

S 825 Performance Management

From the *starting date* until the end of the Service Period, the Parties measure and manage performance in accordance with the Performance Management Framework (PMF). The PMF can be found at Schedule 8.

Furthermore, the Key Commitments proposed by the *Contractor* will be used to support the overall performance assessment of the *Contractor* (Schedule 8 of this Scope document). During mobilisation a programme containing the Key Commitments will be compiled by the *Client* along with any specific KPIs to judge progress against delivery during the term of the *Contract*.

The PMF includes operational performance indicators (OPI) that define the levels of service required and what information is collected and reported by the *Contractor*.

Each OPI has a target performance level (desired level of performance that the *Client* requires) (“Target Performance Level”) and a threshold performance level (minimum level of performance that is acceptable to the *Client*) (“Threshold Performance Level”).

No later than the assessment date, the *Contractor* submits to the *Service Manager* a report on performance against each of the OPI’s, the *Contractor’s* report shall refer to the performance of such part or parts of the *service* carried out in the month immediately prior to the assessment date. The report includes supporting data to show how the performance against each OPI has been calculated. The *Service Manager* may instruct the *Contractor* to provide further information. The *Contractor* provides the information within the Period for Reply.

Failure to meet the Target Performance Level

Following notification from the *Service Manager* that the *Contractor* has failed to meet the Target Performance Level for an OPI, the *Contractor* submits a Performance Improvement Plan (PIP) to the *Service Manager* by no later than the date specified in the *Service Manager’s* notification for acceptance by the *Service Manager*. The PIP sets out the proposed actions and the date for achieving the Target Performance Level. The *Service Manager* shall upon receipt of the PIP notify the *Contractor* of its acceptance or reasons for not accepting it. Reasons for not accepting the PIP are:

- that it does include actions that are practicable or
- that the date does not minimise the adverse effect on the *Client* or Others.

Where the *Service Manager* does not accept the PIP or following acceptance where the *Service Manager* requires a revision to the PIP the *Contractor* shall, following instruction from the *Service Manager*, resubmit the PIP at such intervals and at such times as are requested by the *Service Manager*. Upon acceptance of the PIP or any revision thereto the date for achieving the Target Performance

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Level shall be as specified in the accepted PIP or revised PIP (the “Accepted Date”).

The *Contractor* implements the PIP following notification of its acceptance by the *Service Manager* if the PIP does not result in the *Contractor* achieving the Target Performance Level by the Accepted Date the *Contractor* submits a revised PIP for acceptance.

Failure to meet Threshold Performance Level

Following notification from the *Service Manager* that the *Contractor* has failed to achieve the Threshold Performance Level for an OPI the *Contractor* shall submit a performance rectification plan (PRP) to the *Service Manager* for acceptance. The PRP shall include a root cause analysis of the failure and proposed actions and the date for achieving the Threshold Performance Level. The *Service Manager* shall upon receipt of the PRP notify the *Contractor* of its acceptance or reasons for not accepting it. Reasons for not accepting the PRP are:

- It does not contain a root cause analysis
- that it does include actions that are practicable; or
- that the date proposed for compliance with the Threshold Performance Level does not minimise the adverse effect on the *Client* or Others.

Where the *Service Manager* does not accept the PRP or following acceptance where the *Service Manager* requires a revision to the PRP the *Contractor* shall, following instruction from the *Service Manager*, resubmit the PRP at such intervals and at such times as are requested by the *Service Manager*. Upon acceptance of the PRP or any revision thereto the date for achieving the Threshold Performance Level in the accepted PRP or revised PRP shall be the “Accepted Date”.

If the performance fails to meet the Threshold Performance Level by Accepted Date, the *Client* may make performance deductions calculated in accordance with the Performance Deduction Calculation until the Threshold Performance Level is met.

If the *Service Manager* does not accept the PRP (or any revised PRP) the *Client* may make performance deductions calculated in accordance with the Performance Deduction Calculation until the PRP is accepted and the Threshold Performance Level is met.

Performance deductions will be deducted from the sums assessed as being due to the *Contractor* at the assessment date each month for the periods set out in this section.

Performance Deduction Calculation:

Each OPI will have a weighting. The performance deduction is calculated as follows:

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performance deduction = change in the amount due since previous assessment date x *Contractor's fee percentage* x weighting of OPI failed.

Example:

Change in the amount due (i.e. payment due based on the current month) = £6,000,000

OPI weighting = 5%

Fee percentage = 9%

Performance Deduction = 6,000,000 x 9% x 5% = £27,000

As OPI data will only be available in the following month, the calculation will be retrospective. I.e. the performance deduction will apply to the month in which the performance target was missed.

Amending the OPIs

The Parties consult each other about proposed changes to the OPIs. The *Service Manager* may instruct changes to the OPIs including but not limited to the addition or removal of an OPI, an amendment to the definition or method of measurement of an OPI, changes to the target and threshold levels.