



**AUTHORITY: The Secretary of State for the Home
Department (acting through the Home Office)**

**SCHEDULE 34
SERVICE IMPROVEMENT**

**Campsfield House Immigration Removal Centre
Contract**

OFFICIAL - SENSITIVE

DEFINITIONS

In this Schedule, the following definitions shall apply:

“Costs”	has the meaning given in Schedule 15 (Charges and Invoicing);
“Gain Share Amount”	has the meaning given in Paragraph 1.12
“Gain Share Calculation”	has the meaning given in Paragraph 1.5;
“Savings”	has the meaning given in Paragraph 1.5;
“Service Improvements”	has the meaning given in Paragraph 1.1.3;
“Service Improvement Proposal”	has the meaning given in Paragraph 1.2

1. Service Improvements and savings

1.1 The Supplier shall at all times during the Contract Term and at its own cost exercise reasonable endeavours to ensure that:

1.1.1 it shall work with Supplier's Parties and Sub-contractors to continually improve its systems, operating procedures and processes in delivering the Services under this Contract so as to reduce the Costs to the Supplier of delivering such Services to the Authority;

1.1.2 it shall endeavour to keep abreast of market developments regarding specific industries and technological changes relating to the goods and services required to implement the Services, in order to allow the Supplier to innovate and make recommendations regarding all aspects of the Services.

1.1.3 in complying with Paragraph 1.1.1 above, it proactively (and in any event at least quarterly) monitors such systems, operating procedures and processes and seeks to identify benefits to the Authority in improving and optimising the delivery of the Services (including, without limitation, the reduction in Costs) (known as "**Service Improvements**"); and

1.1.4 the Authority receives a share (in accordance with the provisions of this Schedule) of the benefits of any Service Improvements and reduced Supplier and/or third party Costs relevant to the provision of the Services (including, without limitation, endeavouring to source supplies, equipment and any software from suppliers at best value rates).

1.2 Where the Supplier identifies such Service Improvements in accordance with Paragraph 1.1.1 above, it shall promptly inform the Authority and submit a notice in writing to the Authority (known as the "**Service Improvement Proposal**") including:

1.2.1 a brief overview of the Service Improvement(s) identified;

1.2.2 the operational impact (including, without limitation, an assessment of quality, reliability and other relevant factors) of the Service Improvements on the delivery of the Services by the Supplier in accordance with this Contract;

1.2.3 the financial benefits of the Service Improvements to the Authority (including, without limitation, details of the projected Cost savings); and

1.2.4 advice to the Authority of any risks associated with the Service Improvements.

1.3 If the Authority, in its absolute discretion, having considered the Service Improvement Proposal shall conclude that the implementation of the Service Improvement(s) is desirable, the Supplier shall put in place and, subject to Paragraph 1.4 of this Schedule, at its own cost, all necessary arrangements to facilitate the delivery of such Service Improvement(s) (including, without limitation, implementing the resultant reductions in the Costs).

OFFICIAL - SENSITIVE

- 1.4 Where the achievement of the Service Improvements in the Service Improvement Proposal by the Authority would constitute a change, such change shall be deemed to be a Change Request by the Supplier and the provisions of Schedule 22 (Change Control Procedures) shall apply.
- 1.5 The following calculation which shall be the **“Gain Share Calculation”** shall apply between the Authority and the Supplier:
- 1.5.1 any savings in Cost (**“the Savings”**) arising from any Service Improvements referred to in this Schedule, shall be shared between the Authority and the Supplier in the ratio of 50:50, (unless otherwise agreed with the Authority);
- 1.5.2 prior to the calculation of each Party’s share of the Savings referred to in Paragraph 1.5.1, the following deductions shall be made:
- (a) in calculating the amount of costs incurred by the Supplier in accordance with Paragraph 1.3, Supplier Profit shall be deducted from the costs;
 - (b) once calculated in accordance with 1.5.2(a), the amount of costs incurred by the Supplier in accordance with Paragraph 1.3 shall be deducted from the Savings.
- 1.6 For the avoidance of doubt:
- 1.6.1 subject to Paragraph 1.6.2, the Authority shall have and make the final decision in relation to what proportions of benefits realised are payable to the Supplier;
- 1.6.2 in making the final decision referred to in Paragraph 1.6.1, the Authority shall have regard to the Public Contract Regulations 2015.
- 1.7 The Authority reserves the right not to share the benefit with the Supplier of a Service Improvement where:
- 1.7.1 the Service Improvement requires minimal effort for the Supplier to implement;
- 1.7.2 the benefit results from a predicted change in the Authority’s business process. which the Supplier was required to plan for;
- 1.7.3 the benefit results from an improvement made to realign the Suppliers performance to the desired performance of the Contract; and/or
- 1.7.4 sharing the benefit with the Supplier would breach the Public Contract Regulations 2015.
- 1.8 The allocated payments to the Supplier in respect of Service Improvements will be forfeited by the Supplier where:
- 1.8.1 overall performance of the Services is deemed to be poor by the Authority;
- 1.8.2 benefits are not delivered, or are not demonstrably quantifiable;

OFFICIAL - SENSITIVE

- 1.8.3 monies payable by the Supplier to the Authority are outstanding;
- 1.8.4 The Supplier has been given notice of termination because of a Supplier Termination Event.
- 1.9 Following the implementation of a Service Improvement in accordance with this Schedule, the Parties shall meet at the Quarterly Contract Review Meeting, to review the actual benefits achieved, as against the proposed benefits identified in the relevant Service Improvement Proposal. Without prejudice to any obligations, rights or liabilities of either Party, the Parties shall discuss with each other and seek to understand the reasons behind the successes and/or failures in achieving the proposed benefits. The Supplier shall apply any lessons learnt in the identification, development and implementation of subsequent Service Improvements during the Contract Term.

1.10 Benchmarking

- 1.10.1 From time to time, either Party shall be entitled to request an independent benchmarking expert to conduct a holistic and comprehensive review of the performance of the Services, in order to support the recommendations of improvement opportunities.
- 1.10.2 Where the Supplier deems this necessary, it shall at its own cost, allow the Authority to appoint an independent benchmarking expert, in order to ensure that the exercise remains impartial and objective.
- 1.10.3 Both Parties agree that, subject to Clauses 19 (*Confidentiality*) they shall each disclose all relevant information to the independent benchmark expert, which it may reasonably require in order to conduct a full and open assessment of the performance of the Services, provided that any independent benchmark expert shall be required to enter into a confidentiality agreement with both Parties, as appropriate.
- 1.10.4 Any disclosure under Paragraph 1.10.1 above shall include all relevant existing benchmarking materials which the Parties may hold, subject to any confidentiality and intellectual property restrictions that may apply to such information.

1.11 Preparation and Delivery of Gain Share Calculation

- 1.11.1 Within thirty (30) Calendar days of the Authority's approval of any Service Improvement Proposal, the Supplier shall deliver to the Authority the Gain Share Calculation.
- 1.11.2 The Supplier shall prepare the Gain Share Calculation in accordance with Paragraph 1.5 and this Paragraph 1.11.
- 1.11.3 Following receipt by the Authority of a Gain Share Calculation, the Supplier shall, at its own expense, provide to the Authority such additional information as it may reasonably request, so that the Authority can verify the accuracy of the Gain Share Calculation. This shall include, without limitation, any detailed working papers and spreadsheets constructed in carrying out the Gain Share Calculation. Such additional information shall be supplied in both paper and

electronic copy.

- 1.11.4 Within thirty (30) days of receipt of the Gain Share Calculation and all additional information required, the Authority shall notify the Supplier whether it agrees or disputes the Gain Share Calculation. If the Authority disputes the Gain Share Calculation, the same shall be referred to the Dispute Resolution Procedure.

1.12 Payment of Gain Share Amount

- 1.12.1 Following agreement of the Gain Share Calculation, the Supplier will agree with the Authority how best to account for the Authority's share of the Gain Share Calculation ("**the Gain Share Amount**"). For the avoidance of doubt and subject to paragraphs 1.12.2 and 1.12.3 this will be achieved either by means of:
- (a) a one-off payment by the Supplier; or
 - (b) an adjustment to the monthly Services Charges, which (unless otherwise agreed between the Parties) shall apply until the end of the Initial Contract Term.
- 1.12.2 Where the Parties have agreed that the Gain Share Amount shall be accounted for by a one-off payment, to the Authority the Supplier shall pay the Authority the Gain Share Amount within thirty (30) calendar days of such agreement.
- 1.12.3 It is presumed that the payment of Gain Share Amounts in the final year of the Initial Term of the Contract shall be made as a one-off payment within thirty (30) calendar days of the Parties agreeing that such one-off payments shall be made.