**Call-Off Schedule 14 (Key Performance Indicators)**

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

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| **"At Risk Amount"** | means in respect of a Service Period, the amount calculated in accordance with Paragraph 3.1 of Part A of this Schedule; |
| **"Earn Back %"** | means the percentage figure identified as such in the Order Form and which shall be used to determine the proportion of a KPI Credit which may be the subject of any Earn Back; |
| **“KPI Category”** | means each of the categories in the columns headed "KPI Category" in the "KPI Measures" tab of the KPI PayMech Model; |
| **“KPI Category At Risk Amount”** | means in relation to a KPI Performance Measure in respect of a Service Period, the amount calculated in accordance with Paragraph 3.2 of Part A of this Schedule; |
| **“Full Retention Threshold”** | shall have the meaning in Part A of this Schedule; |
| **"KPI Credits"** | any KPI Credits specified in the Annex A to Part A of this Schedule being payable by the Supplier to the Buyer in respect of any failure by the Supplier to meet the Score Threshold for one or more KPI Categories; |
| **"KPI Paymech Model"** | means the model comprised in the Excel worksheet - KPI Paymech Model, and attached in the Annex A to Part A of this Schedule to be used for calculating any adjustments to the Charges as a result of the operation of the KPI regime in this Schedule; |
| **"KPI Failure"** | means a failure to meet the KPI Performance Measure, resulting in a KPI Category Failure in respect of a KPI; |
| **“KPI Performance Measure ”** | means each of the Performance Measures in the column headed "KPI Performance Measure" in the "KPI Measures" tab of the KPI Paymech Model, as set out Annex A to Part A of this Schedule; |
| **"KPI Performance Measure Failure"** | means a failure to meet the KPI Performance Measure in respect of a KPI; |
| **"Performance Monitoring Reports"** | shall have the meaning in Part B of this Schedule; |
| **"Performance Review Meetings"** | shall have the meaning in Part B of this Schedule; |
| **"Persistent KPI Failure"** | means the Supplier's actual performance against the KPI Performance Measures falls to or below the standard to which [Paragraph 6 of Part A] of this Schedule refers; |
| **“Score Threshold”** | means the threshold the Supplier must meet, in respect of a Service Period, as detailed within the "KPI Measures" tab of the KPI PayMech Model; |

1. **What happens if you don’t meet the KPI Performance Measures**
   1. The Supplier shall at all times provide the Deliverables to meet or exceed the KPI Performance Measures.
   2. The Supplier acknowledges that any KPI Performance Measure Failure shall entitle the Buyer to the rights set out in Part A of this Schedule including the right to any KPI Credits and that any KPI 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 KPI Performance Measure.
   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.
   4. A KPI Credit shall be the Buyer’s exclusive financial remedy for a KPI Failure except where:
      1. the KPI Failure:
         1. has arisen due to a Prohibited Act or wilful Default by the Supplier;
         2. results in the corruption or loss of any Government Data; and/or
         3. results in the Buyer being required to make a compensation payment to one or more third parties.
      2. a Persistent KPI Failure occurs and/or the Buyer is otherwise entitled to or does terminate this Contract pursuant to Clause 10.4 of the Core Terms (When CCS or the Buyer can end a contract).
      3. the Buyer is entitled to or does terminate this Contract pursuant to Clause 10.4 of the Core Terms (When CCS or the Buyer can end a contract).
   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 and/or the number of KPI Performance Measures, and the Supplier shall not be entitled to increase the Charges as a result of such changes, provided that:
      1. the total number of KPI Performance Measures for which the weighting is to be changed does not exceed the number applicable as at the Start Date;
      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
      3. there is no change to the At Risk Amount.
   6. Not more than once in each Contract Year, each party, on giving the other party at least three (3) Months’ notice, may request an amendment to elements of a Key Performance Indicator pursuant to Clause 24 of the Core Terms. These elements include but are not limited to the following:
      1. KPI Performance Measure;
      2. Measure reference;
      3. Measure and achievement criteria;
      4. Measure achievement criteria calculation;
      5. Achievement unit of measure;
      6. Achievement value;
      7. Achievement value (number);
      8. Achievement value (pass or fail);
      9. Scoring Scale;
      10. Weighting; and/or
      11. Score Threshold
2. **Persistent KPI Failure**

On the occurrence of a Persistent KPI Failure:

* 1. any KPI Credits that would otherwise have accrued during the relevant Service Period shall not accrue; and
  2. the Buyer shall be entitled to withhold and retain as compensation a sum equal to any Charges relating to the Persistent KPI Failure which would otherwise have been due to the Supplier in respect of that Service Period ("**Compensation for Persistent KPI Failure**"),

provided that the operation of this paragraph 3 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: KPI Performance Measures and KPI Credits**

1. **KPIs**

If the level of performance of the Supplier:

* 1. is likely to or fails to meet any KPI Performance Measure; or
  2. is likely to cause or causes a Persistent KPI 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. require the Supplier to immediately take all preventative and/or remedial action that is reasonable to mitigate the impact on the Buyer and to rectify or prevent a KPI Performance Measure Failure or Persistent KPI Failure from taking place or recurring;
    2. instruct the Supplier to comply with the Rectification Plan Process;
    3. if a KPI Failure has occurred, deduct the applicable KPI Credits payable by the Supplier to the Buyer; and/or
    4. if a Persistent KPI Failure has occurred, exercise its right to Compensation for Persistent KPI Failure (including the right to terminate for material Default).

1. **KPI Credits**
   1. The Buyer shall use the Performance Monitoring Reports supplied by the Supplier to verify the calculation and accuracy of the KPI Credits, if any, applicable to each Service Period.
   2. KPI 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 KPI Credits against the appropriate invoice in accordance with the relevant calculation formula detailed in clause 3 below.
2. **KPI Credit Calculation**
   1. At Risk Amount
   2. For a Service Period, the At Risk Amount shall be calculated in accordance with Section 2 - Calculation of Monthly At Risk Amount, of the Paymech Calc Overview tab of the KPI Paymech Model. KPI Category At Risk Amount
      1. The KPI Category At Risk Amount shall be calculated as follows: for each KPI Category,, the At Risk Amount shall be apportioned to it in accordance with the KPI Measure Weightings in the column headed KPI Measure Weighting % in the KPI Performance Measures Table 2 of the KPI Measures tab of the KPI Paymech Model.
   3. KPI Credit
      1. The KPI Credit to be applied to a KPI Performance Measure in a Service Period for a KPI Performance Measure Failure shall be determined by the outcome in the score threshold achieved. If the score threshold is not achieved, a KPI Credit shall be applied as per the KPI Category at Risk Amount in Table 2. .
3. **KPI Credit – Full Retention Threshold (Optional)**
   1. An optional ‘Full Retention Threshold’ can apply to the calculation of KPI Credits where the KPI Measure Weighting % (set by the Buyer) against each KPI Category that fails, equals or exceeds a ‘Full Retention Threshold %’ (set by the Buyer).
   2. Where the ‘Full Retention Threshold %’ (set by the Buyer) is met or exceeded, the full ‘At Risk Amount’ for that Service Period will be deducted.
   3. The value of the Full Retention Threshold % and when it is to be applied pursuant to Paragraph 4.1, is set out in the KPI Measures tab of the KPI Paymech Model.
4. **KPI Credit Earn Back**
   1. If:
      1. in respect of a Service Period the Supplier has been liable to pay (and has paid) a KPI Credit in relation to a KPI Category; and
      2. in the next Service Period, the Supplier is not liable to pay a KPI Credit in relation to the same KPI Category that was the subject of such KPI Credits in the previous Service Period,
   2. The Supplier shall be entitled to recover a proportion of such KPI Credit (**"Earn Back"**).
   3. The amount of the Earn Back shall be calculated as the product of the KPI Credit paid in the previous Service Period in relation to the relevant KPI Category and the Earn Back %.
   4. The Supplier shall recover any Earn Back to which it is entitled under this Paragraph 5 in accordance with Call-Off Schedule 5 (Call-Off Pricing).
5. **Persistent KPI Failure**
   1. A Persistent KPI Category Failure shall arise when one or both of the following takes place:
      1. a KPI Category Failure in respect of any one or more of the KPI Categories occurs in five (5) consecutive Service Periods;
      2. a KPI Category Failure in respect of any one or more of the KPI Categories occurs in any seven (7) Service Periods in the immediately preceding twelve (12) Service Periods.
   2. A Persistent KPI Failure shall constitute a material Default of this Contract by the Supplier.

**Annex A to Part A – KPI\_Paymech Model**





***[Buyer Guidance Note: In line with the*** [***Sourcing Playbook***](https://www.gov.uk/government/publications/the-sourcing-and-consultancy-playbooks)***, it is HMG’s intention to publish the top KPIs for the Government’s most important contracts. Where this publication requirement applies to this Contract, the Buyer must select at least three KPIs which shall be publishable and must also select the single most important Social Value KPI, which shall also be publishable (four KPIs in total).***

**Part B: Performance Monitoring**

1. **Performance Monitoring and Performance Review**
   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 KPI Performance Measures and KPI Categories will operate between the Parties and the Parties will endeavour to agree such process as soon as reasonably possible.
   2. The Supplier shall provide the Buyer with performance monitoring reports in the same format as that in the KPI Paymech Model ("**Performance Monitoring Reports**") in accordance with the process and timescales agreed pursuant to paragraph 1.1 of Part B of this Schedule which shall contain, as a minimum, the following information in respect of the relevant Service Period just ended:
      1. for each KPI Performance Measure and each KPI Category, the Score Threshold achieved for the relevant Service Period;
      2. a summary of all failures to achieve KPI Performance Measures and KPI Category Failures, that occurred during that Service Period;
      3. details of any Persistent KPI Failures;
      4. for any Persistent failures, actions taken to resolve the underlying cause and prevent recurrence;
      5. the KPI Credits to be applied in respect of the relevant Service Period indicating the KPI Category Failures and the KPI Performance Measures to which the KPI Credits relate; and
      6. such other details as the Buyer may reasonably require from time to time.
   3. The Parties shall attend meetings to discuss Performance Monitoring Reports ("**Performance Review Meetings**") on a Monthly basis. 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:
      1. take place within one (1) 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;
      2. be attended by the Supplier's Representative and the Buyer’s Representative; and
      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.
   4. 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.
   5. 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 KPI Credits for any specified Service Period.
2. **Satisfaction Surveys**
   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.