

SCHEDULE 15

1 Performance Measurement and Incentivisation

1.1 The Contractor's performance of the Contract obligations set out under the Schedule 1 Statement of Requirements (the "Performance") shall be monitored throughout the Contract duration through the use of Key Performance Indicators Nos. 1, 2 and 3 ('KPI 1', 'KPI 2' and 'KPI 3' respectively).

KPI 1 – Aircraft Availability and Tasking

1.2 The Contractor shall report Performance against KPI 1 as part of the Monthly Progress Report, utilising the scoring mechanism set out below, to the Authority's Project Manager ("APM"). The APM will review the claimed Performance against the KPI and report (by notice) any disagreement in relation to the claimed Performance within 5 business days of receipt of the Contractor's Monthly Progress Report. If the APM disagrees with the report the Parties shall meet to discuss the disputed matters within 2 business days of the aforementioned notice of disagreement to attempt to reach agreement. If no agreement can be reached the Authority shall either proceed with the matter as a formal dispute in accordance with DEFCON 530 (12/14) and Clause 33 Dispute Resolution or accept the Contractor's proposed Performance outcomes. During any dispute the Authority must not withhold any portion of the monthly payment that is not disputed.

1.3 Where failure of the Authority to meet its obligations under the Contract has directly led to a failure of Performance against KPI 1 then no Service Credits shall be applied as a consequence, except where the Contractor would have failed to meet the required Performance standards independently of such Authority failure. The Authority may, at its sole discretion, discount the consequences of KPI failures caused by Aircraft Unavailability if the Contractor demonstrates the Unavailability was caused by circumstances beyond its reasonable control.

1.4 In the event of any failure of Performance the Contractor shall present the reasons for this occurring to the APM and detail what action the Contractor has taken to rectify the situation.

Description	Measure
An Aircraft is Available for Tasking in accordance with the SOR at Schedule 1.	Whether any of the performance level events at Table 2 have occurred on the measured day.

Table 1 - KPI 1 Measures

1.5 The Contractor's performance in meeting the KPI at Table 1 shall be measured on a daily basis and Performance outcomes shall be scored in accordance with Table 2 below. The appropriate 'daily score' shall be applied by the Authority following receipt of the Contractor's monthly report on Performance against the KPI. Where none of the events listed at Table 2 occur, a '0' will be awarded as the 'daily score'.

	Performance level (Aircraft Availability)	Service Credits/ Daily Score
A	The Aircraft is Unavailable and more than one Existing Task is altered, delayed, deferred, or cancelled as a result.	3

B	The Aircraft is Unavailable and one Existing Task is altered, delayed, deferred, or cancelled as a result.	2
C	More than one Task request or enquiry is refused by the Contractor despite them being requested within the notification period as per Schedule 1	2
D	A Task request or enquiry is refused by the Contractor despite it being requested within the notification period as per Schedule 1.	1
E	An aircraft is made Available and Tasking carried out outside the Tasking notification period.	-1

NOTE: It is possible for more than one of these events to occur on the same day. Where this occurs all must be reported individually for the relevant day and the sum of all Service Credits that flow from those events shall be the daily score. However, A and B are mutually exclusive; C and D are mutually exclusive.

NOTE: Should the Contractor notify the Authority that the Aircraft is Unavailable (or where the Authority discovers that the Aircraft is Unavailable) for a period when the Contract requires it to be Available, then any enquiry that is received by the Authority's Tasking Cell regarding the use of the Service during such a period of Unavailability shall count as a refusal of a Task request and count as a performance level C or D as appropriate.

NOTE: Should the Authority's aircrew discover that the Aircraft is Unavailable due to being unable to function in accordance with Schedule 1 and this delays the outset of a Sortie then this shall be performance level A or B as appropriate.

Table 2 - KPI 1 Performance level indicators

Monthly Score Calculation and Remedies

- Once the Contractor has reported the Performance outcomes for the relevant month in accordance with the above Paragraph 1, and the Authority has either accepted the daily score or another daily score has been agreed or determined in accordance with DEFCON 530 (12/14) and Clause 33 Dispute Resolution then the Parties shall apply the following formula to calculate the Monthly Score:

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

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

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

"Monthly Total Service Credits" shall be the sum of all Service Credits applied by the Authority as a consequence of the Contractor's Performance during the relevant month.

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

- The Monthly Payment for SoR Items 2 and 3 for the relevant month shall be reduced in the following manner:

3.1 The reduction shall be [REDACTED] (or part thereof) for each [REDACTED] (or part thereof) by which the Monthly Score is lower than [REDACTED]

3.2 This Paragraph 3 of Schedule 15 shall not reduce the Monthly Payment by more than [REDACTED].

- 4 **If the Contractor achieves a Monthly Score of less than [REDACTED]** in any three consecutive months or more than four times in any 12-month period the Authority may choose to either require the Contractor to submit a Rectification Plan in accordance with Paragraphs 14 and 15 below, or terminate the Contract due to Material Breach. The Authority shall inform the Contractor of such choice by notice within 30 days from the establishment of the Material Breach or the Contractor shall produce and execute a Rectification Plan in accordance with Paragraphs 14 to 15 below.
- 5 **A Rectification Plan shall be required in accordance with Paragraphs 14 and 15 below for any Monthly score of less than [REDACTED]**
- 6 For publication of Quarterly Performance data relating to KPI 1 (in accordance with DEFCON 539 (01/22)) the Performance outcomes shall be reported as follows:
 - 6.1 A Quarterly score shall be calculated in accordance with the formula at Paragraph 2 above but using aggregate data from all of the calendar days of the relevant Quarter. This shall be the "Quarterly Score".
 - 6.2 Quarterly Score of [REDACTED] or above shall be reported as "Good".
 - 6.3 Quarterly Score below [REDACTED] but no less than [REDACTED] shall be reported as "Approaching Target".
 - 6.4 Quarterly Score below [REDACTED] but above [REDACTED] shall be reported as "Requires Improvement".
 - 6.5 Quarterly Score below [REDACTED] or below shall be reported as "Inadequate".
 - 6.6 Notwithstanding the Quarterly Score definitions above, where a Material Breach has arisen during a Quarter then the relevant Quarterly Score shall be "Inadequate".
 - 6.7 Notwithstanding the Quarterly Score definitions above where a Rectification Plan has been required by the Contract during a Quarter then the relevant Quarterly Score shall be "Requires Improvement".

KPI 2 - Aircraft Reliability

- 7 The Contractor shall report Performance against KPI 2 as part of the relevant Monthly Progress Report, utilising the scoring mechanism set out below, to the Authority's Project Manager ("APM"). The APM will review the claimed Performance against KPI 2 and report (by notice) any disagreement in relation to the claimed Performance within 5 days of receipt of the Contractor's report. If the APM disagrees with the report the Parties shall meet to discuss the disputed matters within 5 working days of the aforementioned notice of disagreement to attempt to reach agreement. If no agreement can be reached the Authority shall either proceed with the matter as a formal dispute under in accordance with DEFCON 530 (12/14) and Clause 33 Dispute Resolution or accept the Contractors proposed Performance outcomes.
- 8 Where failure of the Authority to meet its obligations under the Contract has directly led to a failure of Performance against KPI 2 then no further action shall be taken as a consequence, except where the Contractor would have failed to meet the required performance standards set out in Schedule 1 Statement of Requirements independently of such Authority failure. The Authority may, at its sole discretion, discount the consequences of KPI failures caused by Aircraft Unavailability if the Contractor demonstrates the Unavailability was caused by circumstances beyond its reasonable control.

Description	Measure
Sortie Reliability	Number of successfully completed planned Sorties (from take-off to landing) compared to Sorties being limited, delayed or terminated due to failings of the Aircraft.

Table 3 - KPI 2 Measure

Monthly Score Calculation and Remedies

- 9 Once the Contractor has reported the Performance outcomes for the relevant month in accordance with the above Paragraph 7, and the Authority has either accepted that score or another score has been agreed or determined in accordance with DEFCON 530 (12/14) and Clause 33 Dispute Resolution then the Parties shall apply the following formula to calculate the Monthly Score:

Definitions for KPI 2 involved with the calculation of the Monthly Score:

"Total Number of Sorties" shall be the total number of Sorties occurring in the relevant month.
 "Successful Sorties" shall be the total number of Sorties flown in the relevant Month where the Aircraft was serviceable and otherwise complied with Schedule 1 resulting in the objectives of the Sortie (including but not limited to the planned departure and return time) not being limited, delayed or terminated due to failings of the Aircraft.
 "Monthly Reliability Score" shall be calculated in accordance with the formula above, but notwithstanding this any results that are lower than 0% shall be considered to be 0%.

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

Performance level KPI 2 (Sortie Reliability)	Outcome Rating
Monthly Reliability Score of equal to, or greater than, [REDACTED]	Good
Monthly Reliability Score of [REDACTED] to [REDACTED] inclusive	Approaching Target
Monthly Reliability Score of [REDACTED] to [REDACTED] inclusive	Requires Improvement
Monthly Reliability Score below [REDACTED]	Inadequate

Table 4 - KPI 2 Performance level indicators

Monthly Score Calculation and Remedies

- 11 Once the Contractor has reported the Performance outcomes for the relevant Month in accordance with the above Paragraphs 7 to 9 inclusive, and the Authority has either accepted the proposed Outcome Rating or another Outcome Rating has been agreed or determined in accordance with DEFCON 530 (12/14) and Clause 33 Dispute Resolution then the following actions may be taken.
- 12 Should the Outcome Rating applied for KPI 2 be "Requires Improvement" in any one Month then a Rectification Plan shall be required in accordance with Paragraphs 14 and 15 below.
- 13 Should the Outcome Rating applied for KPI 2 in any Month be "Inadequate" then the Authority may choose to either require the Contractor to submit a Rectification Plan in accordance with Paragraphs 14 and 15 below, or terminate the Contract due to Material Breach. The Authority shall inform the Contractor of such choice by notice within 30 days from the establishment of the Material Breach or the Contractor shall produce and execute a Rectification Plan in accordance with Paragraphs 14 to 15 below.

- 14 Within one (1) week the Contractor must provide the Authority with a plan setting out its proposed corrective actions to remedy the situation and timescales for carrying out these actions ("Rectification Plan"). The Authority shall then, without unreasonable delay, approve, reject or suggest amendments to the Rectification Plan. Once approved by the Authority, the Contractor must, at its own expense, use all reasonable endeavours to carry out the Rectification Plan in the form approved.
- 15 Where the Contractor has a Rectification Plan implemented, this shall include a date for the resumption to the required level of service. The Contractor shall report monthly details of progress made against the Rectification Plan until satisfactory performance is declared by the Authority. Satisfactory performance shall be declared by the Authority upon demonstration by the Contractor that the performance shortfalls that have led to the requirement for the Rectification Plan have been restored to the required level of service. The Authority reserves the right, should the Contractor's actions in implementing the Rectification Plan not restore the required level of service by the agreed date, to either terminate the Contract due to Material Breach or require the Contractor to submit a further Rectification Plan in accordance with this Paragraphs 14 and 15 of this Schedule 15.
- 16 For publication of Quarterly Performance data relating to KPI 2 (in accordance with DEFCON 539 (01/22)) the Performance outcomes shall be reported as follows:
 - 16.1 A Quarterly score shall be calculated in accordance with the formula at Paragraph 9 above but using aggregate data from all of the calendar days of the relevant Quarter. This shall be the "Quarterly Score".
 - 16.2 Quarterly Score of [REDACTED] or above shall be reported as "Good".
 - 16.3 Quarterly Score below [REDACTED] but no less than [REDACTED] shall be reported as "Approaching Target".
 - 16.4 Quarterly Score below [REDACTED] but above [REDACTED] shall be reported as "Requires Improvement".
 - 16.5 Quarterly Score below of [REDACTED] or below shall be reported as "Inadequate".
 - 16.6 Notwithstanding the Quarterly Score definitions above, where a Material Breach has arisen during a Quarter then the relevant Quarterly Score shall be "Inadequate".
 - 16.7 Notwithstanding the Quarterly Score definitions above where a Rectification Plan has been required by the Contract during a Quarter then the relevant Quarterly Score shall be "Requires Improvement".

KPI 3 – Social Value

- 17 The Contractor [*adherence to the tender response provided by the Contractor*] shall be monitored throughout the Contract duration through the use of Key Performance Indicator No. 3 ("KPI 3") The Contractor shall supply to the Authority 10 business days before the Annual Contract Review a social value report:
 - 17.1 Which details how it has met the Model Assessment Criteria (MAC) detailed in Schedule 1 Statement of Requirements for the current contract year.
 - 17.2 The report shall allow the Authority to actively monitor the performance and activities in relation to the Contract and against the MACs identified within the Statement of Requirements.
 - 17.3 This report shall detail the benefits achieved and provide relevant evidence against each of the MAC criteria and sub-criteria. The report shall be delivered annually in arrears, in line with the Contract Award date. Following submission of the report for Contract Year 5 (or Year 6 should the Authority exercise its option to extend in accordance with Clause 22) the Contractor shall not be required to submit any further social value reports.
 - 17.4 Reports must be submitted for review to the Authority, who will approve and determine the score achieved, in line with the scoring criteria listed below. Reviews shall be completed and provide feedback within 10 business days.

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

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

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

18.1 The contents of the Remediation Plan shall be agreed by the Authority. .

18.2 In the event that a score below Good is awarded in the life of the Contract, without agreed remediation action (as above) being undertaken by the Contractor or the failure of the Contractor to return to Green, the Authority reserves the right to invoke the Dispute Resolution process at Condition 33.

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

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