



Frontier Economics Ltd
Mid-City Place,
71 High Holborn,
London,
WC1V 6DA

Tuesday 31st December 2019

Dear Sir/Madam,

Contract Title: UK SBS CR19093 Research to develop business models that will enable deployment of large scale, low carbon hydrogen production projects
Contract Reference: UK SBS CR19093

The Contract shall be subject to the UK Shared Business Services Ltd S1 Terms and Conditions, as advertised, for the Purchase of Services and the following Schedules:

Schedule 1	Special Conditions
Schedule 2	Purchase Order Form
Schedule 3	The Services
Appendix A	Specification
Appendix B	Tender Proposal

Please note that this Contract is subject to signed Contract Acceptance

Yours Sincerely,

Karl Oakley

Research – Category Specialist
UK Shared Business Services Ltd

Research@uksbs.co.uk

S1 - PRECEDENT CONTRACT FOR THE PURCHASE OF SERVICES

SECTION A

This Contract is dated Thursday 2nd January 2020.

Parties

- (1) **The Department for Business, Energy, & Industrial Strategy**, 1 Victoria Street, Westminster, London, SW1V 0ET (The Contracting Authority).
- (2) **Frontier Economics Ltd**, Mid-City Place, 71 High Holborn, London, WC1V 6DA (the Supplier).

Background

The Contracting Authority wishes the Supplier to supply, and the Supplier wishes to supply, the Services (as defined below) in accordance with the terms of the Contract (as defined below).

A1 Interpretation

A1-1 **Definitions.** In the Contract (as defined below), the following definitions apply:

Agent: Where UK Shared Business Services is not the named Contracting Authority is Parties (1), UK SBS has been nominated as agent on behalf of the Contracting Authority and therefore all communications both written and verbal will be received as issued by the Contracting Authority.

Associated Bodies and Authorised Entities: Associated Bodies and Authorised Entities include but are not limited to The Science and Technology Facilities Council, The Medical Research Council, The Engineering and Physical Sciences Research Council, The Economic and Social Research Council, The Natural Environment Research Council, The Arts and Humanities Research Council, The Biotechnology and Biological Sciences Research Council, UK SBS Ltd, Central Government Departments and their Agencies, Non Departmental Public Bodies, NHS bodies, Local Authority's, Voluntary Sector Charities, and/or other private organisations acting as managing agents or procuring on behalf of these UK bodies. Further details of these organisations can be found at: <http://www.ukpbs.co.uk/services/procure/contracts/Pages/default.aspx>

Business Day: a day (other than a Saturday, Sunday or public holiday) when banks in London are open for business.

Charges: the charges payable by the Contracting Authority for the supply of the Services in accordance with clause B4.

Commencement: the date and any specified time that the Contract starts

Conditions: the terms and conditions set out in this document as amended from time to time in accordance with clause C7-11.

Confidential Information: any confidential information, knowhow and data (in any form or medium) which relates to UK SBS, the Contracting Authority or the Supplier, including information relating to the businesses of UK SBS, the Contracting Authority or the Supplier and information relating to their staff, finances, policies and procedures. This includes information identified as confidential in the Order or the Special Conditions (if any).

Contract: the contract between the Contracting Authority and the Supplier for the supply of the Services, in accordance with these Conditions, any Special Conditions and the Order only.

Contracting Authority: The Department for Business, Energy, & Industrial Strategy, as specified at Section A (1) and any replacement or successor organisation.

Delivery Date (Services): the date or dates specified in the Order when the Services shall commence as set out in the Order and until the end date specified in the Order

Deliverables: all Documents, products and materials developed by the Supplier or its agents, contractors and employees as part of or in relation to the Services in any form, including computer programs, data, reports and specifications (including drafts).

Document: includes, in addition to any document in writing, any drawing, map, plan, diagram, design, picture or other image, tape, disk or other device or record embodying information in any form.

EIR: The Environmental Information Regulations 2004 together with any guidance and/or codes of practice issues by the Information Commissioner or relevant government department in relation to such regulations.

FOIA: The Freedom of Information Act 2000 and any subordinate legislation made under the Act from time to time, together with any guidance and/or codes of practice issued by the Information Commissioner or relevant government department in relation to such legislation.

Information: has the meaning given under section 84 of FOIA.

Intellectual Property Rights: all patents, rights to inventions, utility models, copyright and related rights, trademarks, service marks, trade, business and domain names, rights in trade dress or get-up, rights in goodwill or to sue for passing off, unfair competition rights, rights in designs, rights in computer software, database right, topography rights, rights in confidential information (including know-how and trade secrets) and any other intellectual property rights, in each case whether registered or unregistered and including all applications for and renewals or extensions of such rights, and all similar or equivalent rights or forms of protection in any part of the world.

Order: the Contracting Authority's order for the Services, as set out in the Contracting Authority's completed purchase order form (including any Specification) which is in the format of the pro forma order form attached at Schedule 2. For the avoidance of doubt, if the Contracting Authority's purchase order form is not in the format of the pro forma order form at Schedule 2, it will not constitute an Order.

Public Body: any part of the government of the United Kingdom including but not limited to the Northern Ireland Assembly and Executive Committee, the Scottish Executive and the National Assembly for Wales, local authorities, government ministers and government departments and government agencies.

Request for Information: a request for Information or an apparent request under FOIA or EIR.

Scheme Effective Date: the date on which the United Kingdom Research and Innovation become a legal entity.

Services: The Services, including without limitation any Deliverables, Deliverables and Supplies required to complete the Services, to be provided by the Supplier under the Contract as set out in the Order.

Special Conditions: the special conditions (if any) set out in Schedule 1.

Specification: any specification for the Services or Supplies, including any related plans and drawings that is supplied to the Supplier by the Contracting Authority, or produced by the Supplier and agreed in writing by the Contracting Authority.

Supplier or Suppliers: the parties to the contract as named in Section A (2).

Supplies: any such thing that the Supplier is required to Deliver, that does not require or include Services or Deliverables

Supplier's Associate: any individual or entity associated with the Supplier including, without limitation, the Supplier's subsidiary, affiliated or holding companies and any employees, agents or contractors of the Supplier and / or its subsidiary, affiliated or holding companies or any entity that provides Services for or on behalf of the Supplier.

TUPE: The Transfer of Undertakings (Protection of Employment) Regulations 2006 as amended or replaced from time to time.

UK SBS: UK Shared Business Services Limited (a limited company registered in England and Wales with company number 06330639). Where UK SBS is not named as the Contracting Authority within section A (1), UK SBS will be acting as an agent on behalf of the Contracting Authority.

Working Day: any Business Day excluding 27, 28, 29, 30 and 31 December in any year.

A1-2 Construction. In the Contract, unless the context requires otherwise, the following rules apply:

A1-2-1 A person includes a natural person, corporate or unincorporated body (whether or not having separate legal personality).

A1-2-2 A reference to a party includes its personal representatives, successors or permitted assigns.

A1-2-3 A reference to a statute or statutory provision is a reference to such statute or provision as amended or re-enacted. A reference to a statute or statutory provision includes any subordinate legislation made under that statute or statutory provision, as amended or re-enacted.

A1-2-4 Any phrase introduced by the terms **including, include, in particular** or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms.

A1-2-5 The headings in these Conditions are for ease of reference only and do not affect the interpretation or construction of the Contract.

A1-2-6 A reference to **writing** or **written** includes faxes and e-mails.

A2 Basis of contract

A2-1 Where UK SBS is not the Contracting Authority, UK SBS is the agent of the Contracting Authority for the purpose of procurement and is authorised to negotiate and enter into contracts for the supply of Services on behalf of the Contracting Authority. UK SBS will not itself be a party to, nor have any liability under, the Contract unless it is expressly specified as Contracting Authority in the Order.

A2-2 The terms of this Contract, any Special Conditions and the Order apply to the Contract to the exclusion of all other terms and conditions, including any other terms that the Supplier seeks to impose or incorporate (whether in any quotation, confirmation of order, in correspondence or in any other context), or which are

implied by trade, custom, practice or course of dealing.

- A2-3 If there is any conflict or inconsistency between the terms of this Contract, the Special Conditions (if any) and the Order (including any Specification), the terms of the Contract will prevail over the Special Conditions and the Special Conditions will prevail over the Order (including any Specification), in each case to the extent necessary to resolve that conflict or inconsistency.
- A2-4 The Order constitutes an offer by the Contracting Authority to purchase the Services in accordance with this Contract (and any Special Conditions). This offer shall remain valid for acceptance by the Supplier, in accordance with clause A2-5, for 28 days from the date of the Order. Notwithstanding that after 28 days the offer will have expired, the Contracting Authority may, at its discretion, nevertheless treat the offer as still valid and may elect to accept acceptance by the Supplier, in accordance with clause A2-5, as valid acceptance of the offer.
- A2-5 Subject to clause A2-4, the Order shall be deemed to be accepted on the date on which authorised representatives of both parties have signed a copy of this Contract, at which point the Contract shall come into existence. The Contract shall remain in force until all the parties' obligations have been performed in accordance with the Contract, at which point it shall expire, or until the Contract has been terminated in accordance with clause A3.

A3 Termination

- A3-1 The Contracting Authority or UK SBS acting as an agent on behalf of the Contracting Authority may terminate the Contract in whole or in part at any time before the Services are provided with immediate effect by giving the Supplier written notice, whereupon the Supplier shall discontinue all work on the Contract. The Contracting Authority shall pay the Supplier fair and reasonable compensation for work-in-progress at the time of termination, but such compensation shall not include loss of anticipated profits or any consequential loss. The Supplier shall have a duty to mitigate its costs and shall on request provide proof of expenditure for any compensation claimed.
- A3-2 The Contracting Authority or UK SBS acting as an agent on behalf of the Contracting Authority may terminate the Contract with immediate effect by giving written notice to the Supplier if:
- A3-2-1 the circumstances set out in clauses B2-1-1, C3 or C4-1 apply;
 - A3-2-2 the Supplier breaches any term of the Contract and (if such breach is remediable) fails to remedy that breach within 30 days of being notified in writing of the breach; or
 - A3-2-3 the Supplier suspends, or threatens to suspend, payment of its debts or is unable to pay its debts as they fall due or admits inability to pay its debts or (being a company) is deemed unable to pay its debts within the meaning of section 123 of the Insolvency Act 1986, or (being an individual) is deemed either unable to pay its debts or as having no reasonable prospect of so doing, in either case, within the meaning of section 268 of the Insolvency Act 1986, or (being a partnership) has any partner to whom any of the foregoing apply; or
 - A3-2-4 the Supplier commences negotiations with all or any class of its creditors with a view to rescheduling any of its debts, or makes a proposal for or enters into any compromise or arrangement with its creditors; or
 - A3-2-5 (being a company) a petition is filed, a notice is given, a resolution is passed, or an order is made, for or in connection with the winding up of the Supplier; or

- A3-2-6 (being an individual) the Supplier is the subject of a bankruptcy petition or order; or
- A3-2-7 a creditor or encumbrancer of the Supplier attaches or takes possession of, or a distress, execution, sequestration or other such process is levied or enforced on or sued against, the whole or any part of its assets and such attachment or process is not discharged within 14 days; or
- A3-2-8 (being a company) an application is made to court, or an order is made, for the appointment of an administrator or if a notice of intention to appoint an administrator is given or if an administrator is appointed over the Supplier; or
- A3-2-9 (being a company) a floating charge holder over the Supplier's assets has become entitled to appoint or has appointed an administrative receiver; or
- A3-2-10 a person becomes entitled to appoint a receiver over the Supplier's assets or a receiver is appointed over the Supplier's assets; or
- A3-2-11 any event occurs, or proceeding is taken, with respect to the Supplier in any jurisdiction to which it is subject that has an effect equivalent or similar to any of the events mentioned in clause A3-2-3 to clause A3-2-10 inclusive; or
- A3-2-12 there is a change of control of the Supplier (within the meaning of section 1124 of the Corporation Tax Act 2010); or
- A3-2-13 the Supplier suspends, or threatens to suspend, or ceases or threatens to cease to carry on, all or substantially the whole of its business; or
- A3-2-14 the Supplier's financial position deteriorates to such an extent that in the Contracting Authority's opinion the Supplier's capability to adequately fulfil its obligations under the Contract has been placed in jeopardy; or
- A3-3 Termination of the Contract, however arising, shall not affect any of the parties' rights and remedies that have accrued as at termination. Clauses which expressly or by implication survive termination or expiry of the Contract shall continue in full force and effect.
- A3-4 Without prejudice to clause A3-3, clauses B1, B2, B5, B6, B7, B8, B9, C1, C2, C3, C4, C6 and C7 shall survive the termination or expiry of the Contract and shall continue in full force and effect.
- A3-5 Upon termination or expiry of the Contract, the Supplier shall immediately:
- A3-5-1 cease all work on the Contract;
- A3-5-2 Deliver to the Contracting Authority all Deliverables and all work-in-progress whether or not then complete. If the Supplier fails to do so, then the Contracting Authority may enter the Supplier's premises and take possession of them. Until they have been returned or delivered, the Supplier shall be solely responsible for their safe keeping and will not use them for any purpose not connected with this Contract;
- A3-5-3 cease use of and return (or, at the Contracting Authority's or UK SBS's acting as an agent on behalf of the Contracting Authority's election, destroy) all of the Contracting Authority's Materials in the Supplier's possession or control; and
- A3-5-4 Cease all use of, and delete all copies of, UK SBS's or the Contracting Authority's or UK SBS's confidential information.

SECTION B

B1 Supply of Services

- B1-1** The Supplier shall from the date set out in the Contract and until the end date specified in the Contract provide the Services to the Contracting Authority in accordance with the terms of the Contract.
- B1-2** The Supplier shall meet any performance dates for the Services (including the delivery of Deliverables) specified in the Order (including any Special Conditions and any applicable Specification) or notified to the Supplier by the Contracting Authority or UK SBS acting as an agent on behalf of the Contracting Authority.
- B1-3** In providing the Services, the Supplier shall:
- B1-3-1** co-operate with the Contracting Authority in all matters relating to the Services, and comply with all instructions of the Contracting Authority or UK SBS acting as an agent on behalf of the Contracting Authority;
 - B1-3-2** perform the Services with the best care, skill and diligence in accordance with best practice in the Supplier's industry, profession or trade
 - B1-3-3** use personnel who are suitably skilled and experienced to perform tasks assigned to them, and in sufficient number to ensure that the Supplier's obligations are fulfilled in accordance with this Contract;
 - B1-3-4** ensure that the Services and Deliverables will conform with all descriptions and specifications set out in the Contract (including any Special Conditions and any applicable Specification), and that the Deliverables shall be fit for any purpose expressly or impliedly made known to the Supplier by the Contracting Authority or UK SBS acting as an agent on behalf of the Contracting Authority;
 - B1-3-5** provide all equipment, tools and vehicles and such other items as are required to provide the Services;
 - B1-3-6** use the best quality Supplies, materials, standards and techniques, and ensure that the Deliverables, and all Supplies and materials supplied and used in the Services or transferred to the Contracting Authority, will be free from defects in workmanship, installation and design;
 - B1-3-7** obtain and at all times maintain all necessary licences and consents, and comply with all applicable laws and regulations;
 - B1-3-8** observe all health and safety rules and regulations and any other security requirements that apply at any of the Contracting Authority's premises; and
 - B1-3-9** Not do or omit to do anything which may cause the Contracting Authority to lose any licence, authority, consent or permission on which it relies for the purposes of conducting its business, and the Supplier acknowledges that the Contracting Authority may rely or act on the Services.
- B1-4** The Contracting Authority's rights under the Contract are without prejudice to and in addition to the statutory terms implied in favour of the Contracting Authority under the Supply of Goods and Services Act 1982 and any other applicable legislation.
- B1-5** Without prejudice to the Contracting Authority's statutory rights, the Contracting Authority will not be deemed to have accepted any Deliverables until the Contracting Authority has had at least 14 Working Days after delivery to inspect them and the Contracting Authority also has the right to reject any Deliverables as though they had not been accepted for 14 Working Days after any latent defect in the Deliverables has become apparent.

- B1-6** If, in connection with the supply of the Services, the Contracting Authority permits any employees or representatives of the Supplier to have access to any of the Contracting Authority's premises, the Supplier will ensure that, whilst on the Contracting Authority's premises, the Supplier's employees and representatives comply with:
- B1-6-1** all applicable health and safety, security, environmental and other legislation which may be in force from time to time; and
 - B1-6-2** any Contracting Authority policy, regulation, code of practice or instruction relating to health and safety, security, the environment or access to and use of any Contracting Authority' laboratory, facility or equipment which is brought to their attention or given to them whilst they are on Contracting Authority's premises by any employee or representative of the Contracting Authority's.
- B1-7** The Supplier warrants that the provision of Services shall not give rise to a transfer of any employees of the Supplier or any third party to the Contracting Authority or UK SBS acting as an agent on behalf of the Contracting Authority pursuant to TUPE.

B2 Contracting Authority Remedies

- B2-1** If the Supplier fails to perform the Services by the applicable dates, the Contracting Authority or UK SBS acting as an agent on behalf of the Contracting Authority shall, without limiting its other rights or remedies, have one or more of the following rights:
- B2-1-1** to terminate the Contract with immediate effect by giving written notice to the Supplier;
 - B2-1-2** to refuse to accept any subsequent performance of the Services (including delivery of Deliverables) which the Supplier attempts to make;
 - B2-1-3** to recover from the Supplier any costs incurred by the Contracting Authority or UK SBS acting as an agent on behalf of the Contracting Authority in obtaining substitute Services from a third party;
 - B2-1-4** where the Contracting Authority has paid in advance for Services that have not been provided by the Supplier, to have such sums refunded by the Supplier; or
 - B2-1-5** To claim damages for any additional costs, loss or expenses incurred by the Contracting Authority or UK SBS acting as an agent on behalf of the Contracting Authority which are in any way attributable to the Supplier's failure to meet such dates.
- B2-2** These Conditions shall extend to any substituted or remedial Services provided by the Supplier.
- B2-3** The Contracting Authority's rights under this Contract are in addition to its rights and remedies implied by statute and common law.

B3 Contracting Authority Obligations

- B3-1** The Contracting Authority shall:
- B3-1-1** provide the Supplier with reasonable access at reasonable times to the Contracting Authority's premises for the purpose of providing the Services; and
 - B3-1-2** Provide such information to the Supplier as the Supplier may reasonably request and the Contracting Authority considers reasonably necessary for

the purpose of providing the Services.

B4 Charges and Payment

- B4-1** The Charges for the Services shall be set out in the Order and shall be the full and exclusive remuneration of the Supplier in respect of the performance of the Services. Unless otherwise agreed in writing by the Contracting Authority or UK SBS acting as an agent on behalf of the Contracting Authority, the Charges shall include every cost and expense of the Supplier directly or indirectly incurred in connection with the performance of the Services.
- B4-2** Where the Order states that the Services are to be provided on a time and materials basis, the Charges for those Services will be calculated as follows:
- B4-2-1** the charges payable for the Services will be calculated in accordance with the Supplier's standard daily fee rates (as at the date of the Order), subject to any discount specified in the Order;
- B4-2-2** the Supplier's standard daily fee rates for each individual person will be calculated on the basis of an eight-hour day worked between such hours and on such days as are agreed by the Contracting Authority or UK SBS acting as an agent on behalf of the Contracting Authority and the Supplier;
- B4-2-3** the Supplier will not be entitled to charge pro-rata for part days without the prior written consent of the Contracting Authority or UK SBS acting as an agent on behalf of the Contracting Authority;
- B4-2-4** the Supplier will ensure that every individual whom it engages to perform the Services completes time sheets recording time spent on the Services and the Supplier will use such time sheets to calculate the charges covered by each invoice and will provide copies of such time sheets to the Contracting Authority or UK SBS acting as an agent on behalf of the Contracting Authority upon request; and
- B4-2-5** the Supplier will invoice the Contracting Authority monthly in arrears for its charges for time, as well as any previously agreed expenses and materials for the month concerned calculated as provided in this clause B4-2 and clause B4-3
- B4-3** The Contracting Authority will reimburse the Supplier at cost for all reasonable travel, subsistence and other expenses incurred by individuals engaged by the Supplier in providing the Services to the Contracting Authority provided that the Contracting Authority's prior written approval is obtained before incurring any such expenses, that all invoices for such expenses are accompanied by valid receipts and provided that the Supplier complies at all times with Contracting Authority's expenses policy from time to time in force.
- B4-4** The Supplier shall invoice the Contracting Authority on completion of the Services. Each invoice shall include such supporting information required by the Contracting Authority to verify the accuracy of the invoice, including but not limited to the relevant purchase order number.
- B4-5** In consideration of the supply of the Services by the Supplier, the Contracting Authority shall pay the invoiced amounts within 30 days of the date of a correctly rendered invoice. Payment shall be made to the bank account nominated in writing by the Supplier unless the Contracting Authority agrees in writing to another payment method.
- B4-6** All amounts payable by the Contracting Authority under the Contract are exclusive of amounts in respect of value added tax chargeable for the time being (VAT). Where any taxable supply for VAT purposes is made under the Contract by the Supplier to the Contracting Authority, the Contracting Authority shall, on receipt of a

valid VAT invoice from the Supplier, pay to the Supplier such additional amounts in respect of VAT as are chargeable on the supply of the Services at the same time as payment is due for the supply of the Services.

- B4-7 The Supplier shall maintain complete and accurate records of the time spent and materials used by the Supplier in providing the Services and shall allow the Contracting Authority or UK SBS acting as an agent on behalf of the Contracting Authority to inspect such records at all reasonable times on request.
- B4-8 The Supplier shall not be entitled to assert any credit, set-off or counterclaim against the Contracting Authority in order to justify withholding payment of any such amount in whole or in part. The Contracting Authority may, without limiting any other rights or remedies it may have, set off any amount owed to it by the Supplier against any amounts payable by it to the Supplier under the Contract.
- B4-9 The Supplier acknowledges and agrees that it will pay correctly rendered invoices from any of its suppliers or other sub-contractors within 30 days of receipt of the invoice.

B5 Contracting Authority Property

- B5-1 The Supplier acknowledges that all information (including confidential information), equipment and tools, drawings, specifications, data, software and any other materials supplied by the Contracting Authority or UK SBS acting as an agent on behalf of the Contracting Authority to the Supplier (**Contracting Authority's Materials**) and all rights in the Contracting Authority's Materials are and shall remain at all times the exclusive property of the Contracting Authority and UK SBS (as appropriate). The Supplier shall keep the Contracting Authority's Materials in safe custody at its own risk, maintain them in good condition until returned to the Contracting Authority or UK SBS, and not dispose or use the same other than for the sole purpose of performing the Supplier's obligations under the Contract and in accordance with written instructions or authorisation from the Contracting Authority or UK SBS acting as an agent on behalf of the Contracting Authority.

B6 Intellectual Property Rights

- B6-1 In respect of any Supplies that are transferred to the Contracting Authority under this Contract, including without limitation the Deliverables or any part of them, the Supplier warrants that it has full clear and unencumbered title to all such items, and that at the date of delivery of such items to the Contracting Authority, it will have full and unrestricted rights to transfer all such items to the Contracting Authority.
- B6-2 Save as otherwise provided in the Special Conditions, the Supplier assigns to the Contracting Authority, with full title guarantee and free from all third party rights, all Intellectual Property Rights in the products of the Services, including for the avoidance of doubt the Deliverables. Where those products or Deliverables incorporate any Intellectual Property Rights owned by or licensed to the Supplier which are not assigned under this clause, the Supplier grants to the Contracting Authority a worldwide, irrevocable, royalty-free, transferable licence, with the right to grant sub-licences, under those Intellectual Property Rights to maintain, repair, adapt, copy and use those products and Deliverables for any purpose.
- B6-3 The Supplier shall obtain waivers of all moral rights in the products, including for the avoidance of doubt the Deliverables, of the Services to which any individual is now or may be at any future time entitled under Chapter IV of Part I of the Copyright Designs and Patents Act 1988 or any similar provisions of law in any jurisdiction.
- B6-4 The Supplier shall, promptly at the request of the Contracting Authority or UK SBS acting as an agent on behalf of the Contracting Authority, do (or procure to be done) all such further acts and things and the execution of all such other

documents as the Contracting Authority or UK SBS acting as an agent on behalf of the Contracting Authority may from time to time require for the purpose of securing for the Contracting Authority the full benefit of the Contract, including all right, title and interest in and to the Intellectual Property Rights assigned to the Contracting Authority in accordance with clause B6-2.

B7 Indemnity

B7-1 The Supplier shall indemnify, and shall keep indemnified the Contracting Authority and UK SBS acting as an agent on behalf of the Contracting Authority, in full against all costs, expenses, damages and losses (whether direct or indirect), including any interest, fines, legal and other professional fees and expenses awarded against or incurred or paid by the Contracting Authority or UK SBS acting as an agent on behalf of the Contracting Authority as a result of or in connection with:

B7-1-1 any claim made against the Contracting Authority or UK SBS acting as an agent on behalf of the Contracting Authority by a third party arising out of, or in connection with, the supply of the Services, to the extent that such claim arises out of the breach, negligent performance or failure or delay in performance of the Contract by the Supplier, its employees, agents or subcontractors; and

B7-1-2 any claim brought against the Contracting Authority or UK SBS acting as an agent on behalf of the Contracting Authority for actual or alleged infringement of a third party's Intellectual Property Rights arising out of, or in connection with, the receipt, use or supply of the Services; and

B7-1-3 Any claim whether in tort, contract, statutory or otherwise, demands, actions, proceedings and any awards arising from a breach by the Supplier of clause B1-7 of these Conditions.

B7-2 This clause B7 shall survive termination or expiry of the Contract.

B8 Insurance

B8-1 During the term of the Contract and for a period of 3 years thereafter, the Supplier shall maintain in force the following insurance policies with reputable insurance companies:

B8-1-1 professional Indemnity insurance for not less than £ 2 million per claim;

B8-1-2 B8-1-2 public liability insurance for not less than £ 5 million per claim (unlimited claims); and

B8-1-3 B8-1-3 employer liability insurance for not less than £ 5 million per claim (unlimited claims);and

B8-1-4 B8-1-4 product liability insurance for not less than £ 5 million for claims arising from any single event and not less than £ 5 million in aggregate for all claims arising in a year.

B8-1-5 The Supplier shall ensure that the Contracting Authority's interest is noted on each insurance policy, or that a generic interest clause has been included.

B8-2 On request from the Contracting Authority's or UK SBS acting as an agent on behalf of the Contracting Authority, the Supplier shall provide the Contracting Authority or UK SBS with copies of the insurance policy certificates and details of the cover provided.

- B8-3** The Supplier shall ensure that any subcontractors also maintain adequate insurance having regard to the obligations under the Contract which they are contracted to fulfil.
- B8-4** The Supplier shall:
- B8-4-1** do nothing to invalidate any insurance policy or to prejudice the Contracting Authority's entitlement under it; and
- B8-4-2** notify the Contracting Authority if any policy is (or will be) cancelled or its terms are (or will be) subject to any material change.
- B8-5** If the Supplier fails or is unable to maintain insurance in accordance with clause B8-1, the Contracting Authority or UK SBS acting as an agent on behalf of the Contracting Authority may, so far as it is able, purchase such alternative insurance cover as it deems to be reasonably necessary and shall be entitled to recover all reasonable costs and expenses it incurs in doing so from the Supplier.

B9 Liability

- B9-1** In this clause B9, a reference to the Contracting Authority or UK SBS's liability for something is a reference to any liability whatsoever which the Contracting Authority or UK SBS might have for it, its consequences, and any direct, indirect or consequential loss, damage, costs or expenses resulting from it or its consequences, whether the liability arises under the Contract, in tort or otherwise, and even if it results from the Contracting Authority's or UK SBS's negligence or from negligence for which the Contracting Authority's or UK SBS would otherwise be liable.
- B9-2** The Contracting Authority or UK SBS acting as an agent on behalf of the Contracting Authority is not in breach of the Contract, and neither the Contracting Authority nor UK SBS has any liability for anything, to the extent that the apparent breach or liability is attributable to the Supplier's breach of the Contract.
- B9-3** Subject to clause B9-6, neither the Contracting Authority nor UK SBS acting as agent on behalf of the Contracting Authority shall have any liability for:
- B9-3-1** any indirect or consequential loss or damage;
- B9-3-2** any loss of business, rent, profit or anticipated savings;
- B9-3-3** any damage to goodwill or reputation;
- B9-3-4** loss, theft, damage or destruction to any equipment, tools, machinery, vehicles or other equipment brought onto the Contracting Authority's premises by or on behalf of the Supplier; or
- B9-3-5** Any loss, damage, costs or expenses suffered or incurred by any third party.
- B9-4** Subject to clause B9-6, the Contracting Authority and UK SBS's total liability shall be limited to the Charges.
- B9-5** Subject to clause B9-6, the Supplier's total liability in connection with the Contract shall be limited to £ 1,000,000.
- B9-6** Nothing in the Contract restricts either the Contracting Authority, UK SBS or the Supplier's liability for:
- B9-6-1** death or personal injury resulting from its negligence; or
- B9-6-2** its fraud (including fraudulent misrepresentation); or

B9-6-3 Breach of any obligations as to title implied by Section 12 of the Sale of Goods Act 1979 or Section 2 of the Supply of Goods and Services Act 1982.

SECTION C

C1 Confidential Information

- C1-1 A party who receives Confidential Information shall keep in strict confidence (both during the term of the Contract and after its expiry or termination) all Confidential Information which is disclosed to it. That party shall only disclose such Confidential Information to those of its employees, agents or subcontractors who need to know the same for the purpose of discharging that party's obligations under the Contract, and shall ensure that such employees, agents or subcontractors shall keep all such information confidential in accordance with this clause C1. Neither party shall, without the prior written consent of the other party, disclose to any third party any Confidential Information, unless the information:
- C1-1-1 was public knowledge or already known to that party at the time of disclosure; or
 - C1-1-2 subsequently becomes public knowledge other than by breach of the Contract; or
 - C1-1-3 subsequently comes lawfully into the possession of that party from a third party; or
 - C1-1-4 is agreed by the parties not to be confidential or to be disclosable.
- C1-2 To the extent necessary to implement the provisions of the Contract (but not further or otherwise), either party may disclose the Confidential Information to any relevant governmental or other authority or regulatory body, provided that before any such disclosure that party shall make those persons aware of its obligations of confidentiality under the Contract and shall use reasonable endeavours to obtain a binding undertaking as to confidentiality from all such persons.
- C1-3 All documents and other records (in whatever form) containing Confidential Information supplied to or acquired by a party from the other party shall be returned promptly to the other party (or, at the election of the Contracting Authority or UK SBS acting as an agent on behalf of the Contracting Authority, destroyed) on expiry or termination of the Contract, and no copies shall be kept.

C2 Transparency

- C2-1 The Supplier acknowledges that the United Kingdom Government's transparency agenda requires that contracts, such as the Contract, and any sourcing document, such as the invitation to sourcing, are published on a designated, publicly searchable website.
- C2-2 The Supplier acknowledges that, except for any information which is exempt from disclosure in accordance with the provisions of FOIA, the content of the Contract is not Confidential Information. The Contracting Authority and or UK SBS acting as an agent on behalf of the Contracting Authority shall be responsible for determining in their absolute discretion whether any of the content of the Contract is exempt from disclosure in accordance with the provisions of FOIA.
- C2-3 Notwithstanding any other term of the Contract, the Supplier hereby consents to the Contracting Authority and or UK SBS acting as an agent on behalf of the

Contracting Authority publishing the Contract in its entirety, (but with any information which is exempt from disclosure in accordance with the provisions of FOIA redacted) including from time to time agreed changes to the Contract, to the general public.

C3 Force Majeure

- C3-1 If any event or circumstance that is beyond the reasonable control of the Supplier, and which by its nature could not have been foreseen by the Supplier or, if it could have been foreseen, was unavoidable, (provided that the Supplier shall use all reasonable endeavours to cure any such events or circumstances and resume performance under the Contract) prevent the Supplier from carrying out its obligations under the Contract for a continuous period of more than 10 Business Days, the Contracting Authority or UK SBS acting as an agent on behalf of the Contracting Authority may terminate this Contract immediately by giving written notice to the Supplier

C4 Corruption

- C4-1 The Contracting Authority or UK SBS acting as an agent on behalf of the Contracting Authority shall be entitled to terminate the Contract immediately and to recover from the Supplier the amount of any loss resulting from such termination if the Supplier or a Supplier's Associate:

C4-1-1 offers or agrees to give any person working for or engaged by the Contracting Authority, UK SBS or any Public Body any favour, gift or other consideration, which could act as an inducement or a reward for any act or failure to act connected to the Contract, or any other agreement between the Supplier and Contracting Authority, or UK SBS or any Public Body, including its award to the Supplier or a Supplier's Associate and any of the rights and obligations contained within it;

C4-1-2 has entered into the Contract if it has knowledge that, in connection with it, any money has been, or will be, paid to any person working for or engaged by the Contracting Authority, or UK SBS or any Public Body by or for the Supplier, or that an agreement has been reached to that effect, unless details of any such arrangement have been disclosed in writing to the Contracting Authority, or UK SBS before the Contract is entered into;

C4-1-3 breaches the provisions of the Prevention of Corruption Acts 1889 to 1916, or the Bribery Act 2010; or

C4-1-4 Gives any fee or reward the receipt of which is an offence under Section 117(2) of the Local Government Act 1972.

- C4-2 For the purposes of clause C4-1, "loss" shall include, but shall not be limited to:

C4-2-1 The Contracting Authority's or UK SBS's costs in finding a replacement supplier;

C4-2-2 direct, indirect and consequential losses; and

C4-2-3 Any loss suffered by the Contracting Authority or UK SBS as a result of a delay in its receipt of the Services.

C5 Data Protection

- C5-1 The Supplier shall comply at all times with all data protection legislation applicable in the UK.

C6 Freedom of Information

- C6-1 The Supplier acknowledges that the Contracting Authority and or UK SBS may be subject to the requirements of FOIA and EIR and shall assist and co-operate with the Contracting Authority and or UK SBS to enable them to comply with its obligations under FOIA and EIR.
- C6-2 The Supplier shall and shall procure that its employees, agents, sub-contractors and any other representatives shall provide all necessary assistance as reasonably requested by the Contracting Authority or UK SBS to enable the Contracting Authority or UK SBS to respond to a Request for Information within the time for compliance set out in section 10 of FOIA or regulation 5 of EIR.
- C6-3 The Contracting Authority and or UK SBS acting as an agent on behalf of the Contracting Authority shall be responsible for determining (in its absolute discretion) whether any Information:
- C6-3-1 is exempt from disclosure in accordance with the provisions of FOIA or EIR;
 - C6-3-2 is to be disclosed in response to a Request for Information,
- And in no event shall the Supplier respond directly to a Request for Information unless expressly authorised to do so in writing by the Contracting Authority or UK SBS acting as an agent on behalf of the Contracting Authority.
- C6-4 The Supplier acknowledges that the Contracting Authority and or UK SBS may be obliged under the FOIA or EIR to disclose Information, in some cases even where that Information is commercially sensitive:
- C6-4-1 without consulting with the Supplier, or
 - C6-4-2 Following consultation with the Supplier and having taken its views into account.
- C6-5 Where clause C6-4-2 applies the Contracting Authority and or UK SBS shall, in accordance with any recommendations issued under any code of practice issued under section 45 of FOIA, take reasonable steps, where appropriate, to give the Supplier advanced notice, or failing that, to draw the disclosure to the Supplier's attention as soon as practicable after any such disclosure.
- C6-6 Where the Supplier organisation is subject to the requirements of the FOIA and EIR, C6-7 will supersede C6-2 – C6-5. Where the Supplier organisation is not subject to the requirements of the FOIA and EIR, C6-7 will not apply.
- C6-7 The Contracting Authority and UK SBS acknowledge that the Supplier may be subject to the requirements of the FOIA and EIR and shall assist and co-operate with the Supplier to enable them to comply with its obligations under the FOIA and EIR.

C7 General

C7-1 Entire Agreement

- C7-1-1 The Contract constitutes the entire agreement between the Contracting Authority and the Supplier in relation to the supply of the Services and the Contract supersedes any earlier agreements, arrangements and understandings relating to that subject matter.

C7-2 Liability

- C7-2-1 Where the Contracting Authority is more than one person, the liability of each such person for their respective obligations and liabilities under the Contract shall be several and shall extend only to any loss or damage

arising out of each such person's own breaches.

C7-2-2 Where the Contracting Authority is more than one person and more than one of such persons is liable for the same obligation or liability, liability for the total sum recoverable will be attributed to the relevant persons in proportion to the price payable by each of them under the Contract.

C7-3 Assignment and Subcontracting

C7-3-1 The Contracting Authority or UK SBS acting as an agent on behalf of the Contracting Authority may at any time assign, transfer, charge, subcontract or deal in any other manner with any or all of its rights or obligations under the Contract.

C7-3-2 The Supplier may not assign, transfer, charge, subcontract or deal in any other manner with any or all of its rights or obligations under the Contract without prior written consent from the Contracting Authority's or UK SBS acting as an agent on behalf of the Contracting Authority.

C7-4 Further Assurance

C7-4-1 The Supplier will promptly at the request of the Contracting Authority or UK SBS acting as an agent on behalf of the Contracting Authority do (or procure to be done) all such further acts and things, including the execution of all such other documents, as either the Contracting Authority or UK SBS acting as an agent on behalf of the Contracting Authority may from time to time require for the purpose of securing for the Contracting Authority the full benefit of the Contract, including ensuring that all title in the Supplies is transferred absolutely to the Contracting Authority.

C7-5 Publicity

C7-5-1 The Supplier shall not make any press announcements or publicise this Contract in any way without prior written consent from the Contracting Authority or UK SBS acting as an agent on behalf of the Contracting Authority.

C7-5-2 The Contracting Authority or UK SBS acting as an agent on behalf of the Contracting Authority shall be entitled to publicise this Contract in accordance with any legal obligation upon Contracting Authority or UK SBS, including any examination of this Contract by the National Audit Office pursuant to the National Audit Act 1983 or otherwise.

C7-5-3 The Supplier shall not do anything or cause anything to be done, which may damage the reputation of the Contracting Authority or UK SBS or bring the Contracting Authority or UK SBS into disrepute.

C7-6 Notices

C7-6-1 Any notice or other communication given to a party under or in connection with the Contract shall be in writing, addressed to:

C7-6-1-a in the case of the Contracting Authority: Department for Business, Energy and Industrial Strategy; Address: **1 Victoria Street, Westminster, London, SW1H 0ET**; Email:

[REDACTED] and a copy of such notice or communication shall be sent to: **Research Procurement Category Manager, Polaris House, North Star Avenue, Swindon, Wiltshire SN2 1FF**; Email: **Research@uksbs.co.uk** and the Chief Procurement Officer, Polaris House, North Star Avenue, Swindon, Wiltshire SN2 1FF;

C7-6-1-b in the case of the Supplier: the address, fax number and email address set out in the Order, or any other address, fax number or email address which that party may have specified to the other party in writing in accordance with this clause C7-6, and shall be delivered personally, or sent by pre-paid first-class post, recorded delivery, commercial courier, fax or e-mail.

C7-6-2 A notice or other communication shall be deemed to have been received: if delivered personally, when left at the address referred to in clause C7-6-1; if sent by pre-paid first-class post or recorded delivery, at 9.00 am on the second Working Day after posting; if delivered by commercial courier, on the date and at the time that the courier's delivery receipt is signed; or, if sent by fax or e-mail between the hours of 9.00am and 5.00pm on a Working Day, upon successful transmission (provided that the sender holds written confirmation automatically produced by the sender's fax machine of error free and complete transmission of that fax to the other party's fax number), or if sent by fax or e-mail outside the hours of 9.00am and 5.00pm on a Working Day, at 9.00am on the next Working Day following successful transmission (provided that the sender holds written confirmation automatically produced by the sender's fax machine of error free and complete transmission of that fax to the other party's fax number).

C7-6-3 This clause C7-6-3 shall only apply where UK SBS is not the Contracting Authority. In such cases, UK SBS may give or receive any notice under the Contract on behalf of the Contracting Authority and any notice given or received by UK SBS will be deemed to have been given or received by the Contracting Authority.

C7-6-4 Except for clause C7-6-5, the provisions of this clause C7-6 shall not apply to the service of any proceedings or other documents in any legal action.

C7-6-5 The Supplier irrevocably appoints and authorises [NAME] of [ADDRESS] (or such other person, being a firm of [solicitors] resident in England, as the Supplier may by notice substitute) to accept service on behalf of the Supplier of all legal process, and service on [NAME] (or any such substitute) shall be deemed to be service on the Supplier.

C7-7 Severance

C7-7-1 If any court or competent authority finds that any provision of the Contract (or part of any provision) is invalid, illegal or unenforceable, that provision or part-provision shall, to the extent required, be deemed to be deleted, and the validity and enforceability of the other provisions of the Contract shall not be affected.

C7-7-2 If any invalid, unenforceable or illegal provision of the Contract would be valid, enforceable and legal if some part of it were deleted, the provision shall apply with the minimum modification necessary to make it legal, valid and enforceable.

C7-8 **Waiver.** A waiver of any right or remedy under the Contract is only effective if given in writing and shall not be deemed a waiver of any subsequent breach or default. No failure or delay by a party to exercise any right or remedy provided under the Contract or by law shall constitute a waiver of that or any other right or remedy, nor shall it preclude or restrict the further exercise of that or any other right or remedy. No single or partial exercise of such right or remedy shall preclude or restrict the further exercise of that or any other right or remedy.

C7-9 **No Partnership, Employment or Agency.** Nothing in the Contract creates any partnership or joint venture, nor any relationship of employment, between the

Supplier and either the Contracting Authority or UK SBS. Nothing in the Contract creates any agency between the Supplier and either the Contracting Authority or UK SBS.

C7-10 Third Party Rights. A person who is not a party to this Contract shall not have any rights under or in connection with it, except that UK SBS and any member of the UK SBS, Associated Bodies or Authorised Entities that derives benefit under this Contract may directly enforce or rely on any terms of this Contract.

C7-11 Variation. Any variation to the Contract, including any changes to the Services, these Conditions, the Special Conditions or the Order, including the introduction of any additional terms and conditions, shall only be binding when agreed in writing by the Contracting Authority or UK SBS acting as an agent on behalf of the Contracting Authority and the Supplier.

C7-12 Governing Law and Jurisdiction.

C7-12-1 Subject to clause C7-12-2, the Contract, and any dispute or claim arising out of or in connection with it or its subject matter or formation (including non-contractual disputes or claims), shall be governed by, and construed in accordance with, English law, and the parties irrevocably submit to the exclusive jurisdiction of the courts of England and Wales.

C7-12-2 The Contracting Authority or UK SBS acting as an agent on behalf of the Contracting Authority shall be free to enforce its intellectual property rights in any jurisdiction.

C7-13 Modern Slavery Act 2015

C7-13-1 During the Term or any extension of the Contract, the Contracting Authority is committed to ensuring that its supply chain complies with the above Act.

C7-13-2 The Supplier shall provide a report covering the following but not limited to areas as relevant and proportionate to the Contract evidencing the actions taken, relevant to the Supplier and their supply chain associated with the Contract.

C7-13-2-a Impact assessments undertaken

C7-13-2-b Steps taken to address risk/actual instances of modern slavery and how actions have been prioritised

C7-13-2-c Evidence of stakeholder engagement

C7-13-2-d Evidence of ongoing awareness training

C7-13-2-e Business-level grievance mechanisms in place to address modern slavery

C7-13-2-f Actions taken to embed respect for human rights and zero tolerance of modern slavery throughout the organisation

C7-13-3 The Contracting Authority or UK SBS when acting as an agent on behalf of the Contracting Authority reserves the sole right to audit any and all reports submitted by the Supplier to an extent as deemed necessary and the Supplier shall unreservedly assist the Contracting Authority or UK SBS acting as an agent on behalf of the Contracting Authority in doing so.

Note: The Contracting Authority also reserves the right to amend or increase the frequency of reporting, as it deems necessary to secure assurance in order to comply with the MSA. The Contracting Authority requires such interim assurances to ensure that the Supplier is compliant and is monitoring its supply chain, so as to meet the requirements of the above

Act.

The Supplier shall complete and return the report to the contact named in the Contract on the anniversary of the Commencement of the Contract.

The Supplier agrees that any financial burden associated with the completion and submission of this report and associated assistance at any time, shall be at the suppliers cost to do so and will not be reimbursable.

C7-14 Changes in Costs Resulting from Changes to Government Legislation, Levies or Statutory Payments

The Contracting Authority will reimburse during any term or extension (or, where such costs, awards or damages arise following termination/expiry) of this Agreement, any increases in the Supplier's cost of providing the Services by reason of any modification or alteration to the Government legislation duties or levies or other statutory payments (including but not limited to National Insurance and/or VAT and/or introduction of or amendment to working time minimum wages). Subject always to open book access to the Supplier's records and always after a period of due diligence carried out by the Contracting Authority, relevant and proportionate to the value concerned.

C7-15 Taxation Obligations of the Supplier

C7-15-1 The relationship between the Contracting Authority, UK SBS and the Supplier will be that of "independent contractor" which means that the Supplier is not an employee, worker, agent or partner of the Contracting Authority or UK SBS and the Supplier will not give the impression that they are.

(1.) The Supplier in respect of consideration shall at all times comply with the income tax Earnings and Pensions Act 2003 (ITEPA) and all other statutes and regulations relating to income tax in respect of that consideration.

(2.) Where Supplier is liable to National Insurance Contributions (NICs) in respect of consideration received under this contract, it shall at all times comply with the Social Security Contributions and Benefits Act 1992 (SSCBA) and all other statutes and regulations relating to NICs in respect of that consideration.

(3.) The Contracting Authority may, at any time during the term, completion extension or post termination of this contract, request (Supplier) to provide information which demonstrates how Supplier complies with its obligations under tax and National Insurance Clauses (1) and (2) above or why those clauses do not apply to it.

C7-15-2 As this is not an employment Contract the Supplier will be fully responsible for all their own tax including any national insurance contributions arising from carrying out the Services.

C7-15-3 A request under Clause (3) above may specify the information which Supplier shall provide and the period within which that information must be provided.

C7-15-4 In the case of a request mentioned in Clause (3) above, the provision of inadequate information or a failure to provide the information within the requested period, during any term or extension, may result in the Contracting Authority terminating the contract.

C7-15-5 Any obligation by Supplier to comply with Clause (1) and (2) shall survive any extension, completion or termination and Supplier obligations to

Indemnify the Contracting Authority shall survive without limitation and until such time as any of these obligations are complied with.

C7-15-6 The Contracting Authority may supply any information, including which it receives under clause (3) to the commissioners of Her Majesty's Revenue and Customs for the purpose of the collection and management of revenue for which they are responsible.

C7-15-7 If the Contracting Authority or UK SBS acting as an agent on behalf of the Contracting Authority has to pay any such tax under clauses (1) and (2) then the Supplier will pay back to the Contracting Authority or UK SBS in full, any money that the Contracting Authority or UK SBS has to pay, and they will also pay back the Contracting Authority or UK SBS for any fine or other punishment imposed on the Contracting Authority or UK SBS because the tax or national insurance was not paid by the Supplier.

C7-16 Cyber Essentials Questionnaire

The Supplier agrees that during any term or extension it shall complete and return the attached questionnaire as advised below, within 14 days from notice and shall send this information as directed by the Contracting Authority or UK SBS acting as an agent on behalf of the Contracting Authority. The Contracting Authority and UK SBS acting as an agent on behalf of the Contracting Authority is required to provide such assurances to comply with Government advice and guidance.

Note: The Contracting Authority also reserves the right to amend or increase the frequency of the questionnaire submission due dates, as it deems necessary. The Contracting Authority requires such interim assurances to ensure that the Supplier is still compliant with the security needs of this Contract.

The Supplier shall complete and return the questionnaire to the contact named in the Contract on the anniversary of the Commencement of the Contract.



Copy os Statement
of Assurance Questio

Schedule 1 Special Conditions

Not Applicable

Schedule 2 Pro forma purchase order form

The format of the Proforma Purchase Order will be as follows. Please note that the Purchase Order form will be submitted directly to your chosen email address on completion of the receipt of the signed contract and will contain the confirmed value of goods and services as well as the Purchase Order number that must be used for invoicing purposes.

Purchase Order #0

(Contracting Authority Logo)

Order	
Order Date	
Revision	0
Revision Date	
Payment Terms	As per terms and conditions

Supplier:

PLEASE QUOTE THE PURCHASE ORDER NUMBER ON ALL CORRESPONDENCE. INVOICES NOT QUOTING THE PO NUMBER WILL BE RETURNED UNPAID

Tel:

For all purchase order queries, please contact

Fax:

P2PAdmin@uksbs.co.uk

For all invoicing queries, please contact finance@uksbs.co.uk

Ship to: Contracting authority ship to address

Invoice to: Contracting Authority Invoice Address

Line	Part Number	Description	Delivery Date	Quantity	UOM	Unit Price [GBP]	Tax	Net Amount [GBP]
1								

Total

Grand Total

Whenever a UK SBS Contract number is cited within the narrative description of the Purchase Order that Purchase Order is subject to the Terms and Conditions relating to that Contract, otherwise, the Purchase Order is subject to the Terms and Conditions incorporated herein by this reference. For a copy of the Terms and Conditions please see <http://www.uksbs.co.uk/services/procure/Documents/SSCPOterms.pdf>

Commercial In Confidence

	VAT Registration Number GB 518 367 325
	(Contracting Authority) , Polaris House, North Star Avenue Swindon, United Kingdom SN2 1EU

Schedule 3 – The Services

D1 SCOPE OF SERVICES TO BE PROVIDED

D1-1 To carry out CR19093 – Research to develop business models that will enable deployment of large scale, low carbon hydrogen production projects as per Appendix A – Specification and Appendix 2 – Bid Response.

D2 COMMENCEMENT AND DURATION

D2-1 This Contract shall commence on Thursday 2nd January 2020 and subject to any provisions for earlier termination contained in the Standard Terms shall end no later than Tuesday 31st March 2020.

D3 MANAGEMENT AND COMMUNICATIONS

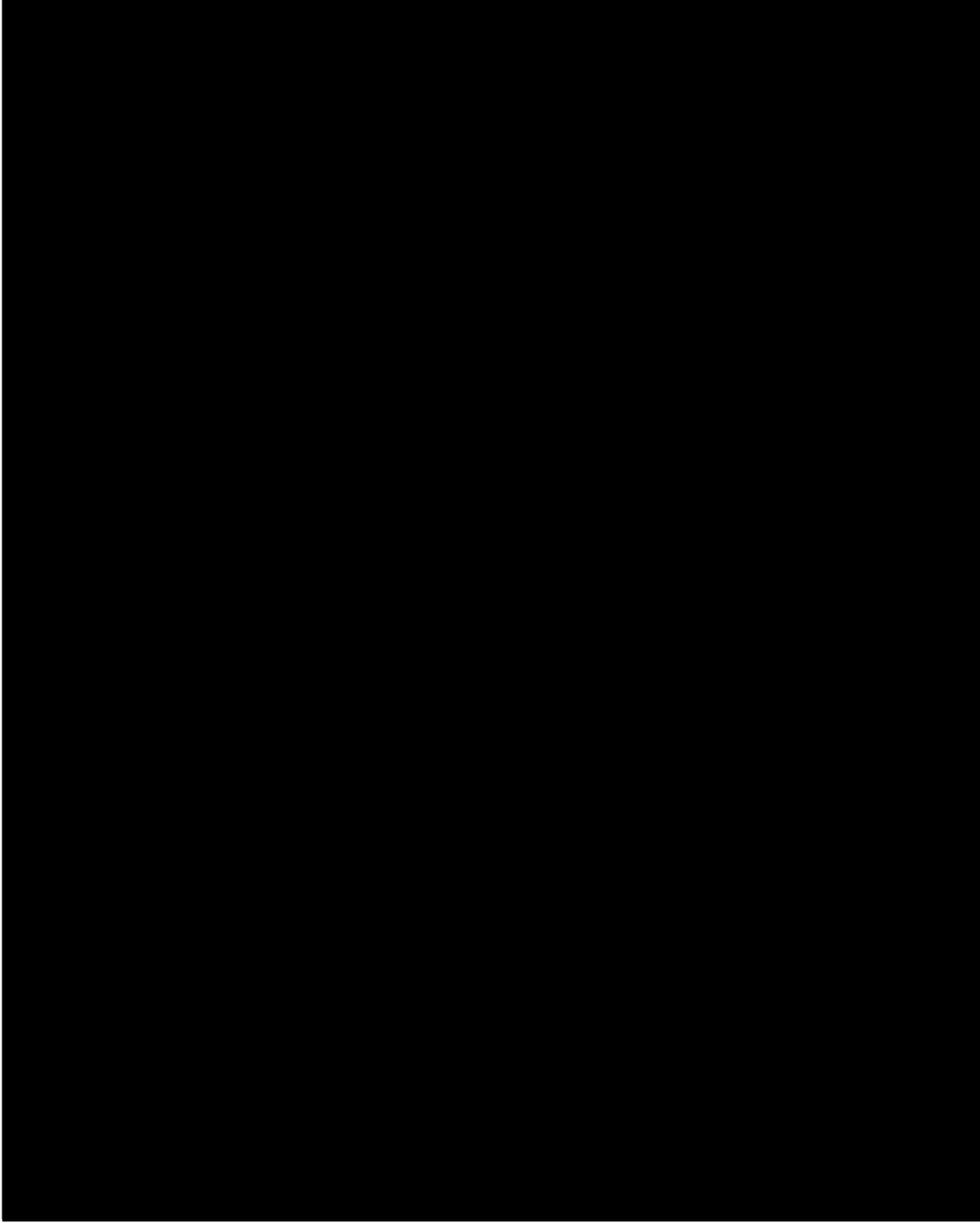
D3-1 The Customer appoints: [REDACTED] Department for Business, Energy & Industrial Strategy, 1 Victoria Street, London, SW1H 0ET, [REDACTED] (or such other person as is notified by the Customer to the Supplier in writing) to be the Customer's Contract Manager.

D3-2 The Supplier appoints [REDACTED] Mid-City Place, 71 High Holborn, London WC1V 6DA on [REDACTED] (the "Supplier") (or such other person as is notified by the Supplier to the Customer in writing) to be the Supplier's Contract Manager.

D3-3 UK Shared Business Services appoints: [REDACTED] Category Specialist, Research Team, Polaris House, North Star Avenue, Swindon, Wiltshire SN2 1FF; Email: Research@uksbs.co.uk.

D4 – Contract Price

D4-1 Total Contract price shall not exceed £85,396.00 excluding VAT in accordance with the Contract price and breakdown submitted for this contract detailed below:



D4-2 The Contract price is payable as per the below schedule;
Upon Completion of work in March 2020.

D4-3 All invoices should be sent to ap@uksbs.co.uk or (UKSBS Billingham, Queensway House, West Precinct, Billingham, TS23 2NF) A copy of the invoice should also be sent to the Project Manager, [REDACTED]

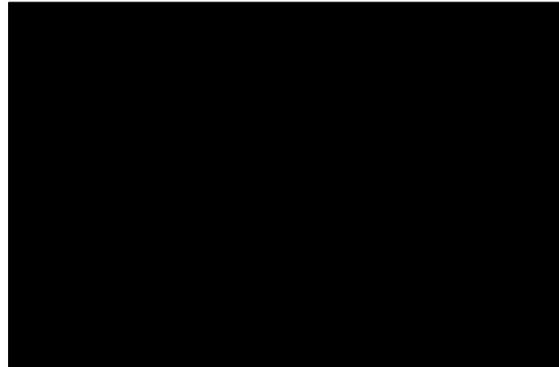
For and on behalf of Frontier Economics Limited (**The Supplier**)

Signed

Name

Position

Date



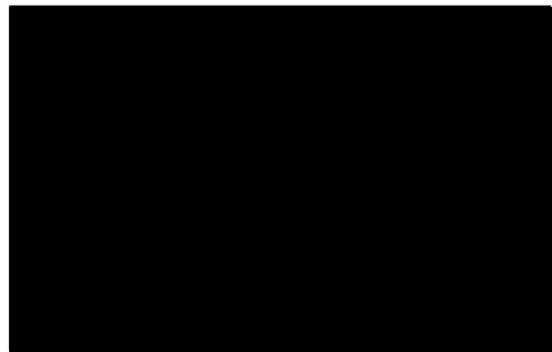
For and on behalf of The Department for Business, Energy, & Industrial Strategy (**The Contracting Authority**)

Signed

Name

Position

Date



THIS IS THE LAST PAGE OF THESE TERMS & CONDITIONS

Appendix A – Tender Specification

<p>1. Background</p>
<p>The Department for Business, Energy and Industrial Strategy (“BEIS”) wishes to appoint a specialist supplier to identify and review a range of potential business models that could enable hydrogen production to be deployed in the UK at scale from the 2020s for use across the energy system in line with our new net zero target.</p> <p>We define business models as the “system of actors, infrastructure, financing for development and operation costs, use of revenues and profits, and risk ownership required for hydrogen production infrastructure to be developed and operated”. An example of a business model operating in the UK energy system is the Contracts for Difference scheme, which supports low carbon energy generation.</p> <p>The project will:</p> <ul style="list-style-type: none"> • Further develop our understanding of the main challenges a business model for low carbon hydrogen production at scale would seek to address. • Identify a range of business models that could address the challenges identified. • Explain the interactions between different business models for hydrogen and the wider value chain, including the potential for any unintended consequences. • Evaluate the effectiveness of different business models in addressing the challenges identified. • Identify which business models should be subject to further, more detailed analysis and consultation. <p>Contractors will produce a report, including simplified financial models demonstrating the effect of their suggestions, for publication and dissemination across government in support of our ongoing workplan. We aim to consult on potential hydrogen business models during 2020.</p> <p>This research project will build on the recently published hydrogen section of the carbon capture usage and storage (CCUS) business models consultation¹.</p> <p>The contractor will need to demonstrate in-depth technical knowledge of:</p> <ul style="list-style-type: none"> • Barriers to deploying low carbon hydrogen at scale; • Existing policy and market frameworks and their applicability to hydrogen; • The challenges and opportunities presented by different hydrogen production technologies, including renewable and CCUS enabled methods; • The energy system and the potential role hydrogen could play in decarbonising the UK economy in line with the UK’s 2050 net zero target and interim carbon budgets.

¹ Carbon capture, usage and storage (CCUS): business models, July 2019 - <https://www.gov.uk/government/consultations/carbon-capture-usage-and-storage-ccus-business-models>

Background

Hydrogen is an energy carrier with potential to support the UK's efforts to transform and decarbonise the energy system in line with our 2050 net zero target. Solutions and technologies that offer flexibility and optionality will be highly valuable in the transition to net zero. This is why we have seen a rapid upswing of interest in the role of hydrogen in a clean energy future, both here in the UK and internationally. Hydrogen delivers gaseous energy that can be stored for long periods of time and in large volumes. It can be deployed flexibly and responsively across the energy system, and can be used in applications similar to natural gas, without emitting carbon at the point of use. Hydrogen can be produced from a range of energy inputs, including fossil fuels, electricity, biomass and waste, and can be used across multiple sectors. If hydrogen production can be wholly switched to low carbon methods, its particular characteristics position it as an important, decarbonisation option, particularly in hard-to-electrify sectors and processes. However, low carbon hydrogen is more expensive than high carbon alternatives, suggesting action will be required to address the cost differential.

The 'Further Ambition' scenario from the Committee on Climate Change's (CCC) Net Zero report envisages up to 270TWh of low carbon hydrogen being produced and used in the UK by 2050. In this scenario, the CCC projects that over 80 per cent of low carbon hydrogen will come from production methods that require CCUS. These methods include methane reformation and biomass gasification.² The current market for hydrogen in the UK is small. Production estimates range from 10- 27TWh.³ Only a fraction of current production is low carbon and the same is true internationally. The main production methods are methane reformation and industrial processes which release hydrogen as a by-product. Neither method currently uses CCUS. Demand for hydrogen is mainly from outside the energy system. The petrochemicals industry is the largest user of hydrogen, either as a feedstock (e.g. for fertilizer production) or for processing other fuels (e.g. in refining). A small amount of hydrogen is produced from electrolysis, primarily for use in transport.

The Government is committed to exploring the option of hydrogen as a flexible and strategic decarbonised energy carrier for the UK, alongside electricity and other decarbonised gases. We are currently funding up to £108m in innovation projects across

² Committee on Climate Change, Net Zero Technical Report, May 2019, <https://www.theccc.org.uk/publication/net-zero-technical-report/>

³ Energy Research Partnership, Role of hydrogen in the UK Energy System, October 2016: <http://erpuk.org/wpcontent/uploads/2016/10/ERP-Hydrogen-report-Oct-2016.pdf>,

CCUS Advisory Group, Investment Frameworks for the Development of CCUS in the UK: CAG Final Report, July 2019, <http://www.ccsassociation.org/ccus-advisory-group>

the hydrogen value chain. In August 2019, we also announced our intention to launch the £100m Low Carbon Hydrogen Production Fund to realise commercial demonstration and deployment of low carbon hydrogen production at scale.

We know from the development of other low carbon technologies that innovation is most effective when accompanied by supportive policy. For hydrogen, this means tackling a number of factors which mean, in spite of government funding, there remains a limited commercial case for investing in low carbon hydrogen production facilities. Effective business models are therefore a necessary complement to stimulate sustained private sector investment and expand the hydrogen economy to support our efforts in meeting net zero.

Our understanding of potential business models for low carbon hydrogen production is limited, as there is a small evidence base on this subject. This consultancy work will expand the evidence base by developing and assessing proposals on potential business models that could enable deployment of low carbon hydrogen at scale. This consultancy work will help us to meet our workplan to consult on specific business models during 2020.

2. Aims and Objectives of the Project

The purpose of this work is to help Government understand and compare potential business models that could enable low carbon hydrogen production to be deployed at scale from the 2020s for use across the energy system in line with our new net zero target.

The work will build on the hydrogen section of the **CCUS business models consultation** which was published in July 2019. The consultation has informed the design of this research project and will need to be considered when contractors are carrying out the work. The consultation outlined the main challenges a business model for hydrogen production would need to overcome, and suggested a range of potential approaches which could address those challenges. The consultation invited opinions on these challenges and potential remedial approaches but did not identify or evaluate any specific business models.

The objectives for this research project are to:

- Further develop our understanding of the main challenges a business model for low carbon hydrogen production at scale would seek to address.
- Identify a range of business models that could address the challenges identified.
- Explain the interactions between different business models for hydrogen and the wider value chain, including the potential for any unintended consequences.
- Evaluate the effectiveness of different business models in addressing the challenges identified.
- Identify which business models should be subject to further, more detailed analysis and consultation.

3. Suggested Methodology

Expectation

Contractors will produce a report, including simplified financial models demonstrating the effect of their suggestions, for publication and dissemination across government in support of our ongoing workplan. We aim to consult on potential hydrogen business models during 2020.

Overarching considerations

This work should focus on the deployment of new low carbon hydrogen production facilities across production technologies. We define "low carbon hydrogen" as having above 95% capture rates, using 100% renewable input fuel or being derived from waste/industrial processes with carbon capture. This low carbon hydrogen could then be used across the energy system. We deem the following issues out of scope for this work.

- Support for existing hydrogen production facilities – which are considered under the industrial carbon capture business model.
- Cross chain risks with the CCUS value chain – which is the focus of CCUS business models work, though consideration should be given to the links with CCUS business models when evaluating potential hydrogen business models.
- Support mechanisms that involve additional revenue generation from enhanced oil recovery

Work Packages

The successful contractor will deliver the following Work Packages:

Work package 1: Barriers to deployment and operation of low carbon hydrogen production facilities in the UK and global lessons learned.

Objective: Characterise the challenges and risks that prevent investment in, and operation of, low carbon hydrogen production facilities in the UK. The work package should agree priorities for the business model assessment and explain interdependencies with the wider hydrogen value chain. The work should be informed, in part, by the CCUS business models consultation published in July 2019.

The research questions are:

1.1. What are challenges and risks faced by potential owners, developers and operators of low carbon hydrogen production facilities based on the scope and principles set out in the consultation?

- This analysis should draw on lessons learned domestically and overseas for planned and operational hydrogen production facilities.
- The contractor should also provide a view on the quality of the existing evidence base, and a recommendation on what further research would improve the evidence base.

1.2. What impact do these challenges have on the commercial case for private sector investment in hydrogen production facilities?

- Where impact cannot be quantified an assessment of the different challenges should be outlined.

1.3. What business models are being explored in other countries that could be applicable in the UK to help meet our policy objectives? What main challenges are those models seeking to address and how does the model aim to address them?

1.4. What do the outcomes from 1.2 and 1.3 mean for delivering new low carbon hydrogen production facilities in the UK?

Review point

There will be review points during the course of the project to:

- Agree on the key challenges and risks.
- Agree the principles of what a hydrogen business model would seek to achieve (e.g. technology neutrality)
- Identify key interdependencies with other parts of the hydrogen value chain and agree the extent to which they should be in scope of the Work Package 2 (e.g. storage, distribution, end use)

Work package 2: Define and evaluate the range of possible business models.

Objective: Identify the range of potential business models that would enable the development and operation of low carbon hydrogen production in the UK at scale, including how and the extent to which they will address the challenges identified in Work Package 1, including a quantitative demonstration of their effect. We expect that between 5-10 business models will be assessed.

The research questions are:

2.1. What business models could enable investment in, and operation of, low carbon hydrogen production facilities in the UK?

2.2. What are the key features, including cost-effectiveness, potential administration options, liabilities and suitability for first-of-a-kind and enduring regimes that fundamentally differentiate individual/groups of models from each other (e.g. capital financing model, risk ownership, revenue model, ownership model etc)?

2.3. How well could the different models address the barriers and risks identified in Work Package 1?

- Why are certain models more effective at addressing the challenges than others? What is the financial impact of each of the models? What level of uncertainty exists and how can this be reduced?
- How do the models operate with respect to unlocking deployment of different production methods?
- What criteria should be used to assess the models? For example, how does each model interact with the wider value chain and what is the potential for unintended consequences? How feasible are they to implement? How compatible are they with lead options for other CCUS business models?

Essential standards for work packages**Work Package 1**

- Discussions should be held with key stakeholders in industrial clusters who are developing proposals for low carbon hydrogen. Further discussions should be had with hydrogen producers (across a range of production methods) and with experts from industry and academia. BEIS can support with identifying relevant stakeholders.
- Develop 3-5 case studies that illustrate barriers to deployment and operation of low carbon hydrogen production facilities. This information will be used to improve the evidence base and understanding to support the delivery of work package 2.

Work Package 2

- Identify around 10 potentially suitable hydrogen business models, including hybrid

approaches and those identified as part of the CCUS Advisory Group report⁴. From this long-list, identify a short-list of potential models. The criteria for selecting these short-list should be outlined with a clear explanation why each model has been chosen supported by evidence and analysis.

Both work packages, where applicable:

- Multi Criteria Decision Analysis, and models that support this to compare non-monetisable criteria
- Analysis of the uncertainty for the parameters in the business models together with an analysis of the benefit in reducing those uncertainties enabling the ability to rank the models
- Mandated use of model log books together with a requirement for evidence of assurance
- Presentation of outputs in a clear, accessible manner that enables effective dissemination of information beyond only the final report (such as slides, notes, diagrams and charts)

If applicable:	Insert numbers:
Total number of Participants (experimental design)	
Total number of Interviews (survey)	
Total number of Interviews (qualitative)	10- 20
Total number of Focus Groups	
Total number of Case Studies	3-5

Methodology

This document sets out a suggested methodology, but we welcome tenderers to propose the methodology that they think will best meet the overall aims and objectives of the project. The proposed methodology will be one of the criteria that tenders are evaluated against.

Suggested Methodology - Work Package 1: Barriers to deployment and operation of low carbon hydrogen production facilities in the UK and global lessons learned.

We propose a literature review of domestic and international studies that identify barriers and risks to deployment and operation of low carbon hydrogen production facilities and outline what business models have been introduced to mitigate these barriers and risks. The structure of this review will be informed, in part, by the themes that we have identified from industry responses to the hydrogen chapter in the CCUS business models consultation.

We also expect that the contractor will provide expert insight, not necessarily specific to hydrogen, to appraise the content of the literature review, for example offering suggestions on omissions.

We recommend that the contractor holds discussions with the authors of relevant studies (if applicable), to understand the evidence on hydrogen production challenges, risks and business models and their applicability to the UK. This will inform a recommendation as to whether (and what) further primary research is required. Primary research could include structured interviews or discussions with project developers that may provide further

⁴ Investment frameworks for development of ccus in the uk, CCUS Advisory Group, July 2019 - <http://www.ccsassociation.org/ccus-advisory-group>

insights. We would expect to see a clear rationale as to why primary research is required.

Contractors will be expected to consider the reliability of the evidence sources used in line with BEIS quality assessment criteria when conducting the literature review. Contractors should highlight where evidence builds on existing information published by government. We expect that contractors will work closely with BEIS to help ensure work is of high rigour and value e.g. sharing database of literature sources, ensuring new evidence is highlighted and gaps are appropriately signposted.

Question 1.1 should be answered including explicit consideration as to whether the challenges and risks differ across a range of potential deployment scenarios.

Question 1.2 should be answered using multi criteria decision analysis. This should fulfil the BEIS quality assurance framework.

Question 1.3 should be answered using short (1-2 page) case studies to describe the business models successfully used to deliver hydrogen production infrastructure in other countries. We will not provide a selection criteria for the case studies used, however contractors should make clear the similarities and relevance that the case studies have to deploying hydrogen in the UK. We welcome expert guidance on the most suitable case studies.

Suggested Methodology - Work Package 2: Define the range of possible business models.

We envisage that much of the existing literature covered in Work Package 1 would be used to inform Work Package 2. This work package is likely to require a combination of further literature review, expert opinion and systematic assessment against a number of features of potential business models, for example on first-of-a-kind vs enduring regime, ownership of delivery, ownership of risk and liabilities, financing models (such as fully funded or split between government and the private sector) and revenue flows. The outcome of this approach will be (1) the identification of a long list business models for delivery and operation of low carbon hydrogen production facilities, (2) clear assessment criteria to evaluate these models and (3) a short-list of potential models for the UK.

Each business model should include details of the nature and duration of Government's involvement. This could include options that have no government support.

Question 2.1 should include some short (1 page) case studies, including lessons learned, from other mature technologies that have faced similar challenges, and on business models successfully used to deliver other major infrastructure (such as offshore wind deployment) in the UK, that have transferable insights and lessons learned for this project.

Question 2.2 should enable straightforward comparison of the structure and functioning of different models, for example, by summarising the information in a table. Consideration should also be given to how certain we can be about the effectiveness of each business model.

Question 2.3 will be conducted using Multi Criteria Decision Analysis which will be agreed with BEIS. This will be informed, in part, by the hydrogen chapter in the CCUS business models consultation. This work indicated that CCUS business models should have the following characteristics:

- Be market based and incentivise CCUS to provide value to the economy.
- Drive decarbonisation and be compatible with market operation and existing market

frameworks.

- Instil confidence among investors and should attract innovation and new entrants to the market.
- Be cost efficient – providing value for money for taxpayers and bill payers, driving cost reductions and attracting new investment.
- Deliver appropriate and fair cost sharing between the Government and CCUS developers, being mindful of impacts on taxpayers and bill payers.
- Be an appropriate allocation of risk between the Government and CCUS developers, that evolves as the CCUS industry matures.
- Should have the potential to become subsidy free.

Models should also be designed to overcome the key challenges in the hydrogen chapter of the CCUS business model consultation and by the contractor's response to Question 1.1-1.4. The hydrogen specific challenges detailed in the consultation are:

- Addressing the additional cost of hydrogen compared with high carbon alternatives.
- Ensuring that hydrogen production facilities are an investable proposition as demand grows and changes over time i.e. ensuring that the models meet the challenges of first-of-a-kind projects and are suitable as an enduring regime.
- Ensuring hydrogen is deployed where it makes the greatest contribution to our decarbonisation goals, rather than where it commands the highest market price.
- How to take account of the avoided carbon price.

A clear explanation of how and why models meet the agreed assessment criteria should be provided (e.g. model addresses cost gap by 'x' with 'y' degree of uncertainty); this explanation should include comparisons (model 'a' addresses cost gap because 'reason' whereas model 'b' does not because 'reason'). Qualitative evidence to demonstrate the effectiveness of models should be drawn on where applicable.

We would expect contractors to develop simple financial models which demonstrate the impact of each business model and allow a quantitative comparison between models. This assessment would need to follow the BEIS Quality Assurance standards. The development of a financial model will need to use a model assurance log and any quantitative material produced as part of this work will be handed over to BEIS.

We would expect the successful bidder to have a qualitative researcher in the project team to control bias, complementing internal bias control measures including a peer review with BEIS analysts and industry experts. Any surveys completed as part of the work will be shared with survey control for comment and will follow BEIS social research best practice guidelines.

4. Deliverables

Outputs

The final outputs from the work will be:

- a standalone, quality assured final report, including a discussion and recommendations section, ready for publication and dissemination that addresses the objectives for the work.
- Simple financial models for each business model to demonstrate the effect of the report's recommendations
- Full details of the project methodology and assumptions, including associated quality assurance documentation for all qualitative and quantitative analysis
- Supplementary annexes, including transcripts of any calls made to stakeholders that have contributed to the development of the report.

The report will include the assessment of barriers to deployment, and section identifying, characterising and assessing different business models. All assumptions should be justified or referenced. The report will need to fully address the research questions set out in the project methodology in the Invitation To Quote questions document.

The conclusions should be forward looking, synthesising findings from both work packages, and recommendations should outline the scope for further analysis (including the value of addressing uncertainties) of a selection of models.

Financial models should be accessible outside of the main report, and records of discussions (for example, with authors of evidence considered in the work) should be included as separate annexes.

Contract operation and expectations

We expect that the contractors will lead the design, development and delivery of the report, though the project will need to involve teams across government which will be coordinated by the BEIS project leader, with input from contractors.

The project will have an internal steering group of officials from across government and the contractor, who will be responsible for the overall quality of the outputs.

Contractors will be expected to:

- consider the reliability of the evidence sources used in line used in line with BEIS quality assessment criteria.
- use their expertise and judgement as to the exact range of issues explored as part of the proposed review points included in the project.

Draft outputs should be shared with BEIS throughout the project. We welcome proposals from tenderers on the most appropriate review points but we suggest:

- After completion of Work Package 1.
- After business models have been identified and assessed for work package 2.
- After the finance models have been developed for work package 2.
- Upon receipt of the draft final report.

Analysis

Contractors should set out full details of all of their preferred method/s of analysis for any data collected, as well as any analysis of existing data – and explain how these will be used to answer the research questions. This should cover qualitative and/or quantitative analysis techniques, where relevant to the research methods.

In the case of qualitative analysis, it is expected that the approach be sufficiently detailed and robust to give a clear understanding of how data will be collected, analysed and presented. This might include, for example, a detailed method explaining how key themes are identified and developed, whether analysis will be undertaken within and/or across cases, and how the analysis will be managed across individuals, if applicable. Any quality assurance undertaken within the analysis process should be explained.

For quantitative analysis, contractors are expected to outline any techniques they expect to use, and statistical significance testing. Contractors should specify and describe how they will treat any missing values or non-responses, and the way in which they will decide how to treat outliers to collected data within analysis. The rationale behind these decisions should be documented alongside the final report, and any data not used in analysis should still be included in the raw data file supplied to BEIS.

In explaining their approaches to analysis, the contractor should illustrate how these will ensure a credible and impartial outcome and set out any limitations or bias.

Contractors will need to demonstrate that they will meet BEIS standards for quality assurance, which are outlined below.

Quality Assurance (QA)

This project must comply with the BEIS Code of Practice for Research (Annex B) and bidders must set out their approach to quality assurance in their response to this ITT with a **QA plan**.

Sign-off for the quality assurance must be done by someone of sufficient seniority within the contractor organisation to be able take responsibility for the work done. Acceptance of the work by BEIS will take this into consideration. BEIS reserves the right to refuse to sign off outputs, which do not meet the required standard specified in this invitation to tender. We may consider commissioning an external peer review as part of the project.

All model inputs must be quality assured and documented. Contractors should include a quality assurance plan that they will apply to all of the research tasks.

- This QA plan should be no longer than [1 or 2] sides of A4 paper.

- The following link contains an externally accessible version of the Modelling QA guidance, and the QA log
 - <https://www.gov.uk/government/collections/quality-assurance-tools-and-guidance-in-decc>
- The QA log should be filled during the project and submitted at project completion to demonstrate the QA undertaken
- When model inputs are submitted to BEIS, during the project or at completion, they should be accompanied by confirmation by a senior (partner or equivalent) of the contracting organisation, that the assurance has taken place in accordance with approaches outlined in the QA plan agreed with BEIS.

Ownership and publication

BEIS will own any intellectual property rights to utilise the data, including any financial models or analytical outputs from the report. The department anticipates that the data will be used to inform policy development. BEIS is committed to openness and transparency, the report will be published at an appropriate time following associated policy development.

Working Arrangements

The successful contractor will be expected to identify one named point of contact through whom all enquiries can be filtered. A BEIS project manager will be assigned to the project and will be the central point of contact.

Skills and experience

A range of different experience and expertise are required for this study. Contractors should clearly set out the experience and expertise provided by each member of the proposed project team to meet the requirements.

The following skills are considered particularly important for this work:

- Experience project managing a study of this nature and size.
- Experience undertaking business model assessments, with transferable knowledge to hydrogen.
- Understanding of low carbon hydrogen in the energy system, encompassing a wide range of deployment scenarios.
- Understanding of financial modelling.

Contractors should propose named members of the project team, and include the tasks and responsibilities of each team member. This should be clearly linked to the work programme, indicating the grade/ seniority of staff and number of days allocated to specific tasks.

Contractors should identify the individual(s) who will be responsible for managing the project.

1. Consortium Bids

In the case of a consortium tender, only one submission covering all of the partners is required but consortia are advised to make clear the proposed role that each partner will play in performing the contract, including monetary activity, as per the requirements of the technical specification. We expect the bidder to indicate who in the consortium will be the lead contact for this project, and the organisation and governance associated with the

consortia.

Contractors must provide details as to how they will manage any sub-contractors and what percentage of the tendered activity (in terms of monetary value) will be sub-contracted.

- If a consortium is not proposing to form a corporate entity, full details of alternative proposed arrangements should be provided for example, via a consortium agreement. However, please note the Department reserves the right to require a successful consortium to form a single legal entity in accordance with Regulation 28 of the Public Contracts Regulations 2006.
- The Department recognises that arrangements in relation to consortia may (within limits) be subject to future change. Potential Providers should therefore respond in the light of the arrangements as currently envisaged. Potential Providers are reminded that any future proposed change in relation to consortia must be notified to the Department so that it can make a further assessment by applying the selection criteria to the new information provided.