Ministry of Defence

Contract Number: 701478374

Project SOCIETAS

SCHEDULE 2.2

PERFORMANCE AND COLLABORATION

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1. INTRODUCTION

1.1. This Schedule details the performance and collaboration mechanism which has two (2) elements:

1.1.1. The Key Performance Indicators (KPIs) set out at Part A;

1.1.2. The collaboration mechanism set out at Part B.

1.2. The annual profit applicable to the Core Services in each Contract Year shall be subject to allocation against the KPIs and collaboration as a "Profit Fee at Risk" in the following ratios:

1.2.1. Key performance indicators (KPIs); 90% of the Profit Fee at Risk to be retained by the Contractor or deducted under the Profit Fee at Risk mechanism by the Authority as Service Credits in accordance with Part A; and

1.2.2. Collaboration Fee mechanism; 10% of the Profit Fee at Risk to be retained or paid in accordance with Part B.

1.3. Depending on the Contractor's assessed level of performance in relation to each KPI, the Contractor shall achieve either "Green", "Amber" or "Red" performance in relation to each KPI in accordance with the following principles:

1.3.1. Green performance: 100% of the apportioned Profit Fee at Risk within the Core Service Payment relating to the relevant KPI shall be retained by the Contractor;

1.3.2. Amber performance: 50% of the apportioned Profit Fee at Risk within the Core Service Payment relating to the relevant KPI shall either be repaid by the Contractor to the Authority or offset against the next monrthly Payment Report as a KPI Deduction, to be determined at the Authority's discretion; and

1.3.3. Red performance: 100% of the apportioned Profit Fee at Risk within the Core Service Payment relating to the relevant KPI shall either be repaid by the Contractor to the Authority or offset against the next monrthly Payment Report as a KPI Deduction, to be determined at the Authority's discretion.

1.4. KPIs 1.2, 1.3, 1.5, 1.6 and 1.7 shall be assessed at quarterly intervals commencing from the beginning of the fourth month following the Service Commencement Date (SCD). KPI 1.1 shall be assessed at quarterly intervals in accordance with the grace period procedure set out in paragraph 1.1.5 in Appendix 1 (Key Performance Indicators). KPI 1.4 shall be assessed quarterly following implementation of the Training Review under Schedule 2.1 (Statement of Requirement), SR 2.2.2 Implementation of the Training Review recommendations and shall be subject to formal amendment under Schedule 7.2 (Change Control Procedure).

1.5. Contractor collaboration under this Contract shall be assessed at quarterly intervals following the SCD in accordance with the Collaboration Mechanism set out at Part B.

2. PERFORMANCE REPORTS

2.1. KPIs, as defined at Appendix 1 to this Schedule 2.2 will be recorded and monitored by the Contractor and presented to the Authority in a Performance Report, with supporting evidence setting out the levels of performance achieved against each of the KPIs.

2.2. The required Performance Reports are to be presented on a quarterly basis to the Authority for assessment five (5) Business Days prior to review and agreement at the JEWOSC Management Board Meeting for that performance quarter, as detailed at paragraph 3.1 (b) at Part B (Operational Management) to Schedule 7.1 (Governance).

PART A: KEY PERFORMANCE INDICATORS

Note: The Authority intends to discuss the calibration of the required KPI performance levels (including Performance Thresholds) for each KPI with the Tenderers during the negotiation phase

3. KEY PERFORMANCE INDICATORS

3.1. Contract KPIs are summarised at Table 1 below:

Table 1 - Summary of Key Performance Indicators

KPI category	KPI number		KPI	Indicator purpose	Weighting *(Apportioned Profit Fee at Risk)*
SQEP provision *(The right number with the required competencies)*	1	1	Review of SQEP performance against the SQEP Competency Framework (SCF) at Appendix 1 to Schedule 2.1	SQEP meeting expectations of the SCF	24%
	1	2	Postings filled by SQEP against the agreed requirement	SQEP postings filled	24%
Training *(The right number receiving the necessary training)*	1	3	Nominated training course(s) pass rates	Course(s) passed	6%
	1	4	Appropriate training focus	Expected levels of knowledge/skills delivered to Authority personnel to undertake their role	18%
CIS support *(The right number with the required competencies)*	1	5	Review of CIS SQEP performance against the CIS Job Roles at Annex 2 to Schedule 2.1 and against the SQEP Competency Framework (SCF) at Appendix 1 to Schedule 2.1	CIS SQEP meeting expectations of the CIS Job Roles and of the SCF	6%
	1	6	Postings filled by CIS SQEP against the agreed requirement	CIS SQEP postings filled	6%

KPI category	KPI number		KPI	Indicator purpose	Weighting (*Apportioned Profit Fee at Risk)*
Social Value *(Support to in-work progression)*	1	7	Support for in-work progression	Contractor's workforce passing development/training programmes	6%

3.2. For each KPI set out in Table 1 above, the full details of how the KPI will be applied, Indicator purpose, Weighting, Target Performance Level, Service Credit Deduction, Source of data, Algorithm, Means of presentation, Measurement period and Reporting frequency are set out in Appendix 1 to this Schedule 2.2.

3.3. Performance against each KPI will be assessed and categorised into either "Red", "Amber" or "Green". Target Performance Level thresholds for "Red", "Amber" or "Green" are detailed against each KPI in Appendix 1 of this Schedule, with Green being the required minimum level of Contract performance. The KPIs will be assessed and categorised as Green when the Target Performance Level for that KPI has been fully met or exceeded, or either Amber or Red when the Actual Performance Level is less than the Green Target Performance Level.

3.4. Overachievement against one KPI cannot be used to offset underachievement against another KPI.

3.5. If the Contractor's performance is assessed as Red against a KPI, this must be specified in the relevant Performance Report and a recovery plan provided to the Authority within five (5) Business Days. The recovery plan shall set out corrective actions to restore the service to Green and the timescales in which the service shall be restored.

3.6. Where the Contractor believes a KPI has been or will be assessed as Amber or Red as a result of a failure by the Authority to comply with its obligations under the Contract, the Contractor shall notify the Authority Project Manager and Commercial Officer within two (2) Business Days.

3.7. The Authority will take this into consideration when assessing performance and consider KPI alleviation on a case by case basis provided that the Contractor has:

3.7.1. delivered reasonable evidence demonstrating the impact the Authority has had on performance;

3.7.2. demonstrated the link between the impact the Authority has had on performance and the KPI; and

3.7.3. taken all reasonable action to mitigate the effect of the Authority's impact on performance as far as possible and has delivered evidence of the actions taken.

3.8. Where the Contractor anticipates that its performance against a KPI will be assessed as either Amber or Red, the Contractor shall notify the Authority Project Manager and Commercial Officer within two (2) Business Days in writing of:

3.8.1. the events or circumstances, which have affected or are likely to affect the Contractor's performance;

3.8.2. the steps the Contractor has taken and will take to minimise the adverse effects of the Contractor's performance; and

3.8.3. the period during which the Contractor expects that its performance for the KPI will or is likely to be assessed as Amber or Red.

4. KEY PERFORMANCE INDICATORS' SCORING

4.1. The quarterly Profit Fee at Risk for each KPI will be calculated by reference to the respective KPI weighting and represent a quarter of the annual Profit Fee at Risk, subject to a 10% allocation to the Collaboration Fee incentive in accordance with Condition 1.2.1.

Amber Performance

4.2. In the event of performance being assessed as Amber against the Performance Thresholds for the respective KPI set out in Appendix 1 (Key Performance Indicators), the 50% Deduction for Amber performance is made against the Profit Fee at Risk as demonstrated in Worked Example 1 below:

Worked Example 1: KPI Deduction (Amber Performance)

The following illustrative example utilises an assumed annual Profit Fee at Risk of £800,000 or £200,000 each quarter:

At the end of Quarter 2, KPI 1.1 is assessed as being Amber, resulting in the Authority making a KPI Deduction for Quarter 2. Amber performance is subject to deductions of 50% for the respective KPI Profit Fee at Risk. If KPI 1.1 carries a 24% weighting, then the KPI Deduction shall be £24,000 ((£200,000 * 24%)*50%).

KPI category	KPI number	Weighting (*Apportioned Profit Fee at Risk*)	Quarter 2	Apportioned Profit Fee at Risk £000	KPI Deduction £000
SQEP provision	1.1	24%	A	48	(24)
	1.2	24%	G	48	-
Training	1.3	6%	G	12	-
	1.4	18%	G	36	-
					(24)

4.3. KPI Deductions for Amber performance are subject to release on return to Green Performance in the next quarter which immediately follows the Amber performance assessment. In the event that performance is not assessed as Green in the next quarter, the KPI Deduction shall be permanently retained by the Authority for the respective KPI. In addition the performance shall be reported as Red on the application of the escalation calculation at Condition 5 (Key Performance Indicator Escalation Mechanism).

4.4. Repeated Amber Deductions shall be subject to permanent Deductions by the Authority in accordance with the KPI Escalation Mechanism set out at Condition 5 to this Schedule 2.2.

Red Performance

4.5. In the event of performance being assessed as Red in accordance with the Performance Thresholds for the respective KPI set out in Appendix 1 (Key Performance Indicators), a permanent Deduction of 100% for Red performance is made against the KPI Profit Fee at Risk as demonstrated in Worked Example 2 below:

Worked Example 2: KPI Deduction (Red Performance)

This illustrative example utilises the same annual Profit Fee at Risk as in Worked Example 1: £800,000 or £200,000 each quarter.

At the end of Quarter 3, KPI 1.4 is assessed as being Red, resulting in the Authority making a KPI Deduction for Quarter 3. Red performance is subject to a permanent deduction of 100% for the respective KPI Profit Fee at Risk. If KPI 1.4 carries an 18% weighting, then the KPI Deduction shall be £36,000 (£200,000 * 18%).

KPI category	KPI number	Weighting (*Apportioned Profit Fee at Risk*)	Quarter 3	Apportioned Profit Fee at Risk £000	KPI deduction £000
SQEP provision	1.1	24%	G	48	-
	1.2	24%	G	48	-
Training	1.3	6%	G	12	-
	1.4	18%	R	36	(36)
					(36)

Critical Performance Failure

4.6. In the event of occurrence of a Critical Performance Failure, the Contractor may be considered to be in material breach of its obligation, and the Authority shall have the right to terminate the Contract (in whole or in part) in accordance with DEFCON 514 (Material Breach) and Condition 27.3 of the Terms and Conditions. A Critical Performance Failure shall be deemed to have occurred in the event that the total number of performance failures assessed as Red reaches the volumes within the specified assessment periods as set out at 4.6.1, 4.6.2 and 4.6.3 below, prior to the application of the escalation calculation at Condition 5 (Key Performance Indicator Escalation Mechanism):

4.6.1. in respect of KPI 1.1 and KPI 1.2 (SQEP provision), in the event that either KPI is assessed as Red twice in three (3) quarters, a Critical Performance Failure will be deemed to have occurred. Worked Example 3 below provides an illustrative example of this scenario:

Worked Example 3: Critical Performance Failure (applicable to KPIs 1.1 and 1.2 SQEP provision)

At the end of Quarter 4, KPI 1.1 had been assessed as Red two (2) times in three (3) quarters, before the application of the escalators in paragraph 5 (Key Performance Indicator Escalation Mechanism), and a Critical Performance Failure is deemed to have occurred.

KPI category	KPI number	Level of performance achieved			
		Quarter 1	Quarter 2	Quarter 3	Quarter 4
SQEP provision	1.1	G	R	G	R
	1.2	G	G	G	G
Training	1.3	G	G	G	G

KPI category	KPI number	Level of performance achieved			
		Quarter 1	Quarter 2	Quarter 3	Quarter 4
	1.4	G	G	G	G

and/or:

4.6.2. in respect of KPI 1.3 and KPI 1.4 (Training), in the event that either KPI is assessed as Red in three (3) out of four (4) quarters, a Critical Performance Failure will be deemed to have occurred. Worked Example 4 provides an illustrative example of this scenario:

Worked Example 4: Critical Performance Failure (applicable to KPIs 1.3 and 1.4 Training Provision)

At the end of Quarter 4, KPI 1.4 had been assessed as Red three (3) times in four (4) quarters, before the application of the escalators in paragraph 5 (Key Performance Indicator Escalation Mechanism), and a Critical Performance Failure is deemed to have occurred.

KPI category	KPI number	Level of performance achieved			
		Quarter 1	Quarter 2	Quarter 3	Quarter 4
SQEP provision	1.1	G	G	G	G
	1.2	G	G	G	G
Training	1.3	G	G	G	G
	1.4	R	R	G	R

and/or

4.6.3. in the event that the entire suite of KPIs as set out in Table 1 of this Schedule (Summary of Key Performance Indicators) are assessed as Red in greater than or equal to 50% of all KPI assessments in four (4) quarters, a Critical Performance Failure will be deemed to have occurred. Worked Example 5 provides an illustrative example of this scenario:

Worked Example 5: Critical Performance Failure (applicable to all KPIs assessed as Red in accordance with Condition 4.6.3)

At the end of Quarter 4, 50% of all KPI assessments over the KPI suite in four (4) quarters had been assessed as Red before the application of the escalators in Condition 5 (Key Performance Indicator Escalation Mechanism), and a Critical Performance Failure is deemed to have occurred.

KPI category	KPI number	Level of performance achieved			
		Quarter 1	Quarter 2	Quarter 3	Quarter 4
SQEP provision	1.1	R	G	G	R
	1.2	G	G	G	G
Training	1.3	G	G	G	R
	1.4	G	R	G	R
CIS support	1.5	R	G	R	R
	1.6	G	R	R	R

KPI category	KPI number	Level of performance achieved			
		Quarter 1	Quarter 2	Quarter 3	Quarter 4
Social value	1.7	R	R	R	G

5. KEY PERFORMANCE INDICATOR ESCALATION MECHANISM

5.1. In the event that there is ongoing unsatisfactory performance through repeated Amber or Red assessments against the same KPI, the following escalation mechanism shall apply.

5.2. If a single KPI is assessed as:

5.2.1. Amber twice in two (2) consecutive quarters (or Amber then Red in two (2) consecutive quarters), the Authority will be entitled to turn any outstanding KPI Deductions that it is withholding in respect of the first such quarter for that KPI into permanent KPI Deductions (i.e. to permanently retain such amounts) and report performance as Red, as illustrated in Worked Example 6 below:

Worked Example 6: KPI Escalator Mechanism (Amber twice in two consecutive quarters)

At the end of Quarter 3, KPI 1.1 is assessed as Amber in two consecutive quarters, resulting in the assessed level of performance for Quarter 2 being revised to Red, and the Authority being entitled to make a permanent KPI Deduction for Quarter 2.

KPI category	KPI number	Level of performance achieved			Revised level of performance after application of escalator Condition 5.2.1		
		Quarter 1	Quarter 2	Quarter 3	Quarter 1	Quarter 2	Quarter 3
SQEP provision	1.1	G	A	A	G	R	A
	1.2	G	G	G	G	G	G
Training	1.3	G	G	G	G	G	G
	1.4	G	G	G	G	G	G

and/or

5.2.2. in the event that a KPI is assessed as Amber three (3) times in three (3) consecutive quarters (or Amber, followed by Amber in the second quarter and Red performance in the third quarter), the Authority will, without prejudice to Paragraph 5.2.1, be entitled to turn any outstanding KPI Deductions that it is withholding in respect of the second such quarter for that KPI into permanent KPI Deductions (i.e. to permanently retain such amounts) and report performance as Red and the third such quarter shall be deemed a performance failure and categorised as Red, as illustrated in Worked Example 7 below:

Worked Example 7: KPI Escalator Mechanism (Amber three times in three consecutive quarters)

At the end of Quarter 3, KPI 1.2 is assessed as Amber in three (3) consecutive quarters, resulting in the assessed level of performance for Quarter 2 and Quarter 3 being revised to Red, and the Authority being entitled to make a permanent KPI

Deduction for Quarter 2 and Quarter 3. The performance in Quarter 1 will have been assessed as Red in Quarter 2 under the escalator mechanism at Condition 5.2.1.

		Level of performance achieved			Revised level of performance after application of escalator Condition 5.2.2		
KPI category	**KPI number**	**Quarter 1**	**Quarter 2**	**Quarter 3**	**Quarter 1**	**Quarter 2**	**Quarter 3**
SQEP provision	1.1	G	G	G	G	G	G
	1.2	A	A	A	R	R	R
Training	1.3	G	G	G	G	G	G
	1.4	G	G	G	G	G	G

6. KEY PERFORMANCE INDICATOR NON-ASSESSED PERIODS

6.1. In the event that it is not possible to assess a given KPI in respect of a particular quarter (for example, there is no training within a quarterly Measurement Period and accordingly it is not possible to assess KPI 1.3) then the following principles shall apply:

6.1.1. the level of assessment made for that KPI in the previous Measurement Period will be deemed to be the level of assessment for that KPI in the Non-Assessed Period ("Carried Forward KPI Assessment") and shall be used to determine whether any KPI Deduction is due for the respective Measurement Period;

6.1.2. such Carried Forward KPI Assessment shall not be used in the Non-Assessed Period for the purposes of determining whether any escalations should be made pursuant to Condition 5 of this Schedule 2.2 (Key Performance Indicator Escalator Mechanism);

6.1.3. should a KPI be re-categorised as Red from Amber under the escalation mechanism at Condition 5.2.2 of this Schedule 2.2, the following Non-Assessed Period will remain as Amber to enable the Contractor to recover the KPI Deduction made for the Non-Assessed Period, subject to achievement of Green performance in the following Measurement Period.

6.2. Worked Example 8 below illustrates the principles set out at Condition 6.1 of this Schedule 2.2.

Worked Example 8: KPI Non-Assessed Periods

In this example KPIs 1.3 and 1.4 cannot be assessed in Quarter 2 and KPI 1.3 cannot be assessed in Quarter 4.

In the event that KPI 1.3 is assessed as Green in Quarter 1, KPI 1.3 would be deemed to be Green in Quarter 2 as it is a Non-Assessed Period.

In the event that KPI 1.3 is assessed as Amber in Quarter 3, KPI 1.3 would be deemed to be Amber in Quarter 4. Performance in Quarter 3 would remain Amber in Quarter 3, as the KPI Escalator Mechanism at Condition 5.2.1 will not apply.

In the event that KPI 1.4 is assessed as Amber in Quarter 1 and Quarter 3, KPI 1.4 would be deemed to be Red in Quarter 1, as the KPI Escalator mechanism at 5.2.1 will apply. Performance in Quarter 2 would remain Amber in Quarter 3, as the KPI Escalator Mechanism at Condition 5.2.1 will not apply, in order to provide the

Contractor with the opportunity to recover the KPI Deduction on return to Green performance.

The Contractor would recover the KPI Deduction made for the Non-Assessed Period in Quarter 2, and the assessed period in Quarter 3, on demonstration of a return to Green in Quarter 4.

		Level of performance achieved				Revised level of performance after application of Escalator Condition 5.2.1			
KPI category	**KPI number**	**Qtr 1**	**Qtr 2**	**Qtr 3**	**Qtr 4**	**Qtr 1**	**Qtr 2**	**Qtr 3**	**Qtr 4**
SQEP provision	1.1	G	G	G	G	G	G	G	G
	1.2	G	A	G	G	G	A	G	G
Training	1.3	G	-	A	-	G	G	A	A
	1.4	A	-	A	G	R	A	A	G

7. CHANGE OF KEY PERFORMANCE INDICATORS

7.1. The Authority shall be entitled to review the KPIs annually to ensure they remain relevant to the aims and objectives of the Contract. Amendments to the KPIs shall be undertaken in accordance with the change process detailed in Schedule 7.2 (Change Control Procedure). Following agreement, a change will be implemented into this Schedule 2.2.

8. KEY PERFORMANCE INDICATOR TRANSPARENCY REPORTING

8.1. In accordance with central governmental transparency requirements and DEFCON 539, the Authority is mandated to facilitate Cabinet Office Publishable Performance Information publication of three KPIs for all contracts with a service element over £5 million (ex VAT). This Contract has been identified as being in scope of the KPI publication activity. The Cabinet Office reporting format prescribes four thresholds against each KPI as illustrated in the Authority Template (DEFFORM 539A) for Transparency Reporting of Key Performance Indicators provided at Appendix 2 to Schedule2.2. The Information to be published (the "Reportable KPI Information") is:

8.1.1. Contract Title and Number;

8.1.2. Legal Name of Supplier;

8.1.3. KPI Description;

8.1.4. KPI Contractual Target;

8.1.5. KPI Rating;

8.1.6. Supplier Comment (Optional – to be included if a rate of ‘Requires Improvement’ or ‘Inadequate’ applies).

8.2. The Authority will select and agree with the Contractor three (3) KPIs, and the performance of the Contractor against the KPIs for publication on a quarterly basis in accordance with DEFCON 539 and DEFFORM 539B at Appendix 2 to this Schedule 2.2. This will be done in the first three (3) months following the Effective Date. The KPIs will be

agreed on the basis of those that are considered to be the most relevant to demonstrating whether the contract is delivering its objectives.

8.3. In order to provide a rating against each KPI, it is necessary to agree performance thresholds which equate to the standard report format, as follows:

8.3.1. 'Good' - contractual target;

8.3.2. 'Approaching target' - performance just below contractual target but not a major cause for concern unless underperformance is sustained;

8.3.3. 'Requires improvement' - interventions required; and

8.3.4. 'Inadequate' - major interventions or contractual rectification plans required.

8.4. This Schedule 2.2 provides for the reporting against three (3) categories of KPI performance thresholds as set out in Condition 3 of this Part A (Green, Amber, Red). For the purpose of reporting KPI performance against the Cabinet Office four (4) performance thresholds, the following alignment of performance reporting shall apply:

8.4.1. 'Good' shall represent Green performance;

8.4.2. 'Approaching target' shall represent the upper quartile of the Amber performance band;

8.4.3. 'Requires improvement' shall represent the lower three quartiles of the Amber performance band; and

8.4.4. 'Inadequate' shall represent Red performance.

8.5. The Contractor shall support the Publishable Performance Information obligation through inclusion of the required data in their quarterly Performance Report under Condition 2 of this Schedule 2.2. Where this does not meet the Authority's reporting timetable, the Publishable Performance Information shall be provided outside of the quarterly Performance Report timetable. The Publishable Performance Information for the three (3) agreed KPIs shall be provided in the format at Appendix 2. In the event that a rating of 'requires improvement' or 'inadequate' applies, the Contractor shall provide comments against the relevant KPI.

PART B: COLLABORATION MECHANISM

9. CONTRACTOR COLLABORATION

9.1. Contractor collaboration under this Contract will be managed in accordance with Part B to this Schedule 2.2.

9.2. Each Party agrees to co-operate, at its own cost with the other Party in the fulfilment of the purposes and intent of this Contract and any Over and Above (O&A) Tasking Order (save that neither Party shall be under any obligation to perform any of the other Party's obligations under this Contract and any O&A Tasking Order.

9.3. Each Party shall in fulfilling their obligations under this Contract and any O&A Tasking Order, take all reasonable steps to preserve the reputation and good name of the other Party.

9.4. Each Party shall behave in accordance with the principles set out in ISO44001:2017 (Collaborative business relationship management systems.)

9.5. The key behavioural requirements and associated measurement criteria that the Contractor is required to demonstrate in the delivery of the Contract (the "Collaboration Requirements") are set out in Table 2 below (Collaboration Requirements). The Collaboration Requirements are designed to deliver commitment, openness and trustworthiness by the Contractor in support of the delivery of the Authority's key objectives.

Table 2 - Collaboration Requirements

Collaborative Behaviour	**Behavioural requirement** – *'The Contractor displays …'*
1. Commitment	***a) Alignment with the JEWOSC*:** support and allegiance to the JEWOSC's Objectives. Mission and Vision, making incremental changes to ways of working to improve JEWOSC output (via improving JEWOSC economy, efficiency and/or effectiveness), supports initiatives beyond the JEWOSC contract boundary including the government's Social Value and SME agendas.
	b) Resilience: recovery from an issue (or issues) without automatically looking to the Contract for recourse.
2. Openness	***c) Transparency:*** a willingness to share meaningful information in support of the delivery of VFM for the JEWOSC and raise challenging issues to ensure effective decision making.
	d) Effective working relationship: delivery and maintenance of a no surprise culture and the timely and accurate provision of information.
3. Trustworthiness	***e) Integrity:*** consistent equitable, moral and ethical standards and truthfulness in conduct.
	f) Reliability: delivery against promises and commitments and willingness to follow agreed principles whilst consistently applying expertise, external perspectives and best practice.

10. ASSESSMENT OF THE CONTRACTOR'S PERFORMANCE AGAINST THE COLLABORATION REQUIREMENTS

10.1. The Authority shall assess the Contractor's performance in delivering each of the Collaboration Requirements over periods of three (3) Months during the Contract Period (the "Collaboration Review"). Any immediate concerns will be raised in month and as a standing agenda item at the monthly JEWOSC Management Board as set out in Part B, Condition 3 of Schedule 7.1 (Governance).

10.2. The first Collaboration Review Meeting shall occur within three (3) months after the Service Commencement Date, and each subsequent Collaboration Review Meeting shall occur at three (3) monthly intervals thereafter.

10.3. As part of the Collaboration Review:

10.3.1. Director JEWOSC and the Lead Industry Partner shall review the Contractor's behaviour against the Collaboration Requirement (the Collaboration Review Meeting); and

10.3.2. following the Collaboration Review Meeting, the Contractor's behaviour over the previous three (3) months will be assessed by the Authority against the Collaboration Requirements and categorised as follows:

i. Good Behaviour (Green) is categorised that the Contractor is assessed to have demonstrated five (5) or more of the Collaboration behavioural requirements always and the other, as applicable, assessed as often over the previous three (3) months;

ii. Moderate Behaviour (Amber) means the Contractor is assessed to have demonstrated four (4) Collaboration behavioural requirements always and the other two (2) assessed as a minimum of often over the previous three (3) months; and

iii. Unsatisfactory Behaviour (Red) means the Contractor is assessed to have demonstrated less than Moderate Behaviour over the previous three (3) months.

11. THE COLLABORATION FEE

11.1. The annual Collaboration Fee shall be calculated in accordance with Condition 1.2.2 of this Schedule 2.2 as 10% allocation of the annual Profit Fee at Risk.

11.2. The Collaboration Fee payments to the Contractor for the quarterly period assessed shall be made as follows:

11.2.1. Good Behaviour (Green): 100% of the Collaboration Fee payment shall be paid;

11.2.2. Moderate Behaviour (Amber): 50% of the Collaboration Fee payment shall be paid; and

11.2.3. Unsatisfactory Behaviour (Red): 0% of the Collaboration Fee payment shall be paid.

11.3. On Authority assessment of Amber or Red, there shall be no mechanism for the payment of the unpaid Collaboration Fee on the return to Good Behaviour (Green).

11.4. The Authority will provide the Contractor with the opportunity to discuss its assessment of its performance against the Collaboration Requirements with the Authority in the Collaboration Review Meeting, the decision as to how the behaviour is assessed shall be at the sole discretion of the Director JEWOSC. The Authority shall notify the Contractor of its decision without unreasonable delay after the Collaboration Review Meeting. The Contractor shall not be able to refer the Collaboration Review assessment to the Dispute Resolution Procedure at Schedule 7.4.

11.5. Condition 8 of Schedule 6.1 (Pricing and Payment) sets out:

11.5.1. the amount of the Collaboration Fee for each Contract Year;

11.5.2. when payment of the Collaboration Fee shall be made.

APPENDIX 1: KEY PERFORMANCE INDICATORS

1.1 KEY PERFORMANCE INDICATOR NAME: REVIEW OF SQEP PERFORMANCE AGAINST THE SQEP COMPETENCY FRAMEWORK (SCF)

Indicator purpose	**Weighting** *(Apportioned Profit Fee at Risk)*	**Target Performance Level**			**Service Credit Deduction**			**Source of data**	**Algorithm**	**Means of presentation**	**Measurement period**	**Reporting frequency**
		Green	Amber	Red	Green	Amber	Red					
The purpose of this indicator is to assess the provision of SQEP who satisfy the qualifications and experience requirements for their roles as set out in the SQEP Competency Framework (SCF) at Appendix 1 to Schedule 2.1.	24%	*>90%*	*80-90%*	*<80%*	0%	50%	100%	1. SQEP listing and 2. Authority assessment of the competency of the SQEP against the SCF at Appendix 1 to Schedule 2.1	Number of SQEP at the end of an assessment period ('A') Number of SQEP at the end of an assessment period who satisfy the qualifications and experience requirements for their roles set out in the SCF at Appendix 1 to Schedule 2.1 ('B') **Calculation**: Percentage of SQEP who satisfy the qualifications and experience requirements for their roles set out in the SCF at Appendix 1 to Schedule 2.1: (B)/(A) x 100	Tabular / Graphical	Quarterly	Quarterly

1.1. Conditions to this KPI include:

1.1.1. A SQEP shall be evaluated as not having met the expectations of their relevant SCF level, if it can be evidenced that one or more required competencies cannot be demonstrated.

1.1.2. Algorithm to be rounded to 2 decimal places.

1.1.3. Co-ordination of the data collection shall be managed by the Contractor, for assessment and inclusion in the Performance Report relating to that KPI Measurement Period.

1.1.4. Target Performance Level thresholds for each category:

Performance Bands	**Performance Threshold**
Green	>90% SQEP meeting the expectations of the SCF
Amber	80-90% SQEP meeting the expectations of the SCF
Red	<80% SQEP meeting the expectations of the SCF

1.1.5. For the purpose of assessing performance under this KPI 1.1, a grace period of six (6) months shall apply for all SQEP from their start date under the Contract. During the grace period, the Parties shall measure and report on the level of performance, but the performance of the relevant SQEP who are within their grace period shall not be included in the calculation of this KPI 1.1.

1.1.6. For the avoidance of doubt, a grace period shall not apply in the event that SQEP following their commencement of providing services under the Contract, move between Levels within a Job Role, eg move from Level 2 to Level 3, or between Job Roles.

1.2 KEY PERFORMANCE INDICATOR NAME: POSTING FILLED BY SQEP AGAINST THE AGREED REQUIREMENT

Indicator purpose	Weighting *(Apportioned Profit Fee at Risk)*	Target Performance Level			Service Credit Deduction			Source of data	Algorithm	Means of presentation	Measurement period	Reporting frequency
		Green	Amber	Red	Green	Amber	Red					
The purpose of this indicator is to assess availability of SQEP during the assessment period.	24%	*>95%*	*80-95%*	*<80%*	0%	50%	100%	1. SQEP listing and 2. Contractor time recording system	Total number of contracted hours of SQEP availability in measurement period ('C') Total number of contracted hours of SQEP provided in measurement period ('D') **Calculation:** Percentage availability of SQEP during the measurement period: (D)/(C) x 100	Tabular / Graphical	Quarterly	Quarterly

1.2. Conditions to this KPI include:

1.2.1. Algorithm to be rounded to 2 decimal places.

1.2.2. Co-ordination of the data collection shall be managed by the Contractor, for assessment and inclusion in the Performance Report relating to that KPI Measurement Period.

1.2.3. Target Performance Level thresholds for each category:

Performance Bands	Performance Threshold
Green	>95% SQEP availability in measurement period [and no more than one post remains unfilled for more than 60 days but less than 90 days and no posts remain unfilled after 90 days]
Amber	80-95% SQEP availability in measurement period [and/or more than one but no more than three posts remain unfilled for more than 60 days but less than 90 days and no posts remain unfilled after 90 days]
Red	<80% SQEP availability in measurement period [or more than three posts remain unfilled for more than 60 days but less than 90 days or a post remains unfilled after 90 days]

1.2.4. Any instances of SQEP non-availability as a consequence of absence through illness of up to five (5) Working Days per individual in a rolling 12-month period shall be included within the number of hours of SQEP provided.

1.2.5. Unless agreed with the Authority in advance, for the purpose of this KPI 1.2, any hours worked by SQEP in excess of their contracted hours shall not be used to offset any unavailability of SQEP who work less than their contracted hours, i.e. for the purpose of the performance algorithm, their contracted hours should be included in the calculation for any SQEP who work in excess of their contracted hours, rather than the actual hours that they have worked.

1.3 KEY PERFORMANCE INDICATOR NAME: NOMINATED TRAINING COURSE(S) PASS RATES

Indicator purpose	Weighting *(Apportioned Profit Fee at Risk)*	Target Performance Level			Service Credit Deduction			Source of data	Algorithm	Means of presentation	Measurement period	Reporting frequency
		Green	Amber	Red	Green	Amber	Red					
The purpose of this indicator is to assess knowledge transfer by measuring the percentage of Authority personnel who pass a Contractor-provided training course.	6%	*>90%*	*80-90%*	*<80%*	0%	50%	100%	The Training and Finance Management Information System [TAFMIS] record of Authority personnel TAFMIS record shall be adjusted to reflect Authority personnel not completing training for matters outside of the Contractor's control	Number of Authority personnel commencing a training course designed and/or delivered by the Contractor ('E') Number of Authority personnel who successfully complete a training course designed and/or delivered by the Contractor ('F') **Calculation:** Percentage of Authority personnel who commence a training course who successfully complete the course: (F)/(E) x 100	Tabular / Graphical	Quarterly	Quarterly

1.3. Conditions to this KPI include:

1.3.1. Algorithm to be rounded to 2 decimal places.

1.3.2. Co-ordination of the data collection shall be managed by the Contractor, for assessment and inclusion in the Performance Report relating to that KPI Measurement Period.

1.3.3. Target Performance Level thresholds for each category:

Performance Bands	Performance Threshold
Green	>90% pass rates
Amber	80-90% pass rates
Red	<80% pass rates

1.3.4. At the Service Commencement Date, the apportioned Profit Fee at Risk to the delivery of KPI 1.3 shall be 6%. The Parties shall periodically review whether this remains appropriate as additional courses come within scope of the Contract and, as appropriate, amend the relative apportioned Profit Fee at Risk across the KPI suite via formal change in accordance with Schedule 7.2 (Change Control Procedure) to reflect the relative importance of the training service requirement in the context of the other Service Requirements.

1.4 KEY PERFORMANCE INDICATOR NAME: APPROPRIATE TRAINING FOCUS

Indicator purpose	Weighting *(Apportioned Profit Fee at Risk)*	Target Performance Level			Service Credit Deduction			Source of data	Algorithm	Means of presentation	Measurement period	Reporting frequency
		Green	Amber	Red	Green	Amber	Red					
The purpose of this indicator is to assess knowledge transfer following course attendance, by reference to line manager assessment.	18%	*>tba*	*tba*	*<tba*	0%	50%	100%	1. KPI 1.4 survey register and 2. KPI 1.4 survey returns	*The Authority shall discuss the detail of the performance measurement with the Tenderers during negotiations. Specific Target Performance Level percentages shall be agreed with the Contractor prior to implementation of the Training Review in accordance with Schedule 2.1 SOR SR Ref 2.2.2.* Number of surveyed Line managers responding within the assessment period ('G') Total score from all surveyed Line managers in response to the question 'How well was [name] prepared versus your expectations for a person undertaking their role following their attendance at the Contractor designed and/or delivered training course(s) during the assessment period?' ('H') **Calculation:** Average score: (H) / (G) *100	Tabular / Graphical	Quarterly	Quarterly

1.4. Conditions to this KPI include:

1.4.1. KPI 1.4 shall be effective following the implementation of the Training Review recommendations as set out in Condition 1.5 of this Schedule 2.2; until it becomes effective, the apportioned Profit Fee at Risk associated with KPI 1.4 shall be apportioned across the other KPIs in with line with their respective KPI weightings.

1.4.2. Algorithm to be rounded to 2 decimal places.

1.4.3. Co-ordination of the data collection shall be managed by the Contractor, for assessment and inclusion in the Performance Report relating to that KPI Measurement Period.

1.4.4. Target Performance Level thresholds for each category:

Performance Bands	Performance Threshold
Green	>[x]
Amber	[y] – [x]
Red	<[y]

1.5 KEY PERFORMANCE INDICATOR NAME: REVIEW OF CIS SQEP PERFORMANCE AGAINST THE CIS JOB ROLES AND SCF BY THE AUTHORITY

Indicator purpose	Weighting *(Apportioned Profit Fee at Risk)*	Target Performance Level			Service Credit Deduction			Source of data	Algorithm	Means of presentation	Measurement period	Reporting frequency
		Green	Amber	Red	Green	Amber	Red					
The purpose of this indicator is to measure the percentage of CIS SQEP who satisfy the qualifications and experience requirements for their roles as set out in the CIS Job Roles at Annex 2 to Schedule 2.1 and the SQEP Competency Framework (SCF) at Appendix 1 to Schedule 2.1.	6%	*>90%*	*80-90%*	*<80%*	0%	50%	100%	1. CIS SQEP listing and 2. Authority assessment of the competency of the CIS SQEP against the CIS Job Roles at Annex 2 to Schedule 2.1 and the SQEP Competency Framework (SCF) at Appendix 1 to Schedule 2.1	Number of CIS SQEP at the end of an assessment period ('I') Number of CIS SQEP at the end of an assessment period who satisfy the qualifications and experience requirements for their roles set out in the CIS Job Roles at Annex 2 to Schedule 2.1 and set out in the SCF at Appendix 1 to Schedule 2.1 ('J') **Calculation:** Percentage of CIS SQEP who satisfy the qualifications and experience requirements for their roles set out in the CIS Job Roles at Annex 2 to Schedule 2.1 and set out in the SCF at Appendix 1 to Schedule 2.1: (J)/(I) x 100	Tabular / Graphical	Quarterly	Quarterly

1.5. Conditions to this KPI include:

1.5.1. A CIS SQEP shall be evaluated as not having met the expectations of their relevant CIS Job Role level or SCF level, if it can be evidenced that one or more required competencies cannot be demonstrated.

1.5.2. Algorithm to be rounded to 2 decimal places.

1.5.3. Co-ordination of the data collection shall be managed by the Contractor, for assessment and inclusion in the Performance Report relating to that KPI Measurement Period.

1.5.4. Target Performance Level thresholds for each category:

Performance Bands	Performance Threshold
Green	>90% CIS SQEP meeting the expectations of their CIS Job Roles and SCF levels
Amber	80-90% CIS SQEP meeting the expectations of their CIS Job Roles and SCF levels
Red	<80% CIS SQEP meeting the expectations of their CIS Job Roles and SCF levels

1.6 KEY PERFORMANCE INDICATOR NAME: POSTINGS FILLED BY CIS SQEP AGAINST THE AGREED REQUIREMENT

Indicator purpose	Weighting *(Apportioned Profit Fee at Risk)*	Target Performance Level			Service Credit Deduction			Source of data	Algorithm	Means of presentation	Measurement period	Reporting frequency
		Green	Amber	Red	Green	Amber	Red					
The purpose of this indicator is to measure percentage availability of CIS SQEP during the assessment period.	6%	*>95%*	*80-95%*	*80%*	0%	50%	100%	1. CIS SQEP and 2. Contractor time recording system	Total number of contracted hours of CIS SQEP availability in measurement period ('K') Total number of contracted hours of CIS SQEP provided in measurement period ('L') **Calculation:** Percentage availability of CIS SQEP during the measurement period: (L)/(K) x 100	Tabular / Graphical	Quarterly	Quarterly

1.6. Conditions to this KPI include:

1.6.1. Algorithm to be rounded to 2 decimal places.

1.6.2. Co-ordination of the data collection shall be managed by the Contractor, for assessment and inclusion in the Performance Report relating to that KPI Measurement Period.

1.6.3. Target Performance Level thresholds for each category:

Performance Bands	Performance Threshold
Green	>95% CIS SQEP availability in a measurement period [and no more than one post remains unfilled for more than 60 days but less than 90 days and no posts remain unfilled after 90 days]
Amber	80-95% CIS SQEP availability in a measurement period [and/or more than one but no more than three posts remain unfilled for more than 60 days but less than 90 days and no posts remain unfilled after 90 days]
Red	<80% CIS SQEP availability in a measurement period [or more than three posts remain unfilled for more than 60 days but less than 90 days or a post remains unfilled after 90 days]

1.6.4. Any instances of CIS SQEP non-availability as a consequence of absence through illness of up to five (5) Working Days per individual in a rolling 12-month period shall be included within the number of hours of CIS SQEP provided.

1.6.5. Unless agreed with the Authority in advance, for the purpose of this KPI 1.6, any hours worked by CIS SQEP in excess of their contracted hours shall not be used to offset any unavailability of CIS SQEP who work less than their contracted hours, i.e. for the purpose of the performance algorithm, their contracted hours should be included in the calculation for any CIS SQEP who work in excess of their contracted hours, rather than the actual hours that they have worked.

1.7 KEY PERFORMANCE INDICATOR NAME: SOCIAL VALUE - SUPPORT FOR IN-WORK PROGRESSION

Indicator purpose	Weighting *(Apportioned Profit Fee at Risk)*	Target Performance Level			Service Credit Deduction			Source of data	Algorithm	Means of presentation	Measurement period	Reporting frequency
		Green	Amber	**Red**	Green	Amber	Red					
The purpose of this indicator is to assess Social Value through measuring the percentage of the Contractor's workforce passing development/ training programmes.	6%	*TBA - thresholds for Green, Amber and Red will be absolute numbers rather than percentages and will be inserted here in accordance with the Tenderer's commitment to Social Value in tacking Workforce Inequality: see drafting note at condition 1.7.3 below.*			0%	50%	100%	1. Contractor development/ training programme records for SQEP and CIS SQEP and 2. Planned development/training programme metrics for SQEP and CIS SQEP	Number of SQEP and CIS SQEP who pass a development/training programme contributing to a move to a higher SQEP or CIS SQEP competency level or to achieving another SQEP or CIS SQEP competency (as defined by the SCF at Appendix 1 to Schedule 2.1 and the CIS Job Roles at Annex 2 to Schedule 2.1) aligned to the Authority's anticipated future requirements ('M') Planned number of SQEP and CIS SQEP (as defined under the Tenderer's response regarding commitment to Social Value in tackling Workforce Inequality) who will undertake a development/training programme contributing to a move to a higher SQEP or CIS competency or to achieving another SQEP or CIS SQEP competency (as defined by the SCF at Appendix 1 to Schedule 2.1 and the CIS Job Roles at Annex 2 to Schedule 2.1) aligned to the Authority's anticipated future requirements ('N') **Calculation:** Number of SQEP and CIS SQEP who pass a development/training in comparison to the planned number: (N) – (M)	Tabular / Graphical	Quarterly	Quarterly

1.7. Conditions to this KPI include:

1.7.1. Co-ordination of the data collection shall be managed by the Contractor, for assessment and inclusion in the Performance Report relating to that KPI Measurement Period.

1.7.2. Drafting note (for update on contract award): Target Performance Level thresholds for each category will be determined at ITN in accordance with Condition 35 (Social Value); the Authority will incorporate into the Contract the Social Value deliverables from the Winning Tenderer's proposals provided in the ITN Requirements of Response relating to Tackling Workforce Inequality.

Performance Bands	Performance Threshold
Green	<[p] SQEP and CIS SQEP do not achieve planned development/training programme objectives
Amber	[q] – [p] SQEP and CIS SQEP do not achieve planned development/training programme objectives

Red	<[q] SQEP and CIS SQEP do not achieve planned development/training programme objectives

APPENDIX 2: AUTHORITY TEMPLATE (DEFFORM 539B) FOR TRANSPARENCY REPORTING OF KEY PERFORMANCE INDICATORS

Publishable Performance Information - Key Performance Indicator Data Report

KPI Description*	Rating Thresholds	Frequency of Measurement	Quarter and Year*	Average for Reporting Period	Rating*	Comment*
	Good*:					
	Approaching Target:					
	Requires Improvement:					
	Inadequate:					
	Good*:					
	Approaching Target:					
	Requires Improvement:					
	Inadequate:					
	Good*:					
	Approaching Target:					
	Requires Improvement:					
	Inadequate:					