|  |  |  |  |
| --- | --- | --- | --- |
| Authority & Contractor Logo | MHA logo MASTER | | |
| **Overarching Outcome** | | Predictability of cost to outturn | |
| **KPI 6 Jan 2017** | **Defined cost within percentage of target cost** | | Pain / Gain Indicator |
| **Definition & Target:** | The information to be collected is the original target cost, the final target cost incorporating agreed compensation events and the final defined cost for the annual works of individual scheme.  This indicator measures the difference between the final target cost and the final defined cost.   |  |  | | --- | --- | | Per scheme or annual works | Target | | Percentage of difference of defined cost to final target cost | +/- 3 % | | | |
| **Calculation Matrix:** | (final target cost – final defined cost) X 100 = ? %  Final target cost | | |
| Why are we measuring this: | * To better understand cost not price and the factors that influence cost changes * To ensure that target costs are being jointly and correctly set * Other LHA objective | | |
| How might measuring this make people behave and improve: | * To increase awareness of the cost for unplanned changes * Other LHA objective | | |
| How the data will be collected and on what frequency:  Additional - Analysis of Risk to identify areas of improvement through cost benefit calculation | Contractor to furnish the percentage information to service manager (or named) on the agreed KPI spreadsheet at three monthly estimated intervals for targeted works and final figures at the completion of individual schemes and the annual service period. | | |
| All parties to collect the activity risks agreed within the target cost process for each stage where applicable:   * Feasibility to initial target (pre-design) to * Construction target (including risk pot) to * Final target against * Actual throughput (plus what left in risk pot)   The above information is analysed jointly for:   * Risk anomalies both above and below and why * Activity areas that can be improved * Action plans are raised to minimise poor performance | | |
| What action will be taken if Target below target: | * Will effect pain / gain calculation * Reasons for defined cost variation to target to be recorded and remedial action for future target cost setting to be jointly agreed. * Other LHA objective | | |
| Who will this target be benchmarked against | * MHA members at the quarterly TCB meetings to include where the differences lie so as to inform as lessons learnt | | |
|  |  | | |
| **Transitional Goal** | To move towards the integrated team by including the design target into the indicator and to move towards the indicator reflecting the difference between initial target cost and final defined cost. | | |
| How | Initial proposals to be developed by TWG | | |