

**Performance Mechanism Mid Kent - ITT Stage Version 301121**

**Mid Kent Joint Waste Collection & Cleansing Contract 2023**

**Schedule 4a to Project Agreement**

**Performance Mechanism**

**ITT Stage Version November 2021**

## **Performance Mechanism**

### **1.0 Introduction**

- 1.1 The Contractor will be responsible for the monitoring and accurate recording at all times of its own performance of the Services and of compliance with, or failure under, the requirements of the Performance Management System. The Councils however reserve the right to undertake their own monitoring and will be able to apply the Performance Criteria, Performance Management System and associated Performance Deductions as appropriate.
- 1.2 The Contractor is required to submit reports in accordance with the frequencies set out in the Agreement and the Performance Criteria.
- 1.3 The Performance Criteria details the level of Performance Deductions and Performance Points associated with failures in performing the Services. Except where expressly covered within the Performance Criteria, failure to provide Services in accordance with the Agreement and Performance Criteria will qualify as a D service deduction. If the failure is rectified within 1 working day no Performance Deduction will be applied. The failure will however result in Performance Points being accrued.
- 1.4 At the end of each month the Contractor will be required to report to the Councils the level of Performance Deductions to be applied. These and any service failures and deductions monitored and reported by the Councils to the Contractor will be subtracted from the Monthly Charges due to the Contractor.
- 1.5 The level of Performance Points incurred in any month, together with the cumulative Performance Points incurred, will also be itemised and agreed with the monthly reporting to the Councils.
- 1.6 The Performance Criteria will apply in full for the duration of the Contract Period except for a period of 1 month at the start of the Agreement .
- 1.7 All Refresh Periods are capped after 3 Repeats and thereafter a Rectification Plan is required.

### **2.0 Rectification Plan**

- 2.1 A Rectification Plan means a plan set out in accordance with a prescribed format as agreed with the Supervising Officer on which details of the failure are described and the actions to be taken by the Contractor and, where appropriate, the Councils, to resolve the existing service failure and prevent future failure are detailed and time-lined.
- 2.2 Rectification Plans must be agreed and signed off by the Supervising Officer and the Contractor. The time to provide a rectification plan is to be agreed with the Supervising Officer and in the absence of any agreed timescale it must not be longer than 5 working days from the final Service failure that gave rise to the Rectification Plan requirement. Failure to carry out a Rectification Plan will result in escalation to the Councils and Contractor's Management teams for urgent resolution and consideration of Council Step In rights .

### **3.0 Performance Deductions and Performance Points**

- 3.1 If the Contractor fails under all or any of the Performance Criteria and categories set out in the attached Performance Criteria the applicable level of financial deduction and number of Performance Points will apply to the Contractor as set out in the table below.

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**Table 1: Performance Deductions and Performance Points**

<b>Service Deduction Category</b>	<b>Performance Deductions</b>	<b>Performance Points</b>
<b>A</b>	<b>£6000</b>	<b>10</b>
<b>B</b>	<b>£1000</b>	<b>7</b>
<b>C</b>	<b>£150</b>	<b>4</b>
<b>D</b>	<b>£60</b>	<b>2</b>

- 3.2 If the failure is rectified in accordance with the Rectification Period then no Performance Deductions will be applicable.
- 3.3 If the failure has no Rectification Period or is not rectified within the Rectification Period then the Performance Deduction and Performance Points will be applied.
- 3.4 In respect of a failure which continues beyond the applicable Rectification Period (if any) the Councils may allot further Performance Points and Performance Deductions for that continuing default up to a maximum of three repeated Refresh periods. Thereafter the Contractor is required to supply a Rectification Plan within two Business Days, unless agreed otherwise with the Supervising Officer. Failure to provide a Rectification Plan will give rise to a Category A service deduction.

#### **4.0 Warning and Termination Notices**

- 4.1 Any Performance Points allotted will remain valid for a rolling 12 monthly reporting period commencing the reporting month in which the allocation was applied and will determine whether a Warning or Termination Notice should be issued.
- 4.2 Thresholds for issuing Warning and Termination Notices are detailed below:

<b>Cumulative Rolling 12month Threshold</b>	<b>Warning Notice Threshold</b>	<b>Termination Notice Threshold</b>
Performance Points	1500	3000

- 4.3 The rights and obligations of the Contractor and the Council following the issue of a Warning Notice or Termination Notice are set out in the Agreement.