



Department  
for Work &  
Pensions



[REDACTED]

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26 March 2021

Reed in Partnership Ltd  
Academy Court  
94 Chancery Lane  
London  
WC2A 1DT

### **CHANGE AUTHORISATION LETTER: CV12**

Dear James Reed,

**Various contracts (as amended) between the (1) Secretary of State for Work and Pensions (the “Authority”) and (2) Reed in Partnership Ltd (the “Contractor”) set out at Schedule 1 (the “CV12 Contracts”)**

The Authority wishes to amend the CV12 Contracts set out at Schedule 1 in accordance with this letter and the schedules attached to this letter (“CV12”).

1. Terms used but not otherwise defined in CV12 have the same meaning as set out in the CV12 Contract to which the term refers.

### ***Background***

2. The purpose of CV12 is to implement contract modifications that are needed to help reduce the impact of Covid Related Hardship.
3. The Authority reasonably anticipates that the Procurement Regulations will apply to CV12 and the Parties shall ensure that there is a lawful basis for agreeing CV12 under the Procurement Regulations and/or any applicable procurement rules.
4. CV12 shall be interpreted and construed so that it varies each CV12 Contract set out at Schedule 1 individually.
5. Each CV12 Contract, including any previous variations, will remain effective and unaltered except as amended by CV12.

## **Definitions**

6. The following terms shall have the meaning as set out below and shall be incorporated into each CV12 Contract:

**“Authority”** and **“Contracting Body”** means the Secretary of State for Work and Pensions.

**“Covid Related Hardship”** means that as a result of the COVID-19 pandemic the Contractor’s ability to meet its contractual obligations under the CV12 Contract have been adversely affected.

**“Covid Relief Period”** means the period from 1 April 2021 until the Relief Expiry Date.

**“CV12”** means this letter and the terms set out in it (including the attached Schedules).

**“CV12 Contract”** means a contract identified in Schedule 1 to CV12.

**“CV12 Contracts”** means all the contracts identified in Schedule 1 to CV12.

**“CV12 Variation Date”** means the date the second Party signs CV12.

**“Procurement Regulations”** means the Public Contracts Regulations 2015.

**“Sub-contract”** means any contract or agreement or proposed contract or agreement between the Contractor and any third party whereby that third party agrees to provide to the Contractor the Services (or any part thereof) or facilities or services necessary for the provision of the Services (or any part thereof) or necessary for the management, direction or control of the Services (or any part thereof).

**“Sub-contractor”** means any third party with whom:

- (a) the Contractor enters into a Sub-contract; or
- (b) the employees, staff, servants or agents of that third party; or
- (c) a third party under (a) above enters into a Sub-contract, or the servants or agents of that third party.

**“Relief Expiry Date”** means the last day of the Contract Period.

## **CV12**

7. Notwithstanding any other term of the CV12 Contract(s), the Parties agree to incorporate CV12 into each CV12 Contract. Each CV12 Contract will be modified in accordance with the terms of CV12.
8. CV12 is applicable from 1 April 2021.
9. CV12 will expire on the Relief Expiry Date or any other date mutually agreed upon in writing by the Authority and the Contractor.
10. Expiry of CV12 shall be without prejudice to any rights, remedies or obligations accrued under each CV12 Contract prior to the expiry of CV12.

### **Schedules attached to CV12**

11. The following Schedules are attached to CV12:
- i. Schedule 1: Contracts modified by CV12;
  - ii. Schedule 2: Financial Distress;
  - iii. Schedule 3: Additional Management Information;
  - iv. Schedule 4: Customer Service Standards;
  - v. Schedule 5: Removal of Certain Contract Requirements;
  - vi. Schedule 6: Provider Guidance; and
  - vii. Schedule 7: DWP Supplier Code of Conduct

### **Miscellaneous**

12. CV12 shall not constitute a waiver of any right or remedy of the Authority or the Contractor arising before, during or after CV12, except to the extent set out in CV12.
13. The Authority and the Contractor agree that any event arising from COVID-19 shall not give rise to any force majeure or frustration rights set out in the CV12 Contract to the extent that such rights are mitigated by CV12.
14. If there is an inconsistency between any of the provisions of CV12 and the provisions of the CV12 Contract, the provisions of CV12 shall prevail.
15. The provisions of each CV12 Contract shall, save as amended in CV12, continue in full force and effect, and shall be read and construed as one document with CV12.

Please confirm your acceptance of CV12 by countersigning this letter and uploading a scanned copy to the Jaggaer (DWP e-portal) fileshare folder named [REDACTED]

If you have any queries, please contact the team on [REDACTED]

Yours sincerely,

[REDACTED]

Senior Commercial Category Manager  
For and on behalf of the Authority

We hereby acknowledge receipt and accept the terms of CV12.

Signed: \_\_\_\_\_[REDACTED]\_\_\_\_\_

For and on behalf of the Contractor

Name: [REDACTED]

Position:

Date: **22/4/2021**

### **Schedule 1: Contracts modified by CV12**

The following contracts are modified in accordance with CV12:

<b>Contract Type</b>	<b>Contract Reference</b>	<b>Contract Name/Description</b>	<b>Contract Start</b>
ESF1: Extended ESF 2014-20	ECM_7322	ESF 14-20 - The Marches	07/10/2019
ESF2: Extended ESF 2014-20	ECM_3134	ESF 14-20 - GTR Peterborough and GTR Cambridgeshire	06/06/2016
ESF2: Extended ESF 2014-20	ECM_3132	ESF 14-20 - Hertfordshire	10/06/2016
ESF2: Extended ESF 2014-20	ECM_3474	ESF 14-20 - South London Troubled Families	02/11/2016

### **Key**

ESF1: ESF Marches

ESF2: Extended ESF 2014-20

**Schedule 2: Financial Distress**

<b>Contract Type, Contract Provision</b>	<b>Modification</b>								
ESF1, Schedule B ESF2, Schedule B	<p data-bbox="521 339 1352 368"><i>For ESF1 and ESF2, insert new Schedule B: Financial Distress.</i></p> <p data-bbox="521 392 1106 421"><b><u>SCHEDULE [B/22]: FINANCIAL DISTRESS</u></b></p> <p data-bbox="521 448 725 477"><b>1 Definitions</b></p> <p data-bbox="618 517 1301 545">In this Schedule, the following definitions shall apply:</p> <table border="0" data-bbox="618 569 1771 1337"> <tr> <td data-bbox="618 569 927 635"><b>“Accounting Reference Date”</b></td><td data-bbox="938 569 1771 635">means the dates to which the Contractor prepares its audited financial statements;</td></tr> <tr> <td data-bbox="618 659 797 687"><b>“FDE Group”</b></td><td data-bbox="938 659 1760 687">means the Contractor, Key Sub-contractors, and the Guarantor;</td></tr> <tr> <td data-bbox="618 711 882 777"><b>“Financial Distress Event”</b></td><td data-bbox="938 711 1760 777">the occurrence of one or more of the events listed in Paragraph 3.1 or Paragraph 3.2 of this Schedule;</td></tr> <tr> <td data-bbox="618 801 882 866"><b>“Financial Distress Remediation Plan”</b></td><td data-bbox="938 801 1771 1337"> <p data-bbox="938 801 1771 938">a plan setting out how the Contractor will ensure the continued performance and delivery of the Services in accordance with the Contract in the event that a Financial Distress Event occurs. The plan shall include the following information as a minimum:</p> <ul style="list-style-type: none"> <li data-bbox="1032 962 1749 1027">(a) management accounts (including profit and loss, balance sheet and cash flow forecasts);</li> <li data-bbox="1032 1051 1727 1149">(b) draft or unaudited financial accounts (including profit and loss, balance sheet and cash flow statements);</li> <li data-bbox="1032 1173 1738 1238">(c) evidence of parent company funding or support that is available to the Contractor;</li> <li data-bbox="1032 1262 1700 1327">(d) evidence of any corporate loan facility that is available to the Contractor; and</li> </ul> </td></tr> </table>	<b>“Accounting Reference Date”</b>	means the dates to which the Contractor prepares its audited financial statements;	<b>“FDE Group”</b>	means the Contractor, Key Sub-contractors, and the Guarantor;	<b>“Financial Distress Event”</b>	the occurrence of one or more of the events listed in Paragraph 3.1 or Paragraph 3.2 of this Schedule;	<b>“Financial Distress Remediation Plan”</b>	<p data-bbox="938 801 1771 938">a plan setting out how the Contractor will ensure the continued performance and delivery of the Services in accordance with the Contract in the event that a Financial Distress Event occurs. The plan shall include the following information as a minimum:</p> <ul style="list-style-type: none"> <li data-bbox="1032 962 1749 1027">(a) management accounts (including profit and loss, balance sheet and cash flow forecasts);</li> <li data-bbox="1032 1051 1727 1149">(b) draft or unaudited financial accounts (including profit and loss, balance sheet and cash flow statements);</li> <li data-bbox="1032 1173 1738 1238">(c) evidence of parent company funding or support that is available to the Contractor;</li> <li data-bbox="1032 1262 1700 1327">(d) evidence of any corporate loan facility that is available to the Contractor; and</li> </ul>
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	<p>(e) any other information that the Authority requires the Contractor to include in the plan.</p> <p><b>“Financial Indicators”</b> in respect of the Contractor, Key Sub-contractors and the Guarantor, means each of the financial indicators set out at paragraph 5.1 of this Schedule;</p> <p><b>“Financial Target Thresholds”</b> means the target thresholds for each of the Financial Indicators set out at paragraph 5.1 of this Schedule;</p> <p><b>“Key Sub-contractor”</b> any Sub-contractor:</p> <p>(a) which, in the opinion of the Authority, performs a critical role in the provision of all or part of the Services; and/or</p> <p>(b) with a Sub-contract with a contract value which at the time of appointment exceeds ten percent (10%) of the aggregate Fees forecast to be payable under this Contract.</p>
	<p><b>2 Warranties and Duty to Notify</b></p> <p>2.1 The Contractor warrants and represents to the Authority for the benefit of the Authority that as at the CV12 Variation Date the financial position or, as appropriate, the financial performance of each of the Contractor, Guarantor and Key Sub-contractors satisfies the Financial Target Thresholds.</p> <p>2.2 The Contractor shall:</p> <p>(a) monitor and report on the Financial Indicators for each entity in the FDE Group against the Financial Target Thresholds on a regular basis and no less than once a year within one-hundred and twenty (120) days after the Accounting Reference Date; and</p> <p>(b) promptly notify (or shall procure that its auditors promptly notify) the Authority in writing following the occurrence of a Financial Distress Event or any fact, circumstance or matter which could cause a Financial Distress Event (and in any event, ensure that such notification is made within ten (10)</p>

	<p>Working Days of the date on which the Contractor first becomes aware of the Financial Distress Event or the fact, circumstance or matter which could cause a Financial Distress Event).</p>
2.3	<p>Each report submitted by the Contractor pursuant to paragraph 2.2(a) shall:</p> <ul style="list-style-type: none"> <li>(a) be a single report with separate sections for each of the FDE Group entities;</li> <li>(b) contain a sufficient level of information to enable the Authority to verify the calculations that have been made in respect of the Financial Indicators;</li> <li>(c) include key financial and other supporting information (including any accounts data that has been relied on) as separate annexes;</li> <li>(d) be based on the audited accounts for the date or period on which the Financial Indicator is based or, where the Financial Indicator is not linked to an accounting period or an accounting reference date, on unaudited management accounts prepared in accordance with their normal timetable; and</li> <li>(e) include a history of the Financial Indicators reported by the Contractor in graph form to enable the Authority to easily analyse and assess the trends in financial performance.</li> </ul>
	<p><b>3 Financial Distress Events</b></p>
3.1	<p>The following shall be Financial Distress Events, and for the purposes of this Schedule are categorised as “Risk Level 1” Financial Distress Events:</p> <ul style="list-style-type: none"> <li>(a) an FDE Group entity issuing a profits warning to a stock exchange or making any other public announcement, in each case about a material deterioration in its financial position or prospects;</li> <li>(b) there being a public investigation into improper financial accounting and reporting, suspected fraud or any other impropriety of an FDE Group entity;</li> <li>(c) an FDE Group entity committing a material breach of covenant to its lenders;</li> <li>(d) a Key Sub-contractor notifying the Authority that the Contractor has not satisfied any material sums properly due under a specified invoice and not subject to a genuine dispute;</li> <li>(e) any of the Financial Indicators set out at Paragraph 5 for any of the FDE Group entities falling within Risk Level 1.</li> </ul>

	<p>3.2 The following shall be Financial Distress Events, and for the purposes of this Schedule are categorised as “Risk Level 2” Financial Distress Events:</p> <p>(a) any of the following:</p> <ul style="list-style-type: none"> <li>(i) commencement of any litigation against an FDE Group entity with respect to financial indebtedness greater than two million pounds (£2m) or obligations under a service contract with a total contract value greater than two million pounds (£2m);</li> <li>(ii) non-payment by an FDE Group entity of any financial indebtedness;</li> <li>(iii) any financial indebtedness of an FDE Group entity becoming due as a result of an event of default;</li> <li>(iv) the cancellation or suspension of any financial indebtedness in respect of an FDE Group entity;</li> <li>(v) an FDE Group entity can no longer use a corporate loan facility, or the corporate loan facility has been modified to the detriment of the FDE Group entity; or</li> <li>(vi) the external auditor of an FDE Group entity expressing a qualified opinion on, or including an emphasis of matter in, its opinion on the statutory accounts of that FDE entity;</li> </ul> <p>in each case which the Authority reasonably believes (or would be likely reasonably to believe) could directly impact on the continued performance and delivery of the Services in accordance with the Contract; and</p> <p>(b) any of the Financial Indicators set out at Paragraph 5 for any of the FDE Group entities falling within Risk Level 2.</p> <p><b>4 Consequences of Financial Distress Events</b></p> <p>4.1 Immediately upon notification by the Contractor of a Financial Distress Event (or if the Authority becomes aware of a Financial Distress Event without notification and brings the event to the attention of the Contractor), the Contractor shall have the obligations and the Authority shall have the rights and remedies as set out in Paragraphs 4.3 to 4.6.</p>
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	<p>4.2 In the event of a late or non-payment of a Key Sub-contractor pursuant to Paragraph 3.1(d), the Authority shall not exercise any of its rights or remedies under Paragraph 4.3 without first giving the Contractor ten (10) Working Days to:</p> <ul style="list-style-type: none"> <li>(a) rectify such late or non-payment; or</li> <li>(b) demonstrate to the Authority's reasonable satisfaction that there is a valid reason for late or non-payment.</li> </ul> <p>4.3 The Contractor shall (and shall procure that the Guarantor and/or any relevant Key Sub-contractor shall):</p> <ul style="list-style-type: none"> <li>(a) at the request of the Authority, meet the Authority as soon as reasonably practicable (and in any event within three (3) Working Days of the initial notification (or awareness) of the Financial Distress Event or such other period as the Authority may permit and notify to the Contractor in writing) to review the effect of the Financial Distress Event on the continued performance and delivery of the Services in accordance with the Contract; and</li> <li>(b) where the Authority reasonably believes (taking into account the discussions and any representations made under Paragraph 4.3(a)) that the Financial Distress Event could impact on the continued performance and delivery of the Services in accordance with the Contract: <ul style="list-style-type: none"> <li>(i) submit to the Authority for its approval, a draft Financial Distress Remediation Plan as soon as reasonably practicable (and in any event, within ten (10) Working Days of the initial notification (or awareness) of the Financial Distress Event or such other period as the Authority may permit and notify to the Contractor in writing); and</li> <li>(ii) to the extent that it is legally permitted to do so and subject to Paragraph 4.8, provide such information relating to the Contractor, Key Sub-contractors and/or the Guarantor as the Authority may reasonably require in order to understand the risk to the Services, which may include forecasts in relation to cash flow, orders and profits and details of financial measures being considered to mitigate the impact of the Financial Distress Event.</li> </ul> </li> </ul>
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	<p>4.4 The Authority shall not withhold its approval of a draft Financial Distress Remediation Plan unreasonably. If the Authority does not approve the draft Financial Distress Remediation Plan, it shall inform the Contractor of its reasons and the Contractor shall take those reasons into account in the preparation of a further draft Financial Distress Remediation Plan, which shall be resubmitted to the Authority within five (5) Working Days of the rejection of the first draft. This process shall be repeated until the Financial Distress Remediation Plan is approved by the Authority or escalated under Paragraph 4.5.</p> <p>4.5 If the Authority considers that the draft Financial Distress Remediation Plan is insufficiently detailed to be properly evaluated, will take too long to complete or will not ensure the continued performance of the Contractor's obligations in accordance with the Contract, then it may either agree a further time period for the development and agreement of the Financial Distress Remediation Plan or escalate any issues with the draft Financial Distress Remediation Plan with the Contractor.</p> <p>4.6 Following approval of the Financial Distress Remediation Plan by the Authority, the Contractor shall:</p> <ul style="list-style-type: none"> <li>(a) on a regular basis (which shall not be less than fortnightly): <ul style="list-style-type: none"> <li>(i) review and make any updates to the Financial Distress Remediation Plan as the Contractor may deem reasonably necessary and/or as may be reasonably requested by the Authority, so that the plan remains adequate, up to date and ensures the continued performance and delivery of the Services in accordance with the Contract; and</li> <li>(ii) provide a written report to the Authority setting out its progress against the Financial Distress Remediation Plan, the reasons for any changes made to the Financial Distress Remediation Plan by the Contractor and/or the reasons why the Contractor may have decided not to make any changes;</li> </ul> </li> <li>(b) where updates are made to the Financial Distress Remediation Plan in accordance with Paragraph 4.6(a), submit an updated Financial Distress Remediation Plan to the Authority for its approval, and the provisions of Paragraphs 4.4 and 4.5 shall apply to the review and approval process for the updated Financial Distress Remediation Plan; and</li> <li>(c) comply with the Financial Distress Remediation Plan (including any updated Financial Distress Remediation Plan) and ensure that it achieves the financial and performance requirements set out in the Financial Distress Remediation Plan.</li> </ul>
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	<p>4.7 Where the Contractor reasonably believes that the relevant Financial Distress Event under Paragraph 4.1 (or the circumstance or matter which has caused or otherwise led to it) no longer exists, and the Contractor is able to demonstrate this to the satisfaction of the Authority, the Contractor shall notify the Authority and the Parties may agree that the Contractor shall be relieved of its obligations under Paragraph 4.6.</p> <p>4.8 The Contractor shall use reasonable endeavours to put in place the necessary measures to ensure that the information specified at paragraph 4.3(b)(ii) is available when required and on request from the Authority and within reasonable timescales. Such measures may include:</p> <ul style="list-style-type: none"> <li>(a) obtaining in advance written authority from Key Sub-contractors and/or the Guarantor authorising the disclosure of the information to the Authority and/or entering into confidentiality agreements which permit disclosure;</li> <li>(b) agreeing in advance with the Authority, Key Sub-contractors and/or the Guarantor a form of confidentiality agreement to be entered by the relevant parties to enable the disclosure of the information to the Authority;</li> <li>(c) putting in place any other reasonable arrangements to enable the information to be lawfully disclosed to the Authority (which may include making price sensitive information available to Authority nominated personnel through confidential arrangements, subject to their consent); and</li> <li>(d) disclosing the information to the fullest extent that it is lawfully entitled to do so, including through the use of redaction, anonymization and any other techniques to permit disclosure of the information without breaching a duty of confidentiality.</li> </ul>
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**5 Financial Indicators**

5.1 Subject to the calculation methodology set out at Annex 1 of this Schedule, the Financial Indicators and the corresponding calculations and thresholds used to determine whether a Financial Distress Event has occurred in respect of those Financial Indicators, shall be as follows:

<b>Financial Indicator</b>	<b>Calculation <sup>1</sup></b>	<b>Financial Target Threshold:</b>	<b>Risk Level 1</b>	<b>Risk Level 2</b>
<b>Debt Ratio</b>	Total Liabilities / Total Assets	Debt ratio is less than or equal to 1.0	Debt ratio is greater than 1.0 but less than or equal to 1.2	Debt ratio is greater than 1.2
<b>Acid Test</b>	(Current liabilities – inventory) / Current liabilities	Acid test is greater than or equal to 0.8	Acid test is less than 0.8 but greater than or equal to 0.6	Acid test is less than 0.6
<b>Operating Cash Flow Ratio</b>	Operating cash flow / Revenue × 100	Operating cash flow ratio is greater than or equal to 4%	Operating cash flow ratio is less than 4% but greater than or equal to 2%	Operating cash flow ratio is less than 2%

Key: <sup>1</sup> – See Annex 1 of this Schedule which sets out the calculation methodology to be used in the calculation of each Financial Indicator.

**6 Termination Rights**

The Authority shall be entitled to terminate the Contract if:

- (a) the Contractor fails to notify the Authority of a Financial Distress Event in accordance with Paragraph 2.2(b);
- (b) the Parties fail to agree a Financial Distress Remediation Plan (or any updated Financial Distress Remediation Plan) in accordance with Paragraphs 4.3 to 4.5; and/or
- (c) the Contractor fails to comply with the terms of the Financial Distress Remediation Plan (or any updated Financial Distress Remediation Plan) in accordance with Paragraph 4.6(c).

**Annex 1: Calculation Methodology for Financial Indicators**

The Contractor shall ensure that it uses the following general and specific methodologies for calculating the Financial Indicators against the Financial Target Thresholds:

**General methodology**

1. **Terminology:** The terms referred to in this Annex are those used by UK companies in their financial statements. Where the entity is not a UK company, the corresponding items should be used even if the terminology is slightly different (for example a charity would refer to a surplus or deficit rather than a profit or loss).
2. **Groups:** Where the entity is the holding company of a group and prepares consolidated financial statements, the consolidated figures should be used.
3. **Foreign currency conversion:** Figures denominated in foreign currencies should be converted at the exchange rate in force at the relevant date for which the Financial Indicator is being calculated.
4. **Treatment of non-underlying items:** Financial Indicators should be based on the figures in the financial statements before adjusting for non-underlying items.

<b><u>Specific Methodology</u></b>	
<b>Financial Indicator</b>	<b>Specific Methodology</b>
<b>Debt Ratio</b>	$\text{Debt ratio} = \text{total liabilities} / \text{total assets}$ <p><i>All elements used to calculate the debt ratio are available on the face of the Balance Sheet in a standard set of financial statements.</i></p>
<b>Acid Test</b>	$\text{Acid test} = (\text{current liabilities} - \text{inventory}) / \text{current liabilities}$ <p><i>All elements used to calculate the acid test are available on the face of the Balance Sheet in a standard set of financial statements.</i></p>
<b>Operating Cash Flow Ratio</b>	$\text{Operating Cash Flow Ratio} = \text{Operating Cash Flow} / \text{Revenue} \times 100$ <p><i>All elements used to calculate the operating cash flow ratio are available in the Profit and Loss account and Cash Flow statement in a standard set of financial statements.</i></p>

**Schedule 3: Additional Management Information**

<b>Contract Type, Contract Reference</b>	<b>Modification</b>
ESF1, Schedule 3 ESF2, Schedule 3	<p><i>Insert the following four paragraphs at the end of Schedule 3 for ESF1 and ESF2.</i></p> <p>.</p> <p>(A) The Contractor will provide the Authority, at three monthly intervals, with data on the Contractor's high level order book or turnover analysis, in a format determined by the Authority from time to time, including but not limited to:</p> <ul style="list-style-type: none"> <li>(a) commissioner and contract,</li> <li>(b) percentage of turnover,</li> <li>(c) contract key dates (income start and end), and</li> <li>(d) COVID-19 action being proposed/taken.</li> </ul> <p>(B) The Contractor will provide the Authority, each Month or as otherwise requested by the Authority, with the following details of its Sub-contractors in a format to be determined by the Authority from time to time, including but not limited to:</p> <ul style="list-style-type: none"> <li>(a) Sub-contractor partner name,</li> <li>(b) Sub-contractor partner main contact (name, phone and email) with alternative for contingency,</li> <li>(c) Service(s) delivered,</li> <li>(d) geographic area(s) covered,</li> <li>(e) amount paid in Month,</li> <li>(f) where there is a variance of +/- 10% from the previous Month's payment to any Sub-contractor, an explanation to be provided,</li> <li>(g) the Contractor's stability risk assessment of its Sub-contractor, and</li> </ul>

	<p>(h) contingency plans.</p> <p>(C) The Contractor will provide the Authority with details of the Contractor's Sub-contractor stability risk assessment policy, process and methodology:</p> <ul style="list-style-type: none"><li>(a) within 10 Working Days of the CV12 Variation Date,</li><li>(b) when updated, reviewed or amended by the Contractor, and</li><li>(c) annually.</li></ul> <p>(D) The Contractor will provide the Authority with all other such information in respect of the Contractor and Contract as the Authority reasonably requires, from time to time, to enable the Authority to ascertain and determine:</p> <ul style="list-style-type: none"><li>(a) the operation and effectiveness of the Contract,</li><li>(b) the resources deployed and/or available under the Contract, and</li><li>(c) the risk to the delivery of the Contract.</li></ul>
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**Schedule 4: Customer Service Standards**

<b>Contract Type, Contract Provision</b>	<b>Modification</b>
<p>ESF1, Schedule 2 paragraph 2 (Customer Service Standards)</p> <p>ESF2, Schedule 2 paragraph 2 (Customer Service Standards)</p>	<p><i>The Customer Service Standards as detailed in Schedule 2, paragraph 2 shall not be applicable and will be replaced with the Customer Service Standards as set out below.</i></p> <ol style="list-style-type: none"> <li>1. The Contractor and the potential Participant will undertake the initial appointment within 20 (twenty) Working Days of the Contractor receiving the Referral.</li> <li>2. The Contractor will provide the Participant with a copy of the service delivery standards and a copy of the ESF information leaflet within 1 (one) Working Day of becoming a Participant. The service delivery standards referred to here are details on the support that the Contractor can provide to the Participant.</li> <li>3. The Contractor will work with the Participant to explore the Participant's ambitions, goals, priorities and personal needs. This will help formulate an Action Plan. This Action Plan must be finalised within 20 (twenty) Working Days of the Referral.</li> <li>4. The Contractor will contact the Participant (by telephone/video conference or any other method permitted by the Contract) once a month as a minimum, to discuss the Participant's wellbeing, Action Plan and job goals ("Booked Meeting"). The frequency of the Booked Meetings can be amended according to the Participant's needs, provided that the Participant is in agreement.</li> <li>5. If the Participant misses a Booked Meeting and the Contractor is not contacted by the Participant with an explanation as to why, The Contractor will attempt to contact the Participant within 2 (two) Working Days with a view to resolving any issues.</li> <li>6. Ahead of the Participant commencing employment or self-employment, The Contractor will attempt to discuss with the Participant the initial in-work support needs that exist.</li> <li>7. Whilst the Participant is in employment or self-employment, The Contractor will attempt to contact (via telephone/video conference or any other manner permitted by the Contract) the Participant every 10 (ten) Working Days to offer any necessary support that the Participant may require in employment or self-employment. The frequency of the contact can be amended according to the Participant's needs, provided that the Participant is in agreement.</li> </ol>

	<ol style="list-style-type: none"> <li>8. If the Participant is not in employment or self-employment at the point they cease to be a Participant, The Contractor will produce an exit report pack. This will include a summary of the Participant's time on the programme, along with details of additional support that can be accessed to support them going forward ("Exit Report Pack"). The Exit Report Pack will be provided to Participants within the last 10 (ten) Working Days of the Participant being a Participant. The Contractor will also maintain a copy of the Exit Report Pack securely, which must be sent to the Authority upon request from the Authority.</li> <li>9. Contractors must securely send a copy of the fully completed ESF 1420 start form to the ESF Admin Team within five (5) Working Days of the eligibility and referral meeting.</li> <li>10. Contractors must securely send a copy of the fully completed ESF1420 end form to the ESF 14-20 Admin Team within eight (8) weeks of the completion date.</li> <li>11. The Contractor must send a copy of the final Action Plan to the Authority within 5 (five) Working Days of a request from the Authority.</li> <li>12. At the end of each calendar month, the Contractor will complete the template as provided in Schedule 4, Annex A to CV12. This template will be provided to the Authority on the 15th day of the following calendar month. If the 15th day happens to be a non-Working Day, then the deadline will move to the next Working Day.</li> </ol>
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Annex A



Annex A.xlsx

**Schedule 5: Removal of Certain Contract Requirements**

<b>Contract Type, Contract Provision</b>	<b>Modification</b>
ESF1 and ESF2, Schedule 3 paragraph 6.6	<p>Currently, there are contractual requirements to provide:</p> <ul style="list-style-type: none"> <li>a) details on supply chain expenditure with SMEs;</li> <li>b) a Sustainable Development Policy Statement &amp; Sustainable Development Plan;</li> </ul> <p><u>The requirement to provide this information is to be removed.</u></p>
ESF1 and ESF2, Schedule 3 paragraph 6.6 ESF1 and ESF2, Schedule 6 paragraphs 3.3, 3.10	<p>Currently, there are contractual requirements to provide a full and final Security Plan. These requirements are to be removed and replaced with a requirement to provide a single Contractor assurance that the security arrangements in place meet the Authority's and GDPR data security requirements and keep the Authority's information and systems safe. This is to be returned by 31<sup>st</sup> January 2021 and annually thereafter.</p>
ESF1, Schedule 3 paragraph 6.6	<p>Currently, there is a contractual requirement to provide the Life Chances Work Force Monitoring Template in accordance with the Life Chances through Procurement Guidance for DWP Contractors document and Schedule 17.</p> <p><u>The requirement to provide this information is to be removed.</u></p>
ESF1 and ESF2, Schedule 17 paragraph 2.6	<p>Currently, this clause states:</p> <p>The Contractor shall provide the Life Chances Workforce Monitoring template (contained in Appendix 1 to this Schedule 17), duly completed in full by the Contractor in respect of all Staff (including but not limited to all Sub-contractors used in the performance of the Contractor's obligations under the Contract), six (6) Months after the Commencement Date and annually thereafter.</p> <p><u>This provision is to be removed</u></p>

ESF1 and ESF2, Schedule 7 paragraph 2.1	<p>Currently, this clause states:</p> <p>The Contractor shall produce a Sustainable Development Policy Statement and Sustainable Development Plan in accordance with paragraphs 2.2 and 2.3 of this Schedule, within 6 (six) months of the Commencement Date and annually thereafter. The Sustainable Development Policy Statement and Sustainable Development Plan must be specific to the Contract and include all Sub-contractors involved in delivery of the Contract. The Contractor must obtain the required information from Sub-contractors and then collate and submit as stated above.</p> <p><u>This provision is to be removed</u></p>
ESF1 and ESF2, Schedule 3 paragraph 6.6	<p>Currently, there is a contractual requirement to provide an HMG Baseline Personnel Security Standard - Contractor's Declaration. This is to be replaced with the requirement to provide a single Contractor Baseline Personnel Security Standard declaration. This is to be returned by 31<sup>st</sup> January 2021 and annually thereafter.</p>

## Schedule 6: Provider Guidance

Contract Type, Contract Provision	Modification
ESF1, A1.1 ESF2, A1.1 ESF1, F3.4 ESF2, F3.4	<p><i>Insert a new definition of Covid-19 Provider Guidance into A1.1, as follows:</i></p> <p><b>“Covid-19 Provider Guidance”</b> means any Provider Guidance issued by the Authority to the Contractor during the Covid Relief Period.</p> <p><i>Insert a new provision F3.4, as follows:</i></p> <p><b>F3.4</b></p> <ul style="list-style-type: none"> <li>(a) Any Covid-19 Provider Guidance issued to the Contractor shall have effect from the date of its issue or as otherwise specified in the Covid-19 Provider Guidance.</li> <li>(b) Covid-19 Provider Guidance shall supplement or replace Provider Guidance issued in the ordinary course of business.</li> <li>(c) Whether Covid-19 Provider Guidance supplements or replaces Provider Guidance issued in the ordinary course of business will be specified in the Covid-19 Provider Guidance.</li> <li>(d) Where there is any conflict between Covid-19 Provider Guidance and Provider Guidance issued in the ordinary course, the Covid-19 Provider Guidance shall prevail.</li> <li>(e) The Authority shall have the right to withdraw the Covid-19 Provider Guidance at any time, in whole or in part, after its issue and shall specify, by way of issue of a Live Running Memo, when the Covid-19 Provider Guidance shall cease to have effect (the <b>“Covid-19 Provider Guidance Expiry Date”</b>).</li> <li>(f) The Covid-19 Provider Guidance shall, to the extent and manner specified in the Live Running Memo, cease to apply to the Contract on the occurrence of the Covid-19 Provider Guidance Expiry Date.</li> <li>(g) Following the occurrence of the Covid-19 Provider Guidance Expiry Date the Provider Guidance issued in the ordinary course shall continue to apply to the Contract.</li> </ul>

## Schedule 7: DWP Supplier Code of Conduct

Contract Type, Contract Reference	Modification
ESF2, Schedule 18	<p data-bbox="542 371 1680 400"><i>For ESF2, add Schedule 18 with the below schedule “DWP Supplier Code Of Conduct”.</i></p> <p data-bbox="542 464 1344 499"><b><u>SCHEDULE 18 - CONTRACTOR CODE OF CONDUCT</u></b></p> <p data-bbox="542 539 1341 568"><b>1 OVERARCHING STANDARDS OF BEHAVIOUR</b></p> <p data-bbox="542 576 1928 643">1.1 The overarching standards of behaviour the Authority expects of the Contractor, at any time but especially during the period of Contractor relief due to COVID-19, are:</p> <ul style="list-style-type: none"> <li data-bbox="638 651 1928 794">(a) <b>Ethical behaviour</b> – the Authority expects the highest standards of ethical behaviour and professionalism from Contractors when Contractors deal with the Authority, service users, and stakeholders. The Authority also expects Contractors to act within the spirit of the contract.</li> <li data-bbox="638 802 1928 906">(b) <b>Counter fraud and corruption</b> – the Authority expects all Contractors to comply with anti-corruption laws, anti-money laundering laws and to have robust control systems to prevent and detect fraudulent or potentially fraudulent activity.</li> <li data-bbox="638 914 1928 981">(c) <b>Transparency</b> – the Authority expects all Contractors to be transparent when dealing with the Authority, their service users, their Sub-contractors, and stakeholders.</li> <li data-bbox="638 989 1928 1093">(d) <b>Treatment of Sub-contractors</b> – the Authority expects Contractors to treat their Sub-contractors fairly when dealing with prompt payment, risk management and charging for services provided to them by the Contractor.</li> <li data-bbox="638 1101 1928 1382">(e) <b>Corporate Social Responsibility</b> – the Authority expects its Contractors to be good corporate citizens by upholding the values of this Code and supporting key government corporate social responsibility policy areas, such as: diversity and inclusion, sustainability, prompt payment, small and medium sized enterprise engagement, support of the Armed Forces Covenant, apprenticeships and skills development. The Authority supports constructive and collaborative partnership working and expects Contractors to invest in the relationship between the Authority and the Contractors.</li> </ul>

	<p>1.2 The Authority expects the Contractor to adhere to, and the Authority reserves the right to monitor, the following:</p> <p><b>2 RELATIONSHIP MANAGEMENT / ETHICAL BEHAVIOUR</b></p> <p>2.1 Contractors must act openly, honestly and with integrity in delivering services, working with the Authority, its customers and stakeholders and when claiming payment for services. Contractors must maintain accurate systems and complete records of business transactions with appropriate and proportionate controls and control environments that maintain the integrity of the information and data and protect it from potential abuse, falsification or error.</p> <p>2.2 Contractors must not force unfair contract terms on their Sub-contractors, nor allow unfair exploitation of a dominant market or customer position.</p> <p>2.3 Contractors must act at all times with respect and integrity, use open and transparent accounting, and work within the spirit of the contract as well as within the contractual terms. Where there is a conflict between the spirit and contract terms Contractors must bring this to the attention of the Authority.</p> <p>2.4 Contractors must ensure that risk is managed by the party best able to do so and be prepared to share with the Authority intelligence of Sub-contractor risks, so that end to end risks can be managed and that material commercial and operational risks, for example Sub-contractor failure, can be managed and mitigated.</p> <p><b>3 TREAT EMPLOYEES AND SUB-CONTRACTORS FAIRLY</b></p> <p>3.1 Contractors and their Sub-contractors must ensure that robust procedures are adopted and maintained to ensure the protection of human rights at all times. Contractors must ensure the elimination of unethical and illegal employment practices, such as modern slavery, forced labour and child labour, and other forms of exploitative and unethical treatment of workers and service users. Contractors and their Sub-contractors are encouraged to pay employees (and seek employment opportunities for customers at or above) the National Living Wage.</p>
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	<p>3.2 Contractors and their Sub-contractors must have policies and processes in place for recording and eliminating the occurrence of health and safety related incidents.</p> <p>3.3 The Authority requires full Sub-contractor transparency and compliance with HM Government policy initiatives including the support and capacity building of micro-organisations, small and medium sized organisations, prompt payment, and support for economic growth.</p> <p>3.4 Contractors must engage their Sub-contractors in a manner consistent with the Authority's treatment of its direct Contractors. This includes, but is not limited to, appropriate pricing, volume management, service fee flow, charging for central and corporate services, fiduciary and financial risk management, and applying transparent and appropriate contractual measures where the Sub-contractor underperforms against its contracts and the spirit of those contracts.</p> <p>3.5 The Authority will not tolerate bribery, corruption or fraud in any form and Contractors must conduct their business honestly, fairly and free from such behaviours. Contractors, and the Sub-contractor, must protect against these behaviours and report any instances or concerns to the Authority immediately. The Authority takes a zero tolerance approach to bribery, corruption and fraud, and will investigate any instance of suspected bribery, corruption or fraud.</p> <p>3.6 The Authority's employees, employees of the Authority's Contractors, and service users have the right to be treated with respect in all circumstances. The Authority will not tolerate discrimination, harassment, victimisation, bullying, intimidation or disrespect to the Authority's staff, stakeholders or service users.</p>
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	<p><b>4 VALUE</b></p> <p>4.1 Value for Money (“VfM”) and financial transparency are essential requirements to the Authority’s commissioned work. All Contractors and their Sub-contractors must seek to maximise value including by improving performance and quality of services throughout the life of the contract / relationship.</p> <p>4.2 Contractors must demonstrate that they are pursuing continuous improvement throughout the contract and Sub-contracts, and apply stringent and robust financial controls, management and governance to reduce waste and improve efficiency in their internal operations and within the Sub-contracts. The Authority expects Contractors and their Sub-contractors to demonstrate openness and honesty and be realistic about their performance, in all circumstances.</p> <p>4.3 The Authority expects to obtain value for money and to be able to demonstrate long-term value for money to the UK taxpayer. This means that contracts should be priced to offer sustainable value throughout their life, including when changes are made to the contract.</p> <p>4.4 The Authority’s minimum expectation is that contracts are delivered to meet targets and that Contractors will continually improve value and quality through continuous improvement, improved performance and improved quality.</p> <p>4.5 The Authority does not expect Contractors to exploit an incumbent, monopoly position, Sub-contractor(s), urgent situation(s), or an imbalance of capability or information to impose opportunistic pricing.</p> <p>4.6 The Authority expects Contractors to work in good faith to resolve any disputes promptly and fairly during the life of a contract through good relationship management and, where appropriate, use contractual dispute resolution mechanisms, recognising that taxpayer and Contractor interests are rarely best served by litigation.</p>
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	<p>4.7 The Authority expects Contractors to seek opportunities to improve value and social value in contracts and to share best practice with the Authority and other authorities / Contractors.</p>
	<p><b>5 REPUTATION AND CONFLICT</b></p>
	<p>5.1 The Authority expects Contractors and their Sub-contractors to behave ethically, comply with legal and industry requirements and seek to implement best practice.</p>
	<p>5.2 Contractors must be honest when representing their work for the Authority, their performance of the contract and their relationship with the Authority. The Authority expects Contractors to protect the HM Government's reputation and ensure that neither they nor any of their partners or Sub-contractors bring the government into disrepute, for example by engaging in any act or omission which may diminish public trust in HM Government.</p>
	<p>5.3 The Authority requires Contractors to mitigate against any real or perceived conflict of interest through their work with HM Government. A Contractor with a position of influence gained through a contract must not use that position to disadvantage any other Contractor or reduce the potential for future competition, for example by creating a technical solution that locks in the Contractor's own goods or services.</p>
	<p>5.4 The Contractor and their Sub-contractors must conduct business in compliance with competition (anti-trust) laws and must not seek to co-ordinate the market with other Contractors or their Sub-contractors in a way that restricts competition.</p>
	<p><b>6 COUNTER FRAUD AND CORRUPTION</b></p>
	<p>6.1 Contractors must adhere to anti-corruption laws, including but not limited to the Bribery Act 2010, and money laundering regulations. Contractors must have robust processes to ensure that the Sub-contractors in their supply chain also comply with these laws.</p>

	<p>6.2 The Authority has a zero tolerance to any form of corrupt practices including extortion and fraud, and will investigate any suspected instances. The Authority expects Contractors to be vigilant and to proactively identify fraud, and the risk of fraud, in their business. Contractors must have robust systems, controls and/or control environments to protect against the potential for fraud, including, but not limited to, prohibiting perverse employee reward systems.</p> <p>6.3 Contractors and their Sub-contractors must declare to the Authority any instances or allegations of unethical behaviour by an existing or previous member of staff, or where there is a known or suspected conflict of interest. Contractors must immediately notify the Authority where fraudulent practice and/or financial irregularity is suspected or discovered and disclose any interests that might affect their decision-making or the advice that they give to HM Government.</p> <p><b>7 FINANCIAL TRANSPARENCY OBJECTIVES</b></p> <p>7.1 The Contractor acknowledges that the provisions of Schedule 4 (Fees and Payment) are designed to facilitate the objectives set out below. The Contractor will cooperate with the Authority so that:</p> <ul style="list-style-type: none"> <li>(a) the Authority can understand any information that the Contractor submits to the Authority,</li> <li>(b) both Parties have confidence that Fees are based on justifiable costs that can be independently validated, and clearly and wholly attributed to the Contract,</li> <li>(c) both Parties can understand the potential impact of any changes to the Contract on the payments that the Authority makes to the Contractor,</li> <li>(d) both Parties can review, address issues with, and re-forecast progress in relation to the provision of the Services,</li> </ul>
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	<p>(e) the Authority can demonstrate that it is achieving value for money/economic value through the Contract, and protecting capacity and capability for delivery of Services after the Relief Expiry Date,</p> <p>(f) all financial documents and models prepared by the Contractor shall be consistent with each other in the use of terminology, presentation, and underlying structure, including through the use of templates provided by the Authority to the Contractor, and</p> <p>(g) the Authority is in a position to validate any payments it makes to the Contractor.</p> <p><b>8 COVID-19 GUIDANCE</b></p> <p>8.1 The Contractor must, in delivering the Services, adhere to any guidance issued by the government on working safely during the COVID-19 pandemic. This includes, but is not limited to, any guidance published at the following address:</p> <p><a href="https://www.gov.uk/guidance/working-safely-during-coronavirus-covid-19">https://www.gov.uk/guidance/working-safely-during-coronavirus-covid-19</a></p>
	<p>The Contractor shall at all times during the term of the Contract comply with the Supplier Code of Conduct.</p> <p>Any breach by the Contractor of this clause D8 shall entitle the Authority to terminate the Contract by issuing a Termination Notice to the Contractor.</p>