

**EMPLOYMENT SERVICES TRANSFORMATION  
CALL FOR PROPOSAL TENDER #11855  
INCENTIVE AND CONSEQUENCE FRAMEWORK**

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## 1.0 INTRODUCTION

### 1.1 Purpose

This document outlines the principles the Province may consider when assessing the performance of Service System Managers (SSMs) pursuant to the agreement between the Province and during the transformation of employment services system prototype period (the initial three-year term).

### 1.2 Context

The Call for Proposal (CFP Tender #11855) signaled that the Consequence Regime (now called the Incentive and Consequence Framework) will be released as an Addendum approximately four weeks prior to the CFP Tender #11855 closing date.

The Incentive and Consequence Framework informs the measures the Province may employ when assessing an SSMs performance during the prototype period, including the criteria and protocol to address service level, quality or compliance issues. The Incentive and Consequence Framework is also intended to promote high performance by SSMs, support accountability and performance management goals, while seeking to uphold employment services system service quality standards to support positive client outcome.

## 2.0 DESCRIPTION

### 2.1 Overview

SSM performance management is subject to the principles of the Incentive and Consequence Framework. SSMs who exceed performance commitments and targets and comply with all other terms and conditions of the agreement may be eligible for specific incentives. SSMs who do not meet performance commitments, targets or do not comply with other terms and conditions of the agreement as per the Province's monitoring activities, may be subject to certain corrective action protocols based on the nature of the non-compliance. The consequences may escalate for continued and repeated underperformance or non-compliance. Throughout each stage, the Province will document and provide timely and clear communication to SSMs relating to further corrective actions.

### 2.2 Principles

The Incentive and Consequence Framework is informed by the following key principles that contribute to accountability, service quality and client outcomes:

- Clear expectations as per the Performance Management Framework and the agreement between the Province and SSMs.
- On-going and respectful communication between the Province and SSMs.
- Progressive or escalating consequences will be implemented after failure to achieve performance commitments and terms of the agreement.

- Proportional incentives and consequences based on the degree of the performance standards and service quality level.
- Consistency, transparency and fairness, informed by due-process and evidence.
- Responsive to local conditions including labour market needs and changes in labour market conditions.

### 3.0 METHODOLOGY

The framework focuses on two criteria for monitoring: performance and management.

#### 3.1.1 SSM Performance as per Performance Management Framework<sup>1</sup>

The Performance Management Framework (PMF) which helps to define overall system success in achieving desired outcomes, is subject to the Incentive and Consequence Framework. In terms of performance, SSMs will be rated against three outcome areas:

1. Employment outcome achievements of the current Employment Ontario network within the defined Catchment Area.
2. Achievements SSMs had committed to in the Transfer Payment Agreement (TPA) and annual business plan regarding client volumes for each client stream and associated outcomes.
3. Outcomes achieved in comparison to local context and other SSM's outcome.

#### 3.1.2 SSM Service Standards and Management

In terms of management, SSMs will be monitored for their ability to comply with legal, financial, communication, reporting requirements and the terms of the agreement.

The range of escalating consequences are progressive and involves continued monitoring to remedy service underperformance prior to escalating consequences.

### 4.0 DETAILED CRITERIA, INCENTIVES AND CONSEQUENCES

The following section describes the criteria that may be considered in the Province's assessment of SSMs' performance during the transformation of employment service system prototype period. This is not an exhaustive list and the Province reserves the right to consider other criteria as the employment services system matures. The Province's monitoring activities may designate SSMs performance as within the following categories:

- **High Performance:** exceeds performance commitments and service standards as per the terms of the agreement and may be eligible for a range of incentives.

<sup>1</sup> For more information about SSM performance, see the Performance Management Framework – Key Performance Indicators – Addendum

- **Good Performance:** meets performance commitments and service standards as per the terms of the agreement.
- **Directed Improvement:** performing below performance commitments and/or service standards. The Province, pursuant to the Event of Default provisions in the agreement, may initiate the consequence protocol and require the SSM to develop a Corrective Action Plan to achieve performance requirement within two (2) to six (6) months, depending on the severity of the under performance.  
**Non-Compliance:** Failure to implement a Corrective Action Plan within the required timeline or chronic non-compliance may lead to the escalation of Event of Default actions pursuant in the agreement.

#### 4.1 High Performance

##### 4.1.1 Criteria

High-performing SSMs would need to meet all the following criteria:

- Performance rating of “Exceeds” expectations as per performance commitments in the Performance Management Framework.
- Exceed client volume targets by more than five percent (5%) for all client streams and other client groups as per the performance commitments (i.e., Ontario Disability Support Program clients, persons with disabilities, Francophone, Indigenous, youth with higher support needs or newcomers) for the previous fiscal year. The Province will evaluate performance with consideration for local labour market conditions and natural fluctuations in employment trends.
- Performance rating of “Exceeds” expectations on client progress towards employment.
- Performance rating of “Exceeds” expectations on client satisfaction as per the Performance Management Framework.
- SSM is in compliance with the terms and conditions in the Transfer Payment Agreement.

##### 4.1.2 Incentives

High performing SSMs may be considered for the following incentives:

- SSM may be considered qualified to enter into negotiations with the Province for two-year contract renewal following the initial three-year contract, in the event the Province continues with a similar project following the initial term.
- In the event the Province expands the availability of funding to serve additional clients, the SSM may be considered for increased funding.
- Opportunity for enhanced public reputation as part of the public reporting requirement under the Performance Management Framework following the first year of the prototype.

#### Good Performance

#### 4.1.3 Criteria

Good performing SSMs would need to meet all of the following criteria:

- Performance rating of “Meets” expectations on all performance commitments within five percent (5%) of target for client stream A, B and C and targets for Ontario Disability Support Program clients, persons with disabilities, Francophone, Indigenous, youth with higher support needs or newcomers for the previous Fiscal Year.
- Performance rating of “Meets” expectations on client progress towards employment.
- Performance rating of “Meets” expectations on client satisfaction.
- In compliance with all standards, requirements and other terms of the agreement.

#### 4.1.4 Incentive

Good Performing SSMs may be considered for the following incentive:

- SSM may be considered qualified to enter into negotiations for contract renewal of one year plus additional one year in the event the Province continues with the project following the initial term of the agreement.

### 4.2 Directed Improvement

#### 4.2.1 Criteria

If the Province’s monitoring and assessment determines that the SSM is “Not Meeting” its performance commitments and service quality standards as per the agreement, the SSM will be placed under **Directed Improvement Notice**. Any of the following underperformance assessment may trigger a Directed Improvement Notice including, but are not limited to:

- Failure to meet any one or more performance commitments indicated in the Performance Management Framework. The Province will evaluate performance with consideration for local labour market conditions and natural fluctuations in employment trends.
- Failure to submit timely reports to the Province as per the TPA.
- Failure to develop/implement annual business plans or transition plans.
- Failure to maintain a healthy service delivery network as per the terms established in the SSM Integrated Employment Service Delivery Plan.
- Failure to meet client satisfaction targets as per client satisfaction survey.
- Failure to meet SSM customer service standards.
- Failure to comply with communication guidelines.
- Failure to comply with privacy, security and confidentiality requirements.
- Failure to comply with audit and accountability requirements.
- Failure to meet data, documentation or records management requirements.
- Failure to meet other terms and conditions pursuant to the Transfer Payment Agreement.

- Failure to comply with applicable legislation requirements pursuant to the agreement.

#### 4.2.2 Consequences

SSM may be issued a Directed Improvement Notice and may be asked to develop and implement a Corrective Action Plan.

The Corrective Action Plan must articulate details about:

- A clear rationale for the underperformance.
- Steps the SSM plans to take to address the service deficiency.
- A timeline for addressing the service deficiency. The timeline may not exceed the timeline determined by the Province in the Directed Improvement Notice.
- Any resources, including senior management within the SSM organization that is responsible for addressing the underperformance.

The Corrective Action Plan will be reviewed, approved and monitored by the Province. If the Province determines that an SSM has successfully and effectively implemented the Corrective Action Plan within the timeline articulated by the Province, the SSM will no longer be under Directed Improvement Notice.

### 4.3 Non-Compliance

#### 4.3.1 Criteria

If the Province provides the SSM with a Directed Improvement Notice and the SSM does not develop and implement a Corrective Action Plan to the satisfaction of the Province, the Province may issue a **Notice of Non-Compliance** to the SSM.

#### 4.3.2 Consequences

In the event of Notice of Non-Compliance, pursuant to the Event of Default provisions in the agreement, the Province may initiate any one or more of the following actions:

- Issue a Notice of Non-Compliance to the SSM with further instructions and/or warning of potential consequences pursuant to the Event of Default provisions in the agreement.
- Reduce the amount of the Operational Funds as determined by the Funding Model<sup>2</sup> up to ten (10%) available under the agreement in the subsequent fiscal year. The Province's decision to review Operational Funds will be determined through the annual business planning process. Any change in funding levels may consider:
  - local market or community needs;
  - implication on client outcomes and access; and
  - in-depth review during the business planning process.

<sup>2</sup> For more information about the Funding Model, see Service System Manager Employment Services Transformation, Call for Proposal Tender #11855.

SSMs will be required to remedy non-compliance within the time line allotted in the Notice of Non-Compliance. Any Corrective Action Plan following the Notice of Non-Compliance must include:

- A clear rationale for the non-compliance.
- The timeline for addressing the non-compliance.
- The SSM's plan to address the non-compliance
- Any resources new resources, including new senior manager in the SSM organization responsible for addressing the non-compliance.

The Corrective Action Plan for the non-compliance will be reviewed, approved and monitored by the Province. If the Province determines that an SSM has successfully and effectively implemented the Corrective Action Plan within the timeline allotted, the Province will notify the SSM that is no longer under Notice of Non-Compliance.

#### 4.4 Early Termination

##### 4.4.1 Criteria

The Province may initiate early termination, pursuant to the Event of Default provisions in the agreement, due to:

- Continued failure to effectively implement Corrective Action Plan within the timeline allotted by the Province; and
- Failure to comply with the terms and conditions under the Notice of Non-Compliance.

##### 4.4.2 Consequence

- Pursuant to the terms of the agreement, the Province has the right, in assessing the severity of any non-compliance with the terms of the agreement, including the performance commitments, to determine the appropriate course of action to remedy the SSM's default. Where the default or non-compliance is, in the opinion of the Province, not remediable or has not been remedied within a communicated timeframe, the Province has the right to terminate the agreement for cause.

#### 4.5 Termination for Cause

In the event of any continued failure to effectively implement the Corrective Action Plan within the allotted timeline following the issuance of the Notice of Non-Compliance or poor performance or other failure to comply with the terms of the agreement, the Province may terminate for cause pursuant to the terms of the agreement.

As provided by the terms of the agreement, the SSM will be provided with 3 months to cease carrying out the Project.

If the event of termination for cause, SSMs ordered to cease carrying out the Project may be ineligible for a period to participate in future competitive process and/or may have special conditions on future contracts.