

Schedule 6

Performance Monitoring

1 DEFINITIONS

1.1 In this schedule, the following definitions shall apply:

Contract Performance Report means as set out a Paragraph 6.2 below;

Customer Observation Reports means as set out at Annex 1 Part B paragraph a;

Key Performance Indicators the key performance indicators set out in Part A of Annex 1 of Schedule 6 (*Performance Monitoring*);

KPI Failure or Key Performance Indicator Failure where a Key Performance Indicator is measured as Red: Indicator Performance Failure;

KPI Rectification Plan as defined in Paragraph 3.2 and the pro forma of which is set at Annex 2 of this Schedule 6 (*Performance Monitoring*);

Monthly Contract Performance Review means the terms of reference as set out at Paragraph 6.6 below;

Performance Indicators the performance indicators set out in Part B of Annex 1 of Schedule 6 (*Performance Monitoring*);

Performance Indicator Failure where a Performance Indicator is measured as Red: Performance Failure;

Social Value Action Plan means the action plan provided by the Service Provider to include specific tasks and timescales for delivery of social value;

Service Level Deductions the deductions set out in Table 3 of Schedule 6 (*Performance Monitoring*) to be added to the Service Provider's monthly invoice;

Social Value KPI means the social value KPI that is agreed further to the Social Value Action Plan;

2 PERFORMANCE INDICATORS AND KEY PERFORMANCE INDICATORS

- 2.1 Annex 1 sets out the Key Performance Indicators and the Performance Indicators which the Parties agree shall be used to measure the Service Provider's performance of the Services.
- 2.2 Any occurrence of a Performance Indicator Failure shall be assessed by the Authority and the Authority (acting reasonably and in good faith) shall allocate the Performance Indicator to the most appropriate Key Performance Indicator and such shall count as one occurrence for the purposes of Table 1.
- 2.3 The table at Annex 1 Part C of this Schedule 6 sets out which Performance Indicators are used to measure each Key Performance Indicator.
- 2.4 If the Service Provider does not agree with the choice of Key Performance Indicator allocation as set out at Paragraph 2.2 above, then the matter shall be discussed between the Parties at the next Monthly Contract Performance Review.
- 2.5 The Service Provider shall not be subject to more than one Service Level Deduction for a single incident of failure of a Performance Indicator.
- 2.6 The Service Provider shall deliver a Key Performance Indicator in regard to the delivery of the Social Value Action Plan. Service Level Deductions shall not apply to the social value Key Performance Indicator.
- 2.7 Save for in respect of the Social Value KPI, Service Level Deductions, shall accrue for any KPI Failure and shall be calculated in accordance with Paragraph 6 below.

3 MEASURING PERFORMANCE FAILURES

- 3.1 From the Vesting Day, the Authority shall monitor the Service Provider's performance of the Services against each Key Performance Indicator using the Red, Amber, Green ("**RAG**") system set out in Table 1 below. Occurrences of the Services not being delivered in accordance with the SOR will be measured using the Performance Indicators listed in Annex 1 part B of this Schedule 6.

RAG Key – All KPIs (Red, Amber, Green)		
Red: Performance Failure	Amber: Sub-Standard Performance	Green: Satisfactory Measure
<p>Three or more occurrences of the Services not being provided in accordance with the SOR, for one calendar month.</p> <p>OR</p> <p>Any Key Performance Indicator measured "Amber" either is (a) not corrected or addressed through an agreed KPI Rectification Plan within 1 month or (b) occurs three times over a rolling 6-month period</p> <p>OR</p> <p>A single occurrence in relation to H&S, any serious breach of policy or legislation.</p>	<p>Up to two occurrences of the Services not being provided in accordance with the SOR, for one calendar month.</p>	<p>No occurrences of Key Performance Indicators that highlight failure to provide the Services in accordance with the SOR.</p>

Table 1

- 3.2 In respect of the Key Performance Indicator for Training Delivery (as set out at paragraph 45 of the Statement of Requirement), the additional RAG measurement in Table 2 shall apply.

RAG Key – for KPI 2 – Training Delivery (Red, Amber, Green)		
Red: Performance Failure	Amber: Sub-Standard Performance	Green: Satisfactory Measure
<p>First Time Pass Rate ("FTPR") of <91%</p>	<p>FTPR of 91 – 94.99%.</p>	<p>FTPR of =>95%.</p>

Table 2

4 Amber: Sub-Standard Performance

- 4.1 Where a Key Performance Indicator is measured as being Amber: Sub-Standard Performance, the Service Provider shall:

- (a) receive an AMBER against such Key Performance Indicator; and
- (b) produce a rectification plan in the form set out in Annex 2 ("**KPI Rectification Plan**") within 5 Working Days of becoming aware or being notified of the performance issue.

4.2 If the Authority is satisfied with the proposed **KPI Rectification Plan** then the Service Provider shall deliver the actions within the timescales set out in the KPI Rectification Plan. If the Authority views the KPI Rectification Plan as insufficient or incomplete then the Authority shall request a revised plan to be provided promptly and no later than 5 Working Days.

4.3 The Service Provider shall carry out the KPI Rectification Plan immediately from the date on which the KPI Rectification Plan is agreed by the Parties (or such date set out in the KPI Rectification Plan) and the Service Provider shall demonstrate to the Authority that it has rectified the Services measured as Amber: Sub-Standard Performance on or before the following Monthly Contract Performance Review.

4.4 Once the Authority has deemed (during the Monthly Contract Performance Review) that the Service Provider has rectified the Services measured as Amber: Sub-Standard Performance, then the relevant Key Performance Indicator shall be measured as being "GREEN" for the month in which it is rectified and no further action shall be required by the Service Provider.

4.5 No Service Level Deductions shall apply for Key Performance Indicators that are measured as being Amber: Sub-Standard Performance, save where such Key Performance Indicator is not rectified and is subsequently measured as Red: Performance Failure.

4.6 If a Key Performance Indicator measured as Amber: Sub-Standard Performance has not been rectified within two months following the date of the KPI Rectification Plan to the reasonable satisfaction of the Authority, then that month's Key Performance Indicator will be measured as Red: Performance Failure.

4.7 If a Key Performance Indicator is measured as Amber: Sub-Standard Performance three times in a rolling six-month period, on the third occasion such Key Performance Indicator shall be measured as Red: Performance Failure.

5 Red: Performance Failure

5.1 Where a Key Performance Indicator is measured as being Red: Performance Failure, the Service Provider shall receive a RED against such Key Performance Indicator.

5.2 The Service Provider shall produce a KPI Rectification Plan in the form set out in Annex 2 ("**KPI Rectification Plan**") within 5 Working Days. If the KPI Rectification Plan is agreed with the Authority then the Service Provider shall deliver the actions within the timescales. If the plan is insufficient then the Authority shall request a revised plan to be provided promptly and no later than 5 Working Days.

5.3 The Steps of the rectification process set out in Paragraphs 4.2 and 4.3 shall apply to the rectification of a Red: Performance Failure.

- 5.4 Once a Key Performance Indicator is measured as Red: Performance Failure it shall stay as RED on the Contract Performance Report until the relevant Service is rectified (pursuant to the rectification process) to the Authority's reasonable satisfaction, at which point it will return to GREEN.

6 SERVICE LEVEL DEDUCTIONS

- 6.1 The Parties acknowledge that for six (6) months following the Vesting Day no Service Level Deductions shall apply to the Service Provider and the Contract Price.
- 6.2 Subject to Paragraph 6.1, any Key Performance Indicator measured and sentenced as Red: Performance Failure shall result in a Service Level Deduction being applied to the next Service Provider's monthly invoice¹ following the relevant Monthly Contract Performance Review.
- 6.3 The Service Level Deductions for each Key Performance Indicator are set out in Table 3 below.

Table 3

Key Performance Indicator	Service Level Deduction
Contract Management	0.25%
Training Delivery	2.25%
Stores	0.50%
Transportation	0.15%
PT Support	0.10%
Ammunition Support	0.50%
Vehicle Availability	1.00%
Equip Availability	0.25%

- 6.4 In any month, the Authority shall be entitled to a maximum aggregate amount of Service Level Deductions equivalent to five per-cent (5%) of the monthly instalment of the Contract Price in respect of the Key Performance Indicator Failures.

Example: Assumes annual contract cost of £12m, divided into 12 monthly payments of £1m

KPI Failure (red)	% Deduction	Invoice Deduction	Remaining balance for Authority
Training Delivery	2.25%	£22,500	
Ammunition Support	0.50%	£5,000	
		£27,500	£972,500

¹ This may not relate to the invoice for the month where the service failure occurred due to the invoices being issued/paid at the beginning of the month.

- 6.5 The Service Level Deductions shall be included in the calculation of the Service Provider's monthly invoice until the KPI Failure is rectified and deemed to be GREEN by the Authority and sentenced as such during the next Monthly Contract Performance Review.

7 MONITORING AND REPORTING

- 7.1 Notwithstanding Paragraph 6.1 above, from the Vesting Day and for the remainder of the Contract Term, the Service Provider shall monitor its performance against each Performance Indicator and Key Performance Indicator and shall send the Authority a Monthly Contract Performance Report to be produced a month in arrears, five (5) days before the Monthly Contract Performance Review detailing the level of Service actually achieved in accordance with Part B of this Schedule.

Contract Performance Report

- 7.2 The Contract Performance Report shall reflect any Authority feedback and any instances of failure to provide the Services to the standard required by the SOR against the Performance Indicators relating to each monthly instalment of the Contract Price.
- 7.3 The Contract Performance Report shall be in such format as agreed between the Parties from time to time and contain, as a minimum, the following information:

Information in respect of the calendar month just ended

- (a) for each Key Performance Indicator and Performance Indicator, the actual performance achieved over the month;
- (b) a summary of all KPI Failures that occurred during the month;
- (c) which Key Performance Indicator Failures remain outstanding and progress in resolving them;
- (d) the cause or likely cause of the relevant KPI Failure or Performance Indicator Failure and the action being taken to reduce the likelihood of recurrence;
- (e) the status of any outstanding KPI Rectification Plan processes, including:
 - (i) whether or not a KPI Rectification Plan has been agreed; and
 - (ii) where a KPI Rectification Plan has been agreed, a summary of the Service Provider's progress in implementing that KPI Rectification Plan;
- (f) for any repeat failures, actions taken to resolve the underlying cause and prevent recurrence;

- (g) the Service Level Deductions to be applied, indicating the KPI Failure(s) to which the Service Level Deductions relate; and
 - (h) such other details as the Authority may reasonably require from time to time.
- 7.4 Each Contract Performance Report that has been finalised shall then be submitted for consideration to the next Monthly Contract Performance Review.
- 7.5 At each Monthly Contract Performance Review:
 - (a) The Parties shall meet pursuant to the terms of reference set out at Paragraph 4.1 in Schedule 15 (Governance).
 - (b) The Authority shall inform the Service Provider of any additional feedback received which has not been included in the Monthly Contract Performance Report and which indicates that the content of the report may be inaccurate.
 - (c) The Authority and the Service Provider shall consider and discuss the content of the Monthly Contract Performance Report and any additional feedback.
 - (d) The Authority and the Service Provider shall agree any amendments to be made to the Monthly Performance Report.
 - (e) Following the meeting, within three (3) Business Days the Service Provider shall update the Monthly Contract Performance Report to reflect the agreed amendments and issue the Authority with a revised report.
 - (f) The Authority shall confirm its approval of the revised Monthly Performance Report.
- 7.6 The Authority reserves the right to downgrade a Key Performance Indicator RAG performance level following discussion at the Monthly Contract Performance Review.
- 7.7 The Authority shall have the final decision on if a KPI has been rectified or not.
- 7.8 In the event of disagreement the matter shall be dealt with in accordance with the Dispute Resolution Procedure.

Annex 1

Part A: Key Performance Indicators

KPI #	Key Performance Indicators	Statement of Requirement Reference (section)
	The following Key Performance Indicators shall be delivered in accordance with the relevant section of the Statement of Requirement.	
1	Contract Management	
	Provide contract management to deliver contract performance.	1, 7, 8
2	Training Service Delivery	
	Provide training delivery.	1, 2, 3, 4, 7, 8
3	Stores Management	
	Provide a stores service.	3, 4, 5, 8
4	Transportation	
	Provide a Transport service.	5, 8
5	Physical Training Support	
	Provide Physical Training (PT) services and support services.	6
6	Ammunition Support	
	Operate an ammunition service.	5, 8
7	Vehicle Availability	
	Provide a vehicle fleet management service.	7, 8
8	Equipment Availability	
	Provide servicing and inspections service of all equipment.	4, 7, 8
9	Social Value	
	<i>[note: to be inserted following Social Value Action Plan submission]</i>	

Annex 1

Part B: Performance Indicators

The Performance Indicators and their measures are as follows:

- a. **Customer Observation Reports (CORs)** – CORs can be raised by the Authority at any point to flag an incidence of the service being non-compliant with the Statement of Requirement (SOR). Only negative CORs will count as an occurrence.
- b. **Audit Non-Compliance** – The Authority has a regular programme of audits, as detailed in the SOR, which will identify any incidences of the service being non-compliant with the SOR.
- c. **Policy Non-Compliance** – Incidence of the Service Provider failing to comply with policy, as supplied by the Authority, will be identified through inspections, as set out in the SOR, or the Management Information System (MIS).
- d. **Suitably Qualified and Experienced Personnel (SQEP)** – The Authority has a specific requirement for SQEP (as specified in the SQEP Table - see reference A in the SOR). Any incidence of the SQEP not being provided, linked to any one Key Performance Indicator, will be a Key Performance Indicator Failure.
- e. **Contracting, Purchasing and Finance (CP&F) Obligations** – CP&F is an end to end eProcurement system, and also holds management information. The Service Provider shall be obliged to enter contractual information, as defined in the SOR. The Authority will automatically be alerted to any missing information by CP&F. Any identified failures will be a Performance Indicator Failure. The Authority will report this to the Service Provider as part of performance monitoring.
- f. **Training Delivery** – This is measured by the First Time Pass Rate (FTPR) of students. A monthly FTPR below 95% will be a Performance failure and lead to an AMBER or RED Key Performance Indicator as per table 2.
- g. **Vehicle Availability** – Any incidence of vehicles not being supplied as requested as detailed in the SOR, will be a Performance Indicator Failure. This will be measured through the MIS.
- h. **Equipment Management** - Incidence of the Service Provider failing to comply with equipment management requirements, as detailed in the SOR, will be identified through inspections, as set out in the SOR, or the MIS.

Part C: Applicable Performance Indicators

PI No.	Performance Indicator	KPI							
		Contract Mgmt	Training Service Delivery	Stores Mgmt	Transportation	PT Support	Ammunition Support	Vehicle Availability	Equip Availability
1	COR Failures	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2	Audit Non-Compliance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> --+	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3	Policy Non-Compliance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4	SQEP	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5	CP&F Obligations	<input type="checkbox"/>						<input type="checkbox"/>	<input type="checkbox"/>
6	Training Delivery		<input type="checkbox"/>					<input type="checkbox"/>	<input type="checkbox"/>
7	Vehicle Availability		<input type="checkbox"/>		<input type="checkbox"/>			<input type="checkbox"/>	<input type="checkbox"/>
9	Equipment Management		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>	<input type="checkbox"/>

Annex 2

Example KPI Rectification Plan

<u>EXAMPLE OF A KPI RECTIFICATION PLAN</u>	
Completed by:	Date:
KPI breached:	
SOR Reference:	
Summary of breach:	
Comment from Service Provider:	
Proposed resolution:	
Proposed resolution date:	
Comment from Authority:	
Authority Approves proposed resolution: Yes/No	
Update on resolution progress:	
Has a resolution been achieved to the satisfaction of the Authority Yes/No	
Agreed by (Authority):	
Final outcome of this report:	