the KPI. Data to include all orders completed in the previous month and, in the case of the Year to Date figures, the preceding months in that fiscal year (April –March).
Example	Priority 1 repairs - 50 complete but only 30 completed within 2 hours = $30/50 \times 100 = 60\%$ achieved within target. Therefore target of 98% not met. Priority 2 repairs – 50 complete but only 40 within target time $40/50 \times 100 = 80\%$ Priority 3 repairs – 50 complete 45 within target time $45/50 \times 100 = 90\%$ Priority 4 repairs – 50 complete 45 within target time $45/50 \times 100 = 90\%$ Priority 5 repairs – 50 complete 45 within target time

	$45/50 \times 100 = 90\%$ Average percentage of priority 2-5 = $80+90+90+90/4 = 87.5\%$
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KPI No. 7	Percentage of appointments kept
Purpose	To determine the effectiveness of keeping appointments made with residents.
Definitions	The KPI is used to compare the number of appointments kept with the number of appointments made.
Applies to	Gas Repairs Gas Domestic Controlled Access
Method	Based on the number of appointments that were actually attended at the time and day recorded on the Service Provider's system, divided by the number of appointments scheduled for attending. On time means within the agreed time given to the resident when originally arranged – excludes validated 'No Access' Data to be run monthly using data from the Service Provider's system.
Example	% attended on time = $(A \div B) \times 100$ where A = Number of appointments attended on time B = Number of appointments required to be attended

Annex B – Management Performance Indicators

MPI no.	Management Performance Indicator	Target	Notes
1	Orders Invoiced Percentage of orders (excl. PPP) invoiced within 10 working days of the date of completion	98.00%	
2	Call Centre Percentage of calls answered within 20 seconds Abandoned calls Satisfaction with call centre service Emails (using an agreed template) are to be responded to within 1 hour of receiving if originating from within the Council and within 1 working day if originating from outside the Council. Web enquiries are to be responded to within 1 hour of receiving if originating from within the Council and within 1 working day if originating from outside the Council. (again, using an agreed template).	80.00% <5.00% 95.00% 1 hour/ 1 working day 1 hour/ 1 working day	
3	Complaints Percentage of business as usual complaints to be resolved without further recourse/escalation Stage 2 complaints to be less than 5% of stage 1 complaints	97.00% less than 5% of stage 1 complaints	
4	PAT Testing No of service visits to be completed within the service period	95.00%	
5	Fire Safety Works Percentage of FRA deadlines & LFB enforcement deadlines met	100.00%	
6	Section 20 Percentage of complaints related to section 20 process	<5.00%	Complaints relating to the actual process, not any policy or costs

	Percentage of information requested by Leasehold Services following the receipt of observation provided within 2 working days	100.00%	which are outside the Service Provider's control
7	Voids Major voids completed within an average target time of 21 days Major structural voids completed within an average target time of 30 days Percentage of Garage voids to be completed within an average target time of 7 days Mutual Exchange Inspections to be completed on day of exchange or day of occupancy	21 days 30 days 7 days 100%	All days measured as calendar days
8	White Goods Number of occurrences where laundry facilities are out of use for more than 1 working day should not exceed 1 per month for each facility	1 per month for each facility	
9	Controlled Access Availability of controlled access system calculated by the percentage of availability achieved each month Number of breakdowns per month should not exceed 5% of flats served Performance against servicing programme calculated by taking list of tasks on service schedule for valuation period and expressing tasks carried out as a percentage completed.	99.00% 5% of flats served 95.00%	
10	Gas (Domestic) Performance against servicing programme calculated by taking list of tasks on service schedule for valuation period and expressing tasks carried out as a percentage completed.	100.00%	
11	Gas (Communal) & Mechanical Performance against servicing programme calculated by taking list of tasks on service schedule for valuation period and expressing tasks carried out	97.00%	

	as a percentage completed.		
12	Periodic Electrical Testing (domestic and communal) Performance against servicing programme calculated by taking list of tasks on service schedule for valuation period and expressing tasks carried out as a percentage completed.	97.00%	
13	Disrepair Percentage of specifications and priced programmes turned around within 5 working days	5 working days	
14	TV Aerials Percentage availability of TV Aerial systems each month (Applicable to each system excluding individual flat faults) Number of breakdowns per month should not exceed 5% of flats served	99.00% 5% of flats served	