

# **Smart Meters Programme Schedule 2.2**

**(Performance Measures and Monitoring) (P&C version)**

**SCHEDULE 2.2**  
**PERFORMANCE MEASURES AND MONITORING**

**OVERVIEW**

This Schedule 2.2 (Performance Measures and Monitoring) sets out:

- (a) the high-level principles and objectives of the overall Performance Framework for the Agreement;
- (b) the Performance Measures which the Contractor is required to achieve in relation to the performance of the Services and its other obligations under this Agreement;
- (c) the role of the Contractor in relation to the achievement of the DCC Performance Measures;
- (d) the mechanisms to change and update the Performance Measures;
- (e) the mechanism by which Incidents will be managed; and
- (f) the method by which the Contractor's performance of the Services and its other obligations under this Agreement will be monitored and reported.

This Schedule 2.2 (Performance Measures and Monitoring) comprises the following parts:

<b>Part</b>	<b>Scope</b>
Part A	Performance Framework
Part B	Performance Measures
Part D	Changes to Performance Measures
Part E	Reporting of Incidents
Part F	Performance Monitoring
Appendix 1	Part A – Performance Measures: Metrics
Appendix 2	Part A – Performance Measures: Scope
Appendix 3	Worked examples
Appendix 4	Severity Levels
Appendix 5	Outline Performance Monitoring Approach

## **PART A – PERFORMANCE FRAMEWORK**

### **1. SCOPE OF PART A**

This Part A of Schedule 2.2 addresses the following issues:

- (a) **Principles:** the principles of the Performance Framework; and
- (b) **Performance Framework:** the role of the Performance Measures within the overall Performance Framework under this Agreement.

### **2. PRINCIPLES**

The Performance Framework is based on the principles of:

- (a) incentivising consistent performance against the Performance Measures, Milestones and other elements of the Performance Framework;
- (b) incentivising the Contractor and the relevant DCC Service Providers to collectively support the DCC's compliance with the DCC Performance Measures and other end-to-end requirements of the DCC;
- (c) incentivising a timely resolution of issues which cause under-performance against the Performance Measures, Milestones and/or other elements of the Performance Framework;
- (d) ensuring the reasons for such under-performance are addressed expeditiously;
- (e) aligning the level of the DCC's remedies for such under-performance to the consequence of such under-performance;
- (f) increased or additional remedies for the DCC in relation to continued under-performance against the Performance Measures, Milestones and/or other elements of the Performance Framework; and
- (g) ensuring flexibility of the Performance Framework to adapt over time as the Smart Metering Programme evolves.

The parties acknowledge the overall performance framework under this Agreement is intended to ensure that the Contractor delivers the required level of performance throughout the Service.

## PART B – PERFORMANCE MEASURES

### 1. SCOPE OF PART B

This Part B of Schedule 2.2 addresses the following issues:

- (a) **Objectives:** the objectives of the Performance Measure regime;
- (b) **Performance Measures:** the performance measures applicable to the Contractor's performance of the Services and its other obligations under this Agreement;
- (c) **Service Points and Service Credits:** how under-performance by the Contractor against the Service Measures shall be converted into Service Credits;
- (d) **Types of Service Failure:** the Contractor's obligations regarding different types of under-performance against the Performance Measures; and
- (e) **Nature of Service Credits:** the events for which Service Credits shall not be the exclusive financial remedy of the DCC.

### 2. OBJECTIVES

The objectives of the Performance Measure regime in this Part B of Schedule 2.2 are to:

- (a) ensure that the Services, and the Contractor's other obligations under this Agreement, are consistently performed to the required standard;
- (b) provide a mechanism whereby the DCC can attain meaningful recognition of the inconvenience to the DCC Service Users and/or loss resulting from the Contractor's failure to deliver the level of Service which it has contracted to deliver;
- (c) incentivise the Contractor to deliver the Services appropriately and to remedy any failure to meet the Target Service Levels expeditiously; and
- (d) ensure the flexibility for the Performance Measures to adapt and evolve over time.

### 3. PERFORMANCE MEASURES

3.1 Each Performance Measure is categorised in Part A of Appendix 1 as either:

- (a) a Service Measure (which are subject to Service Credits); or
- (b) a Key Performance Indicator (which are not subject to Service Credits).

The parties acknowledge that a Performance Measures is identified in Appendix 1, and elsewhere in this Schedule 2.2, as "**PM**", a Service Measure is identified in Appendix 1, and elsewhere in this Schedule 2.2, as a "**SM**" and a Key Performance Indicator is identified in Appendix 1, and elsewhere in this Schedule 2.2, as a "**KPI**".

3.2 Each Service Measure and KPI shall be subject to a Target Service Level and a Minimum Service Level, as set out in Part A of Appendix 1.

**Service Measures**

- 3.3 The Contractor shall, at all times following an agreed date (but no later than 3 months after the service is considered live), provide the Services (or perform its other obligations under this Agreement) in such a manner that the Target Service Level for each Service Measure is achieved or bettered.
- 3.4 If the Actual Service Level achieved by the Contractor during a Measurement Period in respect of any Service Measure does not meet or better the applicable Target Service Level, then (without prejudice to the DCC's other rights and remedies under this Agreement or otherwise, but subject to paragraph 6 of this Part B and paragraph 5 of Schedule 7.1 (Charges and Payment)) Service Points shall accrue in accordance with paragraph 4 below.

**Key Performance Indicators**

- 3.5 The Contractor shall, at all times following the date as agreed in 3.3, provide the Services (or perform its other obligations under this Agreement) in such a manner that the Target Service Level for each KPI is achieved or bettered.
- 3.6 If the Actual Service Level achieved by the Contractor during a Measurement Period in respect of any KPI does not meet or better the applicable Target Service Level, then no Service Points shall accrue (provided that this paragraph 3.6 is (i) subject to paragraphs 6.3 to 6.5 of this Part B and (ii) otherwise without prejudice to any non-financial rights or remedies of the DCC under this Agreement or otherwise in relation to the failure by the Contractor to achieve the applicable Target Service Level). In this Schedule 2.2, a "**KPI Failure**" means a failure by the Contractor to achieve the Target Service Level for any KPI in relation to the relevant Measurement Period.

**Amendment of Performance Measures**

- 3.7 The DCC may, from time to time, amend the Performance Measures in accordance with the process set out in Part D of this Schedule 2.2.

**Monitoring and reporting of Performance Measures**

- 3.8 With effect from the Go Live, the Contractor shall monitor its performance against each of the Performance Measures, and provide reports to the DCC detailing the Contractor's performance against each of the Performance Measures, in accordance with the provisions of Part F of this Schedule 2.2.

4. **SERVICE POINTS AND SERVICE CREDITS**

4.1 For each Service Measure, Part A of Appendix 1 sets out:

- (a) the Target Service Level;
- (b) the Minimum Service Level; and
- (c) the maximum number of Service Points which can be accrued by the Contractor in any month in relation to that Service Measure (the "**Maximum Service Points**").

4.2 Where the Measurement Period for any Service Measure is a month, the Service Points accrued by the Contractor in relation to that Measurement Period shall be determined by reference to the Contractor's Actual Service Level for the relevant Service Measure in respect of that Measurement Period.

4.3 Where the Measurement Period relating to a Service Measure is a calendar quarter, the Service Points accrued by the Contractor in relation to:

- (a) the first two (2) months during that Measurement Period shall be determined by reference to the Contractor's Actual Service Level for the relevant Service Measure during the previous Measurement Period; and
- (b) the final month during that Measurement Period shall be determined by reference to Contractor's Actual Service Level for the relevant Service Measure during that Measurement Period itself.

As at the Effective Date, and subject to the DCC's rights under Part D, there are no Service Measures which have a Measurement Period greater than a month.

4.4 If, in relation to any Measurement Period, the Contractor's Actual Service Level for a Service Measure:

- (a) achieves or betters the applicable Target Service Level, then no Service Points shall be accrued by the Contractor in respect of any of the months for which that Measurement Period is used as a reference point (as determined in accordance with paragraph 4.2 or 4.3);
- (b) is at, or does not meet, the applicable Minimum Service Level, then the Maximum Service Points associated with that Service Measure shall be accrued by the Contractor in respect of each month for which that Measurement Period is used as a reference point (as determined in accordance with paragraph 4.2 or 4.3); or
- (c) is between the applicable Target Service Level and the applicable Minimum Service Level, then the number of Service Points accrued by the Contractor in respect of each month for which that Measurement Period is used as a reference point (as determined in accordance with paragraphs 4.2 or 4.3) shall be calculated in accordance with the following formula:

$$SP_{SM} = MaxSP_{SM} \times \left( \frac{TSL_{SM} - ActSL_{SM}}{TSL_{SM} - MinSL_{SM}} \right)$$

where:

**DCC PUBLIC**

SP<sub>SM</sub> means the number of Service Points accrued by the Contractor for the applicable Service Measure in respect of the relevant month;

MaxSP<sub>SM</sub> means the Maximum Service Points (on a per month basis) for the applicable Service Measure;

TSL<sub>SM</sub> means the Target Service Level for the applicable Service Measure;

ActSL<sub>SM</sub> means the Contractor's Actual Service Level for the applicable Service Measure in respect of the Measurement Period which is used as a reference point for the relevant month (as determined in accordance with paragraph 4.2 or 4.3); and

MinSL<sub>SM</sub> means the Minimum Service Level for the applicable Service Measure.

4.5 Subject to paragraph 6 of this Part B:

- (a) the Maximum Service Points associated with any individual Service Measure under this Schedule 2.2 shall (except where paragraph 5.9 of this Part B applies) not (on a per month basis) be more than 250 Service Points;
- (b) the number of Service Points which may be accrued by the Contractor in any month for each Service Measure shall (except where paragraph 5.9 of this Part B applies) not exceed the Maximum Service Points associated with that Service Measure; and
- (c) across all Service Measures under this Schedule 2.2, the sum of the Maximum Service Points for any month shall equal 1,000 Service Points.

4.6 All Service Points accrued shall be rounded to the nearest whole number as follows:

- (a) if the decimal part of the Service Point calculation, as determined in accordance with paragraph 4.4 above, is less than 0.5, then the number of Service Points accrued shall be rounded down to the nearest whole number; or
- (b) if the decimal part of the Service Point calculation is equal to, or greater than, 0.5, then the number of Service Points shall be rounded up to the nearest whole number.

4.7 Schedule 7.1 (Charges and Payment) sets out the mechanism by which Service Points shall be converted into Service Credits.

4.8 The DCC shall use the Performance Monitoring Reports, pursuant to Part F of this Schedule 2.2 to, among other things, verify the calculation and accuracy of the Service Credits, if any, applicable to each month. A worked example of the calculation of Service Points is provided in Appendix 3.

4.9 The Contractor confirms that it has modelled the Service Points, and associated Service Credits, and has taken them into account in setting the level of the Charges. Both parties agree that the Service Points, and resulting Service Credits, are a reasonable method of price adjustment to reflect poor performance by the Contractor.

5. **TYPES OF SERVICE FAILURE**

5.1 Underperformance by the Contractor against the Service Measures shall be classified as one or more of the following:

- (a) a Service Failure;
- (b) a Repeat Service Failure;
- (c) a Material Service Failure;
- (d) a Persistent Service Failure; and/or
- (e) a Critical Service Failure,

as each are further described in paragraphs 5.2 to 5.18 below.

**Service Failures**

5.2 If, in any month, the Contractor fails to achieve the Target Service Level for any Service Measure, then such failure shall constitute a "**Service Failure**".

5.3 Subject to paragraph 5.4, within five (5) Working Days after the occurrence of the Service Failure, the Contractor shall:

- (a) identify the cause(s) of the Service Failure;
- (b) provide to the DCC a written report ("**Service Failure Report**") which identifies:
  - (i) the cause(s) of the Service Failure;
  - (ii) any consequences of the Service Failure;
  - (iii) the steps that the Contractor proposes to take in order to prevent the reoccurrence of the Service Failure (and the Contractor's proposed timescales for the implementation of such steps); and
  - (iv) any activities to be conducted by the Contractor in order to mitigate any consequences of the Service Failure.

5.4 If, in relation to any Service Failure, the Contractor (acting reasonably and in good faith) believes that it is impractical to identify the cause(s) of that Service Failure within the timescales referred to in paragraph 5.3, then:

- (a) the Contractor shall promptly notify the DCC accordingly, giving reasonable details of the reasons for its belief;
- (b) within the timescales referred to in paragraph 5.3, the Contractor shall deliver to the DCC a draft Service Failure Report setting out:
  - (i) a plan (in reasonable detail) of the activities to be undertaken by the Contractor in order to identify the cause(s) of the relevant Service Failure; and



- (ii) the proposed timescales for carrying out such activities and submitting a final Service Failure Report to the DCC which complies with the requirements of paragraph 5.3; and
- (c) the DCC shall confirm whether or not the Contractor's proposed approach and timescales under this paragraph 5.4 is accepted (such acceptance not to be unreasonably withheld or delayed).

Any Dispute between the parties regarding the matters referred to in this paragraph 5.4 shall be resolved in accordance with paragraph 5.6.

- 5.5 Subject to paragraph 5.6, the Contractor shall implement the steps specified in the Service Failure Report in accordance with the timescales identified in the Service Failure Report.
- 5.6 If requested by the DCC, the Service Failure Report shall be reviewed jointly). Any Dispute between the parties regarding the contents of the Service Failure Report, and/or the matters referred to in paragraph 5.4, following a joint review shall be resolved in accordance with the Dispute Resolution Procedure.

**Repeat Service Failures**

- 5.7 If a Service Failure occurs in relation to the same Service Measure in respect of any two (2) Measurement Periods in any period of three (3) consecutive Measurement Periods, then the second Service Failure shall be deemed to be a "**Repeat Service Failure**".
- 5.8 Once an initial Repeat Service Failure has occurred under paragraph 5.7, any subsequent Service Failure in relation to the same Service Measure that occurs within the same period of three (3) consecutive Measurement Periods as:
  - (a) the initial Repeat Service Failure under paragraph 5.7; or
  - (b) any subsequent Repeat Service Failure under this paragraph 5.8,
 shall also be deemed to be Repeat Service Failure.

- 5.9 If any Repeat Service Failure occurs under paragraph 5.7 or 5.8 (as applicable), the number of Service Points that shall accrue to the Contractor in respect of such Repeat Service Failure shall be the number of Service Points that would normally accrue in respect of an initial Service Failure for the relevant Service Measure (as set out in Appendix 1) multiplied by the relevant factor set out in Table 2 below:

No. of Repeat Service Failures in relation to the same Service Measure	Multiplying factor
0 (initial failure)	1
1	1.5
2	2
3	2.5
4	3

5	3.5
---	-----

**Table 1: Repeat Service Failure multiplier**

5.10 For the avoidance of doubt, where a Repeat Service Failure occurs, the number of Service Points which may be accrued by the Contractor in the relevant month for the relevant Service Measure may exceed the Maximum Service Points associated with that Service Measure. However, across all Service Measures under this Schedule 2.2, the total Service Points that can be accrued by the Contractor, notwithstanding the occurrence of any Repeat Service Failure, shall not exceed 1,000 Service Points.

**Material Service Failures**

5.11 In this Agreement, a "**Material Service Failure**" means:

No.	Material Service Failure events
1.	The Contractor would have accrued, in respect of any of the Service Measures under this Schedule 2.2, a total of 1,200 or more Service Points (regardless of whether or not such Service Points are subsequently earned back by the Contractor in accordance with Part C of this Schedule 2.2) in relation to any month (as a result of the multiplier effect under paragraph 5.9 in this Part B) but for the application of the Maximum Service Points limit of 1,000 Service Points in paragraph 4.5(c) of this Part B.
2.	Any Severity Level 1 Incident remaining Unresolved for a period of eight (8) hours (except where the Business Continuity and Disaster Recovery Plan has been invoked).  A separate Material Service Failure shall be deemed to have occurred in relation to each subsequent period of eight (8) hours during which the relevant Incident remains Unresolved (except where the Business Continuity and Disaster Recovery Plan has been invoked).
3.	Any Severity Level 2 Incident remaining Unresolved for a period of forty-eight (48) hours (except where the Business Continuity and Disaster Recovery Plan has been invoked).  A separate Material Service Failure shall be deemed to have occurred in relation to each subsequent period of forty-eight (48) hours during which the relevant Incident remains Unresolved (except where the Business Continuity and Disaster Recovery Plan has been).

**Table 2: Material Service Failure**

5.12 If a Material Service Failure occurs, then (without prejudice to the DCC's other rights and remedies under this Agreement):

- (a) the Contractor shall prepare a Service Failure Report in respect of the Material Service Failure in accordance with the requirements of paragraphs 5.3 to 5.6; and

5.13 If a Material Service Failure occurs in respect of item #3 or #4 in the above table in paragraph 5.11, then (without prejudice to the DCC's other rights and remedies under this Agreement) the DCC may escalate the ongoing failure to resolve the relevant Incident to the following members of the Contractor's senior management:

Status of Incident	Escalation point
Severity Level 1 Incident is Unresolved for more than 8 hours	■
Severity Level 2 Incident is Unresolved for more than 48 hours	
Severity Level 1 Incident is Unresolved for more than 16 hours	■
Severity Level 2 Incident is Unresolved for more than 72 hours	
Severity Level 1 Incident is Unresolved for more than 24 hours	■
Severity Level 2 Incident is Unresolved for more than 96 hours	

**Table 3: Escalation of Incidents**

- 5.14 The Contractor shall ensure that the persons referred to in paragraph 5.13 respond promptly to any escalation by the DCC under paragraph 5.13, including by:
- (a) attending any meetings (or conference calls) requested by the DCC in relation to the ongoing Incident; and
  - (b) monitoring and reporting on a regular basis to the DCC on the steps being taken by the Contractor to resolve the relevant Incident.

**Persistent Service Failures**

- 5.15 In this Agreement, a “**Persistent Service Failure**” means:

No.	Persistent Service Failure events
1.	The Contractor has accrued, in respect of any of the Service Measures under this Schedule 2.2, a total of 750 or more Service Points in relation to each month for three (3) consecutive months (regardless of whether or not such Service Points are subsequently earned back by the Contractor in accordance with Part C of this Schedule 2.2).
2.	The occurrence of five (5) Repeat Service Failures under this Schedule 2.2 in any period of six (6) months (regardless of whether or not such Repeat Service Failures relate to the same Service Measure).

**Table 4: Persistent Service Failure**

- 5.16 If a Persistent Service Failure occurs, then (without prejudice to the DCC's other rights and remedies under this Agreement) the DCC shall have the rights, and the Contractor shall have the obligations, set out in Clause 61 (Remedial Plan Process).

**Critical Service Failures**

- 5.17 In this Agreement, a "**Critical Service Failure**" shall be deemed to have occurred where:

No.	Critical Service Failure events
1.	More than ten (10) Material Service Failures (of any type) occur under this Schedule 2.2 during any period of six (6) months.
2.	More than four (4) Persistent Service Failures (of any type) occur under this Schedule 2.2 during any period of twelve (12) months.

**Table 5: Critical Service Failure**

5.18 If a Critical Service Failure occurs, then (without prejudice to the DCC's other rights and remedies under this Agreement) the DCC shall have the rights, and the Contractor shall have the obligations, set out in Clause 60 (Termination Rights) .

**6. NATURE OF SERVICE CREDITS**

**General principle**

6.1 Service Credits shall be the exclusive financial remedy of the DCC in relation to any Service Failure, except where:

- (a) one of the events referred to in paragraph 6.2 occurs; or
- (b) any of paragraphs 6.3 to 6.5 apply.

**Specific exceptions**

6.2 The events referred to in paragraph 6.1(a) are:

- (a) the occurrence of a Material Service Failure;
- (b) the occurrence of a Persistent Service Failure;
- (c) the occurrence of a Critical Service Failure;
- (d) the relevant Service Failure amounts to a material breach of this Agreement;
- (e) the relevant Service Failure, in combination with other acts or omissions of the Contractor or any Contractor Person, amounts to a material breach of this Agreement;
- (f) the DCC otherwise being entitled to serve (whether exercised or not) a notice of termination of this Agreement as a result of the relevant Service Failure;
- (g) the relevant Service Failure occurs as a result of:
  - (i) any fraud or fraudulent misrepresentation by the Contractor or any Contractor Person; or
  - (ii) any deliberate act or omission of the Contractor or any Contractor Person;
- (h) the relevant Service Failure results in:
  - (i) the DCC incurring a liability to pay any fine, penalty or other amount to any Regulatory Body; or

- (ii) the loss, destruction, corruption, degradation or inaccuracy of any DCC Data.

**Right to seek remedies for separate breaches of Agreement**

6.3 The Contractor acknowledges and agrees that

nothing in this Schedule 2.2 is intended to affect the DCC's ability to seek damages from the Contractor, or pursue any other remedy available to the DCC under this Agreement or otherwise, in respect of any breach by the Contractor of any of the Underlying Obligations.

**Right to seek remedies for related breaches of Agreement**

6.4 Nothing in this Schedule 2.2 is intended to affect the DCC's ability to seek damages from the Contractor, or pursue any other remedy available to the DCC under this Agreement or otherwise, in respect of any breach by the Contractor of any of its other obligations under this Agreement which is related to a Service Failure or KPI Failure (including where such breach contributed towards, and/or resulted from, such Service Failure or KPI Failure).

**Disaster Recovery Performance Measures**

6.5 The Contractor acknowledges that a Service Failure or a KPI Failure in relation to any of Performance Measures 9.1 to 9.4 (Disaster Recovery) (each a "**Relevant Performance Measure**") could have a material adverse effect on the DCC and its ability to provide the DCC Services in accordance with the DCC Obligations. Accordingly:

- (a) any Service Credits payable under this Agreement in respect of any of the Relevant Performance Measures shall not be the DCC's exclusive financial remedy and paragraph 6.6 shall apply in relation to the payment of such Service Credits; and
- (b) the principle (as set out in paragraph 3.6 of this Part B) that no Service Points shall accrue in relation to a KPI Failure shall be without prejudice to the DCC's other rights and remedies under this Agreement or otherwise (including to seek damages from the Contractor) in respect of a KPI Failure in relation to any of the Relevant Performance Measures.

**Approach where general principle does not apply**

6.6 Notwithstanding paragraph 4.9 above, in any of the circumstances described in paragraphs 6.2 to 6.5, the Contractor's liability to pay, and the DCC's right to deduct, any Service Credits shall be without prejudice to the other rights or remedies of the DCC, whether under this Agreement or otherwise (provided that this paragraph 6.6 is not intended to permit the DCC to obtain "double recovery" of the same loss by virtue of the receipt of Service Credits and other damages from the Contractor).

**PART D – CHANGES TO PERFORMANCE MEASURES**

**1. SCOPE OF PART D**

This Part D of Schedule 2.2 addresses the following issues:

- (a) **Objectives:** the objectives of the regime in this Part D;
- (b) **Changes to Service Measures:** the ability of the DCC to request the introduction of new Service Measures or the removal of existing Services Measures;
- (c) **Changes to Service Points:** the ability of the DCC to increase or decrease the Maximum Service Points applicable to any of the Service Measures; and
- (d) **Changes to Performance Measure classifications:** the ability of the DCC to re-categorise any KPI so that it becomes a Service Measure and/or re-categorise any Service Measure so that it becomes a KPI.

## 2. OBJECTIVES

The objectives of this Part D of Schedule 2.2 are to ensure that:

- (a) the Performance Measures continue to support the achievement of the DCC Performance Measures and the DCC's other objectives; and
- (b) the Maximum Service Points associated with individual Service Measures continue to reflect the relative importance of those Service Measures to the DCC.

## 3. CHANGES TO PERFORMANCE MEASURES

3.1 Subject to paragraph 3.2, the DCC may, at any time, request the introduction of new Performance Measures, or the removal of existing Performance Measures, in accordance with the Change Control Procedure.

3.2 For each new Performance Measure, the parties shall agree, in accordance with the Change Control Procedure:

- (a) the scope of the Performance Measure and the manner in which it shall be measured;
- (b) the Target Service Level;
- (c) the Minimum Service Level;
- (d) the Maximum Service Points; and
- (e) where applicable, any changes to the Maximum Service Points applicable to the existing Service Measures in order to comply with the requirements of paragraph 3.3.

3.3 Unless otherwise agreed by the parties, and without limiting the DCC's rights under paragraph 4 below, following the introduction or removal of any Service Measure under paragraph 3.1:

- (a) the sum of the Maximum Service Points across all Service Measures under this Schedule 2.2 for any month shall equal 1,000 Service Points; and
- (b) the allocation of Maximum Service Points between the existing Service Measures shall be distributed in the same proportion as was applied before the introduction or removal of the relevant Service Measure.

4. **CHANGES TO SERVICE POINTS**

4.1 Subject to the remainder of this paragraph 4, the DCC shall be entitled, at any time and at its sole discretion, to increase or decrease the Maximum Service Points applicable to any of the Service Measures (each, a "**Service Point Re-allocation**").

4.2 The DCC shall:

- (a) give the Contractor at least ninety (90) days' prior written notice of any Service Point Re-allocation (each, a "**Re-allocation Notice**"); and
- (b) if requested by the Contractor following receipt of the Re-allocation Notice, meet with the Contractor to discuss the Service Point Re-allocation.

4.3 Unless otherwise agreed by the parties, the DCC shall not be entitled to issue more than two (2) Re-allocation Notices during each Contract Year and shall not be entitled to issue any Re-allocation Notices during any Termination Assistance Period. However, the parties acknowledge that each Re-allocation Notice may include a Service Point Re-allocation in relation to any or all of the Service Measures.

4.4 Any Service Point Re-allocation shall not take effect until the start of the month immediately following the expiry of the notice period referred to in paragraph 4.2(a) (or, where applicable, any subsequent month specified by the DCC in the relevant Re-allocation Notice).

4.5 Any Service Point Re-allocation by the DCC shall be subject to the following conditions:

- (a) the principal purpose of the Service Point Re-allocations must, in the DCC's reasonable opinion, be to reflect changing industry standards and/or changes to the requirements and priorities of the DCC;
- (b) the Service Point Re-allocation must not be specifically intended to penalise the Contractor for poor performance in relation to particular Service Measures;
- (c) unless otherwise agreed by the parties in writing, the Maximum Service Points associated with any individual Service Measure under this Schedule 2.2 shall (except where paragraph 5.7 of Part B applies) not be more than 250 Service Points; and
- (d) unless otherwise agreed by the parties in writing, the sum of the Maximum Service Points across all Service Measures under this Schedule 2.2 for any month following any Service Point Re-allocation shall remain at 1,000 Service Points.

4.6 Any Service Point Re-allocation shall not result in any changes to the Charges.

5. **CHANGES TO PERFORMANCE MEASURE CLASSIFICATIONS**

5.1 Subject to the remainder of this paragraph 5, the DCC shall be entitled, at any time and at its sole discretion, to re-categorise any KPI so that it becomes a Service Measure and/or to re-categorise any Service Measure so that it becomes a KPI (each, a "**Performance Measure Re-categorisation**").

5.2 The DCC shall:

- (a) give the Contractor at least ninety (90) days' prior written notice of any Performance Measure Re-categorisation (each, a "**Re-categorisation Notice**");
- (b) if requested by the Contractor following receipt of the Re-categorisation Notice, meet with the Contractor to discuss the Performance Measure Re-categorisation.

5.3 Each Re-categorisation Notice shall specify:

- (a) which of the KPIs are to be re-categorised as a Service Measures (each, a "**New Service Measure**"); and
- (b) which of the Service Measures are to be re-categorised as a KPI (each, a "**New KPI**");
- (c) the date on which the relevant Performance Measure Re-categorisation(s) are to take effect (which must not be before the date referred to in paragraph 5.5);
- (d) where applicable, details of the Maximum Service Points to apply to any New Service Measure; and
- (e) where applicable, any related changes under paragraph 5.6 to the Maximum Service Points applicable to the existing Service Measures.

5.4 Unless otherwise agreed by the parties, the DCC shall not be entitled to issue more than two (2) Re-categorisation Notices during each Contract Year, and shall not be entitled to issue any Re-categorisation Notices during any Termination Assistance Period. Each Re-categorisation Notice may include a Performance Measure Re-categorisation in relation to up to a maximum of two (2) of the Service Measures and/or KPIs.

5.5 Any Performance Measure Re-categorisation shall not take effect until the start of the month immediately following the expiry of the notice period referred to in paragraph 5.2(a) (or, where applicable, any subsequent month specified by the DCC in the relevant Re-categorisation Notice).

5.6 Unless otherwise agreed by the parties, the sum of the Maximum Service Points across all Service Measures under this Schedule 2.2 for any month following any Performance Measure Re-categorisation shall remain at 1,000 Service Points. The parties agree that:

- (a) the DCC may comply with this paragraph 5.6 by decreasing the number of Maximum Service Points applicable to the existing Service Measures; and
- (b) any change under paragraph 5.6(a) shall not be treated as a Service Point Re-allocation for the purposes of paragraph 4 (and, accordingly, the requirements of paragraph 4 shall not apply to such change). For the avoidance of doubt, the notification of a decrease under paragraph 5.6(a) shall not be regarded as a Re-allocation Notice for the purposes of paragraph 4.3.

5.7 Any Performance Measure Re-categorisation shall not result in any change to the Charges.



5.8 Any New Service Measure introduced under this paragraph 5 shall become subject to the Service Measure regime set out in Part B of this Schedule 2.2 with effect from the start of the relevant month identified in accordance with paragraph 5.5 and:

- (a) the Target Service Level for the New Service Measure; and
- (b) the Minimum Service Level for the New Service Measure,

shall be as specified in Part A of Appendix 1 in relation to the original KPI which has been re-categorised as the New Service Measure.

5.9 Any New KPI shall become subject to the KPI regime set out in Part B of this Schedule 2.2 with effect from the start of the relevant month identified in accordance with paragraph 5.5. For the avoidance of doubt, any New KPI shall cease to be subject to Service Points with effect from the start of the relevant month identified in accordance with paragraph 5.5.

**PART E – REPORTING OF INCIDENTS**

**1. REPORTING OF INCIDENTS**

- 1.1 The DCC shall report all Incidents to the Service Desk.
- 1.2 The Contractor acknowledges that Incidents may also be notified to the Service Desk by:
  - (a) the DCC service desk; and
  - (b) other DCC Service Providers;
- 1.3 If the Contractor itself becomes aware of an Incident prior to the Service Desk receiving notification of that Incident, the Contractor shall immediately notify the Incident to:
  - (a) the Service Desk;
  - (b) the DCC service desk; or
  - (c) the relevant service desk(s) of the other External Service Providers.
- 1.4 Without prejudice to the Contractor's obligations under Clause 15 of the Agreement, the Contractor shall notify the DCC as soon as reasonably possible of any Incident that it believes may result from a DCC Cause or Other Service Provider Cause.

**2. INCIDENT LOG**

- 2.1 The Contractor shall ensure that all Incidents are logged in the Incident Log immediately on receipt of notification in accordance with paragraphs 1.1 to 1.3 above.
- 2.2 The DCC has the right to check the accuracy and completeness of all entries made by the Contractor in the Incident Log at any time.
- 2.3 Where the Service Desk receives more than one report of the Incident, then all such reports shall be logged on the Incident Log (but for the avoidance of doubt, the first report shall be deemed to be the Incident Report).
- 2.4 The Contractor shall ensure that, as a minimum, the following details are recorded by the Contractor in the Incident Log in respect of each Incident:
  - (a) a unique report number (report numbers shall be applied sequentially);
  - (b) the date and time the report is received at the Service Desk;
  - (c) the nature and location of the Incident;
  - (d) the person/organisation making the report;
  - (e) the Severity Level assigned to the Incident (in accordance with paragraph 3 below);
  - (f) an estimate (produced with all due care and diligence) of which DCC Service Users are affected by the Incident;

- (g) the action intended to be taken or which has been taken to address the Incident;
- (h) details of any communication with the DCC in connection with the Incident;
- (i) notes/comments regarding any mitigating circumstances with regard to the Incident; and
- (j) the potential impact of the Incident in not achieving the Target Service Level for any Performance Measure.

2.5 Where the Contractor (acting reasonably) believes that the Incident may lead to a Service Failure, the Contractor shall:

- (a) subject to paragraph 5.4 of Part B of this Schedule 2.2, prepare a Service Failure Report in accordance with paragraph 5.3(b) of Part B of this Schedule 2.2 within five (5) Working Days after the date on which the Incident is logged in the Incident Log; and
- (b) if requested by the DCC (acting reasonably), implement the steps specified in the Service Failure Report in accordance with the timescales identified in the Service Failure Report.

2.6 The Contractor shall provide the DCC with a copy of the entry in the Incident Log in respect of each Incident within six (6) hours of receipt of the Incident Report or within such shorter period as the DCC shall reasonably require with respect to:

- (a) any Incident which has resulted in the Contractor's performance against any Service Measure falling below the applicable Minimum Service Level; and/or
- (b) any Severity 1 Incident or Severity 2 Incident.

2.7 Whenever requested by the DCC (acting reasonably), the Contractor shall, at intervals of no more than 1 hour, provide to the DCC an up-to-date status report with respect to any Severity Level 1 or Severity Level 2 Incident.

### 3. SEVERITY LEVELS

#### **Initial allocation**

3.1 Immediately upon an Incident being notified to the Service Desk in accordance with paragraphs 1.1 to 1.3 above, the Contractor shall:

- (a) allocate a Severity Level to each Incident in accordance with the criteria set out in Appendix 4 (Severity Levels);
- (b) record the Severity Level in the Incident Log in accordance with paragraph 2.4(e) above; and
- (c) inform the DCC of the allocated Severity Level together with the applicable reference number.

3.2 In the event that two or more reports of the same Incident are allocated different Severity Levels, the applicable Severity Level shall be the highest Severity Level so allocated.

**Alteration by the Contractor**

- 3.3 Subject to paragraph 3.4, the Contractor shall increase and, subject to the approval of the DCC (such approval not to be unreasonably withheld or delayed), decrease the Severity Level allocated to an Incident as soon as it becomes aware of any facts or circumstances which make such an increase or decrease appropriate.
- 3.4 Subject to paragraph 3.7, if, at any time, the DCC (having regard to the information available to the Contractor or the DCC at that time) determines that the Contractor has failed to increase the Severity Level allocated to the Incident in accordance with paragraph 3.3 above, the DCC may allocate a different Severity Level to the Incident.

**Alteration by the DCC**

- 3.5 Subject to paragraph 3.7, the DCC may (acting reasonably) change the Severity Level allocated to any Incident at any time.

**Recording alterations**

- 3.6 The Contractor shall promptly record in the Incident Log any alterations to the Severity Level allocated to an Incident under paragraphs 3.3 to 3.5.

**Disputes**

- 3.7 If the Contractor disagrees with any reallocation of the Severity Level by the DCC under paragraph 3.4 or 3.5, then the Contractor shall be entitled to raise the issue at the next Performance Review Meeting. Failing agreement by the parties at such meeting, the issue shall be resolved with in accordance with the Dispute Resolution Procedure.

## **PART F – PERFORMANCE MONITORING**

### **1. PERFORMANCE MONITORING APPROACH**

#### **Purpose**

- 1.1 This Part F provides the methodology for the monitoring of the Contractor's performance of the Services and its other obligations under this Agreement to ensure that the Contractor is complying with the Performance Measures ("**Performance Monitoring Approach**").

#### **Preparation of Performance Monitoring Approach**

- 1.2 Within forty (40) Working Days after the Signature Date, the Contractor shall provide the DCC with a draft Performance Monitoring Approach which shall, as a minimum, include details of the Contractor's proposals in respect of the following:
- (a) notifications to the Service Desk of Incidents and other issues relating to the Contractor's performance and/or delivery of the Services;
  - (b) Contractor self-monitoring in accordance with the Performance Monitoring Approach using an industry recognised service desk tool;
  - (c) Satisfaction Surveys;
  - (d) performance review;
  - (e) DCC audit;
  - (f) the processes and systems that the Contractor shall put in place to monitor effectively the performance of the Services against the Performance Measures, including recording such information as is identified as being required for each Performance Measure in Appendix 2 of this Schedule 2.2;
  - (g) the format and content of the Performance Monitoring Reports; and
  - (h) how the Contractor will comply with the obligations set out in Part E of this Schedule 2.2 (Reporting of Incidents).
- 1.3 The DCC shall notify the Contractor within ten (10) Working Days after receipt of the draft Performance Monitoring Approach of its response (approval or rejection) to it. The draft Performance Monitoring Approach shall not be deemed to have been approved if no notice of approval is given during such period.
- 1.4 If the draft Performance Monitoring Approach is approved by the DCC, it shall be adopted immediately.
- 1.5 If the DCC gives notice of its rejection of the draft Performance Monitoring Approach, it shall (in such notice) identify the changes it requires to be made to it. The Contractor shall amend the draft Performance Monitoring Approach so as to incorporate the changes required by the DCC and re-submit the amended draft Performance Monitoring Approach to the DCC for approval within ten (10) Working Days of receipt of the DCC's rejection notice. If the DCC does not approve the draft Performance Monitoring Approach following its resubmission to the DCC pursuant to the provisions of this paragraph 1.5, the matter shall be resolved in accordance with the Dispute Resolution Procedure.

**2. PERFORMANCE MONITORING AND PERFORMANCE REVIEW**

**2.1 Within ten (10) Working Days after**

the end of each month following Go Live, the Contractor shall provide a draft Performance Monitoring Report to the DCC in relation to all applicable Service Measures.

**2.2 The draft Performance Monitoring Report shall be in the format set out in the Performance Monitoring Approach and shall contain, as a minimum, the following information in respect of the month just ended:**

**General**

- (a) the monitoring which has been performed in accordance with the Performance Monitoring Approach with a summary of any issues identified by such monitoring;
- (b) for each Performance Measure, the Actual Service Level achieved in the most recent Measurement Period, and that achieved in each of the previous three (3) Measurement Periods;

**Service Failures**

- (c) a summary of all Service Failures that occurred during the month;
- (d) a summary of any Repeat Service Failures that occurred during the month;
- (e) a summary of any Material Service Failures that occurred during the month;
- (f) a summary of any Persistent Service Failures that occurred during the month;
- (g) a summary of any Critical Service Failures that occurred during the month;
- (h) a summary of any Service Failure Reports delivered during the month;
- (i) for any Repeat Service Failures, the actions taken to resolve the underlying cause and prevent recurrence;
- (j) the number of Service Points accrued in respect of each Service Failure in the month and in each of the past six (6) months;

**Incidents**

- (k) a summary of all Incidents that occurred during the month;
- (l) the Severity Level of each Incident which occurred;
- (m) which Incidents remain outstanding and progress in resolving them;
- (n) for any Severity 1 Incident occurring in the month, the cause of the fault and any action being taken to reduce the likelihood of recurrence;

**Service Credits**

- (o) the amount of the Service Credits accrued in respect of the month;

## DCC PUBLIC

- (p) the amount of Service Credits that the Contractor has accrued in each of the past six (6) months;
- (q) the amounts of Service Debits that the Contractor has accrued in each of the past six (6) months; and

### **Other content**

- (r) such other details as the DCC may reasonably require from time to time.

2.3 The draft Performance Monitoring Report shall be reviewed, and its contents agreed, by the parties at the next Performance Review Meeting.

## **3. QUARTERLY SUMMARY**

3.1 The Contractor shall provide the DCC with a quarterly written summary of the monthly Performance Monitoring Reports that have been prepared during that calendar quarter ("**Quarterly Summary**"). The Quarterly Summary shall be provided by the Contractor to the DCC within ten (10) Working Days after the end of each calendar quarter, and shall be reviewed at the next Performance Review Meeting. The Quarterly Summary shall contain such additional information as the DCC shall reasonably require from time to time, including a summary of:

- (a) the Contractor's performance as measured against the Target Service Levels;
- (b) the total number of Service Points and Service Credits incurred by the Contractor during the Quarter;
- (c) all Incidents (of Severity Level 3 or higher) that occurred during the calendar quarter;
- (d) any Service Failures that occurred during the calendar quarter;
- (e) any Repeat Service Failures that occurred during the calendar quarter;
- (f) any Material Service Failures that occurred during the calendar quarter;
- (g) any Persistent Service Failures that occurred during the calendar quarter;
- (h) any Critical Service Failures that occurred during the calendar quarter;
- (i) the status of any current Service Failure Reports, Correction Plans and/or Remedial Plans regarding the Performance Measures; and
- (j) any recommendations of the Contractor for the ongoing development of the Performance Measures.

## **4. ANNUAL SUMMARY**

4.1 The Contractor shall provide the DCC with an annual written summary of the monthly Performance Monitoring Reports that have been prepared during that Contract Year ("**Annual Summary**"). The Annual Summary shall be provided by the Contractor to the DCC within ten (10) Working Days after the end of each Contract Year, and shall be reviewed at the next Performance Review Meeting. The Annual Summary shall contain such additional information as the DCC shall reasonably require from time to time, including a summary of:

**DCC PUBLIC**

- (a) its performance against the Performance Measures during the relevant Contract Year;
- (b) a summary of all Service Failures during the relevant Contract Year and how they were rectified; and
- (c) the status of any current Service Failure Reports, Correction Plans and/or Remedial Plans regarding the Performance Measures.

**5. PERFORMANCE REVIEW MEETINGS**

5.1 The parties shall attend Performance Review Meetings on a monthly basis (unless otherwise agreed).

5.2 The Performance Review Meetings will be the forum for the review by the Contractor and the DCC of:

- (a) the Performance Monitoring Reports;
- (b) each Quarterly Summary; and
- (c) each Annual Summary.

5.3 The Performance Review Meetings shall (unless otherwise agreed):

- (a) take place within one (1) week of the Performance Monitoring Report being issued by the Contractor;
- (b) take place at such location and time (within normal business hours) as the DCC shall reasonably require unless otherwise agreed in advance;
- (c) be attended by appropriate representatives of the Operational Management Team (as agreed by the parties from time to time); and
- (d) be fully minuted by the DCC. The prepared minutes will be circulated by the DCC to all attendees at the relevant meeting. The minutes of the preceding month's Performance Review Meeting will be agreed and signed by both the Contractor's Representative and the DCC's Representative at each meeting.

5.4 The DCC may invite representatives of any other External Service Providers to attend any Performance Review Meeting, provided that the Contractor shall be entitled to require the representatives of such person:

- (a) not to attend any Performance Review Meeting dealing solely with the Contractor's Confidential Information; and
- (b) to leave any Performance Review Meeting for the period during which the Contractor's Confidential Information is discussed.

5.5 The DCC shall (acting reasonably) be entitled to raise any additional questions and/or request any further information regarding any Incident and/or Service Failure, and the Contractor shall promptly comply with such request from the DCC.

5.6 The Contractor shall provide to the DCC such supporting documentation as the DCC may reasonably require from time to time in order to verify the level of the



performance by the Contractor and the calculations of the amount of Service Credits for any specified period.

**6. SATISFACTION SURVEYS**

6.1 In order to assess the conduct of the Contractor in performing the Services, the DCC may undertake satisfaction surveys in respect of the Contractor and/or various groups of External Service Providers ("**Satisfaction Surveys**"). These surveys may consider:

- (a) the assessment of the Contractor's conduct in performing the Services; and/or
- (b) other suggestions for improvement to the Services.

6.2 The DCC shall be entitled to notify the Contractor of any aspects of its performance of the Services which the responses to the Satisfaction Surveys reasonably suggest are not meeting the requirements of this Agreement, and which require improvement.

6.3 The Contractor shall, as soon as reasonably practicable after the notification from the DCC in accordance with paragraph 6.2 above, ensure that such measures are taken by it as are appropriate to achieve such improvements as soon as reasonably practicable.

6.4 All other suggestions for improvements to the Services shall be addressed in accordance with the Change Control Procedure.

**7. RECORDS**

The Contractor shall retain all supporting documents and records used in the preparation of the Performance Monitoring Reports, the Quarterly Summaries and the Annual Summaries.

**Appendix 1 – Performance Measures and DCC Performance Measures: Metrics**

The table content is redacted with black bars. The structure appears to be a list of metrics with associated values or descriptions, but the text is obscured.



[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

**Table 6: Performance Measures**

**Appendix 2 – Performance Measures and DCC Performance Measures: Scope**

**GENERAL**

[REDACTED]

[REDACTED]

[REDACTED]

**PART A – PERFORMANCE MEASURES**

[REDACTED]

[REDACTED]

[REDACTED]

**Appendix 3 – Worked examples**

[Redacted text]

[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]
■	■	■	■	■
■	■	■	■	■
■	■	■	■	■

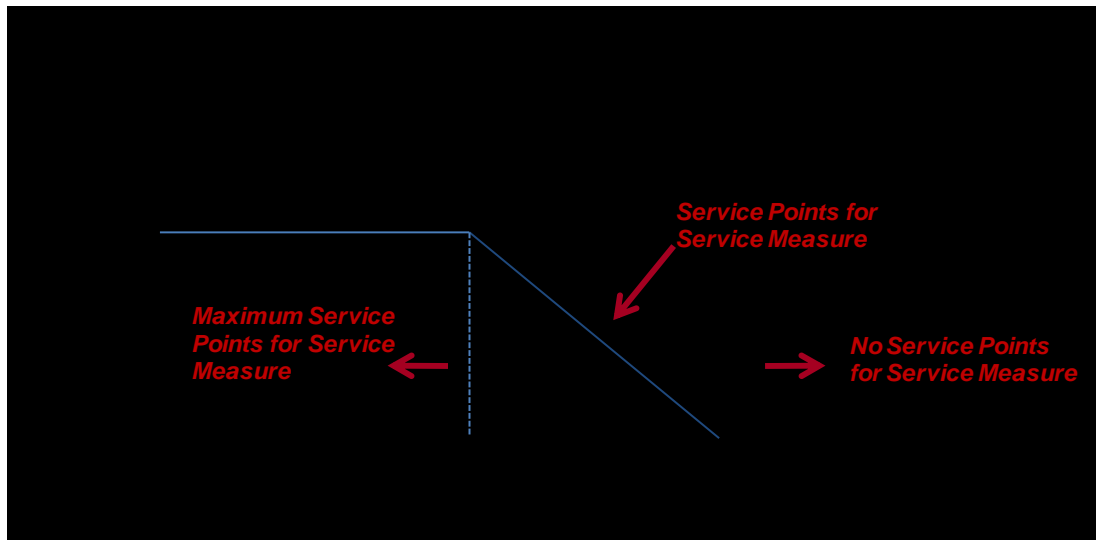
[Redacted text]

[Redacted text]

[Redacted text]



[Redacted text]



[Redacted text]

[Redacted text]

**Appendix 4 – Severity Levels**

DCC PUBLIC

█	█	█
█	█	█
	█	
█	█	█
	█	
█	█	█
	█	
█	█	█
	█	
█	█	█
	█	

█
---