

Schedule 3

Monitoring and Information Requirements

This Schedule sets out the Contract and performance management requirements which are applicable to the delivery of the Services. It also sets out the Management Information requirement for the Contract.

1 Reviewing Contract Performance

- 1.1** Notwithstanding the Parties' obligations to comply with the Contract, the Contractor shall work with the Authority to establish and maintain an effective and beneficial working relationship to ensure the Contract is delivered in accordance with the terms of this Schedule.
- 1.2** The Contractor shall manage and report on any sub-contractual arrangements. Arrangements shall include mechanisms for the provision of Management Information, including feedback to and from customers, stakeholders and employers, change control procedures and the prompt resolution of any problems.
- 1.3** The Contractor shall work with the Authority to establish suitable administrative arrangements for the effective management and performance monitoring of the Contract and shall provide information as requested to monitor and evaluate the success of the Contract and the Contractor's management and delivery of it. The Authority will agree with the Contractor day-to-day relationship management, contact points, communication flows and escalation procedures.
- 1.4** Any additional requests for information shall be considered in consultation with the Contractor as shall the process of defining the methods of collection.
- 1.5** Where an ongoing, short-term or one-off requirement is agreed, both Parties agree that it shall be included, or deemed to be included within this Schedule.
- 1.6** Review meetings between the Authority and the Contractor shall also cover, as appropriate, resolving disputes and/or dealing with contractual breaches in accordance with the terms and conditions of this Contract. Roles and responsibilities will be documented and the personnel involved in managing the relationship identified and suitably empowered.
- 1.7** The Authority may undertake spot checks at any time to ensure that the Contractor is complying with its obligations under this Contract and the Contractor shall co-operate fully, at its own cost, with the Authority.
- 1.8** The Contractor shall continuously improve the quality of the provision including that delivered by Sub-contractors. Where quality falls below the contractual obligations, the Contractor will be expected to have suitable escalation procedures in place and, in respect of sub-contracted provision, take action where necessary to terminate the Contract.

Performance Monitoring

- 1.9** The Contractor shall manage the Contract and any Sub-contractors, including addressing poor performance. The Contractor must therefore ensure that all systems and processes used for the monitoring and recording of performance are robust, provide a clear audit trail of

evidence and give confidence to the Authority that the Contractor and its supply chain are delivering the Services in accordance with its contractual obligations.

- 1.10** The Authority will regularly monitor Contractor performance. The initial Contract review will be informed by the award of Contract process and reviewed thereafter.
- 1.11** The Contract will be managed using the Authority's Category Management and performance management structures. The Authority has moved away from a basic contract compliance model towards an approach where it will be able to share future thinking and insights from other delivery/management experience, jointly identifying opportunities for efficiency gains or better outcomes.
- 1.12** The Authority's Category Management is the strategic relationship management between the supplier (across all of the Authority's contracts) and Authority Category Managers are responsible for developing the supplier base to meet current and future needs. They take the lead with key contractors, developing strategic partnerships to understand the commercial and business drivers and the market in which the supplier operates. They develop long term strategic partnerships with these key contractors to maximise performance, quality, delivery of contractual service and value for money. The Authority will be looking to Contractors to signal changes they are experiencing in participant characteristics so that it can factor those changes into policy development.
- 1.13** Contractor performance will be managed by performance teams. These teams are based in regional hubs and are responsible for developing the Contract Package Area to ensure the required level of contractual performance is achieved.
- 1.14** The Contractor will be required to appoint a named Contractor Performance Manager who will cooperate with the Authority Performance Manager to ensure that the Contract is delivered as specified in the Contract and that required standards and contractual performance levels are met.

Contract Performance Reviews

- 1.15** The purpose of the Contract performance reviews is to encourage an open and regular dialogue between the Parties with the purpose of ensuring that the Services, including the contractual standards and outputs are being delivered appropriately and to drive up the performance and quality of the Services. They will encourage the Parties to review performance, discuss opportunities for continuous improvement and raise and address any complaints or persistent problems encountered with the Contract. Where issues cannot be immediately addressed, the Authority and the Contractor may follow the dispute resolution procedure detailed in Schedule 12 or the Performance Improvement Process as detailed in the Contract.
- 1.16** Review meetings between the Authority and the Contractor shall also cover, as appropriate, resolving disputes and/or dealing with contractual breaches in accordance with the terms and conditions of this Contract.
- 1.17** Contractor performance reviews must be formally undertaken and documented. The Contractor will be expected to provide any additional Management Information required by the Authority to facilitate the reviews and arrange where necessary access to any of its delivery locations, including those operated by Sub-contractors.

- 1.18** Any improvements or actions agreed between the Parties will form part of the continuous improvement activity recorded in the Performance Action Plan to influence performance improvement. It will be the Contractor's responsibility to develop the Performance Action Plan which will be discussed and agreed with the Performance Manager.

2 ESF Compliance Monitoring Officers

- 2.1** The Compliance Monitoring Officer's (CMO) role is to perform regular evidence based checks that all ESF and match funded contractors are adhering to the delivery models set out in their contracts.
- 2.2** This includes checking samples of Participant records to validate eligibility, activity and payment for these Participants supported by the Lead Contractor and, if appropriate, their supply chain. Where the Authority funds the delivery of all or part of this Contract using ESF monies and/or uses this Contract as match (in part or in full) for contracts funded (or part funded) using ESF monies, CMOs will check that the ESF Regulatory Requirements, in terms of Marketing and Publicity; Sustainable Development; Equality and Diversity; Document Retention are being adhered to (electronic versions of all documents are kept; no paper copies will be accepted).
- 2.3** The Authority specifies the location where the checks will take place. All records must be available on the Contractor System for inspection.
- 2.4** The Contractor is expected to have the necessary remote IT equipment which they can bring to the location to enable the Authority to carry out centralised checks of the Contractor's systems; this includes the provision of any necessary electronic evidence that is required by the CMO to undertake the checks effectively. The Authority will carry out these checks at the following locations:
- (a) London;
 - (b) Birmingham;
 - (c) Sheffield;
 - (d) Leeds;
 - (e) Newcastle
- 2.5** All issues arising from CMO checks are reported to the Contractor. Contract review meetings with Authority Supplier Managers and Performance Managers will include discussions around compliance issues identified by CMOs. Further information regarding CMO will be detailed in the ESF Provider Guidance which will be available with the ITT.
- 2.6** The Authority reserves the right to carry out physical checks on documentation as part of this process.
- ## **3 Assuring Contractor's Systems**
- 3.1** The Contractor must comply with the Authority's systems assurance requirements as described in this section and notified to the Contractor by the Authority from time to time.

- 3.2** The primary purpose of the Provider Assurance Team is to provide the Authority with an assurance that payments to contracted employment provision contractors are in accordance with the Authority and Treasury requirements that public funds and Authority data are protected and that value for money has been obtained.
- 3.3** The Authority's Provider Assurance Team ("**PAT**") and the Security and Business Continuity Team ("**S&BCT**") review Contractors' internal control systems to assess the Contractors' ability to manage risk across four key areas:
- (a) Governance Arrangements – covering the provider's governance arrangements, systems for tracking and reporting performance and their anti-fraud measures;
 - (b) Service Delivery – includes the provider's systems for starting, ending and moving Participants through the Services and generally looks to ensure that the Authority is getting the service it is paying for. This section also covers management of the supply chain;
 - (c) Claim Procedures and Payments – looks to ensure that providers have in place effective systems to support their claims for payment, including appropriate segregation of duties; and
 - (d) Data Security – looks to ensure that Providers have in place adequate systems to safeguard the Authority data whilst it is being stored and/or transmitted around their organisations.
- 3.4** On completion of each review by the Authority, the Contractor will be awarded an assurance rating from PAT in one of the following four categories – (i) weak; (ii) limited; (iii) reasonable; or (iv) strong, and will also receive an assurance rating from S&BCT regarding data security. The Authority shall also send a formal report to the Contractor which details the review findings including key strengths and areas for improvement; where weaknesses have been identified the Contractor will be asked to complete an action plan setting out appropriate steps for improvement and this is followed up at an agreed point.
- 3.5** The timescale for a subsequent review is determined at the sole discretion of the Authority. Further details of this are set out in the Specification.
- 3.6** If the Contractor is attributed a "Weak" or "Limited" Provider Assurance Rating and/or an equivalent rating from S&BCT, as notified to the Contractor by the Authority from time to time, the Contractor shall deploy all additional resources and take all remedial action that is necessary to remedy the "Weak" or "Limited" Provider Assurance Rating or to prevent the "Weak" or "Limited" Provider Assurance Rating from recurring by a date specified by the Authority.
- 3.7** The Authority is entitled to regard the following circumstances, without limitation, to be a Serious Breach of the Contract which shall entitle it to terminate in accordance with clause H2:
- (a) where the Contractor has been awarded a Provider Assurance Rating of "Weak" or "Limited" and/or an equivalent rating from S&BCT, as notified to the Contractor by the Authority from time to time, in two (2) separate consecutive Provider Assurance Reviews for reasons which the Authority regards, at its sole discretion, as similar reasons; or

- (b) where the Contractor has been awarded a Provider Assurance Rating of "Weak" or "Limited" and/or an equivalent rating from S&BCT as notified to the Contractor by the Authority from time to time, in three (3) separate consecutive Provider Assurance Reviews regardless of the reasons for such award; or
- (c) on-going or repeated failures on the part of the Contractor to comply with and implement the Authority's reasonable requirements as set out in an action plan issued by PAT and/or S&BCT.

3.8 Notwithstanding any other term of this Contract the Contractor hereby gives its consent for the Authority to publish from time to time any of the Contractor's Provider Assurance Ratings and/or equivalent rating from S&BCT to the general public and to provide the Contractor's Assurance Ratings to any person as the Authority deems appropriate. The Contractor shall assist and cooperate with the Authority to enable the Authority to publish and provide the Contractor's Provider Assurance ratings to any person the Authority deems appropriate in accordance with this paragraph.

3.9 The Authority will from time to time publish the Contractor's assurance levels and names and the Contractor hereby consents to such publication.

3.10 Further information as regards to the Provider Assurance processes and reviews can be found in the Provider Guidance:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/446788/pg-chapter-6-v3.pdf

4 Access

4.1 In all instances, the Contractor shall co-operate and provide such reasonable assistance as may be necessary to facilitate such monitoring. Failure to provide such reasonable assistance shall be deemed a "Serious Breach" for the purposes of clause H2.

5 Health and Safety Responsibilities of the Authority Visiting Officers

5.1 The Authority's representatives may visit Contractors and its Sub-contractors for a variety of reasons. In the course of their normal duties such representatives of the Authority shall adopt an 'eyes and ears' approach to monitoring health and safety. In doing this the Authority representatives shall not be conducting a health and safety inspection, nor shall they be in a position to offer advice on whether something is safe or not. Instead they shall approach this from the position of any lay person. If, however, the Authority's representative does notice something on which they require assurance or clarification, they shall raise this with the Contractor or the Contractor's Sub-contractor's representative at the location where they are visiting. In no event are the Authority representatives to be seen as offering professional advice on health and safety matters and as such, shall not be liable for any advice or comments or otherwise given to the Contractor or its Sub-contractors or any omission to give such advice, comments or otherwise.

6 Contractor Management Information (MI) Requirements

6.1 The Authority intends, wherever it can, to capture and collate information through its IT system(s). However, the Authority does reserve the right to make reasonable requests for

information (at no additional charge) from the Contractor including ad-hoc requests for information from time to time.

- 6.2** The Contractor shall supply information requested relevant to the delivery of the Services to the Authority, using formats and to timescales specified by the Authority.
- 6.3** The Authority reserves the right, at its absolute discretion, to request the Contractor to consolidate the reporting of Management Information under this Contract with any other contract between the Parties procured under the same procurement process set out in Recital C.
- 6.4** The Contractor shall also capture and use their own MI and retain evidence for contractual and performance purposes. This should include pipeline data (forward look performance information relating to attainment of Participants) to inform performance discussions with the Contractor Performance Managers and robust tracking systems to be able to identify and performance manage Participants.
- 6.5** Where an on-going, short-term or one-off requirement is agreed, both Parties agree that it shall be included, or deemed to be included within this Schedule.
- 6.6** The Contractor shall supply Management Information listed below relevant to the delivery of the Services to the Authority, using formats and to timescales as specified. This includes but is not limited to the Management Information listed below at the frequency and format specified:

| Contractor Management Information Required | Frequency or Date Required by |
|------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------|
| Submit copy of Board Minutes for Parent Company where Guarantee has been signed | Date as outlined in clause G4.2 |
| Full and final Security Plan in accordance with Schedule 6 | Within twenty (20) Working Days after the Commencement Date and reviewed at least annually thereafter. |
| Sustainable Development Policy Statement & Sustainable Development Plan in accordance with Schedule 7 | Within six (6) Months of Commencement Date and at least annually thereafter. |
| Diversity & Equality Delivery Plan in accordance with Schedule 8 | Within six (6) Months of Commencement Date and at least annually thereafter. |
| Workforce Monitoring Data Template – Appendix 3 of the Diversity and Equality Guidance for Contractors document, in accordance with Schedule 8 | Within six (6) Months of Commencement Date and at least annually thereafter. |

| | |
|------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Apprenticeships & Skills Report in accordance with Schedule 10 | Within six (6) Months of the Commencement Date and written updates on a [quarterly] basis thereafter. |
| Life Chances Workforce Monitoring Template in accordance with Schedule 14 | Within six (6) Months of Commencement Date and at least annually thereafter. |
| HMG Baseline Personnel Security Standard - Contractor's Declaration see HMG Baseline Personnel Security Standard - A Guide for DWP Contractors | Within four (4) weeks of the Commencement Date and submitted for each calendar year thereafter within one Month of the end of each calendar year (i.e. by 31 st January for year ending 31 st December) |
| Supply chain expenditure with SMEs (Quarterly return) | The Contractor, and where applicable, its Sub-contractors shall identify the volume of expenditure they undertake with SMEs in the delivery of this Contract and submit this information to the Authority on a quarterly basis. |

- 6.7** The Authority shall be entitled to amend the reporting frequency and format in respect of any or all Management Information or waive the requirement for any aspect of the Management Information to be reported upon by giving the Contractor not less than one (1) Month's notice in writing.

Appendix A

Contract Performance Targets/Service Levels

1 Minimum Performance Levels

The Minimum Performance Levels / Customer Service Standards will be the performance levels / conversion rates contained in the Tenders received from bidders. The assumptions provided above are for information and guidance only. See p3.18 (Performance and Payment Model) for information on Minimum Performance Levels and Annex 4 of the Specification for Customer Service Standards.

1.1 Unemployed New Business Start-Ups

In accordance with the terms of the Contract, the Contractor will be required to deliver the following targets as detailed in the Tender:

- (a) 49% of Participant starts will produce a Business Plan (as defined in the Specification Section 3) and start trading. The Contractor is to support Participants through the scheme to develop their Business Plan and prepare for self-employment. The Contractor will be expected to support at least 49% of Participants who start the scheme to reach a standard where their Business Plan is suitable to be signed off and they start trading.
- (b) The Authority expects that, of the 100% Initial Assessments/Starts, 49% of Participants will start trading and 42% of Initial Assessments/Starts will reach 26 weeks trading.

1.2 UC Claimants with Existing Businesses

In accordance with the terms of the Contract, the Contractor will be required to deliver the following performance as detailed in the Tender:

- (a) The Authority expects at least 75% of Participant starts will produce a Business Development and Growth Plan for assessment. The Contractor is to support Participants through the scheme to develop their Business Development and Growth Plan. The Contractors will be expected to support at least 75% of Participants who start the scheme to reach a standard where their Business Development and Growth Plan is suitable to be signed off.
- (b) The Authority expects that, of the total starts, 75% of Participants will produce a Business Development and Growth Plan for assessment, and 43% of starts will have earnings assessed at an average above the Minimum Income Floor within a period of 26 weeks.

52 week outcome

1.3 Unemployed New Business Start-Ups

The Contractor shall provide to the Authority data showing the number of Unemployed New Business Start Up who are continuing to trade 52 weeks after they commenced trading.

1.4 UC Claimants with Existing Businesses

The Contractor shall provide to the Authority data showing the number of UC Claimants with Existing Businesses Participants whose average income between weeks 26 and 52 after sign off of the Participant's Business Development and Growth Plan remains above the Minimum Income Floor.

2 Customer Service Standards

The Contractor will be expected to recruit sufficient numbers of volunteer and or paid business advisers (providers should aim for at least [50%] of Participants to be matched with volunteer mentors).

Undertake Initial Assessments for all Participants referred onto the scheme within 10 working days.

Ensure appropriate advice, guidance and Mentoring and business support is given to Participants throughout the Mentoring phase of the NEA Phase 2. Support will differ in individual cases, but the minimum requirement is for Participants to have two face to face meetings with the business adviser or volunteer Mentor (this is in addition to the Initial Assessment). It is important that Providers give ongoing support for the period of the Mentoring. The two face to face meetings are intended to represent a minimum standard and most Participants will require far more support.

3 KPIs/Performance Requirements/Service Level

In delivering the Services the Contractor acknowledges that it is under an obligation to meet the following performance targets/service levels and furthermore that failure to meet all or any of the defined such targets/service levels, shall entitle the Authority to serve notice to terminate on the Contractor.

The following performance targets/service levels have been agreed between the parties:

| Performance Target/Service Level |
|----------------------------------|
| As stated above in this Appendix |

- 4 "Service Failure" means a failure by the Contractor to provide the Services in accordance with any individual service level described above (measured on a monthly/quarterly/annual basis).

Appendix B

Performance Review Table for Performance Management

- 1 The following definitions shall be used to determine the standard **Performance Rating** in the Contractor's Performance Review Table:

| | | |
|---|---------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 4 | High Standard | <ul style="list-style-type: none"> • Sometimes exceed and consistently achieves the required standard • Very few weaknesses • Limited management support needed. |
| 3 | Acceptable Standard | <ul style="list-style-type: none"> • Meets required standard • Few weaknesses • Some management support needed |
| 2 | Below Standard | <ul style="list-style-type: none"> • Usually meets, but sometimes fails to meet required standard • Some weaknesses • Considerable management support needed |
| 1 | Failure | <ul style="list-style-type: none"> • Cannot meet required standard without excessive management support • Many weaknesses |

- 2 **Example of a Contractor's Performance Review Table:**

| | | |
|---------------------------|-------|---------|
| Date of Review | | |
| Description | Score | Remarks |
| | | |
| | | |
| | | |
| | | |
| Total | | |
| Comments | | |
| | | |
| | | |
| Signed for the Authority | Date | |
| | | |
| Signed for the Contractor | Date | |
| | | |