



DEFENCE EQUIPMENT AND SUPPORT

ARTILLERY SYSTEMS PROGRAMME

APPENDIX A

**L118 LIGHT GUN DESIGN ORGANISATION CONTRACT
KEY PERFORMANCE INDICATORS**

Contract Number: 706506451

Revision 17

Date: 21/03/2024

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AUTHORISATION

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Action	Name	Role	Signed	Date

VERSION CONTROL

Revision No.	Date of Change	Description of Change	Change Agent
0.1	27/09/2022	Initial Draft	DES LE ARTY-TwD-PM
1	09/02/2023	Signed off by approvers	DES LE ARTY-TwD-PM
2	23/11/2023	1 st Draft of contract	DES LE ARTY-TwD-PM
3	28/11/2023	2 nd Draft of contract	DES LE ARTY-TwD-PM
4	29/11/2023	3 rd Draft	DES LE-FIMS- ARTY-ComOff1
5	30/11/2023	4 th Draft	DES LE-FIMS- ARTY-ComOff1
6	13/12/2023	5 th Draft	DES LE-FIMS- ARTY-ComOff1
7	13/12/2023	6 th Draft	DES LE ARTY-TwD-PM
8	17/01/2024	7 th Draft	DES LE-FIMS- ARTY-ComOff1
9	23/01/2024	8 th Draft	DES LE ARTY-TwD-PM
10	24/01/2024	9 th Draft	DES LE ARTY-TwD-PM
11	24/01/2024	10 th Draft	DES LE ARTY-TwD-PM
12	25/01/2024	11 th Draft	DES LE ARTY-TwD-PM
13	19/02/2024	12 th Draft	DES LE ARTY-TwD-PM
14	20/02/2024	13 th Draft	DES LE ARTY-TwD-PM
15	22/02/2024	14 th Draft	DES LE ARTY-TwD-PM
16	04/03/2024	15 th Draft	DES LE ARTY-TwD-PM
17	19/03/2024	16 th Draft	DES LE ARTY-TwD-PM
18	21/03/2024	17 th Draft	DES LE ARTY-TwD-PM

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Key Performance Indicators (KPIs)

The Authority aspires to achieve an incentive payment, that is to the benefit of both parties, by facilitating optimal performance through KPIs that are:

- Achievable;
- Transparent;
- Measurable;
- Collaborative;
- Sharing risk;
- Fair and reasonable; and
- Avoid promoting unintended actions.

The assumptions underlying the KPIs are as follows:

1. A maximum of 2% Key Performance incentive payment will be applied for Contract 706506451. The performance incentive payment, that is additional to total contract value, shall be linked to the Contractor achieving performance against weighted KPIs agreed by the Authority and the Contractor. The incentive payment of 1% or 2% is to be processed annually, if applicable.
2. KPIs used to determine incentive payment and their weighting will be as indicated in Table 1 in this Annex B. Full descriptions of incentive payment calculations are shown in Table 2 of Annex B. Full descriptions of the KPIs and their measures / criteria are included in Table 3 of this Annex B
3. Where performance of KPI 4 (2) or 5 is not met due to reasons beyond the control of the Contractor:
 - a) The Contractor is to propose the date, by which the activity is to be completed along with relevant documented justification and evidence within 10 working days from the issue coming to light. The Authority is to inform the Contractor of its decision within 10 working days from the date the Authority receives the proposal for the new delivery date. The new proposed delivery date is to be approved at the discretion of the Authority. If the proposal for the new date is accepted, the Authority shall hold the Contractor accountable to that new date.

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- b) If new delivery date is agreed in the following year then the payment of the incentive is to be delayed until the performance is met under the new delivery date.
 - c) This option can be exercised only once per individual deliverable. If there is further delay, it will affect the performance under relevant KPI.
- 4. The Contractor is to monitor and measure KPIs on a quarterly basis and report it to the Authority during the Quarterly Progress Meetings.

Table 1 KPIs Assigned weighting for Incentive Payment

Number	Title	Included in incentive payment	Weighting (Sum is 1)
KPI 1	Quarterly Progress Reports	Yes	0.10
KPI 2	Obsolescence Management	Yes	0.35
KPI 3	Configuration Management	Yes	0.40
KPI 4	Spares Management	Yes	0.10
KPI 5	Tasking for non - core activities (if not delivered = red, late=amber, delivered on time=green)	Yes	0.05

Table 2 Performance Management and Payment of Incentive

KPIs calculations per Q formula										Annual incentive calculation formula									
1. Each KPI carry % as per below					2. Each KPI can get either Green (100%) Amber(50%) or Red(0%) per Q					1. Each Q carry 25%					2. Each Q can get either Green (100%) Amber(50%) or Red(0%) per Q				
KPI 1	10%				Green	100%				Q1	25%				Green	100%			
KPI 2	35%				Amber	50%				Q2	25%				Amber	50%			
KPI 3	40%				Red	0%				Q3	25%				Red	0%			
KPI 4	10%									Q4	25%								
KPI 5	5%										100%				Incentive paid				
	100%				Overall per Q										100%	100% paid			
					Green	96% - 100%									81%-99%	50% paid			
					Amber	81%-95%									0%-80%	0% paid			
					Red	0%-80%													
3. Examples per Q										3. Examples per year									
KPI 1	0%			10%		10%		5%	10%	Q1	0		13%		25%		0		
KPI 2	18%			18%		35%		35%	35%	Q2	13%		25%		25%		25%		
KPI 3	40%			40%		0%		40%	40%	Q3	25%		25%		25%		25%		
KPI 4	10%			10%		10%		10%	10%	Q4	25%		25%		25%		25%		
KPI 5	5%			5%		5%		5%	5%		63%		88%		100%		75%		
	73%			83%		60%		95%	100%		0 incentive paid		50% incentive paid		100% incentive paid		0 incentive paid		

Table 3 KPIs

KEY PERFORMANCE INDICATORS	PERFORMANCE DEFINITION	CONTRACT NO:		
		RED	AMBER	GREEN
		SIGNIFICANT IMPROVEMENT REQUIRED	IMPROVEMENT REQUIRED	PERFORMANCE MET
KPI 1 – Quarterly Progress Reports	The Contractor's performance shall be measured on its timely issue of full, updated and accurate Quarterly Progress Reports (QPRs), ten (10) business days in advance of each Quarterly Progress Meeting (QPM), throughout the duration of the Contract. QPRs shall cover all areas identified in WP 13 of the L118 LG (Light Gun) Statement of Work. The timeline shall only be paused if the Contractor can demonstrate to the Authority's satisfaction that events outside of its control have prevented timely submission. Subsequently the Authority and Contractor shall agree a revised date for QPR submission.	The Contractor shall issue the QPRs to the Authority less than four (4) business days in advance of QPM.	The Contractor shall issue the QPRs to the Authority within five (5) to nine (9) business days in advance of QPM	The Contractor shall issue the QPRs to the Authority within ten (10) business days in advance of QPM.

KEY PERFORMANCE INDICATORS	PERFORMANCE DEFINITION	CONTRACT NO:		
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KPI 2 – Obsolescence Management	<p>The Contractor's performance shall be measured by the delivery of the following documents according to the criteria opposite:</p> <ol style="list-style-type: none"> 1) An Obsolescence Management Plan (OMP) detailing obsolescence management strategy for the L118 LG including how obsolescence concerns and issues will be managed throughout the in-service period as per WP 8. 2) Routine obsolescence monitoring reports, to be included within the QPRs to be reviewed during the QPMs. <p>Note: In the event of a significant and unexpected obsolescence issue arising, the contractor shall bring this to the attention of the Authority within 10 working days from discovering an issue.</p> <p>The Contractor shall be responsible for implementing the recommended obsolescence resolutions as directed by the Authority via individual TAFs, which are to be measured by KPI5.</p>	<ol style="list-style-type: none"> 1) OMP delivered within 81 + working days post contract award and updated annually throughout the contract. or 2) Routine obsolescence reports delivered at the QPM. <p>Example:</p> <p>OMP delivered within 81 days post award or updated within 81 days post agreed due date annually or not delivered at all.</p> <p>Or</p> <p>Routine obsolescence report not delivered during the QPM</p>	<ol style="list-style-type: none"> 1) OMP delivered within 80 working days post contract award and updated annually throughout the contract. and 2) Routine obsolescence reports delivered at the QPM. <p>Example:</p> <p>OMP delivered within 80 days post award or updated within 80 days post agreed due date annually.</p> <p>And</p> <p>Routine Obsolescence Report delivered during the QPM</p>	<ol style="list-style-type: none"> 1) OMP delivered within 60 working days post contract award and updated annually throughout the contract. and 2) Routine obsolescence report delivered at the QPM. <p>Example:</p> <p>OMP delivered within 60 days post award or updated within 60 days post agreed due date annually.</p> <p>And</p> <p>Routine Obsolescence Report delivered during the QPM</p>

KPI 3 – Configuration Management	<p>The Contractor's performance shall be measured by the delivery of and effective Configuration Management of the L118 LG throughout the duration of the Contract, in accordance with WPs 1 – 6.</p> <p>Performance will be measured by the provision and timely issue of:</p> <ul style="list-style-type: none"> the Configuration Management Plan and management of the L118 LG Configuration Baseline (CBL). This will include generating relevant Product Definition Information (PDI), producing change proposals and issuing supporting certificates of Design where necessary. <p>NOTE:</p> <ul style="list-style-type: none"> Priority drawings are to be notified to the Contractor by the Authority on an ad hoc basis. Timescales for completion of priority drawings will be decided between the Contractor and the Authority at the Quarterly Progress Meeting. It is normally expected that 15 drawings will be completed per year by the Contractor, made up of 6 complex and 9 less complex. If this amount needs to be varied then it can be varied by mutual consent at the Quarterly Progress Meeting, depending on the work required and capacity of the Contractor. Provision of additional updates to the TDP drawings is to be done via TAF 	<p>The Contractor fails to EITHER issue the Configuration Management Plan within (90) working days post Contract Award OR to update annually throughout the contract.</p> <p>OR</p> <p>Significantly Fewer than the Agreed number of complex or less complex drawings, requested by the Authority, and agreed by the Contractor, are completed within the quarter *For calculations, see Table 4.</p> <p>OR</p> <p>< 79% of Change Proposals presented to all Authority attendees at least five (5) days in advance of each Configuration Control Committee, with supplementary Certificates of Design also presented where required.</p> <p>Performance calculation example:</p> <p>10 Change Proposals needed to be presented to all Authority attendees. 5 presented on time.</p>	<p>The Contractor shall issue the Configuration Management Plan within ninety (90) working days post Contract Award and updated annually throughout the contract.</p> <p>AND</p> <p>Fewer than the Agreed number of complex and less complex drawings, requested by the Authority, and agreed by the Contractor, are completed within the quarter. *For calculations, see Table 4.</p> <p>AND</p> <p>80% or more of all Change Proposals presented to all Authority attendees at least five (5) days in advance of each Configuration Control Committee, with supplementary Certificates of Design also presented where required.</p> <p>Performance calculation example:</p> <p>10 Change Proposals needed to be presented to all Authority attendees. 9 presented on time.</p>	<p>The Contractor shall issue the Configuration Management Plan within sixty (60) working days post Contract Award and updated annually throughout the contract.</p> <p>AND</p> <p>100% of Agreed complex or/and less complex drawings, requested by the Authority, and agreed by the Contractor, are completed within the quarter *For calculations, see Table 4.</p> <p>AND</p> <p>All Change Proposals will be presented to all Authority attendees at least five (5) days in advance of each Configuration Control Committee, with supplementary Certificates of Design also presented where required.</p>
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KEY PERFORMANCE INDICATORS	PERFORMANCE DEFINITION	CONTRACT NO:		
		RED	AMBER	GREEN
		SIGNIFICANT IMPROVEMENT REQUIRED	IMPROVEMENT REQUIRED	PERFORMANCE MET
	<p>procedure under non-core on ad hoc basis.</p> <ul style="list-style-type: none"> If the Authority does not request any Complex or Less Complex drawings within a quarter, the Contractor will be awarded Green automatically for this quarter only. Incomplete or late drawings will not be accepted towards targets for the specified quarter. A minor drawing/less complex change could include the following: a missing part number, typos, missing NSN. A major/complex drawing could include a drawing with dimensions e.g. changing the interface/need to find an alternative/the form, fit, function isn't the same, this would also include any multiples of the same drawing (different angles) that are of the same component. Minor/Less complex is classified as where an alternative part already exists and/or can be procured from multiple sources. Major/complex is classified as where the item required is specific to Light Gun 	7/10=70%	9/10=90%	

KPI 4 – Spares	<p>The Contractor's performance shall be measured by effective liaising with Spares Contractor (SC) (currently Babcock International Group PLC) for spares and components procured to support the L118 LG throughout the duration of the Contract.</p> <p>Performance will be measured by the provision and timely issue of:</p> <ol style="list-style-type: none"> 1) Spares Catalogue as per WP31. <ul style="list-style-type: none"> The Contractor has 130 working days to issue the catalogue post contract award and update it annually throughout the contract. 2) Spares and components procured to support the L118 LG DO contract as per WP31. <p>Note:</p> <ul style="list-style-type: none"> The Contractor has x working days to deliver spare parts, from the date of formal issue of a valid and funded purchase order from Babcock, where x is the number of days lead time specified in the catalogue. Performance shall be measured on the percentage of spare parts delivered within x working days (where x is the number of days specified in the catalogue) Lead times on non-catalogue items to be mutually agreed and be subject to KPI 4 If there are no POs during a quarter, then the Contractor will be awarded green (100%) by default for this part of the KPI for this quarter only. 	<ol style="list-style-type: none"> 1) The Contractor fails to Issue a Spares Catalogue for LG118 DO contract purposes within 195 (more than 9 months) working days post contract award and fails to update it annually throughout the contract. <p>or</p> <ol style="list-style-type: none"> 2) 0% - 80% <p>Performance calculation example:</p> <p>10 POs received in a quarter. 8 meet agreed response time. 8/10=80%</p>	<ol style="list-style-type: none"> 1) The Contractor issues a Spares Catalogue for LG118 DO contract purposes within 131-195 working days (6-9 months) post contract award and updates it annually throughout the contract. <p>and</p> <ol style="list-style-type: none"> 2) 81% - 95% <p>Performance calculation example:</p> <p>10 POs received in a quarter. 9 meet agreed response time. 9/10=90%</p>	<ol style="list-style-type: none"> 1) The Contractor issues a Spares Catalogue for LG118 DO contract purposes within 130 working days (6 months) post contract award and updates it annually throughout the contract. <p>and</p> <ol style="list-style-type: none"> 1) 96% - 100% <p>Performance calculation example:</p> <p>10 POs received in a quarter. 10 meet agreed response time. 10/10=100%</p>
KPI 5 – Provision of	<p>The Contractor's performance shall be measured by the response (timescales) to the Authority Part 1 Task Authorisation Form (TAF) with the Part 2 TAF for any</p>	<p>0% - 80%</p>	<p>81% - 95%</p>	<p>96 - 100%</p>

KEY PERFORMANCE INDICATORS	PERFORMANCE DEFINITION	CONTRACT NO:		
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Tasking Authorisation Form (TAF) for non-core activities	<p>individual TAF raised by the Authority to instruct a non-core activity for the duration of the contract.</p> <p>Note:</p> <ul style="list-style-type: none"> The Contractor has 30 working days to respond to the TAF Part A (returning the TAF Part B) from the date of receiving it. In case of long lead time items, the response time shall be agreed between the parties in writing based on a justification provided by the Contractor supported by relevant evidence. The Authority is to hold the Contractor accountable against that agreed date. If there are no TAFs during a quarter, then the Contractor gets green (100%) by default for this part of the KPI for this quarter only. 	<p>Performance calculation example:</p> <p>Authority issued 20 Part 1 TAFs to the Contractor, the Contractor returned 10 Part 2 TAFs on time.</p> <p>The Contractor has missed 10 Part 2 TAF deadlines.</p> <p>$10/20 = 50\%$</p>	<p>Performance calculation example:</p> <p>Authority issued 20 Part 1 TAFs to the Contractor, the Contractor returned 17 Part 2 TAFs on time.</p> <p>The Contractor has missed 6 Part 2 TAF deadlines.</p> <p>$17/20 = 85\%$</p>	<p>Performance calculation example:</p> <p>Authority issued 20 Part 1 TAFs to the Contractor.</p> <p>The Contractor returned 20 Part 2 TAFs on time.</p> <p>$20/20 = 100\%$</p>

TABLE 4

Number 'N' of drawings requested in quarter	Number 'M' of drawings completed in quarter as a proportion of 'N'		
0			
1 – 5	M/N = 100%	$50\% \leq M/N \leq 100\%$	$M/N \leq 50\%$
6 – 10	M/N = 100%	$70\% \leq M/N \leq 100\%$	$M/N \leq 70\%$
11 - 15	M/N = 100%	$80\% \leq M/N \leq 100\%$	$M/N \leq 80\%$

- Example: 8 drawings requested and 7 completed = Amber (87.5%).