

Schedule 3 - Contract Performance Reviews, Contractor Systems Assurance & Performance Indicators

1. Contract Performance Reviews

- 1.1 The Authority will conduct regular formal Contract Performance Review meetings (“**CPRs**”) at a frequency determined by the Authority from time to time to monitor, measure and review the Contractor’s performance, utilising the Authority’s Performance Management and Intervention Regime (“**PMIR**”), which is described in the Provider Guidance. CPRs will encourage an open and regular dialogue between the Authority and the Contractor with the purpose of ensuring that the Services are being supplied in accordance with the Tender Minimum Performance Levels (tMPLs) and the Customer Service Standards and that the RNOs are being achieved. CPRs will be formally conducted and documented.
- 1.2 The Contractor shall:
- (a) co-operate fully with the Authority; and
 - (b) supply all information requested by the Authority; and
 - (c) arrange all access to Premises requested by the Authority,
- for the purposes of conducting the CPRs.

2. Contractor Systems Assurance

- 2.1 The Contractor shall comply with the Authority’s requirements for Contractor Systems Assurance as described in this paragraph 2 of Schedule 3 and notified to the Contractor by the Authority from time to time.
- 2.2 The primary purpose of the Contractor Systems Assurance is to provide the Authority with an assurance that payments to Contractors are in accordance with the Authority and HM Treasury policies, that public funds are protected and that value for money has been obtained.
- 2.3 Provider Assurance Review(s) (“**PAT Reviews**”) will be carried out on the Contractors’ internal control systems to assess the Contractors’ ability to manage risk across three key areas:
- (a) Governance Arrangements – covering the Contractor’s governance arrangements, systems for tracking and reporting performance and their anti-fraud measures;
 - (b) Service Delivery – includes the Contractor’s systems for starting, ending and moving Participants through the Services and generally looks to ensure that the Authority is getting the services for which it is paying. This section also covers management of the supply chain; and
 - (c) Claim Procedures and Payments – looks to ensure that Contractors have in place effective systems to support their claims for payment, including appropriate segregation of duties.
- 2.4 On completion of each review by the Authority, the Contractor will be awarded an assurance rating in one of the following four categories – (i) weak; (ii) limited; (iii)

reasonable; or (iv) strong (each a “**Contractor Assurance Rating**”). The Authority shall also send a formal report to the Contractor which details the PAT Review findings including key strengths and areas for improvement; where weaknesses have been identified the Contractor will be asked to complete an action plan setting out appropriate steps for improvement (a “**PAT Action Plan**”) and this is followed up at an agreed point.

- 2.5 The timescale for a subsequent review is determined at the sole discretion of the Authority.
- 2.6 If the Contractor is attributed a “Weak” or “Limited” Contractor Assurance Rating, as notified to the Contractor by the Authority from time to time, the Contractor shall deploy all additional resources and take all remedial action that is necessary to remedy the “Weak” or “Limited” Contractor Assurance Rating or to prevent the “Weak” or “Limited” Contractor Assurance Rating from recurring by a date specified by the Authority.
- 2.7 If in the opinion of the Authority, the Contractor has failed to deploy the required additional resources and to take the remedial action in accordance with the PAT Action Plan by the date specified by the Authority, the Authority may treat such failure as a Non Service Failure Default and issue a Formal Warning Notice in accordance with Clause B21.
- 2.8 The Authority shall be entitled to terminate the Contract by issuing a Termination Notice to the Contractor in the following circumstances:
 - (a) where the Contractor has been awarded a Contractor Assurance Rating of “Weak” or “Limited”, as notified to the Contractor by the Authority from time to time, in two (2) separate consecutive PAT Reviews for reasons which the Authority regards, at its sole discretion, as similar reasons; or
 - (b) where the Contractor has been awarded a Contractor Assurance Rating of “Weak” or “Limited” as notified to the Contractor by the Authority from time to time, in three (3) separate consecutive PAT Reviews regardless of the reasons for such award; or
 - (c) on-going or repeated failures on the part of the Contractor to comply with and implement a PAT Action Plan.
- 2.9 Notwithstanding any other term of this Contract the Contractor hereby gives its consent for the Authority to publish from time to time any of the Contractor’s Contractor Assurance Ratings to the general public and to provide the Contractor’s Contractor Assurance Ratings to any person as the Authority deems appropriate. The Contractor shall assist and cooperate with the Authority to enable the Authority to publish and provide the Contractor’s Contractor Assurance Ratings to any person the Authority deems appropriate in accordance with this paragraph.
- 2.10 The Authority will from time to time publish the Contractor’s Contractor Assurance levels and will identify the Contractor by name and the Contractor hereby consents to such publication.
- 2.11 Further information regarding to the PAT Reviews can be found in the Provider Guidance:

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3. Performance Indicators

3.1 The Authority shall carry out regular Performance Indicator Reviews at a frequency determined by the Authority from time to time to review the Contractor's performance against the Performance Indicators. The Contractor shall co-operate fully with such Performance Indicator Reviews and shall promptly provide the Authority with all Management Information the Authority requires for the purpose of carrying out such Performance Indicator Reviews.

3.2 Where as a result of the Performance Indicator Review the Authority believes that:

- (a) the Performance Indicators fall below the required standard; or
- (b) the Authority, acting reasonably, believes that without intervention the Performance Indicators will fall below the required standard,

then, without prejudice to any other right or remedy it may have under this Contract, the Authority may issue a Performance Indicator Course of Action Notice requiring the Contractor to implement a Performance Indicator Course of Action in accordance with this Schedule, paragraph 3.

3.3 A Performance Indicator Course of Action Notice given, in accordance with this Schedule, paragraph 3, to the Contractor by the Authority may include:

- (a) confirmation as to how the Performance Indicators fall below or are anticipated to fall below the required standard;
- (b) the actions the Authority in its absolute discretion requires the Contractor to take to satisfy the Authority that the Contractor can ensure compliance with its contractual obligations in relation to Performance Indicators; and
- (c) the time period during which the Contractor is expected to follow the Performance Indicator Course of Action to achieve improvement of the Performance Indicators.

3.4 For the avoidance of doubt, the Authority may initiate the Performance Indicator Course of Action at any time after a Performance Indicator Review and any delay in exercising its right to initiate the Performance Indicator Course of Action shall not constitute a waiver or cause of diminution of the Authority's right to do so.

3.5 For the avoidance of doubt, the Authority shall be under no obligation to initiate the Performance Indicator Course of Action and it may choose in its absolute discretion to exercise any other right or remedy available to it under this Contract instead of or running in parallel with such right.

3.6 The Contractor shall have the right to respond in relation to the Performance Indicator Course of Action within ten (10) Working Days following notification under paragraph 3.2 and either confirm its acceptance or following discussions with the Authority submit its revised plan. If such revised plan is agreed by the Authority it shall be the revised Performance Indicator Course of Action.

3.7 Once agreed the Contractor shall immediately implement the Performance Indicator Course of Action. For the avoidance of doubt, any agreement between the Parties in relation to the Performance Indicator Course of Action shall not relieve the Contractor of any of its liabilities and obligations under this Contract.

3.8 If a revised Performance Indicator Course of Action cannot be agreed within the period of ten (10) Working Days (or such other period as notified by the Authority to the Contractor) then the Authority may elect to refer the matter for resolution by the dispute resolution procedure set out in clause I2.

3.9 Performance Indicators

PERFORMANCE INDICATORS												
(a) The Earnings PI												
GC's Predicted Earnings Performance Indicator by month – in table below:												
Months:	1-7	8-9	10	11	12	13	14	15	16	17	18	19
LEO/Month	0	1	2	3	4	5	7	8	9	10	11	12
Months:	20-55	56-57	58	59	60	61	62	63	64	65	66	67-70
LEO/Month	13	12	11	10	9	7	6	5	4	3	1	0
Months:	1-10	11	12	13	14	15	16	17	18	19	20	21-58
HEO/Month	0	1	2	3	4	5	6	7	8	9	10	10
Months:	59	60	61	62	63	64	65	66	67	68	69	70
HEO/Month	9	8	7	6	5	4	3	2	1	1	0	0

