**Call-Off Schedule 14 (Service Levels)**

1. **Definitions**
	1. In this Schedule, the following words shall have the following meanings and they shall supplement Joint Schedule 1 (Definitions):

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| **“Critical Service Level Failure”** | has the meaning given to it in the Order Form; |
| **"Service Credits"** | any service credits specified in the Annex to Part A of this Schedule being payable by the Supplier to the Buyer in respect of any failure by the Supplier to meet one or more Service Levels; |
| **"Service Credit Cap"** | has the meaning given to it in the Order Form; |
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| **"Service Level Failure"** | means a failure to meet the Service Level Performance Measure in respect of a Service Level; |
| **"Service Level Performance Measure"** | shall be as set out against the relevant Service Level in the Annex to Part A of this Schedule; and |
| **"Service Level Threshold"** | shall be as set out against the relevant Service Level in the Annex to Part A of this Schedule. |

1. **What happens if you don’t meet the Service Levels**
	1. The Supplier shall at all times provide the Deliverables to meet or exceed the Service Level Performance Measure for each Service Level.
	2. The Supplier acknowledges that any Service Level Failure shall entitle the Buyer to the rights set out in Part A of this Schedule including the right to any Service Credits and that any Service Credit is a price adjustment and not an estimate of the Loss that may be suffered by the Buyer as a result of the Supplier’s failure to meet any Service Level Performance Measure.
	3. The Supplier shall send Performance Monitoring Reports to the Buyer detailing the level of service which was achieved in accordance with the provisions of Part B (Performance Monitoring) of this Schedule.
	4. A Service Credit shall be the Buyer’s exclusive financial remedy for a Service Level Failure except where:
		1. the Supplier has over the previous (twelve) 12 Month period exceeded the Service Credit Cap; and/or
		2. the Service Level Failure:
			1. exceeds the relevant Service Level Threshold;
			2. has arisen due to a Prohibited Act or wilful Default by the Supplier;
			3. results in the corruption or loss of any Government Data; and/or
			4. results in the Buyer being required to make a compensation payment to one or more third parties; and/or
		3. the Buyer is entitled to or does terminate this Contract pursuant to Clause 10.4 (CCS and Buyer Termination Rights).
	5. Not more than once in each Contract Year, the Buyer may, on giving the Supplier at least three (3) Months’ notice, change the weighting of Service Level Performance Measure in respect of one or more Service Levels and the Supplier shall not be entitled to object to, or increase the Charges as a result of such changes, provided that:
		1. the total number of Service Levels for which the weighting is to be changed does not exceed the number applicable as at the Start Date;
		2. the principal purpose of the change is to reflect changes in the Buyer's business requirements and/or priorities or to reflect changing industry standards; and
		3. there is no change to the Service Credit Cap.
2. **Critical Service Level Failure**

On the occurrence of a Critical Service Level Failure:

* 1. any Service Credits that would otherwise have accrued during the relevant Service Period shall not accrue; and
	2. the Buyer shall (subject to the Service Credit Cap) be entitled to withhold and retain as compensation a sum equal to any Charges which would otherwise have been due to the Supplier in respect of that Service Period ("**Compensation for Critical Service Level Failure**"),

provided that the operation of this paragraph 3 shall be without prejudice to the right of the Buyer to terminate this Contract and/or to claim damages from the Supplier for material Default.

**Part A: Service Levels and Service Credits**

1. **Service Levels**

If the level of performance of the Supplier:

* 1. is likely to or fails to meet any Service Level Performance Measure; or
	2. is likely to cause or causes a Critical Service Failure to occur,

the Supplier shall immediately notify the Buyer in writing and the Buyer, in its absolute discretion and without limiting any other of its rights, may:

* + 1. require the Supplier to immediately take all remedial action that is reasonable to mitigate the impact on the Buyer and to rectify or prevent a Service Level Failure or Critical Service Level Failure from taking place or recurring;
		2. instruct the Supplier to comply with the Rectification Plan Process;
		3. if a Service Level Failure has occurred, deduct the applicable Service Level Credits payable by the Supplier to the Buyer; and/or
		4. if a Critical Service Level Failure has occurred, exercise its right to Compensation for Critical Service Level Failure (including the right to terminate for material Default).
1. **Service Credits**
	1. The Buyer shall use the Performance Monitoring Reports supplied by the Supplier to verify the calculation and accuracy of the Service Credits, if any, applicable to each Service Period.
	2. Service Credits are a reduction of the amounts payable in respect of the Deliverables and do not include VAT. The Supplier shall set-off the value of any Service Credits against the appropriate invoice.

**Part B: Performance Monitoring**

1. **Performance Monitoring and Performance Review**
	1. Within twenty (20) Working Days of the Start Date the Supplier shall provide the Buyer with details of how the process in respect of the monitoring and reporting of Service Levels will operate between the Parties and the Parties will endeavour to agree such process as soon as reasonably possible.
	2. The Supplier shall provide the Buyer with performance monitoring reports ("**Performance Monitoring Reports**") in accordance with the process and timescales agreed pursuant to paragraph 1.1 of Part B of this Schedule which shall contain, as a minimum, the following information in respect of the relevant Service Period just ended:
		1. for each Service Level, the actual performance achieved over the Service Level for the relevant Service Period;
		2. a summary of all failures to achieve Service Levels that occurred during that Service Period;
		3. details of any Critical Service Level Failures;
		4. for any repeat failures, actions taken to resolve the underlying cause and prevent recurrence;
		5. the Service Credits to be applied in respect of the relevant period indicating the failures and Service Levels to which the Service Credits relate; and
		6. such other details as the Buyer may reasonably require from time to time.
	3. The Parties shall attend meetings to discuss Performance Monitoring Reports ("**Performance Review Meetings**") on a Monthly basis. The Performance Review Meetings will be the forum for the review by the Supplier and the Buyer of the Performance Monitoring Reports. The Performance Review Meetings shall:
		1. take place within one (1) week of the Performance Monitoring Reports being issued by the Supplier at such location and time (within normal business hours) as the Buyer shall reasonably require;
		2. be attended by the Supplier's Representative and the Buyer’s Representative; and
		3. be fully minuted by the Supplier and the minutes will be circulated by the Supplier to all attendees at the relevant meeting and also to the Buyer’s Representative and any other recipients agreed at the relevant meeting.
	4. The minutes of the preceding Month's Performance Review Meeting will be agreed and signed by both the Supplier's Representative and the Buyer’s Representative at each meeting.
	5. The Supplier shall provide to the Buyer such documentation as the Buyer may reasonably require in order to verify the level of the performance by the Supplier and the calculations of the amount of Service Credits for any specified Service Period.
2. **Satisfaction Surveys**
	1. The Buyer may undertake satisfaction surveys in respect of the Supplier's provision of the Deliverables. The Buyer shall be entitled to notify the Supplier of any aspects of their performance of the provision of the Deliverables which the responses to the Satisfaction Surveys reasonably suggest are not in accordance with this Contract.
	2. The Buyer will measure the quality of the Supplier’s delivery by:
	3. **PART 1 – Performance Measurement**
	4. The Service Provider shall, if required, develop in conjunction with the Authority an additional Service Level Agreement (“SLA”) further detailing the level of Services expected from the Service Provider under this Call-Off Contract. Where any provision of an SLA contradicts any provision of this Call-Off Contract in relation to KPIs and/or Service Levels only, the provisions of the SLA shall take precedence.
	5. The level to which the Service Provider performs the Services (“Service Levels”) under this Call-Off Contract will be measured using Key Performance Indicators outlined in the table at Part 2 below (“KPIs”).
	6. All other performance measurements and targets, in particular those linked to the Authority’s Priority Themes, will form part of the wider performance reporting and evaluation described in Part 3 of this Attachment 5 below. Where these measurements and targets are not met, then the Service Provider will put in place bespoke action plans, which will be agreed with the Authority.
	7. Amount at risk to the Service Provider (“KPI Sums”).
	8. KPI Sums are capped at 25% of the Service Provider’s total management fee for each financial year of operation under this Call-Off Contract (“KPI Risk Figure”). [Refer to section 12.2 for details of the Service Provider’s KPI Risk Figure.]
	9. KPI Sums Measurement and Measurement Periods
	10. The calculation of KPI Sums will be carried out in accordance with this agreement, and will take place monthly, quarterly and annually, in accordance with the timescales shown in the table at Part 2 below.
	11. Performance against KPIs will be measured and reported from the commencement of the Services at the Studios on 1st July 2025 (“Service Commencement Date”)
	12. For the avoidance of doubt, the measurement of quarterly KPIs will be undertaken for the following periods within the financial year:
		1. 01 April – 30 June
		2. 1 July – 30 September
		3. 1 October – 31 December
		4. 1 January – 31 March (“Measurement Period(s)”)
	13. Annual KPIs will be measured on the period commencing 01 April to 31 March the following year.
	14. **KPI Methodology**
	15. The Supplier’s performance will be measured against the measurement aspects and KPIs shown in the Performance Limits Table in Part 2 below.
	16. **Performance Limits**
	17. The KPIs shall be measured in accordance with this Attachment 5 in order to obtain a numerical value that can be compared to the predefined performance limits described below.
	18. Target Performance – Performance that meets or exceeds the agreed target score as set out in the relevant column of the table at Part 2 of this Attachment 5.
	19. Poor Performance – Performance as defined in the relevant column of the table at Part 2. This will incur a financial penalty of 100% of the amount at risk for that KPI.
	20. If the Supplier fails to achieve the target KPI Scores specified in the table at Part 2 of this Attachment 5, a number of possible outcomes will arise as shown in the table below:

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| --- | --- |
| **Range** | **Outcome (Quarterly KPIs)** |
| Between Target Performance and Poor Performance | Measurement period 1 – loss of KPI Sums up to maximum value set out in relevant cell of “Total amount at risk per KPI” column in table at Part 2 of this Attachment 5.Measurement period 2 – loss of KPI Sums to maximum value set out in relevant cell of “Total amount at risk per KPI” column in table at Part 2, remediation plan process in accordance with Part 3 below. |
| Poor Performance and below | Measurement period 1 – loss of KPI Sums up to maximum value set out in relevant cell |

* 1. of “Total amount at risk per KPI” column in table at Part 2, rectification process.
	2. KPI Sums will be calculated for each Measurement Period and recorded within the monthly report provided by the Service Provider in the month after the Measurement Period. The cumulative KPI Sums accrued through the year from 01 April to 31 March will also be recorded.
	3. KPI Sums (if any) will be deducted in arrears. At the end of each financial year, the overall financial impact of the Contract will be calculated and invoiced before 01 July in the applicable year.
	4. The KPI Sums will be subject to the agreed cap of 25% of the management fee for operating 3 Mills Studios.
	5. **PART 2 – Performance Limits Table**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **No** | **KPI** | **%** | **Total amount at risk per KPI** | **Measurement**  | **Frequency** | **Target performance** | **Poor Performance** |
| 1 | Performance against budget (cost control) | 15 | 15% of agreed sums at risk per annum | Budget against actual (not to include any exceptional unforeseen costs outside the control of the managing agent | Annually measured (monitored quarterly) | 100% | 95% |
| 2 | Performance against budget (Revenue Generation) | 15 | 15% of agreed sums at risk per annum | Budget against actual | Annually measured (monitored Quarterly) | 100% | 95% |
| 3 | Timeliness of rent and other required payments | 5 | 5% of agreed sums at risk per annum | Debtor Days (excluding invoices raised but not due) | Monthly | 30 days or less | 60 |
| 4 | Bad Debts | 5 | 5% of agreed sums at risk per annum | Bad debt expense as a percentage of total sales (Bad debt expense to exclude bad debt provision movements) | Monthly | 0% | 5% |
| 5 | Order book value – percentage growth in booking value | 5 | 5% of agreed sums at risk per annum | Growth in order book value as a percentage of contracted future sales as at 31 March | Annually | 4% increase on previous year | 0% increase |
| 6 | Conformance to marketing plan / budget (inc. ratio/budget/target price) | 5 | 5% of agreed sums at risk per annum | Implementation of marketing plan (agreed annually) against targets and budgets | Annually | 100% of marketing plan achieved | 95% of marketing plan achieved |
| 7 | Enquiry Levels | 5 | 5% of agreed sums at risk per annum | Number of leads, or quotes given. Due to existing bookings this will be performed on enquiries | Quarterly | 30 | 20 |
| 8 | Studio area occupancy (as a percentage of total space) | 10 | 10% of agreed sums at risk per annum | Monthly utilisation per stage compared to budget utilisation amount | Monthly | 80% or above | 60% |
| 9 | Customer satisfaction survey – To be reformed.  | 10 | 10% of agreed sums at risk per annum | A minimum of 3 per quarter or 12 per year achieving an 80% satisfaction result. A questionnaire is 10 questions with a rating of 1-5. The overall responses across the 10 questions will be averaged % satisfaction score. | Quarterly | 80% | 60% |
| 10 | Delivery to agreed staffing plan / budget | 3 | 3% of agreed sums at risk per annum | Implementation of staffing plan (agreed annually) including apprenticeships and recruitment of residents within the 6HB against budget | Annually | 100% of staffing plan achieved | 95% of staffing plan achieved |
| 11 | Recruitment and promotion of apprenticeships: targeting of local workforce to staff the facility and opportunities give for apprenticeships | 1 | 1% of agreed sums at risk per annum | Number of local apprenticeships | Annually | 1 or more | 0 |
| 12 | Staff to studio booking ratio | 1 | 1% of agreed sums at risk per annum | All wages and salaries (including on costs, recruitment and super annuation) as a percentage of income taken from bookings | Quarterly | 15% of turnover [to be finalised with budget] | 20% of turnover |
| 13 | Health & Safety / Security / Insurance | 5 | 5% of agreed sums at risk per annum | Number of RIDDOR recorded accidents, incidents requiring first aid where operator liable and/or number of insurance claims processed by operator or THE AUTHORITY in direct relation to operations performed by 3 Mills staff | Monthly | 0 | 1 or more |
| 14 | Improving 3 Mills Studios sustainability rating in comparison to the ALBERT index | 5 | 5% of agreed sums at risk per annum | We want to maintain our current rating of 70%, bearing in mind budget restrictions which will impact any improvement. | Annually | 75% | 60% |
| 15 | Timeliness of submitting reports (working days) | 5 | 5% of agreed sums at risk per annum | Lateness of submitting reports (working days) within 10 days after month end | Monthly | 100% of reports submitted on time | % of reports submitted 3 weeks after the due date |

* 1. **Part 3 – Rectification**
	2. This Part 3 describes the principles that will govern the monitoring and quality control procedures applicable to this Call-Off Contract and will determine the rectification process that the Service Provider shall follow if failure occurs in the Service Provider’s provision of the Services.
	3. The Authority's representative shall have the right at any time:
		1. To inspect the Studios and ancillary accommodation;
		2. to meet with the Service Provider's staff, in particular the Service Provider's representative and the venue management, to discuss the results of such inspection; and
		3. to request any information relating to the carrying out of the Services (such information requests will be dealt with promptly and efficiently by the Service Provider).
	4. In each year following the Services Commencement Date the Service Provider will ensure that a technical and KPI review is presented to the Authority's representative to the agreed frequencies. The purposes of such review will be to monitor compliance with the key management systems required to operate the Studios. The subject of these reviews will be agreed in advance between the parties and will cover varying and reasonable management agendas at each of the meetings.
	5. In order to evaluate regular contract performance, the parties will undertake a recorded monthly site inspection to be conducted by the Service Provider's representative and the Authority's representative based on but not limited to the Measurement Aspects described in section 14 and the KPIs described in Part 2 of section 14. The purposes of this inspection will be for the Authority to notify the Venues Manager of areas of the Services requiring reasonable improvement or resolution. Such notification will be by means of a monthly inspection notice. Failure by the Service Provider to rectify any aspect of the Services following receipt of a monthly inspection notice for two consecutive months will constitute a failure to meet the relevant Service Level in accordance with paragraph 14.31 below.
	6. The Authority is entitled, acting reasonably, to report performance issues requiring resolution by the Service Provider to the Service Provider’s representative in writing. The Service Provider’s representative shall deal with such issues as quickly as possible and shall report (by fax, email or letter) satisfactory completion of such tasks to the Authority. The Authority and the Service Provider shall agree reasonable rectification periods for each issue requiring improvement at the time that the Authority notifies the Service Provider of such issue.
	7. **Failure to Meet Service Levels**
	8. If the Service Provider falls below a Service Level as assessed against the service requirement targets in accordance with paragraphs 14.28 and 14.29 above or fails to rectify a monthly inspection notice for two consecutive months then a default review meeting can be called at the option of the Authority to discuss and plan service improvements in failing areas. In the event that the Authority considers that a serious health and safety issue has arisen at the Studios, for example, the emergency exits being inoperable a default appraisal meeting (in accordance with paragraph 14.34 below) will be arranged as quickly as possible notwithstanding that a default review meeting has not taken place in accordance with this paragraph 14.32.
	9. In exercising its rights to convene a default review meeting in accordance with paragraph 14.32 the Authority is entitled to invoice the Service Provider for time spent by the Authority's staff and for a £300 fee in respect of administration time. The default review meeting will be attended by the Service Provider's representative and the Authority's representative. An agreed period of improvement and further review will be agreed between the Parties at the default review meeting. Failure to improve the relevant service levels within an agreed timescale following a default review meeting will entitle the Authority to opt to convene a default appraisal meeting in accordance with paragraph 14.24 below.
	10. In exercising its rights to convene a default appraisal meeting in accordance with paragraph 14.33 the Authority is entitled to invoice the Service Provider for time spent by the Authority's staff and for a £500 fee in respect of administration time. The meeting will be attended by the Service Provider's representative, the Authority's representative, the Service Provider’s venue director and the Venue’s manager. An agreed period of improvement and further review of the relevant service levels will be agreed between the parties at the default review meeting. Failure to improve the relevant service levels within an agreed timescale following a default appraisal meeting will permit the Authority to move to terminate procedures detailed elsewhere within this Call-Off Contract forthwith by written notice and for these purposes the failure to improve the relevant service levels will be deemed to constitute a material default.
	11. If the Parties fail to agree timescales for improvement of the relevant service levels in accordance with paragraph 14.33 and 14.34, then the matter will be subject to the dispute resolution procedure set out in the Agreement.