

SCHEDULE 20

SERVICE LEVELS AND SERVICE CREDITS

1. Introduction

- 1.1 From the Cutover date, the Contractor will provide the Services under this Agreement as described in Schedule 2 and Schedule 3 to the Service Levels set out in this Schedule 20.
- 1.2 The Contractor acknowledges that the Authority will recover a proportion of the sums payable to the Contractor in accordance with Schedule 6 to reflect the extent to which the actual performance of the Services in any Month falls short of the Service Levels set out in this Schedule 20. This Schedule 20 also sets out the Service Credits framework under which the Services will be delivered.
- 1.3 The Contractor shall achieve or better the Service Levels set out in the Appendix A to this Schedule 20 throughout the term of this Agreement.
- 1.4 The Contractor shall perform the Services and meet all Service Levels at the Measurement Levels specified in Appendix A.
- 1.5 Subject to Paragraph 8 of this Schedule 20, the Service Credits specified in this Schedule 20 shall be the Authority's sole financial remedy for the Contractor's failure to achieve any Service Level to which one or more Service Credits are stated to be applicable in Appendix A of this Schedule 20. Nothing in the foregoing shall be taken to limit the non-financial remedies for such Defaults or the financial remedies available to the Authority for other Defaults, whether under this Agreement or otherwise at law or in equity.

2. Reports

- 2.1 The Contractor shall provide the Authority with the reports relating to the performance of the Service as specified in Schedule 8.
- 2.2 The Contractor shall document all actual and potential failures to meet the Service Levels and shall make such information available to the Authority by whatever means practicable.
- 2.3 Where an actual failure has occurred or a potential failure may occur and such failure has or will, in the reasonable opinion of the Contractor, adversely impact the Authority's ability to meet its own business requirements the Contractor shall immediately advise the Authority, by whatever means practicable to ensure that the information is received and later in writing, of the extent and nature of such failures.
- 2.4 In addition, the Contractor shall notify the Authority of any potential interruptions to the provision of the Services.

3. Measurement of Service Levels

- 3.1 The Contractor shall, in each Month following the Cutover Date, measure, monitor, validate and report the performance of the Service Levels for each Service Stream (set out in Appendix A of this Schedule) at the appropriate Measurement Level (Local Office or National). The expected Service Level targets and Measurement Level for each Service Level are set out in Appendix A to this Schedule 20.

- 3.2 Each Service Level has been assigned an Expected Performance Level, expressed as a percentage. The Expected Performance Level (set out at Appendix A) sets out the acceptable minimum performance of each Service within a Service Stream over a given Month. Below this level the Contractor is not delivering the contracted level of Service.
- 3.3 The Contractor shall capture data to support performance reporting of Service Streams at a local level by Service Level as follows:
- a) Post and Messenger Services will be captured at a Local Office level but are not linked to Business Unit;
 - b) Secretarial and Typing Services will be captured at a Local Office level but, as it is assumed that each request will have a Business Unit reference, this reference shall also be included;
 - c) Switchboard Services will be captured at each Switchboard location and aggregated to a National Level, but are not linked to Business Unit; and
 - d) Scanning and Indexing Services will be captured at each scanning location and aggregated to a National Level.
- 3.4 Performance Reviews between the Authority and the Contractor shall be held in each Month as described in Schedule 8 of this Agreement.

4. Changes to Service Levels

- 4.1 Revisions to the scope, definition, priority of each Service Level, addition of other Service Levels or amendments to the Service Credit framework will be agreed in accordance with the Change Control Procedures and will be managed through the Contract Management Interface as described in Schedule 8.

5. Service Credit Framework

- 5.1 Performance failures against Services Levels will attract Service Credit points according to the frequency and impact of the failure to deliver the Expected Performance Level.
- 5.2 If actual performance for a Service Level is below the Expected Performance Level then Service Credits are incurred for that Month. Some Service Levels have a tolerance threshold defined in Appendix A of this Schedule, to reduce risk of service failure for the Contractor within acceptable limits. If Service Performance is within the tolerance level, then Service Credit points are not accrued. However, the Contractor is expected to report the number of occasions that service falls within this tolerance zone, so that the Authority is able to monitor this aspect of service delivery.
- 5.3 The aggregation of Local Office performance management data by Service Level by Region and at a National Level will enable the Contractor and Authority to identify failing services. Service Credit points will be applied at either a Regional or a National level by Service Level within a Service Stream but not both .
- 5.4 Accumulation of Service Credits by Service Stream (by Local Office where required) will convert to graduated invoice deductions dependent upon the severity of the failure and the Service Stream. Service Credits and subsequent invoice deductions will be applied in the following ways:

- At a Regional level. To ensure that national aggregation of performance does not mask poor local service delivery, the Contractor will be expected to report Service Stream failure by Region. If Service Stream performance for a Region falls below expected performance over the Performance Measurement period, then Service Credit points are incurred as per Appendix A. This will convert into a potential regional payment deduction by Service Stream dependent upon the number of Service Credits accumulated over that Month (Appendix B), which reflects the severity of the failure.
- At a National level. The average actual performance level is calculated for those Service Streams that are not delivered on a Regional basis and compared to the expected performance level. Should Service Stream performance fall below that expected, on a National level, then Service Credit points are incurred as per Appendix A. This will convert into a potential national payment deduction for that Service Stream dependent upon the number of Service Credits accumulated over that Month (Appendix B), which reflects the severity of the service failure.

5.5 Service Credits for each Service Stream by Region or Nationally will be reset to zero at the beginning of the next Month, so that a retrospective assessment of performance each month can be produced for each Service Stream to identify trends in quality of service and performance (please refer to Schedule 8).

5.6 Service Credits are applied against a Monthly revenue stream excluding pass through costs. The deductions for each Service Stream only apply to that revenue associated with a Service Stream. For the avoidance of doubt, invoice deductions will be made as follows:

- by Region, payment deductions that arise as a result of Service Credit points accumulated by Service Stream will be applied against the Regional Charge for that Service Stream; and
- Nationally, payment deductions that arise as a result of Service Credit points accumulated by Service Stream will be applied against the whole of the Charges applicable for that Service Stream.

6. Service Credit Calculation

6.1 To calculate the total number of Service Credit points for a Service Stream, the sum of the Service Credit points incurred by Service Level is taken. For the avoidance of doubt the Contractor shall record all failures even when they are within tolerance, but shall only include them in the calculations below where the tolerance has been exceeded.

6.2 As described in paragraph 5.4, Service Credits may be incurred at a National level if the actual performance level for a Service Stream which is delivered at a National Level falls below the expected average performance target. Service Credit accrual and subsequent impact upon invoice deductions at a national level for a Service Stream are presented in Appendix B.

6.3 Payment deduction for each Service Stream will be made against the amount payable monthly in arrears by the Authority to the Contractor in accordance with Schedule 6 and from part of the Invoice raised by the Contractor in accordance with Schedule 7.

6.4 For the avoidance of doubt, the Service Credits applicable for KPI 1(a), (b) and (c) are applied cumulatively for each failure.

7. Service Credit Relief

7.1 Service Credits which would otherwise be applied shall not be applied in the first three (3) Months following the Cutover Date. For the avoidance of doubt, any failure to meet the Service Levels in the first three (3) Months following the Cutover Date shall still be measured and reported in accordance with this Schedule 20.

7.2 If the any of the volumes exceed the predicted volumes, as shown in Appendix D of Schedule 6 in any Month such that they tolerance band specified in Appendix D of Schedule 6, the Contractor may request that the Authority waive its right to claim Service Credits in accordance with this Schedule 20 in respect of any Service Levels which the Contractor fails to meet for that Month, provided that the Contractor has used reasonable endeavours to achieve those Service Levels and such failure is directly attributable to the increase in volume.

8. Escalation

8.1 In any Performance Measurement Period, where performance against a Service Stream has fallen below the expected performance level at a Regional or National level then the Contractor will produce a Service Improvement Plan within five (5) Working Days of being requested to do so by the Authority at the regular contract review meeting. The Authority shall review and agree the plan within five (5) Working Days of receipt (such agreement not to be unreasonably withheld or delayed). The timescale for rectification shall be identified in the Plan and it shall be included in the Service Management reporting as defined in Schedule 8 until rectification is completed.

8.2 At monthly contract review meetings reasons for Service failures and the number of Service Credits incurred, will be discussed, together with any associated Service. This forum will also review and agree any deductions from invoices to be made by the Authority, or allow the Contractor to issue a credit note for the service failures.

8.3 Failure to agree either reasons for service failures or any proposed Improvement Plan at the contract review meeting will result in escalation to a specially convened meeting between senior management of the Contractor and Authority. The purpose of this meeting will be to put in place a plan of action to resolve any service failures within a specified time and agree any deductions from revenue for the Contractor if deemed appropriate. If the parties fail to agree a plan of action or the appropriate deductions then the parties will submit to the Dispute Resolution Procedure.

9. Service Level Termination Threshold

9.1 A national termination threshold has been set for each Service Stream which reflects the minimum service delivery that the Authority expects from the supplier. If actual performance falls below the Service Level Termination Thresholds specified in paragraph 8.2 below at a National level then the Authority will have the right to terminate this Agreement (or the Service Stream(s)) in accordance with Clause 59.5. The Authority will not pay for services delivered below the termination threshold.

9.2 The Service Level Termination Thresholds are:

- a) the value of Service Credit deductions collected in each of three (3) consecutive Months is greater than 50% of the Charges for the relevant service streams for each of these Months; or
- b) the value of Service Credit deductions in four (4) Months in any Year is greater than 50%.

10. Monthly Review

- 10.1 For the purposes of the monthly reviews that will commence from the Cutover Date, the Contractor shall submit a report 2 weeks before the dates agreed summarising performance against each of the Service Levels set out in Appendix 1 to this Schedule 20. The Contractor should highlight areas of concern for the Authority so that all parties are able to resolve apparent trends in poor service and recognise achievements in improving service over the duration of the Agreement.

Appendix A

The following table shows each Service Level, Expected Performance Levels that the Contractor should use to calculate Service Credits for each Service Level by region.

1	2	3	4	5	6	7
Service Level Ref	Service Level	Service Requirement Ref	Measurement Level	Tolerance threshold	Expected Performance Level (%)	Service Credits applied at Regional level for each % below expected level
						Redacted under Section 43 of FOI Act
KPI 1(a)	All mail shall be delivered on desks by 10.30 on day of receipt, subject to agreement at Local Office level	2 a - Post	Local Office	15 mins	98	redacted
KPI1(b)	All mail shall be delivered on desks by 12.30 on day of receipt, subject to local agreement	2 a - Post	Local Office	15 mins	98	redacted
KPI1(c)	All mail shall be delivered on desks by 14.30 on day of receipt, subject to local agreement	2 a - Post	Local Office	15 mins	98	redacted
KPI 2	All bankable items received by the Contractor in time for post opening will be banked by 14.00 on the day of receipt	2 a - Post	Local Office	Nil	98	redacted
KPI 3	Receipts for banked items forwarded to Authority's Finance Section on the day of receipt, including a receipt of the bankable items	2 a - Post	Local Office	Nil	98	redacted

Office Services Agreement

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1	2	3	4	5	6	7
Service Level Ref	Service Level	Service Requirement Ref	Measurement Level	Tolerance threshold	Expected Performance Level (%)	Service Credits applied at Regional level for each % below expected level
KPI 4	All non-bankable items and other items of monetary value received by the Contractor to be forwarded to Authority's Finance Section	2 a - Post	Local Office	Nil	99.5	redacted
KPI 5	All mail at designated points shall be collected in time for preparation and dispatch to Royal Mail or Authorised Carrier the same day	2 a - Messengers	Local Office	Nil	98	redacted
KPI 6	All mail and other items shall be delivered in accordance with the Authority's Departmental mailing list and agreed sortation plans	2 a - Messengers	Local Office	Nil	98	redacted
KPI 7	The messengers will collect stationery requisitions from Business Units, and will collate all requisitions and pass to the LSI contractor on the day the requisition is raised	2a Messengers	Local Office	Nil	95%	redacted
KPI 8	The messengers will distribute all stationery on the day of delivery, and will manually receipt all good received and pass the delivery note back to the LSI contractor	2a Messengers	Local Office	Nil	95%	redacted
KPI 9	Request for Secretarial support is actioned within one day according to business requirements	2 a - Secretarial	Local Office	Nil	95	redacted

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1	2	3	4	5	6	7
Service Level Ref	Service Level	Service Requirement Ref	Measurement Level	Tolerance threshold	Expected Performance Level (%)	Service Credits applied at Regional level for each % below expected level
KPI 10	All typing requests should not be subject to rework on more than one occasion	2 a - Typing	Local Office	Nil	95	redacted
KPI 11	All typing requests are completed within the timescales set out in Schedule 2	2 a - Typing	Local Office	Nil	98	redacted
KPI 12	Calls to switchboard shall be placed accurately first time	2 a - Switchboard	Local Office	Nil	98	redacted
KPI 13	All calls to switchboard shall be answered within 30 seconds with an appropriate Business Unit greeting	2 a - Switchboard	Local Office	5 seconds	95	redacted
KPI 14	Scanned Images are as legible as the original document	Scanning and Indexing	National	Nil	99.5	redacted
KPI 15	Scanned Images shall be captured and deposited in the Repository on the day of receipt	Scanning and Indexing	National	15 minutes	98	redacted
KPI 16	Original documents shall be securely destroyed within 1 day after 6 weeks from receipt, unless otherwise agreed	Scanning and Indexing	National	Nil	100	redacted
KPI 17	Documents shall be re-scanned within 24 hours of receipt of request	Scanning and Indexing	National	1 hour	100	redacted

Appendix B

The following table shows how Service Credits are converted to payment deductions by revenue for each Service Stream.

Service Credits applied over a Month	%age of relevant service stream to be deducted
POST	
Redacted	
SWITCHBOARD	
Redacted	
SCANNING & INDEXING	
Redacted	