

DATED 2022

**THE SECRETARY OF STATE FOR (1)
DEFENCE**

and

LOCKHEED MARTIN UK LIMITED (2)

SCHEDULES 2 - 23

**TIQUILA PROGRAMME
MINI-UNCREWED AIR SYSTEMS
(MUAS) CONTRACT**

UAS/00106

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Schedule 2

Schedule 2 Summary Statement

Schedule 2, excluding Part 2, has been removed from this contract because it contains sensitive information which could compromise National Security.

1 Overall Context

1.1 The TIQUILA Programme objective is to deliver Remotely Piloted Air System (RPAS) capability to provide Intelligence, Surveillance, Target Acquisition and Reconnaissance (ISTAR) roles in Packable and Portable loads to be operated by military personnel in support of field operations.

1.2 The systems will have modular, interchangeable payloads to enable a variety of different roles to be undertaken with minimal time needed to change components.

1.3 New payloads and system upgrades will be constantly integrated over the 10-year project lifetime.

1.4 This delivery will be managed by a Systems Integrator working in conjunction with a flexible network of suppliers and manufacturers to meet developing demands and to keep pace with emergent technology and threats.

1.5 The solution/equipment provided must be evolving and modular and must be upgradeable in Forward Operating Base ("FOB") workshops, with limited basic tools.

1.6 At the heart of the TIQUILA programme is a need to be scalable and flexible and this must be considered at all points.

2 Single Statement of User Need (SSUN)

2.1 The endorsed SSUN for TIQUILA is as follows:

There is a requirement for an organic, highly mobile, all environment ISTAR mRPAS capability, fitted with modular sensors, that provides the highest level of durability across the full spectrum of operations.

3 Scope of Programme

3.1 The TIQUILA programme has an initial lifespan of 10 years, but this may be extended if the strategic objectives have been met or exceeded.

3.2 The TIQUILA Programme is intended to expand into a Pan-Defence framework with the ability to integrate demands and requirements from all Front-Line Commands (FLCs).

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Part 2: Supplier Enabling Arrangement

1 Establishing the SEA

- 1.1 The System Integrator shall establish a framework of Enabling Contractors to enable the System Integrator to deliver certain System Integrator Deliverables (the “**Supplier Enabling Arrangement**” or “**SEA**”) including:
 - 1.1.1 Innovation; and
 - 1.1.2 delivering CIC Task Orders agreed in accordance with Part 5 of Schedule 2 (*Capability Integration Cycle*).
- 1.2 The System Integrator shall comply with the Enabling Contracting Plan, as amended from time to time in accordance with this Contract.
- 1.3 The System Integrator shall notify the Authority in writing if it wishes to replace an Enabling Contractor or contract with additional Enabling Contractors by submitting an updated version of the Enabling Contracting Plan showing the proposed changes to the Authority for approval. The Authority may refuse to approve any changes to the Enabling Contracting Plan proposed by the System Integrator in its sole discretion.
- 1.4 The System Integrator shall select and appoint Enabling Contractors in accordance with:
 - 1.4.1 this Contract; and
 - 1.4.2 the Enabling Contracting Plan.
- 1.5 The System Integrator shall use best endeavours to ensure that any Sub-Contractor becomes an Enabling Contractor as soon as reasonably possible.
- 1.6 The SEA shall be established and all initial Enabling Contractors shall be procured onto such SEA by the System Integrator:
 - 1.6.1 in accordance with the Enabling Contracting Plan; and
 - 1.6.2 by the earlier of:
 - (i) FOC; and
 - (ii) such other date as the Authority may reasonably require.
- 1.7 The System Integrator shall ensure that no Enabling Contractor causes the Authority reputation and/or security concerns.
- 1.8 Should any Enabling Contractor (in the Authority’s opinion) cause the Authority any reputation and/or security concerns the Enabling Contractor shall, on request by the Authority, promptly exclude such Enabling Contractor from the SEA.
- 1.9 Subject to the provisions of this Contract, the System Integrator may replace any of its Enabling Contractors and/or add new Enabling Contractors to the SEA from time to time, provided that the System Integrator shall no less frequently than once every two

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years in accordance with paragraph 2 (*Participation in the SEA*) review and as appropriate (considering the requirement in paragraph 1.10) remove/replace/add Enabling Contractors from the SEA in consultation with the Authority.

- 1.10 The System Integrator shall at all times ensure that the SEA contains Enabling Contractors with the required diversity, innovation, skill and expertise to ensure that the Contractor Deliverables are met.
- 1.11 The System Integrator shall exercise due skill and care in the selection and appointment of any Enabling Contractors to ensure that the System Integrator is able to:
 - 1.11.1 manage any Enabling Contractors in accordance with Good Industry Practice;
 - 1.11.2 diligently enforce the terms of the Enabling Contracts;
 - 1.11.3 comply with its obligations under this Contract; and
 - 1.11.4 assign, novate or otherwise transfer to the Authority or any Follow-On System Integrator any of its rights and/or obligations under each Enabling Contract that relate exclusively to this Contract.

2 Participation in the SEA

- 2.1 Where the System Integrator proposes to award an Enabling Contract, it shall (unless the Authority otherwise (in its sole discretion) agrees):
 - 2.1.1 notify the Authority of such proposed award;
 - 2.1.2 appoint a Tender Manager who shall be responsible for the management and administration of all Enabling Contract competition exercises. The Tender Manager shall arrange for the issue of a notice to all company personnel advising of their appointment and identifying any other company personnel who are to be involved in the evaluation of tenders for sub-contracts. This notice shall stress the importance of confidentiality and impartiality in all Enabling Contract competition activities.
 - 2.1.3 ensure that the Tender Manager shall produce a set of terms and conditions governing each planned invitation to tender ("ITT"). These will reflect those terms contained in this Contract insofar as these impinge on an Enabling Contractor and its performance of any Enabling Contract. Such terms shall not be more onerous than the terms of this Contract without the prior approval of the Authority.
 - 2.1.4 ensure that the Tender Manager shall arrange for any ITT and associated material (including a copy of the proposed Enabling Contract) to be made available for inspection by representatives of the Authority;
 - 2.1.5 ensure that any ITT shall clearly identify the dates and times for the return and opening of tenders, and the intended programme for tender evaluation and award of Enabling Contracts. A covering letter shall be issued with each ITT re-stating the dates and times for the return and opening of tenders and

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identifying the Tender Manager as the sole point of contact for any queries in the period between issue of the ITTs and award of Enabling Contracts;

- 2.1.6 ensure that evaluation criteria for each Enabling Contract competition shall be proposed by the Tender Manager, agreed with the Authority and published to tenderers;
- 2.1.7 ensure that a fair, non-discriminatory and transparent competition is followed;
- 2.1.8 ensure that the Authority has full visibility of the competition process and any key decisions made in relation to it;
- 2.1.9 promptly review and implement any requests reasonably made by the Authority relating to the competition process or the proposed Enabling Contract;
- 2.1.10 where the estimated value of any proposed Enabling Contract is in excess of £10,000, publish an advertisement on (and provide all information required by) the Defence Sourcing Portal ("DSP") in respect of each and any Enabling Contract opportunity;
- 2.1.11 promote the competition and the DSP to all potential Enabling Contractors and encourage all relevant operators to register on it;
- 2.1.12 without prejudice to paragraph 3 (*Enabling Contracting to Supported Businesses and SMEs*) of this Schedule, do all such things as may be reasonably required to ensure (to the extent possible) wide SME participation in the competition process, including SME supplier days and advertising of possible requirements in the appropriate publications;
- 2.1.13 ensure that no such award or competition process shall:
 - (i) cause embarrassment;
 - (ii) bring the Authority into disrepute;
 - (iii) cause reputation or security concerns for the Authority; or
 - (iv) create a conflict of interest for the System Integrator;
- 2.1.14 ensure that the Authority may veto any proposed contract award or decision taken as part of the competition process if the Authority deems that it would;
 - (i) cause embarrassment;
 - (ii) bring the Authority in to disrepute;
 - (iii) cause reputation or security concerns for the Authority; or
 - (iv) create a conflict of interest for the System Integrator;

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- 2.1.15 within thirty (30) days after the date on which an Enabling Contract has been awarded, update the relevant advertisement on the DSP in respect of such Enabling Contract, identifying the name and registered office address details of the Enabling Contractor so appointed under such Enabling Contract and providing a description of the subject matter and the value (excluding VAT) of such Enabling Contract;
- 2.1.16 provide reports to the Authority if so requested, on the number, type and value of Enabling Contract opportunities placed on the DSP and awarded during the Contract Period;
- 2.1.17 following the award of an Enabling Contract provide a copy of such an Enabling Contract to the Authority;
- 2.1.18 ensure that the Tender Manager shall arrange for the simultaneous notification of all tenderers of the outcome of the competition. Unsuccessful tenderers shall be advised of those factors which rendered their submission unacceptable and be provided with an indication of the broad percentage price difference between their tender and that selected. If requested by an unsuccessful tenderer, the Tender Manager shall arrange for the provision of a formal debrief; and
- 2.1.19 ensure that the Tender Manager shall retain detailed records of the Enabling Contract competition procedures. These records may be needed by the Authority for audit purposes and should only be destroyed with the agreement of the Authority.

3 Enabling Contracting to Supported Businesses and SMEs

- 3.1 When placing Enabling Contracts, the System Integrator shall give consideration, as far as possible, to placing work on a competitive basis with Enabling Contractors that are Supported Businesses.
- 3.2 The System Integrator shall maximise the use of SMEs in the performance of the System Integrator Deliverables in accordance with its proposals in the SME Engagement Plan.
- 3.3 The System Integrator shall use reasonable endeavours to make open to competition by SMEs at least twenty five percent (25%) of Enabling Contract spend.
- 3.4 If the System Integrator reasonably believes that the use of an SME would adversely affect cost, technical performance or programme timescales, the System Integrator shall seek advice from the Authority and shall take such steps as may be required by the Authority.

4 SEA Management

- 4.1 The System Integrator shall appoint a SEA Manager and notify the Authority of such appointment within five (5) Working Days of such appointment. The System Integrator shall notify the Authority of any replacement appointee.
- 4.2 The System Integrator shall:

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- 4.2.1 manage the SEA and any Enabling Contractors in accordance with Good Industry Practice and the SEA Relationship Management Plan;
- 4.2.2 diligently enforce the terms of the Enabling Contracts;
- 4.2.3 be responsible for the management and governance of the SEA;
- 4.2.4 be and remain responsible for the delivery of all System Integrator Deliverables;
- 4.2.5 report to the Authority in accordance with Schedule 6 (*Governance and Reporting*) on:
 - (i) the establishment, management and operation of the SEA; and
 - (ii) tasks issued to and/or conducted by the SEA;
- 4.2.6 monitor and ensure compliance with this Contract and the SEA Relationship Management Plan;
- 4.2.7 ensure that Enabling Contractors refrain from any act or omission that is reasonably likely to cause damage to the reputation or standing of the Authority;
- 4.2.8 encourage innovation, collaboration and information sharing amongst Enabling Contractors, including through the use of the SEA Portal, which the System Integrator shall create and maintain;
- 4.2.9 create and sustain an inclusive working environment as between the Enabling Contractors, the System Integrator and the Authority;
- 4.2.10 ensure that the Enabling Contractors and the System Integrator:
 - (i) work together with the Authority to achieve a common purpose;
 - (ii) listen to views of the other Enabling Contractors, the System Integrator and the Authority and reach resolutions together with the other Enabling Contractors and the Authority;
 - (iii) transfer knowledge and skills to the other Enabling Contractors, the System Integrator and the Authority; and
 - (iv) deploy the most suitable people and skills for each System Integrator Deliverable;
 - (v) support the deliverables of the wider team (the Authority and the other Enabling Contractors) not just those of its own organisation;
 - (vi) work to agreed, published, common plans;
 - (vii) provide opportunities for engagement and debate and collect a wide perspective of views;

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- (viii) demonstrate flexibility;
- (ix) constructively challenge the Authority and other Enabling Contractors about plans and approaches;
- (x) focus on continuous improvement e.g. identify lessons learnt on an on-going basis, holds debriefs following key meetings and workshops to identify better ways of working for the future; and
- (xi) harness the complementary skills and experiences across the team.

5 Costs

- 5.1 The activities outlined in this Schedule to be carried out by the System Integrator shall be included within the Core Service Fee (as included within the Milestones in the period prior to the Full Operating Capability Date).

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Schedule 3

System Integrator's Proposals

Schedule 3 has been removed from this contract because it contains commercially sensitive information.

Schedule 4

System Integrator Performance Mechanism

1 Introduction

- 1.1 From the Effective Date, the System Integrator shall monitor its performance against each Key Performance Indicator and Performance Indicator detailed in this Schedule 4. There are 5 KPIs and 5 PIs used in this Contract.
- 1.2 The KPIs and PIs that apply to the System Integrator's performance are against the System Integrator Deliverables and/or the Services.
- 1.3 Without prejudice to the Authority's rights and remedies under this Contract, the Authority shall be entitled to:
 - 1.3.1 make Temporary Retentions and/or Permanent Retentions (as the case may be) for each KPI Failure against the Monthly Payment as set out in paragraph 3.6 of this Schedule 4; and/or
 - 1.3.2 award Service Failure Points for each KPI Failure and/or PI Failure.
- 1.4 The System Integrator shall provide the calculations and evidence required by Annex 1 (*KPIs and PIs*) and Annex 2 (*Behaviours*) of this Schedule on the performance achieved against each KPI and PI. Such calculations and evidence shall be in sufficient detail to enable the Authority to consider the achievement of the Performance Criteria and whether it agrees with the System Integrator's self-assessment of performance.
- 1.5 The Parties agree that the level of retentions as set out in this Schedule are reasonable and proportionate to protect the Authority's interest in the System Integrator's performance of the System Integrator Deliverables and/or the Services.
- 1.6 Throughout the Contract Period, the Authority shall assess the appropriateness of each KPI and PI, and the Authority reserves the right to:
 - 1.6.1 instruct a change to any KPI and/or PI;
 - 1.6.2 to omit any KPI and/or PI; and/or
 - 1.6.3 to insert a new KPI and/or PI,if the Authority considers (acting reasonably) that a more appropriate measure should be used to assess the performance of the System Integrator and the proposed change shall be implemented in accordance with Schedule 9 (*Change Procedure*).

2 KPI and PI Reporting

Monthly Performance Report and Monthly Performance Review Meeting

- 2.1 From the Effective Date, within five (5) Working Days after the end of each Contract Month the System Integrator shall submit to the Authority a Monthly Performance Report which summarises the performance by the System Integrator against each KPI

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and PI. The Monthly Performance Report shall be in such format set out in Schedule 6 (*Governance and Reporting*) and shall contain, as a minimum, the following information:

- 2.1.1 for each KPI and PI, the actual performance achieved over the relevant Contract Month and that achieved in the previous Contract Month;
 - 2.1.2 a summary of all KPI Failures and PI Failures that occurred during the relevant Contract Month;
 - 2.1.3 a summary of any Repeat KPI Failures and Repeat PI Failures;
 - 2.1.4 the severity level of each KPI Failure and PI Failure which occurred during the relevant Contract Month;
 - 2.1.5 for any Red score occurring during the relevant Contract Month, the cause of the relevant Red score and the action being taken to reduce the likelihood of recurrence;
 - 2.1.6 details of any Moderations as agreed with the Authority and the impact of such Moderations (if any) on the System Integrator's performance and the relevant KPIs and PIs;
 - 2.1.7 the status of any Rectification Plan;
 - 2.1.8 the number of Service Failure Points awarded in respect of each KPI Failure and PI Failure;
 - 2.1.9 the Retentions to be applied, indicating each KPI Failure to which the Retentions relate;
 - 2.1.10 the Retentions applied in respect of the previous Contract Month;
 - 2.1.11 any Temporary Retentions that the System Integrator considers should be paid to it and the reasons why;
 - 2.1.12 the assessments from the Authority Respondents in respect of the System Integrator Behaviours Questionnaire;
 - 2.1.13 for the relevant Contract Month, the Social Value Plan Report; and
 - 2.1.14 such other details as the Authority may reasonably require from time to time.
- 2.2 The Monthly Performance Report will be discussed at each Monthly Performance Review Meeting with the aim of agreeing the contents of the Monthly Performance Report.
- 2.3 The Parties shall attend the Monthly Performance Review Meeting as detailed in Schedule 6 (*Governance and Reporting*). Each Monthly Performance Review Meeting shall (unless otherwise agreed):

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- 2.3.1 take place within five (5) Working Days of the Monthly Performance Report being issued by the System Integrator to the Authority pursuant to paragraph 2.1 of this Schedule;
 - 2.3.2 take place at such location and time (within normal business hours) as the Authority shall reasonably require (unless otherwise agreed in advance); and
 - 2.3.3 be attended by the System Integrator Representative and the Authority Representative.
- 2.4 At a Monthly Performance Review Meeting the Authority shall be entitled to raise any additional questions and/or request any further information from the System Integrator regarding any failure by the System Integrator to achieve the Green Performance Criteria for each KPI and PI.
- 2.5 In the event that the Parties fail to agree the contents of the Monthly Performance Report at the Monthly Performance Review Meeting, within ten (10) Working Days (or such longer period as the Authority may decide) after the Monthly Performance Review Meeting (the "Discussion Period"), the System Integrator and Authority shall work together to agree a resolution. If after the expiry of the Discussion Period no agreement has been reached, the Authority reserves the right to determine the outcome and, it shall notify the System Integrator of its decision regarding the content of the Monthly Performance Report. Save for fraud and/or manifest error, the Authority's decision is final and binding on the System Integrator. The Authority shall notify the System Integrator in writing of the decision within five (5) Working Days of the expiry of the Discussion Period.
- 2.6 The System Integrator shall be responsible for managing and reporting on any sub-contract arrangements. Arrangements shall include mechanisms for the provision of management information, including feedback to and from customers and stakeholders, change control procedures and the prompt resolution of any problems.
- 2.7 The Authority's Representative may undertake routine checks and random verification audits of any Monthly Performance Report and the System Integrator shall provide all information, documents or records as may reasonably be requested by the Authority's Representative to support any such activity.
- 2.8 The System Integrator will be expected to improve continuously the quality of the provision of the System Integrator Deliverables and/or the Services including that delivered by its Sub-Contractors. Where there are Performance Failures, the System Integrator will be expected to have suitable internal escalation procedures in place to resolve this issue and, in respect of sub-contracted provision, take action where necessary to terminate the relevant Sub-Contract.

Reconciliation

- 2.9 As part of the Annual Performance Review Meeting, the Parties shall carry out a reconciliation of the System Integrator's performance for the previous Contract Year.
- 2.10 In the event that the Parties fail to agree the reconciliation at the Annual Performance Review Meeting, within twenty (20) Working Days (or such longer period as the Authority may decide) after the Annual Performance Review Meeting (the "Annual

Performance Review Discussion Period”), the System Integrator and Authority shall work together to agree a resolution. If after the expiry of the Annual Performance Review Discussion Period no agreement has been reached, the Authority reserves the right to determine the outcome and, it will notify the System Integrator of its decision regarding the content of the Monthly Performance Report. Save for fraud and/or manifest error, its decision is final and binding on the System Integrator. The Authority shall notify the System Integrator in writing of the decision within five (5) Working Days of the expiry of the Annual Performance Review Discussion Period.

- 2.11 Any amount which is agreed by the Parties as being due to or from the Authority as a result of the reconciliation carried out pursuant to paragraph 2.10 of this Schedule 4, shall be accounted for within sixty (60) Working Days following the Annual Performance Review Meeting.

Failure to provide a Monthly Performance Report

- 2.12 If the System Integrator fails to:

2.12.1 provide a Monthly Performance Report to the Authority's satisfaction with the content specified in, and within the timescale required by paragraph 2.1 of this Schedule 4 and the relevant requirements of Schedule 6 (*Governance and Reporting*); and/or

2.12.2 attend a Monthly Performance Review Meeting,

for any Contract Month, the Authority shall be entitled to deem that all KPIs and PIs achieved a Red score for that Contract Month. Any deductions made by the Authority pursuant to this paragraph 2.12 shall be treated as a Permanent Retention for the purposes of this Contract.

Incorrect Reporting

- 2.13 Subject to paragraphs 2.15 to 2.16 of this Schedule 4, the Monthly Performance Report shall be the source of the factual information regarding the performance of the System Integrator Deliverables and/or the Services for the relevant Contract Month for the purposes of calculating the relevant Monthly Payment (including in calculating any Retentions and in assessing any other payments that may be due in the relevant Contract Month).

- 2.14 If there is any error in or omission from the Monthly Performance Report for any Contract Month, the System Integrator and the Authority shall agree (through any subsequent Monthly Performance Review Meeting) the amendment to the Monthly Performance Report or, failing agreement within ten (10) Working Days of notification of the error or omission, the Authority reserves the right to determine the outcome and, save for fraud and/or manifest error, its decision is final and binding on the System Integrator.

- 2.15 Where the System Integrator:

2.15.1 fails to monitor or accurately report a performance failure; or

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- 2.15.2 fails to correctly calculate the Monthly Payment due for the relevant Contract Month (including, in calculating any Retentions and/or any other payments due for the relevant Contract Month),

then the System Integrator shall, at its own cost and following a request by the Authority, supply the Authority with a copy of all of its records in relation to the recording and monitoring of its performance of the System Integrator Deliverables and the calculation of the Monthly Payment on an open book basis and access to all information, processes and computer programs used to calculate the Monthly Payment so that the Authority can inspect and investigate such records. The System Integrator shall, upon submission of a valid invoice, pay to the Authority a sum equal to the costs reasonably incurred by the Authority in carrying out any inspection and/or investigation of records made available pursuant to this paragraph 2.15 and/or (at the Authority's option) set-off such sum from the next payment to be made by the Authority to the System Integrator pursuant to this Contract.

- 2.16 In the event that the Authority's inspection or investigation of records made available pursuant to paragraph 2.15 of this Schedule 4 reveals any further matters of the type referred to in paragraph 2.15, those matters shall be dealt with in accordance with paragraph 2.14 or 2.15 (as the case may be). In addition, the Authority shall be entitled to:

- 2.16.1 make Retentions and/or award Service Failure Points in respect of any KPIs or PIs for which a KPI Failure or PI Failure, or the severity of the KPI Failure or PI Failure should have been registered and reported by the System Integrator revealed by such inspection or investigation which did not previously attract any or the correct amount of Retention and/or Service Failure Points; and

- 2.16.2 adjust the Monthly Payment to reflect the amount of the Monthly Payment which should, but for the occurrence of the matters referred to in paragraph 2.15, have been made,

and any such Retentions and/or adjustments shall be made from and/or applied to the Monthly Payment payable in each relevant Contract Month or, to the extent that the Authority is unable to make any further Retentions in that Contract Month, such Retentions may be carried forward and retained from any subsequent Monthly Payment.

3 General Measurement Principles of KPIs

Introduction

- 3.1 From the Effective Date, the System Integrator shall at all times provide the System Integrator Deliverables and/or Services to meet or exceed the Green Performance Criteria for each KPI.
- 3.2 If the level of performance of the System Integrator during a Contract Month achieves the Green Performance Criteria for each KPI, no Retentions shall accrue to the System Integrator in respect of the relevant KPI.
- 3.3 Subject to paragraph 5 of this Schedule 4, if the level of performance of the System Integrator during a Contract Month does not achieve the Green Performance Criteria

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for a KPI, the level of Retention that shall accrue to the System Integrator in respect of the relevant KPI shall be the applicable level as set out in Annex 1 (*KPIs and PIs*) depending on whether the score is Amber or Red unless the failure is a Repeat Failure, in which case the provisions of paragraph 5 of this Schedule 4 shall apply.

- 3.4 Where the System Integrator is awarded a score of Amber or Red against a KPI then, subject to the provisions of paragraph 6 of this Schedule 4, the Authority shall be entitled to make Retentions in accordance with paragraph 10 of Part 1 of Schedule 7 (*Pricing and Payment*).
- 3.5 Where the same root cause results in more than one KPI Failure, the Authority shall decide against which KPI Failure to make Retentions and the Parties agree that the Authority shall not be entitled to make Retentions against more than one KPI in respect of the same root cause.

Temporary and Permanent Retentions

- 3.6 Retentions which may be applied by the Authority shall either be Temporary Retentions or Permanent Retentions which shall have the following respective characteristics:
- 3.6.1 a Temporary Retention is the relevant amount for an Amber score referred to in Annex 1 (*KPIs and PIs*) to this Schedule 4, which the Authority retains from the Monthly Payment in respect of any KPI (or parts of a KPI) (in the circumstances described in paragraph 3.7 of this Schedule 4) and such Temporary Retention will be paid to the System Integrator in the event that it satisfies the conditions in paragraph 3.8 of this Schedule 4 (but not otherwise); and
- 3.6.2 a Permanent Retention is the relevant amount for a Red score referred to in Annex 1 (*KPIs and PIs*) to this Schedule 4, which the Authority deducts from the Monthly Payment in respect of any KPI (or parts of a KPI) (in the circumstances described in paragraph 3.9 of this Schedule 4 and which are permanently retained by the Authority) together with any other Retentions which may apply in respect of such Contract Month.
- 3.7 If the System Integrator's performance in respect of any KPI (or part of such KPI) is in the Amber performance band for the relevant KPI (or part of such KPI) in any Contract Month, then a Temporary Retention shall be applied in respect of the relevant KPI (or part of such KPI).
- 3.8 Subject to paragraph 3.9 of this Schedule 4, any Temporary Retention made by the Authority in respect of a KPI (or part of such KPI) shall only be paid to the System Integrator when the System Integrator has achieved two (2) consecutive Contract Months in the Green performance band in relation to such KPI (or part of such KPI) following the Contract Month in respect of which the Temporary Retention was made. Subject to paragraph 3.9 of this Schedule 4, the Authority shall make payment of such Temporary Retention to the System Integrator in the next Contract Month following the second consecutive Contract Month in which the Green performance band was achieved by the System Integrator in respect of such KPI (or part of such KPI). The achievement by the System Integrator of two (2) consecutive Contract Months in the Green performance band for one KPI (or part of such KPI) will not result in the repayment of any Temporary Retention made by the Authority in respect of any other KPI (or part of such KPI).

3.9 If the System Integrator:

3.9.1 does not achieve two (2) consecutive months in the Green performance band in the Contract Months immediately following the date on which the relevant Temporary Retention was made by the Authority; and/or

3.9.2 achieves:

- (i) an Amber score for three (3) or more Contract Months; and/or
- (ii) a Red score for any Contract Month,

in any six (6) month rolling period immediately following the date on which the relevant Temporary Retention was made by the Authority,

for any KPI (or part of such KPI) in respect of which the Authority has made Temporary Retentions prior to the Expiry Date or the Termination Date, then the Authority shall not be obliged to pay to the System Integrator the amount of such Temporary Retentions and shall be entitled to permanently retain payment of (where such amount has been paid to the System Integrator) any such Temporary Retentions and, where applicable, the System Integrator shall immediately pay to the Authority any Temporary Retentions paid to the System Integrator by the Authority pursuant to paragraph 3.8 of this Schedule 4.

3.10 Where the System Integrator's performance in respect of any KPI (or any part of a KPI) has been in the Red performance band for any three (3) out of six (6) Contract Months (on a rolling monthly basis) (a "**Material Failure Event**"), such Material Failure Event shall be a System Integrator Default for the purposes of Clause 77.1 (*Termination for System Integrator Default*) and the Authority may elect:

3.10.1 to terminate the whole or part of this Contract pursuant to Clause 77.1 (*Termination for System Integrator Default*); or

3.10.2 not to terminate the whole or part of this Contract and, in such circumstances, increase each Retention set out in the columns of the Tables in Annex 1 (*KPIs and PIs*) to this Schedule 4 by a factor of two (2) (the "**Ratchet Amount**"). The Ratchet Amount shall be used by the Authority for the purposes of calculating Retentions where the System Integrator's performance for any KPI (or any part of a KPI) remains in the Red or Amber performance bands for any Contract Month in the twelve (12) Contract Months following the date of the Material Failure Event,

and, in either case, the Authority shall be entitled to retain permanently all Temporary Retentions which it has made in the twelve (12) Contract Months immediately prior to the date of the occurrence of the Material Failure Event.

4 Service Failure Points

4.1 From the Effective Date, the System Integrator shall at all times provide the System Integrator Deliverables and/or the Services to meet or exceed the Green Performance Criteria for each KPI or PI.

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- 4.2 If the level of performance of the System Integrator during a Contract Month achieves the Green Performance Criteria for each KPI or PI, no Service Failure Points shall accrue to the System Integrator in respect of the relevant KPI or PI.
- 4.3 Subject to paragraph 4.5 of this Schedule 4, if the level of performance of the System Integrator during a Contract Month fails to achieve the Green Performance Criteria for a KPI or PI, the number of Service Failure Points that shall accrue to the System Integrator in respect of the relevant PI shall be the applicable level as set out in Annex 1 (*KPIs and PIs*) depending on whether the score is Amber or Red unless the failure is a Repeat Failure, in which case the provisions of paragraph 5 of this Schedule 4 shall apply.
- 4.4 Subject to paragraph 4.5 of this Schedule 4, any Service Failure Points awarded by the Authority in respect of a KPI or PI shall be rescinded only when the System Integrator has achieved two (2) consecutive Contract Months in the Green performance band in relation to such KPI or PI following the Contract Month in respect of which the Service Failure Points were made. The achievement by the System Integrator of two (2) consecutive Contract Months in the Green performance band for one KPI or PI will not result in the rescission of any Service Failure Points awarded by the Authority in respect of any other KPI or PI.
- 4.5 If the System Integrator:
- 4.5.1 does not achieve two (2) consecutive months in the Green performance band in the Contract Months immediately following the date on which the relevant Service Failure Points were awarded by the Authority; and/or
- 4.5.2 achieves:
- (i) an Amber score for four (4) or more Contract Months; and/or
- (ii) a Red score for any Contract Month,
- in any six (6) month rolling period immediately following the date on which the relevant Service Failure Points were awarded by the Authority,
- for any KPI or PI, the Authority shall not be required to rescind the relevant Service Failure Points.
- 4.6 Where the same root cause results in more than one KPI Failure or PI Failure, the Authority shall decide against which KPI Failure or PI Failure to award Service Failure Points and the Parties agree that the Authority shall not be entitled to award Service Failure Points against more than one KPI or PI in respect of the same root cause.
- 4.7 Where, following the application of the process set out in this paragraph 4 in a Contract Month, the rolling aggregate number of Service Failure Points accrued by the System Integrator (excluding any Service Failure Points that have been rescinded pursuant to this paragraph 4) exceeds:
- 4.7.1 48 in relation to KPI Failures; or
- 4.7.2 30 in relation to PI Failures,

without prejudice to the Authority's rights and remedies under this Contract, such failures shall be deemed to be a material breach for the purposes of Clause 5 (*Exclusivity*) and Clause 77.15 (*Material Breach*).

5 Repeat KPI Failures and Repeat PI Failures

5.1 If a:

5.1.1 KPI Failure occurs in respect of the same KPI in any two (2) or more consecutive Contract Months, the second and any subsequent such KPI Failure shall be a "**Repeat KPI Failure**"; and/or

5.1.2 PI Failure occurs in respect of the same PI in any two (2) or more consecutive Contract Months, the second and any subsequent such PI Failure shall be a "**Repeat PI Failure**".

Repeat KPI Failures

5.2 The Retention that shall accrue to the System Integrator in respect of a KPI Failure that is a Repeat KPI Failure shall be calculated as follows:

RR = KR x M where:

RR = the amount of Retention that shall accrue for the Repeat KPI Failure;

KR = the applicable amount of Retention for that KPI Failure as set out in Annex 1 (*KPIs and PIs*) depending on whether the Repeat KPI Failure is an Amber or Red score;

M = the number of consecutive Contract Months the relevant KPI Failure has subsisted.

5.3 Without prejudice to the Authority's rights and remedies under this Contract, where the relevant KPI Failure has subsisted for three (3) consecutive Contract Months, such failure shall be deemed to be a material breach for the purposes of Clause 5 (*Exclusivity*) and Clause 77.15 (*Material Breach*).

Repeat PI Failures

5.4 The number of Service Failure Points that shall accrue to the System Integrator in respect of a PI Failure that is a Repeat PI Failure shall be calculated as follows:

RSFP = SuPIP x M where:

RSFP = the number of Service Failure Points that shall accrue for the Repeat PI Failure;

SuPIP = the applicable number of Service Failure Points for that PI Failure as set out in Annex 1 (*KPIs and PIs*) depending on whether the Repeat SPI Failure is an Amber or Red score; and

M = the number of consecutive Contract Months the relevant SPI Failure has subsisted.

- 5.5 Without prejudice to the Authority's rights and remedies under this Contract, where the relevant PI Failure has subsisted for four (4) consecutive Contract Months, such failure shall be deemed to be a material breach for the purposes of Clause 5 (*Exclusivity*) and Clause 77.15 (*Material Breach*).

6 Bedding-In Period

- 6.1 Without prejudice to the remedies available to the Authority under this Contract where a KPI Failure or a PI Failure occurs during the Bedding-In Period for the relevant KPI or PI (as the case may be), the Parties agree that during the Bedding-In Period and to the extent applicable to the relevant KPI/PI:

- 6.1.1 the System Integrator shall comply with its obligations under this Contract;
- 6.1.2 the Retentions and Service Failure Points accrued by the System Integrator shall be recorded on the Monthly Performance Reports;
- 6.1.3 Retentions shall not be deducted from the Monthly Payment; and
- 6.1.4 Service Failure Points will accrue from the Effective Date.

7 Moderation

- 7.1 Subject always to paragraph 7.3 (*Moderation*), where the System Integrator demonstrates to the reasonable satisfaction of the Authority that an instance of failure in relation to a PI in the relevant Contract Month arose as the direct result of a Moderation, such instance of failure shall be discounted for the purposes of evaluating the System Integrator's performance against the required standard set out in Annex 1 (*KPIs and PIs*) to this Schedule in relation to the relevant Performance Indicator.

- 7.2 In this paragraph 7 (*Moderation*), "**Moderation**" shall mean any one or more of the following events:

- 7.2.1 periods during which an Authority breach of this Contract is subsisting;
- 7.2.2 periods during which the System Integrator is carrying out Approved Maintenance; and/or
- 7.2.3 periods during which a Force Majeure Event is subsisting,

in each case save to the extent that such Moderation is caused or contributed to by the System Integrator and/or any System Integrator Related Party and any Sub-Contractor employed or retained by the System Integrator.

- 7.3 During any period excluded from measurement of the System Integrator's performance of the required standard pursuant to this paragraph 7 (*Moderations*), the System Integrator shall use all reasonable endeavours to mitigate the effects of the Moderation and it shall continue to adhere to the required standard and if it fails to do so such periods shall be taken into account when evaluating the System Integrator's performance against the required standard set out in the relevant Performance Indicator as if the relevant Moderation did not apply.

8 Rectification Plans

8.1 In the event that:

8.1.1 the Authority is entitled to a Permanent Retention; and/or

8.1.2 the System Integrator achieves:

- (i) an Amber score for any three (3) or more Contract Months out of six (6) Contract Months (on a rolling monthly basis); and/or
- (ii) a RED score,

for a single or multiple KPIs and/or PIs, the Authority may issue a Rectification Plan Notice to the System Integrator.

8.2 A Rectification Plan Notice shall set out:

8.2.1 the relevant Performance Failures; and

8.2.2 any other supporting information which the Authority considers to be relevant.

8.3 Within five (5) Working Days of the date of issue of the Rectification Plan Notice (or such longer period as the Authority may agree), the System Integrator shall submit the requested Rectification Plan to the Authority which shall:

8.3.1 provide an explanation of the causes of the Performance Failures;

8.3.2 identify the actions needed to remedy any Performance Failure identified in the Rectification Plan Notice and prevent its recurrence;

8.3.3 set out:

- (i) the System Integrator's proposals for carrying out the actions needed to remedy the Performance Failures;
- (ii) a programme for undertaking such actions; and
- (iii) the date by which such actions will be completed;

8.3.4 identify any actions or consents required from the Authority, and/or third party to facilitate actions needed to remedy the Performance Failures; and

8.3.5 specify proposed criteria for the purpose of auditing completion of the remedial actions and resolution of the actions needed to remedy the Performance Failures.

8.4 Following receipt of a Rectification Plan, the Authority may (acting reasonably):

8.4.1 agree it; or

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- 8.4.2 reject it and require the System Integrator to submit a revised Rectification Plan within five (5) Working Days of such rejection (or such other time as may be agreed by the Authority in writing).
- 8.5 In the event that the System Integrator fails to provide a Rectification Plan and/or an acceptable revised Rectification Plan within the stated period this shall be deemed to be a material breach for the purposes of Clause 5 (*Exclusivity*) and Clause 77.15 (*Material Breach*).
- 8.6 All Rectification Plans shall be submitted to the Authority's Project Manager and the Authority's Commercial Officer using the details set out in Schedule 20 (Addresses and Other Information (*DEFFORM 111*)) of this Contract.
- 8.7 Each Rectification Plan shall be sequentially numbered from a central register maintained by the System Integrator. In the event that a further unconnected circumstance occurs which results in the issue of a separate Rectification Plan Notice, a separate Rectification Plan shall be raised and recorded in the central register under a separate sequential numbers.
- 8.8 A report on progress against each open Rectification Plan shall be provided at each Monthly Performance Review. Each Rectification Plan shall remain open until the actions identified within it have been completed in accordance with the agreed Rectification Plan to the Authority's satisfaction, whereupon it shall be closed.
- 8.9 Where the Rectification Plan does not succeed in remedying the Performance Failures identified in the Rectification Plan Notice within the agreed timescales or in preventing its recurrence, the Authority may:
 - 8.9.1 agree an extension to the time for carrying out and completing the Rectification Plan;
 - 8.9.2 agree a revised Rectification Plan;
 - 8.9.3 issue a further Rectification Plan Notice in respect of the same area(s) of poor performance; or
 - 8.9.4 elect to treat such failure as a material breach for the purposes of Clause 5 (*Exclusivity*) and Clause 77.15 (*Material Breach*).

Annex 1: KPIs and PIsPart 1 - KPIs

KPI	Description	Performance Criteria	Applicable Retention and SFPs
Response Time			
KPI 1.1	Spares	<p>This KPI will be registered as a:</p> <p>(a) "Green" where more than 95% of the Spares which are due to be delivered by the System Integrator in the relevant Contract Month have been delivered:</p> <ul style="list-style-type: none"> (i) to the Authority by the relevant Response Time; and/or (ii) in accordance with this Contract; and/or <p>(b) "Amber" where 5% to 10% of the Spares which are due to be delivered by the System Integrator in the relevant Contract Month have not been delivered:</p> <ul style="list-style-type: none"> (i) to the Authority by the relevant Response Time; and/or (ii) in accordance with this Contract; and/or <p>(c) "Red" where:</p> <ul style="list-style-type: none"> (i) more than 10% of the Spares which are due to be delivered by the System Integrator in the relevant Contract Month have not been delivered: (A) to the Authority by the relevant Response Time; and/or (B) in accordance with this Contract; and/or 	<p>AMBER: £250 1 SFPs</p> <p>RED: £500 2 SFPs</p>

KPI	Description	Performance Criteria	Applicable Retention and SFPs
		(ii) any Spare which is delivered by the System Integrator to the Authority more than 21 Working Days after the relevant Response Time.	
KPI 1.2	Repairs	<p>This KPI will be registered as a:</p> <p>(a) "Green" where more than 95% of the Repairs which are due to be carried out by the System Integrator in the relevant Contract Month have been carried out:</p> <p>(i) by the relevant Response Time; and/or</p> <p>(ii) in accordance with this Contract;</p> <p>(b) "Amber" where 5% to 10% of the Repairs which are due to be carried out and/or performed by the System Integrator in the relevant Contract Month have not been carried out:</p> <p>(i) by the relevant Response Time; and/or</p> <p>(ii) in accordance with this Contract; and/or</p> <p>(c) "Red" where:</p> <p>(i) more than 10% of the Repairs which are due to be carried out by the System Integrator in the relevant Contract Month have not been carried out:</p> <p>(A) by the relevant Response Time; and/or</p> <p>(B) in accordance with this Contract;</p> <p>(ii) any Repair which is due to be carried out by the System Integrator in the relevant Contract Month has not been carried out within 21 Working Days after the relevant Response Time.</p>	<p>AMBER: £250 1 SFPs</p> <p>RED: £500 2 SFPs</p>

KPI	Description	Performance Criteria	Applicable Retention and SFPs
KPI 1.3	S&R Plan Failures	This KPI will be registered as a: (a) "Green" where no S&R Plan Failures occur in any Contract Month; and/or (b) "Red" where any S&R Plan Failures occur in any Contract Month.	RED: £1,000 5 SFPs

Behaviours			
KPI 2.1	Trust	KPIs 2.1-2.4 shall be monitored through engagement of Authority Respondents through the System Integrator Behaviours Questionnaire to determine whether the System Integrator will be scored "GREEN" or "AMBER" for the relevant Monitoring Period.	AMBER: £100 1 SFPs
KPI 2.2	Flexibility		AMBER: £100 1 SFPs
KPI 2.3	Transparency		AMBER: £100 1 SFPs
KPI 2.4	Integration and Collaboration		AMBER: £100 1 SFPs
Critical Failure			
KPI 3	Critical Failure	This KPI will be registered as a: (a) "Green" where no Critical Failures occur in any Contract Month; and/or (b) "Red" where any Critical Failures occur in any Contract Month.	RED: £2,000 5 SFPs
SMEs			
KPI 4	SMEs	This KPI will be registered as a: (a) "Green" where at completion of an Approved Task Order and/or a relevant Milestone (as the case may be), the Authority assesses the documentary evidence provided by the System Integrator and the Authority determines (acting reasonably) that the aggregate value of all Sub-Contracts placed with SMEs for an Approved Task Order and/or a relevant	RED: £1,000 3 SFPs

		<p>Milestone (as the case may be), is equal to or greater than 25% of the total value of that Approved Task Order and/or a relevant Milestone (as the case may be); and/or</p> <p>(b) "Red" where:</p> <ul style="list-style-type: none">(i) at completion of an Approved Task Order and/or a relevant Milestone (as the case may be), the Authority assesses the documentary evidence provided by the System Integrator and the Authority determines (acting reasonably) that the aggregate value of all Sub-Contracts placed with SMEs for an Approved Task Order and/or a relevant Milestone (as the case may be), is less than 25% of the total value of that Approved Task Order and/or a relevant Milestone (as the case may be); and/or(ii) the System Integrator fails to provide the Authority with sufficient documentary evidence to enable the Authority to determine whether the aggregate value of all Sub-Contracts placed with SMEs for an Approved Task Order and/or a relevant Milestone (as the case may be).	
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Social Value Plan		
KPI 5	Social Value Plan	<p>This KPI will be registered as a:</p> <p>(a) "Green" where the Authority assesses the Social Value Plan Report and it determines (acting reasonably) that 100% of the Delivery Objectives achieve a rating of Good or Approaching Target in any Monitoring Period;</p> <p>(b) "Amber" where the Authority assesses the Social Value Plan Report and it determines (acting reasonably) that any Delivery Objective achieves a rating of Requires Improvement in any Monitoring Period; and/or</p> <p>(c) "Red" where:</p> <p>(i) the Authority assesses the Social Value Plan Report and it determines (acting reasonably) that any Delivery Objective achieves a rating of Inadequate; and/or</p> <p>(ii) the System Integrator fails to deliver to the Authority a Social Value Plan Report that complies with the requirements of Schedule 18 (<i>Social Value Plan</i>),</p> <p>in any Monitoring Period.</p>
		<p>AMBER: £300 2 SFPs</p> <p>RED: £600 3 SFPs</p>

Part 2 - PIs

PI	Description	Performance Criteria	Applicable SFPs
Rejection of Ad Hoc Tasks and Innovation Proposals			
PI 1	Rejection of Ad Hoc Task	This PI will be registered as a:	AMBER: 1 SFPs

PI	Description	Performance Criteria	Applicable SFPs
	Order Proposals and/or Innovation Proposals	<p>(a) "Green" where 95% or more of the aggregate of the Ad Hoc Task Order Proposals and Innovation Proposals submitted by the System Integrator pursuant to Schedule 8 (<i>Ad Hoc Task Order Approval Process</i>) and/or Part 5 (<i>Capability Integration Cycle</i>) of Schedule 2 in any Contract Month are Approved by the Authority's Representative (acting reasonably);</p> <p>(b) "Amber" where 5% to 10% of the aggregate of the Ad Hoc Task Order Proposals and Innovation Proposals submitted by the System Integrator pursuant to Schedule 8 (<i>Ad Hoc Task Order Approval Process</i>) and/or Part 5 (<i>Capability Integration Cycle</i>) of Schedule 2 in any Contract Month are not Approved by the Authority's Representative (acting reasonably); and/or</p> <p>(c) "Red" where:</p> <ul style="list-style-type: none"> (i) more than 10% of the aggregate of the Ad Hoc Task Order Proposals and Innovation Proposals submitted by the System Integrator pursuant to Schedule 8 (<i>Ad Hoc Task Order Approval Process</i>) and/or Part 5 (<i>Capability Integration Cycle</i>) of Schedule 2 in any Contract Month are not Approved by the Authority's Representative (acting reasonably); and/or (ii) the System Integrator fails to deliver to the Authority any Ad Hoc Task Order Proposal and/or any Innovation Proposal (as the case may be) by the relevant Response Time for the delivery of the relevant Ad Hoc Task Order Proposal and/or any Innovation Proposal (as the case may be) as set out in Schedule 8 (<i>Ad Hoc Task Order Approval Process</i>) and/or Part 5 (<i>Capability Integration Cycle</i>) of Schedule 2 (as the case may be) or such later date notified by the Authority to the System Integrator from time. <p>The Parties agree that for the purpose of calculating the relevant percentages for this PI 3, the System Integrator is entitled to discount any Ad Hoc Task Order Proposal and/or Innovation Proposal where the Authority withdraws that Ad Hoc Task Order Proposal</p>	RED: 6 SFPs

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PI	Description	Performance Criteria	Applicable SFPs
		and/or Innovation Proposal, save where the reason for such withdrawal is due to the act, omission or default of the System Integrator.	
PI 2	Innovation Proposals	<p>This PI will be registered as a:</p> <p>(a) "Green" where the System Integrator initiates more than 6 Innovation Proposals pursuant to Part 5 (<i>Capability Integration Cycle</i>) of Schedule 2 in any Contract Year;</p> <p>(b) "Amber" where the System Integrator initiates 1 to 6 Innovation Proposals pursuant to Part 5 (<i>Capability Integration Cycle</i>) of Schedule 2 in any Contract Year; and</p> <p>(c) "Red" where the System Integrator fails to initiate any Innovation Proposals pursuant to Part 5 (<i>Capability Integration Cycle</i>) of Schedule 2 in any Contract Year.</p> <p>The Parties agree that the Authority is entitled to deem that any Innovation Proposal where the System Integrator has not exercised Good Industry Practice, and/or has not acted reasonably and/or is in breach of paragraph Error! Reference source not found. of Part 5 (<i>Capability Integration Cycle</i>) of Schedule 2 is not an Innovation Proposal for the purposes of limbs (a) and (b) for this PI 2.</p>	<p>AMBER: 1 SFPs</p> <p>RED: 2 SFPs</p>
PI 3	Technical Queries	<p>This KPI will be registered as a:</p> <p>(a) "Green" where 95% or more of the Technical Queries which are due to be resolved by the System Integrator in the relevant Contract Month have been resolved in accordance with this Contract by the relevant Response Time for that Technical Query;</p> <p>(b) "Amber" where 5% to 10% of the Technical Queries which are due to be resolved by the System Integrator in the relevant Contract Month have not been resolved in accordance with this Contract by the relevant Response Time for that Technical Query; and/or</p> <p>(c) "Red" where:</p>	<p>AMBER: 1 SFPs</p> <p>RED: 2 SFPs</p>

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PI	Description	Performance Criteria	Applicable SFPs
		<p>(i) more than 10% of the Technical Queries which are due to be resolved by the System Integrator in the relevant Contract Month have not been resolved in accordance with this Contract by the relevant Response Time for that Technical Query; and/or</p> <p>(ii) any Technical Query which is due to be resolved by the System Integrator in the relevant Contract Month has not been resolved within:</p> <p>(A) in respect of Immediate Technical Queries, 48 hours;</p> <p>(B) in respect of Urgent Technical Queries, five (5) Working Days; and</p> <p>(C) in respect of Routine Technical Queries, within the timescales set out in the Routine Technical Query,</p> <p>in each case after the relevant Response Time.</p>	
PI 4	Reports	<p>This PI will be registered as a:</p> <p>(a) "Green" where the System Integrator delivers to the Authority all of the Reports that were due to be delivered for any Contract Month; and</p> <p>(b) "Red" where the System Integrator fails to deliver to the Authority all of the Reports that were due to be delivered for any Contract Month.</p>	RED: 2 SFPs
PI 5	Upload	<p>This PI will be registered as a:</p> <p>(a) "Green" where the System Integrator Uploads 95% or more of the Critical Documents that were due to be Uploaded for any Contract Month;</p> <p>(b) "Amber" where the System Integrator Uploads 90% to 94% of the Critical Documents that were due to be Uploaded for any Contract Month; and</p> <p>(c) "Red" where:</p>	<p>AMBER: 1 SFPs</p> <p>RED: 2 SFPs</p>

PI	Description	Performance Criteria	Applicable SFPs
		<p>(i) the System Integrator Uploads less than 90% of the Critical Documents that were due to be Uploaded for any Contract Month; and/or</p> <p>(ii) a Critical Document which is due to be Uploaded in any Contract Month has not been Uploaded by the System Integrator within 21 Working Days after the end of the relevant Contract Month in which it was due to be Uploaded.</p>	

Annex 2: KPIs 2.1 to 2.4 (Behaviours) and System Integrator Behaviours Questionnaire**1 Overview**

- 1.1 It is the Authority's intention to monitor the System Integrator's performance of KPIs 2.1 to 2.4 through engagement of the relevant stakeholders (being the Authority Respondents) through the System Integrator Behaviours Questionnaire.
- 1.2 A sample System Integrator Behaviours Questionnaire is set out at Appendix A to this Annex 2 of Schedule 4 (*System Integrator Performance Mechanism*).

2 System Integrator Behaviours Questionnaire

- 2.1 The System Integrator will distribute via Survey Monkey (or a similar tool agreed by the Parties in advance of Contract Award) a System Integrator Behaviours Questionnaire to the Authority Respondents.
- 2.2 The System Integrator Behaviours Questionnaire will have a number of statements for KPI 2.1 to 2.4 (inclusive) and the Authority Respondents will be asked to "Strongly Agree", "Agree", "Disagree" or "Strongly Disagree" and set out reasons for their response and, where they see issues, identify any potential corrective actions (from the Authority Respondent's perspective) the System Integrator could take to improve the relevant behaviour.
- 2.3 The System Integrator will collate the assessment from the Authority Respondents which will form part of the Monthly Performance Report for the relevant Contract Month and be discussed at the Monthly Performance Review Meeting.
- 2.4 The relevant KPI will be awarded a "Green" where:
- 2.4.1 more than 50% of the Authority Respondents fail to complete the System Integrator Behaviours Questionnaire within ten (10) Working Days from distribution of the System Integrator Behaviours Questionnaire by the System Integrator; or
- 2.4.2 50% or more of the Authority Respondents complete the System Integrator Behaviours Questionnaire within ten (10) Working Days and where the majority of the responses from the completed questionnaires are recorded as "Strongly Agree" or "Agree" for the relevant part of KPI 2.
- 2.5 The relevant KPI will be registered as an "Amber" where more than 50% of the Authority Respondents complete the System Integrator Behaviours Questionnaire within ten (10) Working Days and the majority of the responses from the completed questionnaires are recorded as "Disagree" or "Strongly Disagree" for the relevant KPI.
- 2.6 Questionnaires will be deemed to have been completed when a questionnaire is submitted, even if all of the questions are not completed.

Appendix A: System Integrator Behaviours Questionnaire

Please place a cross in the box which most closely represents your feelings

1 TRUST

- 1.1 The System Integrator exhibits behaviours that foster a high level of trust between parties.

Strongly Agree	Agree	Disagree	Strongly Disagree

Where you have assessed the behaviour as 'Disagree' or 'Strongly Disagree', please set out reasons for your response and also, where you see issues in this area, identify any potential corrective actions

--

- 1.2 The System Integrator displays a sense of accountability by owning the consequences of their actions

Strongly Agree	Agree	Disagree	Strongly Disagree

Where you have assessed the behaviour as 'Disagree' or 'Strongly Disagree', please set out reasons for your response and also, where you see issues in this area, identify any potential corrective actions

--

2 FLEXIBILITY

- 2.1 The System Integrator demonstrates a proactive approach to change and innovation when necessary.

Strongly Agree	Agree	Disagree	Strongly Disagree

--	--	--	--

Where you have assessed the behaviour as 'Disagree' or 'Strongly Disagree', please set out reasons for your response and also, where you see issues in this area, identify any potential corrective actions

--

- 2.2 The System Integrator adapts to accommodate evolving requirements that result from adopting an agile development methodology.

Strongly Agree	Agree	Disagree	Strongly Disagree

Where you have assessed the behaviour as 'Disagree' or 'Strongly Disagree', please set out reasons for your response and also, where you see issues in this area, identify any potential corrective actions

--

- 2.3 The System Integrator is willing to test new ways of working in order to drive efficiencies and benefit for TIQUILA.

Strongly Agree	Agree	Disagree	Strongly Disagree

Where you have assessed the behaviour as 'Disagree' or 'Strongly Disagree', please set out reasons for your response and also, where you see issues in this area, identify any potential corrective actions

--

3 TRANSPARENCY

- 3.1 Lines of communication between the Authority, the Enabling Contractors and the System Integrator are clear and well defined.

Strongly Agree	Agree	Disagree	Strongly Disagree

Where you have assessed the behaviour as 'Disagree' or 'Strongly Disagree', please set out reasons for your response and also, where you see issues in this area, identify any potential corrective actions

--

- 3.2 Issues and concerns raised by the Authority and the Enabling Contractors are managed at the appropriate level as soon as they arise.

Strongly Agree	Agree	Disagree	Strongly Disagree

Where you have assessed the behaviour as 'Disagree' or 'Strongly Disagree', please set out reasons for your response and also, where you see issues in this area, identify any potential corrective actions

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- 3.3 The System Integrator is clearly focused on delivering optimum capability to the end user.

Strongly Agree	Agree	Disagree	Strongly Disagree

OFFICIAL-SENSITIVE COMMERCIAL

Where you have assessed the behaviour as 'Disagree' or 'Strongly Disagree', please set out reasons for your response and also, where you see issues in this area, identify any potential corrective actions

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- 3.4 The System Integrator takes into account the Authority's customers' and users' needs and experiences into the System Integrator's decision-making processes.

Strongly Agree	Agree	Disagree	Strongly Disagree

Where you have assessed the behaviour as 'Disagree' or 'Strongly Disagree', please set out reasons for your response and also, where you see issues in this area, identify any potential corrective actions

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4 **INTEGRATION AND COLLABORATION**

- 4.1 There is a clear "One Team" approach between the Authority and the System Integrator with no lingering "us and them" mentality.

Strongly Agree	Agree	Disagree	Strongly Disagree

Where you have assessed the behaviour as 'Disagree' or 'Strongly Disagree', please set out reasons for your response and also, where you see issues in this area, identify any potential corrective actions

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OFFICIAL-SENSITIVE COMMERCIAL

- 4.2 There is a clear "One Team" approach between the Authority and the Enabling Contractors with no lingering "us and them" mentality.

Strongly Agree	Agree	Disagree	Strongly Disagree

Where you have assessed the behaviour as 'Disagree' or 'Strongly Disagree', please set out reasons for your response and also, where you see issues in this area, identify any potential corrective actions

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- 4.3 The System Integrator displays behaviours to support Enabling Contractors and other partners so that Enabling Contractors and other partners feel part of "One Team".

Strongly Agree	Agree	Disagree	Strongly Disagree

Where you have assessed the behaviour as 'Disagree' or 'Strongly Disagree', please set out reasons for your response and also, where you see issues in this area, identify any potential corrective actions

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- 4.4 The System Integrator is proactive and regularly collaborates with the Enabling Contractors and other partners to discuss how to improve the delivery of the Services.

Strongly Agree	Agree	Disagree	Strongly Disagree

Where you have assessed the behaviour as 'Disagree' or 'Strongly Disagree', please set out reasons for your response and also, where you see issues in this area, identify any potential corrective actions

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Annex 3: Reports

- 1.1. In each Contract Month, the System Integrator shall provide to the Authority's Representative the relevant reports identified in Schedule 6 (Governance and Reporting).
- 1.2. Throughout the Contract Period, the Authority shall assess the appropriateness of each Report set out in paragraph 1.1 of this Annex 3 (*Reports*) and the Authority reserves the right to:
 - 1.2.1. change any Report; and/or
 - 1.2.2. insert a new Report,if the Authority considers (acting reasonably) that a more appropriate report should be delivered by the System Integrator.

Annex 4: Critical Documents

- 1.1 In each Contract Month, the System Integrator shall Upload the Critical Documents in accordance with Schedule 2 (*Obligations of the System Integrator*) and/or Schedule 6 (*Governance and Reporting*) (as the case may be).
- 1.2 Throughout the Contract Period, the Authority shall assess the appropriateness of each Critical Document the Authority reserves the right to:
 - 1.2.1 change any Critical Document; and/or
 - 1.2.2 insert a new Critical Document,
if the Authority considers (acting reasonably) that a more appropriate document should be maintained and Uploaded by the System Integrator.