

Schedule 8

Change Control Procedure

1 General Principles

1.1 Background – Contract Changes

1.1.1 This Schedule 8 (**Change Control Procedure**) sets out the procedure for dealing with Contract Changes. The Parties acknowledge in this respect that:

- (a) it is the intention of the Authority to design a Change Control Procedure that does not cause unnecessary administrative burdens on either Party and which recognises the partnering nature of the relationship established between the Parties. The Parties recognise that:
 - (i) it may be appropriate to issue a single Contract Change Request on a quarterly basis to cover a number of Contract Changes deemed by the Authority to be minor Contract Changes; and
 - (ii) the Parties will always work together in order to implement all Contract Changes in a spirit of co-operation and mutual trust; and
- (b) nothing set out in this Schedule 8 (**Change Control Procedure**) is intended to or shall limit the right of the Authority to receive a reduction in Service Charges as a result of a Contract Change which reduces the scope or extent of the Services or alters the nature of the Services in such a way that the cost of the delivery of the Services decreases.

1.2 Obligation to act reasonably at all times

1.2.1 In the spirit of partnering and without prejudice to any other provisions of this Agreement both Parties:

- (a) undertake to act reasonably in respect of the management, proposal, approval and rejection of Contract Changes; and
- (c) undertake to work together in close co-operation, taking into account the reasonable opinions of both Parties in determining whether it is appropriate to use the Change Control Procedure.

1.3 Co-operation with other suppliers and the Bank of England

- 1.3.1 The Supplier acknowledges that changes to the Services and/or changes to the Supplier Systems may require consequential changes to the services and/or the systems operated by other suppliers of services to the Authority and/or Authority Customers or the Bank of England and that changes to the services and/or the systems operated by other suppliers of services to the Authority and/or Authority Customers or the Bank of England may necessitate consequential changes to the Services and the Supplier Systems.
- 1.3.2 The Supplier shall, at no additional cost, co-operate with other suppliers of services to the Authority and/or Authority Customers, the Bank of England and all relevant third parties in order to facilitate the design and implementation of any consequential changes and the co-ordination of other services that impact upon or interact with the Services. This shall include, but not be limited to, the provision of access to facilities reasonably necessary in order to perform such changes and the provision of such other co-ordination services as may be required, subject always to such persons complying with the Supplier's reasonable confidentiality requirements.

1.4 Procedure

- 1.4.1 Contract Changes must be processed in accordance with Appendix 1 to this Schedule 8 (**Change Control Procedure**).

1.5 Warranty in respect of available Supplier resources

- 1.5.1 The Supplier warrants, represents and undertakes that it shall, throughout the Term, maintain adequate resources to manage and implement Contract Changes promptly and efficiently. The Parties acknowledge that the management and implementation of Contract Changes are themselves Services to which the provisions of the Agreement shall apply.

1.6 Contract Changes after agreement of a Contract Change Request

- 1.6.1 The Supplier acknowledges and agrees that the Authority shall not incur any costs or additional Service Charges in respect of any Contract Change Request after the Contract Change Request has been agreed and signed by the Authority, and shall only be responsible for any costs of the Supplier or additional Service Charges if and to the extent specifically so provided in the Contract Change Request as agreed and signed by the Authority.

1.7 No acceptance

- 1.7.1 Approval of a Contract Change Request by the Authority (by the Authority signing the Contract Change Request) shall not under any circumstances constitute acceptance by the Authority of the results of such Contract Change Request in the live environment, or constitute a waiver of any requirement set out in this Agreement to carry out Assurance Tests on the results of such Contract Change Request.

2. Future Services

- 2.1 The Supplier and the Authority shall agree on the nature and scope of any Future Services, including the Service Levels for performance (as may be applicable), the related pricing and any appropriate amendment(s) to the part(s) of the Agreement affected (if any).
- 2.2 Notwithstanding the above, the Authority may elect to solicit bids from third parties for the Future Services and may contract with a third party for such Future Service or elect to use in-house resources to provide the Future Service.
- 2.3 In so far as the Supplier is requested to bid for the provision of Future Services, the Supplier must comply with this Change Control Procedure as if the change amounted to a Contract Change and shall comply with any procurement instructions issued by the Authority.

Appendix 1

Contract Changes

1. Procedure for Contract Changes

1.1 Under this Change Control Procedure:

- (a) either Party may request a Contract Change which it shall initiate by issuing a Contract Change Request in accordance with Paragraph 5 of this Appendix 1;
- (b) the Parties will work together to consider and if appropriate agree the Contract Change Request within a time scale agreed by the Parties and where the Parties cannot agree a time scale, the default time scale set out at Paragraph 5 of Appendix 1 shall apply;
- (c) the Supplier shall have the right to reject a Contract Change Request solely in the manner set out in Paragraph 7 of Appendix 1;
- (d) the Authority shall have the right to request amendments to a Contract Change Request, approve it or reject it in the manner set out in Paragraph 6 of this Appendix 1; and
- (e) no proposed Contract Change shall be implemented by the Supplier until such time as the Contract Change Request has been agreed and signed by the Authority (in accordance with Paragraph 8 of this Appendix 1).

2. Assurance Tests

- 2.1 To the extent that any Contract Change requires testing and/or a programme for implementation, then the Parties will follow the procedures agreed between them and forming part of the Contract Change.

3. Provision of Services Pending a Contract Change Request signed by the Authority

- 3.1 Until such time as a Contract Change Request has been agreed and signed by the Authority in accordance with Paragraph 8 of this Appendix 1, then:
- (a) unless the Authority expressly agrees otherwise in writing, the Supplier must continue to supply the Services in accordance with the existing

terms of the Agreement as if the Contract Change did not apply; and

- (b) any discussions, negotiations or other communications which may take place between the Authority and the Supplier in connection with any proposed Contract Change, including the submission of any Change Communications, shall be without prejudice to each Party's other rights under this Agreement.

4. Service Charges and Costs

4.1 Each Party to bear own costs

- 4.1.1 Each Party shall bear its own costs in relation to the preparation, assessment and agreement of each Contract Change Request.

4.2 Increases to Service Charges

- 4.2.1 The Supplier shall not be entitled to any increase in the Service Charges in respect of:

- (a) any Contract Change to the extent that the dedicated resources used by the Supplier prior to the Contract Change to provide the Services are (or would reasonably be, if each aspect of the Services were being provided with reasonable efficiency and in accordance with Good Industry Practice) sufficient to effect the Contract Change;
- (b) any aspect of the Contract Change for which this Agreement includes an alternative mechanism for variation of Service Charges;
- (c) any matter which is not directly caused by the Contract Change and expressly detailed in the Contract Change Request; or
- (d) any Contract Change Request after it has been approved by the Authority as provided for in Paragraph 6 (except if and to the extent specifically provided in that Contract Change Request).

- 4.2.2 In circumstances falling outside of those described at Paragraph 4.2.1 above, the Supplier shall only be entitled to increase the Service Charges:

- (a) where the Authority has made a Contract Change Request or requires a Contract Change; and

(b) with the agreement of the Authority; and

(c) where either:

(i) the Contract Change results from consequential changes to the banking services and/or the systems operated by other suppliers to the Authority of banking or related services or the Bank of England; or

(ii) the Supplier has demonstrated to the Authority's satisfaction, by way of documentary evidence, that the Contract Change requires additional resources, Hardware, Software or other supplies,

or in the event of an Authority Specific Change in Law, as and to the extent provided in Clause 20.2(e) of the Agreement.

4.3 Supplier to Provide Competitive Pricing

4.3.1 Where it is agreed by the Authority that the Supplier may increase Service Charges, the Supplier shall provide pricing which is as competitive as the pricing agreed and set out in Schedule 4 (**Financial Obligations**) of this Agreement.

4.3.2 The Supplier shall supply evidence to the Authority to demonstrate that its pricing is justified and consistent with industry pricing, rates or salaries for comparable resources in the marketplace.

4.3.3 Where the Authority does not agree with any, or with the amount of, the proposed increase to any Service Charges, the Authority has the right to engage an Independent Assessor to carry out benchmarking in relation to any such proposed increase in Service Charges.

4.3.4 Prior to being engaged in accordance with this Schedule, the Independent Assessor shall be required to enter into a confidentiality undertaking.

4.3.5 Benchmarking activities will be performed openly and co-operatively with the full involvement of appropriate Personnel and persons from or nominated by the Authority.

4.3.6 The costs of the Independent Assessor will be shared equally between the Parties. Each Party will bear its own costs of taking part in the benchmarking exercise.

- 4.3.7 Once the Independent Assessor has submitted its benchmarking report to the Parties, including a benchmark price, if the Supplier's pricing is found to be higher than that reported by the Independent Assessor, the Supplier will be required to match the benchmark price reported by the Independent Assessor. If the Supplier's pricing is found to be below that reported by the Independent Assessor, the Authority shall have the right to accept the Supplier's pricing as originally provided under Paragraph 4.3.1.

5. Contract Change Request

5.1 Form of Change Request

- 5.1.1 Either Party may issue a Contract Change Request to the other Party at any time during the Term. The Contract Change Request shall be in the form of Appendix 2 and shall be made available electronically.
- 5.1.2 If the Party issuing the Contract Change Request considers the Contract Change to be an Emergency Change or Other Expedited Contract Change, the Contract Change Request must also state that fact.
- 5.1.3 In the spirit of partnering and without prejudice to any other provisions in this Agreement, the Parties will work together in close co-operation to consider and if appropriate agree any Contract Change Requests which are issued and a time scale in which to do the same.
- 5.1.4 The Contract Change Request shall contain at least the following information:
- (a) a description of the work together with the reason for the proposed variation;
 - (b) the price, where applicable; and
 - (c) details of the impact, if any, on the other Services or the Agreement.
- 5.1.5 If the Parties cannot agree any Contract Change Request then either Party may refer the matter to the Escalation Procedure.
- 5.1.6 If the Parties cannot agree a time scale in which to agree a Contract Change Request, the default position shall apply: the Contract Change Request shall be responded to within ten (10) Working Days of receipt and thereafter the provisions of Paragraphs 6, 7 and 8 shall be followed as applicable.

6. Authority's Rights of Approval

- 6.1 Whenever the Authority receives a Contract Change Request from the Supplier, the Authority has the right, in its absolute discretion, to:
- (a) approve the Contract Change; or
 - (b) reject the Contract Change, in which case it shall notify the Supplier of the rejection and shall explain its reasons in writing to the Supplier as soon as is reasonably practicable following such rejection; or
 - (c) require the Supplier to modify the Contract Change Request in which event the Supplier must make such modifications and thereafter the Authority shall approve or reject the modified Contract Change Request within a timescale agreed between the Parties.
- 6.2 If the parties cannot agree a timescale the Supplier must make such modifications within five (5) Working Days of such request and on receiving the modified Contract Change Request, the Authority shall approve or reject the Contract Change within ten (10) Working Days.

7. Supplier's Limited Rights to Reject the Contract Change

- 7.1 The Supplier must implement all Contract Changes requested by the Authority save that if the Supplier is able to demonstrate to the Authority's reasonable satisfaction that any Contract Change which is requested by the Authority would:
- (a) materially and adversely affect the risks to the health and safety of any person; or
 - (b) require the Services to be performed in a way that infringes any Law of the United Kingdom; or
 - (c) be technically impossible to implement; or
 - (d) in the Supplier's reasonable opinion materially and adversely impact upon other projects in progress; or
 - (e) in the Supplier's reasonable opinion materially and adversely impact upon or otherwise interfere with services being provided by the Supplier to its other customers;

then the Supplier shall be entitled to reject the Contract Change. The Supplier must notify the Authority of its intention to reject the Contract Change and demonstrate to the Authority's reasonable satisfaction the rationale for such

rejection within ten (10) Working Days of the date on which the Contract Change Request is received from the Authority. In the event that the Supplier is unable to provide the Contract Change the Authority may allow the Supplier to fulfil its obligations under the Agreement without the Contract Change.

8. Signing of the Contract Change Request

- 8.1 Where the Parties have agreed a Contract Change Request, then the Authority shall prepare two copies of the Contract Change Request which it shall deliver to the Supplier for its signature. Following receipt by the Authority of the two copies of the Contract Change Request signed by the Supplier, the Authority shall sign both copies and return one copy to the Supplier.
- 8.2 On the Authority's signature, the Contract Change Request shall constitute a legally binding variation to the Agreement provided that the Contract Change Request is signed by the Authority Relationship Manager in accordance with the Authority's Contract Change authorisation and sign off procedure(s), as notified to the Supplier from time to time.
- 8.3 The effective date of the Contract Change Request shall be the date on which it is signed by the Authority unless an alternative effective date is agreed between the Parties.
- 8.4 The Parties shall agree the timescale in which the Contract Change Request shall be signed by the Parties.
- 8.5 If the Parties cannot agree a timescale the default position as follows will apply:
 - (a) the Contract Change Request shall be signed by the Supplier within ten (10) Working Days of receiving the signature copies as provided by Paragraph 8.1 above;
 - (b) the Contract Change Request shall be signed by the Authority within ten (10) Working Days of receiving the Supplier's signed copy; and
 - (c) if either Party does not sign the Contract Change Request within this timescale, then the other Party shall have the right to notify the Party in default and if the Party in default does not sign the Contract Change Request within five (5) Working Days of the date of such notification, then the other Party may refer the matter to the Escalation Procedure.
- 8.6 Any Contract Change processed in accordance with this Schedule will not be authorised, and the Supplier shall not implement any Contract Change, until the

Contract Change Request has been signed and executed by the Authority Relationship Manager in accordance with this authorisation and sign off procedure.

9. Emergency Changes and Other Expedited Contract Changes

9.1 Acknowledgement

9.1.1 The Parties acknowledge that if an Emergency Change is required it will be necessary to expedite the processes set out in this Schedule.

9.1.2 In addition, the Parties acknowledge that, in the interests of operational efficiency, there may be other circumstances where it is desirable to expedite the processes set out in this Schedule and the Parties may agree to treat the Contract Change Request on an expedited basis.

9.2 Treatment of Emergency Changes and Other Expedited Contract Changes

9.2.1 In the event of an Emergency Change or Other Expedited Contract Change, the Parties shall confirm to each other in writing that they shall use the process set out in Paragraphs 1 to 8 of this Appendix 1, above but with reduced timescales. Where any timescales are set out in this Schedule, they shall be reduced such that any period of ten (10) Working Days is reduced to two (2) Working Days and any period of five (5) Working Days is reduced to 1 (one) Working Day.

10. Communications

10.1 Address and time of deemed receipt

10.1.1 For any Change Communication made in respect of a Contract Change or proposed Contract Change to be valid under this Schedule 8 (**Change Control Procedure**), it must be sent to either the Authority's Relationship Manager or the Supplier's Relationship Manager, as applicable. All Change Communications will be sent in accordance with the provisions of Clause 59 (Notices) of this Agreement.

Appendix 2**Contract Change Request****HM Revenue
& Customs****Government
Banking Service****CONTRACT CHANGE REQUEST****CONTRACT TITLE:** Banking Services Agreement for [xxx]**CONTRACT REF:****VARIATION No:****DATE:****BETWEEN:**

The Commissioners for Her Majesty's Revenue and Customs acting as part of the Crown and for this purpose through the Office of The Government Banking Service whose principal office is at 100 Parliament Street, London SW1A 2BQ ("the **Authority**")

and

(Insert Supplier name, company number, address) ("the **Supplier**")

The Parties agree that, on and as from the date this form is agreed and signed by the Authority, the Banking Services Agreement is varied as follows:

1. VARIATION:

2. PRICING OBLIGATIONS:

3. Save where expressly provided otherwise in this variation, words and expressions in this variation shall have the meanings given to them in the Banking Services Agreement.
4. This agreement shall be interpreted in accordance with Clause 1 of the Banking Services Agreement mutatis mutandis as if set out in full herein.
5. If there is a conflict or inconsistency between the terms of this agreement and the Banking Services Agreement, the terms of this agreement shall prevail to the extent of any inconsistency.
6. The Banking Services Agreement, including any previous variations, shall remain effective and unaltered except as amended by this variation.
7. Each Party must bear its own costs arising out of the negotiation, preparation and execution of this variation.

Signed for and on behalf of the Authority:
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Name:

Signature:

Title/Role:

Date of Signature:

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Name:

Signature:

Title/Role:

Date of Signature:

Signed for and on behalf of the Supplier:

Name:

Signature:

Title/Role:

Date of Signature: