## SCHEDULE 5 - AUDIT, ACCESS AND RECORDS

### 1. DEFINITIONS

1.1. In this Schedule 5 (Audit, Access and Records), the following words and phrases shall have the meanings set out below:

| | |
|---|---|
| **Audit** | means an audit carried out by the Authority and/or its Audit Agents in accordance with this Schedule 5 (Audit, Access and Records); |
| **Audit Agents** | has the meaning given to it in Paragraph 4 of this Schedule 5 (Audit, Access and Records); |
| **Audit Remedial Plan** | has the meaning given to it in Paragraph 9.5 of this Schedule 5 (Audit, Access and Records); |
| **Audit Report** | has the meaning given to it in Paragraph 9.2 of this Schedule 5 (Audit, Access and Records); |
| **Emergency Audit** | means an Audit carried out in the circumstances specified in Paragraph 8.3 of this Schedule 5 (Audit, Access and Records); and |
| **Records** | has the meaning given to it in Paragraph 5.1 of this Schedule 5 (Audit, Access and Records). |

### 2. GENERAL PRINCIPLES

2.1. This Schedule 5 (Audit, Access and Records) describes the record keeping requirements and audit access rights which pursuant to Clause 33 (Rights of Audit and Access and Record Keeping) of this Agreement are applicable to the Service Provider, including the Service Provider Personnel and the Sub-Contractors.

2.2. The Service Provider shall (and shall procure that the Service Provider Personnel and its Sub-Contractors shall) comply with the provisions of this Schedule 5 (Audit, Access and Records). In particular, the Service Provider shall ensure that any and

all of its Sub-Contractors keep Records in such a way and to such an extent that is consistent with the Service Provider's obligations under Clause 33 (Rights of Audit and Access and Record Keeping) and this Schedule 5 (Audit, Access and Records). All rights of audit and access to such Records granted to the Authority's Audit Agents under this Agreement shall apply equally to Records held by any and all Service Provider Personnel and Sub-Contractors.

## 3. COSTS

3.1. The Service Provider shall bear all costs of complying with the provisions of this Schedule 5 (Audit, Access and Records).

## 4. AUTHORITY'S AUDIT AGENTS

4.1. For the purpose of this Schedule 5 (Audit, Access and Records), the persons who shall have a right of access for the purpose of exercising the Audit rights under this Agreement shall be:

4.1.1. any internal and external auditors of the Authority;

4.1.2. statutory or regulatory auditors of the Authority;

4.1.3. the Comptroller and Auditor General, his staff and/or any appointed representatives of the National Audit Office;

4.1.4. the Auditor General for Wales, his staff and/or any appointed representatives of the Wales Audit Office; and

4.1.5. authorised successors to any of the above,

together the ("**Audit Agents**").

## 5. RECORD KEEPING

5.1. The records to be maintained and made available to the Authority by the Service Provider, the Service Provider Personnel and the Sub-Contractors pursuant to the Service Provider's obligations in this Schedule 5 (Audit, Access and Records) for the time period set out in Clause 33.2 (Rights of Audit and Access and Record Keeping) shall be full and accurate records, including (but not limited to) those relating to the matters set out in Paragraph 5.2 (below), sufficient for the Service Provider to

comply with its obligations under Clause 33 (Rights of Audit and Access and Record Keeping) and this Schedule 5 (Audit, Access and Records) (the "**Records**").

5.2. Without limitation to the generality of Paragraph 5.1 (above), the Records shall include documentation, papers, information and records in respect of the following matters (and as otherwise specifically requested in writing by the Authority):

5.2.1. all financial entries in line with general accounting principles to allow assessment and verification of the Deposit Pool and the interest accrued and paid thereon;

5.2.2. the Disaster Recovery Services;

5.2.3. usage by the Service Provider, Service Provider Personnel and Sub-Contractors of data or assets owned or licensed by the Authority;

5.2.4. any matter in respect of which the Change Control Procedure has been or is being invoked;

5.2.5. any controls or protections implemented by the Service Provider and its Sub-Contractors in respect of IT systems used in the delivery of the Services;

5.2.6. compliance by the Service Provider and its Sub-Contractors with relevant Data Standards and Laws in the delivery of the Services;

5.2.7. risk management by the Service Provider and its Sub-Contractors including reviewing risk management databases or registers, risk mitigation plans and the Disaster Recovery Plan maintained by the Service Provider in accordance with this Agreement and relating to the delivery of the Services;

5.2.8. verification of compliance by the Service Provider and its Sub-Contractors with processes regarding Confidential Information as set out in Clause 20 (Confidentiality) of this Agreement;

5.2.9. certification of accounts and other financial records;

5.2.10. general health and safety controls and security practices and procedures implemented specifically for the delivery of the Services by the Service

Provider and its Sub-Contractors (including security arrangements associated with access by third parties to Authority IP);

5.2.11. the efficient use of expenditure by the Service Provider and the Sub-Contractors in performing the Services;

5.2.12. the Service Provider and Sub-Contractor (if relevant) premises;

5.2.13. performance against the Service Levels, including performance metrics, supporting information and calculations, measurement and monitoring tools and procedures implemented in accordance with Schedule 13 (Performance Management);

5.2.14. all disputes referred under the Scheme to ADR and/or resolved through ADR;

5.2.15. the processes and procedures implemented by the Service Provider and its Sub-Contractors in relation to the integrity, security and confidentiality of the Authority Data and Personal Data; and

5.2.16. such other records, information and documentation as may be notified to the Service Provider and required by the Authority from time to time.

5.3. The Records and audit trail maintained by the Service Provider, the Service Provider Personnel and the Sub-Contractors shall be comprehensive and shall accurately reflect the processes and activities that have taken place in relation to the subject matter of the Record. The standard of documents and papers included in the audit trail, their method of storage and the timeframe in which they can be retrieved shall be such as to readily facilitate easy and effective access for verification.

5.4. Without prejudice to the rights of Audit provided in this Schedule 5 (Audit, Access and Records), the Service Provider shall have all Records available for inspection by the Authority upon reasonable notice and shall present a copy and/or report of them (at no cost) to the Authority as and when requested for its use and distribution with any third parties subject always to compliance with the DPA and Clause 20 (Confidentiality) of this Agreement.

5.5. The Service Provider shall (and shall procure that its Sub-Contractors shall) review a sample of all Records periodically and no less than annually for completeness and accuracy.

5.6. The Service Provider shall (and shall procure that its Sub-Contractors shall) ensure that all reasonable and appropriate corrective action for any incomplete and/or inaccurate Records is carried out in a timely manner.

5.7. The Service Provider shall (and shall provide that its Sub-Contractors shall) permit the Authority and/or the Audit Agents to perform Audits of the Records from time to time to assess the Service Provider's (and Sub-Contractors as relevant) due diligence with regard to record keeping.

## 6. AUDIT ACCESS

6.1. For the purposes of this Schedule 5 (Audit, Access and Records) access by the Authority and/or the Audit Agents for the conduct of Audits shall:

6.1.1. be exercised in a manner that is relevant and proportional to the Services provided; and

6.1.2. include the grant of the following to the Authority and/or the Audit Agents (as relevant) when reasonably required by the Authority and/or the Audit Agents (as relevant):

6.1.2.1. access upon reasonable notice, without charge or payment, to all Service Provider (and Sub-Contractor if relevant) premises from which the Services are delivered;

6.1.2.2. access to and reasonable use of any facilities at the Service Provider (and Sub-Contractor if relevant) premises from which the Services are delivered;

6.1.2.3. access to hard and (if available) soft copies of all Records;

6.1.2.4. access to information in respect of the Services and/or the Service Levels (in electronic or hard copy format or otherwise);

6.1.2.5. access to and the reasonable co-operation of all Service Provider Personnel;

6.1.2.6. access to and/or use of any Software (including embedded tools and security software) used in connection with the Services, Service Provider Systems, Service Provider IP

and/or the Service Provider Third Party IP insofar as it relates to the provision of the Services and only where such access does not contravene the Service Provider's information technology security procedures or data protection obligations to third parties or other applicable regulations;

6.1.2.7. the right to install and run audit software on the Service Provider (and Sub-Contractor if relevant) premises for use in conjunction with any Software and/or Service Provider Systems (subject to prior notification and compliance with the Service Provider's (and Sub-Contractor if relevant) information technology security procedures notified to the Audit Agent prior to the relevant Audit);

6.1.2.8. the right to take and remove from the Service Provider (and Sub-Contractor if relevant) premises copies of all Records applicable to the Services and/or the Service Levels; and

6.1.2.9. access to all other data relevant to the Service Provider's (and Sub-Contractor's if relevant) provision of the Services.

6.2. The purpose of the access rights granted to the Authority and the Audit Agents shall be to allow an Audit to be carried out in order to review and verify the Records and to inspect any assets belonging to or leased or licensed to or by the Authority in the possession or control of the Service Provider and/or any Sub-Contractor for the purposes of ensuring that the Authority's assets are protected in accordance with the provisions of this Agreement.

6.3. The Authority shall use its reasonable endeavours to ensure that the exercise of any of the Audit rights under this Agreement shall be conducted so as not to interfere unreasonably with the Service Provider's (and Sub-Contractor's if relevant) business and its ability to perform its obligations under this Agreement or other agreements for the provision of services to third parties.

6.4. The Service Provider shall (and shall procure that the Service Provider Personnel and the Sub-Contractors shall) provide reasonable assistance during normal business hours on any Business Day during the period specified for retention of Records in Clause 33 (Rights of Audit and Access and Record Keeping) for the

purposes of permitting the exercise of the rights granted under this Schedule 5 (Audit, Access and Records) and to allow the Authority to obtain such information as is necessary to fulfill the Authority's obligations to supply information for parliamentary, ministerial, judicial or administrative purposes.

6.5. The Service Provider shall (and shall procure that the Service Provider Personnel and the Sub-Contractors shall) provide the Authority and the Audit Agents with all reasonable assistance including temporary on-site accommodation, photocopying facilities and telecommunications for the purposes of carrying out any Audit and/or exercising any Audit rights exercisable under this Agreement.

6.6. The Authority and the Audit Agents shall, whilst on the Service Provider (and Sub-Contractor if relevant) premises, comply with such of the Service Provider's (and Sub-Contractor's if relevant) reasonable site, health, safety and security requirements as the Service Provider (and Sub-Contractor if relevant) may notify to the Authority and the Audit Agents directly on notification of or during the course of an Audit.

## 7. AUDIT STANDARDS

7.1. Without prejudice or limit to the Authority's general rights to audit, Audits by the Authority and/or the Audit Agents shall be conducted from time to time in accordance with all appropriate Government audit standards (as such may be updated, amended, extended, consolidated or replaced from time to time).

7.2. Notwithstanding the provisions of Paragraph 7.1 (above), the Comptroller and Auditor General shall be permitted to conduct audits in accordance with the auditing standards of the Financial Reporting Council.

## 8. NOTIFICATION OF AUDIT

8.1. Save in the case of an Emergency Audit, the Authority shall provide at least twenty (20) Business Days notice from and including the date of notice of any Audit it intends to carry out.

8.2. On notification of an Audit from the Authority, the Service Provider shall (and shall procure that its Sub-Contractors shall) on or before the date of expiry of such notification provide the Authority and/or the Audit Agents (as relevant) with reasonable access to conduct the Audit.

8.3. The Service Provider shall (and shall procure that its Sub-Contractors shall) provide immediate access to the Authority and/or the Audit Agents (as relevant) in the following circumstances:

8.3.1. if an Audit is required by the Authority for reasons of actual or suspected impropriety or fraud by the Service Provider, including the Service Provider Personnel and any Sub-Contractors;

8.3.2. if the Authority has reasonable grounds to suspect that the Service Provider may be in material breach of its obligations under this Agreement;

8.3.3. if the Authority has reasonable grounds to suspect that a security breach has occurred which is detrimental to the provision of the Services under this Agreement;

8.3.4. if the Authority wishes to carry out occasional unannounced security testing to establish compliance with the provisions of Clause 9 (Security) and Schedule 14 (Security); and/or

8.3.5. if other circumstances have arisen, or are believed to have arisen, which would give the Authority the right to terminate this Agreement and/or any part(s) of the Services,

an ("**Emergency Audit**").

8.4. Insofar as it is reasonably able and is practicable in the circumstances, the Authority shall provide the Service Provider with details of the grounds upon which an Emergency Audit is being conducted.

8.5. In the event of an Emergency Audit or any investigation into suspected fraudulent activity or other impropriety by the Service Provider, any third party in connection with this Agreement and/or the Authority's own employees, the Authority reserves for itself and the Audit Agents the right of immediate access to the Records and/or any Service Provider Personnel and Sub-Contractors. The Service Provider agrees and shall procure that the Sub-Contractors shall agree) to render all necessary assistance to the conduct of any Emergency Audit or other such investigation at all times during the Term of this Agreement and for a reasonable time after its expiry or termination.

8.6. The Service Provider shall ensure that all those Service Provider Personnel and/or Sub-Contractors involved in such Emergency Audits or investigations treat the Emergency Audit or investigation and all information disclosed in connection with the Emergency Audit or investigation as Confidential Information (subject always to the provisions of Clause 20 (Confidentiality) which allow for disclosure of Confidential Information in certain specified circumstances).

8.7. All Confidential Information of the Service Provider and/or the Sub-Contractors which is provided to the Authority and/or the Audit Agents during the course of any Audit shall be protected as Confidential Information in accordance with the Authority's obligations pursuant to Clause 20 (Confidentiality) (subject always to the provisions of Clause 20 (Confidentiality) which allow for disclosure of Confidential Information in certain specified circumstances).

8.8. Nothing in this Agreement shall prevent or restrict the rights of the Comptroller and Auditor General and Auditor General for Wales and their representatives from carrying out an audit, examination or investigation of the Service Provider or any Sub-Contractors.

## 9. RESPONSE TO AUDITS

9.1. As a result of any Audits, the Authority and/or the Audit Agents (as relevant) may produce reports to the Authority indicating areas of non-compliance with this Agreement or any other reports they deem appropriate. The Authority and/or the Audit Agents (as relevant) may also make recommendations for changes or improvements.

9.2. Following each Audit the Authority shall provide to the Service Provider, within a reasonable time, extracts of the report prepared by the Authority and/or the Audit Agents ("**Audit Report**") indicating:

9.2.1. any areas of non-compliance with this Agreement which the Service Provider is required to rectify; and

9.2.2. any Audit recommendation which the Authority requires the Service Provider to implement in order to comply with the terms of this Agreement.

9.3. The Authority shall give the Service Provider a reasonable period (being no less than twenty (20) Business Days from and including the date of receipt of the Audit

Report by the Service Provider) to review the factual issues which are raised by the Audit Report and to comment upon the recommendations.

9.4. If the Service Provider disputes the findings of any Audit or Audit Report, the Service Provider shall provide details of the basis for any such disputes together with such documentation as is necessary to support the Service Provider's conclusions. Any such disputes shall be treated as a Dispute and the matter shall be dealt with in accordance with the Escalation Procedure involving (by agreement of both Parties) such bodies or groups as may be involved in development and/or regulation of the standards in question.

9.5. The Parties shall use all reasonable endeavours to agree a plan (an "**Audit Remedial Plan**") in respect of recommendations and the areas of non-compliance referred to in Paragraph 9.2 (above). If agreement cannot be reached on the Audit Remedial Plan then the matter shall be treated as a Dispute. The Service Provider shall implement the terms of such Audit Remedial Plan at the Service Provider's own expense.

9.6. The Service Provider shall provide updates at agreed intervals to the Authority on the implementation and/or operation of any actions from recommendations made in any Audit Report(s) and progress in implementing any relevant Audit Remedial Plan.

9.7. The Service Provider shall provide, in accordance with the timescales agreed in any Audit Remedial Plan for any changes or improvements arising from an Audit, evidence, either documentary or demonstrative, of the implementation and/or operation of changes required by the Authority in accordance with Paragraphs 9.5 and 9.6 (above) and shall if required and at the expense of the Service Provider provide access to the Authority and/or the Audit Agents (as relevant) to permit the Authority and/or the Audit Agents (as relevant) to monitor and confirm the implementation and/or operation of such changes.

9.8. Failure to implement an Audit Remedial Plan without reasonable cause in accordance with its terms and this Agreement shall be a Deemed Material Default.

9.9. In considering whether to exercise its rights of review and/or termination of this Agreement and/or any part(s) of the Services pursuant to Clause 29 (Termination), the Authority may take account of any Audit Reports and the implementation and/or operation of any changes, improvements or recommendations made or to be made by the Service Provider as a result of any Audit(s).

## 10. GENERAL

10.1. For the avoidance of doubt, any examination or inspection by the Authority and/or the Audit Agents pursuant to this Schedule 5 (Audit, Access and Reports) shall not constitute a waiver or exclusion of any of the Service Provider's obligations or the Authority's rights under this Agreement.

## SCHEDULE 6 - CHANGE CONTROL PROCEDURE

### 1. DEFINITIONS USED IN THIS SCHEDULE

In this Schedule 6 (Change Control Procedure), the following words and phrases shall have the meanings set out below:

| | |
|---|---|
| **Authority RFC** | means a RFC issued by the Authority; |
| **CCN** | means a change control notice issued by the Authority to the Service Provider confirming acceptance of the Change Response or the Service Provider's RFC (as modified) as the case may be; |
| **Change** | means a change to the Services (whether or not requiring a change to this Agreement) or a change to this Agreement; |
| **Change Implementation Plan** | means a plan for the implementation of a Change produced in accordance with Paragraph 7.3 below; |
| **Change Response** | means the Service Provider's response to an Authority RFC prepared in accordance with Paragraph 7.1 below; |
| **Financial Proposal** | means a proposal detailing the financial impact of the proposed Change produced in accordance with Paragraph 7.4 below; |
| **Impact Assessment** | means an assessment carried out by the Service Provider of the impact on the Services and produced in accordance with Paragraph 7.2 (below) following the submission of a RFC in accordance with the Change Control Procedure; |

| | |
|---|---|
| **Operational Change** | means any change in the Service Provider's operational procedures which in all respects, when implemented:<br><br>(a) will not adversely affect the Service Provider's costs of performing the Service and will not result in any other costs to the Authority; and<br><br>(b) may, but not to a material extent, change the way in which the Service is delivered but will not deleteriously affect the output of the Service or increase the risks in performing the Service; and<br><br>(c) will not require a change to the Agreement; |
| **Response Deadline** | has the meaning given to it in Paragraph 5.2.2 of this Schedule 6 (Change Control Procedure); and |
| **RFOC** | has the meaning given to it in Paragraph 8.3 of this Schedule 6 (Change Control Procedure). |
| **Service Provider RFC** | means a RFC issued by the Service Provider; |

## 2. PURPOSE

This Schedule sets out the procedures to be used by the Parties in connection with proposed Changes.

## 3. PRINCIPLES

3.1. Implementation of changes for which there is an agreed mechanism (excluding this Change Control Procedure) set out or referred to in this Agreement shall not constitute Changes to which this Change Control Procedure applies.

3.2. The Parties shall conduct discussions relating to proposed Changes in good faith.

3.3. Until such time as a CCN has been signed by the Authority Contract Manager and the Service Provider Scheme Manager (or their nominated representative), the Service Provider shall continue to supply the Services in accordance with the Agreement.

3.4. Any work or services undertaken by the Service Provider, its sub-contractors or agents which has not been authorised in advance by the Authority and which has not been otherwise agreed in accordance with this Change Control Procedure shall be undertaken entirely at the expense and liability of the Service Provider.

3.5. Any discussions, negotiations or other communications which may take place between the Parties prior to the issue of a CCN (including the submission of any written communications) shall be without prejudice to the rights of either Party.

## 4. REQUESTS FOR CHANGE (RFC)

4.1. The Authority shall be entitled to:

4.1.1. request any Change to the Services and/or this Agreement; and

4.1.2. require a Change to the Services from time to time to reflect any Change in Law.

4.2. The Service Provider shall be entitled to require a Change to the Services and/or this Agreement from time to time to reflect any Change in Law that directly impacts upon the Service Provider's provision of the Services or which, if it becomes necessary, is required to identify or eliminate fraud by Landlords, tenants or third parties against the Scheme.

4.3. The Service Provider shall be entitled to request a Change to the Services and/or this Agreement only if such Change:

4.3.1. enhances the Service Provider's operational effectiveness in providing the Services or takes advantage of technological developments so as to improve the provision of the Services; or

4.3.2. would, in the Service Provider's reasonable opinion, improve the provision of the Services; or

4.3.3. improves operational efficiency in providing the Services so as to reduce the cost of providing the Services and/or operating the Scheme; and

4.3.4. will not have a detrimental effect on the overall quality of the Services.

4.4. Subject to the provisions of Paragraph 4.5, the Authority may reject any request for a Change to the Services or to the Service Provider's Method Statement proposed by the Service Provider.

4.5. The Authority shall not be entitled to reject a Change required pursuant to Paragraph 4.2 and any such Change will be implemented by the Parties in accordance with provisions of Clause 39 (Changes in Law and Data Standards).

## 5. AUTHORITY RFC

5.1. If the Authority wishes to request or requires a Change, it must serve an Authority RFC on the Service Provider.

5.2. The Authority RFC shall:

5.2.1. set out the Change required in sufficient detail to enable the Service Provider to provide the Change Response; and

5.2.2. specify the deadline by which the Service Provider shall provide to the Authority a Change Response (being not less than twenty (20) Business Days from and including the date of receipt of the Authority RFC) ("**Response Deadline**").

5.3. As soon as practicable, and in any event by the Response Deadline, the Service Provider shall deliver to the Authority the Change Response.

5.4. As soon as practicable after the Authority receives the Change Response, the Parties shall discuss and agree the issues set out in the Change Response. In such discussions:

5.4.1. the Authority may modify the Authority RFC, in which case the Service Provider shall, as soon as practicable and in any event within ten (10) Business Days from and including the date of receipt of such modification, notify the Authority of any consequential changes to the Change Response; and

5.4.2. where the Authority requests it, the Service Provider shall provide such additional information as the Authority requests in order to evaluate the Change Response fully.

5.5. The Service Provider shall not refuse an Authority RFC unless such Change:

5.5.1. would materially and adversely affect the risks to health and safety of any person;

5.5.2. would require the Services to be performed in any way that infringes a Law or an Approval; and/or

5.5.3. is demonstrated by the Service Provider to:

5.5.3.1. be technically impossible to implement; or

5.5.3.2. represent a material risk to the Services; or

5.5.3.3. be such that the Service Provider would no longer be able to provide the Services in a technically or financially viable manner; and/or

5.5.4. is predicted to have a material impact on the ability of the Service Provider to meet any Service Level where as a result of the Change the Service Level is not modified accordingly.

5.6. If the Parties cannot agree on the contents of the Change Response then the Authority shall either:

5.6.1. withdraw the Authority RFC; or

5.6.2. refer the dispute to be determined in accordance with the Dispute Resolution Procedure.

5.7. As soon as practicable after the contents of the Change Response have been agreed or otherwise determined pursuant to the Dispute Resolution Procedure, the Authority shall either:

5.7.1. issue a CCN; or

5.7.2. withdraw the Authority RFC.

5.8. If the Authority does not issue a CCN within twenty (20) Business Days from and including the date of the contents of the Change Response having been agreed or determined, then the Authority RFC shall be deemed to have been withdrawn.

5.9. In the event that the Authority issues a CCN then:

5.9.1. the Service Provider shall implement the Change in accordance with the Change Implementation Plan; and

5.9.2. the Parties shall enter into any documents necessary to amend this Agreement or any relevant related document which are necessary to give effect to the Change.

**6. SERVICE PROVIDER RFC**

6.1. If the Service Provider wishes to request a Change, it must serve a Service Provider RFC on the Authority.

6.2. The Service Provider RFC must:

6.2.1. set out the proposed Change in sufficient detail to enable the Authority to evaluate it in full;

6.2.2. specify the Service Provider's reasons for proposing the change in the Services and/or this Agreement;

6.2.3. include an Impact Assessment, an Implementation Plan and a Financial Proposal; and

6.2.4. indicate if there are any dates by which a decision by the Authority is critical.

6.3. The Authority shall evaluate the Service Provider's proposed change in the Services and/or this Agreement taking into account all relevant issues, including whether:

6.3.1. there would be a change to the financial arrangements;

6.3.2. the change affects the quality of the Services or the likelihood of successful delivery of the Services;

6.3.3. the change will interfere with the relationship of the Authority or the Service Provider with third parties;

6.3.4. the financial strength of the Service Provider is insufficient to perform the changed Services; or

6.3.5. the change materially affects the risks or costs to which the Authority or the Service Provider are exposed; or

6.3.6. the change would, if implemented, result in a change in the nature of the Services.

6.4. As soon as practicable after receiving the Service Provider RFC, the Parties shall meet and discuss the matters referred to in it. During their discussions the Authority may propose modifications or accept or (save where the Service Provider RFC is pursuant to Paragraph 4.2 (above)) reject the Service Provider RFC.

6.5. If the Authority accepts the Service Provider RFC (with or without modification), the Authority shall issue a CCN.

6.6. In the event that the Authority issues a CCN then:

6.6.1. the Service Provider shall implement the Change in accordance with the Change Implementation Plan; and

6.6.2. the Parties shall enter into any documents necessary to amend this Agreement or any relevant related document which are necessary to give effect to the Change.

## 7. CONTENT OF DOCUMENTS

7.1. Change Response

The Change Response shall consist of:

7.1.1. the Impact Assessment;

7.1.2. the Implementation Plan; and

7.1.3. the Financial Proposal.

7.2. Impact Assessment

The Impact Assessment shall include details of:

7.2.1. any impact on the provision of the Services;

7.2.2. any impact on the Service Provider's ability to meet its obligations under this Agreement;

7.2.3. any amendment required to this Agreement and/or any related document as a result of the Change;

7.2.4. details (where known) of the potential impact on any third parties;

7.2.5. any impact on the matters set out in Paragraph 7 (Change Control) to Schedule 14 (Security);

7.2.6. details of how the proposed Change will ensure compliance with any applicable Change in Law; and

7.2.7. such other information as the Authority may reasonably request in (or in response to) a RFC.

7.3. Change Implementation Plan

The Change Implementation Plan shall include details of:

7.3.1. the activities necessary to implement the proposed Change;

7.3.2. project plan including timelines and key dates, milestones, deadlines and any testing that may be required;

7.3.3. the activities required to address issues identified in the Impact Assessment; and

7.3.4. the activities required to implement the Financial Proposal.

7.4. Financial Proposal

The Financial Proposal shall include details of:

7.4.1. the estimated capital expenditure (if any), including any capital replacement costs, arising from or required to implement the Change or any capital expenditure that is no longer required as a result of the Change;

7.4.2. the estimated increase or decrease in operating expenditure relating to the provision of the Services, with an analysis showing the costs of staff, consumables, sub-contracted and bought-in services, after the Change is implemented;

7.4.3. any interest, expenses or other third party financing costs to be incurred as a result of implementing the Change;

7.4.4. details of any estimated overhead recoveries and long term cost savings that are anticipated after the Change is implemented;

7.4.5. evidence that the Service Provider has used reasonable endeavours (including (where reasonable) the use of competitive tenders) to minimise any increase in costs and maximise any reduction in costs and (where applicable) revenue; and

7.4.6. the profit which the Service Provider seeks to achieve in the provision of the additional parts of the Services.

## 8. OPERATIONAL CHANGES

8.1. Operational Changes shall be processed in accordance with this Paragraph 8. If either party is in doubt whether a change falls within the definition of an Operational Change, then it will be processed as a Change.

8.2. Any Operational Changes identified by the Service Provider or the Authority to improve operational efficiency of the Services may be implemented by the Service Provider without following the Change Control Procedure provided they do not:

8.2.1. have an impact on the Authority; and/or

8.2.2. have a material impact on the use or provision of the Services.

8.3. The Authority or the Service Provider may request an Operational Change by submitting a written request for an Operational Change (**"RFOC"**) to the other party.

8.4. The party making the RFOC shall inform the other party of any impact on the Services that may arise from the proposed Operational Change.

8.5. The Service Provider shall complete the Operational Change by the timescale specified for completion of the Operational Change in the RFOC and shall promptly notify the Authority when the Operational Change is completed.

## Appendix 1

### Template Change Control Note

| **Change Control Note** | | **CCN Number:** | |
|---|---|---|---|
| **Part A: Request for Change** | | | |
| Title: | | | |
| Originator: | | Contact Number: | |
| **Details of Proposed Change** | | | |
| To include reason for change and appropriate details/specifications.<br><br>Attach the Impact Assessment, the Change Implementation Plan and the Financial Proposal. | | | |
| **Initiated by [ ]** | **Date:** | | |
| **Name:** | | | |
| **Signature:** | | | |
| **Received by [ ]** | **Date:** | | |
| **Name:** | | | |
| **Signature:** | | | |

| Change Control Note | CCN Number : |
|---|---|
| Purchase Order Number: | |
| Part B : Authority to Proceed | |
| Implementation of this CCN as submitted in Part A is:<br><br>(tick as appropriate) | |
| Approved<br><br>Rejected<br><br>Requires Further Information (as follows, as Attachment 1, etc.) | Comments (if any) |
| Attach final agreed versions of the Impact Assessment, Change Implementation Plan and Financial Proposal | |
| For Authority | For Service Provider |
| Name: | Name: |
| Title: | Title: |
| Signature: | Signature: |
| Date: | Date: |

## SCHEDULE 7 - FINANCING OF THE SCHEME

### 1. DEFINITIONS

1.1. In this Schedule 7 (Financing of the Scheme), the following words and phrases shall have the meanings set out below:

| | |
|---|---|
| **Accrued Interest** | means the total interest accruing on the Deposit Pool held by the Deposit Holder; |
| **Deposit Holder** | has the meaning given to it in Paragraph 2.1 of this Schedule 7 (Financing of the Scheme); |
| **Deposit Pool** | has the meaning given to it in Paragraph 2.1 of this Schedule 7 (Financing of the Scheme); and |
| **Monthly Finance Statement** | means a statement prepared by the Service Provider for any given month which shall include the information detailed below or such other information as may be agreed by the Authority and the Service Provider:<br>(a) all Deposits moved in/out of the Deposit Pool;<br>(b) all Accrued Interest earned on the Deposit Pool; and<br>(c) a schedule of the Permitted Investments and the amounts invested in each. |

### 2. GENERAL PRINCIPLES

2.1. The Service Provider shall have responsibility for collecting Deposits from Landlords and for ensuring that such Deposits are paid into an eligible bank account as set out in Schedule 18 (Permitted Investments). All such collection of bank accounts taken together shall comprise a pool of all Deposits and shall be held by a third party (the "**Deposit Pool**" and the "**Deposit Holder**"). The Deposit Holder shall be responsible for investing the Deposit Pool in the Permitted Investments notified to it

from time to time by the Service Provider. The Deposit Holder shall grant specific rights of access to the account to the Service Provider, namely the right to direct that amounts representing individual Deposits be paid to persons receiving the Deposit at the end of a relevant assured shorthold tenancy and the right to withdraw the Accrued Interest. For the avoidance of doubt the Service Provider may, in its sole discretion, for regulatory and reconciliation purposes operate two separate bank accounts with the Deposit Holder designated respectively for receiving Deposits submitted by cheque, BACS, credit card and unallocated collections and for holding Accrued Interest provided that such accounts shall for the purposes of this Agreement be deemed to be one Deposit Pool.

2.2. The Service Provider holds sums comprising part of the Deposit Pool on trust. Accordingly, a Landlord or tenant who is entitled to payment of all or any part of such a sum in accordance with paragraph 4, 4A, 4B or 4C of Schedule 10 to the Housing Act 2004 is beneficially entitled to the amount so payable.

2.3. The Service Provider shall be entitled to withdraw the Accrued Interest at any time.

2.4. At no point may the Service Provider withdraw any part of the Deposit Pool other than in order to move such amounts to a different Permitted Investment, to pay such Deposit to the person receiving the Deposit at the end of the relevant assured shorthold tenancy or to transfer amounts to an Alternative Scheme Provider or the Authority under the terms of this Agreement.

2.5. The Service Provider shall carry the risk that the Accrued Interest shall be insufficient to meet its costs of providing the Services. The Authority shall not be responsible for paying the Service Provider any costs for the provision of the Services or the Scheme.

## 3. MONTHLY FINANCE STATEMENT

3.1. The Service Provider shall submit a Monthly Finance Statement to the Authority in respect of each calendar month of this Agreement, not more than fifteen (15) Business Days from and including the date of the relevant month end.

## 4. PERMITTED CHARGES

4.1. The following are the Permitted Charges:

4.1.1. Normal charges that are incurred by the Service Provider for receipt of deposits and other monies other than by cash, cheque or electronic transfers. These may include, for example, charges for credit card deposit payments and bounced cheques.

4.1.2. Normal bank charges that are incurred by the Service Provider for all transactions other than the standard 3-day transfer of monies within the United Kingdom. These may, for example, include charges for overseas SWIFT remittances and same-day CHAPS transfers.

## 5. UNCLAIMED DEPOSITS

5.1. In the event that a Deposit is unclaimed following the end of the relevant tenancy or after ADR, the Service Provider shall leave the monies within the Deposit Pool for the duration of the Term.

5.2. The Parties agree that any such unclaimed Deposits may continue to be invested in the Permitted Investments, and the proceeds of such investments shall form part of the Accrued Interest.

5.3. Upon expiry or earlier termination of the Agreement, the Service Provider shall comply with such direction as the Authority (in its discretion) may make in relation to any unclaimed Deposit amounts held by the Service Provider.

## 6. SHORTFALL ON TERMINATION OF THE AGREEMENT

6.1. The Service Provider shall be entitled to retain the Accrued Interest in accordance with the terms of Schedule 7 (Financing of the Scheme) at the end of the Term.

6.2. The Service Provider shall transfer a fully funded Deposit Pool (including any unclaimed Deposits) to the New Service Provider, any Alternative Scheme Provider(s) or the Authority at the end of the Term in accordance with the Authority's directions. In the event the Deposit Pool does not include all tenancy Deposits and all unclaimed Deposits, the Service Provider shall pay to the New Service Provider, Alternative Scheme Provider(s) or the Authority (as directed by the Authority) on demand an amount equivalent to any such shortfall.

## SCHEDULE 8 - DISASTER RECOVERY

### 1. DEFINITIONS

1.1. In this Schedule, the following words and phrases shall have the meanings set out below:

| | |
|---|---|
| **Business Continuity Plan** | has the meaning given to it in Paragraph 4 of this Schedule 8 (Disaster Recovery); |
| **Business As Usual Notice** | has the meaning given to it in Paragraph 9.2 of this Schedule 8 (Disaster Recovery); |
| **Disaster** | means an event having a serious impact on the provision of the Services and/or the Scheme and which is identified as such in the Disaster Recovery Plan; |
| **Disaster Recovery Plan** | means the plan prepared by the Service Provider and accepted by the Authority in accordance with Paragraph 5 of this Schedule 8 (Disaster Recovery); and |
| **Post-Disaster Review** | has the meaning given to it in Paragraph 10.1 of this Schedule 8 (Disaster Recovery). |

### 2. PURPOSE

The purpose of this Schedule 8 (Disaster Recovery) is to set out the obligations of the Service Provider in relation to business continuity and disaster recovery.

### 3. PRINCIPLES

3.1. The Service Provider shall develop and maintain a Business Continuity Plan and a Disaster Recovery Plan in respect of the Services and the Scheme at all times throughout the Term.

3.2. The Service Provider shall be responsible for providing Disaster Recovery Services in accordance with this Schedule 8 (Disaster Recovery), the Business Continuity Plan and the Disaster Recovery Plan.

## 4. BUSINESS CONTINUITY PLAN

4.1. The Service Provider shall develop a plan which describes the arrangements required to:

4.1.1. ensure continuity of the Services and the Scheme; and

4.1.2. minimise the adverse impact of a Disaster on the Authority and/or the End Users and/or the Scheme (including the matters set out in Paragraph 5.1.4 (below)),

a ("**Business Continuity Plan**").

4.2. The Service Provider's Business Continuity Plan as at the Effective Date is provided at Appendix 1 (Business Continuity Plan and Disaster Recovery Plan) to this Schedule 8 (Disaster Recovery). The Service Provider shall review and update (as necessary) the form of Business Continuity Plan at Appendix 1 (Business Continuity Plan and Disaster Recovery Plan) and submit a finalised Business Continuity Plan to the Authority for approval during the Implementation Period and in any event no later than twenty (20) Business Days before the Service Commencement Date.

4.3. The Service Provider shall review, develop and maintain the Business Continuity Plan throughout the Term and shall ensure that the Business Continuity Plan is aligned with and takes full account of all applicable Good Industry Standards.

4.4. The Service Provider shall promptly provide a copy of any updated Business Continuity Plan (as may be developed by the Service Provider from time to time) to the Authority.

4.5. Without prejudice to Paragraph 4.4 (above), the Authority may at any time throughout the Term request (in writing) the Service Provider to provide a copy of its Business Continuity Plan in place as at the date of the request and the Service Provider shall submit its Business Continuity Plan to the Authority at no cost and no later than ten (10) Business Days following a written request by the Authority.

4.6. The Authority may provide representations and/or comments on the Business Continuity Plan at any time throughout the Term. The Service Provider shall take

reasonable account of all comments and/or representations made by the Authority and shall where necessary update the Business Continuity Plan accordingly.

## 5. DISASTER RECOVERY PLAN

5.1. The Service Provider shall develop a Disaster Recovery Plan which clearly defines:

5.1.1. the type of event to which the plan applies;

5.1.2. a risk and impact assessment for each potential type of Disaster situation relevant to the provision of the Services;

5.1.3. detailed technical processes and action plans for managing each potential type of Disaster situation relevant to the provision of the Services and for enabling system and data recovery as well as subsequent re-instatement of business processes;

5.1.4. provision and maintenance of a Disaster recovery site equipped with sufficient hardware, software and services required to provide the Services in accordance with the Service Levels specified in Schedule 13 (Performance Management), it being agreed between the Parties that the Business Continuity Plan shall for the purposes of enabling a phased implementation of the Disaster Recovery Plan indicate which of the Service Levels are necessary to be operationally functional: (i) within twenty-four (24) hours; (ii) within forty-eight (48) hours; and (iii) within seventy-two (72) hours of the Business Continuity Plan being implemented;

5.1.5. actions required and timeframes for the reinstatement of full normal Services in accordance with Paragraph 9.1 of this Schedule 8 (Disaster Recovery);

5.1.6. details of the human resources required to implement the Disaster Recovery Services including identification of the skills and experience of the relevant Service Provider Personnel relevant to the provision of the Services;

5.1.7. identification of the key roles, responsibilities and decision-making authority limits including the names and contact details of relevant individuals and the nominated points of contact for the Service Provider