

SCHEDULE 14

Performance Measurement and Incentivisation

- 1 The Contractor's performance of the Contract obligations set out under the Schedule 1 Statement of Requirements (the "Performance") shall be monitored throughout the Contract duration through the use of Key Performance Indicators Nos. 1, 2, 3 and 4 ('KPI 1', 'KPI 2', 'KPI 3' and 'KPI 4' respectively).
- 2 Any deduction the Authority makes to any month's payment for Schedule of Requirements Item Nos. 2 and 3 (and any of the Option Years listed under Schedule of Requirements Item Nos. 5, 6, 7, 8 and 9 should any be enacted by the Authority) resulting from the relevant month's performance outcomes for KPIs 1 and 2 shall not exceed 15% combined.
- 3 Where an existing agreement is made as part of an agreed Additional Task that modifies the manner in which the KPIs shall operate then this agreement shall have effect notwithstanding anything to the contrary in the provisions of this Schedule 14 for the duration of the relevant task.

KPI 1 – Tasking

- 4 The Contractor shall report performance against KPI 1 monthly, utilising the scoring mechanism set out below, (within 5 days of the end of the relevant month) to the Authority's Project Manager ("APM"). The Authority's PM will review the claimed performance against the KPI and report (by notice) any disagreement in relation to the claimed performance within 5 days of receipt of the Contractor's report. If the Authority's PM disagrees with the report the Parties shall meet to discuss the disputed matters within 2 working days of the aforementioned notice of disagreement to attempt to reach agreement. If no agreement can be reached the Authority shall either proceed with the matter as a formal dispute in accordance with DEFCON 530 (12/14) and Clause 31 Dispute Resolution or accept the Contractor's proposed performance outcomes. During any dispute the Authority must not withhold any portion of the monthly payment that is not disputed.
- 5 Where failure of the Authority to meet its obligations under the Contract has directly led to a failure of performance against KPI 1 then no Service Credits shall be applied as a consequence, except where the Contractor would have failed to meet the required Performance Standards independently of such Authority failure. The Authority may, at its sole discretion, discount the consequences of KPI failures if the contractor demonstrates that the failure to complete a Task was caused by circumstances beyond its reasonable control.
- 6 In the event of any failure of performance the Contractor shall present the reasons for this failure to the Authority's PM and detail what action the Contractor has taken to rectify the situation.

Description	Measure
Task Completion	Number of successfully completed planned Tasks (from take-off to landing) compared to tasks being refused, cancelled, or not successfully completed.

Table 1 - KPI 1 Measures

- 7 The Contractor's performance in meeting the KPI at Table 1 shall be measured on a daily basis and performance outcomes shall be scored in accordance with Table 2 below. The 'daily score' shall be applied by the Authority following receipt of the Contractor's Monthly Progress Report on performance against the KPI.

	Performance Level (Task Completion)	Service Credits
A	Failed Task(s) during the relevant day: A task has not been carried out (whether partially or entirely) where the Authority has provided the requisite notification as follows: a) in the Weekly FlyPro for a weekday task, or b) in the Weekend Flying Notice for a weekend task.	1
B	Task(s) during the relevant day successfully carried out, where the Authority gave notice as follows: a) in the Weekly FlyPro for a weekday task, or b) in the Weekend Flying Notice for a weekend task.	0
C	An aircraft is made available and tasking carried out successfully for: a) A weekday task requested after the issue of the Weekly FlyPro, or b) A weekend task requested without the issue of the Weekend Flying Notice	-1

NOTE: The Service Credits applying to any day may only be one of the following; 1, 0 or -1

NOTE: It is possible for more than one of these events to occur on the same day. Where this occurs all must be reported individually for the relevant day and the sum of all Service Credits that flow from those events shall be the daily score.

Table 2 - KPI 1 Performance level indicators

Monthly Score Calculation and Remedies

- 8 Once the Contractor has reported the performance outcomes for the relevant month in accordance with the above Paragraphs 4 to 7, and the Authority has either accepted that score or another score has been agreed or determined in accordance with DEFCON 530 (12/14) and Clause 31 Dispute Resolution then the Parties shall apply the following formula to calculate the Monthly Score:

$$\text{Monthly Score \%} = \left(1 - \left(\frac{\text{Monthly Total Service Credits}}{\text{Days in Month}} \right) \right) \times 100$$

Definitions for KPI 1 involved with the calculation of the Monthly Score:

“Days in Month” shall be equal to the number of calendar days in the relevant month.

“Monthly Total Service Credits” shall be the sum of all Service Credits applied by the Authority as a consequence of the Contractor’s performance during the relevant month.

“Monthly Score” shall be calculated in accordance with the formula above, but notwithstanding this any results that are either higher than 100% or lower than 0% shall be considered to be 100% or 0% respectively.

- 9 The payment for Schedule of Requirements Item Nos. 2 and 3 (and any of the Option Years listed under Schedule of Requirements Item Nos. 5, 6, 7, 8 and 9 should any be enacted by the Authority) for the relevant month shall be reduced in the following manner:

9.1 The reduction shall be 1% (or part thereof) for each 1% (or part thereof) by which the Monthly Score is lower than 98%.

9.2 This Paragraph 9 of Schedule 14 shall not reduce the Monthly Payment by more than 15%.

- 10 A Monthly Score of less than 98% in any three consecutive months or more than four times in any 12-month period shall be a Material Breach and the Authority shall be entitled to terminate the Contract as a consequence of such Material Breach or to oblige the Contractor to produce and execute a Rectification Plan in accordance with Paragraphs 36 to 37 below. The Authority shall inform the Contractor of such choice by notice within 30 days from the establishment of such Material Breach. The Contractor shall produce and execute a Rectification Plan in accordance with Paragraphs 36 to 37 below, where the Authority requires this course of action.
- 11 A Monthly Score of less than 81% shall be a Material Breach and the Authority shall be entitled to terminate the Contract as a consequence of such Material Breach or to oblige the Contractor to produce and execute a Rectification Plan in accordance with Paragraphs 36 to 37 below. The Authority shall inform the Contractor of such choice by notice within 30 days from the establishment of such Material Breach. The Contractor shall produce and execute a Rectification Plan in accordance with Paragraphs 36 to 37 below, where the Authority requires this course of action.
- 12 For publication of Quarterly Performance data relating to KPI 1 (in accordance with DEFCON 539 (01/22)) the Performance outcomes shall be reported as follows:
 - 12.1 A Quarterly score shall be calculated in accordance with the formula at Paragraph 8 above but using aggregate data from all of the calendar days of the relevant Quarter. This shall be the "Quarterly Score".
 - 12.2 Quarterly Score of 96% or above shall be reported as "Good".
 - 12.3 Quarterly Score below 96% but no less than 90% shall be reported as "Approaching Target".
 - 12.4 Quarterly Score below 90% but above 81% shall be reported as "Requires Improvement".
 - 12.5 Quarterly Score below 81% shall be reported as "Inadequate".
 - 12.6 Notwithstanding the Quarterly Score definitions above where a Rectification Plan has been required by the Contract during a Quarter then the relevant Quarterly Score shall be "Requires Improvement".
 - 12.7 Notwithstanding the Quarterly Score definitions above, where a Material Breach has arisen during a Quarter then the relevant Quarterly Score shall be "Inadequate".

KPI 2 – Availability

- 13 The Contractor shall report performance against KPI 2 monthly to the Authority's Project Manager ("PM") for each measurable day, as defined in paragraph 14. On any day during the relevant month that the Air System does not meet the definition of Available (see Schedule 22 - Abbreviations and Definitions) then the Air System must be recorded as Unavailable on that day.
- 14 The Contractor shall report Availability for Monday – Friday of each week in the Monthly Progress Report which must also record the extent of, and the reasons (e.g., crew unavailability or Aircraft unserviceability) for such Unavailability.
 - 14.1 The Contractor will additionally report availability for weekends only in such cases where the Authority has requested a weekend task in line with Statement of Requirements serial 3.6.1.1
 - 14.2 The Contractor will not be required to report availability for any scheduled blocks of nil-requirement, as defined in Statement of Requirements serial 3.6.1.1, and these periods will not count towards this KPI.
- 15 The Authority's PM will review the claimed performance against KPI 2 and report (by notice) any disagreement in relation to the claimed performance within 5 days of receipt of the Contractor's Monthly Progress Report. If the Authority's PM disagrees with this report the Parties shall meet to discuss the disputed matters within 5 working days of the aforementioned notice of disagreement

to attempt to reach agreement. If no agreement can be reached the Authority shall either proceed with the matter as a formal dispute under in accordance with DEFCON 530 (12/14) and Clause 31 Dispute Resolution or accept the Contractor's proposed Performance outcomes.

- 16 Where failure of the Authority to meet its obligations under the Contract has directly led to a failure of Performance against KPI 2 then no further action shall be taken as a consequence, except where the Contractor would have failed to meet the required the performance standards set out in Schedule 1 Statement of Requirements independently of such Authority failure. The Authority may, at its sole discretion, discount the consequences of KPI failures caused by Service Unavailability if the Contractor demonstrates the Unavailability was caused by circumstances beyond its reasonable control.

Description	Measure
Availability	The Air System is Available as defined in Schedule 22 - Abbreviations and Definitions

Table 3 - KPI 2 Measure

Monthly Score Calculation and Remedies

- 17 The Contractor's performance in meeting KPI 2 at Table 3 shall be measured on a monthly basis and outcomes shall be scored in accordance with Table 4 below. The appropriate "Outcome Rating" shall be applied by the Authority following receipt of the Contractor's Monthly Progress Report on performance against the KPI.

Performance Level KPI 2 (Availability)	Outcome Rating
Service Unavailable for 0 days in a month.	Good
Service Unavailable for 1 day in a month.	Acceptable
Service Unavailable for 2 days in a month.	Requires Improvement
Service Unavailable for 3 or more days in a month.	Inadequate

Table 4 - KPI 2 Performance level indicators

- 18 Once the Contractor has reported the performance outcomes for the relevant month in accordance with the above Paragraphs 13 to 17 inclusive, and the Authority has either accepted the proposed Outcome Rating or another Outcome Rating has been agreed or determined in accordance with DEFCON 530 (12/14) and Clause 31 Dispute Resolution then the following actions will be taken:
- 19 Should the Outcome Rating be recorded as "Requires Improvement" or below then the monthly payment for Schedule of Requirements Item Nos. 2 and 3 (and any of the Option Years listed under Schedule of Requirements Item Nos. 5, 6, 7, 8 and 9 should any be enacted by the Authority) for the relevant month shall be reduced by the application of the following calculation:

$$\text{Total days of Unavailable Service} \times \left(\frac{15}{\text{Measurable Days in Month}} \right) = \% \text{ Payment Reduction}$$

See Annex A for worked examples.

- 19.1 This Paragraph 19 of Schedule 14 shall not reduce the Monthly Payment by more than 15%.

- 20 Should the outcome rating be recorded as “Acceptable” or above then no action shall be taken in respect of this KPI.
- 21 A Service Unavailable outcome of 3 to 19 days (inclusive) in any month shall give the Authority the right to oblige the Contractor to produce and execute a Rectification Plan in accordance with Paragraphs 36 to 37 below. The Authority shall inform the Contractor of any choice to require such a Rectification Plan by notice within 30 days from the establishment of the Service Unavailability outcome for the relevant month. The Contractor shall produce and execute a Rectification Plan in accordance with Paragraphs 36 to 37 below, where the Authority requires this course of action.
- 22 A Service Unavailable outcome of greater than 19 shall be a Material Breach and the Authority shall be entitled to terminate the Contract as a consequence of such Material Breach or to oblige the Contractor to produce and execute a Rectification Plan in accordance with Paragraphs 36 to 37 below. The Authority shall inform the Contractor of such choice by notice within 30 days from the establishment of such Material Breach. The Contractor shall produce and execute a Rectification Plan in accordance with Paragraphs 36 to 37 below, where the Authority requires this course of action.
- 23 For publication of Performance Level data (days of Unavailability) relating to KPI 2 (in accordance with DEFCON 539 (01/22)) the Performance outcomes shall be reported as follows:
 - 23.1 The Service Unavailable outcome shall be calculated using aggregate data from all of the calendar days of the relevant Quarter. This shall be the “Quarterly Performance Level”.
 - 23.2 Quarterly Performance Level of 1 or 0 days shall be reported as “Good”.
 - 23.3 Quarterly Performance Level greater than 1 but less than 4 days shall be reported as “Approaching Target”.
 - 23.4 Quarterly Performance Level greater than 3 but less than 7 days shall be reported as “Requires Improvement”.
 - 23.5 Quarterly Performance Level greater than 7 days shall be reported as “Inadequate”.
 - 23.6 Notwithstanding the Quarterly Performance Level definitions above where a Rectification Plan has been required by the Contract during a Quarter then the relevant Quarterly Score shall be “Requires Improvement”.
 - 23.7 Notwithstanding the Quarterly Score definitions above, where a Material Breach has arisen during a Quarter then the relevant Quarterly Score shall be “Inadequate”.

KPI 3 – Delivery of Air System

- 24 This KPI refers to the provision of the required Air System (with fully-configured Aircraft with modifications to the specification) as required by the Statement of Requirements at Schedule 1 and meeting all entry and exit criteria set out in Schedule 3 to the Contract (Air System Test & Acceptance Criteria).
- 25 Between the date of the Contract and the In-Service Date (ISD) specified within the Contract, the Contractor shall complete all steps necessary to deliver such Aircraft, personnel, and facilities, required to fulfil the Contract. Payment for transition activities will be contingent on these steps having been taken to the satisfaction of the Authority and delivery will be measured in accordance with the Air System Test and Acceptance Criteria at Schedule 3.
- 26 The Contractor will be expected to provide the Authority with a schedule of activities showing how they plan to achieve all of the requirements placed upon them as part of the Transition Management Plan. A review of the Contractor's progress against this schedule will be held between the Contractor and the Authority every 1 month.
- 27 The completion of the Transition Management Plan and successfully meeting all the entry and exit criteria set out under Schedule 3 to the Contract (Air System Test & Acceptance Criteria):

Serial	Milestone	% of Transition Payment	Point of Payment
1	Delivery of Air System in accordance with Schedule 3: Test & Acceptance Criteria	100	At ISD

Table 5: Transition Payment

- 28 If all the above-mentioned entry and exit criteria for the Air System are not completed by the Target ISD, and therefore the Air System is provided late, a deduction up to 12%, as shown in Table 6, shall be applied to the payment for Schedule of Requirements Item No. 1. Any deduction applied shall be permanent and the Contractor shall not have the opportunity to recover any such deduction.
- 29 Step 1 – The date the Contractor delivers the relevant Air System will be determined as the date when all the entry and exit criteria set out under Schedule 3 to the Contract (Air System Test & Acceptance Criteria) have been fulfilled, and the Air System has been accepted by the Authority.
- 30 Step 2 – The date the Contractor provides the fully-configured Air System will then be compared against the Target ISD agreed in the Contract. A day is defined as 00:00 to 23:59.
- 31 Step 3 – If the Air System is shown to have met all the entry and exit criteria set out under Schedule 3 to the Contract (Air System Test & Acceptance Criteria) later than the Target In Service Date, a deduction shall be applied to the Schedule of Requirements Item No.1 payment. Table 6 below details how the deduction shall be calculated. Any sum deducted from the aforementioned payment for late delivery of the Air System shall not exceed 12% of price for Schedule of Requirements Item No. 1. Such deduction is permanent and not recoverable by the Contractor.

Number of days Air System delivered late against the Target In-Service Date	Daily Deduction % from the price for Schedule of Requirements Item No. 1
1- 10 days	0.5%
More than 10	0.7%

Table 6: KPI 3 Daily Deductions

Worked Example:

Step 1: In-Service Date is 1st April 2026.

*Step 2: The Air System was provided and accepted by the Authority on 4th April 2026.
Contractor is subject to a daily deduction as the Air System was delivered 3 days late.*

Step 3: Milestone Payment for the Air System is £100,000.

In accordance with the Table 6 the deduction is 0.5% for each day the Air System is transferred late.

0.5% of £100,000 is £500.

£500 x 3 = £1500

Step 4: £100,000 - £1500 = £98,500

The Payment for the Milestone is £98,500.

- 32 Where the Authority has caused delay to the satisfactory completion of the entry and exit criteria of the Air System Test & Acceptance Criteria (at Schedule 3 to the Contract) through no fault of the Contractor, then the Authority shall not apply the above deduction to the extent that such delay is caused by the Authority. This provision is made only in so far as:
- 32.1 The Contractor notifies the Authority's Commercial Officer as soon as they should reasonably have been aware of any delay caused by the Authority, explaining the known or likely extent of the delay, its nature and its cause, and;
- 32.2 The Contractor can show why it was not at fault for the delay, and;
- 32.3 Any evidence or information concerning the delay and the Contractor's actions in respect of it is provided to the Authority on request no later than 10 working days from that request, and;
- 32.4 The Contractor makes all reasonable endeavours to reduce or avoid the delay.
- 33 Payment for in-service activities will commence only after such time as all the entry and exit criteria set out under Schedule 3 to the Contract (Air System Test & Acceptance Criteria) have been met, and the Service is deemed fit to carry out tasking.
- 34 If the Air System has not met all the entry and exit criteria set out under Schedule 3 to the Contract (Air System Test & Acceptance Criteria) one month later than the Target In Service Date, then the Contractor shall provide a Rectification Plan in accordance with Paragraphs 36 and 37 below.
- 35 If the Air System has not met all the entry and exit criteria set out under Schedule 3 to the Contract (Air System Test & Acceptance Criteria) three months later than the Target In Service Date, then this shall be a Material Breach and the Authority shall be entitled to terminate the Contract as a consequence of such Material Breach or to oblige the Contractor to produce and execute a Rectification Plan in accordance with Paragraphs 36 to 37 below. The Authority shall inform the Contractor of such choice by notice within 30 days from the establishment of such Material Breach. The Contractor shall produce and execute a Rectification Plan in accordance with Paragraphs 36 to 37 below, where the Authority requires this course of action.

Rectification Plans

- 36 Where required to do so, within one (1) week the Contractor must provide the Authority with a plan setting out its proposed corrective actions to remedy the situation and timescales for carrying out these actions ("Rectification Plan"). The Authority shall then, without unreasonable delay, approve, reject or suggest amendments to the Rectification Plan. Once approved by the Authority, the Contractor must, at its own expense carry out the Rectification Plan in the form approved.
- 37 Where the Contractor has a Rectification Plan implemented, this shall include a date for the resumption to the required level of service. The Contractor shall report monthly details of progress made against the Rectification Plan until satisfactory performance is declared by the Authority. Satisfactory performance shall be declared by the Authority upon demonstration by the Contractor that the performance shortfall(s) highlighted by the KPI score(s), are remedied and performance has been restored to the required level of service. The Authority reserves the right, should the Contractor's actions in implementing the Rectification Plan not restore the required level of service by the agreed date, to either terminate the Contract due to Material Breach or require the Contractor to submit a further Rectification Plan in accordance with Paragraphs 36 and 37 of this Schedule 14.

KPI 4 – Social Value

38 The adherence to the tender response provided by the Contractor shall be monitored throughout the Contract duration through the use of Key Performance Indicator No. 4 (“KPI 4”). The Contractor shall supply to the Authority on an annual basis a Social Value Report:

38.1 Which details how it has met the Model Award Criteria (MAC) detailed in Schedule 1 Statement of Requirements serial 3.3.3 for the current Contract year.

38.2 The report shall allow the Authority to actively monitor the performance and activities in relation to the Contract and against the MACs identified within the Statement of Requirements.

38.3 This report should detail the benefits achieved and provide relevant evidence against each of the MAC criteria and sub-criteria. The report shall be delivered annually in arrears, in line with the Contract Award date. Following submission of the report for the final Contract Year (including any Option Year extension(s) to the Contract term) the Contractor shall not be required to submit any further social value reports.

38.4 Reports must be submitted for review to the Authority, who will approve and determine the score achieved, in line with the scoring criteria listed below. Reviews shall be completed and provide feedback within 10 business days.

38.5 It is essential that the Authority is content with the Contractor's report and there is confidence that the appropriate action has been taken to meet the MACs within the current reporting year. If the Contractor is unable to achieve or show evidence for any of the MACs, they must provide justification and evidence to support why they were unable to meet the MACs.

38.6 The Authority reserves the right to request an amendment to the plan and report if upon review the report is insufficient in quality, content, evidence or is otherwise deemed unacceptable.

39 Remedial action will be required if the supplier achieves below “Good” (also referred to as “Green” in this Paragraph) in any Contract year, including, without limitation the final Contract Year. A KPI Remediation Plan will be required to be submitted by the Contractor to the Authority within 10 business days following the Authority's determination that the Performance Band for year is below Good. This Remediation Plan shall outline how and when the Contractor aims to return to Green and shall be carried out at the cost of the Contractor.

39.1 If required the Authority shall work, using reasonable endeavours, with the Contractor to assist a ‘return to Green’. The Remediation Plan shall be of a standard acceptable to the Authority.

39.2 In the event that a score below Good is awarded in the life of the Contract, without agreed remediation action (as above) being undertaken by the Contractor or the failure of the Contractor to return to Green, the Authority reserves the right to invoke the Dispute Resolution process at Clause 31.

39.3 The Contract shall not expire until any final KPI Remediation Plan has been successfully implemented even where the requirement to deliver the Service has expired.

Performance Bands	
Good	All MACs met, and reports approved by the Authority
Approaching Target	Less than 50% of the MACs have been met or evidence in the report is not relevant or sufficient in relation to the MACs, the report is unable to be accepted by the Authority
Requires Improvement	Majority of the MACs have not been met and there is little evidence in the report or sufficient content to support the MACs. The report is unable to be accepted by the Authority
Inadequate	Contractor has shown no evidence towards completing any activities related to the MACs and did not demonstrate working towards achieving the MACs or no report has been delivered by the Contractor.

