



## Section 8 - Risk Premium

**Expand**

[Click for further guidance](#)

## Section 9 - Profit / Operating Surplus

**Expand**

[Click for further guidance](#)

## Section 10 - Corporate Overheads

**Collapse**

[Click for further guidance](#)

[illegible]

Pricing Schedule Template	
Potential Supplier Name:	STEM Learning Limited
Additional Information	
<b>IMPORTANT</b> Please provide further information which could not be captured in the earlier tabs of this workbook that influences your costs. To provide additional information in relation to cost lines that have been input throughout the earlier tabs, please use the comments boxes which can be found at the end of the row for each cost line.	
1	Explanatory text for [REDACTED] staff costs: 'Project Lead Officer' covers four roles with both coach/consultant and additional responsibilities (School recruitment and networks lead, CPD and resources lead, Evaluation and impact lead, and Communications lead). 'Project Inclusion Officer' refers to the other consultants/coaches as part of the team.
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Pricing Schedule Template

Potential Supplier Name:

STEM Learning Limited

IMPORTANT

This tab will automatically populate with a summary of the costs captured in the 'Delivery costs' tab sheet.

Cost Line	Year 0 Apr 22 - Aug 22	Year 1 Sep 22 - Aug 23	Year 2 Sep 23 - Aug 24	Year 3 Sep 24 - Aug 25	Year 4 Sep 25 - Aug 26	Year 5 Sep 26 - Aug 27	Year 6 Sep 27 - Aug 28	Totals
1.1 Direct Staff Costs								
1.2 Indirect Staff Costs								
1.3 Staff Related Expenses								
1.4 Staff Training								
1.5 Staff Recruitment								
1.6 Other Staff Costs								
TOTAL STAFF COSTS								
2.1 Rent/ Lease/ Mortgage Costs								
2.2 Fit Out Costs								
2.3 Rates								
2.4 Facilities Management Costs								
2.5 Premise Security Costs								
2.6 Other Accommodation Costs								
TOTAL ACCOMMODATION COSTS								
3.1 IT Hardware								
3.2 IT Software								
3.3 IT Maintenance								
3.4 IT Security Costs								
3.5 Telephony and Communications								
3.6 Other IT Costs								
TOTAL TECHNOLOGY COSTS								
4.0 Sub Contractor Costs								
TOTAL SUBCONTRACTOR COSTS								
5.1 Printing and Stationery								
5.2 Office Equipment								
5.3 Postage and Courier								
5.4 Marketing Costs								
5.5 Storage Costs								
5.6 Other Operating Costs								
TOTAL OTHER OPERATING COSTS								
6.1 Legal Fees								
6.2 Auditing Fees								
6.3 Other Professional Services								
TOTAL CONSULTANCY SERVICE COSTS								
7.0 Other Costs								
TOTAL OTHER COSTS								
8.0 Risk Premium								
9.0 Profit								
TOTAL RISK AND PROFIT								
10.1 HR Support Costs								
10.2 Finance Support Costs								
10.3 Financing Costs								
10.4 Other Corporate Overhead Costs								
TOTAL CORPORATE OVERHEAD COSTS								
TOTAL CONTRACT VALUE								

Lead partner	Workstream	Contract period			Total contract		School funding or coordinating body
		Apr-22 Aug-22	Sep-22 Aug-23	Apr-22 Aug-23	VAT	Total funding	
SLP	Science Learning Partnership Network				-		school funding
SLP	Science Learning Partnership Network - Infrastructure						co-ordinating body
Totals SLP							school funding co-ordinating body
SPN (STEM Learning)	Stimulating Physics Network - Lead Schools				-		school funding
SPN (STEM Learning)	Stimulating Physics Network - Administration						co-ordinating body
SPN SKPT (Ogden)	SKPT - Module Development						co-ordinating body
SPN SKPT (Ogden)	SKPT - Delivery				-		school funding
SPN SKPT (Ogden)	SKPT - Management						co-ordinating body
SPN Inclusion (ASE)	Inclusion - vatable						co-ordinating body
SPN Inclusion (ASE)	Inclusion - Management						co-ordinating body
Totals SPN							school funding co-ordinating body
STEM Learning	Governance						co-ordinating body
STEM Learning / ENTHUSE	Bursary				-		school funding
Grand Totals							School funding Co-ordinating body

## **PART B: ADJUSTMENTS TO THE CHARGES AND RISK REGISTER**

### **1 SERVICE CREDITS**

1.1 Service Credits shall be calculated by reference to the number of Service Points that have accrued as calculated at the end of the Term pursuant to the provisions of Schedule 2.2 (*Performance Levels*).

1.2 At the end of the Term:

(a) the Service Points accrued shall be converted to a percentage deduction from the Service Charges in the Final Service Period on the basis of one point equating to a 0.13% deduction in the total co-ordinating body funding element of the maximum Annual Service Charges for the Term; and

(b) the total Service Credits applicable for the Term shall be calculated in accordance with the following formula:

$$SC = TSP \times x \times AC$$

where:

SC is the total Service Credits for the Term;

TSP is the total Service Points that have accrued for the Term;

X is 0.13%; and

AC is the total co-ordinating body funding element of the maximum Annual Services Charges for the Term payable under this Agreement (prior to deduction of applicable Service Credits).

1.3 The liability of the Supplier in respect of Service Credits shall be subject to Clause 25.4(c) (*Financial and other Limits*).

1.4 Service Credits are a reduction of the Service Charges payable in respect of the relevant Services to reflect the reduced value of the Services actually received and are stated exclusive of VAT.

1.5 Service Credits shall be shown as a deduction from the Service Charges from the Authority to the Supplier in the invoice for the Final Service Period.

### **2 CHANGES TO CHARGES**

2.1 Any Changes to the Charges shall be developed and agreed by the Parties in accordance with Schedule 8.2 (*Change Control Procedure*).

2.2 The Authority may request that any Impact Assessment presents Charges without Indexation for the purposes of comparison.

### **3 INDEXATION**

- 3.1 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 3 to reflect the effects of inflation.
- 3.2 Where Indexation applies, the relevant adjustment shall be:
- (a) applied on the first day of the second 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 published for the 12 months ended on the 31 January immediately preceding the relevant adjustment date.
- 3.3 Except as set out in this Paragraph 3, 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.

### **4 RISK REGISTER**

- 4.1 Within one month of the date of this Agreement, the Supplier shall provide the Authority with a completed version of the template Risk Register set out in Annex 1 for approval by the Authority and the Parties shall thereafter review the Risk Register from time to time and as otherwise required for the purposes of Schedule 8 (*Governance*).



## **PART C: INVOICING AND PAYMENT TERMS**

### **1 SUPPLIER INVOICES**

- 1.1 The Authority shall accept for processing any electronic invoice that complies with the European Standard, provided that it is valid and undisputed.
- 1.2 If the Supplier proposes to submit for payment an invoice that does not comply with the European Standard the Supplier shall:
- (a) comply with the requirements of the Authority's e-invoicing system;
  - (b) prepare and provide to the Authority for approval of the format a template invoice within 10 Working Days of the date of this Agreement 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
  - (c) make such amendments as may be reasonably required by the Authority if the template invoice outlined in (b) is not approved by the Authority.
- 1.3 The Supplier shall ensure that each invoice 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(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 total Charges gross and net of any applicable deductions , and, separately, any VAT or other sales tax payable in respect of each of the same;
  - (i) details of any deductions that shall apply to the Charges detailed on the invoice;
  - (j) 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);

- (k) a contact name and telephone number of a responsible person in the Supplier's finance department in the event of administrative queries;
  - (l) 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); and
  - (m) where the Services have been structured into separate Service lines, the information at (a) to (l) of this paragraph 1.3 shall be broken down in each invoice per Service line; and
  - (n) for the Final Service Period only, details of any Service Credits or similar deductions that shall apply to the Charges detailed on the invoice
- 1.4 The Supplier shall invoice the Authority in respect of Services in accordance with the requirements of Part B. The Supplier shall first submit to the Authority a draft invoice setting out the Charges payable. The Parties shall endeavour to agree the draft invoice within 5 Working Days of its receipt by the Authority, following which the Supplier shall be entitled to submit its invoice.
- 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 to:  
*accountspayable.bc@education.gov.uk*  
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 C. Where any invoice does not conform to the Authority's requirements set out in this Part C, 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.
- 1.9 If the Authority fails to consider and verify an invoice in accordance with paragraphs 1.4 and 1.8, the invoice shall be regarded as valid and undisputed for the purpose of paragraph 2.1 after a reasonable time has passed.

## **2 PAYMENT TERMS**

- 2.1 Subject to the relevant provisions of this Schedule, the Authority shall make payment to the Supplier within thirty (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 3: RISK REGISTER

Column n 1	Column n 2	Column 3	Column n 4	Column 5	Column n 6	Column 7	Column 8	Column 9	Column 10	Column 11	Column n 12
Risk Number	Risk Name	Description of risk	Timing	Likelihood	Impact (£)	Impact (description)	Mitigation (description)	Cost of mitigation	Post- mitigation impact (£)	Forecast Contingency Costs	Owner

# **MODEL AGREEMENT FOR SERVICES SCHEDULES**

## **SCHEDULE 7.2**

### **PAYMENTS ON TERMINATION**

## Payments on Termination

### 1 DEFINITIONS

1.1 In this Schedule, the following definitions shall apply:

- “Applicable Supplier Personnel”** any Supplier Personnel who:
- (a) at the Termination Date:
    - (i) are employees of the Supplier;
    - (ii) are Dedicated Supplier Personnel;
    - (iii) have not transferred (and are not in scope to transfer at a later date) to the Authority or the Replacement Supplier by virtue of the Employment Regulations; and
  - (b) are dismissed or given notice of dismissal by the Supplier within:
    - (i) 40 Working Days of the Termination Date; or
    - (ii) such longer period required by Law, their employment contract (as at the Termination Date) or an applicable collective agreement; and
  - (c) have not resigned or given notice of resignation prior to the date of their dismissal by the Supplier; and
  - (d) the Supplier can demonstrate to the satisfaction of the Authority:
    - (i) are surplus to the Supplier's requirements after the Termination Date notwithstanding its obligation to provide services to its other customers;
    - (ii) are genuinely being dismissed for reasons of redundancy; and
    - (iii) have been selected for redundancy by the Supplier on objective grounds other than the fact that the Supplier is entitled to reimbursement under this provision in respect of such employees;

<b>“Breakage Costs Payment”</b>	an amount equal to the Redundancy Costs and the Contract Breakage Costs as at the Termination Date as determined in accordance with Paragraph 3;
<b>“Contract Breakage Costs”</b>	the amounts payable by the Supplier to its Key Sub-contractors or other third parties (as applicable) for terminating all relevant Key Sub-contracts or Third Party Contracts as a direct result of the early termination of this Agreement;
<b>“Dedicated Supplier Personnel”</b>	all Supplier Personnel then assigned to the Services or any part of the Services. If the Supplier is unsure as to whether Supplier Personnel are or should be regarded as so assigned, it shall consult with the Authority whose view shall be determinative provided that the employee has been materially involved in the provision of the Services or any part of the Services;
<b>“Redundancy Costs”</b>	<p>the total sum of any of the following sums paid to Applicable Supplier Personnel, each amount apportioned between the Supplier and the Authority based on the time spent by such employee on the Services as a proportion of the total Service duration:</p> <ul style="list-style-type: none"> <li>(a) any statutory redundancy payment; and</li> <li>(b) in respect of an employee who was a Transferring Former Supplier Employee or a Transferring Authority Employee, any contractual redundancy payment (or where such a contractual benefit on redundancy is a benefit payable from a pension scheme, the increase in cost to the Supplier as a net present value compared to the benefit payable on termination of employment without redundancy), provided that such employee was entitled to such contractual redundancy payment immediately prior to his or her transfer to the Supplier under the Employment Regulations;</li> </ul>
<b>“Request for Estimate”</b>	a written request sent by the Authority to the Supplier, requiring that the Supplier provide it with an accurate estimate of the Termination Payment that would be payable if the Authority exercised its right under Clause 33.1(a) ( <i>Termination by the</i>

	<i>Authority</i> ) to terminate this Agreement for convenience on a specified Termination Date;
<b>“Shortfall Period”</b>	has the meaning given in Paragraph 6.2;
<b>“Termination Estimate”</b>	has the meaning given in Paragraph 11.2;
<b>“Third Party Contract”</b>	a contract with a third party entered into by the Supplier exclusively for the purpose of delivering the Services, as listed in Schedule 4.4 ( <i>Third Party Contracts</i> );
<b>“Total Costs Incurred”</b>	the Costs incurred by the Supplier up to the Termination Date in the performance of this Agreement (but excluding Contract Breakage Costs, Redundancy Costs and any costs the Supplier would not otherwise be able to recover through the Charges) less any Deductions up to (and including) the Termination Date;
<b>“Unrecovered Costs”</b>	the Costs incurred by the Supplier in the performance of this Agreement to the extent that the same remain at the Termination Date to be recovered through Charges that but for the termination of this Agreement would have been payable by the Authority after the Termination Date in accordance with Schedule 7 ( <i>Charges and Invoicing</i> ).
<b>“Unrecovered Payment”</b>	an amount equal to the lower of: <ul style="list-style-type: none"> <li>(a) the Unrecovered Costs; and</li> <li>(b) the amount specified in Paragraph 4;</li> </ul>

## **2 TERMINATION PAYMENT**

- 2.1 The Termination Payment payable pursuant to Clause 34.3(a) (*Payments by the Authority*) shall be an amount equal to the aggregate of the Breakage Costs Payment and the Unrecovered Payment.

## **3 BREAKAGE COSTS PAYMENT**

- 3.1 The Supplier may recover through the Breakage Costs Payment only those costs incurred by the Supplier directly as a result of the termination of this Agreement which:



- (a) would not have been incurred had this Agreement continued until expiry of the Term;
- (b) are unavoidable, proven, reasonable, and not capable of recovery;
- (c) are incurred under arrangements or agreements that are directly associated with this Agreement;
- (d) are not Contract Breakage Costs relating to contracts or Sub-contracts with Affiliates of the Supplier; and
- (e) relate directly to the termination of the Services.

### **Limitation on Breakage Costs Payment**

3.2 The Breakage Costs Payment shall not exceed 120% of the estimate for the Breakage Costs Payment set out in any relevant Termination Estimate.

### **Redundancy Costs**

- 3.3 The Authority shall not be liable under this Schedule for any costs associated with Supplier Personnel (whether relating to redundancy, redeployment or otherwise) other than the Redundancy Costs.
- 3.4 Where the Supplier can demonstrate that a member of Supplier Personnel will be made redundant following termination of this Agreement, but redeployment of such person is possible and would offer value for money to the Authority when compared with redundancy, then the Authority shall pay the Supplier the actual direct costs incurred by the Supplier or its Sub-contractor arising out of the redeployment of such person (including retraining and relocation costs) subject to a maximum amount of [REDACTED] per relevant member of the Supplier Personnel.

### **Contract Breakage Costs**

- 3.5 The Supplier shall be entitled to Contract Breakage Costs only in respect of Third Party Contracts or Sub-contracts which:
- (a) are not assigned or novated to a Replacement Supplier at the request of the Authority in accordance with Schedule 8.5 (*Exit Management*); and
  - (b) the Supplier can demonstrate:
    - (i) are surplus to the Supplier's requirements after the Termination Date, whether in relation to use internally within its business or in providing services to any of its other customers; and
    - (ii) have been entered into by it in the ordinary course of business.
- 3.6 The Supplier shall seek to negotiate termination of any Third Party Contracts or Sub-contracts with the relevant third party or Sub-contractor (as the case

may be) using all reasonable endeavours to minimise the cancellation or termination charges.

3.7 Except with the prior written agreement of the Authority, the Authority shall not be liable for any costs (including cancellation or termination charges) that the Supplier is obliged to pay in respect of:

- (a) the termination of any contractual arrangements for occupation of, support of and/or services provided for Supplier premises which may arise as a consequence of the termination of this Agreement; and/or
- (b) Assets not yet installed at the Termination Date.

#### **4 UNRECOVERED PAYMENT**

The Unrecovered Payment shall not exceed the Charges that but for the termination of this Agreement would have been payable by the Authority after the Termination Date in accordance with Schedule 7 (*Charges and Invoicing*).

#### **5 MITIGATION OF CONTRACT BREAKAGE COSTS, REDUNDANCY COSTS AND UNRECOVERED COSTS**

5.1 The Supplier agrees to use all reasonable endeavours to minimise and mitigate Contract Breakage Costs, Redundancy Costs and Unrecovered Costs by:

- (a) the appropriation of Assets, employees and resources for other purposes;
- (b) at the Authority's request, assigning any Third Party Contracts and Sub-contracts to the Authority or a third party acting on behalf of the Authority; and
- (c) in relation Third Party Contracts and Sub-contract that are not to be assigned to the Authority or to another third party, terminating those contracts at the earliest possible date without breach or where contractually permitted.

5.2 If Assets, employees and resources can be used by the Supplier for other purposes, then there shall be an equitable reduction in the Contract Breakage Costs, Redundancy Costs and Unrecovered Costs payable by the Authority or a third party to the Supplier. In the event of any Dispute arising over whether the Supplier can use any Assets, employees and/or resources for other purposes and/or over the amount of the relevant equitable reduction, the Dispute shall be referred to an Expert for determination in accordance with the procedure detailed in Schedule 8.3 (*Dispute Resolution Procedure*).

#### **6 NOT USED**

#### **7 FULL AND FINAL SETTLEMENT**

7.1 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.

## **8 INVOICING FOR THE PAYMENTS ON TERMINATION**

- 8.1 All sums due under this Schedule shall be payable by the Authority to the Supplier in accordance with the payment terms set out in Schedule 7 (*Charges and Invoicing*).

## **9 SET OFF**

- 9.1 The Authority shall be entitled to set off any outstanding liabilities of the Supplier against any amounts that are payable by it pursuant to this Schedule.

## **10 NO DOUBLE RECOVERY**

- 10.1 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 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.
- 10.2 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.
- 10.3 Any payments that are due in respect of the Transferring Assets shall be calculated in accordance with the provisions of the Exit Plan.

## **11 ESTIMATE OF TERMINATION PAYMENT**

- 11.1 The Authority may issue a Request for Estimate at any time during the Term provided that no more than 2 Requests for Estimate may be issued in any 6 month period.
- 11.2 The Supplier shall within 20 Working Days of receiving the Request for Estimate (or such other timescale agreed between the Parties), provide an accurate written estimate of the Termination Payment that would be payable by the Authority based on a postulated Termination Date specified in the Request for Estimate (such estimate being the "**Termination Estimate**"). The Termination Estimate shall:
- (a) be based on the relevant amounts set out in the Pricing Model;
  - (b) include:
    - (i) details of the mechanism by which the Termination Payment is calculated;

- (ii) full particulars of the estimated Contract Breakage Costs in respect of each Sub-contract or Third Party Contract and appropriate supporting documentation; and
    - (iii) such information as the Authority may reasonably require; and
  - (c) state the period for which that Termination Estimate remains valid, which shall be not less than 20 Working Days.
- 11.3 The Supplier acknowledges that issue of a Request for Estimate shall not be construed in any way as to represent an intention by the Authority to terminate this Agreement.
- 11.4 If the Authority issues a Termination Notice to the Supplier within the stated period for which a Termination Estimate remains valid, the Supplier shall use the same mechanism to calculate the Termination Payment as was detailed in the Termination Estimate unless otherwise agreed in writing between the Supplier and the Authority.

## **MODEL AGREEMENT FOR SERVICES SCHEDULES**

### **SCHEDULE 7.3**

**NOT USED**

# **MODEL AGREEMENT FOR SERVICES SCHEDULES**

## **SCHEDULE 7.4**

### **FINANCIAL DISTRESS**

## Financial Distress

### 1 DEFINITIONS

1.1 In this Schedule, the following definitions shall apply:

<b>“Board”</b>	means the Supplier’s board of directors;
<b>“FDE Group”</b>	means the Supplier and the Key Sub-contractors;
<b>“Financial Indicators”</b>	in respect of the Supplier and the Key Sub-contractors means each of the financial indicators set out at paragraph 5.1 of this Schedule;
<b>“Financial Target Thresholds”</b>	means the target thresholds for each of the Financial Indicators set out at paragraph 5.1 of this Schedule;

### 2 WARRANTIES AND DUTY TO NOTIFY

2.1 The Supplier warrants and represents to the Authority for the benefit of the Authority that as at the Effective Date the financial position or, as appropriate, the financial performance of each of the Supplier and Key Sub-contractors satisfies the Financial Target Thresholds.

2.2 The Supplier shall:

2.2.1 monitor and report on the Financial Indicators for each entity in the FDE Group against the Financial Target Thresholds at least at the frequency set out for each at Paragraph 5.2 (where specified); and

2.2.2 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).

2.3 Each report submitted by the Supplier pursuant to paragraph 2.2.1 shall:

2.3.1 be a single report with separate sections for each of the FDE Group entities;

2.3.2 contain a sufficient level of information to enable the Authority to verify the calculations that have been made in respect of the Financial

Indicators;

- 2.3.3 include key financial and other supporting information (including any accounts data that has been relied on) as separate annexes;
  - 2.3.4 be based on the audited accounts for the date or period on which the Financial Indicator is based or, where the Financial Indicator is not linked to an accounting period or an accounting reference date, on unaudited management accounts prepared in accordance with their normal timetable; and
  - 2.3.5 include a history of the Financial Indicators reported by the Supplier in graph form to enable the Authority to easily analyse and assess the trends in financial performance.
- 2.4 In order to support the Authority monitor the financial health of the Supplier, the Supplier shall:
- 2.4.1 notify the Authority of any changes to Board membership;
  - 2.4.2 provide credit rating information if requested; and
  - 2.4.3 provide monthly accounts if requested.

### **3 FINANCIAL DISTRESS EVENTS**

- 3.1 The following shall be Financial Distress Events:
- 3.1.1 an FDE Group entity issuing a profits warning to a stock exchange or making any other public announcement, in each case about a material deterioration in its financial position or prospects;
  - 3.1.2 there being a public investigation into improper financial accounting and reporting, suspected fraud or any other impropriety of an FDE Group entity;
  - 3.1.3 an FDE Group entity committing a material breach of covenant to its lenders;
  - 3.1.4 a Key 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;
  - 3.1.5 any of the following:
    - 3.1.5.1 commencement of any litigation against an FDE Group entity with respect to financial indebtedness greater than [REDACTED] or obligations under a service contract with a total contract value greater than [REDACTED];
    - 3.1.5.2 non-payment by an FDE Group entity of any financial indebtedness;



- 3.1.5.3 any financial indebtedness of an FDE Group entity becoming due as a result of an event of default;
- 3.1.5.4 the cancellation or suspension of any financial indebtedness in respect of an FDE Group entity; or
- 3.1.5.5 the external auditor of an FDE Group entity expressing a qualified opinion on, or including an emphasis of matter in, its opinion on the statutory accounts of that FDE entity;

in each case which the Authority reasonably believes (or would be likely reasonably to believe) could directly impact on the continued performance and delivery of the Services in accordance with this Agreement; and

- 3.1.6 any one of the Financial Indicators set out at Paragraph 5 for any of the FDE Group entities failing to meet the required Financial Target Threshold.

#### **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 or the Authority determines that a Financial Distress Event occurs following the submission by the Supplier of the financial information under paragraph 5.1 ), 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 Key Sub-contractor pursuant to Paragraph 3.2.4, the Authority shall not exercise any of its rights or remedies under Paragraph 4.3 without first giving the Supplier 10 Working Days to:
  - 4.2.1 rectify such late or non-payment; or
  - 4.2.2 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 Key Sub-contractor shall):
  - 4.3.1 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
  - 4.3.2 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