

## Call-Off Schedule 14 (Service Levels)

Call-Off Ref: Controls Audit for Income Contingent Repayment Loans

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## Call-Off Schedule 14 (Service Levels)

### 1. Definitions

- 1.1 In this Schedule, the following words shall have the following meanings and they shall supplement Joint Schedule 1 (Definitions):

<b>"Critical Service Level Failure"</b>	has the meaning given to it in the Order Form;
<b>"Service Credits"</b>	any service credits specified in the Annex to Part A of this Schedule being payable by the Supplier to the Buyer in respect of any failure by the Supplier to meet one or more Service Levels;
<b>"Service Credit Cap"</b>	has the meaning given to it in the Order Form;
<b>"Service Level Failure"</b>	means a failure to meet the Service Level Performance Measure in respect of a Service Level;
<b>"Service Level Performance Measure"</b>	shall be as set out against the relevant Service Level in the Annex to Part A of this Schedule; and
<b>"Service Level Threshold"</b>	shall be as set out against the relevant Service Level in the Annex to Part A of this Schedule.

### 2. What happens if you don't meet the Service Levels

- 2.1 The Supplier shall at all times provide the Deliverables to meet or exceed the Service Level Performance Measure for each Service Level.
- 2.2 The Supplier acknowledges that any Service Level Failure shall entitle the Buyer to the rights set out in Part A of this Schedule including the right to any Service Credits and that any Service Credit is a price adjustment and not an estimate of the Loss that may be suffered by the Buyer as a result of the Supplier's failure to meet any Service Level Performance Measure.
- 2.3 The Supplier shall send Performance Monitoring Reports to the Buyer detailing the level of service which was achieved in accordance with the provisions of Part B (Performance Monitoring) of this Schedule.
- 2.4 A Service Credit shall be the Buyer's exclusive financial remedy for a Service Level Failure except where:
- 2.4.1 the Supplier has over the previous (twelve) 12 Month period exceeded the Service Credit Cap; and/or
- 2.4.2 the Service Level Failure:

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- ( ) exceeds the relevant Service Level Threshold;
- ( ) has arisen due to a Prohibited Act or wilful Default by the Supplier;
- ( ) results in the corruption or loss of any Government Data; and/or
- ( ) results in the Buyer being required to make a compensation payment to one or more third parties; and/or

2.4.3 the Buyer is entitled to or does terminate this Contract pursuant to Clause 10.4 (CCS and Buyer Termination Rights).

2.5 Not more than once in each Contract Year, the Buyer may, on giving the Supplier at least three (3) Months' notice, change the weighting of Service Level Performance Measure in respect of one or more Service Levels and the Supplier shall not be entitled to object to, or increase the Charges as a result of such changes, provided that:

2.5.1 the total number of Service Levels for which the weighting is to be changed does not exceed the number applicable as at the Start Date;

2.5.2 the principal purpose of the change is to reflect changes in the Buyer's business requirements and/or priorities or to reflect changing industry standards; and

2.5.3 there is no change to the Service Credit Cap.

### 3. Critical Service Level Failure

On the occurrence of a Critical Service Level Failure:

3.1 any Service Credits that would otherwise have accrued during the relevant Service Period shall not accrue; and

3.2 the Buyer shall (subject to the Service Credit Cap) be entitled to withhold and retain as compensation a sum equal to any Charges which would otherwise have been due to the Supplier in respect of that Service Period ("**Compensation for Critical Service Level Failure**"),

provided that the operation of this paragraph 3 shall be without prejudice to the right of the Buyer to terminate this Contract and/or to claim damages from the Supplier for material Default.

## **Part A: Service Levels and Service Credits**

### **1. Service Levels**

If the level of performance of the Supplier:

1.1 is likely to or fails to meet any Service Level Performance Measure; or

1.2 is likely to cause or causes a Critical Service Failure to occur,

the Supplier shall immediately notify the Buyer in writing and the Buyer, in its absolute discretion and without limiting any other of its rights, may:

1.a.1 require the Supplier to immediately take all remedial action that is reasonable to mitigate the impact on the Buyer and to rectify or prevent a Service Level Failure or Critical Service Level Failure from taking place or recurring;

1.a.2 instruct the Supplier to comply with the Rectification Plan Process;

1.a.3 if a Service Level Failure has occurred, deduct the applicable Service Level Credits payable by the Supplier to the Buyer; and/or

1.a.4 if a Critical Service Level Failure has occurred, exercise its right to Compensation for Critical Service Level Failure (including the right to terminate for material Default).

### **2. Service Credits**

2.1 The Buyer shall use the Performance Monitoring Reports supplied by the Supplier to verify the calculation and accuracy of the Service Credits, if any, applicable to each Service Period.

2.2 Service Credits are a reduction of the amounts payable in respect of the Deliverables and do not include VAT. The Supplier shall set-off the value of any Service Credits against the appropriate invoice in accordance with the calculation formula in the Annex to Part A of this Schedule.

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**Annex A to Part A: Services Levels and Service Credits Table****Part A1 – Key Performance indicators:**

Key Performance indicators				Service Credit for each Service Period
Service Level Performance Criterion	Key Indicator	Service Level Performance Measure	Service Level Threshold	
<b>Accurate and timely billing of Buyer</b>	Accuracy / Timelines	A = Number of valid and undisputed invoices delivered on time (within a 30-day period) B = Total number of invoices Performance Measure = A - B	at least 98% at all times	The Authority reserves the right to request a written explanation from the supplier, explaining why invoicing is below the threshold and how invoicing timeliness and accuracy can be improved.
<b>Auditor satisfactory responsiveness</b>	Supplier to acknowledge communications from the Buyer's contract manager within 36 working hours (approximately 3 days).	Service Level Performance Measure = Number of communications sent from the DfE's Contract manager, acknowledged within 3 days working days  Actual Service Level performance = Number of communications sent from the DfE's Contract manager  Performance Measure = (Service Level Performance Measure) - x% (actual Service Level performance)	at least 95% of communications acknowledged within 36 working hours (approximately 3 days), at all times.	The Department reserves the right to issue a 0.25% Service Credit gained for each percentage under the specified Service Level Threshold Measure, capped to 5%.
<b>Social value SLA</b>	<ul style="list-style-type: none"> <li>One opportunity retained.</li> <li>Two opportunities created.</li> </ul>	Provider to delivered two-thirds of opportunities detailed below.	Delivery of the opportunities delivered below.	The Department reserves the right to issue a 2% flat rate Service Credit gained if social value commitments are not abided by.

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**Social value commitment:**

The provider has committed to delivering 3 apprenticeships opportunities, one retained, two credited.

Retained: A level 4 Internal Audit Practitioner (IAP) apprenticeship.

Created: This includes a level 3 or 4 apprenticeship in the IAP apprenticeship pathway, and a Level 7 Audit Practitioner apprenticeship (to be created upon the completion of the existing level 4 IAP, retained).

**Example: Auditor satisfactory responsiveness**

0.25% Service Credit gained for each percentage under the specified Service Level Performance Measure, capped to 5% of each invoice.

Formula: $x\%$ (Service Level Performance Measure) - $x\%$ (actual Service Level performance)	=	$x\%$ of the Charges payable to the Buyer as Service Credits to be deducted from the next Invoice payable by the Buyer, capped to 5%.
<p>Worked example: 98% (e.g. Service Level Performance Measure requirement for accurate and timely billing Service Level) - 75% (e.g. actual performance achieved against this Service Level in a Service Period). This is Capped to 5% of charges.</p> <ul style="list-style-type: none"> <li>Worked example: 98% threshold – 86% performance = 12%</li> <li>12% times 0.25 service credit rate = 3%.</li> <li>This service credit percentage would be capped/reduced exceeded to the 5% cap, if exceeded.</li> <li>Considering the 0.25% Service Credit accrual for each percentage point below 95%, the performance level at which the service credit cap comes into effect is 20%; 95% (threshold) - 75% (actual performance) = 20% (difference)</li> <li>20 (number of points difference) times 0.25% (accrual rate) = 5%</li> </ul>	=	5% of the Charges payable to the Buyer as Service Credits to be deducted from the next Invoice payable by the Buyer]

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**Part A2 – Service Level Agreements**

The below SLA are considered conditions of the contract, delivery of the milestone plan outlined in within call-off Schedule 20 Key milestones.

Service Level Agreements				Outcome if SLA is breached
Service Level Performance Criterion	Key Indicator	Service Level Performance Measure	Service Level Threshold	
<b>Delivery of the annual report, Milestones and deliverables on time.</b>	Timely delivery of key requirements, as set out under the Key milestones section of call-off Schedule 20 specification.	Pass or fail depending on if a key deliverable has been met, subject to the Buyer's contract manager discretion.		The Department reserves the right to freeze and withhold payments.
<b>Timely Inclusion of items as requested by SPV auditor and agreed with DfE in report</b>	DfE facilitated engagement with the SPV auditor, (as per Key milestones section of call-off Schedule 20 specification).	DfE contract manager review, subject to the Buyer's contract manager discretion.	100% of new requests are adequately planned and tested or a DfE approved rational is provided to the SPV auditor and DfE, before the commence of the audit	The Department reserves the right to freeze and withhold payments.

## Part B: Performance Monitoring

### 3. Performance Monitoring and Performance Review

- 3.1 Within thirty (30) Working Days of the Start Date the Supplier shall provide the Buyer with details of how the process in respect of the monitoring and reporting of Service Levels will operate between the Parties and the Parties will endeavour to agree such process as soon as reasonably possible.
- 3.2 The Supplier shall provide the Buyer with performance monitoring reports ("**Performance Monitoring Reports**") in accordance with the process and timescales agreed pursuant to paragraph 3.1 of Part B of this Schedule which shall contain, as a minimum, the following information in respect of the relevant Service Period just ended:
  - 3.2.1 for each Service Level, the actual performance achieved over the Service Level for the relevant Service Period;
  - 3.2.2 a summary of all failures to achieve Service Levels that occurred during that Service Period;
  - 3.2.3 details of any Critical Service Level Failures;
  - 3.2.4 for any repeat failures, actions taken to resolve the underlying cause and prevent recurrence;
  - 3.2.5 the Service Credits to be applied in respect of the relevant period indicating the failures and Service Levels to which the Service Credits relate; and
  - 3.2.6 such other details as the Buyer may reasonably require from time to time.
- 3.3 The Parties shall attend meetings to discuss Performance Monitoring Reports ("**Performance Review Meetings**") on a Monthly basis. These meetings can be merged into monthly Keep In Touch meetings as per Call-Off Schedule 15 (Call-Off Contract Management), at the buyer's contract managers discretion. The Performance Review Meetings will be the forum for the review by the Supplier and the Buyer of the Performance Monitoring Reports. The Performance Review Meetings shall:
  - 3.3.1 take place within one (1) week of the Performance Monitoring Reports being issued by the Supplier at such location and time (within normal business hours) as the Buyer shall reasonably require;
  - 3.3.2 be attended by the Supplier's Representative and the Buyer's Representative; and
  - 3.3.3 be fully minuted by the Supplier and the minutes will be circulated by the Supplier to all attendees at the relevant meeting and also to the Buyer's Representative and any other recipients agreed at the relevant meeting.

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- 3.4 The minutes of the preceding Month's Performance Review Meeting will be agreed and signed by both the Supplier's Representative and the Buyer's Representative at each meeting.
- 3.5 The Supplier shall provide to the Buyer such documentation as the Buyer may reasonably require in order to verify the level of the performance by the Supplier and the calculations of the amount of Service Credits for any specified Service Period.

**4. Satisfaction Surveys**

- 4.1 The Buyer may undertake satisfaction surveys in respect of the Supplier's provision of the Deliverables. The Buyer shall be entitled to notify the Supplier of any aspects of their performance of the provision of the Deliverables which the responses to the Satisfaction Surveys reasonably suggest are not in accordance with this Contract.