

Schedule 3

Performance Levels

Schedule 3: Performance Levels

1. Definitions

1.1 In this Schedule, the following definitions shall apply:

"End User"	any person authorised by the Authority to use the IT Environment and/or the Services;
"Non-Available"	in relation to the IT Environment or the Services, that the IT Environment or the Services are not Available;
"Performance Monitoring Report"	has the meaning given in Paragraph 1.1.1 of Part B;
"Performance Review Meeting"	the regular meetings between the Supplier and the Authority to manage and review the Supplier's performance under this Contract, as further described in Paragraph 1.5 of Part B;
"Repeat KPI Failure"	has the meaning given in Paragraph 3.1 of Part A;
"Satisfaction Survey"	has the meaning given in Paragraph 1.1 of Part B of Annex 1; and
"Service Downtime"	any period of time during which any of the Services are not Available.

Part A: Performance Indicators and Service Credits

1. Performance Indicators

- 1.1 Annex 1 sets out the Key Performance Indicators and Subsidiary Performance Indicators which the Parties have agreed shall be used to measure the performance of the Services and Social Value by the Supplier.
- 1.2 The Supplier shall monitor its performance against each Performance Indicator and shall send the Authority a report detailing the level of service actually achieved in accordance with Part B to enable the Authority to assess the Supplier's performance against each Key Performance Indicators and Subsidiary Performance Indicator in each Measurement Period.
- 1.3 Service Points, and therefore Service Credits, shall accrue for any KPI Failure and shall be calculated in accordance with Paragraphs 2, 3 and 5.

2. Service Points

- 2.1 If the level of performance of the Supplier during a Service Period achieves the Target Performance Level in respect of a Key Performance Indicator, no Service Points shall accrue to the Supplier in respect of that Key Performance Indicator.
- 2.2 If the level of performance of the Supplier during a Service Period is below the Target Performance Level in respect of a Key Performance Indicator, Service Points shall accrue to the Supplier in respect of that Key Performance Indicator as set out in Paragraph 2.3.
- 2.3 The number of Service Points that shall accrue to the Supplier in respect of a KPI Failure shall be the applicable number as set out in Annex 1 depending on whether the KPI Failure is a Minor KPI Failure, a Serious KPI Failure or a Severe KPI Failure, unless the KPI Failure is a Repeat KPI Failure when the provisions of Paragraph 3.2 shall apply.

3. Repeat KPI Failures and Related KPI Failures

Repeat KPI Failures

- 3.1 If a KPI Failure occurs in respect of the same Key Performance Indicator in any two consecutive Measurement Periods, the second and any subsequent such KPI Failure shall be a "**Repeat KPI Failure**".
- 3.2 The number of Service Points that shall accrue to the Supplier in respect of a KPI Failure that is a Repeat KPI Failure shall be calculated as follows:

$$SP = P \times 2$$

where:

SP = the number of Service Points that shall accrue for the Repeat KPI Failure; and

P = the applicable number of Service Points for that KPI Failure as set out in Annex 1 depending on whether the Repeat KPI Failure is a Minor KPI Failure, a Serious KPI Failure, a Severe KPI Failure or a failure to meet the KPI Service Threshold.

Worked example based on the following Service Points regime for Service Availability:

Service Availability Severity Levels		Service Points
Target Performance Level:	99%	0
Minor KPI Failure:	98.0% - 98.9%	1
Serious KPI Failure:	97.0% - 97.9%	2
Severe KPI Failure:	96.0% - 96.9%	3
KPI Service Threshold:	below 96%	4

Example 1:

If the Supplier achieves Service Availability of 98.5% in a given Measurement Period, it will incur a Minor KPI Failure for Service Availability in that Measurement Period and accordingly accrue 1 Service Point. If, in the next Measurement Period, it achieves Service Availability of 96.5%, it will incur a Severe KPI Failure and accordingly accrue 3 Service Points, but as the failure is a Repeat Failure, this amount is doubled and so the Supplier will incur 6 Service Points for the failure (i.e. $SP = 3 \times 2$). If in the next Measurement Period it achieves Service Availability of 96.5%, the Supplier will again incur 6 Service Points.

Example 2:

If the Supplier achieves Service Availability of 96.5% in a given Measurement Period, it will incur a Severe KPI Failure for Service Availability in that Measurement Period and accordingly accrue 3 Service Points. If, in the next Measurement Period, it achieves Service Availability of 98.5%, it will incur a Minor KPI Failure and accordingly accrue 1 Service Point, but as the failure is a Repeat Failure, this amount is doubled and so the Supplier will incur 2 Service Points for the failure (i.e. $SP = 1 \times 2$). If in the next Measurement Period it achieves Service Availability of 96.5%, the Supplier will incur 6 Service Points.]

4. Permitted Maintenance

4.1 The Supplier shall be allowed to book a maximum of 48 hours Service Downtime for Permitted Maintenance in any one Service Period which shall take place between the hours and on the day specified in the Maintenance Schedule unless otherwise agreed in writing with the Authority.

5. Service Credits

5.1 Schedule 11 (*Charges and Invoicing*) sets out the mechanism by which Service Points shall be converted into Service Credits.

Schedule 3 (Performance Levels)

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- 5.2 The Authority shall use the Performance Monitoring Reports provided pursuant to Part B, among other things, to verify the calculation and accuracy of the Service Credits (if any) applicable to each Service Period.

Part B: Performance Monitoring

1. Performance Monitoring and Performance Review

- 1.1 Within 10 Working Days of the end of each Service Period, the Supplier shall provide:
- 1.1.1 a report to the Authority Representative which summarises the performance by the Supplier against each of the Performance Indicators as more particularly described in Paragraph 1.2 (the "**Performance Monitoring Report**"); and
 - 1.1.2 a report created by the Supplier to the Authority's senior responsible officer which summarises the Supplier's performance over the relevant Service Period as more particularly described in Paragraph 1.3 (the "**Balanced Sustainability Report**").

Performance Monitoring Report

- 1.2 The Performance Monitoring 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 Service Period just ended

- 1.2.1 for each Key Performance Indicator and Subsidiary Performance Indicator, the actual performance achieved over the Service Period, and, where a Measurement Period has ended in the period covered by the Performance Monitoring Report, the most recently ended Measurement Period;
- 1.2.2 a summary of all Performance Failures that occurred during the Service Period;
- 1.2.3 the severity level of each KPI Failure which occurred during the Service Period and, where a Measurement Period has ended in the period covered by the Performance Monitoring Report, the most recently ended Measurement Period and whether each PI Failure which occurred during the Service Period and Measurement Period (if applicable) fell below the PI Service Threshold;
- 1.2.4 which Performance Failures remain outstanding and progress in resolving them;
- 1.2.5 for any Material KPI Failures or Material PI Failures occurring during the Service Period, the cause of the relevant KPI Failure or PI Failure and the action being taken to reduce the likelihood of recurrence;
- 1.2.6 the status of any outstanding Rectification Plan processes, including:
 - (a) whether or not a Rectification Plan has been agreed; and
 - (b) where a Rectification Plan has been agreed, a summary of the Supplier's progress in implementing that Rectification Plan;
- 1.2.7 for any Repeat Failures, actions taken to resolve the underlying cause and prevent recurrence;
- 1.2.8 the number of Service Points awarded in respect of each KPI Failure;

Schedule 3 (Performance Levels)

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- 1.2.9 the Service Credits to be applied, indicating the KPI Failure(s) to which the Service Credits relate;
- 1.2.10 the conduct and performance of any agreed periodic tests that have occurred, such as the annual failover test of the Service Continuity Plan;
- 1.2.11 relevant particulars of any aspects of the Supplier's performance which fail to meet the requirements of this Contract;
- 1.2.12 such other details as the Authority may reasonably require from time to time; and

Information in respect of previous Service Periods

- 1.2.13 a rolling total of the number of Performance Failures that have occurred over the past six Service Periods;
- 1.2.14 the amount of Service Credits that have been incurred by the Supplier over the past six Service Periods;
- 1.2.15 the conduct and performance of any agreed periodic tests that have occurred in such Service Period such as the annual failover test of the Service Continuity Plan; and

Information in respect of the next Quarter

- 1.2.16 any scheduled Service Downtime for Permitted Maintenance and Updates that has been agreed between the Authority and the Supplier for the next Quarter.

Balanced Sustainability Report

- 1.3 The Balanced Sustainability Report shall be presented in the form of an online accessible dashboard and, as a minimum, shall contain a high level summary of the Supplier's performance over the relevant Service Period, including details of the following:
 - 1.3.1 financial indicators;
 - 1.3.2 the Target Performance Levels achieved;
 - 1.3.3 behavioural indicators;
 - 1.3.4 performance against its obligation to pay its Sub-contractors within thirty (30) days of receipt of an undisputed invoice;
 - 1.3.5 performance against its obligation to pay its Unconnected Sub-contractors within sixty (60) days of receipt of an invoice;
 - 1.3.6 Milestone trend chart, showing performance of the overall programme;
 - 1.3.7 sustainability indicators, for example net zero carbon, waste minimisation or performance to support a circular economy; and
 - 1.3.8 Social Value (as applicable).

Schedule 3 (Performance Levels)

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- 1.4 The Performance Monitoring Report and the Balanced Sustainability Report shall be reviewed and their contents agreed by the Parties at the next Performance Review Meeting held in accordance with Paragraph 1.5.
- 1.5 The Parties shall attend meetings on a monthly basis (unless otherwise agreed) to review the Performance Monitoring Reports and the Balanced Sustainability Reports. The Performance Review Meetings shall (unless otherwise agreed):
 - 1.5.1 take place within 5 Working Days of the Performance Monitoring Report being issued by the Supplier;
 - 1.5.2 take place at such location and time (within normal business hours) as the Authority shall reasonably require (unless otherwise agreed in advance); and
 - 1.5.3 be attended by the Supplier Representative and the Authority Representative.
- 1.6 The Authority shall be entitled to raise any additional questions and/or request any further information from the Supplier regarding any KPI Failure and/or PI Failure.
- 1.7 The table in Paragraph 5 of Part A of Annex 1 describes how the severity levels set out under each of the Performance Indicators will be mapped to the performance ratings prescribed under Regulation 38(5) of the Procurement Regulations 2024. The mapping set out in that table will be applied by the Authority when publishing relevant Transparency Information relating to the Performance Indicators and/or the Supplier's performance against the relevant Performance Indicators pursuant to Section 52(3) and/or Section 71(2) of the Procurement Act 2023 and the associated Regulations.
- 1.8 The Supplier acknowledges and agrees that, each time the Authority conducts an assessment of the Supplier's performance against a Performance Indicator, the Authority may publish information as required by Law in relation to that assessment.

2. Performance Records

- 2.1 The Supplier shall keep appropriate documents and records (including staff records, timesheets, training programmes, staff training records, goods received documentation, supplier accreditation records, complaints received etc) in relation to the Services being delivered. Without prejudice to the generality of the foregoing, the Supplier shall maintain accurate records of call histories for a minimum of 12 months and provide prompt access to such records to the Authority upon the Authority's request. The records and documents of the Supplier shall be available for inspection by the Authority and/or its nominee at any time and the Authority and/or its nominee may make copies of any such records and documents.
- 2.2 In addition to the requirement in Paragraph 2.1 to maintain appropriate documents and records, the Supplier shall provide to the Authority such supporting documentation as the Authority may reasonably require in order to verify the level of the performance of the Supplier both before and after each Operational Service Commencement Date and the calculations of the amount of Service Credits for any specified period.
- 2.3 The Supplier shall ensure that the Performance Monitoring Report, the Balanced Sustainability Report (as well as historic Performance Monitoring Reports and historic Balance Sustainability Reports) and any variations or amendments thereto, any reports and summaries produced in accordance with this Schedule and any other document or

Schedule 3 (Performance Levels)

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record reasonably required by the Authority are available to the Authority on-line and are capable of being printed.

3. Performance Verification

- 3.1 The Authority reserves the right to verify the Availability of the IT Environment and/or the Services and the Supplier's performance under this Contract against the Performance Indicators including by sending test transactions through the IT Environment or otherwise.

Schedule 3 (Performance Levels)

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Annex 1 Part A: Key Performance Indicators. The Key Performance Indicators that shall apply to the Operational Services and relating to Social Value are set out below:

KPI 1 (Quality): Delivering high quality commission outcomes.

Contract/Schedule: Schedule 20 – Reports and Records Provision.

Example KPI Measurables:

- Pipeline and orderbook are appropriate for ACE and project teams are matched against the service specification and delivery outcomes.
- Agreed ACE commission(s) and delivery timescales are not exceeded.
- High customer satisfaction on quality of commissions, delivery and outputs (e.g. deliverable acceptance, customer survey/feedback)
- Maintained ACE risk register (delivery and customer engagement aspects), identifying challenges and mitigating measures including timely escalation.

Reporting Timescale: Quarterly for the ACE Board (within the first 7 days of the relevant quarter).

Example Target: 90% customer satisfaction and 100% of timeframes met.

Level achieved	Service Credit	Action
Good (e.g. 100%)	0	
Approaching target (e.g. ≥ 90%)	0	
Requires Improvement or Inadequate (e.g. <90%)	1	

Schedule 3 (Performance Levels)

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KPI 2 (Finance): Provision of Financial Information

Contract/Schedule: Schedule 15 Financial Reports and Audit Rights / Schedule 20 – Reports and Records Provision.

Example KPI Measurables:

- Maintain full transparency through open-book accounting to the HO, with a clear breakdown of revenue, costs, profit margins, and any efficiencies gained.
- Records meet Home Office financial compliance standards and are always audit ready.
- Financial forecasts within an agreed variance range ($\pm 10\%$) to prevent significant discrepancies between projected and actual costs.
- Maintained ACE risk register (**financial aspects**), identifying challenges and mitigating measures including for potential overspend, cash flow issues, and cost inefficiencies.
- Evidence of how the PSP Supplier is working to reduce ACE's operating costs towards commercially cost neutral running of ACE to the HO over the contract term.

Reporting Timescale: Monthly (within 2 working days of the next monthly period following service delivery).

Example Target: 100%.

Level achieved	Service Credit	Action
Good (e.g. 100% - on time, accurate, and transparent reporting)	0	
Approaching Target (e.g. 95% - 99% - minor delays or small inaccuracies)	1	
Requires Improvement (e.g. 90% - 94% - recurring issues, moderate financial variances)	2	
Inadequate (e.g. <90% - significant Failures, Non-Compliance, or High-Risk Issues)	3	

KPI 3 (Growth): Demonstrate ACE contribution to UK economic growth

Contract/Schedule Reference(s): Schedule 20 – Reports and Records Provision.

Example KPI Measurables:

- High third-party provider(s) satisfaction on bidding opportunity, support provided and delivery (e.g. via a survey).
- Evidence of how the pipeline and orderbook of ACE has led to impact (e.g. via benefits management) such as increased customer productivity/SME business growth/intellectual property exploitation contributing to UK economic growth.
- Knowledge and outcome sharing across other government departments, including identifying ways commission outcomes can be applied to future commissions and customers.

Reporting Timescale: Quarterly for the ACE Board (within the first 7 days of the relevant quarter).

Example Target: 90% third-party provider(s) satisfaction.

KPI 4 (Culture): Fostering a culture of innovation and creativity for ACE.

Contract/Schedule Reference(s): Schedule 20 – Reports and Records Provision.

KPI Measurables:

- Employees satisfaction and feedback (e.g. via a survey).
- Measurement of ACE's innovation and creativity (e.g. stakeholder feedback).
- Number, quality and outcome of collaboration events delivered, bringing together customers with third-party providers to problem solve.

Reporting Timescale: Quarterly for the ACE Board (within the first 7 days of the relevant quarter).

Example Target: 90% employee satisfaction.

KPI 5 (Social Value): Kickstart economic growth

Contract/Schedule Reference(s): Schedule 2 (Services Description)

Example

With respect to learning and skill development opportunities relevant to the contract to address STEM skills gaps in both gender imbalance and regional areas of the UK

- The number of training schemes and educational opportunities offered under this contract.
- Adherence to social value delivery plan milestones
- Number of people from groups under-represented in the workforce in employment or development schemes under this contract

Reporting Timescale: Quarterly for the ACE Board (within the first 7 days of the relevant quarter).

Example Target: 100% on time milestone deliverables/ and 90% individuals on training schemes against agreed social value plan.

1. Mapping of Performance Indicator severity levels to ratings under Regulation 39(5) of the Procurement Regulations 2024

Performance ratings set out in Regulation 39(5) of the Procurement Regulations 2024 are to be mapped against the severity level descriptions used for the purposes of this Contract. These will be finalised at contract award and the standard wording is provided below for visibility. For example:

Good = Target Performance Level ([99]%)

Approaching Target = Minor KPI Failure ([98.0]% - [98.9]%)

Requires Improvement = Serious KPI Failure ([97.0]% - [97.9]%)

Inadequate = Severe KPI Failure ([96.0]% - [96.9]%) or below the KPI Service Threshold (below [96.0]%)

Other = where performance of the Supplier cannot be described as 'Good', 'Approaching Target', 'Requires Improvement' or 'Inadequate' due to any other factor(s).

Part B: Definitions

1. Satisfaction Surveys

- 1.1 In order to assess the level of performance of the Supplier, the Authority may undertake satisfaction surveys in respect of End Users or various groups of End Users (each such survey a "**Satisfaction Survey**"). The subject matter of Satisfaction Surveys may include:
 - 1.1.1 the assessment of the Supplier's performance by the End Users against the agreed Key Performance Indicators; and/or
 - 1.1.2 other suggestions for improvements to the Services.
- 1.2 The Authority shall review at Performance Board Meetings any aspects of the Supplier's performance of the Services which the responses to the Satisfaction Surveys reasonably suggest are not meeting the Services Description.

2. Virtual Library Completeness

- 2.1 The Virtual Library shall be complete where all of the information required under Schedule 20 (*Reports and Records Provisions*) (Annex 3: *Records To Upload To Virtual Library*) has been uploaded to the Virtual Library in accordance with Paragraph 3 of that Schedule.