

SCHEDULE 4.1

SUPPLIER SOLUTION

Supplier Solution

[Redacted under FOIA s43, Commercial interests]

SCHEDULE 4.2

COMMERCIALLY SENSITIVE INFORMATION

Commercially Sensitive Information

No.	Date	Item(s)	Duration of Confidentiality
1	Effective Date	All pricing information including [Redacted under FOIA s43, Commercial interests]	Five years from expiry or termination of the Agreement.
2	Effective Date	Information relating to Supplier's SaaS products, processes and business information as set out in Schedule 4.1 and 5 and any third-party software, products or services set out in the same. Such non-publicly available documentation, proprietary product and delivery methodologies, tools and strategies, solutions (including without limitation the Supplier Solution).	Five years from expiry or termination of the Agreement.
3	Effective Date	The roles and individuals noted within Schedule 9.1 (Key Personnel).	Three years
4	Effective Date	Any Overall Risk classification.	Three years
5	Effective Date	The contents of the Implementation Plan to the extent relating to the milestones set out therein and any specific targets or implementation requirements.	Three years
6	Effective Date	Financial information relating to the accounts and financial health of the Supplier and its subcontractors.	Five years from expiry or termination of the Agreement.

SCHEDULE 4.3

NOTIFIED SUB-CONTRACTORS

Notified Sub-Contractors

- 1 In accordance with Clause 15.6 (*Appointment of Services Sub-contractors*), the Supplier is entitled to sub-contract its obligations under this Agreement to the Services Sub-contractors listed in the table below.
- 2 The Parties agree that they will update this Schedule periodically to record any Services Sub-contractors appointed by the Supplier with the consent of the Authority after the Effective Date for the purposes of the delivery of the Services.

Services Sub-contractor name and address (if not the same as the registered office)	Registered office and company number	Related product/ Service description	Role in delivery of the Services	Overall Risk Classification
Pricewaterhouse Coopers LLP	1 Embankment Place, London, WC2N 6RH OC303525	Optional Services	Additional capacity for Supplier's performance of the Services	G
Accenture (UK) Limited	30 Fenchurch Street, London, EC3M 3BD 04757301	Optional Services	Additional capacity for Supplier's performance of the Services	G
Carnall Farrar Ltd	1 Lyric Square, London, United Kingdom, W6 0NB 09264497	Optional Services	Additional capacity for Supplier's performance of the Services	G
NHS North of England Commissioning Support Unit (hosted by NHS England)	John Snow House, Durham University Science Park, Durham, DH1 3YG	Optional Services	Additional capacity for Supplier's performance of the Services	G

SCHEDULE 5

SOFTWARE

Software

1 THE SOFTWARE

- 1.1 The Software below is licensed to the Authority and/or any Authority Service Recipient in accordance with Clauses 16 (*Intellectual Property Rights*) and 17 (*Transfer and Licences Granted by the Supplier*).
- 1.2 The Parties agree that they will update this Schedule periodically to record any Supplier Software or Third Party Software subsequently licensed by the Supplier or third parties for the purposes of the delivery of the Services.

2 SUPPLIER SOFTWARE

The Supplier Software includes the following items:

Software	Supplier (if an Affiliate of the Supplier)	Purpose	Number of Licences	Restrictions	Number of Copies	Term/ Expiry
None						

3 THIRD PARTY SOFTWARE

The Third Party Software shall include the following items:

Not applicable.

Third Party Software	Supplier	Purpose	Number of Licences	Restrictions	Number of Copies	Term/ Expiry
None						

4 CLOUD SOFTWARE

Software	Supplier (if an Affiliate of the Supplier)	Purpose	Number of Licences	Restrictions	Number of Copies	Term/ Expiry
Palantir Foundry Cloud Subscription, hosted in the UK region.	Palantir Technologies UK, Ltd.	As set out in the Supplier Solution	One central Authority tenant and (at the direction of the Authority) one tenant per each Authority Service Recipient. Additional tenancies can be created by mutual written agreement between the Parties. The Authority is responsible for the payment of usage charges for all tenants created for FDP-AS.	As set out in the Standard Platform Terms	N/A, provided as SaaS	For the Term.

5 STANDARD PLATFORM TERMS

As set out further to Schedule 2.6 (Authority Service Recipients)

6 PLATFORM USE TERMS

As set out further to Schedule 2.6 (Authority Service Recipients)

**ANNEX 1: FORM OF LETTER RE SUB-LICENSING OF SUPPLIER SOFTWARE AND SUPPLIER
BACKGROUND IPRS**

[Supplier letterhead]

**[insert Authority
name and address]**

[Date]

Dear Sirs

LICENCES FOR SUPPLIER SOFTWARE AND SUPPLIER BACKGROUND IPRS

We refer to the agreement between us dated [insert date] in respect of [brief summary of subject of the Agreement] (the “Agreement”). Capitalised expressions used in this letter have the same meanings as in the Agreement.

In accordance with Clause 17.4(b) of the Agreement we confirm that:

1. the Authority and/or any Authority Service Recipient is licensed by the Supplier to use the Supplier Software and Supplier Background IPRs identified in the first column of the Appendix to this letter (the “Appendix”) on the terms of the licences identified in the second column of the Appendix (the “Licences”); and
2. notwithstanding any provision to the contrary in the Licences, it is agreed that the Authority and/or any Authority Service Recipient may sub-license, assign and novate the Supplier Software and Supplier Background IPRs as referred to in Clause 17.4(b) of the Agreement.

Yours faithfully,

Signed:

On behalf of [name of the Supplier]

APPENDIX

SUPPLIER STANDARD TERMS

As set out further to Schedule 2.6 (Authority Service Recipients)

ANNEX 2: FORM OF CONFIDENTIALITY UNDERTAKING
CONFIDENTIALITY AGREEMENT

THIS AGREEMENT is made on [*date*] 20

BETWEEN:

- (1) [*insert name*] of [*insert address*] (the “**Sub-licensee**”); and
- (2) [*insert name*] of [*insert address*] (the “**Supplier**” and together with the Supplier, the “**Parties**”).

WHEREAS:

- (A) [*insert name of Authority* and/or any Authority Service Recipient] (the “**Authority**”) and the Supplier are party to a contract dated [*insert date*] (the “**Contract**”) for the provision by the Supplier of [*insert brief description of services*] to the Authority.
- (B) The Authority wishes to grant a sub-licence to the Sub-licensee in respect of certain software and intellectual property rights licensed to the Authority pursuant to the Contract (the “**Sub-licence**”).
- (C) It is a requirement of the Contract that, before the Authority grants such sub-licence to the Sub-licensee, the Sub-licensee execute a confidentiality agreement in favour of the Supplier in or substantially in the form of this Agreement to protect the Confidential Information of the Supplier.

IT IS AGREED as follows:

1 Interpretation

1.1 In this Agreement, unless the context otherwise requires:

“Confidential Information” means:

- (a) Information, including all personal data within the meaning of the Data Protection Act 2018, and however it is conveyed, provided by the Authority to the Sub-licensee pursuant to or in connection with the Sub-licence that relates to:
 - (i) the Supplier; or
 - (ii) the operations, business, affairs, developments, intellectual property rights,

trade secrets, know-how and/or personnel of the Supplier;

- (b) the source code and the object code of the software sub-licensed to the Sub-licensee pursuant to the Sub-licence together with build information, relevant design and development information, technical specifications of all functionality including those not included in standard manuals (such as those that modify system performance and access levels), configuration details, test scripts, user manuals, operating manuals, process definitions and procedures, and all such other documentation supplied by the Supplier to the Authority pursuant to or in connection with the Sub-licence;
- (c) other Information provided by the Authority pursuant to this Agreement to the Sub-licensee that is clearly designated as being confidential or equivalent or that ought reasonably to be considered to be confidential which comes (or has come) to the Sub-licensee's attention or into the Sub-licensee's possession in connection with the Sub-licence; and
- (d) Information derived from any of the above, but not including any Information that:
 - (i) was in the possession of the Sub-licensee without obligation of confidentiality prior to its disclosure by the Authority;
 - (ii) was already generally available and in the public domain at the time of disclosure otherwise than by a breach of this Agreement or breach of a duty of confidentiality; or
 - (iii) was independently developed without access to the Information;

“Information” means all information of whatever nature, however conveyed and in whatever form, including in writing, orally, by demonstration, electronically and in a tangible, visual or machine-readable medium (including CD-ROM, magnetic and digital form); and

“Sub-licence” has the meaning given to that expression in recital (B) to this Agreement.

1.2 In this Agreement:

- (a) a reference to any gender includes a reference to other genders;

- (b) the singular includes the plural and vice versa;
- (c) the words “include” and cognate expressions shall be construed as if they were immediately followed by the words “without limitation”;
- (d) references to any statutory provision include a reference to that provision as modified, replaced, amended and/or re-enacted from time to time (before or after the date of this Agreement) and any prior or subsequent subordinate legislation made under it;
- (e) headings are included for ease of reference only and shall not affect the interpretation or construction of this Agreement; and
- (f) references to Clauses are to clauses of this Agreement.

2 Confidentiality Obligations

2.1 In consideration of the Authority entering into the Sub-licence, the Sub-licensee shall:

- (a) treat all Confidential Information as secret and confidential;
- (b) have in place and maintain proper security measures and procedures to protect the confidentiality of the Confidential Information (having regard to its form and nature);
- (c) not disclose or permit the disclosure of any of the Confidential Information to any other person without obtaining the prior written consent of the Supplier or except as expressly set out in this Agreement;
- (d) not transfer any of the Confidential Information outside the United Kingdom;
- (e) not use or exploit any of the Confidential Information for any purpose whatsoever other than as permitted under the Sub-licence;
- (f) immediately notify the Supplier in writing if it suspects or becomes aware of any unauthorised access, copying, use or disclosure in any form of any of the Confidential Information; and
- (g) upon the expiry or termination of the Sub-licence:
 - (i) destroy or return to the Supplier all documents and other tangible materials that contain any of the Confidential Information;
 - (ii) ensure, so far as reasonably practicable, that all Confidential Information held in electronic, digital or other machine-readable form ceases to be readily accessible (other than by the information technology staff of the Sub-licensee) from any computer, word processor, voicemail system or any other device; and
 - (iii) make no further use of any Confidential Information.

3 Permitted Disclosures

- 3.1 The Sub-licensee may disclose Confidential Information to those of its directors, officers, employees, consultants and professional advisers who:
- (a) reasonably need to receive the Confidential Information in connection with the Sub-licence; and
 - (b) have been informed by the Sub-licensee of the confidential nature of the Confidential Information; and
 - (c) have agreed to terms similar to those in this Agreement.
- 3.2 The Sub-licensee shall be entitled to disclose Confidential Information to the extent that it is required to do so by applicable law or by order of a court or other public body that has jurisdiction over the Sub-licensee.
- 3.3 Before making a disclosure pursuant to Clause 3.2, the Sub-licensee shall, if the circumstances permit:
- (a) notify the Supplier in writing of the proposed disclosure as soon as possible (and if possible before the court or other public body orders the disclosure of the Confidential Information); and
 - (b) ask the court or other public body to treat the Confidential Information as confidential.

4 General

- 4.1 The Sub-licensee acknowledges and agrees that all property, including intellectual property rights, in Confidential Information disclosed to it by the Supplier shall remain with and be vested in the Supplier.
- 4.2 This Agreement does not include, expressly or by implication, any representations, warranties or other obligations:
- (a) to grant the Sub-licensee any licence or rights other than as may be expressly stated in the Sub-licence;
 - (b) to require the Supplier to disclose, continue disclosing or update any Confidential Information; or
 - (c) as to the accuracy, efficacy, completeness, capabilities, safety or any other qualities whatsoever of any Information or materials provided pursuant to or in anticipation of the Sub-licence.
- 4.3 The rights, powers and remedies provided in this Agreement are cumulative and not exclusive of any rights, powers or remedies provided by law. No failure or delay by either Party to exercise any right, power or remedy will operate as a waiver of it nor will any partial exercise preclude any further exercise of the same, or of some other right, power or remedy.

- 4.4 Without prejudice to any other rights or remedies that the Supplier may have, the Sub-licensee acknowledges and agrees that damages alone may not be an adequate remedy for any breach by the Sub-licensee of any of the provisions of this Agreement. Accordingly, the Sub-licensee acknowledges that the Supplier shall be entitled to the remedies of injunction and specific performance as well as any other equitable relief for any threatened or actual breach of this Agreement and/or breach of confidence and that no proof of special damages shall be necessary for the enforcement of such remedies.
- 4.5 The maximum liability of the Sub-licensee to the Supplier for any breach of this Agreement shall be limited to ten million pounds (£10,000,000).
- 4.6 For the purposes of the Contracts (Rights of Third Parties) Act 1999 no one other than the Parties has the right to enforce the terms of this Agreement.
- 4.7 Each Party shall be responsible for all costs incurred by it or on its behalf in connection with this Agreement.
- 4.8 This Agreement may be executed in any number of counterparts and by the Parties on separate counterparts, but shall not be effective until each Party has executed at least one counterpart. Each counterpart shall constitute an original of this Agreement, but all the counterparts shall together constitute but one and the same instrument.

5 Notices

- 5.1 Any notice to be given under this Agreement (each a “**Notice**”) shall be given in writing and shall be delivered by hand and shall be deemed to have been duly given at the time of delivery provided that such Notice is sent to the relevant physical address, and expressly marked for the attention of the relevant individual, set out in Clause 5.2.

5.2 Any Notice:

- (a) if to be given to the Supplier shall be sent to:

[Address]

Attention: [Contact name and/or position, e.g. “The Finance Director”]

- (b) if to be given to the Sub-licensee shall be sent to:

[Name] of [Organisation]
[Address]

Attention: []

6 Governing law

- 6.1 This Agreement shall be governed by, and construed in accordance with, English law and any matter claim or dispute arising out of or in connection with this Agreement whether contractual or non-contractual, shall be governed by and determined in accordance with English law.

6.2 Each Party hereby irrevocably submits to the exclusive jurisdiction of the English courts in respect of any claim or dispute arising out of or in connection with this Agreement.

IN WITNESS of the above this Agreement has been signed by the duly authorised representatives of the Parties on the date which appears at the head of page 1.

For and on behalf of [*name of Supplier*]

Signature:

Date:

Name:

Position:

For and on behalf of [*name of Sub-licensee*]

Signature:

Date:

Name:

Position:

SCHEDULE 6.1

PROJECT PLAN

Project Plans

1 INTRODUCTION

1.1 This Schedule:

- (a) defines the process for the preparation and implementation of Outline Project Plans and Detailed Project Plans;
- (b) identifies the Milestones (and associated Deliverables) including the Milestones which trigger payment to the Supplier of the applicable Milestone Payments following the issue of the applicable Milestone Achievement Certificate; and
- (c) includes the form of the Statement of Work, which is to be used for the Implementation Services and Optional Services (and which contains references to the relevant Project Plans).

2 IMPLEMENTATION PLAN

The Outline Implementation Plan is as set out in the Statement of Work for Implementation Services (the Outline Implementation Plan being in substantially the same form as set out in Annex 4 (Outline Implementation Plan) of this Schedule 6.1 (Project Plan)).

3 OUTLINE PROJECT PLANS

- 3.1 The Supplier shall provide an Outline Project Plan for Optional Services in the form set out in ANNEX 1 within 10 Working Days (or such other time period agreed in writing by the Parties) of receipt of a Brief.

4 APPROVAL OF THE DETAILED PROJECT PLAN

- 4.1 The Supplier shall submit to the Authority a draft Detailed Project Plan within the timescales set out in the Statement of Work (or if no timescales are set out, within 5 Working Days (or such other timescale as may be agreed in writing by the Parties) of the execution of the Statement of Work), and shall ensure that the draft Detailed Project Plan:

- (a) incorporates all of the Milestones and Milestone Dates set out in the Outline Project Plan;
- (b) includes (as a minimum) the Supplier's proposed timescales in respect of the following for each of the Milestones:
 - (i) the completion of each design document;
 - (ii) the completion of the build phase;
 - (iii) the completion of any Acceptance Testing to be undertaken in accordance with Schedule 6.2 (*Testing Procedures*); and
 - (iv) training and roll-out activities;

- (c) clearly outlines all the steps required to implement the Milestones, together with a high level plan for the rest of the programme, in conformity with the Authority Requirements;
 - (d) clearly outlines the required roles and responsibilities of both Parties, including staffing requirements; and
 - (e) is produced using a software tool as specified, or agreed by the Authority.
- 4.2 Prior to the submission of the draft Detailed Project Plan to the Authority in accordance with Paragraph 4.1, the Authority shall have the right:
 - (a) to review any documentation produced by the Supplier in relation to the development of the Detailed Project Plan, including:
 - (i) details of the Supplier's intended approach to the Detailed Project Plan and its development;
 - (i) copies of any drafts of the Detailed Project Plan produced by the Supplier; and
 - (ii) any other work in progress in relation to the Detailed Project Plan; and
 - (b) to require the Supplier to include any reasonable changes or provisions in the Detailed Project Plan.
- 4.3 Following receipt of the draft Detailed Project Plan from the Supplier, the Authority shall:
 - (a) review and comment on the draft Detailed Project Plan as soon as reasonably practicable; and
 - (b) notify the Supplier in writing that it approves or rejects the draft Detailed Project Plan no later than 10 Working Days (or such other timescale as may be agreed in writing by the Parties) after the date on which the draft Detailed Project Plan is first delivered to the Authority.
- 4.4 If the Authority rejects the draft Detailed Project Plan:
 - (a) the Authority shall inform the Supplier in writing of its reasons for its rejection; and
 - (b) the Supplier shall then revise the draft Detailed Project Plan (taking reasonable account of the Authority's comments) and shall re-submit a revised draft Detailed Project Plan to the Authority for the Authority's approval within 10 Working Days (or such other timescale as may be agreed in writing by Parties) of the date of the Authority's notice of rejection. The provisions of Paragraph 4.3 and this Paragraph 4.4 shall apply again to any resubmitted draft Detailed Project Plan, provided that either Party may refer any disputed matters for resolution by the Dispute Resolution Procedure at any time.
- 4.5 If the Authority approves the draft Detailed Project Plan, it shall replace the Outline Project Plan from the date of the Authority's notice of approval.

5 UPDATES TO AND MAINTENANCE OF THE DETAILED PROJECT PLAN

5.1 Following the approval of the Detailed Project Plan by the Authority:

- (a) the Supplier shall:
 - (i) keep the Detailed Project Plan continuously updated; and
 - (ii) submit a revised Detailed Project Plan to the Authority not less than once every month (or at such other frequency agreed in writing by the Parties) starting from the date of the Statement of Work;
- (b) without prejudice to Paragraph 5.1(a), the Authority shall be entitled to request a revised Detailed Project Plan at such other times as are agreed in writing by the Parties (or if no such times are agreed, at any time by giving written notice to the Supplier) and the Supplier shall submit a draft revised Detailed Project Plan to the Authority within 10 Working Days of receiving such a request from the Authority (or such other period as the Parties may agree provided that any failure to agree such other period shall be referred to the Dispute Resolution Procedure);
- (c) any revised Detailed Project Plan shall (subject to Paragraph 5.2) be submitted by the Supplier for approval in accordance with the procedure set out in Paragraph 4; and
- (d) the Supplier's performance against the Project Plan shall be monitored at meetings of the Service Management Group (as defined in Schedule 8.1 (*Governance*)). In preparation for such meetings, the current Detailed Project Plan shall be provided by the Supplier to the Authority not less than 5 Working Days in advance of each meeting of the Service Management Group.

5.2 Save for any amendments which are of a type identified and notified by the Authority (at the Authority's discretion) to the Supplier in writing as not requiring approval, any material amendments to the Detailed Project Plan shall be subject to the Change Control Procedure provided that:

- (a) any amendments to elements of the Detailed Project Plan which are based on the contents of the Outline Project Plan shall be deemed to be material amendments; and
- (b) except where otherwise agreed in writing by the Parties, in no circumstances shall the Supplier be entitled to alter or request an alteration to any Milestone Date except in accordance with Clause 31 (*Authority Cause*) or where there is a Force Majeure Event in accordance with Clause 32 (*Force Majeure*).

5.3 Any proposed amendments to the Detailed Project Plan shall not come into force until they have been approved in writing by the Authority.

6 GOVERNMENT REVIEWS

The Supplier acknowledges that the Services may be subject to review at key stages of the project, such as gateway reviews. The Supplier shall cooperate with any bodies undertaking such review and shall allow for such reasonable assistance as may be required for this purpose within the Charges.

ANNEX 1: OUTLINE PROJECT PLAN

Milestone	Deliverables (<i>bulleted list showing all Deliverables (and associated tasks) required for each Milestone</i>)	Duration (Working Days)	Milestone Date	Authority Responsibilities (if applicable)
Concept Design	[Statement of Requirements System/Application Specifications Interface Specifications Systems Testing Strategy Implementation Strategy and Plan Risk and Issues Management Plan Outline Disaster Recovery Plan Project Schedule Service Management Plan]			
Full Developm ent	[Design Verification Reports Design Validation Reports Change Management Plan System/Application Implementation Plan Risk and Issues Management Project Schedule Service Management Plan]			
Milestone	Deliverables (<i>bulleted list showing all Deliverables (and associated tasks) required for each Milestone</i>)	Duration (Working Days)	Milestone Date	Authority Responsibilities(if applicable)
System User Testing	System Test Report Risk and Issues Management Plan Project Schedule Service Management Plan Defects Log Final Inspection and Testing Report			
User Readiness for Service	Training Plan Risk and Issues Log Implementation Plan Operations Plan Data Conversion & Cutover Plan Project Schedule Service Management Plan			
Implement ation	Implementation Plan Training Scripts			
In Service Support	Post Implementation Report Data Conversion and Cut-Over Plan Service Delivery Reports Risk and Issues Log Service Management Plan Defects Log			

ANNEX 2: OUTLINE IMPLEMENTATION PLAN

[The Outline Implementation Plan is the Outline Project Plan set out in the Implementation SOW]

ANNEX 3: FORM OF BRIEF

BRIEF NO. [INSERT] FDP AGREEMENT

FDP AGREEMENT REFERENCE:	[Insert contract reference number]
THE AUTHORITY:	NHS England
AUTHORITY ADDRESS:	Quarry House, Quarry Hill, Leeds LS1 7UE
THE SUPPLIER:	[Insert name of Supplier]
SUPPLIER ADDRESS:	[Insert registered address (if registered)]
REGISTRATION NUMBER:	[Insert registration number (if registered)]
DATE OF THIS BRIEF:	[Insert date]

- A. This Brief is issued in accordance with the provisions of the Agreement relating to a federated data platform and associated services entered (with contract reference number [INSERT]) dated [INSERT] between the Authority and the Supplier (the "Agreement").
- B. This Brief is for the provision of Optional Services under the Agreement. The Authority requires the Supplier to provide such Services and comply with such requirements as specified and/or referred to in this Brief on and subject to (i) the terms of the relevant Statement Work issued and agreed pursuant to this Brief and (ii) the terms of the Agreement.
- C. In this Brief, unless the context otherwise requires, capitalised expressions shall have the meanings set out in Schedule 1 (Definitions) of the Agreement.

1 SERVICES REQUIRED UNDER THIS BRIEF

OPTIONAL SERVICES:	The Authority requires the Supplier to provide the following Optional Services: 1. [INSERT] 2. [INSERT]
ASSUMPTIONS:	The assumptions shall be as follows: 1. [INSERT]

	2. [INSERT]
REQUIREMENTS:	The Authority requires the Supplier to meet the following Authority's requirements: 1. [INSERT] 2. [INSERT]
PROJECT PLANS:	The Authority requires the Supplier to prepare Project Plans in respect of the Services required under this Brief in accordance with Paragraphs 3 and 4 of Schedule 6.1 (Project Plan) to the Agreement, including the Outline Project Plan in respect of Optional Services.
ADDITIONAL KPIS:	In addition to all applicable Key Performance Indicators as set out in Annex 1 of Schedule 2.2 (Performance Levels) of the Agreement, the Authority requires the Supplier to agree the following additional KPIs in the relevant Statement of Work in respect of the Optional Services required under this Brief: 1. [INSERT] OR [N/A]
STANDARDS:	In addition to complying with Clause 5.5 of the Agreement, including those Standards set out in in Schedule 2.3 (Standards), the additional standards the Supplier is required to comply with under this Brief are: 1. [INSERT] OR [No additional Standards]
ADDITIONAL INSURANCES	[Insert Not additional insurances required or insert details of Additional Insurances required in accordance with Schedule 2.5 (Insurance Requirements) of the Agreement]
SOCIAL VALUE REQUIREMENTS	The Authority requires the Supplier, in providing the Optional Services and performing its obligations under this Brief, to comply with the social value requirements in Schedule 2.1 (Services Description) to the Agreement, together with the following additional requirements: [INSERT] or [N/A]

2 DURATION OF SERVICES

2.1 The Authority requires that the Optional Services are delivered as follows:

- (a) Commencement date: [insert Day Month Year];
- (b) End date: [insert Day Month Year]; and
- (c) Optional extension period: [insert Month] OR [N/A].

3 CHARGES AND PAYMENT

- 3.1 The additional Charges shall be discussed and agreed in the relevant Statement of Work issued pursuant to this Brief.
- 3.2 [SoW Anticipated Potential Value: The Authority expects the SoW Anticipated Potential Value to be [in the range of] or [no more than] £[insert].]

ANNEX 4: FORM OF STATEMENT OF WORK

STATEMENT OF WORK NO. [INSERT] FDP AGREEMENT

STATEMENT OF WORK TITLE	
FDP AGREEMENT REFERENCE:	[Insert contract reference number]
THE AUTHORITY:	NHS England
AUTHORITY ADDRESS:	Quarry House, Quarry Hill, Leeds LS1 7UE
THE SUPPLIER:	[Insert name of Supplier]
SUPPLIER ADDRESS:	[Insert registered address (if registered)]
REGISTRATION NUMBER:	[Insert registration number (if registered)]
DATE OF THIS STATEMENT OF WORK:	[Insert date]

- A. This Statement of Work is issued in accordance with the provisions of the Agreement relating to a federated data platform and associated services entered (with contract reference number [INSERT]) dated [INSERT] between the Authority and the Supplier (the "**Agreement**").
- B. This SoW is for the provision of Optional Services [DRAFTING NOTE: for the initial Implementation Services, replace reference to Optional Services with 'Implementation Services'] under the Agreement. The Supplier shall provide such Services as specified and/or referred to in this SoW (including any attachments to this SoW) to the Authority and Authority Service Recipients on and subject to the terms of the Agreement for the duration of this SoW. The SoW shall take effect on the SoW Start Date (as defined below) and shall expire at the end of the SoW End Date (subject to earlier termination of the Agreement or this SoW).
- C. If there is any conflict between this SoW and the Agreement, the terms of this SoW shall take precedence.
- D. In this SoW, unless the context otherwise requires, capitalised expressions shall have the meanings set out in Schedule 1 (Definitions) of the Agreement.

- E. This SoW shall comprise:
- a. This document headed "Statement of Work";
 - b. Appendix A to this Statement of Work: Services;
 - c. Appendix B to this Statement of Work: Outline Project Plan (together with the Detailed Project Plan, once agreed by the Parties in accordance with Paragraph 4 of Schedule 6.1 (Project Plan) to the Agreement);
 - d. Appendix C to this Statement of Work: Additional KPIs;
 - e. Appendix D to this Statement of Work: Details Of Data Processing;
 - f. [INSERT other incorporated documents/appendices].

4 DURATION OF STATEMENT OF WORK

STATEMENT OF WORK START DATE:	[Insert Day Month Year]
STATEMENT OF WORK END DATE:	[Insert Day Month Year] OR [Insert other appropriate end date reference]
STATEMENT OF WORK OPTIONAL EXTENSION PERIOD:	[Insert Months] OR [N/A]

Where an optional extension period has been indicated in the table above, the Authority may elect to extend the duration of the SoW by giving the Supplier at least 30 days' written notice before the Statement of Work End Date.

5 SERVICES UNDER THIS STATEMENT OF WORK

SERVICES:	The Supplier shall provide such Services as specified and/or referred to in Part 1 of Appendix A to this SoW.
ASSUMPTIONS:	Shall be (if any) as set out in Appendix A to this SoW.
REQUIREMENTS:	The Supplier shall meet the Authority's requirements as set out [in Brief number {●} issued by the Authority to the Supplier on [DATE]] OR [Part 2 of Appendix A to this SoW].
PROJECT PLANS:	<p>The Outline Project Plan[/s] in respect of the Services to be provided under this Statement of Work is as set out in Appendix B to this SOW.</p> <p>The Supplier shall submit to the Authority the Detailed Project Plan in accordance with Paragraph 4 of Schedule 6.1 (Project Plan) to the Agreement within [5] Working Days of the execution of this Statement of Work.</p>
PROJECT SERVICES AND ACCEPTANCE TESTING	The provisions of Clause 6 of the Agreement (including Schedule 6.2 (Testing Procedures) shall apply.
AUTHORITY RESPONSIBILITIES:	Shall be as set out in the [Outline Project Plan or Detailed Project Plan] under this SoW.
KEY PERFORMANCE INDICATORS AND SERVICE CREDITS:	[N/A] OR [The Supplier, from the date agreed in the above referenced Project Plans (or, if later, the date of Achievement of any Milestones associated with the commencement of the relevant Services under this SoW) provide the relevant Services under this SoW to meet or exceed the applicable Target Performance Level in respect of all Key Performance Indicators applicable to those Services as set out in: (a) Annex 1 of Schedule 2.2 (Performance Levels) of the Agreement; and (b) Appendix C to this Statement of Work: Additional KPIs.

	Service Credits will accrue in accordance with Schedule 7.1 (Charges and Invoicing) to the Agreement.]
STANDARDS:	In addition to complying with Clause 5.5 of the Agreement, including those Standards set out in in Schedule 2.3 (Standards), the additional standards the Supplier is required to comply with under this SoW are: - [INSERT] OR [No additional Standards]
PLATFORM USE TERMS:	In accordance with and subject always to the provisions of Clause 17 of the Agreement, the Platform Use Terms applicable to this SOW shall be: [(a) as set out in Clause 17.2 to the Agreement;] or [Schedule 5 (Software)] [and/or] [(b) the Supplier terms set out in Part 3 of Appendix A to this SoW (as may be modified strictly in accordance with Clauses 17.12 to 17.15 (inclusive) to the Agreement.)]
COMMERCIALLY SENSITIVE INFORMATION	[Insert Not applicable or insert Supplier's Commercially Sensitive Information]
ADDITIONAL INSURANCES	[Insert Not additional insurances applicable or insert details of Additional Insurances required in accordance with Schedule 2.5 (Insurance Requirements) of the Agreement]
SOCIAL VALUE REQUIREMENTS	The Supplier agrees, in providing the Optional Services and performing its obligations under this Statement of Work, that it will comply with the social value requirements in Schedule 2.9 (Social Value Commitments) to the Agreement, together with the following additional requirements: [INSERT] or [N/A]

6 CHARGES AND PAYMENT UNDER THIS STATEMENT OF WORK

CHARGES AND PAYMENT PROFILE (including applicable discount(s) / preferential pricing and exclusive of VAT):	[INSERT, including any Delay Payment rate and Milestone Retention amounts]
REIMBURSABLE EXPENSES:	[Insert None or insert Recoverable as stated in Schedule 7.1 (Charges and Invoicing) to the Agreement.]
INVOICING AND PAYMENT TERMS:	As set out in Part E of Schedule 7.1 (Charges and Invoicing).
SOW ANTICIPATED POTENTIAL VALUE:	The total anticipated potential value of this SoW is in the following potential range £[insert details].

7 PERSONNEL, GOVERNANCE AND DATA PROTECTION UNDER THIS STATEMENT OF WORK

AUTHORITY REPRESENTATIVE:	[Insert name] [Insert role] [Insert email address] [Insert address]																	
AUTHORITY OTHER KEY PERSONNEL:	<table border="1"> <tr> <td>[Insert role]</td><td>[Insert name]</td></tr> <tr> <td>[Insert role]</td><td>[Insert name]</td></tr> <tr> <td>[Insert role]</td><td>[Insert name]</td></tr> <tr> <td>[Insert role]</td><td>[Insert name]</td></tr> <tr> <td>[Insert role]</td><td>[Insert name]</td></tr> </table>			[Insert role]	[Insert name]	[Insert role]	[Insert name]	[Insert role]	[Insert name]	[Insert role]	[Insert name]	[Insert role]	[Insert name]					
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[Insert role]	[Insert name]																	
[Insert role]	[Insert name]																	
SUPPLIER REPRESENTATIVE:	[Insert name] [Insert role] [Insert email address] [Insert address]																	
SUPPLIER OTHER KEY PERSONNEL:	<table border="1"> <tr> <td>[Insert role]</td><td>[Insert name]</td></tr> <tr> <td>[Insert role]</td><td>[Insert name]</td></tr> <tr> <td>[Insert role]</td><td>[Insert name]</td></tr> <tr> <td>[Insert role]</td><td>[Insert name]</td></tr> <tr> <td>[Insert role]</td><td>[Insert name]</td></tr> </table>			[Insert role]	[Insert name]	[Insert role]	[Insert name]	[Insert role]	[Insert name]	[Insert role]	[Insert name]	[Insert role]	[Insert name]					
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[Insert role]	[Insert name]																	
[Insert role]	[Insert name]																	
SUB-CONTRACTORS	<p>For the purposes of this Statement of Work, the following shall be the relevant Sub-contractors (and the Supplier shall update Schedule 4.3 (Notified Sub-contractors) accordingly):</p> <p>Services Sub-contractors</p> <table border="1"> <thead> <tr> <th>Sub-contractor registered name</th><th>Sub-contractor registered number</th><th>Sub-contractor registered address</th></tr> </thead> <tbody> <tr> <td>[Insert or N/A]</td><td>[Insert or N/A]</td><td>[Insert or N/A]</td></tr> <tr> <td></td><td></td><td></td></tr> <tr> <td></td><td></td><td></td></tr> <tr> <td></td><td></td><td></td></tr> </tbody> </table> <p>Other Sub-contractors</p> <p>As set out in Clause 15.16 of the Agreement.</p>			Sub-contractor registered name	Sub-contractor registered number	Sub-contractor registered address	[Insert or N/A]	[Insert or N/A]	[Insert or N/A]									
Sub-contractor registered name	Sub-contractor registered number	Sub-contractor registered address																
[Insert or N/A]	[Insert or N/A]	[Insert or N/A]																
RECORDS, REPORTS & AUDITS	<p>The Supplier shall comply with Clause 12 and Schedules 8.4 (Reports and Records Provisions) and Schedule 7.4 (Audit Rights) to the Agreement in respect of this SoW [and shall, in addition, provide to the Authority:</p> <ul style="list-style-type: none"> - A progress report in respect of the Services under this SoW on the first Working Day of each calendar month; and - [INSERT other reports]. 																	

GOVERNANCE	The Parties shall comply with Clause 11 and Schedule 8.1 (Governance) to the Agreement in respect of this SoW [and shall, in addition, meet at least [quarterly on the first Working Day of each quarter] to discuss this SoW, including its progress and the Charges under it.]
DATA PROTECTION	The Details of Data Processing under this Statement of Work are as set out in Appendix D to this Statement of Work.

SIGNATURES

This Statement of Work has been duly executed by the Parties on date of this Statement of Work which appears on the first page of this SoW.

SIGNED for and on behalf of)
[SUPPLIER] by a director:)
)
)

Signature:

Name (block capitals):

Position:

Date:

SIGNED for and on behalf of NHS)
ENGLAND)
)
)

Signature:

Name (block capitals):

Position:

Date:

APPENDIX A TO THE STATEMENT OF WORK:
SERVICES

PART 1: SERVICES UNDER THIS SOW

[The following Optional Services:]

	SERVICE / DELIVERABLE NAME	[USE CASE]	DETAILS AND SCOPE	ASSUMPTIONS
1.	{●}	{●}	{●}	{●}
2.	{●}	{●}	{●}	{●}

OR [The Implementation Services, being the Services relating to Mobilisation, Platform Enablement and Transition provided in accordance with the Outline Implementation Plan set out in Appendix B, and the Detailed Implementation Plan.]

PART 2: AUTHORITY REQUIREMENTS FOR THIS SOW

[INSERT] **OR** [As set out in the Brief referred to in section 8 of the SoW] **OR** [the requirements of the FDP-AS indicated as or relating to transition or implementation in [Schedule 2 to the Authority's tender] (including Appendices 2B and 2I to that Schedule)]

PART 3: PLATFORM USE TERMS FOR THIS SOW

[INSERT] **OR** [No additional or differing Platform Use Terms]

APPENDIX B TO THE STATEMENT OF WORK:

OUTLINE PROJECT PLAN

[INSERT outline project plan for the SoW]

[DRAFTING NOTE: this should be in the form set out in Annex 1 to Schedule 6.1 (Project Plan) to the Agreement, and for the Implementation Services, this should include the Outline Implementation Plan, based on the template in Annex 4 of Schedule 6.1]

APPENDIX C TO THE STATEMENT OF WORK:
ADDITIONAL KPIS

[COMPLETE below table] OR [N/A]

No.	Key Performance Indicator Title	Definition	Measure ment Period	Defect Category	Service Points
KPI{●}	{●}	{●}	{●}	FDP Service Target Performance Level: [{●}]	0
				Minor KPI Failure: [{●}]	{●}
				Material KPI Failure: [{●}]	{●}
				KPI Service Threshold: [below {●}]	{●}

APPENDIX D TO THE STATEMENT OF WORK:

DETAILS OF DATA PROCESSING

[COMPLETE below table] OR [INSERT THE FOLLOWING AND DELETE TABLE: The Details of Data Processing under this Statement of Work are as set out in Annex 1 of Schedule 11 (Processing Personal Data)]

- 1.1 The contact details of the Controller's Data Protection Officer are: ***[Insert Contact details]***.
- 1.2 The contact details of the Supplier's Data Protection Officer are: ***[Insert Contact details]***.
- 1.3 The Processor shall comply with any further written instructions with respect to processing by the Controller.
- 1.4 Any such further instructions shall be incorporated into this Appendix.

Description	Details
Identity of Controller for each Category of Personal Data	
Duration of the processing	
Nature and purposes of the processing	
Type of Personal Data	
Categories of Data Subject	
Plan for return and destruction of the data once the processing is complete UNLESS requirement under union or member state law to preserve that type of data	

SCHEDULE 6.2

TESTING PROCEDURES

Testing Procedures

1 INTRODUCTION AND DEFINITIONS

In this Schedule, the following definitions shall apply:

Acceptance Procedure	means the Acceptance Testing procedure set out in Paragraph 4 (<i>Deliverables Acceptance Procedure</i>) of this Schedule 6.2 (<i>Testing Procedures</i>);
Defect Category	means one of the categories described as follows: <ul style="list-style-type: none">(a) Critical The Deliverable Failure results in the failure of the complete system, or a subsystem, or a functional area or a service, making it unusable. No acceptable work around is available;(b) Major The Deliverable Failure results in the failure of the complete system, or a subsystem, or a functional area or a service, severely impacting its function and / or performance. However the impact can be mitigated by a temporary workaround;(c) Medium The Deliverable Failure does not result in a complete system or functional failure, but causes the system to produce incorrect, incomplete, or inconsistent results, or the Deliverable Failure causes degradation of the systems usability; and(d) Nominal The Deliverable Failure does not result in a system or functional failure, does not degrade usability, and the desired processing results are easily obtained by working around the Deliverable Failure. However, the Deliverable Failure can result in the confusion of end users;
Deliverable Failure	means, in respect of a Deliverable, an instance where that Deliverable fails: (a) in respect of Type A and B Deliverables, to pass the Acceptance Tests for such Deliverables set out in Paragraph 3.2(b)(i); or (b) in respect of Type C Deliverables, one or more of the Acceptance Criteria;
Deliverable Failure Management Log	means a log for the recording of Deliverable Failure as described further in Paragraph 4.12;
Ready for Service	means in respect of a given Deliverable, that such Deliverable is capable of passing the Acceptance Tests; and
Test Witness	means any person appointed by the Authority pursuant to Paragraph 5.2.

- 1.1 The Parties shall comply with their respective obligations set out or referred to in this Schedule 6.2 (*Testing Procedures*) in relation to the agreement of the relevant Acceptance Criteria and undertaking Acceptance Testing to determine whether a Deliverable has been Accepted as meeting the relevant Deliverable Requirements or Milestone has been Achieved.
- 1.2 The Supplier shall:
- (a) comply with a Project Plan, including the provision of the Deliverables and performance of the Services set out or referred to in the Agreement or SoW (including any activities set out in a Project Plan); and
 - (b) ensure that each Milestone is Achieved on or before its Milestone Date.

2 TESTING OVERVIEW

- 2.1 All Acceptance Tests conducted by the Supplier shall be conducted in accordance with the relevant Test Strategy and the relevant Acceptance Testing Plan.
- 2.2 The Supplier shall prepare the Test Strategy, relevant Acceptance Tests and the Acceptance Testing Plan which shall each be agreed between the Parties as Deliverables under the SoW in accordance with the relevant Project Plan.
- 2.3 The Supplier shall not submit any Deliverable for Acceptance Testing:
- (a) unless the Supplier is reasonably confident that it will pass the Acceptance Tests and, for Type C Deliverables, satisfy the relevant Acceptance Criteria; and
 - (b) until the Parties have agreed the Acceptance Testing Plan relating to the relevant Deliverable(s).
- 2.4 The Supplier shall use reasonable endeavours to submit each Deliverable for Acceptance Testing or re-testing by or before the date set out in a Project Plan for the commencement of Acceptance Testing in respect of the relevant Deliverable.
- 2.5 Any Disputes between the Authority and the Supplier regarding Acceptance Testing shall be referred to the Dispute Resolution Procedure using the Expedited Dispute Timetable.
- 2.6 The Authority shall provide all reasonable co-operation and information to the Supplier as the Supplier may reasonably require for the purposes of the Test Strategy and Acceptance Testing Plan.

3 TEST STRATEGY

- 3.1 The Supplier shall develop the final Test Strategy as soon as practicable after the execution of the Statement of Work, but in any case as set out in the Project Plan (or if no date is set out in the Project Plan, no later than 20 Working Days of the date of the Statement of Work, or such other period as the Parties may agree in writing).
- 3.2 The final Test Strategy shall include:

- (a) the items and types of testing set out in Annex 2 (Scope of Testing) to this Schedule 6.2 (Testing Procedures);
- (b) an overview of how Acceptance Testing will be conducted in accordance with a Project Plan, including:
 - (i) the Deliverable Types;
 - (ii) the Acceptance Tests required for each Type C Deliverable (including as set out in sub-Paragraph (k) below), on the basis that for Type A and B Deliverables, no Acceptance Criteria will be set, and the Acceptance Tests will be as follows:
 - for Type A Deliverables, the Acceptance Tests consist of the Authority reviewing such Deliverables provided by the Supplier and confirming in writing that such Deliverable has met the relevant Deliverable Requirements; and
 - for Type B Deliverables, the Acceptance Tests consist of the Authority confirming in writing that such Deliverable is done; and
 - (iii) (subject to the Authority's written agreement) any reasonable responsibilities of the Authority in respect of Acceptance Testing (such responsibilities being treated as Authority Responsibilities for the purposes of the corresponding definition and Clause 5.18 (*Authority Responsibilities*));
- (c) the process to be used to capture and record Acceptance Test results and the categorisation of Deliverable Failures;
- (d) a procedure to be followed for the resolution of Deliverable Failures or if the Deliverable produces unexpected results;
- (e) the process for the production and maintenance of Deliverable Failures and the Deliverable Failure Management Log;
- (f) the names and contact details of the Authority's and the Supplier's Acceptance Test representatives;
- (g) a high level identification of the resources required for Acceptance Testing, including facilities, infrastructure, personnel and Authority and/or third party involvement in the conduct of the Acceptance Tests;
- (h) the technical environments required to support the Acceptance Tests;
- (i) the procedure for managing the configuration of the Acceptance Test environments;
- (j) details of any automation used to support the Acceptance Tests and the percentage of Acceptance Tests which are either partially or fully automated; and
- (k) in respect of Type C Deliverables:

- (i) the Acceptance Criteria and the method for mapping the expected Acceptance Test results to the Acceptance Criteria;
- (ii) in addition to details of the functional and non-functional Acceptance Tests to be undertaken by the Authority, details of all functional and non-functional Acceptance Tests to be undertaken by the Supplier (which the Supplier shall undertake prior to Acceptance Testing by the Authority, and the Supplier shall provide all required evidence of such Acceptance Testing to the Authority promptly on completion of the Supplier-side Acceptance Tests); and
- (iii) the procedure to be followed to sign off each Acceptance Test.

4 DELIVERABLES ACCEPTANCE PROCEDURE

4.1 In addition to the specific acceptance requirements referred to in Paragraph 2.2 of this Schedule 6.2 (Testing Procedures), the following general acceptance requirements shall apply to a Deliverable:

- (a) the Deliverable complies with the Deliverable Requirements;
- (b) the Deliverable performs to the level necessary to ensure that the system or services to which such Deliverable relates do not suffer a reduction in system or service performance when such Deliverable is put into 'live' operation;
- (c) [the Deliverable does not interfere with or adversely impact the provision of services supplied by third parties to the Authority when such Deliverable is put into 'live' operation];
- (d) the Deliverable accords with Good Industry Practice;
- (e) in respect of Type C Deliverables:
 - (i) there are no open defects with a Defect Category of 'Critical' or 'Major'; and
 - (ii) every open defect with a Defect Category of 'Medium' or 'Nominal' has a workaround available that is acceptable to the Authority.

ACCEPTANCE TESTING

- 4.2 The Supplier shall give the Authority at least 10 Working Days (or such other period as the Parties may agree in writing) of all Acceptance Tests to be conducted by the Supplier (including their time and location). The Authority shall have the right to attend (or perform in place of Supplier) any such Acceptance Tests in accordance with Paragraph 5.
- 4.3 Before submitting any Deliverables for Acceptance Testing the Supplier shall subject the relevant Deliverables to its own internal quality control measures.
- 4.4 In respect of those Acceptance Tests to be performed by the Authority, the Supplier will provide the Authority with reasonable assistance and advice in relation to such tests (including granting the Authority the right to use software necessary for performing and analysing the results of any such Acceptance Tests).

- 4.5 In respect of a Type C Deliverable, the Supplier shall notify the Authority that it considers the relevant Deliverable to be Ready for Service, following which the relevant Deliverable shall be subject to Acceptance Testing in accordance with the relevant Acceptance Testing Plan and the agreed Test Strategy (including both Supplier-side and Authority-side Acceptance Testing as described in Paragraph 3.2(k)(ii)).
- 4.6 The Authority shall not unreasonably withhold or delay its Acceptance of a Deliverable, which will occur at the earliest of written confirmation of either:
- (a) Acceptance following successful completion of the relevant Acceptance Testing (or, for a Type C Deliverable, Acceptance Tests by both the Supplier and the Authority); or
 - (b) that testing of the relevant Deliverable is not required and the Deliverable is to the Authority's reasonable satisfaction.

CONSEQUENCES OF FAILED ACCEPTANCE TESTING

- 4.7 **In respect of all Deliverable Types:** If Acceptance Testing reveals any Deliverable Failure (which, where the Deliverable Failure is revealed in any Supplier-side Acceptance Testing, shall be notified in writing immediately by the Supplier to the Authority), that Deliverable will have failed Acceptance Testing and the Authority may, at its sole discretion (where the Deliverable Failure arises during Supplier-side Acceptance Testing):
- (a) extend the period within which the Supplier is required to provide the completed Deliverable, and require the Supplier to:
 - (i) rework that Deliverable to correct the relevant Deliverable Failure(s) (at no additional charge or cost to the Authority); and
 - (ii) deliver such reworked Deliverable to the Authority for repeat Acceptance Testing; or
 - (b) accept the Deliverable on the condition the Supplier reworks that Deliverable to correct the relevant Deliverable Failure(s) (at no additional charge or cost to the Authority) by an agreed date and in an agreed manner, and on any other agreed terms (**Conditional Acceptance**) (where failure to meet such terms cancels such Conditional Acceptance); or
 - (c) accept the flawed Deliverable at a reduced payment that fairly reflects its value (or refund a reasonable proportion of any payments already made in respect of such Deliverable having regard to such value).
- 4.8 **In respect of Type C Deliverables:** If a Deliverable fails to meet its Acceptance Criteria: (i) on two or more previous occasions due to the same Deliverable Failure, or (ii) on three or more previous occasions due to any Deliverable Failures (and for this purpose an occasion shall mean where the Authority has issued a written notice to the Supplier confirming that the relevant set of Acceptance Tests has failed), reject that Deliverable (or relevant component of that Deliverable), and, at its sole discretion:

- (a) reject any related Deliverable (or components thereof), from which the Authority either has not derived any material benefit or will not derive any material benefit due to the rejection of that Deliverable (or component), notwithstanding that the Authority may have already accepted such related Deliverables (or components) and/or
 - (b) require a refund of all sums paid for the rejected Deliverables (including any related Deliverables which are rejected pursuant to Paragraph 4.7(a) of this Schedule 6.2 (*Testing Procedures*)).
- 4.9 Where failure to pass the Acceptance Tests results, or is likely to result, in the failure (in whole or in part) by the Supplier to meet a Milestone, then without prejudice to the Authority's other rights and remedies, such failure shall constitute a Notifiable Default for the purposes of Clause 27.1 (Rectification Plan Process).
- 4.10 The Authority shall be entitled, without prejudice to any other rights and remedies that it has under this Agreement, to recover from the Supplier any reasonable additional costs it may incur as a direct result of further review or re-testing which is required for the Acceptance Tests for that Deliverable to be passed.
- 4.11 The Authority shall not at any time be deemed to Accept any Deliverables (including Deliverables relating to Software).

DELIVERABLE FAILURE MANAGEMENT LOG

- 4.12 Where a Deliverable Failure is identified, the Deliverable Failure Management Log maintained by the Supplier shall log Deliverable Failure (and in respect of Type C Deliverables, the Parties shall agree the classification of the Deliverable Failure using the Defect Categories and reflect the Defect Category allocated to each Deliverable Failure in the Deliverable Failure Management Log).
- 4.13 The Supplier shall be responsible for maintaining the Deliverable Failure Management Log and for ensuring that its contents accurately represent the current status of each Deliverable Failure at all relevant times. The Supplier shall make the Deliverable Failure Management Log available to the Authority upon request.
- 4.14 In respect of Type C Deliverables, the Authority shall confirm the classification of any Deliverable Failure unresolved at the end of a Acceptance Test in consultation with the Supplier. If the Parties are unable to agree the classification of any unresolved Deliverable Failure for Type C Deliverables, the Dispute shall be dealt with in accordance with the Dispute Resolution Procedure using the Expedited Dispute Timetable.

5 TEST WITNESSING

- 5.1 The Supplier shall notify the Authority at least 10 Working Days (or such other period as the Parties may agree in writing) in advance of the date, time and location of the relevant Acceptance Tests and the Authority shall inform the Supplier if Test Witnesses will attend the Acceptance Tests.
- 5.2 The Authority may, in its sole discretion, require the attendance at any Acceptance Test of one or more Test Witnesses selected by the Authority, each of whom shall have appropriate skills to fulfil the role of a Test Witness.

- 5.3 The Supplier shall give the Test Witnesses access to any documentation and Acceptance Testing environments reasonably necessary and requested by the Test Witnesses to perform their role as a Test Witness in respect of the relevant Acceptance Tests.

6 MILESTONE ACHIEVEMENT PROCEDURE

- 6.1 The procedure described in this Paragraph 6 shall apply to the Achievement of each Milestone.
- 6.2 The Supplier shall ensure it meets the relevant Achievement Criteria for each Milestone as set out in the relevant Project Plan, on or before the corresponding Milestone Date.
- 6.3 The Supplier shall not less than five (5) Working Days prior to the Milestone Date for each Milestone provide the Authority with a milestone achievement report which (in each case) details the extent of the Supplier's Achievement of the relevant Milestone, including details of all relevant Deliverables and whether such Deliverables have been Accepted or not by the Authority (**Milestone Achievement Report**).
- 6.4 The Supplier shall ensure that each Milestone Achievement Report contains sufficient evidence to enable the Authority to verify the extent of the claimed Achievement of the relevant Milestone. The Supplier shall provide the Authority with such additional information as the Authority may require in order for the claimed Achievement to be verified.
- 6.5 The Authority shall, as soon as reasonably practicable, notify the Supplier in writing (including by email) that the Authority considers that the relevant Milestone has or has not been Achieved including any supporting reasons for non-Achievement. Where a Milestone has been Achieved the Authority shall issue a Milestone Achievement Certificate in respect of a given Milestone as soon as is reasonably practicable and in the form as set out in Annex 1 (**Milestone Achievement Certificate**). For the avoidance of doubt, the Authority shall not be entitled to claim that a Milestone has not been Achieved if all Deliverables required to be delivered in respect of that Milestone, as identified in the relevant Project Plan, have been Accepted and the Authority has confirmed in writing that all other Services relating to that Milestone have been performed in accordance with the relevant Project Plan.
- 6.6 If the Authority notifies the Supplier in accordance with Paragraph 6.5 of this Schedule 6.2 (*Testing Procedures*) that the relevant Milestone has not been Achieved then, without prejudice to the Authority's rights and remedies under this Agreement in relation to the Achievement of Milestones, the Authority:
- (a) may require the Supplier to fix any failures to meet the relevant Achievement Criteria notified under Paragraph 6.5 of this Schedule 6.2 (*Testing Procedures*) and set a further date for assessing whether such Achievement Criteria have been met and the Authority has confirmed under Paragraph 6.5 of Schedule 6.2 (*Testing Procedures*) that the Milestone has been Achieved; and
 - (b) is not required to pay the relevant Milestone Payment until the Supplier's Achievement of the Achievement Criteria for the relevant Milestone.

- 6.7 Where the Authority issues written confirmation that a Milestone has been Achieved, this shall not:
- (a) waive or in any way restrict the Supplier's obligations and/or liabilities under this Agreement;
 - (b) constitute an acknowledgement that the Milestone is otherwise not deficient; nor
 - (c) relieve the Supplier from any responsibility for remedying, at its own expense, any defects or errors subsequently found in Deliverables comprising such Milestone (whether at such time or thereafter).
- 6.8 The grant of a Milestone Achievement Certificate shall entitle the Supplier to the receipt of a payment in respect of that Milestone in accordance with the provisions of Schedule 7.1 (Charges and Invoicing).
- 6.9 Without prejudice to the Authority's other remedies where there is one or more designations of a "Critical" Defect Category this shall constitute a Notifiable Default for the purposes of Clause 27.1 (Rectification Plan Process) and the Authority shall refuse to issue a Milestone Achievement Certificate.

7 RISK

- 7.1 The issue of a Milestone Achievement Certificate shall not:
- (a) operate to transfer any risk that the relevant Deliverable or Milestone is complete or will meet and/or satisfy the Authority's requirements for that Deliverable or Milestone; or
 - (b) affect the Authority's right subsequently (acting reasonably) to reject any Milestone to which the Milestone Achievement Certificate relates.
- 7.2 Notwithstanding the issuing of any Milestone Achievement Certificate, and without prejudice to Clause 31 (*Authority Cause*), the Supplier shall remain solely responsible for ensuring that:
- (a) the Supplier Solution as designed and developed is suitable for the delivery of the Services and meets the Authority Requirements; and
 - (b) the Services are implemented in accordance with this Agreement.

ANNEX 1: MILESTONE ACHIEVEMENT CERTIFICATE

To: [NAME OF SUPPLIER]

FROM: [NAME OF AUTHORITY]

[Date]

Dear Sirs,

MILESTONE ACHIEVEMENT CERTIFICATE

Milestone: [*insert description of Milestone*]

We refer to the agreement (the **Agreement**) relating to the provision of the Services between the [*name of Authority*] (the **Authority**) and [*name of Supplier*] (the **Supplier**) dated [*date*].

Capitalised terms used in this certificate have the meanings given to them in Schedule 1 (*Definitions*) or Schedule 6.2 (*Testing Procedures*) of the Agreement.

[We confirm that all the Deliverables relating to Milestone [*number*] have been tested successfully in accordance with the Acceptance Testing relevant to this Milestone and the Milestone has been Achieved]*

OR

[This Milestone Achievement Certificate is granted pursuant to Paragraph 6 of Schedule 6.2 (*Testing Procedures*) of the Agreement on the condition that any Deliverable Failures are remedied in accordance with the Rectification Plan attached to this certificate.]*

[You may now issue an invoice in respect of the Milestone Payment associated with this Milestone in accordance with the provisions of Schedule 7.1 (*Charges and Invoicing*)]*

**delete as appropriate*

Yours faithfully

[Name]

[Position]

acting on behalf of [*Authority*]

ANNEX 2: SCOPE OF TESTING

The Test Strategy will contain:

- detailed testing approach and scope
- functional test scope
- non-functional test scope
- methodology
- governance and processes
- tooling
- defect management approach
- environment and data approach
- test input to release management
- Supplier and Authority roles & responsibilities
- any other sections agreed by the Supplier and the Authority

The below table provides indicative information on the scope of testing the Supplier will be expected to perform during Implementation (and in particular during Platform Enablement and Transition), and as agreed for any Optional Services.

The Supplier will evidence all testing on tooling to be agreed during Mobilisation, and address defects in accordance with the defect management process detailed in this Schedule 6.2 (Testing Procedures) and the Test Strategy.

Term	Description
Application (Product) Testing	Testing conducted against the application(s) to evaluate their compliance against functional requirements.
Automation Testing	Creation of automation framework and test scripts which can be executed in volume without manual intervention. Benefits include time and cost reduction, repeatable, adaptability, increased quality, and reduction in human errors.
Compatibility Testing	Testing to evaluate the system under tests compatibility with the hardware environment as well as different operating systems, internet browsers and different versions.
Component (Performance) Testing	A type of performance testing to evaluate the behaviour of a specific component in the solution. For example, The database.
Deployment Testing	Testing of the actual deployment method, including the back-out of the release and verification of the system once deployed. This may include cut-over and fall-back processes.
Detailed Test Steps	Test cases which include detailed steps with expected results.
Disaster Recovery Testing	Full site Disaster Recovery Testing.
Documentation Testing	Testing conducted to validate consistency across the solution documentation, that the documentation is fit for purpose and has, where applicable been approved by the Client. This includes but is not limited to; design documentation, build guides and user guides.
End-to-End System Testing	Testing whether the end-to-end (E2E) flow of the solution is performing as designed from start to finish.
Equivalence Partitioning	A test technique in which test cases are designed to exercise equivalence partitions by using one representative member of each partition.

Term	Description
Infrastructure Testing	Testing to validate that infrastructure components are built, configured, and deployed as per the design. Also includes device management. For example: validation that the devices have been added to the configuration management database.
Integration Testing	Testing performed to expose defects in the interfaces and interactions between integrated components or systems.
Load Testing	A type of performance testing conducted to evaluate the behaviour of a component or system under varying loads, usually between anticipated conditions of low, typical, and high peak usage.
Migration Testing	Testing pre and post migration to validate that the migrated data or application(s) have been successfully transferred without any loss of data or functionality.
Operational Readiness Testing	<p>Testing conducted to confirm that the Operational Teams are ready to support the solution. This will include.</p> <ul style="list-style-type: none"> • Backup & Recovery: Conducted to validate that the backup and recovery procedures are effective. • Monitoring & Alerting: Validating that alerts are generated, and the correct monitoring is in place. • Resilience & Failover: Testing that the solution can successfully recover from expected or unexpected events. For example, loss of power, server failures.
Penetration Testing	Testing aimed at exploiting security vulnerabilities (known or unknown) to gain unauthorised access.
Performance Testing	Testing to determine the performance of the solution. There are eight types of Performance Testing, Load, Scalability, Soak, Spike, Stress, Volume and Component.
Procedure Testing	Testing aimed at ensuring that the component or solution can operate in conjunction with new or existing users' business procedures or operational procedures.
Regression testing	Testing aimed at ensuring that all aspects of the previously developed and tested solution works as expected after a change to the system. This should leverage high automation coverage.
Scalability Testing	A type of performance testing to determine what the impact of changes to the infrastructure component, configuration or architecture will have on the solutions performance. For example: The addition of additional servers.
Security Testing	Testing intended to reveal flaws or risks in the security of the solution.
Spike Testing	A type of performance testing to evaluate the solution performance when excessive load beyond expectation for short period of time is applied.
Soak Testing	A type of performance testing where a substantial load is applied to the system over an extended period. This will demonstrate how the solution behaves under sustained usage.
Stress Testing	A type of performance testing conducted to evaluate a system or component at or beyond the limits of its anticipated or specified workloads, or with reduced availability of resources such as access to memory or servers
Test Case Result Evidence	Detailed test case evidence in a business ready format.

Term	Description
Usability Testing	Testing to evaluate the degree to which the system can be used by specified users with effectiveness, efficiency, and satisfaction in a specified context of use.
User Acceptance Testing	Also known as UAT. Acceptance testing conducted in a real or simulated operational environment by the intended users focusing on their needs, requirements, and business processes.
Volume Testing	A type of performance testing where the solution is subjected to large volumes of data.

SCHEDULE 7.1

CHARGES AND INVOICING

Charges and Invoicing

1. DEFINITIONS

In this Schedule, the following definitions shall apply:

Data Platform Charges	mean the Charges set out in Table 1 (Data Platform Charges) of Annex 2 to this Schedule 7.1 (Charges and Invoicing);
Delay Payment Rate	has the meaning given in Paragraph 1.1(a) of Part C;
Foundry Resource Manager or FRM	refers to the resource management module of the Data Platform as described in the Supplier Solution (as updated and/or upgraded);
Indexation and Index	means the adjustment of an amount or sum in accordance with Paragraph 4 of Part C;
Milestone Retention	has the meaning given in Paragraph 1.4 of Part B;
Reimbursable Expenses	<p>means reasonable out of pocket travel and subsistence (for example, hotel and food) expenses, properly and necessarily incurred in the performance of the Services, calculated at the rates and in accordance with the Authority's expenses policy current from time to time, but not including:</p> <ul style="list-style-type: none">(a) travel expenses incurred as a result of Supplier Personnel travelling to and from their usual place of work, or to and from the premises at which the Services are principally to be performed, unless the Authority otherwise agrees in advance in writing; and(b) subsistence expenses incurred by Supplier Personnel whilst performing the Services at their usual place of work, or to and from the premises at which the Services are principally to be performed; and
Service Charges	means periodic payments as described in and made in accordance with Schedule 7.1 (Charges and Invoicing) in respect of the supply of the Operational Services;
Support Charges	mean the Charges set out in Table 2 (Support Charges) of Annex 2 to this Schedule 7.1 (Charges and Invoicing);
Supporting Documentation	means sufficient information in writing to enable the Authority reasonably to assess whether the Charges, Reimbursable Expenses and other sums due from the Authority detailed in the information are properly payable, including copies of any applicable Milestone Achievement Certificates or receipts.

PART A: PRICING

1. APPLICABLE PRICING MECHANISM

- 1.1. The Milestone Payments and Service Charges due under this Agreement are charged on a fixed price basis.
- 1.2. The Service Charge amounts due under this Agreement are set out in the respective tables in Part B (Charging Mechanisms). Milestone Payments where applicable are set out in Statements of Work.

2. TIME AND MATERIALS CHARGES

- 2.1. Where the Parties agree in writing that a particular Charge is to be calculated by reference to a Time and Materials pricing mechanism (e.g. pursuant to a Contract Change):
 - (a) the day rates set out in Table 1 of Annex 1 shall be used to calculate the relevant Charges, provided that the Supplier (or its Sub-contractor) shall:
 - (i) not be entitled to include any uplift for risks or contingencies within its day rates;
 - (ii) not be paid any Charges to the extent that they would otherwise exceed any cap on such Charges agreed in writing by the Parties unless the Supplier has obtained the Authority's prior written consent. The Supplier shall monitor the amount of each Charge incurred in relation to the relevant cap and notify the Authority immediately in the event of any risk that the cap may be exceeded and the Authority shall instruct the Supplier on how to proceed;
 - (iii) not be entitled to charge day rates in excess of those allocated to the relevant SFIA Role level for the relevant SFIA Role as described in Table 2 of Annex 1;
 - (iv) only be entitled to be paid Charges that have been properly and reasonably incurred, taking into account the Supplier's obligation to deliver the Services in a proportionate and efficient manner; and
 - (b) the Supplier shall keep records of days properly worked by Supplier Personnel (in the form of timesheets) and expenses incurred and submit a summary of the relevant records with each invoice. If the Authority requests copies of such records, the Supplier shall make them available to the Authority within 10 Working Days of the Authority's request.

- 2.2. The Supplier shall be entitled to Index the rates set out in Table 1 of Annex 1 in accordance with Paragraph 4 of Part C.
- 2.3. The day rates set out in Table 1 of Annex 1 apply to the SFIA Role levels stated. The highest SFIA Role levels that can be allocated to a particular SFIA Role are set out in Table 2 of Annex 1.

3. REIMBURSEABLE EXPENSES

3.1. Where:

- (a) Services are to be charged using the Time and Materials pricing mechanism; and
- (b) the Authority so agrees in writing,

the Supplier shall be entitled to be reimbursed by the Authority for Reimbursable Expenses (in addition to being paid the relevant Charges), provided that such Reimbursable Expenses are supported by Supporting Documentation.

- 3.2. Unless otherwise agreed the Authority will pay Reimbursable Expenses on and subject to its expenses policy in effect from time to time. The Authority shall provide a copy of its current expenses policy to the Supplier upon request.
- 3.3. The Charges shall include all costs and expenses relating to the Deliverables, the Services and/or the Supplier's performance of its obligations under this Agreement and no further amounts shall be payable by the Authority to the Supplier in respect of such performance, including in respect of matters such as:
 - (a) any incidental expenses that the Supplier incurs, including travel, subsistence and lodging, document and report reproduction, shipping, desktop and office equipment costs required by the Supplier Personnel, including network or data interchange costs or other telecommunications charges; or
 - (b) any amount for any services provided or costs incurred by the Supplier prior to the Effective Date.

4. REVIEWS OF CHARGES

- 4.1. At the request of the Authority the parties may review the Charges at any time, further to the arrangements set out in Schedule 8.1 (Governance) or otherwise, in order to ensure:
 - (a) the appropriateness of the charging mechanism applied to Charges for different Services under this Schedule;
 - (b) Efficiency and value for money;
 - (c) Affordability.

- 4.2. The parties will carry out a review further to paragraph 4.1 in the last six (6) months of the Initial Term.
- 4.3. The Supplier will provide such information in support of a discussion further to paragraph 4.1 as the Authority may reasonably require.

PART B: CHARGING MECHANISMS

1. MILESTONE PAYMENTS

- 1.1. This paragraph applies in relation to Milestones under Statements of Work.
- 1.2. Subject to the provisions of Paragraph 1 of Part C in relation to the deduction of Delay Payments, on the Achievement of a Milestone the Supplier shall be entitled to invoice the Authority for the Milestone Payment associated with that Milestone less the applicable Milestone Retention in accordance with this Part B.
- 1.3. Each invoice relating to a Milestone Payment shall be supported by a Milestone Achievement Certificate.
- 1.4. Where applicable, the **Milestone Retention** for a Milestone is the amount set out in the relevant Statement of Work under the heading Milestone Retention.

Release of Milestone Retentions

- 1.5. On Achievement of a Milestone, the Supplier shall be entitled to invoice the Authority for an amount equal to all Milestone Retentions that relate to Milestones set out in the relevant Statement of Work as being payable in respect of that Milestone and have not been paid before such Milestone.

2. SERVICE CHARGES

- 2.1. Service Charges are payable as set out in Tables 1 and 2 of Annex 2 (Charging Mechanism) Quarterly by reference to the Service Period in which such Services were consumed. Service Charges comprise Data Platform Charges and Support Charges. Support Charges comprise of the following:

[Redacted under FOIA s43, Commercial interests]

- 2.2. Service Charges are incurred in accordance with and scalable by the metrics set out in Annex 2.
- 2.3. Service Charges shall be invoiced by the Supplier for each Quarter in arrears in accordance with the requirements of Part E.
- 2.4. The Service Charges indicated in Annex 2 as "Resource-based" are subject to Indexation.
- 2.5. If a Service Charge:
 - (a) commences on a day other than the first day of a month; and/or
 - (b) ends on a day other than the last day of a month,

the Service Charge for the relevant Service Period shall be pro-rated based on the proportion which the number of days in the month for which the Service is provided bears to the total number of days in that month.

- 2.6. Subject to Paragraph 2.5 of Part C of this Schedule, any Service Credits that accrue during a Service Period shall be deducted from the Service Charges payable for the next following Service Period. An invoice for a Service Charge shall not be payable by the Authority unless all adjustments (including Service Credits) relating to the Service Charges for the immediately preceding Service Period have been agreed.
- 2.7. Service Charges are calculated on and subject to the Run Assumptions. In the event that any Run Assumption is inaccurate, the parties will discuss in good faith such adjustments to the Service Charges as may be appropriate having regard to the impact of the Run Assumption.
- 2.8. The Service Charges are the only charges payable by the Authority in respect of Services within the scope of each Service Charge, as set out in Annex 2.
- 2.9. [Redacted under FOIA s43, Commercial interests]
- 2.10. [Redacted under FOIA s43, Commercial interests]
- 2.11. [Redacted under FOIA s43, Commercial interests]
- 2.12. [Redacted under FOIA s43, Commercial interests]
- 2.13. [Redacted under FOIA s43, Commercial interests]
- 2.14. The Supplier will strive to perform the Services efficiently in accordance with the Supplier Solution to minimise Data Platform Charges.
- 2.15. [Redacted under FOIA s43, Commercial interests]

3. OPTIONAL SERVICES

- 3.1. If the Authority gives notice pursuant to Clause 5.13 (Optional Services) that it requires the Supplier to provide any or all of the Optional Services, the Milestone Payments (if any) and the Service Charges for the relevant Optional Services shall be set out in the relevant Statement of Work.

PART C: ADJUSTMENTS TO THE CHARGES

1. DELAY PAYMENTS

- 1.1. If a Key Milestone has not been Achieved on or before the relevant Milestone Date, the Supplier shall pay a Delay Payment to the Authority in respect of that Key Milestone. Delay Payments shall accrue:
- (a) at the daily rate (the **Delay Payment Rate**) set out in the relevant Statement of Work;
 - (b) from (but excluding) the relevant Milestone Date to (and including) the earlier of:
 - (i) the date on which the Key Milestone is Achieved; and
 - (ii) the expiry of the Delay Deduction Period; and
 - (c) on a daily basis, with any part day's Delay counting as a day.
- 1.2. [Not used]
- 1.3. The Delay Payment in respect of a Key Milestone shall be shown as a deduction from the amount due from the Authority to the Supplier in the next invoice due to be issued by the Supplier after the date on which the relevant Key Milestone is Achieved or the expiry of the Delay Deduction Period (as the case may be).

2. SERVICE CREDITS

- 2.1. Service Credits shall be calculated by reference to the number of Service Points accrued in any one Service Period pursuant to the provisions of Schedule 2.2 (Performance Levels).
- 2.2. For each Service Period:
- (a) the Service Points accrued shall be converted to a credit from the Data Platform Charges for the Service Period following the Service Period to which they relate (the **relevant Service Period**) on the basis of [Redacted under FOIA s43, Commercial interests]; and
 - (b) the total Service Credits applicable for the relevant Service Period shall be calculated in accordance with the following formula:

$$SC = TSP \times X$$

where:

SC	is the total Service Credits for the relevant Service Period;
TSP	is the total Service Points that have accrued for the relevant Service Period;
X	[Redacted under FOIA s43, Commercial interests]

- 2.3. The liability of the Supplier in respect of Service Credits shall be subject to Clause 25.4(c) (Financial and other Limits) provided that, for the avoidance of doubt, the operation of the Service Credit Cap shall not affect the continued accrual of Service Points in excess of such financial limit in accordance with the provisions of Schedule 2.2 (Performance Levels). However, there is no rollover of Service Credits into the next Service Period for the purpose of Data Platform Charges reduction.
- 2.4. Service Credits are a reduction of the Data Platform Charges payable in respect of the relevant Services to reflect the reduced value of the Services actually received and are stated exclusive of VAT.
- 2.5. At the request of the Authority:
- (a) Service Credits shall be shown as a deduction from the amount due from the Authority to the Supplier in the invoice for the Service Period immediately succeeding the Service Period to which they relate; or
 - (b) the Authority reserves the right in the month of March in any given Contract Year to issue an invoice in respect of the Service Credits accrued in the previous Service Period and the Supplier shall pay such invoice within 30 days of the date of the invoice.
- 2.6. The Service Credit Cap is [Redacted under FOIA s43, Commercial interests].
- 2.7. Notwithstanding Paragraph 2.5 of Part C of this Schedule 7.1, at the written agreement of both Parties, the value of Service Credits may be deployed into a separate credit account which shall be used at a later point within the Term against the value of Optional Services.

3. CHANGES TO CHARGES

- 3.1. Any Changes to the Charges shall be developed and agreed by the Parties in accordance with Schedule 8.2 (Change Control Procedure).
- 3.2. The Authority may request that any Impact Assessment presents Charges without Indexation for the purposes of comparison.

4. INDEXATION

- 4.1. Any amounts or sums in this Agreement which are expressed to be subject to Indexation shall be adjusted in accordance with the provisions of this Paragraph 4 to reflect the effects of inflation. For the avoidance of doubt, Milestone Payment amounts shall not be subject to Indexation.
- 4.2. Where Indexation applies, the relevant adjustment shall be:
- (a) applied on the first day of April following the Effective Date and on the first day of April in each subsequent year (each such date an **adjustment date**); and
 - (b) determined by multiplying the relevant amount or sum by the percentage increase or changes in the Consumer Price Index - Communications division index published by the Office for National Statistics for the 12 months ended on the 31 January immediately preceding the relevant adjustment date.

- 4.3. Except as set out in this Paragraph 4, neither the Charges nor any other costs, expenses, fees or charges shall be adjusted to take account of any inflation, change to exchange rate, change to interest rate or any other factor or element which might otherwise increase the cost to the Supplier or Sub-contractors of the performance of their obligations.
5. [Redacted under FOIA s43, Commercial interests]

PART D: IMPLEMENTATION

1. IMPLEMENTATION STATEMENT OF WORK

- 1.1. The Implementation Services are defined in the Implementation SoW which is under discussion and finalisation between the parties as at the Effective Date (Implementation SoW Finalisation).

2. IMPLEMENTATION CHARGES

- 2.1. [Redacted under FOIA s43, Commercial interests]

3. MILESTONES

- 3.1. [Redacted under FOIA s43, Commercial interests]

PART E: INVOICING AND PAYMENT TERMS

1. SUPPLIER INVOICES

- 1.1. The Authority shall accept for processing any electronic invoice that complies with any standards required by this Agreement or otherwise agreed in writing by the Parties, provided that it is valid and undisputed.
- 1.2. If the Supplier proposes to submit for payment an invoice that does not comply with such agreed standards the Supplier shall comply with the requirements of the Authority's e-invoicing system. In the alternative the Supplier shall:
 - (a) prepare and provide to the Authority for approval of the format a template invoice within 10 Working Days of the Effective Date which shall include, as a minimum, the details set out in Paragraph 1.3 together with such other information as the Authority may reasonably require to assess whether the Charges that will be detailed therein are properly payable; and
 - (b) make such amendments as may be reasonably required by the Authority if the template invoice outlined in Paragraph 1.2(a) is not approved by the Authority.
- 1.3. The Supplier shall ensure that each invoice contains is submitted in the correct format for the Authority's e-invoicing system, or that it contains the following information:
 - (a) the date of the invoice;
 - (b) a unique invoice number;
 - (c) the Service Period or other period(s) to which the relevant Charge(s) relate;
 - (d) the correct reference for this Agreement;
 - (e) the reference number of the purchase order to which it relates (if any);
 - (f) the dates between which the Services subject of each of the Charges detailed on the invoice were performed;
 - (g) a description of the Services;
 - (h) the pricing mechanism used to calculate the Charges (such as Fixed Price, Time and Materials etc);
 - (i) any payments due in respect of Achievement of a Milestone, including the Milestone Achievement Certificate number for each relevant Milestone;
 - (j) the total Charges gross and net of any applicable deductions and, separately, the amount of any Reimbursable Expenses properly chargeable to the Authority under the terms of this Agreement, and, separately, any VAT or other sales tax payable in respect of each of the same;
 - (k) details of any Service Credits or Delay Payments or similar deductions that shall apply to the Charges detailed on the invoice;

- (l) reference to any reports required by the Authority in respect of the Services to which the Charges detailed on the invoice relate (or in the case of reports issued by the Supplier for validation by the Authority, then to any such reports as are validated by the Authority in respect of the Services);
 - (m) a contact name and telephone number of a responsible person in the Supplier's finance department in the event of administrative queries;
 - (n) the banking details for payment to the Supplier via electronic transfer of funds (i.e. name and address of bank, sort code, account name and number);
 - (o) where the Services have been structured into separate Service lines, the information at Paragraphs 1.3(a) to (n) shall be broken down in each invoice per Service line; and
 - (p) and any other information reasonably required by the Authority.
- 1.4. The Supplier shall invoice the Authority in respect of Services in accordance with the requirements of Part B.
- 1.5. Each invoice shall at all times be accompanied by Supporting Documentation. Any assessment by the Authority as to what constitutes Supporting Documentation shall not be conclusive and the Supplier undertakes to provide to the Authority any other documentation reasonably required by the Authority from time to time to substantiate an invoice.
- 1.6. The Supplier shall submit all invoices and Supporting Documentation through the Authority's electronic system or if that is not possible to: NHS Shared Services, ODE Payables M408, Topcliffe Lane, Phoenix House, Wakefield, WF4 1FE with a copy (again including any Supporting Documentation) to such other person and at such place as the Authority may notify to the Supplier from time to time.
- 1.7. All Supplier invoices shall be expressed in sterling or such other currency as shall be permitted by the Authority in writing.
- 1.8. The Authority shall regard an invoice as valid only if it complies with the provisions of this Part E. Where any invoice does not conform to the Authority's requirements set out in this Part E, the Authority shall promptly return the disputed invoice to the Supplier and the Supplier shall promptly issue a replacement invoice which shall comply with such requirements.

2. PAYMENT TERMS

- 2.1. Subject to the relevant provisions of this Schedule, the Authority shall make payment to the Supplier within 30 days of verifying that the invoice is valid and undisputed.
- 2.2. Unless the Parties agree otherwise in writing, all Supplier invoices shall be paid in sterling by electronic transfer of funds to the bank account that the Supplier has specified on its invoice.

ANNEX 1: PRICING MECHANISM

TABLE 1: SUPPLIER PERSONNEL RATE CARD

SFIA Role	Day Rate (£)
7	[Redacted under FOIA s43, Commercial interests]
6	[Redacted under FOIA s43, Commercial interests]
5	[Redacted under FOIA s43, Commercial interests]
4	[Redacted under FOIA s43, Commercial interests]
3	[Redacted under FOIA s43, Commercial interests]
2	[Redacted under FOIA s43, Commercial interests]
1	[Redacted under FOIA s43, Commercial interests]

TABLE 2: MAXIMUM SFIA ROLE LEVELS

Cluster	SFIA Role Family	Maximum SFIA Role Level	Maximum SFIA Role Level
Data	Data Architecture	Chief Data Architect	7
		Chief Data Architect	6
		Senior Data Architect	5
		Senior Data Architect	6
		Data Architect	4
	Data Analysis	Lead Data Analyst	5
		Senior Data Analyst	4
		Data Analyst	3
	Data Science	Head of Data Science	7
		Lead Data Scientist	6
		Senior Data Scientist	5
		Data Scientist	4
	Data Engineer	Head of Data Engineering	6
		Lead Data Engineer	5
		Senior Data Engineer	4
		Data Engineer	3
Product Delivery	Business Analysis	Principal Business Analysts	6

Cluster	SFIA Role Family	Maximum SFIA Role Level	Maximum SFIA Role Level
		Senior Business Analyst	5
		Business Analyst	4
		Junior Business Analyst	3
	Delivery	Programme Delivery Manager	6
		Service Owner	7
		Head of Delivery Management	7
		Senior Delivery Manager	6
		Delivery Manager	5
		Associate Delivery Manager	4
	Product Manager	Head Product Manager	6
		Lead Product Manager	5
		Senior Product Manager	4
		Product Manager	3
		Associate Product Manager	2
Quality Assurance and Testing	QAT Analyst	Lead QAT Tester	6
		Lead Data Engineer	5
		QAT Analyst	4
		Data Engineer	3
	Test Engineer	Lead Test Engineer	6
		Lead Data Engineer	5
		Test Engineer	4
		Tester	3
	Test Manager	Test Manager	6
Technical	Security Architect	Principal Security Architect	6
		Lead Security Architect	5
		Senior Technical Architect	4
	Technical Architect	Principal Technical Architect	7
		Lead Technical Architect	6
		Senior Technical Architect	5
		Technical Architect	4
		Associate Technical Architect	3
	Software Developer	Principal Software Developer	6
		Lead Software Developer	5
		Senior Software Developer	4
		Software Developer	3
		Junior Software Developer	2
		Associate Developer	1
	Dev Ops	Principal Dev Ops	6
		Lead Dev Ops	5
		Senior DevOps	4
		DevOps	3
		Junior DevOps	2
		Apprentice DevOps	1

Cluster	SFIA Role Family	Maximum SFIA Role Level		Maximum SFIA Role Level
	Infrastructure Engineer	Principal Infrastructure Engineer		6
		Lead Infrastructure Engineer		5
		Senior Infrastructure Engineer		4
		Infrastructure Engineer		3
		Associate Infrastructure Engineer		2
	Network Architect	Lead Network Architect		6
		Network Architect		5
		Associate Network Architect		4
User Centred Design	Content Designer	Head of Content Design		6
		Lead Content Designer		5
		Lead Content Designer		6
		Senior Content Designer		5
		Content Designer		4
		Junior Content Designer		3
		Associate Content Designer		2
IT Operations	Service Desk Manager	Head of Service Desk		5
		Service Desk Manager		4
		Senior Service Desk Analyst		3
		Service Desk Analyst		2
	Service Transition Manager	Lead Service Transition Manager		6
		Service Transition Manager		5
		Service Readiness Analyst		4
		Service Acceptance Analyst		3
Insert additional Roles in below rows if applicable				

SFIA Skill Mapping	Role*	Maximum SFIA Level
Strategic Planning (Strategy & Planning)	BOC Director	6
Specialist Advice (Strategy & Architecture)	BOC Clinical Safety Lead	6
Information Security (Strategy & Architecture)	BOC Security Lead	6
Governance (Governance, risk and compliance)	BOC Information Governance Lead	6
Measurement (Strategy and Architecture)	BOC Social Value Lead	5
Programme Management (Change and Transformation)	BOC Programme Director	6
Demand Management (Strategy and Planning)	BOC Demand Lead	6
Benefits Management (Change and Transformation)	BOC Benefit Realisation Lead	6
Supplier Management (Relationships and engagement)	BOC Commercial Lead	6

Product Management (Development and Implementation)	BOC Platform Lead	6
Technology Service Management (Delivery and Operation)	BOC Head of Delivery Management	6
Technology Service Management (Delivery and Operation)	BOC Deputy Head of Delivery Mgmt.	6
Organisational Change Management (Change and Transformation)	BOC Business Change Lead	6
Portfolio, Programme and Project Support (Change and Transformation)	BOC PMO Lead	6
Portfolio, Programme and Project Support (Change and Transformation)	Senior PMO Analyst	4
Specialist Advice (Strategy and Architecture)	Specialist Advice (Population Health Advisor)	4
Specialist Advice (Strategy and Architecture)	Specialist Advice (Clinical Safety Officer)	4
Organisational Change Management (Change Planning)	BOC Comms & Engagement Lead	6
Service Level Management (Delivery and operation)	BOC Service Management Lead	6
Head Product Manager (Product Manager)	BOC Head Product Manager	6
Benefits Management (Change and Transformation)	Benefits Realisation Support Associate	3
Data Engineering (Development and Implementation)	BOC CDM Lead	6
Product Management (Development and Implementation)	Product Enablement Manager	3
Contract Management (Relationships and Engagement)	Senior Legal Manager	4
Supplier Management (Relationships and Engagement)	Procurement Manager	4
Stakeholder Relationship Management (Relationships and Engagement)	Account Manager	5
Supplier Management (Relationships and Engagement)	CoE Enablement Analyst	3
Marketing (Relationships and Engagement)	Communication Analyst	3

*References to BOC are references to the Supplier

ANNEX 2: CHARGING MECHANISM

TABLE 1: DATA PLATFORM CHARGES

The Data Platform Charges are: [Redacted under FOIA s43, Commercial interests]

TABLE 2: SUPPORT CHARGES

[Redacted under FOIA s43, Commercial interests]

ANNEX 3: NOT USED

ANNEX 4: RUN ASSUMPTIONS

[Redacted under FOIA s43, Commercial interests]

ANNEX 5: SUPPORT PRICING

[Redacted under FOIA s43, Commercial interests]

SCHEDULE 7.2

PAYMENTS ON TERMINATION

Payments on Termination

1 TERMINATION PAYMENT

1.1 For the purposes of this Paragraph 1:

- (a) **"Fixed Price Charges"** means such charges for Optional Services as are expressed as a fixed price in the Statement of Work for the Optional Services; and
- (b) **"Fixed Price Services"** means Optional Services which are subject to Fixed Price Charges.
- (c) **"Unavoidable Fixed Price Loss Amount"** means: [Redacted under FOIA s43, Commercial interests]

1.2 The Termination Payment payable pursuant to Clause 34.3 (*Payments by the Authority*) shall be a sum which is the aggregate of:

- (a) all unpaid Charges for Services received up until the Termination Date (as such Charges are set out in a Statement of Work or in Annex 2 (Charging Mechanism), Part E (Invoicing and Payment Terms) of Schedule 7.1 (Charges and Invoicing)); and
- (b) the Unavoidable Fixed Price Loss Amount, provided that:
 - (i) the Supplier uses all reasonable endeavours to mitigate and minimise its Losses (including by re-deploying relevant assets, employees and other resources) and provides a fully itemised and costed schedule with evidence; and
 - (ii) the Unavoidable Fixed Price Loss Amount shall not exceed the total sum of the Fixed Price Charges which would have been payable to the Supplier for the Fixed Price Services if the Agreement had not been terminated.

2 FULL AND FINAL SETTLEMENT

Any Termination Payment paid under this Schedule shall be in full and final settlement of any claim, demand and/or proceedings of the Supplier in relation to any termination by the Authority pursuant to Clause 33.1(a) (*Termination by the Authority*) or termination by the Supplier pursuant to Clause 33.3(a) (*Termination by the Supplier*) (as applicable), and the Supplier shall be excluded from all other rights and remedies it would otherwise have been entitled to in respect of any such termination.

3 INVOICING FOR THE PAYMENTS ON TERMINATION

Any Termination Payment due under this Schedule shall be payable by the Authority to the Supplier in accordance with the payment terms set out in Schedule 7.1 (*Charges and Invoicing*).

4 SET OFF

The Authority shall be entitled to set off any outstanding liabilities of the Supplier against any Termination Payment amount payable by it pursuant to this Schedule.

5 NO DOUBLE RECOVERY

- 5.1 If any amount payable under this Schedule (in whole or in part) relates to or arises from any Transferring Assets then, to the extent that the Authority and/or any Authority Service Recipient makes any payments pursuant to Schedule 8.5 (*Exit Management*) in respect of such Transferring Assets, such payments shall be deducted from the amount payable pursuant to this Schedule.
- 5.2 The value of the Termination Payment shall be reduced or extinguished to the extent that the Supplier has already received the Charges or the financial benefit of any other rights or remedy given under this Agreement so that there is no double counting in calculating the relevant payment.
- 5.3 Any payments that are due in respect of the Transferring Assets shall be calculated in accordance with the provisions of the Exit Plan.

SCHEDULE 7.3

FINANCIAL DISTRESS

Financial Distress

1 DEFINITIONS

In this Schedule, the following definitions shall apply:

Financial Ratios	means the eight financial ratios and their associated calculation used in the Government Commercial Function's Financial Viability Risk Assessment Template as set-out in Annex 1;
Financial Ratio Threshold	means an Amber RAG rating based on the Overall Risk Classification as set-out in Annex 2;
Overall Risk Classification	means the average of the eight financial ratios calculated over a three year rolling period based on the Supplier's published accounts, as set out in Annex 3.

2 WARRANTIES AND DUTY TO NOTIFY

- 2.1 The Supplier warrants and represents to the Authority that as at the Effective Date the Financial Ratios based on the Supplier's accounts for the 12 month period up to 31 December 2022 are as set out in Annex 3 of this Schedule.
- 2.2 The Supplier shall promptly notify (or shall procure that its auditors promptly notify) the Authority in writing if the overall risk classification for the Supplier results in a red 'RAG' rating (**Red RAG rating**) (and in any event within 5 Working Days of the occurrence of such Red RAG rating).
- 2.3 If the Financial Ratio Threshold for the Supplier results in a Red RAG rating, the Supplier shall ensure that the Supplier or the Supplier's auditors (as the case may be) thereafter provide the Authority within 10 Working Days of the end of each Contract Year and within 10 Working Days of written request by the Authority (such requests not to exceed 4 in any Contract Year) with written calculations of the quick ratio for

the Supplier as at the end of the Contract Year or such other date as may be requested by the Authority. For these purposes the “quick ratio” on any date means:

$$\frac{A + B + C}{D}$$

Where:

- A is the value at the relevant date of all cash in hand and at the bank of the Supplier;
- B is the value of all marketable securities held by the Supplier;
- C is the value at the relevant date of all account receivables of the Supplier; and
- D is the value at the relevant date of the current liabilities of the Supplier.

- 2.4 The Supplier shall 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 10 Working Days of the date on which the Supplier first becomes aware of the Financial Distress Event or the fact, circumstance or matter which could cause a Financial Distress Event).
- 2.5 For the purposes of determining whether a Financial Distress Event has occurred pursuant to the provisions of Paragraphs 3.1(a) the overall risk classification for the Supplier shall be deemed to have dropped below the Financial Ratio Threshold if the Overall Risk Classification results in a Red RAG rating based on the Overall Risk Classification as set-out in Annex 3.

3 FINANCIAL DISTRESS EVENTS

3.1 The following shall be Financial Distress Events:

- (a) the Overall Risk Classification of the Supplier results in a Red RAG rating;
- (b) the Supplier 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;
- (c) there being a public investigation into improper financial accounting and reporting, suspected fraud or any other impropriety of the Supplier;
- (d) the Supplier committing a material breach of covenant to its lenders;
- (e) a Sub-contractor notifying the Authority that the Supplier has not satisfied any material sums properly due under a specified invoice and not subject to a genuine dispute;
- (f) any of the following:
 - (i) commencement of any litigation against the Supplier with respect to financial indebtedness greater than £5m or obligations under a service contract with a total contract value greater than £5m;

- (ii) non-payment by the Supplier of any financial indebtedness;
- (iii) any financial indebtedness of the Supplier entity becoming due as a result of an event of default;
- (iv) the cancellation or suspension of any financial indebtedness in respect of the Supplier; or
- (v) the external auditor of the Supplier expressing a qualified opinion on, or including an emphasis of matter in, its opinion on the statutory accounts of the Supplier;

in each case which the Authority reasonably believes could directly impact on the continued performance and delivery of the Services in accordance with this Agreement.

4 CONSEQUENCES OF FINANCIAL DISTRESS EVENTS

- 4.1 Immediately upon notification by the Supplier 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 Supplier), the Supplier shall have the obligations and the Authority shall have the rights and remedies as set out in Paragraphs 4.3 to 4.6.
- 4.2 In the event of a late or non-payment of a Sub-contractor pursuant to Paragraph 3.13.1(e), the Authority shall not exercise any of its rights or remedies under Paragraph 4.3 without first giving the Supplier 10 Working Days to:
 - (a) rectify such late or non-payment; or
 - (b) demonstrate to the Authority's reasonable satisfaction that there is a valid reason for late or non-payment.
- 4.3 The Supplier shall (and shall procure that any relevant Sub-contractor shall):
 - (a) at the request of the Authority, meet the Authority as soon as reasonably practicable (and in any event within 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 Supplier in writing) to review the effect of the Financial Distress Event on the continued performance and delivery of the Services in accordance with this Agreement; and
 - (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 this Agreement:
 - (i) submit to the Authority for its approval, a draft Financial Distress Remediation Plan as soon as reasonably practicable (and in any event, within 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 Supplier in writing); and
 - (ii) to the extent that it is legally permitted to do so and subject to Paragraph 4.8, provide such information relating to the Supplier 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.

- 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 Supplier of its reasons and the Supplier 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 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 referred to the Dispute Resolution Procedure under Paragraph 4.5.
- 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 Supplier's obligations in accordance with the Agreement, 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 using the Dispute Resolution Procedure.
- 4.6 Following approval of the Financial Distress Remediation Plan by the Authority, the Supplier shall:
- (a) on a regular basis (which shall not be less than fortnightly):
 - (i) review and make any updates to the Financial Distress Remediation Plan as the Supplier 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 this Agreement; and
 - (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 Supplier and/or the reasons why the Supplier may have decided not to make any changes;
 - (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
 - (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.
- 4.7 Where the Supplier 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, it shall notify the Authority and the Parties may agree that the Supplier shall be relieved of its obligations under Paragraph 4.6.

4.8 The Supplier 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:

- (a) obtaining in advance written authority from Sub-contractors authorising the disclosure of the information to the Authority and/or entering into confidentiality agreements which permit disclosure;
- (b) agreeing in advance with the Authority, Sub-contractors a form of confidentiality agreement to be entered by the relevant parties to enable the disclosure of the information to the Authority;
- (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
- (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.

5 FINANCIAL INDICATORS

5.1 Subject to the calculation methodology set out at Annex 4 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:

Monitored Supplier	Applicable Financial Indicators
	(these are the Financial Indicators from the table in Paragraph 5.1 which are to apply to the Monitored Suppliers)
Pricewaterhouse Coopers LLP	(6) Acid Ratio
Accenture (UK) Limited	(6) Acid Ratio

Financial Indicator	Calculation	Financial Target Threshold:
1 Turnover Ratio	<i>Turnover Ratio = Turnover / Annual Contract Value</i>	<1.5
2 Operating Margins	<i>Operating Margin = Operating Profit / Revenue</i>	<5.0%
3 Net Debt to EBITDA Ratio	<i>Net Debt to EBITDA Ratio = Net Debt / EBITDA</i>	>3.5 times
4 Net Debt + Net Pension Deficit to EBITDA Ratio	<i>Net Debt + Net Pension Deficit to EBITDA Ratio = (Net Debt + Net Pension Deficit) / EBITDA</i>	>5 times
5 Net Interest Paid Cover	<i>Net Interest Paid Cover = Earnings Before Interest and Tax / Net Interest Paid</i>	<3 times
6 Acid Ratio	<i>Acid Ratio = (Current Assets - Inventories) / Current Liabilities</i>	<0.8 times
7 Net Asset Value	<i>Net Asset Value = Net Assets</i>	≤£0
8 Group Exposure Ratio	<i>Group Exposure / Gross Assets</i>	>50.0%

6 TERMINATION RIGHTS

The Authority shall be entitled to terminate this Agreement under Clause 33.1(b) (*Termination by the Authority*) if:

- (a) the Supplier fails to notify the Authority of a Financial Distress Event in accordance with Paragraph 2.4;
- (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 Supplier 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: FINANCIAL RATIOS

Metric No.	Metric	Metric Definition (as per EFS Guidance)
1	Turnover Ratio	<i>Turnover Ratio = Turnover / Annual Contract Value</i>
2	Operating Margin	<i>Operating Margin = Operating Profit / Revenue</i>
3A	Free cash flow to Net Debt Ratio	[Not Used]
3B	Net Debt to EBITDA Ratio	<i>Net Debt to EBITDA Ratio = Net Debt / EBITDA</i>
4	Net Debt and Net Pension Deficit to EBITDA Ratio	<i>Net Debt + Net Pension Deficit to EBITDA Ratio = (Net Debt + Net Pension Deficit) / EBITDA</i>
5	Net Interest Paid Cover	<i>Net Interest Paid Cover = Earnings Before Interest and Tax / Net Interest Paid</i>
6	Acid Ratio	<i>Acid Ratio = (Current Assets - Inventories) / Current Liabilities</i>
7	Net Asset Value	<i>Net Asset Value = Net Assets</i>
8	Group Exposure Ratio	<i>Group Exposure / Gross Assets</i>

ANNEX 2: FINANCIAL RATIO THRESHOLDS

The RAG thresholds and associated boundaries are as follows:

Metric Definition (EFS)	Ratio	High Risk/Red (1pt)	Medium Risk /Amber (2pt)	Low Risk/Green (3pt)
1	Turnover Ratio	$x < 1.5$	$1.5 \leq x \leq 2$	$x > 2$
2	Operating Margin	$x < 5.0\%$	$5.0\% \leq x \leq 10.0\%$	$x > 10.0\%$
3	Net Debt to EBITDA Ratio	$x > 3.5$	$3.5 \geq x \geq 3$	$x < 3$
4	Net Debt and Net Pension Deficit to EBITDA Ratio	$x > 5$	$5 \geq x \geq 4.5$	$x < 4.5$
5	Net Interest Paid Cover	$x < 3$	$3 \leq x \leq 4.5$	$x > 4.5$
6	Acid Ratio	$x < 0.8$	$0.8 \leq x \leq 1$	$x > 1$
7	Net Asset Value	$x \leq 0$		$x > 0$
8	Group Exposure Ratio	$x > 50.0\%$	$50.0\% \geq x \geq 25.0\%$	$x < 25.0\%$

			Medium Risk	Low Risk
	Overall Average Score (across metrics) 8	$x < 1.5$	$1.5 \leq x \leq 2.5$	$x > 2.5$

ANNEX 3:

[Redacted under FOIA s41, Confidential information]

ANNEX 4: CALCULATION METHODOLOGY FOR FINANCIAL INDICATORS

The Supplier 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.

Specific Methodology

Financial Indicator	Specific Methodology
1 Turnover Ratio	Revenue should be shown on the face of the Income Statement. It should exclude the entity's share of the revenue of joint ventures or associates.
2 Operating Margin	<p>The elements used to calculate the Operating Margin should be shown on the face of the Income Statement in a standard set of financial statements.</p> <p>Figures for Operating Profit and Revenue should exclude the entity's share of the results of any joint ventures or Associates.</p> <p>Where an entity has an operating loss (i.e. where the operating profit is negative), Operating Profit should be taken to be zero.</p>
3 Net Debt to EBITDA Ratio	<p>"Net Debt" = Bank overdrafts + Loans and borrowings + Finance leases + Deferred consideration payable - Cash and cash equivalents</p> <p>"EBITDA" = Operating profit + Depreciation charge + Amortisation charge</p> <p>The majority of the elements used to calculate the Net Debt to EBITDA Ratio should be shown on the face of the Balance sheet, Income statement and Statement of Cash Flows in a standard set of financial statements but will otherwise be found in the notes to the financial statements.</p> <p>Net Debt: The elements of Net Debt may be described slightly differently and should be found either on the face of the Balance Sheet or in the relevant note to the financial</p>

	<p>statements. All interest bearing liabilities (other than retirement benefit obligations) should be included as borrowings as should, where disclosed, any liabilities (less any assets) in respect of any hedges designated as linked to borrowings (but not non-designated hedges). Borrowings should also include balances owed to other group members.</p> <p>Deferred consideration payable should be included in Net Debt despite typically being non-interest bearing.</p> <p>Cash and cash equivalents should include short-term financial investments shown in current assets.</p> <p>Where Net debt is negative (i.e. an entity has net cash), the relevant Financial Target Threshold should be treated as having been met.</p> <p>EBITDA: Operating profit should be shown on the face of the Income Statement and, for the purposes of calculating this Financial Indicator, should include the entity's share of the results of any joint ventures or Associates. The depreciation and amortisation charges for the period may be found on the face of the Statement of Cash Flows or in a Note to the Accounts. Where EBITDA is negative, the relevant Financial Target Threshold should be treated as not having been met (unless Net Debt is also negative, in which case the relevant Financial Target Threshold should be treated as having been met).</p>
<p>4</p> <p>Net Debt + Net Pension Deficit to EBITDA Ratio</p>	<p>"Net Debt" = Bank overdrafts + Loans and borrowings + Finance leases + Deferred consideration payable - Cash and cash equivalents</p> <p>"Net Pension Deficit" = Retirement Benefit Obligations - Retirement Benefit Assets</p> <p>"EBITDA" = Operating profit + Depreciation charge + Amortisation charge</p> <p>The majority of the elements used to calculate the Net Debt + Net Pension Deficit to EBITDA Ratio should be shown on the face of the Balance sheet, Income statement and Statement of Cash Flows in a standard set of financial statements but will otherwise be found in the notes to the financial statements.</p> <p>Net Debt: The elements of Net Debt may be described slightly differently and should be found either on the face of the Balance Sheet or in the relevant note to the financial statements. All interest bearing liabilities (other than retirement benefit obligations) should be included as borrowings as should, where disclosed, any liabilities (less any assets) in respect of any hedges designated as linked to borrowings (but not non-designated hedges). Borrowings should also include balances owed to other group members.</p>

<p>5</p> <p>Net Interest Paid Cover</p>	<p>“Earnings Before Interest and Tax” = Operating profit</p> <p>“Net Interest Paid” = Interest paid - Interest received</p> <p>Operating profit should be shown on the face of the Income Statement in a standard set of financial statements and, for the purposes of calculating this Financial Indicator, should include the entity’s share of the results of any joint ventures or Associates.</p> <p>Interest received and interest paid should be shown on the face of the Cash Flow statement.</p> <p>Where Net interest paid is negative (i.e. the entity has net interest received), the relevant Financial Target Threshold should be treated as having been met.</p>
<p>6</p> <p>Acid Ratio</p>	<p>All elements that are used to calculate the Acid Ratio are available on the face of the Balance Sheet in a standard set of financial statements.</p>
<p>7</p> <p>Net Asset value</p>	<p>Net Assets are shown (but sometimes not labelled) on the face of the Balance Sheet of a standard set of financial statements. Net Assets are sometimes called net worth or ‘Shareholders’ Funds’. They represent the net assets available to the shareholders. Where an entity has a majority interest in another entity in which there are also minority or non-controlling interests (i.e. where it has a subsidiary partially owned by outside investors), Net Assets should be taken inclusive of minority or non-controlling interests (as if the entity owned 100% of such entity).</p>
<p>8</p> <p>Group Exposure Ratio</p>	<p>“Group Exposure” = Balances owed by Group Undertakings + Contingent liabilities assumed in support of Group Undertakings</p> <p>“Gross Assets” = Fixed Assets + Current Assets</p> <p>Group Exposure: Balances owed by (i.e. receivable from) Group Undertakings are shown within Fixed assets or Current assets either on the face of the Balance Sheet or in the relevant notes to the financial statements. In many cases there may be no such balances, in particular where an entity is not a member of a group or is itself the ultimate holding company of the group.</p> <p>Contingent liabilities assumed in support of Group Undertakings are shown in the Contingent Liabilities note in a standard set of financial statements. They include guarantees and security given in support of the borrowings of other group companies, often as part of group borrowing arrangements.</p> <p>Where the contingent liabilities are capped, the capped figure should be taken as their value. Where no cap or maximum is</p>

	<p>specified, the relevant Financial Target Threshold should automatically be regarded as not having been met.</p> <p>In many cases an entity may not have assumed any contingent liabilities in support of Group Undertakings, in particular where an entity is not a member of a group or is itself the ultimate holding company of the group.</p> <p>Gross Assets: Both Fixed assets and Current assets are shown on the face of the Balance Sheet</p>
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SCHEDULE 7.4

AUDIT RIGHTS

Audit Rights

1 DEFINITIONS

In this Schedule, the following definitions shall apply:

Annual Contract Report	means the annual contract report to be provided by the Supplier to the Authority pursuant to Paragraph 1 of Part B;
Audit Agents	means: <ul style="list-style-type: none">(a) the Authority's and/or any Authority Service Recipient's internal and external auditors;(b) the Authority's and/or any Authority Service Recipient's statutory or regulatory auditors;(c) the Comptroller and Auditor General, their staff and/or any appointed representatives of the National Audit Office;(d) HM Treasury or the Cabinet Office;(e) any party formally appointed by the Authority to carry out audit or similar review functions; and(f) successors or assigns of any of the above;
Cabinet Office and Markets Suppliers Team	means the UK Government's team responsible for managing the relationship between government and its Strategic Suppliers, or any replacement or successor body carrying out the same function;
Contract Amendment Report	means the contract amendment report to be provided by the Supplier to the Authority pursuant to Paragraph 1 of Part B;
Contract Inception Report	means the initial financial model in a form agreed by the Supplier and the Authority in writing on or before the Effective Date;
Financial Model	means the Contract Inception Report, the latest Annual Contract Report or the latest Contract Amendment Report, whichever has been most recently approved by the Authority in accordance with Paragraph 2 of Part B;
Financial Report(s)	means the Contract Inception Report and the reports listed in the table in Paragraph 1.1 of Part B;
Financial Representative	means a reasonably skilled and experienced member of the Supplier's staff who has specific responsibility for preparing, maintaining, facilitating access to, discussing and explaining the Relevant Data and Financial Reports;
Final Reconciliation Report	means the final reconciliation report to be provided by the Supplier to the Authority pursuant to Paragraph 1 of Part B;

Material Change	means a Change which: <ul style="list-style-type: none"> (a) materially changes the profile of the Charges; or (b) varies the total Charges payable during the Term (as forecast in the latest Financial Model) by: <ul style="list-style-type: none"> (i) 5% or more; or (ii) £1m or more;
Onerous Contract	means a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it, as defined under International Accounting Standard 37;
Onerous Contract Report	means a report provided by the Supplier pursuant to Paragraph 2 of Part A to this Schedule;
Quarterly Contract Report	means the quarterly contract report to be provided by the Supplier to the Authority pursuant to Paragraph 1 of Part B;
Relevant Data	means granular break-downs of the Charges by Deliverable or Service, compute and storage, input costs of infrastructure, hosting and Software, Supplier Personnel and resources, and Reimbursable Expenses; and
Strategic Supplier	means those suppliers to government listed at https://www.gov.uk/government/publications/strategic-suppliers .

PART A: RELEVANT DATA AND ONEROUS CONTRACTS

1 RELEVANT DATA

- 1.1 During the Term, and for a period of 7 years following the end of the Term, the Supplier shall:
- (a) maintain and retain the Relevant Data; and
 - (b) disclose and allow the Authority and/or the Audit Agents access to the Relevant Data.

2 ONEROUS CONTRACTS

- 2.1 If the Supplier publicly designates the Agreement as an Onerous Contract (including where the Supplier has identified the Agreement as such in any published accounts or public reports and announcements), the Supplier shall promptly notify the Authority of the designation and shall prepare and deliver to the Authority within the timescales agreed by the Parties (an in any event, no later than 2 months following the publication of the designation) a draft Onerous Contract Report which includes the following:
- (a) an initial root cause analysis of the issues and circumstances which may have contributed to the Agreement being designated as an Onerous Contract;
 - (b) an initial risk analysis and impact assessment on the provision of the Services as a result of the Supplier's designation of the Agreement as an Onerous Contract;
 - (c) the measures which the Supplier intends to put in place to minimise and mitigate any adverse impact on the provision on the Services; and
 - (d) details of any other options which could be put in place to remove the designation of the Agreement as an Onerous Contract and/or which could minimise and mitigate any adverse impact on the provision of the Services.
- 2.2 Following receipt of the Onerous Contract Report, the Authority shall review and comment on the report as soon as reasonably practicable and the Parties shall cooperate in good faith to agree the final form of the report, which shall be submitted to the Programme Board, such final form report to be agreed no later than 1 month following the Authority's and/or any Authority Service Recipient's receipt of the draft Onerous Contract Report.
- 2.3 The Programme Board shall meet within 14 Working Days of the final Onerous Contract Report being agreed by the Parties to discuss the contents of the report; and the Parties shall procure the attendance at the meeting of any key participants where reasonably required (including the Cabinet Office Markets and Suppliers Team where the Supplier is a Strategic Supplier; representatives from any Services Sub-contractors/Monitored Suppliers; and the project's senior responsible officers (or equivalent) for each Party).
- 2.4 The Supplier acknowledges and agrees that the report is submitted to the Authority and Programme Board on an information only basis and the Authority and Programme Board's receipt of and comments in relation to the report shall not be deemed to be an acceptance or rejection of the report nor shall it relieve the Supplier of any

liability under this Agreement. Any Changes to be agreed by the Parties pursuant to the report shall be subject to the Change Control Procedure.

PART B: FINANCIAL REPORTS

1 PROVISION OF THE FINANCIAL REPORTS

1.1 The Supplier shall provide:

- (a) the Contract Inception Report on or before the Effective Date; and
- (b) during the Term the following financial reports to the Authority, in the frequency specified below:

Financial Report	When to be provided
Contract Amendment Report	Within 1 month of a Material Change being agreed between the Supplier and the Authority
Quarterly Contract Report	Within 1 month of the end of each Quarter
Annual Contract Report	Within 1 month of the end of the Contract Year to which that report relates
Final Reconciliation Report	Within 6 months after the end of the Term

1.2 The Supplier shall provide to the Authority the Financial Reports in the same software package (Microsoft Excel or Microsoft Word), layout and format as the blank templates which have been issued by the Authority to the Supplier on or before the Effective Date for the purposes of this Agreement. The Authority shall be entitled to modify the template for any Financial Report by giving written notice to the Supplier, including a copy of the updated template.

1.3 A copy of each Financial Report shall be held by the Authority and the Supplier. If there is a Dispute regarding a Financial Report, the Authority's and/or any Authority Service Recipient's copy of the relevant Financial Report shall be authoritative.

1.4 Each Financial Report shall:

- (a) be completed by the Supplier using reasonable skill and care;
- (b) incorporate and use the same defined terms as are used in this Agreement;
- (c) quote all monetary values in pounds sterling;

- (d) quote all costs as exclusive of any VAT; and
 - (e) quote all costs and Charges based on current prices.
- 1.5 Each Annual Contract Report and the Final Reconciliation Report shall be certified by the Supplier's Chief Financial Officer or Director of Finance (or equivalent as agreed in writing by the Authority in advance of issue of the relevant Financial Report), acting with express authority, as:
- (a) being accurate and not misleading;
 - (b) having been prepared in conformity with generally accepted accounting principles within the United Kingdom;
 - (c) being a true and fair reflection of the information included within the Supplier's management and statutory accounts; and
 - (d) compliant with the requirements of Paragraph 1.6.
- 1.6 The Supplier shall:
- (a) prepare each Financial Report using the same methodology as that used for the Contract Inception Report;
 - (b) to the extent permitted by Law, ensure that each Annual Contract Report and each Contract Amendment Report (if any) is a true and fair reflection of the costs incurred by the Supplier;
 - (c) to the extent permitted by Law, ensure that the Final Reconciliation Report is a true and fair reflection of the Costs; and
 - (d) not have any other internal financial model in relation to the Services inconsistent with the Financial Model.
- 1.7 During the Term, and for a period of 18 months following the end of the Term, the Supplier shall make available the Financial Representative at reasonable times and on reasonable notice to answer any queries that the Authority may have on any of the Financial Reports and/or Relevant Data.
- 1.8 If the Supplier becomes aware of the occurrence, or the likelihood of the future occurrence, of an event which will or may have a material effect on the following:
- (a) the costs incurred (or those forecast to be incurred) by the Supplier; and/or
 - (b) the forecast Charges for the remainder of the Term,
- the Supplier shall, as soon as practicable, notify the Authority in writing of the event in question detailing the actual or anticipated effect. For the avoidance of doubt, notifications provided in accordance with this Paragraph 1.8 shall not have the effect of amending any provisions of this Agreement.

2 FINANCIAL MODEL

- 2.1 Following the delivery by the Supplier of each Annual Contract Report and any Contract Amendment Report:

- (a) the Parties shall meet to discuss its contents within 10 Working Days of receipt (or such other period as the Parties shall agree). The Financial Representative shall attend the meeting;
 - (b) the Supplier shall make appropriate Supplier Personnel and advisers available to discuss any variations between the relevant Financial Report and the Contract Inception Report or immediately preceding Annual Contract Report or Contract Amendment Report (as the case may be) and to explain such variations (with reference to supporting evidence) to the satisfaction of the Authority; and
 - (c) the Authority shall either within 10 Working Days of the meeting referred to in Paragraph 2.1(a) notify the Supplier that:
 - (i) the relevant Financial Report contains errors or omissions or that further explanations or supporting information is required, in which event the Supplier shall make any necessary modifications to the Financial Report and/or supply the Authority with such supporting evidence as is required to address the Authority's concerns within 10 Working Days of such notification and the Authority shall following receipt of such amended Financial Report and/or supporting information, approve or reject such Financial Report; or
 - (ii) the Authority has approved the relevant Financial Report.
- 2.2 Following approval by the Authority of the relevant Financial Report in accordance with Paragraph 2.1(c), that version shall become, with effect from the date of such approval, the current approved version of the Financial Model for the purposes of this Agreement, a version of which shall be held by the Authority and the Supplier. If there is a Dispute regarding a Financial Report, the Authority's copy of the relevant Financial Report shall be authoritative.
- 2.3 If the Parties are unable to reach agreement on any Financial Report within 30 Working Days of its receipt by the Authority and/or any Authority Service Recipient, the matter shall be referred for determination in accordance with Schedule 8.3 (*Dispute Resolution Procedure*).
- 3 DISCUSSION OF QUARTERLY CONTRACT REPORTS AND FINAL RECONCILIATION REPORT**
- 3.1 Following the delivery by the Supplier of each Quarterly Contract Report, the Parties shall meet to discuss its contents within 10 Working Days of receipt (or such other period as the Parties shall agree). The Financial Representative shall attend the meeting.
- 3.2 Following the delivery by the Supplier of the Final Reconciliation Report, the Parties shall meet to discuss its contents within 10 Working Days of receipt (or such other period as the Parties shall agree). The Financial Representative shall attend the meeting.
- 4 SUB-CONTRACTORS**
- 4.1 The Supplier shall, if requested by the Authority and/or any Authority Service Recipient, provide (or procure the provision of) a report or reports including the level

of information set out in the Financial Reports in relation to the costs and expenses to be incurred by any of its Services Sub-contractors.

4.2 Without prejudice to Paragraph 1.1 of Part C, the Supplier shall on written request by the Authority and/or any Authority Service Recipient, provide the Authority or procure that it is provided with:

- (i) full copies of audit reports for the Services Sub-contractors. The Authority shall be entitled to rely on such audit reports; and
- (ii) further explanation of, and supporting information in relation to, any audit reports provided.

PART C: AUDIT RIGHTS

1 AUDIT RIGHTS

1.1 The Authority acting by itself or through its Audit Agents, shall have the right during the Term and for a period of 18 months thereafter, to assess compliance by the Supplier or its Services Sub-contractors of the Supplier's obligations under this Agreement, including for the following purposes:

- (a) to verify the integrity and content of any Financial Report;
- (b) to verify the accuracy of the Charges and any other amounts payable by the Authority under this Agreement (and proposed or actual variations to such Charges and payments) including the amounts paid to all Services Sub-contractors and any third party suppliers;
- (c) to verify the Relevant Data;
- (d) to verify the Supplier's and each Services Sub-contractor's compliance with this Agreement and applicable Law;
- (e) to identify or investigate actual or suspected fraud, impropriety or accounting mistakes or any breach or threatened breach of security and in these circumstances the Authority shall have no obligation to inform the Supplier of the purpose or objective of its investigations;
- (f) to identify or investigate any circumstances which may impact upon the financial stability of the Supplier and/or any Services Sub-contractors or their ability to perform the Services;
- (g) to obtain such information as is necessary to fulfil the Authority's obligations to supply information for parliamentary, ministerial, judicial or administrative purposes including the supply of information to the Comptroller and Auditor General;
- (h) to review any books of account and the internal contract management accounts kept by the Supplier in connection with this Agreement;
- (i) to carry out the Authority's internal and statutory audits and to prepare, examine and/or certify the Authority's annual and interim reports and accounts;
- (j) to enable the National Audit Office to carry out an examination pursuant to Section 6(1) of the National Audit Act 1983 of the economy, efficiency and effectiveness with which the Authority has used its resources;
- (k) to verify the accuracy and completeness of any Management Information delivered or required by this Agreement;
- (l) to review any Performance Monitoring Reports and/or other records relating to the Supplier's performance of the Services and to verify that these reflect the Supplier's own internal reports and records;
- (m) to inspect the Supplier System (or any part of it) and the wider service delivery environment (or any part of it);

- (n) to review the accuracy and completeness of the Registers;
- (o) to review any records created during the design and development of the Supplier System and pre-operational environment such as information relating to Testing;
- (p) to review the Supplier's quality management systems (including and any quality manuals and procedures);
- (q) to review the Supplier's compliance with the Standards;
- (r) to inspect the Authority Assets, including the Authority's IPRs, equipment and facilities, for the purposes of ensuring that the Authority Assets are secure and that any register of assets is up to date; and/or
- (s) to review the integrity, confidentiality and security of the Authority Data.

1.2 Except where:

- (a) an audit is imposed on the Authority or any Authority Service Recipient by a regulatory body;
- (b) an audit is required by the Authority for the purposes of compliance (including assessing Supplier's compliance) with: (i) the Data Protection Legislation; (ii) any data processing, privacy or security requirements under an SoW; (iii) Clauses 20 (Authority Data and Security Requirements) and/or 23 (Protection of Personal Data) of the Agreement; (iv) Schedule 2.4 (Security Management); (v) Schedule 11 (Processing Personal Data); and/or (vi) any Data Processing Agreement; and/or
- (c) where the Authority has reasonable grounds for believing that the Supplier has not complied with its obligations under this Agreement,

the Authority may not conduct an audit of the Supplier or of the same Services Sub-contractor more than twice in any Contract Year. Where possible, the Authority will endeavour to combine its auditing activities under this paragraph 1.2 to minimise disruption to Supplier's operations.

1.3 Nothing in this Agreement shall prevent or restrict the rights of the Comptroller and/or Auditor General and/or their representatives from carrying out an audit, examination or investigation of the Supplier and/or any of the Sub-contractors for the purposes of and pursuant to applicable Law.

1.4 Where the Audit Agent is an external, statutory or regulatory audit firm the Authority agrees that its appointment may be subject to conflicts of interest checks and agrees to liaise with the Supplier regarding the completion of those checks.

2 CONDUCT OF AUDITS

2.1 The Authority shall during each audit comply with those security, sites, systems and facilities operating procedures of the Supplier that the Authority deems reasonable and use its reasonable endeavours to ensure that the conduct of each audit does not unreasonably disrupt the Supplier or delay the provision of the Services.

- 2.2 Subject to the Authority's obligations of confidentiality, the Supplier shall on demand provide the Authority and the Audit Agents with all reasonable co-operation and assistance (and shall procure such co-operation and assistance from its Services Sub-contractors) in relation to each audit, including:
- (a) all information requested by the Authority within the permitted scope of the audit;
 - (b) reasonable access to any Sites (other than any public cloud data centres) and to any equipment used (whether exclusively or non-exclusively) in the performance of the Services;
 - (c) access to the Supplier System; and
 - (d) access to Supplier Personnel.
- 2.3 The Supplier shall implement all measurement and monitoring tools and procedures necessary to measure and report on the Supplier's performance of the Services against the applicable Key Performance Indicators at a level of detail sufficient to verify compliance with the Key Performance Indicators.
- 2.4 The Authority shall provide at least 15 Working Days' written notice (or such other amount of written notice as is reasonable in the circumstances) of its intention to conduct an audit and, where reasonably practicable in the circumstances, the Supplier and the Authority shall use reasonable endeavours to agree the scope and manner of the audit and identity of the auditor
- 2.5 The Parties agree that they shall bear their own respective costs and expenses incurred in respect of compliance with their obligations under this Paragraph 2, unless the audit identifies a material Default by the Supplier in which case the Supplier shall reimburse the Authority for all the Authority's reasonable costs incurred in connection with the audit.

3 USE OF SUPPLIER'S INTERNAL AUDIT TEAM

- 3.1 As an alternative to the Authority's right pursuant to Paragraph 1.1 to exercise an audit either itself or through its Audit Agents, the Authority may require in writing that an audit is undertaken by the Supplier's own internal audit function for any of the purposes set out in Paragraph 1.1.
- 3.2 Following the receipt of a request from the Authority under Paragraph 3.1 above, the Supplier shall procure that the relevant audit is undertaken as soon as reasonably practicable and that the Authority has unfettered access to:
- (a) the resultant audit reports; and
 - (b) all relevant members of the Supplier's internal audit team for the purpose of understanding such audit reports.

4 RESPONSE TO AUDITS

- 4.1 If an audit undertaken pursuant to Paragraphs 1 or 3 identifies that:
- (a) the Supplier has committed a Default, the Authority may (without prejudice to any rights and remedies the Authority may have) require the Supplier to

correct such Default as soon as reasonably practicable and, if such Default constitutes a Notifiable Default, to comply with the Rectification Plan Process;

- (b) there is an error in a Financial Report, the Supplier shall promptly rectify the error;
- (c) the Authority has overpaid any Charges, the Supplier shall pay to the Authority:
 - (i) the amount overpaid;
 - (ii) interest on the amount overpaid at the applicable rate under the Late Payment of Commercial Debts (Interest) Act 1998, accruing on a daily basis from the date of overpayment by the Authority up to the date of repayment by the Supplier; and
 - (iii) the reasonable costs incurred by the Authority in undertaking the audit,

the Authority may exercise its right to deduct such amount from the Charges if it prefers; and

- (d) the Authority has underpaid any Charges, the Supplier shall not be entitled to increase the Charges paid or payable by the Authority.