Schedule 7.3 - Benchmarking

1 Definitions

1.1 In this Schedule, the following definitions shall apply:

Benchmarked Service	a Service that the Authority elects to include in a Benchmark Review under Paragraph 2.3;
Benchmarker	the independent third party appointed under Paragraph 3.1;
Benchmark Report	the report produced by the Benchmarker following the Benchmark Review as further described in Paragraph 5;
Benchmark Review	a review of one or more of the Services carried out in accordance with Paragraph 4 to determine whether those Services represent Good Value;
Comparable Service	in relation to a Benchmarked Service, a service that is identical or materially similar to the Benchmarked Service (including in terms of scope, specification, volume and quality of performance);
Comparable Group	in relation to a Comparable Service, a sample group of organisations providing the Comparable Service identified by the Benchmarker under Paragraph 4.8 which consists of organisations which are either of similar size to the Supplier or which are similarly structured in terms of their business and their service offering so as to be (in the Benchmarker's professional opinion) fair comparators with the Supplier or which, in the professional opinion of the Benchmarker, are best practice organisations and, where there are a reasonable number of such organisations, referencing only those organisations that are carrying on their business within the United Kingdom;
Equivalent Services Data	in relation to a Comparable Service, data derived from an analysis of the Comparable Service provided by the Comparable Group as adjusted in accordance with Paragraphs 4.8.1 and 4.9 provided that the Benchmarker shall not use any such data that relates to a period which ended more than 36 months prior to the appointment of the Benchmarker;
Good Value	in relation to a Benchmarked Service, that: a) having taken into account the Performance Indicators and Target Service Levels, the value for money of the Charges attributable to that Benchmarked Service is at least as good as the value for money of the

Upper Quartile;

b) any Performance Indicators and Target Performance Levels are having taken into account the Charges, equal to or better than the median service levels for the Comparable Service using Equivalent Services Data; and

c) is consistent with the principles of the publication (or any revision or replacement) at htpps://nao.org/successful-commissioning/general-principles/value-for-money/assessing-value-for-money/;

Upper Quartile the top 25% of instances of a Comparable Service by members of the Comparable Group ranked by best value for money to the recipients of that Comparable Service.

2 Frequency, Purpose and Scope of Benchmarking Review

2.1 The Authority may, by written notice to the Supplier, require a Benchmark Review of any or all of the Services in order to establish whether a Benchmarked Service is, and/or the Benchmarked Services as a whole are, Good Value.

2.2 The Authority shall not be entitled to carry out a Benchmark Review of any Services during the 12 Month period from the Operational Service Commencement Date for those Services, nor at intervals of less than 12 Months after any previous Benchmark Review relating to the same Services.

2.3 The Services that are to be the Benchmarked Services shall be identified by the Authority in the notice given under Paragraph 2.1.

3 Appointment of Benchmarker

3.1 The Authority shall propose the name of the Benchmarker organisation to carry out the Benchmark Review. The Supplier shall within 7 days agree the identity or provide reasons in writing why it considers the Authority proposal to be inappropriate and shall make an alternative proposal. In default of agreement between the Parties after a further 14 days, the Authority shall be entitled to appoint such Benchmarker as it considers appropriate.

3.2 The Authority shall, at the written request of the Supplier, require the Benchmarker to enter into a confidentiality agreement with the Supplier substantially in the form set out in Annex 1 to this Schedule.

3.3 The costs and expenses of the Benchmarker and the Benchmark Review shall be shared equally between both Parties provided that each Party shall bear its own internal costs of the Benchmark Review. The Benchmarker shall not be compensated on a contingency fee or incentive basis.

3.4 The Authority shall be entitled to pay the Benchmarker’s costs and expenses in full and to recover the Supplier’s share from the Supplier. The Authority may deduct the Supplier's share from any money otherwise due to the Supplier to recover the same from the Supplier as a debt payable on demand.

4 Benchmark Review

4.1 The Authority shall require the Benchmarker to produce, and to send to each Party for approval, a draft plan for the Benchmark Review within 10 Working Days after the date of the appointment of the Benchmarker, or such longer period as the Benchmarker shall reasonably request in all the circumstances. The plan must include:

4.1.1 a proposed timetable for the Benchmark Review;

4.1.2 a description of the information that the Benchmarker requires each Party to provide;

4.1.3 a description of the benchmarking methodology to be used;

4.1.4 a description that clearly illustrates that the benchmarking methodology to be used is capable of fulfilling the benchmarking objectives under Paragraph 2.1;

4.1.5 an estimate of the resources required from each Party to underpin the delivery of the plan;

4.1.6 a description of how the Benchmarker will scope and identify the Comparable Group;

4.1.7 details of any entities which the Benchmarker proposes to include within the Comparable Group; and

4.1.8 if in the Benchmarker's professional opinion there are no Comparable Services or the number of entities carrying out Comparable Services is insufficient to create a Comparable Group, a detailed approach for meeting the relevant benchmarking objective(s) under Paragraph 2.1 using a proxy for the Comparable Services and/or Comparable Group as applicable.

4.2 The Parties acknowledge that the selection and or use of proxies for the Comparable Group (both in terms of number and identity of entities) and Comparable Services shall be a matter for the Benchmarker's professional judgement.

4.3 Each Party shall give notice in writing to the Benchmarker and to the other Party within 10 Working Days after receiving the draft plan either approving the draft plan or suggesting amendments to that plan which must be reasonable. Where a Party suggests amendments to the draft plan pursuant to this Paragraph 4.3, the Benchmarker shall, if it believes the amendments are reasonable, produce an amended draft plan. Paragraph 4.1 and this Paragraph 4.3 shall apply to any amended draft plan.

4.4 Failure by a Party to give notice under Paragraph 4.3 shall be treated as approval of the draft plan by that Party. If the Parties fail to approve the draft plan within 30 Working Days of its first being sent to them pursuant to Paragraph 4.1 then the Benchmarker shall prescribe the plan.

4.5 Once the plan is approved by both Parties or prescribed by the Benchmarker, the Benchmarker shall carry out the Benchmark Review in accordance with the plan. Each Party shall procure that all the information described in the plan, together with any additional information reasonably required by the Benchmarker is provided to the Benchmarker without undue delay. If the Supplier fails to provide any information requested from it by the Benchmarker and described in the plan, such failure shall constitute a material Default for the purposes of Clause 27.1.3 (Rectification Plan Process).

4.6 Each Party shall co-operate fully with the Benchmarker, including by providing access to records, technical documentation, premises, equipment, systems and personnel at times reasonably requested by the Benchmarker, provided that the Benchmarker shall be instructed to minimise any disruption to the Services.

4.7 Either Party may provide additional material to the Benchmarker to assist the Benchmarker in conducting the Benchmark Review.

4.8 Once it has received the information it requires, the Benchmarker shall:

4.8.1 finalise the sample of entities constituting the Comparable Group and collect data relating to Comparable Services. The final selection of the Comparable Group (both in terms of number and identity of entities) and of the Comparable Services shall be a matter for the Benchmarker's professional judgement;

4.8.2 derive the Equivalent Services Data by applying the adjustment factors listed in Paragraph 4.9 and from an analysis of the Comparable Services;

4.8.3 derive the relative value for money of the charges payable for the Comparable Services using the Equivalent Services Data and from that derive the Upper Quartile;

4.8.4 derive the median service levels relating to the Comparable Services using the Equivalent Services Data;

4.8.5 compare the value for money of the Charges attributable to the Benchmarked Services (having regard in particular to the applicable Performance Indicators and Target Service Levels) to the value for money of the Upper Quartile;

4.8.6 compare the Performance Indicators and Target Service Levels attributable to the Benchmarked Services (having regard to the Charges and Service Credits) with the median service levels using the Equivalent Services Data; and

4.8.7 determine whether or not each Benchmarked Service is and/or the Benchmarked Services as a whole are, Good Value.

4.9 The Benchmarker shall have regard to the following factors when performing a comparative assessment of a Benchmarked Service and a Comparable Service in order to derive Equivalent Services Data:

4.9.1 the contractual and business environment under which the Services are being provided (including the scope, scale, complexity and geographical spread of the Services);

4.9.2 any front-end investment and development costs of the Supplier;

4.9.3 the Supplier's risk profile including the financial, performance or liability risks associated with the provision of the Services as a whole;

4.9.4 the extent of the Supplier's management and contract governance responsibilities; and

4.9.5 any other reasonable factors demonstrated by the Supplier, which, if not taken into consideration, could unfairly cause the Supplier's pricing to appear non-competitive (such as erroneous costing, non-sustainable behaviour including excessive consumption of energy or over-aggressive pricing).

5 Benchmarking Report

5.1 The Benchmarker shall be required to prepare a Benchmark Report and deliver it simultaneously to both Parties, at the time specified in the plan approved under Paragraph 4, setting out its findings. The Benchmark Report shall:

5.1.1 include a finding as to whether or not each Benchmarked Service is and/or whether the Benchmarked Services as a whole are, Good Value;

5.1.2 include other findings (if any) regarding the quality and competitiveness or otherwise of those Services;

5.1.3 if any Benchmarked Service is not Good Value, or the Benchmarked Services as a whole are not Good Value, specify the changes that would be required to the Charges, Performance Indicators and/or Target Performance Levels, that would be required to make that Benchmarked Service or those Benchmarked Services as a whole Good Value; and

5.1.4 illustrate the method used for any normalisation of the Equivalent Services Data.

5.2 The Benchmarker shall act as an expert and not as an arbitrator.

5.3 If the Benchmark Report states that any Benchmarked Service is not Good Value or that the Benchmarked Services as a whole are not Good Value, then the Supplier shall (subject to Paragraphs 5.5 and 5.6) implement the changes set out in the Benchmark Report as soon as reasonably practicable within timescales agreed with the Authority but in any event within no more than 3 months. Any associated changes to the Charges shall take effect only from the same date and shall not be retrospective.

5.4 The Supplier acknowledges and agrees that Benchmark Reviews shall not result in any increase to the Charges, disapplication of the Performance Indicators or any reduction in the Target Performance Levels.

5.5 The Supplier shall be entitled to reject any Benchmark Report if the Supplier reasonably considers that the Benchmarker has not followed the procedure for the related Benchmark Review as set out in this Schedule in any material respect.

5.6 The Supplier shall not be obliged to implement any Benchmark Report to the extent this would cause the Supplier to provide the Services at a loss (as determined, by reference to the Financial Model), or to the extent the Supplier cannot technically implement the recommended changes.

5.7 In the event of any Dispute arising over whether the Benchmarker has followed the procedure for the related Benchmark Review under Paragraph 5.5 and/or any matter referred to in Paragraph 5.6, the Dispute shall be referred to the Dispute Resolution Procedure. For the avoidance of doubt, in the event of a Dispute between the Parties, the Authority shall continue to pay the Charges to the Supplier in accordance with the terms of this Agreement and the Performance Indicators and Target Performance Levels shall remain unchanged pending the resolution of the Dispute.

5.8 On resolution of the Dispute:

5.8.1 if it is decided that all or any part of the Benchmark Report recommendations regarding any reduction in the Charges shall be implemented by the Supplier, the Supplier shall immediately repay to the Authority the difference between the Charges paid by the Authority up to and including the date of the resolution and the date upon which the recommended reduction in Charges should have originally taken effect pursuant to Paragraph 5.3 together with interest thereon at the applicable rate under the Late Payment Of Commercial Debts (Interest) Act 1998; and

5.8.2 if it is decided that all or any part of the Benchmark Report recommendations regarding any changes to the Performance Indicators and/or Target Performance Levels shall be implemented by the Supplier:

(a) the Supplier shall immediately implement the relevant changes;

(b) the Supplier shall immediately pay an amount equal to any Service Credits which would have accrued up to and including the date of resolution if the relevant changes had taken effect on the date determined pursuant to Paragraph 5.3 together with interest thereon at the applicable rate under the Late Payment Of Commercial Debts (Interest) Act 1998; and

(c) the relevant changes shall thereafter be subject to the Change Control Procedure for the purposes of formalising and documenting the relevant change or amendment for the purposes of this Agreement.

5.9 Any failure by the Supplier to implement the changes as set out in the Benchmark Report in accordance with the relevant timescales determined in accordance with Paragraph 5.3 (unless the provisions of Paragraph 5.6 and/or Paragraph 5.7 apply) or in accordance with Paragraph 5.8 shall, without prejudice to any other rights or remedies of the Authority, constitute a Supplier Termination Event.

Department for Work & Pensions

DATED 20[●]

G4S SECURE SOLUTIONS (UK) LIMITED

and

[THE BENCHMARKER]

CONFIDENTIALITY AGREEMENT

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This agreement is made the day of 20[●]

Between:

(1) G4S Secure Solutions (UK) Limited of Sutton Park House, 15 Carshalton Road, Sutton, SM1 4LD (the **Supplier**); and

(2) [●] of [●] (the **Benchmarker**).

Background:

(A) The Secretary of State for Work and Pensions (the **Authority**) and the Supplier are party to an agreement dated [●] (the **Security Agreement**) for the provision by the Supplier of certain services to the Authority.

(B) The Benchmarker is to receive Confidential Information from the Supplier for the purpose of carrying out a benchmarking review for the Authority of one or more of such services pursuant to the terms of the Security Agreement (the **Permitted Purpose**).

It is agreed as follows:

1 Definitions and interpretation

1.1 In this agreement, unless the context otherwise requires, the following words have the following meanings:

Authority has the meaning given in Recital (A);

Confidential Information

(a) Information, including all personal data as defined in the Data Protection Legislation, and however it is conveyed, provided by the Supplier to the Benchmarker pursuant to this agreement 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) other Information provided by the Supplier pursuant to this agreement to the Benchmarker 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 Benchmarker's attention or into the Benchmarker's possession in connection with the Permitted Purpose;

(c) discussions, negotiations, and correspondence between the Supplier or any of its directors, officers, employees, consultants or professional advisers and the Benchmarker or any of its directors, officers, employees, consultants and professional advisers in connection with the Permitted Purpose and all matters arising therefrom; and

(d) Information derived from any of the above, but

not including any Information that:

(i) was in the possession of the Benchmarker without obligation of confidentiality prior to its disclosure by the Supplier;

(ii) the Benchmarker obtained on a non-confidential basis from a third party who is not, to the Benchmarker's knowledge or belief, bound by a confidentiality agreement with the Supplier or otherwise prohibited from disclosing the information to the Benchmarker;

(e) 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

(f) was independently developed without access to the Confidential Information;

Data Protection Legislation	means the Data Protection Act 1998 and any replacement legislation coming into effect from time to time including (without limitation) the GDPR together with any codes of practice or other guidance issued by any competent regulatory authority;
GDPR	means the General Data Protection Regulation (EU) 2016/679 of the European Parliament and of the Council on the protection of natural persons with regard to the processing of personal data and on the free movement of such data;
Information	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);
Notice	has the meaning given to it in Clause 5 (Notices);
Parties	the parties to this agreement;
Permitted Purpose	has the meaning given to it in Recital (B); and
Security Agreement	has the meaning given to it in Recital (A).

1.2 In this agreement, unless the context otherwise requires:

1.2.1 any reference to a statute or a provision of a statute shall be construed as a reference to that statute or provisions as amended, re-enacted or extended at the relevant time;

1.2.2 any reference to a person shall be construed as a reference to any person, firm, company, corporation, government, state or agency of a state or any association

or partnership (whether or not having separate legal personality) or one or more of the foregoing;

1.2.3 any reference to the singular shall include the plural and vice versa;

1.2.4 any reference to the masculine gender shall include the feminine and neuter and vice versa;

1.2.5 the table of contents and headings are inserted for ease of reference only and shall not affect the construction of this agreement;

1.2.6 where any party comprises two or more persons, any obligations of that party in, under or arising from this agreement is undertaken by or binding upon such two or more persons jointly and severally;

1.2.7 references to any party to this agreement include its successors-in-title and permitted assignees;

1.2.8 references to numbered Clauses, Schedules or Paragraphs are references to the relevant Clauses or Schedules in this agreement or the relevant Paragraph of this agreement respectively;

1.2.9 headings are included for ease of reference only and shall not affect the interpretation or construction of this agreement;

1.2.10 any reference to **written** or **writing** includes faxes but not email or other transitory forms;

1.2.11 references to any English legal term for any action, remedy, method of judicial proceeding, legal document, legal status, court official or any legal concept, state of affairs or thing shall in respect of any jurisdiction other than England be deemed to include that which most approximates in that jurisdiction to the English legal term;

1.2.12 the words “include” and cognate expressions shall be construed as if they were immediately followed by the words “without limitation”;

1.2.13 references to times of the day are to London time and references to a day are to a period of twenty-four (24) hours commencing at midnight at the start of the day; and

1.2.14 any document expressed to be in the agreed form or in the agreed terms means a document in a form approved by (and for the purposes of identification signed or initialled by or on behalf of) the parties to this agreement.

2 Confidentiality Obligations

2.1 In consideration of the Supplier providing Confidential Information to the Benchmarker, the Benchmarker shall:

2.1.1 treat all Confidential Information as secret and confidential;

2.1.2 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);

2.1.3 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, if relevant, other owner or except as expressly set out in this agreement;

2.1.4 not transfer any of the Confidential Information outside the United Kingdom;

2.1.5 not use or exploit any of the Confidential Information for any purpose whatsoever other than the Permitted Purpose;

2.1.6 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

2.1.7 once the Permitted Purpose has been fulfilled:

(a) destroy or return to the Supplier all documents and other tangible materials that contain any of the Confidential Information;

(b) 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 Benchmarker) from any computer, word processor, voicemail system or any other device; and

(c) make no further use of any Confidential Information.

3 Permitted Disclosures

3.1 The Benchmarker may disclose Confidential Information to those of its directors, officers, employees, consultants and professional advisers who:

3.1.1 reasonably need to receive the Confidential Information in connection with the Permitted Purpose;

3.1.2 have been informed by the Benchmarker of the confidential nature of the Confidential Information; and

3.1.3 have agreed to terms similar to those in this agreement.

3.2 The Benchmarker shall be entitled to disclose Confidential Information to the Authority for the Permitted Purpose and to a third party as is necessary in respect of the resolution of any Dispute as referred to in paragraph 5.7 of schedule 7.3 (Benchmarking) to the Security Agreement.

3.3 The Benchmarker 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 Benchmarker.

3.4 Before making a disclosure pursuant to Clause 3.3, the Benchmarker shall, if the circumstances permit:

3.4.1 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

3.4.2 ask the court or other public body to treat the Confidential Information as confidential.

4 General

4.1 The Benchmarker 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:

4.2.1 to grant the Benchmarker any licence or rights other than as may be expressly stated in this agreement;

4.2.2 to require the Supplier to disclose, continue disclosing or update any Confidential Information; or

4.2.3 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 this agreement.

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 Benchmarker acknowledges and agrees that damages alone may not be an adequate remedy for any breach by the Benchmarker of any of the provisions of this agreement. Accordingly, the Benchmarker 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 Benchmarker 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:

5.2.1 if to be given to the Supplier shall be sent to:

G4S Secure Solutions (UK) Limited

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

5.2.2 if to be given to the Benchmarker shall be sent to:

[Name of Organisation]

[Address]

Attention: [Contact name and/or position].

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 G4S Secure Solutions (UK) Limited

Signature:

_____

Date:

Name:

Position:

For and on behalf of [name of Benchmarker]

Signature:

_____

Date:

Name:

Position: