



Home Office

AUTHORITY: The Secretary of State for the Home Department

SCHEDULE 20
CONTINUOUS IMPROVEMENT

NEXT GENERATION OUTSOURCED VISA SERVICES

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SCHEDULE 20

CONTINUOUS IMPROVEMENT

1. Scope

- 1.1. In addition to performing the Services in accordance with the requirements of the Agreement, the Supplier shall continually monitor the Services for the purpose of identifying and implementing continuous improvements and innovations throughout the Contract Term.
- 1.2. This Schedule sets out the scope, key principles and objectives for the Supplier continually to improve, which shall directly relate to the Authority's overarching objectives. These include promoting quality and efficiency; reducing costs and encouraging innovation, but may change from time to time.
- 1.3. Areas covered by the continuous improvement obligations in this Schedule 20 (**Continuous Improvement**) include, but are not limited to the following:
 - Visa Application processes
 - Contract and operational governance
 - Delivery methods
 - Staffing roles, responsibilities and skills
 - Sub contractors and third party service suppliers
 - User Pays Services.
- 1.4. Areas not covered by the provisions of this Schedule 20 (**Continuous Improvement**) include:
 - Business development activities.

2. Service Streams Subject to Continuous Improvement

2.1. Services and Processes

The Supplier shall ensure that it keeps itself fully informed about:

- 2.1.1. market developments regarding technological and business process changes; and
- 2.1.2. industry best practice

in each case, relating to the processes and procedures required to implement the Services, in order to allow the Supplier to innovate and make recommendations regarding all aspects of the Agreement, including but not limited to those identified at paragraph 2.2 below.

2.2. Service streams and processes

Service streams and processes subject to continuous improvement shall include:

- 2.2.1. Change Control Notice turnaround time;
- 2.2.2. VAC process/productivity improvement;
- 2.2.3. electronic invoicing;
- 2.2.4. User Pays Services and the related payment process;
- 2.2.5. integrated customer satisfaction reporting;
- 2.2.6. Courier Services; and
- 2.2.7. input costs and reduction of any pass through costs including expenses.

2.3. Contract Management

The Supplier is required under this Agreement to execute specific contract management functions including the monitoring and reporting of the performance of the Contract, for example: Schedule 8 (**Governance and Contract Management**), Schedule 7 (**Service Levels and Service Credits**) and Schedule 14 (**Management Systems and Reporting**). However, in addition, the Supplier will seek to identify and recommend continuous improvements for the Authority's consideration, which will include but not be limited to the improvement of the quality and efficiency of the Services and reduction of costs.

2.4. Policies

The Supplier shall review the policies and procedures associated with the Agreement (such as the VAC process, payment process, security, sustainability and/or Customer Satisfaction Reporting) and, where appropriate, identify and recommend areas for improvement. Such improvements shall be discussed during the Business Development Board meetings (BDB).

2.5. Service Improvement

- 2.5.1. The Supplier shall significantly enhance the delivery of the Services through the introduction of tools, procedures and other improvements into its processes so that the Services are performed at least in accordance with the Service Levels and the Service Levels are improved over the Term. Such enhancements shall be at no additional cost to the Authority.
- 2.5.2. The Supplier will implement a continuous improvement process to identify, plan and execute improvement initiatives related to the Services. Prior to planning or executing any continuous improvement initiatives that could result in an increase of costs to the Authority; the Supplier will seek approval in writing from the Authority.

- 2.5.3. The Supplier shall inform the Authority of new technology, related to the Services being performed hereunder and of which the Supplier becomes aware, that the Supplier believes would be of benefit to the Authority and shall, upon the Authority's request, assist it in the evaluation of such new technologies.

2.6. Cost Improvement

- 2.6.1. The Supplier shall plan for, identify and realise opportunities to reduce the Service Charges and, in so doing, shall advise the Authority of each savings opportunity that is identified together with an estimate of the potential savings.
- 2.6.2. Subject to section 4.3, If the Supplier adopts technology or processes that were not contemplated in the Service Charges and the Statement of Requirements or Supplier's Solution as at the Effective Date and, as a result, the cost to the Supplier of supplying the Services materially decreases, Supplier shall notify the Authority of the extent of the change. Following such adoption, the Service Charges shall be revised so that Supplier and the Authority share the net benefit of the decreased cost equally.

3. **Process for review and change**

- 3.1. The Supplier shall present any recommendations for Continuous Improvement to the Business Development Board (BDB). The BDB will then decide whether the recommendation is to be rejected; agreed and implemented through Continuous Improvement and Gain Share, or whether the recommendation is not a Continuous Improvement but is actually a change and therefore should be implemented through Change Control.
- 3.2. The Supplier shall share best practice relating to Continuous Improvement with other Stakeholders within other Countries and Regions.
- 3.3. The Supplier understands and agrees that it shall report to the Authority any examples of Best Practice that it is implementing for other clients, or in other parts of its business, where that best practice is applicable and of potential benefit to Services.

4. **Benefits – Benchmarking and Gain Share**

4.1. Benefits

- 4.1.1. The Supplier shall implement a year-on-year continuous improvement in the efficiency with which it fulfils its obligations under this Agreement. Such improvement shall not negatively impact on the execution of, or change the obligations on the Supplier under, this Agreement.
- 4.1.2. The benefits to each Party of Continuous Improvement are envisaged as:

To the Authority: The Agreement becomes less costly to manage

- Value for money improves
- Operational performance improves
- Reporting & evidence of improvement

To the Supplier:

- Costs decrease
- Profits increase
- The Authority becomes a successful reference client
- Market position is strengthened
- Commercial understanding of the Authority improves
- Reduced SLA failures

To the Authority and the Supplier:

- Governance process requires less senior-level intervention
- Joint risk and issue registers

4.1.3. The setting of any possible reductions in targets and costs shall be considered as part of the BDB meetings held each quarter, as set out in Schedule 8 (**Governance and Contract Management**).

4.1.4. The Supplier shall report to the Authority not less than once every Contract Year on its achievement of the Continuous Improvement requirements set out in this Schedule, and shall provide tangible or demonstrable evidence that it has achieved such requirements.

4.2. Benchmarking

4.2.1. 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.

4.2.2. 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.

4.2.3. Both Parties agree that, subject to Clause 30 (confidentiality) of the Terms and Conditions, 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.

- 4.2.4. Any disclosure under paragraph 4.2.3 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.

4.3. Gain share

- 4.3.1. Where the Supplier suggests an improvement which is likely to result in cost savings to the Authority, the Authority may share the cost benefit with the Supplier in the ratio of 50:50 (Authority: Supplier) in accordance with the principles detailed in this Section 4.3.

- 4.3.2. Any suggestions for Service improvements shall include:

- a brief overview of the Service improvement(s) identified;
- a description of the anticipated operational impact (including, without limitation, an assessment of quality; reliability; impact on Service Levels and other relevant factors) of the Service improvements on the delivery of the Services by the Supplier in accordance with this Agreement;
- the financial benefits of the Service improvements to the Authority (including, without limitation, details of the associated cost savings and any projected reduction to the Service Charges); and
- advice to the Authority of any risks associated with the Service improvements.

- 4.3.3. If the Authority, in its absolute discretion, having considered the Supplier's proposal for Service improvement(s) shall conclude that the implementation of the relevant Service improvement(s) is desirable, then the Supplier shall put in place, at its own cost, all necessary arrangements to facilitate the delivery of such Service improvements (including, without limitation, implementing any resultant reductions in the Service Charges).

- 4.3.4. The Authority retains the right at its own discretion to waive all, or part, of its Gain Share percentage for a nominated period.

- 4.3.5. The Authority will retain the right not to share the benefit with the Supplier of an efficiency improvement where:

- the Authority identifies the improvement;
- the improvement requires minimal effort from the Supplier to implement;
- the saving results from a predicted change in the Authority's business process which the Supplier was required to plan for; and/or

- the savings result from an improvement made to realign the Supplier's performance to the desired performance of the Agreement.
- 4.3.6. Where the steps necessary to achieve the relevant Service improvement(s) require a change to the Agreement, such change shall be deemed to be a Contract Change and the provisions of Schedule 10 (**Change Control**) shall apply.
- 4.3.7. The allocated Gain Share payments in respect of Service improvements will be forfeited by the Supplier where:
- overall performance of the Services is deemed to be poor by the Authority (acting reasonably);
 - the anticipated benefits are not delivered, or demonstrably quantifiable;
 - monies payable to the Authority are outstanding; and/or
 - the Supplier has been given notice of Termination for Default.
- 4.3.8. Following the implementation of a Service improvement in accordance with this Schedule, the Parties shall meet quarterly to review the actual achievement of the savings as against the anticipated savings 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 savings. The Supplier shall apply any lessons learnt in the identification, development and implementation of subsequent Service improvements during the Contract Term.

5. Gain Share Calculation

- 5.1. Within thirty (30) Calendar days of the BDB approval of any Continuous Improvement proposal, the Supplier shall deliver to the Authority the Gain Share Calculation.
- 5.2. The Gain Share Calculation shall be prepared in accordance with this Section 5.
- 5.3. Following receipt by the Authority of a Gain Share Calculation, the Supplier shall, at its own expense, provide to the Authority any such additional information as it may reasonably request so that the Authority can verify the accuracy of the Gain Share Calculation. This shall include any detailed working papers and spreadsheets constructed in carrying out the Gain Share Calculation and shall be supplied in both paper and electronic copy.
- 5.4. 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 with or disputes the Gain Share Calculation. If the Authority disputes the Gain Share Calculation, the same shall be referred to the Dispute Resolution Procedure.

5.5. Payment of Gain Share Amount

- 5.5.1. Following agreement of the Gain Share Calculation, the Supplier will agree with the Authority how best to account for the Gain Share payment. For the avoidance of doubt, this will be achieved either by means of a one-off payment or via an adjustment to the monthly Services Charges, which (unless otherwise agreed between the parties) shall apply until the end of the Initial Contract Term.
- 5.5.2. Following agreement of the Gain Share Calculation, the Supplier shall pay the Authority the Authority's Gain Share Amount within thirty (30) calendar days of such agreement.
- 5.5.3. It is presumed that Gain Share payments in the final year of the Initial Term shall be made as a one-off payment within thirty (30) calendar days of such agreement.