

OFFICIAL - SENSITIVE - COMMERCIAL

HMRC Standard Goods and Services Model Contract v1.0

SCHEDULE 2.2

PERFORMANCE LEVELS

Corporate Model ICT Contract

Performance Levels - Short Form

DEFINITIONS

In this Schedule, the following definitions apply:

"Critical Failure"	KPI	Where: <ul style="list-style-type: none">(a) the Supplier fails to provide any part of the Services to a level which meets or exceeds the Critical KPI Failure Performance Threshold for the relevant KPI; and/or(b) there is a Repeat Failure Count of four (4) or more for the relevant KPI.
"Compensation for Unacceptable KPI Failure"		has the meaning given in Paragraph Error! Reference source not found. (<i>Unacceptable KPI Failure</i>);
"Critical Failure Performance Threshold"	KPI	the relevant level of performance designated as such for a KPI and set out in the relevant table in Annex 1;
"KPI"		the key performance indicators set out in Table 1 of Part I of Annex 1;
"KPI Failure"		the Supplier fails to provide any part of the Services in accordance with and so as to at least meet the relevant Target Performance Levels;
"Measurement Period"		in relation to a KPI, the period over which the Supplier's performance is measured (for example, a Service Period if measured monthly or a twelve (12) month period if measured annually), as is specified for each KPI in the table set out at Annex 1;
"Service Credit Cap"		10% of the monthly Service Charges;
"Service Period"		in relation to a KPI, the period over which the Supplier's performance is measured, which shall be a calendar month, save that: <ul style="list-style-type: none">(a) the first service period shall begin on the Commencement Date and shall expire at the end of the calendar month in which the Commencement Date falls; and

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- (b) the final service period shall commence on the first day of the calendar month in which the Term expires or terminates and shall end on the expiry or termination of the Term;

“Target Performance Level”	the minimum level of performance for a KPI which is required by the Authority, as set out in the table in Annex 1;
“Unacceptable KPI Failure”	the Supplier committing a KPI Failure in respect of 75% or more of the KPIs that are measured in a Service Period.

PART A: KPI'S AND SERVICE CREDITS

1 SERVICE LEVEL FAILURE

- 1.1 The Supplier shall at all times provide the Services to meet or exceed the Target Performance Level for each KPI.
- 1.2 The Target Performance Level is the minimum standard of performance which is required by the Authority.
- 1.3 If in any Service Period, a KPI Failure occurs:
 - (a) the Supplier shall comply with the Rectification Plan Process; and
 - (b) without prejudice to the Authority's other rights and remedies, the Authority shall be entitled to terminate the Agreement under Clause 33.1(b) (Termination by the Authority) if the KPI Failure is an Unacceptable KPI Failure or Critical KPI Failure.
- 1.4 Subject to Clause 5.13(d) (*Optional Services*), each KPI which relates to a Service shall apply and be measured from the relevant Operational Service Date of the relevant Service(s) to which that KPI relates (unless otherwise stated in Annex 1).
- 1.5 If the Supplier fails to measure or report on a KPI in accordance with Part B of this Schedule, the Supplier shall be deemed to have failed to meet the Target Performance Level for the relevant KPI in the relevant Measurement Period, unless the Authority otherwise agrees in writing.
- 1.6 Each Target Performance Level and/or Critical KPI Failure Performance Threshold may only be changed as a result of the application of:
 - (a) the Change Control Procedure;
 - (b) the continuous improvement requirements set out in Schedule 7.3 (*Value for Money*) of this Agreement which will be addressed through the Change Control Procedure; or

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- (c) the agreed results of a benchmarking exercise which is carried out pursuant to the provisions of Schedule 7.3 (*Value for Money*) which will be addressed through the Change Control Procedure.

2 REPEAT KPI FAILURES

- 2.1 If a KPI Failure occurs in respect of the same KPI in any two consecutive Measurement Periods, the second and any subsequent such KPI Failure shall be a "**Repeat KPI Failure**".
- 2.2 In each Performance Monitoring Report, the Supplier shall track and report on the current number of sequential Repeat KPI Failures for each KPI (the "**Repeat Failure Count**"). For example, if a KPI Failure has occurred in three (3) sequential Measurement Periods, the Repeat Failure Count will be two (2).
- 2.3 When, in a Measurement Period, a KPI with a Repeat Failure Count above zero (0) meets its Target Performance Level, the Repeat Failure Count shall be reset to zero (0).

3 COMPENSATION FOR UNACCEPTABLE KPI FAILURE

- 3.1 On the occurrence of an Unacceptable KPI Failure, the Authority 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 Unacceptable KPI Failure**"), provided that the operation of this Paragraph 3.1 shall be without prejudice to the right of the Authority to terminate this Agreement and/or to claim damages from the Supplier for material Default.
- 3.2 If the level of performance of the Supplier is likely to cause or causes an Unacceptable KPI Failure to occur, the Supplier shall immediately notify the Authority in writing and the Authority, in its absolute discretion and without limiting any other of its rights, may:
 - (a) require the Supplier to immediately take all remedial action that is reasonable to mitigate the impact on the Authority and to rectify or prevent an Unacceptable KPI Failure from taking place or recurring;
 - (b) exercise any right that it has pursuant to Paragraph 3.1 above.
- 3.3 The Supplier agrees that the application of Paragraph **Error! Reference source not found.** is commercially justifiable where an Unacceptable KPI Failure occurs.

4 FORCE MAJEURE EVENT

- 4.1 The Authority shall not be entitled to withhold and retain any of the Service Charges as Compensation for Unacceptable KPI Failure to the extent that a KPI Failure has been caused by the Force Majeure Event.

PART B: PERFORMANCE MONITORING

1 PERFORMANCE MONITORING AND PERFORMANCE REVIEW

- 1.1 Within 10 Working Days of the end of each Service Period, the Supplier shall provide a report to the Authority Representative which summarises the performance by the Supplier against each of the applicable Target Performance Levels as more particularly described in Paragraph 1.2 of this Part B (the “**Performance Monitoring Report**”).
- 1.2 The Performance Monitoring Report shall be in such format as requested by the Authority from time to time, but shall contain, as a minimum, the following information:

Information in respect of the Service Period just ended

- (a) for each KPI the actual performance achieved over the Service Period and the relevant Measurement Period which has just ended, and that achieved over the previous three (3) relevant Measurement Periods;
- (b) a summary of all KPI Failures that occurred during or which have occurred by the end of the Service Period;
- (c) the Severity Level of each KPI Failure which occurred during the Service Period or by the end of it;
- (d) which KPI Failures remain outstanding and progress in resolving them;
- (e) for any Critical KPI Failures occurring during or by the end of the Service Period, the cause of the relevant KPI Failure and the action being taken to reduce the likelihood of recurrence;
- (f) the status of any outstanding Rectification Plan processes, including:
- (g) whether or not a Rectification Plan has been agreed; and
- (h) where a Rectification Plan has been agreed, a summary of the Supplier's progress in implementing that Rectification Plan;
- (i) for any Repeat KPI Failures, actions taken to resolve the underlying cause and prevent recurrence;
- (j) the amount of Compensation for Unacceptable KPI Failure to be applied, indicating the KPI Failure(s) to which the Compensation for Unacceptable KPI Failure relates;
- (k) relevant particulars of any aspects of the Supplier's performance which fail to meet the requirements of this Agreement;
- (l) such other details as the Authority may reasonably require from time to time;

Information in respect of previous Service Periods

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- (m) a rolling total of the number of KPI Failures that have occurred over or by the end of the past six Service Periods, including any Repeat Failure Counts; and
- (n) the amount of Compensation for Unacceptable KPI Failure that has been incurred by the Supplier over or by the end of the past six Service Periods.

Performance Disputes

- 1.3 The Performance Monitoring Report shall be reviewed by the Authority including at the next Performance Review Meeting held in accordance with Paragraph 1.4. The Supplier acknowledges and agrees that the Authority may, whilst it considers the Performance Monitoring Report, provide, acting reasonably and in good faith, its own assessment of the Supplier's actual level of performance against a particular KPI. In the event of any dispute or difference between the Supplier's assessment and the Authority's assessment in respect of a KPI the Authority's assessment shall, for the purposes of the calculation of the Supplier's level of actual performance in relation to the relevant Measurement Period (and any associated remedies) prevail. However, without prejudice to the foregoing, the Supplier shall be entitled to subsequently escalate any such dispute or difference in accordance with the Dispute Resolution Procedure.
- 1.4 The Parties shall attend meetings on a monthly basis (unless otherwise agreed) to review the Performance Monitoring Reports. These meetings ("**Performance Review Meetings**") shall (unless otherwise agreed):
 - (a) take place within 5 Working Days of the Performance Monitoring Report being issued by the Supplier;
 - (b) take place at such location and time (within normal business hours) as the Authority shall reasonably require (unless otherwise agreed in advance); and
 - (c) be attended by the Supplier Representative and the Authority Representative.
- 1.5 The Authority shall be entitled to raise any additional questions and/or request any further information from the Supplier regarding any KPI Failure.
- 1.6 In addition to the requirements above and elsewhere in this Agreement to maintain and provide appropriate documents and records, the Supplier shall provide to the Authority such supporting documentation as the Authority may reasonably request from time to time in order to verify the level of the performance of the Supplier.

2 PERFORMANCE VERIFICATION

- 2.1 The Authority reserves the right to verify any aspect of the Services and the Supplier's performance under this Agreement against the Target Performance Levels, including by sending test transactions through the IT Environment or otherwise.

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ANNEX 1: KPI'S

SLA No	Service Description	Service Level Requirement	KPI Number	KPI	Service Credit	KPI Target	KPI Critical Failure Performance Threshold
1	GRACE Service availability	<p>1.1 The GRACE service will be available to all eligible Government Banking resource from 07:00 to 19:00 (GMT/BST) on working days (excluding agreed and planned service downtime), except for designated English and Welsh Bank Holidays</p> <p>1.2 On the last working day of each UK financial year, the Hours of Service shall be extended to 20:00 (GMT/BST) subject to Government Banking advising the supplier.</p>	1	Yes	Yes	100%	97.99%
2	Supplier helpdesk availability	2.1 The supplier will ensure that a manned Service Desk is provided to Government Banking during the agreed Hours of Service from 07:00 to 19:00 (GMT/BST) on working days (excluding agreed and planned service downtime), except for designated English and Welsh Bank Holidays		No	No		
3	Service incident response and resolution	<p>3.1 The supplier shall rectify incidents according to the following severity (the severity scale having been previously agreed between the supplier and the client),</p> <p>P1 - Critical Incident: Initial response within 1 hour; Resolution within 4 hours if within the agreed hours of service or within 3 hours of the start of the next business day (should it become evident that resolution of the issue will exceed the stated timescales, confirmation that the additional downtime was not as a result of issues under the control of the Client rather than the Supplier will be established before the application of Service Credits).</p> <p>P2 - High Incident: Initial response within 1 hour; Resolution within 8 hours if within the agreed hours of service (should it become evident that resolution of the issue will exceed the stated timescales, confirmation that the additional downtime was not as a result of issues under the control of the Client rather than the Supplier will be established before the application of Service Credits).</p> <p>P3 - Medium Incident: Initial response within 2 hours; Resolution within 16 working hours (should it become evident that resolution of the issue will exceed the stated timescales, confirmation that the additional downtime was not as a result of issues under the control of the Client rather than the Supplier will be established before the application of Service Credits).</p> <p>P4 - Low Incident: Initial response within 4 hours; Resolution agreed on a case by case basis.</p>	2	Yes	Yes	100%	97.99%
			3	Yes	Yes	100%	97.49%
			4	Yes	No	99.5%	97%
				No	No		
4	Change process	<p>4.1 - CHANGE REQUESTS - Supplier initiated change requests will be lodged using the correct template form with Government Banking Service for impact.</p> <p>4.2 - CHANGE REQUESTS - The supplier will respond to General Government Banking Service change requests within 10 working days of receipt of a change request.</p> <p>4.3 - CHANGE IMPLEMENTATION - For each change request the Supplier and Government Banking Service will agree a prioritisation and deployment timescale.</p>	5	No	No	100%	97.99%
			6	Yes	No	100%	97.99%
5	Maintenance	<p>5.1 - The nominated Government Banking Services contact to be advised a minimum of 20 days in advance of any scheduled maintenance.</p> <p>5.2 - The nominated Government Banking Services contact to be advised a minimum of 3 working days in advance of any ad-hoc scheduled maintenance.</p> <p>5.3 - The nominated Government Banking Services contact to be advised as soon as any emergency maintenance requirements have been identified.</p>	7	Yes	No	100%	97.99%
			8	Yes	No	99.5%	97.49%
			9	Yes	No	99%	97%
6	Data Processing	6.1 - All payment files will be processed within 15 minutes of Government Banking Services authorising such files.	10	Yes	Yes	100%	97.99%

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7	Reporting and Management Information	7.1 - Reports for P1 and P2 incidents will be provided to the client within 10 working days of the resolution any such P1 or P2 incident (the format of the reports having been agreed with the client).	11	Yes	No	97.49%	95%
		7.2 - Fully completed and accurate SWING reports will be provided at following agreed times.					
		7.2.1 - SWING 1 - 09:10am each working day	12	Yes	Yes		
		7.2.2 - SWING 2 - 10:30am each working day	13	Yes	Yes		
		7.2.3 - SWING 3 - 12:10pm each working day	14	Yes	Yes		
		7.2.4 - SWING 4 - 13:55pm each working day	15	Yes	Yes		
		7.2.5 - SWING 5 - 14:50pm each working day	16	Yes	Yes		
		7.2.6 - SWING 6 - 16:20pm each working day	17	Yes	Yes		
		7.2.7 - SWING 7 - 17:15pm each working day	18	Yes	Yes		
		7.3 - Account Set Balance Report -08:00am each working day	19	Yes	Yes	Numbers 12 to 24 all 100%	Numbers 12 to 24 all 97.99%
8	Business Continuity/Disaster Recovery	7.4 - Daily Overdraft Monitoring Report - 08:00am each working day	20	Yes	Yes		
		7.5 - Daily Cash Management File - 11:00am each working day	21	Yes	Yes		
		7.6 - Overnight reporting SWING 7 - 23:45pm every working day	22	Yes	No		
		7.7 - Overnight reporting Account Set Balance Report - 23:45pm every working day	23	Yes	No		
9	Invoicing	7.8 - Overnight reporting Daily Cash Management file - 23:45pm every working day	24	Yes	No		
		7.9 - The supplier will provide the client with a report of all data volumes used in the calculation of the monthly invoice within 10 days of the conclusion of the reporting period.	25	Yes	No	97.99%	95%
		8.1 - The supplier will failover full services to the secondary Disaster Recovery site if a P1 Critical Incident has not been fully resolved within 4 hours.	26	Yes	Yes	100%	99.99%
10	Implementation	8.2 - The supplier will failback to full services at the primary (production site) outside of agreed Government Banking Service hours once a failover incident has been resolved.	27	Yes	No	100%	99.99%
		9.1 - Invoices, for the monthly service, will be sent to designated Government Banking recipients electronically no later than the last working day of the month following the period being invoiced. Paper copies of the invoice should be dated no later than the date the electronic report was issued.		No	No		
		9.2 - Invoices for any work undertaken outside of the standard monthly service charge will be sent to designated Government Banking recipients, electronically, no later than the last working day of the month following the period being invoiced. Paper copies of the invoice should be dated no later than the date the electronic report was issued.		No	No		
10	Implementation	10.1 - The supplier will deliver the agreed service as per the implementation plan and associated milestones.	28	Yes	Yes	100%	99.99%