Schedule 10 (Service Levels)

1. Definitions

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

"Critical Service Level Failure"	has the meaning given to it in the Award 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 Award Form;
"Service Credit Rating"	shall be as set out against the relevant Service Level in the Annex to Part A of this Schedule and as described in Paragraph 4 of the Annex to Part A of this Schedule;
"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.

2. What happens if you don't meet the Service Levels

2.1 The Supplier shall at all times provide the Deliverables to meet or exceed the Service Level Performance Measure for each Service Level.

2.2 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.

2.3 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.

2.4 A Service Credit shall be the Buyer's exclusive financial remedy for a Service Level Failure except where:

2.4.1 the Supplier has over the previous (twelve) 12 Month period exceeded the Service Credit Cap; and/or

2.4.2 the Service Level Failure:

(a) exceeds the relevant Service Level Threshold;

(b) has arisen due to a Prohibited Act or wilful Default by the Supplier;

(c) results in the corruption or loss of any Government Data; and/or

(d) results in the Buyer being required to make a compensation payment to one or more third parties; and/or

2.4.3 the Buyer is otherwise entitled to or does terminate this Contract pursuant to Clause 10.4 of the Core Terms (Buyer Termination Rights).

2.5 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:

2.5.1 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;

2.5.2 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

2.5.3 there is no change to the Service Credit Cap.

3. Critical Service Level Failure

Crown Copyright 2019

On the occurrence of a Critical Service Level Failure:

3.1 any Service Credits that would otherwise have accrued during the relevant Service Period shall not accrue; and

3.2 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.

Crown Copyright 2019

Part A: Service Levels and Service Credits

1. Service Levels

If the level of performance of the Supplier:

1.1 is likely to or fails to meet any Service Level Performance Measure; or

1.2 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:

1.2.1 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;

1.2.2 instruct the Supplier to comply with the Rectification Plan Process;

1.2.3 if a Service Level Failure has occurred, deduct the applicable Service Level Credits payable by the Supplier to the Buyer; and/or

1.2.4 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).

2. Service Credits

2.1 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.

2.2 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 in accordance with calculation formula in the Annex to Part A of this Schedule.

Crown Copyright 2019

Annex 1 to Part A: Service Levels and Service Credits

KPI/Service Level	Description	Service Level Performance Measure	KPI Target	Service Credit Rating	To be published on Gov.UK
KPI 1 - Service Delivery	The Supplier responds to APHA requests within the required timescales and ensures appropriate representation at regular Contract review meetings.	Supplier's Service Manager (SM) or Deputy Service Manager (DSM) responds to urgent queries within twenty-four (24) hours of request. Supplier's SM (or DSM) responds to routine service requests, requests for adjustments to ordering volumes or issues within five (5) days of receipt. Supplier ensures the appropriate representatives attend the Contract review meetings, scheduled on a monthly, quarterly and annual basis.	100%	2	Yes
KPI 2 - Reporting	The Supplier submits management and service capability information, including the reporting of issues, to APHA within agreed timescales.	Monthly stock level reports are submitted on the first Working Day of each month, detailing stock levels, production and testing status of batches destined for the UK. Monthly reporting of risks with regards to the manufacture and delivery of pre-ordered Goods. Issues with regards to the manufacturing and delivery of pre-ordered Goods shall be reported at the earliest opportunity and within	100%	2	No

Annex 1 to Part A: Service Levels and Service Credits

		forty-eight (48) hours of issue arising.			
KPI 3 - Delivery	Deliveries take place on a monthly basis with sufficient notice.	The Supplier delivers Goods, including clearance through UK customs, on a monthly basis providing APHA with five (5) days written notice to include despatch note and delivery details prior to dispatch ensuring delivery arrives on a Working Day at APHA Weybridge.	100%	2	Yes
KPI 4 - Contingency supply and planning	The Supplier maintains sufficient contingency and planning arrangements for APHA.	Six (6) months stock reserved and maintained by the Supplier from two (2) months prior to the 1st delivery of Goods as part of BCDR arrangements. BCDR prepared by the Supplier, agreed with and delivered to APHA, at least ninety (90) Working Days prior to the first Goods Delivery (as per Schedule 14 of the Contract), reviewed and updated quarterly by the Supplier. All updated plans to be shared, discussed and agreed with APHA.	100%	2	No
KPI 5 – Goods Suitability	The Supplier complies with UK quality standards.	Tuberculin Batch release certification by UK Regulatory Authority and full report of quality testing certification to be provided to APHA for each batch released for use in the UK.	100%	2	Yes

Crown Copyright 2019

Annex 1 to Part A: Service Levels and Service Credits

KPI 6 – Quality of Goods on Delivery	The Supplier complies with the Delivery requirements of the Contract.	Goods arrive at APHA in accordance with the requirements of Schedule 2 (Specification) of Requirements and the Core Terms Deliveries are made via cold chain distribution with loggers in load. Delivery temperature control monitored data to be reported to APHA's PPD Tuberculin Manager.	100%	2	No
KPI 7 – Social Value	The Contractor submits management information annually on delivery of environmental benefits, specific to this requirement.	The information below is an example of the type of measure the Authority require as part of this contract. Annual reporting to demonstrate (% to be confirmed) reduction in emissions of greenhouse gases arising from the performance of the contract, measured in metric tonnes carbon dioxide equivalents (MTCDE). Annual reporting to demonstrate (% to be confirmed) reduction in water use arising from the performance of the contract, measured in litres. Annual reporting to demonstrate (% to be confirmed) reduction in waste to landfill arising from the performance of the contract, measured in metric tonnes.	100%	0	No

Annex 1 to Part A: Service Levels and Service Credits

The application of Service Credits is governed by the following principles:

1. Service Credits sit within the wider service management approach being pursued by the Supplier and the Buyer. Use of Service Credits does not preclude other non-financial remedies for failure of performance available to the Buyer under the terms and conditions of the Contract.

2. The Service Credit regime will be instigated on each occasion when there is a Service Level Failure (i.e. where a KPI is identified as having a 'Red status') within the performance monitoring period. Failure to meet a KPI may also give rise to a Rectification Plan.

   - KPIs with a Service Credit rating of 0 will have no associated Service Credit.
   - KPIs with a Service Credit rating of 1 will have a Service Credit of 3% of the total order value for the order (or the applicable quarterly period) in which the service failure occurred, applied for each KPI failure.
   - KPIs with a Service Credit rating of 2 will have a Service Credit of 5% of the total order value for the order (or the applicable quarterly period) in which the service failure occurred, applied for each KPI failure.

3. Service Credits will be paid to the Buyer as a credit note to the next order invoice.

4. The full, agreed Service Credit regime will operate from the initial delivery date until the end of the Contract. At the end of the first complete performance monitoring period, the Buyer and the Supplier will enter into good faith discussions to review the KPIs and assess their effectiveness. The KPIs may be adjusted to ensure that they are appropriate and achievable.

Part B: Performance Monitoring

1. Performance Management Framework

1.1 As part of the Buyer's continuous drive to improve the performance of all contracts, this Performance Management Framework will be used to monitor, measure and control all aspects of the Supplier's performance of contract responsibilities under the Contract.

1.2 The purpose of this Performance Management Framework is to set out the obligations on the Supplier, to outline how the Supplier's performance will be evaluated and to detail the sanctions for performance failure. The Supplier is responsible for the performance of any sub-contractors.

1.3 Key Performance Indicators (**KPIs**) are essential to align Supplier performance with the requirements of the Buyer and to do so in a fair and practical way. KPIs must be realistic, achievable, and set to indicate where the service is failing if they are not achieved. Without the additional use of Service Credits, failure to meet KPIs will strain the relationship as delivery falls short of agreed performance standards.

1.4 The use of a strong Service Credit regime accompanied by a proactive approach to correcting failures and addressing their cause improves the relationship and enables a partnership rather than a confrontational style of working. Its focus is on managing and improving service. It is not about taking cost out of the service.

1.5 KPIs are set out at Annex 1 to Part A above. They will be monitored on a monthly basis and will form part of the Quarterly Contract Review Meeting.

1.6 The Buyer will be entitled to refine, vary or modify the KPIs, performance standards and Service Credits from time to time during the Contract period through a Variation to be agreed with the Supplier in accordance with the Variation Procedure.

1.7 Where a KPI has a percentage measure, the Supplier's performance will be rounded to the nearest whole number.

1.8 The Supplier shall maintain its own management reports, including a risk and issues log and a Business Continuity and Disaster Recovery (BCDR) plan detailing business continuity in the event of an issue arising.

1.9 The Supplier shall also produce monthly reports **("Performance Monitoring Reports**") detailing stock levels, production and testing status of batches destined

for the UK, and any threats to the continuity of supply to APHA's PPD Tuberculin Manager five (5) Working Days prior to each monthly review meeting.

1.10 Any performance issues highlighted in the monthly Performance Monitoring Reports shall be addressed by the Supplier, who shall be required to provide an updated contingency plan detailing actions to address all issues highlighted within a week of receipt of the report. Monthly performance management reports and KPI performance will be a key feature of the Annual Contract Review meetings.

1.11 Where performance failure attributable to the Supplier is identified in the Performance Monitoring Report and relates to the KPIs then the Service Credit regime may apply, at the sole discretion of the Buyer.

1.12 The Contractor's performance against at least three (3) KPIs in this PMF will be shared with the UK Government Cabinet Office for publishing on GOV.UK. This is part of the Government's commitment to transparency and building confidence in the delivery of public services. The KPIs that the Authority intends to share are shown in Part A above.