



Ministry
of Defence



SCHEDULE G – PERFORMANCE FOR CORE SERVICES

MERLIN AND APACHE ENGINES FUTURE SUPPORT

**CONTRACT NUMBER
HELSS/0102**

SCHEDULE G

PERFORMANCE FOR CORE SERVICES

1. PERFORMANCE MEASUREMENT

1.1 Performance will be measured by the Contractor and reports submitted to the Authority.

1.2 The Contractor's reporting will measure the Contractor's performance on a calendar month basis following the implementation of the Contractor's solution [Tenderer to insert date on which performance assessment will commence based on their solution].

1.3 The Contractor's performance will be measured by 6 Key Performance Indicators (KPIs) that have been designed to measure critical areas of Service provision by the Contractor to the Authority and are set out at sections 2, 3, 4, 5, 6 and 7 of this Schedule.

1.4 This will be reviewed by the Authority and discussed at the monthly and quarterly meetings specified in Schedule L (Governance). The Authority's decision on the performance against KPIs shall be based on this information provided at Clause 1.1 of this Schedule and shall be final.

1.5 The achieved level of performance, as calculated in accordance with the performance measure in Tables A to G below, shall impact Contract payments in accordance with Clause 1.

1.6 Where in any calendar month the required performance level in respect of a KPI is not met, the Authority shall be entitled to a deduction (a service credit) for poor performance as calculated in accordance with Tables A to G below. This deduction shall be applied to the monthly payment of the Target Fee in the following calendar month. The maximum deduction is 1/12 of the Annual Target Fee for the year in question per month.

1.7 Deductions made under Clause 1.6 shall be permanent.

1.8 Deductions are cumulative between KPIs and the maximum deduction is 100% of the Target Fee.

1.9 Measurement of the KPIs and Performance Measures will commence from the Contract Effective Date.

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

1.11 If it is determined as described at Clause 1.4 that the Contractor's performance is Level 1, 2 or 3 on a KPI, the Contractor shall submit a Remediation Plan to the Authority in accordance with Condition 33 of the Terms and Conditions under the Contract.

1.12 Where the Contractor believes a KPI has been or will be assessed as Levels 1, 2 or 3 as a result of Surge, or a failure by the Authority to comply with its obligations under the Contract, the Contractor shall notify the Authority at the earliest opportunity.

1.13 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:

- a. Delivered reasonable evidence demonstrating the impact the Authority has had on performance;

b. Demonstrated the link between the impact the Authority has had on performance and the KPI; and

c. 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.

1.14 Where the Contractor anticipates that their performance against a KPI will be assessed as Levels 1, 2 or 3, the Contractor shall notify the Authority in writing of:

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

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

c. the period during which the Contractor expects that its performance for the KPI will or is likely to be assessed as Levels 1, 2 or 3.

1.15 A summary of the KPIs and the relationship between Performance and Payment is summarised at Annex 2 to this schedule G.

2. KPI 1 – ENGINE AVAILABILITY

2.1 Where demanded by the Authority, the Contractor is required to make available Engines free of planned maintenance for a period of at least 50 flying hours and/or 3 calendar months whichever occurs first at the Main Operating Base (MOB).

2.2 On a calendar month basis, all demands shall be met within the Required Delivery Date (RDD). Performance below 100% compliance shall be addressed as identified in Table A.

2.3 The Authority shall make demands to the Contractor using the Authority's logistic systems.

2.4 The Contractor's performance in delivering Engine Availability shall be assessed by measuring the number of demands fulfilled by the RDD on a monthly basis (see Table A).

TABLE A

Requirement	Detailed Requirement – Contractor	Performance Measure	Performance Metric Category (see Condition 29.5)	Deduction Factor to be applied
Availability of Engines free of planned maintenance for a period of 50 flying hours and / or 3 calendar months by the RDD	The Contractor shall provide support through the provision of Engine availability when requested and as required by the Authority	The percentage compliance with RDD of engine delivery dates to MOBs due to have been satisfied, which will be calculated by taking the number of engine demands satisfied by the RDD within the reporting period and dividing by the total number of engine demands within the reporting period, and expressed as a percentage	>98% (Level 0)	0%
			90%-98% (Level 1)	10%
			81-89.9% (Level 2)	20%
			<81% (Level 3)	30%

3. KPI 2 – SPARES AVAILABILITY

3.1 The Contractor shall provide spares to support the maintenance and repair of the engine in response to demands from the Authority. Performance below 100% compliance shall be addressed as identified in Table B.

3.2 The Authority shall make demands to the Contractor using Authority’s logistics systems.

3.3 For the purpose of KPI 2 (Spares Availability) the RDD shall mean the delivery date to the MOB.

TABLE B

Requirement	Detailed Requirement – Contractor	Performance Measure	Performance Metric Category (see Condition 29.5)	Deduction Factor to be applied
Availability of Spares by the RDD	The Contractor shall make available spares to support the maintenance and repair of the Engine as required by the Authority	The number of engine spares demands due to be satisfied by the RDD in the reporting period, divided by the total number of engine spares demands in period, expressed as a percentage	>98% (Level 0)	0%
			90%-98% (Level 1)	5%
			80-89.9% (Level 2)	10%
			<79.9% (Level 3)	15%

4. KPI 3 – TECHNICAL QUERY PROVISION

4.1 The Contractor shall respond to technical queries from the Merlin Delivery Team (MDT) Propulsion Engineering Authority Team within the Required Response Time. Performance below 100% compliance shall be addressed as identified in Table D.

4.2 The MDT Propulsion Engineering Authority Team will submit all queries via [Resolve]. All queries will be recorded on a technical query form.

4.3 The Demand Level of each query will be determined by the MDT Propulsion Engineering Authority Team upon submission to the Contractor. Queries are classified into the bands identified in Table C:

TABLE C

Performance Metrics Category	Required Response Time (RRT)
Band 1 - High	Requires response within [2] hours of demand to the Contractor
Band 2 – Medium	Requires response between [2-8] hours of demand to the Contractor
Band 3 – Low	Requires response within 48 hours of demand to the Contractor

4.4 All Technical Query responses received by the Authority will be assessed by the MDT Propulsion Engineering Authority Team. The MDT Propulsion Engineering Authority Team will declare their satisfaction/dissatisfaction of the response to the Contractor on a technical query form.

4.5 Contractor performance shall be measured using the following formula:

$$\text{Technical Queries \%} = \frac{\text{Total number of technical queries closed by the Authority within the RRT over the Performance Period (calendar month)}}{\text{Total number of technical queries due to be closed over the Performance Period}} \times 100$$

TABLE D

Requirement	Detailed Requirement – Contractor	Performance Measure	Performance Metric Category (see Condition 29.5)	Deduction Factor to be applied
Technical Query Provision with the Required Response Time	The Contractor shall respond and satisfy Technical Queries within the required time given the Demand Level of that Technical Query as identified in 4.3 above.	Actual percentage of Technical Query (TQ) responses satisfied by the Contractor leading to the Authority closing the TQ within the Demand Level timescale.	>97% (Level 0)	0
			95-97% (Level 1)	2%
			90-94.9% (Level 2)	5%
			<90% (Level 3)	10%

5. KPI 4 – TECHNICAL PUBLICATION SERVICE

5.1 The Contractor shall provide a Technical Publication Service as part of the contract, as detailed in Schedule A (Statement of Requirements).

5.2 Issues with Technical Publications are raised and tracked through the F765 process. The Authority will monitor the Contractor’s performance in closing out these issues using the KPI detailed in Table E.

5.3 The Authority is particularly interested in how well the Contractor closes out Urgent and Priority F765s and so this KPI will exclude the measurement of Routine F765s.

5.4 The performance of the Contractor against this KPI will be measured using the standards detailed in Table E.

TABLE E

Requirement	Detailed Requirement – Contractor	Performance Measure	Performance Metric Category	Deduction Factor to be applied
The Contractor shall provide a Technical Publication Support Service	The Contractor shall provide a Technical Publication Support Service	Number of F765 closed to the Authority's satisfaction in the previous month against total open, expressed as a percentage. Only Urgent and Priority F765s to be counted, excludes Routine	>97% (Level 0)	0
			95-97% (Level 1)	2%
			90% - 94.9% (Level 2)	5%
			<90% (Level 3)	10%

6. KPI 5 – TIMELY SUBMISSION OF INFORMATION

6.1 The Contractor shall provide the required management information as defined in Schedule Q (Contractor Deliverables).

6.2 Schedule N (Contractor Reporting and Data Deliverables) details the most significant deliverables (known as Category A deliverables) that the Authority will measure the Contractor's performance on in this KPI.

6.3 Category A Deliverables specified in Schedule N (Contractor Reporting and Data Deliverables) received by the Authority shall be assessed for satisfactory completion by the Authority, who will declare their Satisfaction/Dissatisfaction of the deliverable to the Contractor.

6.4 The performance of the Contractor against this KPI will be measured using the standards detailed in Table F.

6.5 The Demand Level of each query will be determined by the Authority upon submission to the Contractor.

TABLE F

Requirement	Detailed Requirement – Contractor	Performance Measure	Performance Metric Category (see Condition 29.5)	Deduction Factor to be applied
Submission of Deliverables and Management Information	The Deliverables detailed at Schedule Q shall be delivered to acceptable quality and on time	Percentage of quality, accessible, Category A Contract Data Deliverables provided to the Authority on time, in accordance with Schedule N (Contractor Reporting and Data Deliverables)	100% (Level 0)	0
			95-100% (Level 1)	1%
			90% - 94.9% (Level 2)	3%
			<90% (Level 3)	5%

KPI 6 – MEAN TIME BETWEEN UNSCHEDULED REMOVALS (MTBUR)

6.6 The Contractor shall provide safe, reliable and maintainable engines as part of the Contract.

6.7 In conjunction with the Contractor, the Authority shall measure the average period between unscheduled removals in hours over a rolling 12-month period.

6.8 The target average Mean Time Between Unscheduled Removal shall be [hours and / or calendar].

TABLE G

Requirement	Detailed Requirement – Contractor	Performance Measure	Performance Metric Category (see Condition 29.5)	Deduction Factor to be applied
The Contractor shall provide engines which meet a target average Mean Time Between Unscheduled Removal shall be [hours and / or calendar]	The Contractor shall provide engines which meet a target average Mean Time Between Unscheduled Removal shall be [hours and / or calendar]	Average Mean Time Between Unscheduled Removal across all engines in a calendar year	Within target (Level 0)	0
			Target – [0%-10%] (Level 1)	10%
			Target – [>10%-20%] (Level 2)	20%
			Target - [>20%] (Level 3)	30%

7. PERFORMANCE MEASURES

7.1 Performance Measures are intended to monitor and understand both how the service is being delivered and to ensure that the Contractor and the Authority are able to exploit potential opportunities and efficiencies and manage delivery risk throughout the duration of the contract.

7.2 The Table at Annex 1 to this schedule lists the Performance Measures relevant to the Contract, some of which represent information that the Authority is required to report to its customers and stakeholders.

7.3 Performance Measures are to be reported to the Authority as part of the Contractor’s Monthly Report and in accordance with Schedule N (Contractor Reporting and Data Deliverables).

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ANNEX 1 – LIST OF PERFORMANCE MEASURES

Ref	Measure Name	Measure Purpose	Algorithm	Measurement Period
1	Number of serviceable assets/total assets	The purpose of this measure is to ensure the Contractor returns assets to serviceability promptly	Number of serviceable engines under the Contractor's control divided by total number of engines under the Contractor's control.	Monthly
2	Total engine demands met by RDD	The purpose of this measure is to ensure that the Authority understands what the volume of successfully met engine demands is.	The sum of engine demands successfully met within the Required Delivery Date (RDD).	Monthly
3	Total engine demands	The purpose of this measure is to ensure that the Authority understands what the volume of engine demands is.	The sum of engine demands made.	Monthly
4	SPI per engine	The purpose of this measure is to ensure that engine maintenance is being completed to plan and to understand any deviations from this.	Schedule Performance Index (SPI) of all engine maintenance tasks (one SPI for each engine going through maintenance).	Monthly
5	CPI per engine	The purpose of this measure is to ensure that engine maintenance is being completed to budget and to understand any deviations from this.	Cost Performance Index (SPI) of all engine maintenance tasks (one CPI for each engine going through maintenance).	Monthly
6	OSSR	The purpose of this measure is to understand how effective the inventory management process is.	Off the Shelf Satisfaction Rate (OSSR) for all in scope engine spares.	Monthly
7	Routine IETM Amendments	The purpose of this measure is to ensure that the accuracy or technical manuals is maintained. 100% Routine IETM amendments will be incorporated in publications, pending engineering review, within 2 revision	Number of engineering approved F765s with a cycle time that exceeds 180 days within current reporting period (monthly). Algorithm: Contractor delivery date minus Engineering approval date = >180 days.	Monthly

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		cycles (provided that the Task ID is generated and the task is engineering approved prior to the cycle cut- off date)		
8	Urgent IETM amendments	<p>The purpose of this measure is to ensure that the accuracy or technical manuals is maintained.</p> <p>The Contractor shall provide urgent IETM amendments to publications in the correct format within 30 days from the time a Task ID is generated and the task is engineering approved.</p>	Number of completed urgent amendments delivered, correctly formatted, to the Authority during the reporting period which were completed within 30 days of Task ID generation and approval; divided by the total number of urgent amendment delivered, correctly formatted, to the Authority plus the number of urgent amendments currently in work greater than 30 days from Task ID generation and approval x 100	Monthly
9	Target Stock Level variance	The purpose of this measure is to monitor whether inventories are overstocked.	Sum of all the positive variances between each item's Actual Stock Level and Target Stock Level. (Does not take into account negative variances as we are interested in overstocking not understocking, as this will be revealed by OSSR and RDD measures).	Monthly
10	Inventory Modelling	The purpose of this measure is to monitor how effective the Contractor's inventory modelling is.	Total spent on in-scope spares divided by total spend on spares, expressed as a percentage.	Monthly
11	Inventory days of supply	The purpose of this measure is to reduce the risk of excess and obsolete inventory	Inventory on hand divided by average monthly usage; expressed as a %	Monthly
12	Discrepancy Reports	The purpose of this measure is to ensure that the correct number of items are delivered with the correct paperwork, in order to minimise the number of Discrepancy Reports raised against delivered items	Direct count of number of discrepancy reports received at the Contractor against in-scope items	Monthly
13	Reporting Efficiency	The purpose of this measure is to monitor the amount of effort being spent in the production of Contractor Reporting and Data Deliverables	Average direct personnel-hours taken to produce each Contractor Reporting and Data Deliverable	Monthly
14	F765 action efficiency	The purpose of this measure is to monitor the amount of effort being spent in dealing with F765 actions.	Effort (direct hours) and cost incurred per F765 action	Monthly

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15	Technical Query Efficiency	The purpose of this measure is to monitor the amount of effort being spent in dealing with Technical Queries.	Effort (hours) and cost incurred per Technical Query	Monthly
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ANNEX 2 – Performance and Payment

Key Performance Indicators				
Benchmarks				
KPI	Level 0	Level 1	Level 2	Level 3
1	>98%	90%-98%	81%-89.9%	<81%
2	>98%	90%-98%	80%-89.9%	<79.9%
3	>97%	95%-97%	90%-94.9%	<90%
4	>97%	95%-97%	90%-94.9%	<90%
5	>97%	95%-97%	90%-94.9%	<90%
6	0%	0%-10%	>10%-20%	>20%

Applicable Deductions (from Target Fee)				
KPI	Level 0	Level 1	Level 2	Level 3
1	0.0 %	10.0 %	20.0 %	30.0 %
2	0.0 %	5.0 %	10.0 %	15.0 %
3	0.0 %	2.0 %	5.0 %	10.0 %
4	0.0 %	2.0 %	5.0 %	10.0 %
5	0.0 %	1.0 %	3.0 %	5.0 %
6	0.0 %	10.0 %	20.0 %	30.0 %

