

Order Schedule 14 (Service Levels)

1. Definitions

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

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

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

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

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2.4.2 the Service Level Failure:

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

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

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

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

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

2.5.3 there is no change to the Service Credit Cap.

3. Critical Service Level Failure

On the occurrence of a Critical Service Level Failure:

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

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

provided that the operation of this paragraph **Error! Reference source not found.** shall be without prejudice to the right of the Buyer to terminate this Contract and/or to claim damages from the Supplier for material Default.

Part A: Service Levels and Service Credits

1. Service Levels

If the level of performance of the Supplier:

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

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

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

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

1.2.2 instruct the Supplier to comply with the Rectification Plan Process;

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

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

2. Service Credits

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

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

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Annex A to Part A: Services Levels and Service Credits Table**Key performance indicator 1**

Contract Performance Reporting		
1. Key Performance Indicator (KPI) – Accurate and timely billing and reconciliation of client account	Rating	Threshold
Detail Adherence to DfE's billing and reconciliation requirements, broken down by project – provision of monthly project and finance tracker; reconciliation within 8 weeks. The supplier will be expected to provide and evidence this KPI.	Good	98%
	Approaching Target	95%
	Requires Improvement	93%
	Inadequate	92%

Key performance indicator 1, outcome: The department reserves the right to freeze payments and imposes 0.5% Service Credit gained for each percentage under the specified Service Level Performance Measure, per invoice, up to a maximum of 10%. (Example Formula provided below).

Inadequate penalty, example formula for Key performance indicator 1:

Formula:	Outcome charge
Formula: $x\% \text{ (Service Level Performance Measure)} - x\% \text{ (actual Service Level performance)}$	$x\%$ of the Charges payable to the Buyer as Service Credits to be deducted from the next Invoice payable by the Buyer, at a rate of 0.5% per percentage below threshold.
Worked example: 98% (e.g. Service Level Performance Measure requirement for Responsiveness Service Level) Minus 92% (e.g. actual performance achieved against this Service Level in a Service Period) Equals 6	3% of the Charges payable to the Buyer as Service Credits to be deducted from the next Invoice payable by the Buyer

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6% deducted at a rate of 0.5% per percentage, 6 times 0.5% Equals 3%	
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Key performance indicators 2, 3 and 4

The following KPIs will be based upon a card rating system. The Department's contract manager will agree scoring with DfE colleagues and present these outcomes to the supplier during the 6 monthly progress meeting, as set out within the order form.

Rating card:

Inadequate	Requires Improvement	Approaching Target	Good
5 or less	6	7	8 or above

Contract Performance Reporting		
2. Key Performance Indicator (KPI) – Customer satisfaction – account management	Rating	Threshold
Detail Projects within period meet timeline requirements within allotted deadlines, subject to DfE performance review. This applies unless otherwise agreed by the buyer. For example, if a project timeline is adapted and this is agreed by DfE (the new timeline would then stand). This will be determined via the Departments internal scoring. During each quarterly review, the contract manager will provide a satisfaction rating score out of 1-10. 1 is a very poor score, 10 in a strong score. The scores will inform the KPI thresholds.	Good	8 and above
	Approaching Target	7
	Requires Improvement	6
	Inadequate	5 and below
3. Key Performance Indicator (KPI) – Customer satisfaction – delivery of research	Rating	Threshold
Detail This will measure how well project outcomes are met with regard to: <ul style="list-style-type: none"> • Sampling • Responsiveness to briefs and proposed methods • Impact of recommendations • Developing feedback 	Good	8 and above
	Approaching Target	7
	Requires Improvement	6
	Inadequate	5 and below

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This will be determined via the Departments internal scoring. During each quarterly review, the contract manager will provide a satisfaction rating score out of 1-10. 1 is a very poor score, 10 in a strong score. The scores will inform the KPI thresholds.		
4. Key Performance Indicator (KPI) 4 – Social Value		Rating
Detail Suppliers to provide 6-monthly progress reports on their apprenticeship and training commitments outlined during their tenders. This will be subject to Departments internal scoring. During each quarterly review, the contract manager will provide a satisfaction rating score out of 1-10. 1 is a very poor score, 10 in a strong score. The scores will inform the KPI thresholds.	Good	8 and above
	Approaching Target	7
	Requires Improvement	6
	Inadequate	5 and below

Card rating outcomes:

Applicable to KPIs 2,3 and 4. If the suppliers is presented with one of the corresponding scores

Contract Performance Reporting – Penalties/Outcome	
Rating	Threshold
Good	Positive feedback provided to the supplier and scoring when appropriate, as per KPI 2 and 3. This will be delivered during the 6 monthly review.
Approaching Target	Constructive feedback provided to supplier. This will be delivered during the 6 monthly review, unless the contract manager agrees otherwise with the supplier.
Requires Improvement	Department may request performance improvement plan from the supplier, which will be completed and returned within 30 days, from the Departments request. This report will be subject to the contract managers approval, rejected plans will be required to be amended and return to the contract manager within 30 days.

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Inadequate	<p>The department reserves the right to with-hold payments for said month and impose up to 25% service credit allowance. This will be accrued by:</p> <ul style="list-style-type: none">• For KPI's 2 and 3: 5% per project during the period under review, up to a maximum of 10%, if performance is deemed unacceptable by the Department.• For KPI 4: A flat rate of 5% for the month.
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Part B: Performance Monitoring

3. Performance Monitoring and Performance Review

- 3.1 Within twenty (20) Working Days of the Start Date the Supplier shall provide the Buyer with details of how the process in respect of the monitoring and reporting of Service Levels will operate between the Parties and the Parties will endeavour to agree such process as soon as reasonably possible.
- 3.2 The Parties shall attend meetings to discuss Performance Monitoring Reports ("**Performance Review Meetings**") on a 6 Monthly basis (during the progress meeting), as established within the order form. The Performance Review Meetings will be the forum for the review by the Supplier and the Buyer of the Performance Monitoring Reports. The Performance Review Meetings shall:
 - 3.2.1 take place within two (2) week of the Performance Monitoring Reports being issued by the Supplier at such location and time (within normal business hours) as the Buyer shall reasonably require;
 - 3.2.2 be attended by the Supplier's Representative and the Buyer's Representative; and
 - 3.2.3 be fully minuted by the Supplier and the minutes will be circulated by the Supplier to all attendees at the relevant meeting and also to the Buyer's Representative and any other recipients agreed at the relevant meeting.
- 3.3 The minutes of the preceding Month's Performance Review Meeting will be agreed and signed by both the Supplier's Representative and the Buyer's Representative at each meeting.
- 3.4 The Supplier shall provide to the Buyer such documentation as the Buyer may reasonably require in order to verify the level of the performance by the Supplier and the calculations of the amount of Service Credits for any specified Service Period.

4. Satisfaction Surveys

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