

**ANNEX C: CONTRACT 2014 CHANGE AUTHORISATION NOTE – FINAL (v1.0)**

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<b>CAN NO.:</b>  <b>046</b>	<b>TITLE:</b>  <b>2019 Test Cycle</b>	<b>DATE ISSUED:</b>  <b>03/05/18</b>
<b>PROJECT:</b>  <b>EMS2014</b>	<b>TYPE OF CHANGE</b>  <b>Fast-track</b>	<b>REQUIRED BY DATE:</b>  <b>11/05/18 (5 working days)</b>

**EXECUTIVE SUMMARY OF CONTRACT CHANGE**

The Secretary of State for Education acting through the Standards and Testing Agency (STA) and Pearson Education Limited (PEL) entered into an agreement for the delivery of external marking services for key stage 2 National Curriculum Tests (“**the Agreement**”) on 26<sup>th</sup> April 2013.

In order to deliver the 2019 Test Cycle, the following amendments are required to the Agreement:

- Extension of the Term of the Agreement for the provision of External Marking Services for the 2019 Test Cycle;
- Incorporation of new Terms and Conditions;
- Updated Supplier’s Solution; and
- Incorporation of 2018-2019 Test Cycle Pricing Model v1.3d.

Pearson has confirmed its approach to the above changes via *Change Proposal* and both Parties have agreed an approach via the *Change Proposal Clarifications* document. The full proposal and clarifications are not described here for presentational purposes. For full details of the *Change Proposal* and clarifications, please reference the documents attached.

The STA requested Cabinet Office approval of the final business case in March 2018; this was approved on 3 May 2018, allowing the STA to proceed with this change.

By signing this Contract Authorisation Note, both Parties agree to implement the changes in accordance with the *Change Request*, *Change Proposal* and *Change Proposal Clarification Document* referenced below.

LIST OF ATTACHMENTS:

Description	Document Title	Version	Date
Letter	Request for Proposal to Pearson CR046 (2019)	n/a	13/12/2017
Change Request	Contract Change Request Form 046 (2019)	v1.0	13/12/2017
Change Proposal	<i>CHANGE PROPOSAL SUMMARY FORM_046_2019_v0.3</i>	V0.3	23/02/2018
Change Proposal Clarifications	Clarification responses – CP046_STA_response_26042018	V1	26/04/2018
Pricing Model (for baseline 2019 Test Cycle price)	STA-2014 - External Marking Services - Pricing Model for 2018 & 2019 (CAN046)	v1.3d	24/04/2018

**[Embedded documents redacted]**

LIST OF CHANGES TO THE CONTRACT (EG CONTRACT CLAUSES, SCHEDULES, PRODUCT DESCRIPTIONS)

**Update to Terms and Conditions:**

The following definition is inserted in clause 1.1 of the Agreement:

*“2019 Test Cycle” means the Test Cycle relating to the 2018/19 academic year's Tests*

Clause 3.2 of the Agreement is replaced with the following clauses:

- 3.2 *STA shall have the sole and absolute right to seek up to three extensions of the Expected Term for the 2017 Test Cycle (“the First Extension”), the 2018 Test Cycle (“the Second Extension”) and the 2019 Test Cycle (“the Third Extension”). The parties acknowledge and agree that STA has exercised the First and Second Extension.*
- 3.2A *Where it wishes to exercise the Third Extension, STA will give the Supplier written notice of its intention to do so prior to the date occurring on the later of: (i) 01 August 2018; and (ii) the date on which the Supplier has achieved KM5 for the 2018 Test Cycle, as such Key Milestone is described in Schedule 5 (Key Milestone Acceptance Criteria and Service Levels)*
- 3.2B *Subject to the provisions of Schedule 7, any Change to any Delay Credit or other legal right or remedy of STA the Charges for the 2019 Test Cycle (in the event of STA exercising the Third Extension) shall be fixed in accordance with the pricing documents set out in Annex A and Schedule 7, Annex 1 shall be deemed to be amended accordingly.*

Both Parties agree that, in accordance with clause 3.2 above, this clause is exercised and by the signing of this Contract Authorisation Note, the Agreement is extended to deliver the 2019 Test Cycle (“the Third Extension”).

**Supplier’s Solution:**

Insert the following text within “Schedule 22 – Suppliers Solution”:

- (d) documents entitled “CHANGE PROPOSAL SUMMARY FORM\_046\_2019\_v0.3” and Change Proposal Clarifications “Clarification responses – CP046\_STA\_response\_26042018”, supplied in response to “Contract Change Request Form 046 (2019)”.

**Agreed Pricing Model:**

In accordance with the Change Request, Change Proposal, Change Proposal and this Contract Change, the “STA-2014 - External Marking Services - Pricing Model for 2018 & 2019 (CAN046)” is to be incorporated in to “Annex 1 of Schedule 7 - Charges and Invoicing Arrangements” as part of the suite of “Agreed Pricing Models”. (It is recognised that the values shown for the 2018 Test Cycle have changed since the start of this Change; both parties agreed to update the costs for 2018 within a month of this agreement.)

**All other terms and conditions of the Agreement remain in full force and effect.**

**AGREED ADJUSTMENT TO THE CHARGES RESULTING FROM IMPLEMENTING THE CHANGE**

**Invoicing and payment:**

In accordance with “STA-2014 - External Marking Services - Pricing Model for 2018 & 2019 (CAN046)”, the key milestone profile for the 2019 Test Cycle will be as follows:

<b>KM</b>	<b>% profile</b>	<b>Value</b>	<b>Due date</b>
KM1	█	██████████	██████
KM2	█	██████████	██████
KM3	█	██████████	██████
KM4	█	██████████	██████
KM5	█	██████████	██████
KM6	█	██████████	██████
KM7	█	██████████	██████
Total		██████████	

**Note on Exit costs:**

Prior to this CAN046, the 2018 Test Cycle was the final delivery year and therefore Exit costs of £██████████ were included in the 2018 Test Cycle Price (agreed via CAN037). In accordance with this contract change, the 2019 Test Cycle will now be the final Test Cycle, therefore the Exit costs that were agreed to Exit the 2018 Test Cycle will now be deducted

from the Total Contract Price and replaced with Exit costs of £ [REDACTED], profiled at the end of the 2019 Test Cycle and included in the Total Contract Price, summarised below.

**Total Contract Value** (VAT exempt):

	Excluding VAT	Including VAT
<b>Current total contract price (including 2018 Exit):</b>	<b>£107,744,212.96</b>	<b>£107,774,212.96</b>
Removal of 2018 Exit costs	[REDACTED]	[REDACTED]
Cost of change: (excluding 2019 Exit)	£22,843,646.08	£22,843,646.08
2019 Exit costs	[REDACTED]	[REDACTED]
<b>New total contract price:</b>	<b>£130,597,314.66</b>	<b>£130,597,314.66</b>

**DATE OF COMPLETION FOR IMPLEMENTING THE CHANGE**

With effect from the date of countersignature by STA as shown below, and completed in accordance with the milestones described within the Change Request, the Change Proposal and Change Proposal Clarifications.

Acceptance will be in accordance with “*Schedule 5 – Key Milestone Acceptance Criteria and Service Levels*”.

<b>SIGNED ON BEHALF OF THE STA:</b>	<b>SIGNED ON BEHALF OF THE SUPPLIER:</b>
Signature: _____	Signature: _____
Name: _____	Name: _____
Position: _____	Position: _____
Date: _____	Date: _____