

Schedule 4: Governance

1 Introduction

1.1 This Schedule sets out the governance and contract management principles which shall apply throughout the Term under the following headings:

- 1.1.1 Introduction
- 1.1.2 Account Management Team
- 1.1.3 Management Information
- 1.1.4 Meetings
- 1.1.5 Executive Management Forum
- 1.1.6 Risk Management Procedure
- 1.1.7 Non-Compliance Management Procedure
- 1.1.8 Non-Compliance Management Reporting
- 1.1.9 Continuous Improvement Procedure
- 1.1.10 Escalation Procedure
- 1.1.11 Dispute Resolution
- 1.1.12 Continued Performance
- 1.1.13 Court Proceedings

Annex 1 Key Personnel

Annex 2 Extract from Tender Documentation describing Contractor's incentive mechanisms

2 Account Management Team

- 2.1 The BBC and the Contractor shall work together to establish and maintain all necessary and appropriate points of contact as agreed between the BBC and the Contractor for all relevant areas of the Services within four (4) months of the Effective Date and thereafter for the duration of this Agreement.
- 2.2 Without prejudice to the provisions relating to Key Personnel in this Agreement, upon establishment of the points of contact described under paragraph 2.1 each Party shall advise the other of any proposed change of personnel of the points of contact where possible before such change occurs.

- 2.3 The Contractor acknowledges, as effective incentivisation is essential to its successful performance of this Agreement, it shall apply incentivisation mechanisms substantially similar to those described by it in Annex 2 to this Schedule.

3 Management Information

- 3.1 The Contractor shall compile and provide the following operational status reports to the BBC in formats to be agreed by the Parties, at the following frequency:

Reports	Frequency
Address Statistics	Monthly
Arrears Management	Monthly
Licences held by the blind	Annual
Daily Sales and Cash Collection	Daily
Debtor Creditor	Monthly
Dialler	Monthly
Dialler	Weekly
Instalment Scheme Performance (including DDMI)	Monthly
IT Service Management	Monthly
Marketing Performance by Segment	Monthly
MIS (inbound calls, dialler activity, Customer administration volumes)	Weekly
Operational Initiative Forecast	Annual
Operational Initiative Forecast	Quarterly
Over 75s Status	Monthly
Repeat Contact	Monthly
Service Review Management – for evasion model	Monthly
Web Customer Journey	Monthly
FLOSSY report	Monthly
Easy payment renewals	Monthly

- 3.2 The Contractor shall submit reports set out in paragraph 3.1 by the fifth (5th) Working Day immediately following the end of the respective reporting period, and daily reports by 10.00 hours on the Working Day immediately following the daily reporting period.
- 3.3 The Contractor shall:
- 3.3.1 respond to reasonable requests for information from the BBC in not more than five (5) Working Days from such request unless prior agreement has been obtained from the BBC; and

- 3.3.2 notwithstanding paragraph 3.3.1, the Contractor shall respond immediately through the appropriate points of contact to urgent PR enquires, FOIA requests and to requests from the BBC relating to complaints or urgent enquires that the BBC is investigating from Customers, BBC stakeholders or otherwise.
- 3.4 The Contractor shall provide a monthly report in relation to the preceding month's performance of the Services (the "**Service Review Pack**") no later than five (5) Working Days after the start of the following relevant month. The Service Review Pack shall include the data listed in paragraphs 3.4.1 to 3.4.22 and 3.5 for the preceding month and on a 12 month rolling basis and this list shall be subject to ongoing review by the Contractor and the BBC and amended by the BBC where necessary:
- 3.4.1 Glossary of terms used in the Service Review Pack;
 - 3.4.2 Licence Fee Revenue Collected (including savings and Licence Fee Revenue by scheme and age;
 - 3.4.3 the Contractor's Forecast;
 - 3.4.4 the number and value of Refunds, Revocations and Cancellations;
 - 3.4.5 volume of Licences in force and Licences in force by region;
 - 3.4.6 volume of 'no licence needed' by contact channel and reason;
 - 3.4.7 Licence sales volumes by payment method including part Licences expressed as fractions and by colour/mono;
 - 3.4.8 Licence sales value by payment method which shall include the full value of all Short Term Licences and Over 75 Licences issued;
 - 3.4.9 Over 75 Licence sales value and volumes, including a breakdown between National Insurance Number and non National Insurance Number licences;
 - 3.4.10 Over 75 Short Term Licence discount report (to determine what is claimable from the DWP);
 - 3.4.11 outbound and inbound contact centre contact volumes by contact channel;
 - 3.4.12 Customer satisfaction survey results;
 - 3.4.13 the volume of Complaint calls;
 - 3.4.14 a breakdown of outbound calls made to include the volume of calls made, the proportion of calls made where the correct party was contacted, and the number of Licence sales achieved from outbound calls;
 - 3.4.15 data relating to Customer correspondence volumes including the days taken to handle them on a 12 month rolling basis by type eg. email, whitemail or fax in respect of:
 - (a) Customer correspondence that does not constitute a Complaint;

- (b) Customer correspondence that constitutes a Complaint; and
- (c) Customer correspondence that includes Licence issues (including rejects);
- 3.4.16 total volume of fulfilment by type and contact channel (where "fulfilment" means any outbound communication to an individual Customer irrespective of contact channel (excluding fulfilment undertaken by the Market Provider));
- 3.4.17 total volume of fulfilment requests received by type;
- 3.4.18 Customer self service usage summary showing volumes by type eg. IVR, online by Website against other contact channel usage;
- 3.4.19 a monthly analysis of all forms of Complaints showing Complaints within and outside the Contractor's control, broken down according to whether they relate to policy, third parties, staff performance, data accuracy, the Contractor's agents, campaigns or marketing and also by escalation level;
- 3.4.20 [Paragraph intentionally deleted]
- 3.4.21 statistics detailing reported TV Dealer notifications and Licence sales resulting from such notifications;
- 3.4.22 Over 75 Licence processes including outstanding applications;
- 3.4.23 Field report summary;
- 3.4.24 Field position for month including field Licence sales, revenue per sale, and the number of prosecution statements completed;
- 3.4.25 Field sales analysis;
- 3.4.26 Visiting field sales yield;
- 3.4.27 Visiting field sales by month and activity;
- 3.4.28 Licence payment scheme leavers never paid;
- 3.4.29 Resource and commercial analysis;
- 3.4.30 Visiting officer monthly utilisation by activity;
- 3.4.31 Commercial visiting results;
- 3.4.32 Dealer sales statistics;
- 3.4.33 Visits analysis including 'visit pot';
- 3.4.34 Visits made per postcode district e.g. WS1 ,WS2 etc;
- 3.4.35 Field Performance Visits Results Summary Report;
- 3.4.36 Field 'Capita' Enforcement Performance - Visit results summary report;

- 3.4.37 Field 'Capita Sales only' Performance - Visits results summary report;
 - 3.4.38 Field Debt recovery Performance - Visit results summary report;
 - 3.4.39 Field visit results by campaign;
 - 3.4.40 Field visits loaded by type/campaign;
 - 3.4.41 Field visits loaded by type – Enforcement;
 - 3.4.42 Field visits made by type – Sales;
 - 3.4.43 Field evader caught analysis;
 - 3.4.44 the results of each quality audit;
 - 3.4.45 Field performance report - Case Results to incorporate the reports described in paragraphs 18.1.16 and 18.1.17 of Schedule 2 (**Services**);
 - 3.4.46 Court activity by month; and
 - 3.4.47 A summary of the Exception Report.
- 3.5 For the period up to 31 December 2012, such reports relating to the volume of eligibility checks undertaken for the BBC, on behalf of the Digital Switchover Help Scheme.
- 3.6 The Contractor shall within ten (10) Working Days of a request from the BBC provide the following:
- 3.6.1 a report showing carbon emissions in its provision of the Services;
 - 3.6.2 a report which demonstrates the BBC's compliance with its obligations under the Equality Act 2010; and
 - 3.6.3 a report demonstrating the Contractor's compliance with its equal opportunity policies under Clause 13.5,
- in a format to be advised by the BBC.
- 3.7 The Contractor shall provide a twelve (12) month rolling summary of the Contractor's performance in relation to the Service Levels together with a breakdown of any Service Credits and Revenue Credits which are due no later than eight (8) Working Days after the end of the twelfth month in respect of which the rolling twelve month summary is being submitted.

4 Meetings

4.1 Marketing Governance Meetings

4.1.1 The Contractor shall attend and participate in the following meetings:

- (a) marketing forum meeting; and

- (b) all meetings that are set up by the BBC and/or the Marketing Provider that report into the marketing forum meeting referred to in paragraph 4.1.1(a).

4.1.2 The purpose of the meetings, referred to in paragraph 4.1.1 will be to:

- (a) approve any changes to the Contractor and/or Marketing Strategy;
- (b) review and approve Marketing Strategy documentation;
- (c) monitor the delivery of the Marketing Plan, ensuring any material changes to such plan are agreed by the parties and documented; and
- (d) act as a point of escalation for any operational or other issues which may be likely to cause the Marketing Plan not to be delivered as anticipated.

4.1.3 The minimum attendance at the meetings referred to in paragraph 4.1.1 shall be a representative from each Party and the Marketing Provider (or in each case their appointed deputy if any individual is unable to attend a meeting). Any attendee on behalf of the Contractor and/or Marketing Provider will be of sufficient seniority within the Contractor and/or Marketing Provider's organisation to take decisions appropriate to the meeting agenda.

4.2 Other Meetings

- 4.2.1 The Parties shall meet on a regular basis throughout the Term as and when required to optimise the quality and efficiency of the Services.
- 4.2.2 The formal governance and contract management groups shall be agreed by the Parties acting in good faith no later than four (4) months after the Effective Date and shall be based on the principles described by the Contractor in the Tender Documentation.
- 4.2.3 The Parties agree that notwithstanding the provisions of paragraphs 4.2.1 and 4.2.2, the Transition Board and Transition Working Group shall meet in accordance with the provisions of paragraphs 2.3 and 2.6 of Schedule 3 (**Transition**).

5 Executive Management Forum

- 5.1 Unless agreed otherwise by the BBC, the Contractor shall attend a monthly executive management forum together with the other TV Licensing contractors, which is chaired by the BBC. The purpose of the executive management forum is to provide a joint forum for discussion of operational issues that affect the performance of TV Licensing.

6 Risk Management Procedure

- 6.1 Within twenty (20) Working Days after the Start Date the Contractor shall provide to the BBC a risk register in a form to be provided by the Contractor and approved by the BBC (the "**Joint Risk Register**"). The Contractor shall maintain the Risk Register throughout the Term.

- 6.2 The Contractor shall maintain throughout the Term an on-going risk analysis review of the Services and any major business or technological change. The Contractor shall inform the BBC promptly of any potential risks to the continued successful delivery of the Services and demonstrate how these are being mitigated and managed.
- 6.3 The Joint Risk Register shall be updated by the Contractor each month and submitted to the appropriate group or board for consideration by the Parties.
- 6.4 If any risk (whether recorded in the Joint Risk Register, or not) in the Contractor's reasonable opinion has become, or it anticipates shall become imminent in likelihood, or critical in impact, the Contractor shall immediately alert the BBC Contract Manager, verbally and confirm such notification in writing.

7 Non-Compliance Management Procedure

- 7.1 The Parties shall manage any Issues by:
- 7.1.1 prioritising Issues according to the criticality of the impact on the Services;
 - 7.1.2 reporting to one another the progress on the resolution of the Issues; and
 - 7.1.3 escalating any Issues that are not promptly resolved within the respective organisations.
- 7.2 For the purposes of this paragraph 7, "Issue" shall mean any problem or issue arising from non-compliance by the Contractor affecting the operation of the Services, and/or the Co-operation Agreement.

8 Non-Compliance Management Reporting

- 8.1 The Contractor shall notify the person nominated by the BBC immediately and provide an exception report within 24 hours of notification in the event of any failure to comply with any of the following:
- 8.1.1 Service requirements;
 - 8.1.2 Key Performance Indicators;
 - 8.1.3 security requirements and the Security Plan;
 - 8.1.4 Standards and BBC Policies;
 - 8.1.5 the Service Architecture;
 - 8.1.6 the obligations under Data Protection Law; and
 - 8.1.7 the obligations in Schedule 9 (**Accounting Responsibilities**),
- together the **"Exception Reports"**.

- 8.2 Exception Reports shall include details of the reason for failure and of any action being taken to remedy the situation.
- 8.3 A summary of the Exception Reports shall be provided to each governance group or board as requested by the BBC.

9 Continuous Improvement Procedure

- 9.1 The Contractor shall produce six (6) weeks prior to the start of each Financial Year (or at such other frequency as the Parties may agree in writing) for consideration by the BBC, a report for the subsequent Financial Year, which shall set out:
- 9.1.1 the potential improvement opportunities for the effectiveness and/or the efficiency of the Services;
 - 9.1.2 developments that the Contractor intends to make to the Services and/or its operations; and
 - 9.1.3 if appropriate, the Service improvements that have been made,
- (the "**Continuous Improvement Plan**").
- 9.2 The BBC shall consider the Continuous Improvement Plan and identify opportunities, efficiencies and issues raised by the Continuous Improvement Plan and notify the Contractor accordingly.
- 9.3 The Parties shall work together to investigate the Contractor's proposals for improvement in accordance with the Change Control Procedure. On approval by the BBC, the Contractor shall implement such Service improvements.
- 9.4 The Parties shall nominate the appropriate Employee to take responsibility for the development of the Services in accordance with the Continuous Improvement Plan and shall ensure that the Employees concerned have the levels of delegated authority sufficient and necessary to facilitate the implementation of such plan in accordance with the timescales set out therein.
- 9.5 The Contractor shall assist the BBC from time to time in meeting the BBC Ethical Policy requirements set out in the BBC Policies, as notified by it to the Contractor.

10 Escalation Procedure

- 10.1 Any dispute which arises relating to any aspect of the Agreement shall be subject to the Escalation Procedure described in this paragraph 10 (unless expressly stated to the contrary in this Agreement or agreed between the Parties in writing). Either Party may commence the escalation of a dispute relating to this Agreement in accordance with the Escalation Procedure described below.

Level 1: Operational Level

- 10.2 Disputes relating to this Agreement shall wherever possible be resolved at an operational level and between the respective Parties' contract managers who shall consult and discuss with relevant individuals in an attempt to reach a resolution. If the dispute is not resolved at this level within four (4) Working Days of the dispute being referred to the contract managers (or such shorter period as agreed), the matter shall be escalated to Level 2.

Level 2: BBC Head of Revenue Management and Contractor's Partnership Director ("Service Leads")

- 10.3 The BBC Service Leads shall attempt to reach a resolution on any disputes referred to them by either contract manager, using whatever methods and means they deem appropriate. If the dispute is not resolved at this level within three (3) Working Days of it being referred to the Service Leads (or such shorter period as is agreed in writing) the matter shall be escalated to Level 3.

Level 3: BBC Director of Finance, Procurement and Revenue and a Board Member of the Contractor's Board of Directors ("Directors") responsible for the Contractor's performance of the Services

- 10.4 The Directors shall attempt to reach a resolution on any disputes referred to them by the Service Leads using whatever methods and means they deem appropriate. If the dispute is not resolved at this level within five (5) Working Days of it being referred to the Directors (or such other period as is agreed in writing), either Director may escalate the dispute to Level 4.

Level 4: Chief Financial Officer and Chief Executive Officer for the Contractor ("Executives")

- 10.5 The Executives shall attempt to reach a resolution on any disputes referred to them by the Directors using whatever methods and means they deem appropriate.
- 10.6 If the dispute is not resolved at Level 4 within ten (10) Working Days of it being referred to the Executives (or such other period as is agreed in writing), either Party may refer the dispute to the Dispute Resolution Procedure and immediately notify the BBC Head of Revenue Management accordingly.

11 Dispute Resolution Procedure

- 11.1 In the event that any dispute or difference between the Parties is not resolved pursuant to the Escalation Procedure the BBC may choose (at its option) to either:
- 11.1.1 refer the dispute to arbitration under the Rules of Arbitration of the International Chamber of Commerce as in force from time to time, which Rules are deemed to be incorporated into this Agreement by reference by one or more arbitrators in accordance with the said rules with the arbitration to have its seat at London, United Kingdom and the language to be used in the arbitration shall be English; or
 - 11.1.2 opt to seek expert resolution in accordance with paragraph 11.2.
- 11.2 If the BBC proposes resolution of the matter by expert, (acting as an expert, not an arbitrator) the expert shall be appointed by agreement between the Parties, or failing that by the President for the time being of the Law Society of England & Wales. Subject to paragraph 13.1, the

decision of the expert shall be final and binding in the absence of manifest error. The costs of the Parties and the expert shall be awarded by the expert at his/her discretion.

12 Continued Performance

- 12.1 The BBC and the Contractor shall, wherever practicable, continue to perform their respective obligations under this Agreement pending the resolution of a dispute.

13 Court Proceedings

- 13.1 Nothing in paragraph 11 shall prevent a Party from commencing court proceedings relating to any dispute arising from this Agreement at any time provided that (i) such claiming party shall give five (5) Working Days' written notice to the other party of its intention to do so; and (ii) the BBC has not referred the matter to arbitration pursuant to paragraph 11.1.1 above.

Annex 1 – Key Personnel Roles

This Annex lists the roles that will be fulfilled by the Key Personnel.

Role
Partnership Director
Transition Director
Service Delivery Director
Insight & Service Development Director
Retention & Collections Director
Field Services Director
Technology Director

Annex 2 – Extract from Tender Documentation describing Contractor's Incentive Mechanisms

This annex includes an extract from the Contractor's Tender Documentation.

Incentives within our submission sit at three levels:

- Capita Corporate
- Subcontractor
- Individual

Capita Corporate

A fully incentivised contingent pricing mechanism based on BBC Revenue Collected [Redacted under section 43 (“commercial interests”) of the Freedom of Information Act]

Sub-contractor

- To fully integrate the commercial model throughout the solution, we have replicated incentivisation to iQor and CSC as key partners, and Portrait and Experian in terms of Analytics:
- iQor - fully contingent pricing model with margin aligned [Redacted under section 43 (“commercial interests”) of the Freedom of Information Act] to overall BBC collected revenue [Redacted under section 43 (“commercial interests”) of the Freedom of Information Act].
- CSC - Pricing model heavily linked to the achievement of TOM and Service Continuity [Redacted under section 43 (“commercial interests”) of the Freedom of Information Act].
- Portrait and Experian - A material element of their reward is linked to achievement of the CSFs.

Individual

As well as creating a new organisation structure to enable the delivery of efficiencies and service improvements we will deploy new management and staff reward programmes. Our approach will be to include as many people, including key subcontractors' staff, as possible in tailored and focused incentive schemes which ensure the necessary focus on revenue targets and key behaviours.

We will introduce new incentive schemes for all managers targeted at driving the right behaviours throughout the service. We will also introduce new incentive programmes for all operational staff. To ensure that these are as effective as possible we will establish staff working groups to help refine the incentive programmes outlined in the table below. We will also engage with local union representation to ensure that changes are delivered through consultation and implemented in the most appropriate way. The table provides an overview of the different incentive schemes planned for staff across the service. It is provided for information but may or may not be relevant to include in a final contractual schedule.

Staff Type	Incentives	Bonus
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Staff Type	Incentives	Bonus
Senior Management Team	Performance related pay - Annual bonus paid on achievement of: <ul style="list-style-type: none"> Revenue increase target - measured against overall service performance Cost reduction target - measured against overall service performance Service continuity - measured against KPIs Service reputation and customer experience - measured against results of customer surveys Partnering behaviours - measured against relationship scorecards 	[Redacted under section 43 ("commercial interests") of the Freedom of Information Act]
Managers	Performance related pay - Annual bonus paid on achievement of: <ul style="list-style-type: none"> Revenue increase target - measured against service performance Cost reduction target - measured against service performance Service continuity - measured against KPIs Service reputation and customer experience - measured against results of customer surveys Partnering behaviours - measured through relationship scorecards and staff surveys 	[Redacted under section 43 ("commercial interests") of the Freedom of Information Act]
Team Leaders	Performance related pay - Monthly incentive paid on achievement of: <ul style="list-style-type: none"> Service reputation and customer experience - measured against business assurance quality scores for team Revenue increase target - measured against achievement of monthly prosecution (for field) sales and retention targets for team Business continuity - measured against achievement of targets for team attendance, hours worked in prime time (field) and time keeping 	[Redacted under section 43 ("commercial interests") of the Freedom of Information Act]
Field Agents	Performance related pay - Monthly incentive paid on achievement of: <ul style="list-style-type: none"> Revenue target - measured against achievement of monthly sales/ retention targets Business continuity - measured against quality, attendance and hours worked Enhanced % paid once individual annual and overall BBC TV Licensing revenue targets are achieved 	[Redacted under section 43 ("commercial interests") of the Freedom of Information Act]
Customer Service Agents	Performance related pay - Monthly incentive paid on achievement of: <ul style="list-style-type: none"> Service reputation and customer experience - measured against business assurance quality scores Revenue increase - measured against achievement of sales and retention targets Business continuity - measured against achievement of targets set for attendance, and time keeping 	[Redacted under section 43 ("commercial interests") of the Freedom of Information Act]
iQor Agents	Performance related pay - Monthly incentive paid on achievement of: <ul style="list-style-type: none"> Revenue target - measured against achievement of monthly targets 	[Redacted under section 43 ("commercial interests") of the Freedom of Information Act]

Staff Type	Incentives	Bonus
	<ul style="list-style-type: none"> Business continuity - measured against quality, attendance and hours worked 	43 (“commercial interests”) of the Freedom of Information Act]
G4S	Agents paid on results achieved based on their visit outcomes. This will range from the capture of property information which confirms if an address is empty through to the collection of data relating to customers (name & contact telephone number) who wish to p	
Lewis Group	Self employed - agents paid on the amount of debt recovered, thereby encouraging them to maximise contact and agree arrangements for the collection of any outstanding debt.	
Secondment	Payment of a bonus on successful completion of secondment measured against a combination of factors, dependent on secondment, related to: improving service delivery, reducing cost, increasing revenues and ensuring business continuity.	[Redacted under section 43 (“commercial interests”) of the Freedom of Information Act]
All staff (including key sub-contractors’ staff)	Extra Mile Awards - quarterly awards for exceptional performance nominated and selected by staff. Awards are presented at Formal Award Ceremonies	[Redacted under section 43 (“commercial interests”) of the Freedom of Information Act]