



Ministry
of Defence



706125450 Sting Ray Mid Life Upgrade (SRMLU)

Assessment Phase

Performance Management

ANNEX D

Performance Management

KEY PERFORMANCE INDICATORS

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1 OVERVIEW

1.1 Definitions

For the purposes of this Annex, the following definitions shall apply:

Authority Review Period - The timeframe in which the Authority shall review the deliverables of the associated KPI

Contractor - BAE Systems Surface Ships Ltd

Data Source - The source of information that is provided for the purpose of assessing performance of the associated KPI

Incentivisation Payment Weighting - The specific percentage weighting applied to the individual KPI, used for calculation of the Incentivisation Payment.

Reporting Frequency - The regularity of reviews for the individual KPI

Reporting Method - Description of the expected format, if applicable, of the reports required to assess the KPI

Performance Criteria - The defined set of conditions used to assess the performance of the associated KPI

1.2 Process

The Contractor's performance shall be reported and reviewed in accordance with the Reporting Frequency and Reporting Method sections within each KPI. The performance against each KPI shall be assessed as satisfactory (GREEN), or unsatisfactory (RED) in accordance with the Performance Criteria detailed for each KPI in the following sections of this document.

Ref	Description
Key Performance Indicators	
KPI 1	Maturity of Design
KPI 2	Timeliness of Delivery
KPI 3	Social Value
KPI 4	Tasking Response Times

1.3 Assessment Criteria

The assessment of the KPIs shall be in accordance with the Reporting Frequency and Performance Criteria section within each KPI. The Authority shall complete the assessment in respect to the performance of the preceding Period as defined within each individual KPI. Where the assessment of the Contractor's performance has established that satisfactory performance levels (GREEN) have been provided by the Contractor, the Authority shall apply an incentivisation payment, one Period in arrears, up to a maximum of the figure stated at the time of contract award for Incentive Adjustment, using the Incentive Adjustment element of the QDC 4-step Profit Calculation. The incentivisation payment shall be in accordance with the Incentivisation Payment Weighting section of the respective KPI and in accordance with the Milestone Payment Plan.

For the avoidance of doubt, in the event that any KPI requirement cannot be met by the Contractor due to any circumstance agreed by the Authority to be beyond the Contractor's reasonable control, or due to the late or non delivery of an Authority dependency, the delivery date of that affected KPI will be extended by the commensurate amount of time delay caused by that event. The affected KPI will be assessed at the later delivery date agreed by both parties.

No KPI event (such as no deliverables or no TAFs due) in a period shall not count towards unsatisfactory performance of the KPI in question and therefore shall be considered GREEN.

1.4 Unsatisfactory Performance

The Authority's assessment of the Contractor's unsatisfactory performance shall be in accordance with the Unsatisfactory Performance section of each individual KPI.

When an unsatisfactory performance occurs, the Contractor shall deliver a report to the Authority within five working days of the Quarterly Progress Meeting at which the relevant KPIs are reviewed. This report should detail the circumstances and any mitigating factors, in accordance with Condition 57, contributing to the unsatisfactory performance. The Authority shall arrange a meeting in the UK within 10 working days following receipt of the report whereby the Authority and the Contractor shall agree a programme and date for improvement. If the Authority and the Contractor cannot agree a programme and date for improvement, the Authority may exercise its further rights of remedy and/or termination of the Contract, in accordance with Condition 49.3, if the Contractor remains in default. For the avoidance of doubt, where a KPI has been marked as Red, and the Incentivisation payment has been reduced in accordance with the process defined in the Incentivisation Payment Weighting sections of any of the KPIs, any payment due for the Incentivisation of that preceding Period of Unsatisfactory Performance will be permanently withheld by the Authority.

The Contractor can only be incentivised against the achievement of each deliverable once.

2 KEY PERFORMANCE INDICATORS

2.1 KPI 1 – Maturity of Design

Requirement	The Contractor shall ensure that technology maturity progresses in line with the agreed Technology Maturation Plan, as defined in Annex A.
Description	Through design reviews, evidence will be provided that demonstrates section level maturity is being achieved against the Technology Maturation Plan. Technology Readiness Level (TRLs), as defined in Annex A, will form the first level of measurement but where development is likely to spend a longer period of time within a single TRL, lower level design goals will be developed and agreed with the Authority.
Data Source	Evidence supplied to design reviews and physical demonstrations where appropriate.
Authority Review Period	As defined in the SOR against review timeframes for R-Review, F-Review, D-Review and SDRs, as defined in Annex A.
Data Source (Output)	The Contractor will be responsible for supplying evidence of progress into design reviews.
Data Source (Input)	The Authority will be responsible for sentencing material supplied as evidence of TRL progression.
Reporting Frequency	Proposed levels of design maturity will be summarised at QPMs but agreed with the Authority in advance through design reviews. One Period = 1 Year
Reporting Method	A summary graphic will be provided depicting progress for presentation at the QPM that coincides with the anniversary of Contract Award. It will be determined at that QPM whether the KPI is awarded Red or Green.
Comments	Please ensure the Technology Maturation Plan proposes the initial TRL position, proposed progression milestones within a TRL and suggested evidence that would warrant progression.
Incentivisation Payment Weighting	REDACTED % of the total incentivisation payment as detailed in Condition 1.3. REDACTED % of the incentivisation payment is due each quarter and will be paid and retained by the Contractor provided KPI1 is assessed as GREEN. Should the KPI be assessed RED, the Contractor shall repay the previous 4 quarters incentivisation payment by way of a deduction on the subsequent milestone payment.
Unsatisfactory Performance	The Contractor's performance will be judged unsatisfactory where assessment by the Authority has established there is RED performance levels for any One Period, in accordance with the performance criteria section below.

Performance Criteria	
GREEN	Progression milestones sentenced as achieved, by the Authority, at design reviews.
RED	Progression milestones sentenced as not achieved, by the Authority, at design reviews.

2.2 KPI 2 – Timeliness of Delivery

Requirement	The Contractor shall ensure that all deliverables are submitted in accordance with the Due Date, as defined in Annex A, for each deliverable in the Statement of Work.
Description	The submission date is recorded as the date of submission of a deliverable if that deliverable version is subsequently accepted by the Authority. If the deliverable is rejected by the Authority, in accordance with Annex A, thus requiring another submission by the Contractor, then the Submission Date of the rejected Deliverable is not recorded for the purposes of measuring this KPI.
Data Source	Email record of date of deliverable submission if submitted by email. Record of delivery if submitted in hardcopy.
Authority Review Period	This KPI will be measured monthly and reviewed Quarterly at the Quarterly Progress Meeting.
Data Source (Output)	The Authority is responsible for recording Submission Dates and calculating the KPI
Data Source (Input)	The Authority will provide to the Contractor the KPI calculation prior to each Quarterly Progress Meeting.
Reporting Frequency	This KPI will be measured monthly and reviewed Quarterly at the Quarterly Progress Meeting. One Period = 1 Quarter
Reporting Method	n/a
Comments	n/a
Incentivisation Payment Weighting	REDACTED % of the total incentivisation payment as detailed in Condition 1.3.
Unsatisfactory Performance	The Contractor's performance will be judged unsatisfactory where assessment by the Authority has established there is RED performance levels for any One Period, in accordance with the performance criteria section below.

Performance Criteria	
GREEN	A measure of at least 95% of Submission Dates in a month reflecting deliverable submissions on or before the Due Date for each accepted deliverable, in accordance with Annex A.
RED	A measure of less than 95% of Submission Dates in a month reflecting deliverable submissions on or before the Due Date for each accepted deliverable, in accordance with Annex A

2.3 KPI 3 – Social Value

Requirement	Contractor's delivery against the Social Value Plan within Annex O to the Contract and reported within the Social Value Report as defined in Annex A 9.1.8
Description	<p>The 3 Social Values being reported against are:</p> <ul style="list-style-type: none"> • MAC 3.4 – Increase supply chain resilience and capacity • MAC 4.1 – Additional Environmental Benefits • MAC 6.1 – Tackling Inequality in the Contract Workforce <p>These Social Values are defined in Annex O to the Contract (Social Value)</p> <p>The performance targets these Social Value criteria are assessed against are set out in the Contractor's Social Value Plan,</p>
Data Source	Contract Annex O - Social Value Plan, the Social Value Report and subsequent updates
Authority Review Period	Annual

Data Source (Output)	Contractor
Data Source (Input)	Authority
Reporting Frequency	This KPI will be measured annually and reviewed Quarterly at the Quarterly Progress Meeting that coincides with the anniversary of Contract Award. One Period = 1 Year.
Reporting Method	Reports from the Contractor to be received 2 weeks before the Quarterly Progress Meeting that coincides with the anniversary of Contract Award, detailing achievement against the targets set out in the Contractor's Social Value Plan
Incentivisation Payment Weighting	REDACTED % of the total incentivisation payment as detailed in Condition 1.3.
Unsatisfactory Performance	The Contractor's performance will be judged unsatisfactory where assessment by the Authority has established there is RED performance levels for any One Period, in accordance with the performance criteria section below.

Performance Criteria	
GREEN	Two of the three Social Value criteria delivered/on track in accordance with Contractor's Social Value Plan For the purpose of this KPI delivering ahead of schedule is acceptable
RED	Two of the three of the Social Value criteria not delivered or on Track in accordance with Contractor's Social Value Plan For the purpose of this KPI delivering ahead of schedule is acceptable, and the Contractor will not be deemed "Red" for early delivery

2.4 KPI 4 – Tasking Response Times

Requirement	Contractor response to Authority request for tasking
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Description	<p>The time taken shall be from the business day the Tasking Form is submitted (via email) and the date responded shall be the day the Part 2 is fully completed and returned to the Authority (first compliant submission), in accordance with Annex I.</p> <p>Example: TAF Part 1 Submitted by Authority (via email) on: 1st Feb 2023 (Submission Date). 30th March 2023 would be the 30th Business Day for the purposes of 'Green' Performance below.</p>
Data Source	Associated Task Approval Form, in accordance with Annex I.
Authority Review Period	Continuous
Data Source (Output)	Authority – Date of release of Part 1
Data Source (Input)	Contractor – Delivery of proposal within Part 2
Reporting Frequency	<p>Quarterly</p> <p>One Period = 1 Quarter</p>
Reporting Method	The Contractor shall report the time taken (in business days) to respond to the Authority Tasking (via Annex I). This shall indicate the Authority Submission Date, Contractor Response Date, Number of business days to respond and whether a resolution was provided.
Incentivisation Payment Weighting	REDACTED % of the total incentivisation payment as detailed in Condition 1.3.
Unsatisfactory Performance	The Contractor's performance will be judged unsatisfactory where assessment by the Authority has established there is RED performance levels for any One Period.

Performance Criteria	
GREEN	Fully completed Task Approval Form Part B submitted to the Authority no more than 30 Business Days (or the period agreed whereby an extension has been granted by the Authority following a compliant extension request in accordance with Contract Condition 51. Exceptional Tasking) after the submission date to the Contractor, in accordance with Condition 51.3 and Condition 51.4
RED	Fully completed Task Approval Form Part B submitted to the Authority 31 Business Days (or greater) after the submission date to the Contractor, in accordance with Condition 51.3 and Condition 51.4

