

FRAMEWORK SCHEDULE 4

Part 1: Pro Forma Letter of Appointment

Ernst & Young LLP

1 More London Place

London SE1 2AF

ConsultancyONE Framework Agreement RM1502

TfL 90851 External Audit for TTL

7th May 2015

Dear Sirs,

1. Contract for the provision of consultancy services by Ernst & Young LLP, 1 more London Place, London SE1 2AF as Supplier to TTL, Windsor House, 50 Victoria Street, London SW1H 0TL as Customer pursuant to the consultancyONE Framework Agreement (RM 1502) dated 16 May 2013 between the Minister for the Cabinet Office acting through Crown Commercial Service as the Authority and the Supplier We refer to the above-mentioned consultancyONE Framework Agreement (the “Framework Agreement”). For the purposes of this Letter of Appointment:

- capitalised terms and expressions used in this Letter of Appointment have the same meanings given to them in or pursuant to the Call-Off Terms attached to this Letter of Appointment unless the context otherwise requires;
 - references to Appendices are references to the appendices to this Letter of Appointment; and
 - the Appendices shall form part of this Letter of Appointment.
2. This Letter of Appointment constitutes an Order for the provision by you to us of the Contract Services (specified in Appendix 1) from the Effective Date (specified in Appendix 1) on the basis of the Day Rates / Contract Charges (set out in Appendix 2) and, save as varied and / or supplemented pursuant to the provisions (set out in Appendix 3) in accordance with the Call-Off Terms.
3. This Order is placed under Lot number 5.4 of the Framework Agreement.
4. The Supplier's Representative with overall responsibility for the supply of the Contract Services is Karl Havers and the Key Personnel assigned to the supply of the Contract Services are Kath Barrow, Neil Harris, Caroline Mulley and Andrew MacGowan.
5. The Customer's Representative for the purpose of the Contract is Dawn Stelling and any disputes in relation to the Contract shall be escalated as follows **REDACTED**.
6. The Base Location from which the Contract Services will be performed is to be agreed with TfL.

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7. For the purposes of the Contract, the address of each Party is:

- for the Customer:

Transport Trading Limited, Windsor House, 50 Victoria Street, London Sw1H 0TL

For the attention of: Sarah Bradley

Tel: **REDACTED**

Email: **REDACTED**

for the Supplier:

Ernst & Young LLP, 1 More London Place, London SE1 2AF.

For the attention of: Karl Havers Partner

Tel: **REDACTED**

Email: **REDACTED**

8. The Customer hereby confirms that the applicable law for this contract shall be the laws of England & Wales. Further, this Letter of Appointment and the attached Call-Off Terms shall be construed as closely to the intention of the original wording as the chosen law so permits.

Please would you return the attached duplicate of this Letter of Appointment with the acknowledgement signed by the appropriate authorised Executive within your organisation.

You should be aware that by signing and returning this Letter of Appointment you will have entered into a legally binding contract with us to supply the Contract Services specified in Appendix 1 and represent and warrant that you have carried out a conflict check in relation to such contract that revealed no conflicts of interest.

Yours faithfully

For and on behalf of Transport Trading Limited

I hereby confirm receipt of the above Letter of Appointment and the agreement of Ernst & Young LLP to provide to Transport Trading Limited the Contract Services as specified in the Letter of Appointment in accordance with its terms.

Signed:

Date:

Name:

Status:

**Appendix 1
(Contract Services)**

1. TERM

1.1 Effective Date

1.1.1 Ernst & Young LLP will be appointed auditor of TTL in accordance with the Companies Act 2006/ICAEW audit regulations as and when KPMG conclude the audit for the year ended 31 March 2015 and are not subsequently re-appointed. Ernst & Young LLP will ensure that there truly is a vacant office of the auditor prior to being appointed as auditor of TTL for the year ended 31 March 2016.

1.2 Expiry Date

1.2.1 This Contract is for the duration of 2 years from the commencement date.

2. SERVICES REQUIREMENTS

2.1 Services Required

The auditor is to carry out such work as is necessary to form an opinion as to whether the annual financial statements:

- give a true and fair view of the audited entity or group's affairs as at 31 March of each relevant year and of its profit for the year then ended; and
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the EU and the requirements of the Companies Act 2006 (as amended)

Deliverables for the external audit will include but are not limited to:

- Audit plan to be presented to the Audit and Assurance Committee at an appropriate meeting between September and December of the relevant financial year. The audit plan will also include the proposed fee for the external audit of TTL Group including any individual subsidiary audit opinions required. The plan and proposed fee should be discussed with and agreed by management in advance
- Audit opinion on TTL Limited and TTL Group, and stand alone audit opinion on relevant subsidiary companies (currently Crossrail Limited and Victoria Coach Station Limited)
- A final report of significant findings from the audit to be presented to the Audit

and Assurance Committee

- Management letter to be issued after the conclusion of the external work to make detailed recommendations to management

The TTL audit work is required to support the audit for the TfL Group.

Technical details, methodology and CV's as detailed in E&Y's proposal dated 22 May 2014.

REDACTED

3. PERFORMANCE OF THE SERVICES AND DELIVERABLES

3.1 Implementation Plan and Milestones (including dates for completion)

Not used

3.2 Performance Monitoring

The programme manager and the nominated representative from Ernst & Young will hold regular meetings to review this.

4. SECURITY

4.1 Security Requirements (including details of the outline security management plan and policy)

See Schedule 1.

Appendix 2: Contract Charges

Charging mechanism, price and Day Rates	REDACTED
Invoicing arrangements	Quarterly from October 2015.
Travel and Subsistence	N/A

Appendix 3: (Variations and/or supplements to the Call-Off Terms)

References to “the Company” in this Appendix 3 shall be construed as having the same meaning as “the Customer”.

Supplier audit responsibilities and limitations

1. Should conditions not now anticipated preclude the Supplier from completing its audit and issuing a report (the Report) as contemplated by this Agreement, the Supplier will advise the Customer and those charged with governance promptly and will discuss with the Company the implications under applicable auditing standards and legislation.
2. The objective of the Supplier's audit and the requirement of the Supplier under the Companies Act 2006 is to express an opinion on whether:
 - a. The financial statements give a true and fair view of the company's state of affairs as at the balance sheet date and of the profit and loss of the company for the period then ended
 - b. The financial statements have been properly prepared in accordance with IFRS as adopted in the EU
 - c. The financial statements have been prepared in accordance with the Companies Act 2006
 - d. The information given in the strategic report and the directors' report is consistent with the financial statements

Group audits

3. The Supplier will also report, in accordance with instructions received from your parent entity auditors, on the financial information prepared in accordance with the parent entity's accounting policies for parent entity consolidation purposes. The nature, extent and timing of such procedures will be determined by the parent entity auditors. These reports will be solely addressed to the parent entity auditors. Depending on the nature of the procedures performed, the Supplier may share results of such procedures with the Company.
4. The Supplier will conduct the audit in accordance with International Standards on Auditing (UK and Ireland) (ISAs (UK and Ireland)), as promulgated by the UK Financial Reporting Council (FRC). Those standards require that the Supplier complies with ethical requirements and plan and perform the audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement, whether due to fraud or error. There are inherent limitations in the audit process, including, for example, the use of judgment and selective testing of data and the possibility that collusion or forgery may preclude the detection of material error, fraud, or illegal acts. Accordingly, there is some risk that a material misstatement of the financial statements may remain undetected. Also, an audit is not designed to detect fraud or error that is immaterial to the financial statements.

In examining the financial statements presented to the Supplier for audit, company law requires the Supplier to also consider and report on whether:

- a. Adequate accounting records have not been kept (and returns have not been received from those branches which have not been visited by the Supplier).
- b. The financial statements are not in agreement with the accounting records and returns.

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- c. The Supplier has not obtained all the information and explanations which the Supplier requires for the Supplier's audit.
 - d. Certain disclosures of directors' remuneration specified by law are not complied with.
 - e. The directors have prepared the financial statements and reports in accordance with the small company regime and were not entitled to do so in the Supplier's opinion.
5. As part of the Supplier's audit, the Supplier will consider, solely for the purpose of planning the Supplier's audit and determining the nature, timing, and extent of the Supplier's audit procedures, the Company's internal control over financial reporting. This consideration will not be sufficient to enable the Supplier to express an opinion on the effectiveness of internal control or to identify all significant deficiencies.
 6. In accordance with the ISAs (UK and Ireland) the Supplier will communicate certain matters related to the conduct and results of the audit to those charged with governance. Such matters include:
 - The Supplier's responsibility under the ISAs (UK and Ireland) for forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance and that such an audit does not relieve management and those charged with governance of their responsibilities.
 - An overview of the planned scope and timing of the audit.
 - Significant findings from the audit, which include: (1) the Supplier's views about the significant qualitative aspects of the Company's accounting practices, including accounting policies, accounting estimates, and financial statement disclosures; (2) significant difficulties, if any, encountered during the audit; (3) uncorrected misstatements, other than those the Supplier believe are trivial; (4) disagreements with management, if any, whether or not satisfactorily resolved; and (5) other matters, if any, arising from the audit that are, in the Supplier's professional judgment, significant and relevant to those charged with governance regarding the oversight of the financial reporting process, including significant matters in connection with the Company's related parties.
 - Written representations requested from management and significant matters, if any, arising from the audit that were discussed, or the subject of correspondence, with management.
 7. The Supplier will communicate all significant facts and matters that affect the Supplier's independence.
 8. If the Supplier determines that there is evidence that fraud or possible non-compliance with laws and regulations may have occurred, the Supplier will bring such matters to the attention of the appropriate level of management. If the Supplier becomes aware of fraud involving management or fraud involving employees who have significant roles in internal control or others where the fraud results in a material misstatement of the financial statements, the Supplier will report this matter directly to those charged with governance. The Supplier will communicate with those charged with governance matters involving non-compliance with laws and regulations that come to the Supplier's attention unless they are clearly inconsequential.
 9. The Supplier will communicate in writing significant deficiencies in internal control identified during the audit of the Company's financial statements.
 10. The Supplier also may communicate its observations as to the potential for economies in, or improved controls over, the Company's operations.
 11. The Supplier's working papers and other internal documentation created for the purpose of carrying out the Supplier's duties as auditors belong solely to Ernst & Young LLP and will not be provided to you. The Supplier may be required to give access to its audit working papers

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for regulatory purposes or because of other statutory obligations. The UK Financial Reporting Council's Audit Quality Review Team and the Quality Assurance Department of the Institute of Chartered Accountants in England and Wales may request access through Ernst & Young LLP to audit working papers in relation to other component parts of your group prepared by overseas audit firms outside the European Economic Area (including other member firms of the Supplier's international network). You agree to take all reasonable steps to procure that your overseas components grant consent, wherever necessary, to enable overseas auditors to comply with such requests from Ernst & Young LLP.

Management's responsibilities and representations

12. The Supplier's audit will be conducted on the basis that management and where appropriate, those charged with governance, acknowledge and understand that they have responsibility:

- a. For preparation and fair presentation of the financial statements in accordance with IFRS as adopted in the EU.

It is the responsibility of the directors of the company to maintain adequate accounting records which disclose with reasonable accuracy at any time the financial position of the company, and to prepare and approve financial statements in accordance with the requirements of Companies Act 2006.

- b. For such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.
- c. To provide the Supplier with: (1) access, on a timely basis, to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters; (2) additional information that the Supplier may request from management for the purpose of the audit; and (3) unrestricted access to persons within the Company from whom the Supplier determines it necessary to obtain audit evidence.

Management's failure to provide the Supplier with the information referred to above or access to persons within the Company may cause the Supplier to delay its report, modify its procedures, or even resign as auditor.

Under section 418 of the Companies Act 2006, the director's report will include a formal statement, at the date on which the report is approved, to the effect that so far as the director is aware, there is no relevant audit information of which the auditor is unaware and he/she has taken all the steps that he/she ought to have taken in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

In order to assist the Supplier with its examination of the company's annual report to shareholders, the Supplier shall require sight of all documents or statements, including as appropriate the chairman's statement, operating and financial review, the directors' report and the strategic report, which are due to be issued with the annual report. The Supplier are also entitled to attend all general meetings of the company and to receive notice of all such meetings.

13. Management is also responsible for adjusting the financial statements to correct misstatements identified by the Supplier and for affirming to the Supplier in its representation letter that they believe the effects of unrecorded misstatements are immaterial, individually and in aggregate, to the financial statements as a whole.
14. Management is responsible for apprising the Supplier of all allegations involving financial improprieties received by management or those charged with governance (regardless of the source or form and including, without limitation, allegations by 'whistle-blowers,' employees, former employees, analysts, regulators or others), and providing the Supplier full access to

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these allegations and any internal investigations of them, on a timely basis. Allegations of financial improprieties include allegations of manipulation of financial results by management or employees, misappropriation of assets by management or employees, intentional circumvention of internal controls, inappropriate influence on related party transactions by related parties, intentionally misleading Ernst & Young, or other allegations of illegal acts or fraud that could result in a misstatement of the financial statements or otherwise affect the financial reporting of the Company. If the Company limits the information otherwise available to the Supplier under this paragraph (based on the Company's claims of attorney/client privilege, work product doctrine, or otherwise), the Company will immediately inform the Supplier of the fact that certain information is being withheld from the Supplier. Any such withholding of information could be considered a restriction on the scope of the audit and may prevent the Supplier from opining on the Company's financial statements; alter the form of report the Supplier may issue on such financial statements; or otherwise affect the Supplier's ability to continue as the Company's independent auditors. The Supplier will disclose any such withholding of information to those charged with governance.

15. The Supplier will make specific inquiries of management about the representations contained in the [consolidated] financial statement. At the conclusion of the audit, the Supplier will also obtain written representations from management about these matters, and that management: (1) has fulfilled its responsibility for the preparation and fair presentation of the financial statements in accordance with IFRS as adopted in the EU and that all transactions have been recorded and are reflected in the financial statements; and (2) has provided the Supplier with all relevant information and access as contemplated in this Agreement. The responses to those inquiries, the written representations, and the results of the Supplier's procedures comprise evidence on which the Supplier will rely in forming an opinion on the financial statements.

In connection with these obligations and the supply of information to the Supplier generally, the Supplier would emphasise that under section 501 of the Companies Act 2006, relevant persons (including officers and employees of the company) who do not provide information or explanations requested by the auditors without delay, or who provide information or explanations which are misleading, false or deceptive in a material way, are guilty of an offence.

Publication of the financial statements on electronic media

16. The Supplier's audit report on the financial statements should not be reproduced or referred to electronically in any form other than as part of the annual report and financial statements without the Supplier's prior agreement as to the manner and context in which it is reproduced or referred to.

Where the Company presents the financial statements and the Supplier's audit report thereon in electronic form, the directors will be responsible for the accurate presentation of the financial statements and the audit report thereon, and for establishing security and other controls over them in order to ensure the continued integrity of the information presented. This obligation on the directors applies to the presentation of any financial information in respect of prior periods. The examination of the controls over the electronic presentation of audited financial information on the Company's Internet web-site is beyond the scope of the Supplier's audit of the financial statements (although the Supplier will be pleased to carry out a review of such controls by way of a separate engagement, on terms to be agreed between the parties).

Where the Company chooses to distribute annual reports and other financial information to shareholders and to the Registrar of Companies by electronic means, the directors remain responsible for the accurate presentation of the financial statements, and the audit report thereon, in such distribution.

Timetable and filing of financial statements

17. The Supplier will agree a timetable with you to enable you to meet your statutory obligations in relation to the filing of financial statements at Companies House and any other deadline

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notified to the Supplier. As you will appreciate, however, any such timetable will be based on the assumption that the Supplier will receive the appropriate co-operation and assistance.

In respect of the financial statements prepared pursuant to Companies Act 2006, the Supplier will provide you with at least two versions of the statutory accounts: one signed by the senior statutory auditor (engagement partner) in his or her own name, and the other signed in the name of Ernst & Young LLP. The audit opinion signed by the senior statutory auditor in his or her name should be retained by you for your own records and should not be sent to shareholders, Companies House or any other third party. It is the version of the statutory accounts signed in the name of Ernst & Young LLP that must be delivered to the Registrar of Companies.

Limitation of liability

18. The Supplier's report will be made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. The Supplier's audit work will be undertaken so that the Supplier might state to the company's members those matters the Supplier is required to state to them in an auditor's report and for no other purpose. In those circumstances, to the fullest extent permitted by law, the Supplier will not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for its audit work, for the audit report, or for the opinions the Supplier forms.

The Supplier draws your attention to clause 4.1.8 of the Call-Off Terms which refer to the limitation of this firm's liability. For the audit the Supplier do not seek to agree a liability limitation agreement, as permitted under Part 16 of the Companies Act 2006. In that regard, the provisions of clause 4.1.8 of the Call-Off Terms shall not apply for work carried out by the Supplier under the Companies Act 2006. However, to the extent that the Supplier may provide other services to you that is not required to be carried out by the Supplier under the Companies Act 2006 and which are not covered by a separate letter of engagement, the Supplier's total liability you in respect of those services will be limited in accordance with those sections.

- 19 If the Supplier is liable to the Customer (or to any others for whom Services are provided) under this Agreement or otherwise relating to the Services, for loss or damage to which any other persons have also contributed, the Supplier's liability to the Customer shall be several, and not joint, with such others, and shall be limited to its fair share of that total loss or damage, based on its contribution to the loss and damage relative to the others' contributions. No exclusion or limitation on the liability of other responsible persons imposed or agreed at any time shall affect any assessment of the Supplier's proportionate liability hereunder, nor shall settlement of or difficulty enforcing any claim, or the death, dissolution or insolvency of any such other responsible persons or their ceasing to be liable for the loss or damage or any portion thereof, affect any such assessment.
- 20 The Customer may not make a claim or bring proceedings relating to the Services or otherwise under this Agreement against any other member of the global network of Ernst & Young firms ("Ernst & Young Firm" or the Supplier's or its subcontractors, members, shareholders, directors, officers, partners, principals or employees ('Ernst & Young Persons')). The Customer shall make any claim or bring proceedings only against the Supplier.

Confidentiality

- 21 If circumstances arise such that the Supplier discloses information to the National Crime Agency ('NCA'), due to the restrictions imposed by law it may be prevented from discussing such matters with the Customer or from proceeding with the Services pending consent from NCA. If this arises the Supplier shall have no liability to the Customer as a result of any suspension or termination of the Services.
- 22 The Customer agrees that, if a regulatory or governmental authority responsible for auditor oversight asks or orders the Supplier to produce information or documents in its files relating to the Customer's affairs, including the Supplier's working papers or other work product, the

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Supplier may provide these materials to it. Except where prohibited by law or where such request or order relates to a general regulatory review of our internal policies and procedures, the Supplier will advise the Customer of the request or order.

Data Protection

- 23 For the purposes of the Services, with regard to the Customer's Personal Data, the Supplier will be acting as Data Controller rather than Data Processor within the meaning of the Data Protection Act 1998 and the terms of this agreement shall be interpreted accordingly.

Solicitation and hiring of Ernst & Young personnel

- 24 The Supplier's auditor independence may be impaired if the Customer solicits or hires certain Ernst & Young personnel. This may either delay the provision of the Services or cause the Supplier to resign from the engagement. The Customer shall not, during the term of this Agreement and for 12 months following its termination, for any reason, without the Supplier's prior written consent, solicit to employ or nominate for a position on the Customer's Board of Directors or a financial reporting oversight role, or hire or appoint to the Customer's Board of Directors or a financial reporting oversight role, any professional employee of Ernst & Young or of any other Ernst & Young Firm who is or has been involved directly or indirectly with the performance of the Services for the current or prior financial year. A person in a financial reporting oversight role exercises, or is in a position to exercise, influence over the financial statements and anyone who prepares the financial statements.
- 25 If the Supplier is required by applicable law, legal process or government action to produce information or personnel as witnesses with respect to the Services or this Agreement, the Customer shall reimburse the Supplier for any professional time and expenses (including reasonable external and internal legal costs) incurred to respond to the request, unless it is a party to the proceeding or the subject of the investigation.

Term and termination

- 26 Either party may terminate the Supplier's appointment as auditor in accordance with the provisions of the Companies Act 2006 or, if these provisions are not applicable, the Supplier may terminate this Agreement, or any particular Services, immediately upon written notice to the Customer.

Working papers

- 27 The Supplier retains ownership in the working papers compiled in connection with the Services.

Transition

- 28 For the avoidance of doubt, Ernst & Young LLP will be appointed auditor of TTL in accordance with the Companies Act 2006/ICAEW audit regulations as and when KPMG conclude the audit for the year ended 31 March 2015 and are not subsequently re-appointed. Ernst & Young LLP will ensure that there truly is a vacant office of the auditor prior to being appointed as auditor of TTL for the year ended 31 March 2016.

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Part 2 – Call-Off Terms

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1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

In the Contract, unless the context otherwise requires, the following provisions shall have the meanings given to them below:

“Authority” means THE MINISTER FOR THE CABINET OFFICE (**“Cabinet Office”**) as represented by Crown Commercial Service, being a separate trading fund of the Cabinet Office without separate legal personality, whose office is at the 9th floor, The Capital, Old Hall Street, Liverpool, L3 9PP;

“Base Location” means the location, specified by the customer (in the Letter of Appointment), at which the majority of the Required Services shall be delivered;

“Call-off Term” means subject to Clause 8 (Termination), the term of this Contract as determined in accordance with section 1 of Appendix 1 to the Letter of Appointment.

“Change of Control” means a change of control within the meaning of Section 450 of the Corporation Tax Act 2010.

“Commercially Sensitive Information” means the Confidential Information listed (and as updated from time to time) in Framework Schedule 8 (Commercially Sensitive Information) comprising commercially sensitive information:

- a) relating to the Supplier, its IPR or its business or information which the Supplier has indicated to the Authority that, if disclosed by the Authority, would cause the Supplier significant commercial disadvantage or material financial loss;
- b) that constitutes a trade secret;

“Confidential Information” means as the context allows, the Customer's Confidential Information and/or the Supplier's Confidential Information;

“Contract” means the written agreement between the Customer and the Supplier consisting of the Letter of Appointment, these Call-Off Terms (save to the extent varied by the Letter of Appointment) and any other documents incorporated into either of them by reference or attachment;

“Contract Charges” means the prices (exclusive of any applicable VAT), payable to the Supplier by the Customer under the Contract for the full and proper performance by the Supplier of the Contract Services;

“Contract Mediator” has the meaning set out in clause 23.2.5.1;

“Contract Services” means the Services to be supplied by the Supplier to the Customer as set out in the Letter of Appointment;

“Customer” means the Contracting Body named in the Letter of Appointment;

“Customer's Confidential Information” means all the Customer's Personal Data and any information, however it is conveyed, that relates to the business, affairs, developments, trade secrets, know-how, personnel, and suppliers of the Customer, including all Intellectual Property Rights, together with all information derived from any of the above, and any other information clearly designated as being confidential (whether or not it is marked "confidential") or which ought reasonably be considered to be confidential;

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"Customer's Personal Data" means the Personal Data supplied by the Customer to the Supplier and, for the purposes of or in connection with the Contract;

"Customer's Representative" means the representative of the Customer appointed by the Customer from time to time in relation to the Contract and notified to the Supplier;

"Day Rate" means the rate per day per grade tendered by the Supplier in the Supplier's proposal that shall never be exceeded within this Contract;

"Deliverables" means those deliverables listed in Appendix 1 of the Letter of Appointment;

"Effective Date" means the date on which the Contract shall take effect as stated in paragraph 1 of Appendix 1 to the Letter of Appointment.

"Equality Legislation" means the Equality Act 2010, the Part Time Workers (Prevention of Less Favourable Treatment) Regulations 2000, the Work and Families Act 2006, the Human Rights Act 1998 and/ or other relevant or equivalent legislation against discrimination.

"Framework Agreement" means the framework agreement between the Authority and the Supplier referred to in the Letter of Appointment

"Fraud" means any offence under Laws creating offences in respect of fraudulent acts (including the Misrepresentation Act 1967) or at common law in respect of fraudulent acts in relation to this Framework Agreement or defrauding or attempting to defraud or conspiring to defraud the Crown;

"Good Industry Practice" means standards, practices, methods and procedures conforming to the Law and the requirements of any Regulatory Body which is responsible for regulating the Supplier and the degree of skill and care, diligence, prudence and foresight which would reasonably and ordinarily be expected from a skilled and experienced person or body engaged in providing Services similar to the Contract Services;

"Grave Misconduct" means grave misconduct within Regulation 23(4)(e) of the Public Contracts Regulations 2006 as amended and includes:

(a) poor performance or serious or persistent breaches which have led to the early termination of a contract between the Crown or any Contracting Body and the Supplier; or

(b) poor performance or a serious breach or breaches which are the subject of proceedings concerning a contract between the Crown or any Contracting Body and the Supplier; or

(c) serious financial irregularities on the part of the Supplier (within any legal jurisdiction); or

(d) misconduct which would be regarded as serious by any regulatory body for a trade or profession,

and for the purposes of the foregoing "proceedings" includes arbitration proceedings which have been commenced or court proceedings where a letter before action or a notice of claim has been issued);

"Implementation Plan" means the plan referred to in Appendix 1 to the Letter of Appointment;

“Intellectual Property Rights” or “IPR” means:

- a) copyright, rights related to or affording protection similar to copyright, rights in databases, patents and rights in inventions, semi-conductor topography rights, service marks, logos, database rights, trade marks, rights in internet domain names and website addresses and other rights in trade or business names, design rights (whether registerable or otherwise), Know-How, trade secrets and moral rights and other similar rights or obligations;
- b) applications for registration, and the right to apply for registration, for any of the rights listed at (a) that are capable of being registered in any country or jurisdiction; and
- c) all other rights whether registerable or not having equivalent or similar effect in any country or jurisdiction (including but not limited to the United Kingdom) and the right to sue for passing off;

"Information" has the meaning given under section 84 of the FOIA

“Key Personnel” means any individuals identified as such in the Letter of Appointment and any replacements for such individuals that may be agreed between the Parties from time to time in accordance with Clause 2.3;

“Law” means any applicable Act of Parliament, subordinate legislation within the meaning of section 21(1) of the Interpretation Act 1978, exercise of the royal prerogative, enforceable community right within the meaning of section 2 of the European Communities Act 1972, rule of common law, regulatory policy, guidance or industry code, judgment of a relevant court of law, or directives or statute, bye-law, regulation, order, regulatory policy, guidance or industry code, rule of Court or directives or requirements of any Regulatory Body, delegated or subordinate legislation;

"Letter of Appointment” means the letter from the Customer to the Supplier dated 07/05/2015 (including its appendices) constituting the Order to provide the Contract Services;

“Material Breach” means a material breach of this Call-Off Contract;

“Milestone” means an event or task described in the Implementation Plan which must be completed by the corresponding date set out in such plan.

“Order” means an order for the provision of the Contract Services placed by a Customer with the Supplier in accordance with the Ordering Procedures, substantially in the form as set out in the Letter of Appointment (including its appendices)

"Party" means the Supplier or the Customer and **"Parties"** shall mean both of them;

“Persistent Failure” means any two (2) or more failures by the Supplier in any rolling period of twelve (12) months to comply with obligations in respect of the Contract Services under the Contract;

“Premises” means land or buildings owned or occupied by the Customer and of such government agencies or departments or non-departmental public bodies that the Secretary of State from time to time may specify;

“Prohibited Act” means;

- (a) directly or indirectly offering, promising or giving any person working for or engaged by any Contracting Body a financial or other advantage to induce that person to perform improperly a relevant function or activity or reward that person for improper performance of a relevant function or activity; or

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(b) committing any offence:

(i) under the Bribery Act 2010; or

(ii) under legislation creating offences concerning fraudulent acts; or

(iii) at common law concerning fraudulent acts in relation to this Framework Agreement or any other contract with the Authority and/or any Contracting Body; or

(c) defrauding, attempting to defraud or conspiring to defraud the Authority and/or any Contracting Body;

"Regulatory Bodies" means government departments and regulatory, statutory and other entities, committees, ombudsmen and bodies which, whether under statute, rules, regulations, codes of practice or otherwise, are entitled to regulate, investigate, or influence the matters dealt with in this Contract and **"Regulatory Body"** shall be construed accordingly;

"Relevant Conviction" means a conviction that is relevant to the nature of the Contract Services or as specified in section 2.1 of Appendix 1 of the Letter of Appointment;]

"Security Management Plan" means the Supplier's security management plan prepared pursuant to Schedule 1 to these Call-Off Terms as updated from time to time with the agreement of the Customer;]

"Security Policy" means the Customer's security requirements as set out in section 4.1 of the Letter of Appointment and as outlined in Schedule 1 to these Call-Off Terms;]

"Service Levels" means the service levels set out in Annex 1;

"Sites" [means any premises from which the Contract Services are provided or from which the Supplier manages, organises or otherwise directs the provision or the use of the Contract Services or where any part of the Supplier System is situated or where any physical interface with the Customer's hardware, software and/or telecommunications networks or equipment used by the Customer or the Supplier in connection with the Contract which is owned by or licensed to the Customer by a third party and which interfaces with the Supplier System takes place;]

"Sub-Contract" means the Supplier's contract with a Sub-Contractor whereby that Sub-Contractor agrees to provide to the Supplier the Contract Services or any part thereof or facilities or services necessary for the provision of the Contract Services or any part thereof or necessary for the management, direction or control of the Contract Services; and

"Sub-Contractor" means any person appointed by the Supplier to carry out any and or all of the Supplier's obligations under the Contract.

"Supplier" means the Supplier to whom the Letter of Appointment is addressed;

"Supplier's Confidential Information" means any information, however it is conveyed, that relates to the business, affairs, developments, trade secrets, know-how, personnel and suppliers of the Supplier, including all Intellectual Property Rights, together with information derived from the foregoing, and that in any case is clearly designated as being confidential;

"Supplier's Representative" means the representative appointed by the Supplier from time to time with overall responsibility for this Contract and notified to the Customer;

"Supplier's Staff" means all persons employed by the Supplier and/or any Sub-Contractor to perform the Supplier's obligations under the Contract together with the Supplier's and/or any Sub-Contractor's servants, consultants, agents, suppliers and Sub-Contractors used in the performance of the Supplier's obligations under the Contract;

["Supplier System" means the information and communication technology system used by the Supplier in performing the Contract including any information, communication and technology equipment and items provided by the Customer to the Supplier for the Supplier's use in the performance of its obligations under this Contract. This shall not include however the Customer's hardware, software and/or telecommunications networks or equipment used by the Customer or the Supplier in connection with the Contract which is owned by or licensed to the Customer by a third party and which interfaces with the Supplier System and which is necessary for the Customer to receive the Contract Services;]

"Working Day" means any day other than a Saturday, Sunday or public holiday in England and Wales; and

1.2 Interpretation

The interpretation and construction of the Contract shall be subject to the following provisions:

- 1.2.1 words importing the singular meaning include where the context so admits the plural meaning and vice versa;
- 1.2.2 words importing the masculine include the feminine and the neuter;
- 1.2.3 the words "include", "includes" and "including" "for example" and "in particular" and words of similar effect are to be construed as if they were immediately followed by the words "without limitation" and shall not limit the general effect of the words which precede them;
- 1.2.4 references to any person shall include natural persons and partnerships, firms and other incorporated bodies and all other legal persons of whatever kind and however constituted and their successors and permitted assigns or transferees;
- 1.2.5 the Appendices, Annexes and Schedules form part of these Call-Off Terms and shall have effect as if set out in full in the body of these Call-Off Terms and any reference to these Call-Off Terms includes the Appendices Annexes and Schedules;
- 1.2.6 references to any statute, enactment, order, regulation, code, official guidance or other similar instrument shall be construed as a reference to the statute, enactment, order, regulation, code, official guidance or instrument as amended or replaced by any subsequent enactment, modification, order, regulation, code, official guidance or instrument (whether such amendment or replacement occurs before or after the date of the Contract);
- 1.2.7 headings are included in the Contract for ease of reference only and shall not affect the interpretation or construction of the Contract;
- 1.2.8 references to "Clauses", the "Appendices" the "Annexes" and "Schedules" are, unless otherwise provided, references to the clauses of, the Appendices to, the Annexes to and the Schedules to these Call-Off Terms and references to "paragraphs" are, unless otherwise provided, references to paragraphs of the respective Annexes in which the references are made;

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- 1.2.9 terms or expressions contained in the Contract which are capitalised but which do not have an interpretation in Clause 1.1 shall be interpreted in accordance with the Framework Agreement;
- 1.2.10 a reference to a Clause is a reference to the whole of that Clause unless stated otherwise; and
- 1.2.11 in the event of and only to the extent of any conflict between the Letter of Appointment, these Call-Off Terms, any other document referred to in the Contract and the Framework Agreement, the conflict shall be resolved in accordance with the following order of precedence:
 - 1.2.11.1 the Framework Agreement (excluding Framework Schedule 4 (Letter of Appointment and Call-Off Terms));
 - 1.2.11.2 the Letter of Appointment together with Appendices;
 - 1.2.11.3 these Call-Off Terms; and
 - 1.2.11.4 any other document referred to in the Contract. SAVE THAT no changes to the Letter of Appointment or the Call-Off Terms shall operate so as to amend or reduce the effect of the Framework Agreement or to create a conflict between the Framework Agreement and the Call-Off Agreement where one did not previously exist.

2. SUPPLY OF CONTRACT SERVICES

2.1 Contract Services

- 2.1.1 The Supplier shall supply the Contract Services to the Customer in accordance with the provisions of the Contract.
- 2.1.2 The Supplier shall:
 - 2.1.2.1 comply with all reasonable instructions given to the Supplier and its Staff by the Customer in relation to the Contract Services from time to time, including reasonable instructions to reschedule or alter the Contract Services;
 - 2.1.2.2 immediately report to the Customer's Representative any matters which involve or could potentially involve a conflict of interest as referred to in Clause 2.1.3.1;
 - 2.1.2.3 co-operate with the Customer and the Customer's other professional advisers in relation to the Contract Services as required by the Customer;
 - 2.1.2.4 comply with the Customer's internal policies and procedures and Government codes and practices in force from time to time (including policies, procedures, codes and practices relating to staff vetting, security, equality and diversity, confidentiality undertakings and sustainability) in each case as notified to the Supplier in writing by the Customer including where applicable, but not limited to, such policies, procedures, codes and practices listed in section 2.1 of Appendix 1 of the Letter of Appointment;
- 2.1.3 The Supplier shall not:

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- 2.1.3.1 knowingly act at any time during the term of the Contract in any capacity for any person, firm or company in circumstances where a conflict of interest between such person, firm or company and the Customer shall thereby exist in relation to the Contract Services; or
 - 2.1.3.2 incur any expenditure which would result in any estimated figure for any element of the Contract Services being exceeded without the Customer's written agreement; or
 - 2.1.3.3 without the prior written consent of the Customer, accept any commission, discount, allowance, direct or indirect payment, or any other consideration from any third party in connection with the provision of the Contract Services; or
 - 2.1.3.4 pledge the credit of the Customer in any way; or
 - 2.1.3.5 engage in any conduct which in the reasonable opinion of the Customer is prejudicial to the Customer.
 - 2.1.3.6 without the prior written consent of the Customer, introduce new methods or systems which materially impact on the provision of the Ordered Services
- 2.1.4 Both Parties shall take all necessary measures to ensure the health and safety of the other Party's employees, consultants and agents visiting their premises.
- 2.1.5 The Supplier accepts that the Customer shall have the right after consultation with the Supplier to require the removal from involvement in the Contract Services of any person engaged in the performance of the Contract Services if in the Customer's reasonable opinion the performance or conduct of such person is or has been unsatisfactory or if it shall not be in the public interest for the person to work on the Contract Services.
- 2.1.6 Where the Supplier is more than one firm acting as a consortium, each firm that is a member of the consortium shall be jointly and severally liable for performance of the Supplier's obligations under the Contract.

2.2 Variation of Contract Services

- 2.2.1 The Customer may request a variation to the Contract Services at any time provided that such variation does not amount to a material change to the Order.
- 2.2.2 Any request by the Customer for a variation to the Contract Services shall be by written notice to the Supplier:
 - 2.2.2.1 giving sufficient information for the Supplier to assess the extent of the variation and any additional costs that may be incurred; and
 - 2.2.2.2 specifying the timeframe within which the Supplier must respond to the request, which shall be reasonable,and the Supplier shall respond to such request within such timeframe.
- 2.2.3 Any such variation agreed between the Customer and the Supplier pursuant to Clause 2.2.2 shall not be valid unless in writing and signed by the Parties. Furthermore any written and signed variation between the Parties shall be appended to the Letter of Appointment within Appendix 2 and/or 3. In the event that the Supplier and the Customer are unable to agree to a proposed

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variation including any change to the Contract Charges in connection with the requested variation to the Contract Services, the Customer may agree that the Supplier should continue to perform its obligations under the Contract without the variation or may terminate the Contract with immediate effect, except where the Supplier has already delivered part or all of the Order in accordance with the Order Form or where the Supplier can show evidence of substantial work being carried out to fulfil the Order, and in such a case the Parties shall attempt to agree upon a resolution to the matter. Where a resolution cannot be reached, the matter shall be dealt with under the Dispute Resolution Procedure.

2.3 Key Personnel

- 2.3.1 The Supplier acknowledges that the Key Personnel are essential to the proper provision of the Contract Services to the Customer. The Key Personnel shall be responsible for performing such roles as are ascribed to them in the Letter of Appointment and such other roles as may be necessary or desirable for the purposes of the Contract or as may be agreed between the Parties from time to time.
- 2.3.2 The Key Personnel shall not be released by the Supplier from supplying the Contract Services without the agreement of the Customer, except by reason of long-term sickness, maternity leave, paternity leave, termination of employment and/or partnership or other extenuating circumstances.
- 2.3.3 Any replacements to the Key Personnel shall be subject to the agreement of the Customer. Such replacements shall be of at least equal status or of equivalent experience and skills to the Key Personnel being replaced and be suitable for the responsibilities of that person in relation to the Contract.
- 2.3.4 The Customer shall not unreasonably withhold its agreement under Clauses 2.3.2 or 2.3.3. Such agreement shall be conditional on appropriate arrangements being made by the Supplier to minimise any adverse impact on the Contract which could be caused by a change in Key Personnel.
- 2.3.5 If requested by the Customer, the Supplier shall procure that Key Personnel attend transaction review meetings at no cost to the Customer during the term of the Contract and upon its conclusion.

2B. REMEDIES IN THE EVENT OF INADEQUATE PERFORMANCE OF THE SERVICES

- 2B.1 Without prejudice to any other right or remedy which the Customer may have at Law or in this Contract, if any Contract Services are not supplied in accordance with, or the Supplier fails to comply with any of the terms of the Contract then the Customer may (whether or not any part of the Services have been Delivered) do any of the following:
 - 2B.1.1 at the Customer's option, give the Supplier the opportunity at the Supplier's expense to either remedy any failure in the performance of the Services together with any damage resulting from such defect or failure (and where such defect or failure is capable of remedy) and carry out any other necessary work to ensure that the terms of the Contract are fulfilled, in accordance with the Customer's instructions;
 - 2B.1.2 refuse to accept any further Contract Services to be delivered by the Supplier but without any liability to the Customer;
 - 2B.1.3 carry out at the Supplier's expense any work necessary to make the Services comply with the Contract;

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- 2B1.4 without terminating the Contract, itself supply or procure the supply of all or part of the Contract Services until such time as the Supplier shall have demonstrated to the reasonable satisfaction of the Customer that the Supplier will once more be able to supply all or such part of the Contract Services in accordance with the Contract;
- 2B1.5 without terminating the whole of the Contract, terminate the Contract in respect of part of the Contract Services only (whereupon a corresponding reduction in the Contract Charges shall be made) and thereafter itself supply or procure a third party to supply such part of the Contract Services; and/or
- 2B1.6 charge the Supplier for and the Supplier shall on demand pay, any costs reasonably incurred by the Customer (including any reasonable administration costs) in respect of the supply of any part of the Contract Services by the Customer or a third party to the extent that such costs exceed the payment which would otherwise have been payable to the Supplier for such part of the Contract Services and provided that the Customer uses its reasonable endeavours to mitigate any additional expenditure in obtaining replacement Contract Services.
- 2B.2 Notwithstanding any of the provisions of this Clause 2B, in the event that the Supplier fails to comply with Clause 2B.1 above and the failure prevents the Customer from discharging a statutory duty, the Customer may terminate the Contract with immediate effect by giving the Supplier notice in writing.

2C. SUPPLIER'S STAFF

- 2C.1 The Supplier shall ensure that, where appropriate, Staff are paid at least the national minimum wage in accordance with the National Minimum Wage Act 1998.
- 2C.2 The Customer may, by written notice to the Supplier, refuse to admit onto, or withdraw permission to remain on, the Premises:
- 2C2.1 any member of the Supplier's Staff; or
- 2C2.2 any person employed or engaged by the Supplier or any member of the Staff, whose admission or continued presence would, in the reasonable opinion of the Customer, be undesirable.
- 2C.3 At the Customer's written request, the Supplier shall provide a list of the names and addresses of all persons who may require admission to the Premises in connection with the Contract, specifying the capacities in which they are concerned with the Contract and giving such other particulars as the Customer may reasonably request.
- 2C.3 The Supplier's Staff engaged within the boundaries of the Premises shall comply with such rules, regulations and requirements (including those relating to security arrangements) as may be in force from time to time for the conduct of personnel when at or within the boundaries of those Premises.
- 2C.4 If the Supplier fails to comply with Clause 2C.3 within two (2) Months of the date of the request, the Customer may terminate the Contract, provided always that such termination shall not prejudice or affect any right of action or remedy which shall have accrued or shall thereafter accrue to the Customer.
- 2C.5 The decision of the Customer as to whether any person is to be refused access to the Premises and as to whether the Supplier has failed to comply with Clause 2C.3 shall be final and conclusive.
- 2C.6 The Supplier acknowledges that certain days are privilege holidays in the civil service. On these days, the Customer may require or may specifically not require, work to be done

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under the Contract (which shall be communicated to the Supplier), and in the latter case be the subject to agreement between the Parties, unless specifically covered in the Contract.

2C.7 Not used.

2C.8 The Supplier shall procure that Supplier's Staff shall at all times during their engagement in the provision of the Contract Services remain servants of the Supplier and the Supplier shall not be relieved of any statutory or other responsibilities in relation to the Supplier's Staff by virtue of this Contract.

Relevant Convictions

2C.9 The Supplier shall ensure that no person who discloses that he has a Relevant Conviction, or who is found by the Supplier to have any Relevant Convictions (whether as a result of a police check or through the Criminal Records Bureau procedures or otherwise), is employed or engaged in any part of the provision of the Contract Services without the prior approval of the Customer.

3. PAYMENT AND CHARGES

3.1 Contract Charges and VAT

3.1.1 In consideration of the Supplier's performance of its obligations under the Contract, the Customer shall pay the Contract Charges in accordance with Clause 3.2 (Payment).

3.1.2 The Customer shall, in addition to the Contract Charges and following receipt of a valid VAT invoice, pay the Supplier a sum equal to the VAT chargeable on the value of the Contract Services supplied.

3.1.3 The provisions of paragraph 7 of Framework Schedule 2 (Charging Structure) of the Framework Agreement shall apply in relation to the Contract Services.

3.1.4 If at any time before the Contract Services have been delivered in full the Supplier reduces its Framework Prices for any Services which are provided under the Framework Agreement in accordance with the terms of the Framework Agreement and with the Law including that relating to Public Procurement with the result that the Framework Prices are lower than the Contract Charges, the Contract Charges for the Contract Services shall automatically be reduced so as to be equal to the Framework Prices.

3.1.5 The Supplier shall indemnify the Customer on demand and on a continuing basis against any liability, including without limitation any interest, penalties or costs, which are suffered or incurred by or levied, demanded or assessed on the Customer at any time in respect of the Supplier's failure to account for or to pay any VAT relating to payments made to the Supplier under the Contract. Any amounts due under this Clause 3.1.5 shall be paid by the Supplier to the Customer not less than five (5) Working Days before the date upon which the tax or other liability is payable by the Customer.

3.2 Payment

3.2.1 The Customer shall pay all sums properly due and payable to the Supplier in respect of the Contract Services in cleared funds by no later than thirty (30) calendar days after the date of a validly issued invoice for such sums.

3.2.2 The Supplier shall ensure that each invoice (whether submitted electronically or in a paper form) contains all appropriate references and a detailed breakdown of the Contract Services provided and any disbursements and that

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it is supported by such other documentation as may reasonably be required by the Customer to substantiate the invoice.

- 3.2.3 The Supplier shall ensure that all invoices submitted to the Customer for Contract Services are exclusive of the Management Charge payable to the Authority in respect of the Contract Services. The Supplier shall not be entitled to increase the Contract Charges by an amount equal to such Management Charge or to recover such Management Charge as a surcharge or disbursement.
- 3.2.4 The Supplier shall make any payments due to the Customer without any deduction whether by way of set-off, counterclaim, discount, abatement or otherwise unless the Supplier has a valid court order requiring an amount equal to such deduction to be paid by the Customer to the Supplier.
- 3.2.5 Subject always to the provisions of Clause 14, if the Supplier enters into a Sub-Contract in respect of the Contract Services, it shall ensure that a provision is included in such Sub-Contract which requires payment to be made of all sums due by the Supplier to the Sub-Contractor within a specified period not exceeding thirty (30) calendar days from the receipt of a validly issued invoice, in accordance with the terms of the Sub-Contract.
- 3.2.6 The Supplier shall not suspend the supply of the Contract Services unless the Supplier is entitled to terminate the Contract under Clause 8.2.2 on the grounds of the Customer's failure to pay undisputed sums of money. Interest shall be payable by the Customer in accordance with the Late Payment of Commercial Debts (Interest) Act 1998 on the late payment of any undisputed sums of money properly invoiced by the Supplier in respect of the Contract Services.
- 3.2.7 The Supplier shall accept the Government Procurement Card as a means of payment for the Contract Services where such card is agreed with the Customer to be a suitable means of payment. The Supplier shall be solely liable to pay any merchant fee levied for using the Government Procurement Card and shall not be entitled to recover this charge from the Customer.
- 3.2.8 All payments due shall be made in cleared funds to such bank or building society account as the recipient Party may from time to time direct in writing.

3.3 Recovery of Sums Due

- 3.3.1 Wherever under the Contract any sum of money is recoverable from or payable by the Supplier (including any sum which the Supplier is liable to pay to the Customer in respect of any breach of the Contract), the Customer may unilaterally deduct that sum from any sum then due, or which at any later time may become due to the Supplier under the Contract
- 3.3.2 Any overpayment by either Party, whether of the Contract Charges or of VAT or otherwise, shall be a sum of money recoverable by the Party who made the overpayment from the Party in receipt of the overpayment.

4. LIABILITY AND INSURANCE

4.1 Liability

- 4.1.1 Neither Party excludes or limits its liability for:
 - 4.1.1.1 death or personal injury; or
 - 4.1.1.2 fraud or fraudulent misrepresentation by it or its employees.

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- 4.1.2 No individual nor any service company of the Supplier employing that individual shall have any personal liability to the Customer for the Contract Services supplied by that individual on behalf of the Supplier and the Customer shall not bring any claim under the Contract against that individual or such service company in respect of the Contract Services save in the case of Fraud or any liability for death or personal injury.
- 4.1.3 Subject to Clause 4.1.1 above and to the limits set out in Clause 4.1.8 below, the Supplier shall fully indemnify and keep indemnified the Customer on demand in full from and against all claims, proceedings, actions, damages, costs, expenses and any other liabilities whatsoever arising out of, in respect of or in connection with, the supply, purported supply or late supply of the Contract Services or the performance or non-performance by the Supplier of its obligations under the Framework Agreement and the Customer's financial loss arising from any advice given or omitted to be given by the Supplier, or any other loss which is caused by any act or omission of the Supplier. The Supplier shall not be responsible for any injury, loss, damage, cost or expense if and to the extent that it is caused by the negligence or wilful misconduct of the Customer or by breach by the Customer of its obligations under the Contract.
- 4.1.4 Subject to the limits set out in Clause 4.1.8 below, the Supplier shall be liable for the following types of loss, damage, cost or expense which shall be regarded as direct and shall (without in any way, limiting other categories of loss, damage, cost or expense which may be recoverable by the Customer) be recoverable by the Customer:
- 4.1.4.1 the additional operational and/or administrative costs and expenses arising from any Material Breach;
 - 4.1.4.2 the cost of procuring, implementing and operating any alternative or replacement services to the Contract Services as a result of a Material Breach by the Supplier; and
 - 4.1.4.3 any regulatory losses, fines, expenses or other losses arising from a breach by the Supplier of any Laws.
- 4.1.5 In no event shall either Party be liable to the other for any:
- 4.1.5.1 loss of profits;
 - 4.1.5.2 loss of business;
 - 4.1.5.3 loss of revenue;
 - 4.1.5.4 loss of or damage to goodwill;
 - 4.1.5.5 loss of savings (whether anticipated or otherwise); and/or
 - 4.1.5.6 any indirect, special or consequential loss or damage.
- 4.1.6 No enquiry, inspection, approval, sanction, comment, consent, or decision at any time made or given by or on behalf of the Customer to any document or information provided by the Supplier in its provision of the Contract Services, and no failure of the Customer to discern any defect in or omission from any such document or information shall operate to exclude or limit the obligation of the Supplier to carry out all the obligations of a professional Supplier employed in a client/customer relationship.

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- 4.1.7 Save as otherwise expressly provided, the obligations of the Customer under the Contract are obligations of the Customer in its capacity as a contracting counterparty and nothing in the Contract shall operate as an obligation upon, or in any other way fetter or constrain the Customer in any other capacity, nor shall the exercise by the Customer of its duties and powers in any other capacity lead to any liability under the Contract (howsoever arising) on the part of the Customer to the Supplier.
- 4.1.8 Subject always to Clause 4.1.1, and for the avoidance of doubt, both of the Parties agree that the total aggregate liability (whether those liabilities are expressed as an indemnity or otherwise) of each Party to the other Party for each year of this Contract shall be:
- 4.1.8.1 for all defaults resulting in direct loss or damage to the property of the other party shall be subject to a limit of £2 million (Two Million Pounds) unless otherwise stipulated by the Customer in the Letter of Appointment following a further competition;
- 4.1.8.2 in respect of all other defaults, claims, losses or damages whether arising from breach of contract, misrepresentation (whether tortious or statutory), tort (including negligence), breach of statutory duty or otherwise shall in no event exceed the greater of the sum of £2 million (Two Million Pounds) or a sum equivalent to One Hundred and Twenty-Five Per Cent (125%) of the Contract Charges paid or payable to the Supplier in the relevant year of the Contract calculated at the date of the event giving rise to the liability (estimated for the full year if the event occurs in the first year of the Contract) unless a different aggregate limit or limits is otherwise stipulated by the Customer in the Letter of Appointment following a further competition.

4.2 Insurance

- 4.2.1 The Supplier shall effect and maintain with a reputable insurance company a policy or policies of insurance providing an adequate level of cover in respect of the risks which may be incurred by the Supplier, arising out of the Supplier's performance of its obligations under the Contract, including death or personal injury, loss of or damage to property or any other loss. Such policy or policies shall include professional indemnity cover in respect of any financial loss to the Customer arising from any advice given or omitted to be given by the Supplier under the Contract or otherwise in connection with the provision of the Contract Services. Such insurance shall be maintained for so long as the Supplier may have any liability to the Customer.
- 4.2.2 It shall be the responsibility of the Supplier to determine the amount of insurance cover that will be adequate to enable the Supplier to satisfy any liability arising in respect of the risks referred to in Clause 4.2.1.
- 4.2.3 If, for whatever reason, the Supplier fails to give effect to and maintain the insurances required by Clause 4.2.1, the Customer may make alternative arrangements to protect its interests and may recover the costs of such arrangements from the Supplier.
- 4.2.4 The provisions of any insurance or the amount of cover shall not relieve the Supplier of any liabilities under the Contract.

5. INTELLECTUAL PROPERTY RIGHTS

- 5.1 All Intellectual Property Rights in the output from the Contract Services shall vest in the Supplier who shall grant to the Customer a non-exclusive, unlimited, irrevocable licence to use and exploit the same.
- 5.2 Subject to Clause 5.1 and save as expressly granted elsewhere under the Contract, the Customer shall not acquire any right, title or interest in or to the Intellectual Property Rights of the Supplier or its licensors and the Supplier shall not acquire any right, title or interest in or to the Intellectual Property Rights of the Customer or its licensors.
- 5.3 The Supplier shall on demand fully indemnify and keep fully indemnified and hold the Customer and the Crown harmless from and against all actions, suits, claims, demands, losses, charges, damages, costs and expenses and other liabilities which the Customer and or the Crown may suffer or incur as a result of any claim that the performance by the Supplier of the Contract Services infringes or allegedly infringes a third party's Intellectual Property Rights (any such claim being a "**Claim**").
- 5.4 If a Claim arises, the Customer shall notify the Supplier in writing of the Claim and the Customer shall not make any admissions which may be prejudicial to the defence or settlement of the Claim. The Supplier shall at its own expense conduct all negotiations and any litigation arising in connection with the Claim provided always that the Supplier:
- 5.4.1 shall consult the Customer on all substantive issues which arise during the conduct of such litigation and negotiations;
 - 5.4.2 shall take due and proper account of the interests of the Customer;
 - 5.4.3 shall consider and defend the Claim diligently using competent counsel and in such a way as not to bring the reputation of the Customer into disrepute; and
 - 5.4.4 shall not settle or compromise the Claim without the prior written approval of the Customer (not to be unreasonably withheld or delayed).
- 5.5 The Supplier shall have no rights to use any of the Customer's names, logos or trademarks without the prior written approval of the Customer.

6. PROTECTION OF INFORMATION

6.1 Protection of Personal Data

- 6.1.1 With respect to the Parties' rights and obligations under the Contract, the Parties agree that the Customer is the Data Controller and that the Supplier is the Data Processor in relation to the Customer's Personal Data.
- 6.1.2 The Supplier shall:
- 6.1.2.1 Process the Customer's Personal Data only in accordance with instructions from the Customer (which may be specific instructions or instructions of a general nature as set out in the Contract or as otherwise notified by the Customer to the Supplier during the term of the Contract);
 - 6.1.2.2 Process the Customer's Personal Data only to the extent, and in such manner, as is necessary for the provision of the Contract Services or as is required by Law or any Regulatory Body;
 - 6.1.2.3 implement appropriate technical and organisational measures to protect the Customer's Personal Data against unauthorised or

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unlawful processing and against accidental loss, destruction, damage, alteration or disclosure. These measures shall be appropriate to the harm which might result from any unauthorised or unlawful Processing, accidental loss, destruction or damage to the Customer's Personal Data and having regard to the nature of the Customer's Personal Data which is to be protected;

- 6.1.2.4 take reasonable steps to ensure the reliability of all members of the Supplier's Staff who have access to the Customer's Personal Data;
- 6.1.2.5 obtain the Customer's prior written approval in order to transfer all or any of the Customer's Personal Data to any Sub-Contractors for the provision of the Contract Services;
- 6.1.2.6 ensure that all members of the Supplier's Staff required to access the Customer's Personal Data are informed of the confidential nature of the Customer's Personal Data and comply with the obligations set out in this Clause 6.1;
- 6.1.2.7 ensure that none of the Supplier's Staff publish, disclose or divulge any of the Customer's Personal Data to any third party unless directed in writing to do so by the Customer;
- 6.1.2.8 notify the Customer within five (5) Working Days if the Supplier receives:
 - (a) a request from a Data Subject to have access to the Customer's Personal Data relating to that person; or
 - (b) a complaint or request relating to the Customer's obligations under the Data Protection Legislation;
- 6.1.2.9 provide the Customer with full cooperation and assistance in relation to any complaint or request made relating to the Customer's Personal Data, including by:
 - (a) providing the Customer with full details of the complaint or request;
 - (b) complying with a data access request within the relevant timescales set out in the Data Protection Legislation and in accordance with the Customer's instructions;
 - (c) providing the Customer with any Customer's Personal Data it holds in relation to a Data Subject (within the timescales required by the Customer); and
 - (d) providing the Customer with any information requested by the Customer;
- 6.1.2.10 permit or procure permission for the Customer and/or the Customer's Representative (subject to reasonable and appropriate confidentiality undertakings), to inspect and audit, the Supplier's data Processing activities (and / or those of its agents and Sub-Contractors) and comply with all reasonable requests or directions by the Customer to enable the Customer to verify and / or procure that the Supplier is in full compliance with its obligations under the Contract;

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- 6.1.2.11 provide a written description of the technical and organisational methods employed by the Supplier for Processing the Customer's Personal Data (within the timescales required by the Customer); and
- 6.1.2.12 not Process or otherwise transfer any Customer's Personal Data outside the European Economic Area without the prior written consent of the Customer which may be given on such terms as the Customer in its discretion thinks fit.
- 6.1.3 The Supplier shall comply at all times with the Data Protection Legislation and shall not perform its obligations under the Contract in such a way as to cause the Customer to breach any of its applicable obligations under the Data Protection Legislation.
- 6.1.4 The Supplier acknowledges that, in the event that it breaches (or attempts or threatens to breach) its obligations relating to the Customer's Personal Data that the Customer may be irreparably harmed (including harm to its reputation). In such circumstances, the Customer may proceed directly to court and seek injunctive or other equitable relief to remedy or prevent any further breach (or attempted or threatened breach).
- 6.1.5 In the event that through any failure by the Supplier to comply with its obligations under the Contract, Customer's Personal Data is transmitted or Processed in connection with the Contract is either lost or sufficiently degraded so as to be unusable, the Supplier shall be liable for the cost of reconstitution of that data and shall reimburse the Customer in respect of any charge levied for its transmission and any other costs charged in connection with such failure by the Supplier.

6.2 Confidentiality

- 6.2.1 Except to the extent set out in this Clause 6.2 or where disclosure is expressly permitted elsewhere in the Contract, each Party shall:
 - 6.2.1.1 treat the other Party's Confidential Information as confidential and safeguard it accordingly; and
 - 6.2.1.2 not disclose the other Party's Confidential Information to any other person without the owner's prior written consent.
- 6.2.2 Clause 6.2.1 shall not apply to the extent that:
 - 6.2.2.1 such disclosure is a requirement of Law or any competent regulatory body placed upon the Party making the disclosure, including any requirements for disclosure under the FOIA, Code of Practice on Access to Government Information or the Environmental Information Regulations pursuant to Clause 6.4 (Freedom of Information); or
 - 6.2.2.2 such information was in the possession of the Party making the disclosure without obligation of confidentiality prior to its disclosure by the information owner; or
 - 6.2.2.3 such information was obtained from a third party without obligation of confidentiality; or
 - 6.2.2.4 such information was already in the public domain at the time of disclosure otherwise than by a breach of the Contract; or

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- 6.2.2.5 it is independently developed without access to the other Party's Confidential Information.
- 6.2.3 The Supplier may only disclose the Customer's Confidential Information to those members of the Supplier's Staff who are directly involved in the provision of the Contract Services and who need to know the information, and shall ensure that such individuals are aware of and shall comply with these obligations as to confidentiality.
- 6.2.4 The Supplier shall not, and shall procure that the Supplier's Staff do not, use any of the Customer's Confidential Information received otherwise than for the purposes of the Contract.
- 6.2.5 At the written request of the Customer, the Supplier shall procure that those members of the Supplier's Staff identified in the Customer's notice sign a confidentiality undertaking prior to commencing any work in accordance with the Contract.
- 6.2.6 Nothing in the Contract shall prevent the Customer from disclosing the Supplier's Confidential Information (including the Management Information obtained pursuant to clause 13 of the Framework Agreement):
- 6.2.6.1 to any Crown body or any other Contracting Body on the basis that the information is confidential and is not to be disclosed to a third party which is not part of any Crown body or any Contracting Body save as required by Law;
 - 6.2.6.2 to any consultant, contractor or other person engaged by the Customer for any purpose relating to or connected with the Contract or the Framework Agreement (on the basis that the information shall be held by such consultant, contractor or other person in confidence and is not to be disclosed to any third party) or any person conducting an OGC Gateway TM review or any additional assurance programme;
 - 6.2.6.3 for the purpose of the examination and certification of the Customer's accounts; or
 - 6.2.6.4 for any examination pursuant to section 6(1) of the National Audit Act 1983 of the economy, efficiency and effectiveness with which the Customer has used its resources.
- 6.2.7 The Customer shall use all reasonable endeavours to ensure that any government department, Customer, employee, third party or Sub-Contractor to whom the Supplier's Confidential Information is disclosed pursuant to Clause 6.2.6 is made aware of the Customer's obligations of confidentiality.
- 6.2.8 Nothing in this Clause 6.2 shall prevent either Party from using any techniques, ideas or Know-How gained during the performance of the Contract in the course of its normal business to the extent that this use does not result in a disclosure of the other Party's Confidential Information or an infringement of IPR.
- 6.2.9 In order to ensure that no unauthorised person gains access to any Confidential Information or any data obtained in performance of the Contract, the Supplier undertakes to maintain adequate security arrangements that meet the requirements of Good Industry Practice.
- 6.2.10 The Supplier shall, at all times during and after the performance of the Contract, indemnify the Customer and keep the Customer fully indemnified

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against all losses, damages, costs or expenses and other liabilities (including legal fees) incurred by, awarded against or agreed to be paid by the Customer arising from any breach of the Supplier's obligations under this Clause 6.2 except and to the extent that such liabilities have resulted directly from the Customer's instructions.

- 6.2.11 No changes shall be made by the Supplier in the way they handle or mark any Government information under this Contract until those changes have been specifically agreed by the Authority by means of a subsequent Variation.

6.3 Official Secrets Acts 1911 to 1989; section 182 of the Finance Act 1989

- 6.3.1 The Supplier shall comply with and shall ensure that its Staff comply with, the provisions of:

6.3.1.1 the Official Secrets Acts 1911 to 1989; and

6.3.1.2 section 182 of the Finance Act 1989.

6.4 Freedom of Information

- 6.4.1 The Supplier acknowledges that the Customer is subject to the requirements of the FOIA and the Environmental Information Regulations and shall assist and cooperate with the Customer to enable the Customer to comply with its Information disclosure obligations.

- 6.4.2 The Supplier shall and shall procure that its Sub-Contractors shall:

6.4.2.1 transfer to the Customer all Requests for Information that it receives as soon as practicable and in any event within two (2) Working Days of receiving a Request for Information;

6.4.2.2 provide the Customer with a copy of all Information relating to a Request for Information in its possession, or control in the form that the Customer requires within five (5) Working Days (or such other period as the Customer may specify) of the Customer's request; and

6.4.2.3 provide all necessary assistance as reasonably requested by the Customer to enable the Customer to respond to the Request for Information within the time for compliance set out in section 10 of the FOIA or regulation 5 of the Environmental Information Regulations.

- 6.4.3 The Customer shall be responsible for determining in its absolute discretion and notwithstanding any other provision in the Contract or any other contract whether the Commercially Sensitive Information and/or any other Information including Supplier's Confidential Information, is exempt from disclosure in accordance with the provisions of the FOIA or the Environmental Information Regulations.

- 6.4.4 In no event shall the Supplier respond directly to a Request for Information unless authorised in writing to do so by the Customer.

- 6.4.5 The Supplier acknowledges that (notwithstanding the provisions of Clause 6.2) the Customer may, acting in accordance with the Ministry of Justice Codes, be obliged under the FOIA or the Environmental Information Regulations to disclose information concerning the Supplier or the Contract Services:

6.4.5.1 in certain circumstances without consulting the Supplier; or

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6.4.5.2 following consultation with the Supplier and having taken the Supplier's views into account,

provided always that where Clause 6.4.5 applies the Customer shall, in accordance with any recommendations of the Code, take reasonable steps, where appropriate, to give the Supplier advanced notice, or failing that, to draw the disclosure to the Supplier's attention after any such disclosure.

6.4.6 The Supplier shall ensure that all Information is retained for disclosure in accordance with the provisions of the Contract and in any event in accordance with the requirements of Good Industry Practice and shall permit the Customer on reasonable notice to inspect such records as requested from time to time.

6.4.7 The Supplier acknowledges that the Commercially Sensitive Information is of an indicative nature only and that the Customer may be obliged to disclose it in accordance with Clause 6.4.5.

6.5 Transparency

6.5.1 The Parties acknowledge that, except for any information which is exempt from disclosure in accordance with the provisions of the FOIA, the content of the Contract is not Confidential Information. The Customer shall be responsible for determining in its absolute discretion whether any of the content of the Contract is exempt from disclosure in accordance with the provisions of the FOIA.

6.5.2 Notwithstanding any other term of the Contract, the Supplier hereby gives consent to the Customer to publish the Contract to the general public in its entirety (subject only to redaction of any information which is exempt from disclosure in accordance with the provisions of the FOIA), including any changes to the Contract agreed from time to time.

6.5.3 The Customer may consult with the Supplier to inform its decision regarding any redactions but the Customer shall have the final decision in its absolute discretion.

6.5.4 The Supplier shall assist and cooperate with the Customer to enable the Customer to publish the Contract.

6A. SECURITY REQUIREMENTS

6A.1 The Supplier shall comply, and shall procure the compliance of the Supplier's Staff, with the Security Policy and the Security Management Plan and the Supplier shall ensure that the Security Management Plan produced by the Supplier fully complies with the Security Policy.

6A.2 The Customer shall notify the Supplier of any changes or proposed changes to the Security Policy.

6A.3 If the Supplier believes that a change or proposed change to the Security Policy will have a material and unavoidable cost implication to the provision of the Contract Services it may notify the Customer. In doing so, the Supplier must support its request by providing evidence of the cause of any increased costs and the steps that it has taken to mitigate those costs. Any change to the Contract Charges shall then be agreed in accordance with the procedure set out in Clause 2.2.

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- 6A.4 Until and/or unless a change to the Contract Charges is agreed by the Customer pursuant to Clauses 2.2 the Supplier shall continue to perform the Contract Services in accordance with its existing obligations.]

Security of Premises

- 6A.5 The Customer shall be responsible for maintaining the security of the Premises in accordance with its standard security requirements. The Supplier shall comply with all reasonable security requirements of the Customer while on the Premises and shall ensure that the Supplier's Staff comply with such requirements.
- 6A.6 The Customer shall provide the Supplier upon request copies of its written security procedures and shall afford the Supplier upon request an opportunity to inspect its physical security arrangements.
- 6A.7 Not used.
- 6A.8 The Supplier shall provide the Customer upon request copies of its written security procedures and shall afford the Customer upon request an opportunity to inspect its physical security arrangements.

7. WARRANTIES, REPRESENTATIONS AND UNDERTAKINGS

- 7.1 The Supplier warrants, represents and undertakes to the Customer that:
- 7.1.1 it has full capacity and authority and all necessary consents licences, permissions (statutory, regulatory, contractual or otherwise) to enter into and perform its obligations under the Contract;
 - 7.1.2 the Contract is executed by a duly authorised representative of the Supplier;
 - 7.1.3 in entering the Contract it has not committed any Fraud;
 - 7.1.4 it has not committed any offence under the Prevention of Corruption Acts 1889 to 1916, or the Bribery Act 2010;
 - 7.1.5 all information, statements and representations contained in the Supplier's tender or other submission to the Customer for the award of the Contract Services are true, accurate and not misleading save as specifically disclosed in writing to the Customer prior to execution of the Contract and it will advise the Customer of any fact, matter or circumstance of which it may become aware which would render any such information, statement or representation to be false or misleading;
 - 7.1.6 no claim is being asserted and no litigation, arbitration or administrative proceeding is presently in progress or, to the best of its knowledge and belief, pending or threatened against it or its assets which will or might affect its ability to perform its obligations under the Contract;
 - 7.1.7 it is not subject to any contractual obligation, compliance with which is likely to have an adverse effect on its ability to perform its obligations under the Contract;
 - 7.1.8 it has not done or omitted to do anything which could have an adverse effect on its assets, financial condition or position as an ongoing business concern or its ability to fulfil its obligations under the Contract;

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- 7.1.9 no proceedings or other steps have been taken and not discharged or dismissed (nor, to the best of its knowledge, are threatened) for the winding up of the Supplier or for its dissolution or for the appointment of a receiver, administrative receiver, liquidator, manager, administrator or similar officer in relation to any of the Supplier's assets or revenue;
 - 7.1.10 it has taken and shall continue to take all steps, in accordance with Good Industry Practice, to prevent the unauthorised use of, modification, access, introduction, creation or propagation of any disruptive element, virus, worms and/or Trojans, spyware or other malware into the computing environment (including the hardware, software and/or telecommunications networks or equipment), data, software or Confidential Information (held in electronic form) owned by or under the control of, or used by, the Customer; and
 - 7.1.11 it owns, has obtained or is able to obtain valid licences for all Intellectual Property Rights that are necessary for the performance of its obligations under the Contract and shall maintain the same in full force and effect for so long as is necessary for the proper provision of the Contract Services.
- 7.2 The Supplier warrants, represents and undertakes to the Customer that:
- 7.2.1 it has read and fully understood the Letter of Appointment and these Call-Off Terms and is capable of performing the Contract Services in all respects in accordance with the Contract;
 - 7.2.2 the Supplier and each of its Sub-Contractors has all staff, equipment and experience necessary for the proper performance of the Contract Services; and
 - 7.2.3 it will at all times:
 - 7.2.3.1 perform its obligations under the Contract with all reasonable care, skill and diligence and in accordance with Good Industry Practice;
 - 7.2.3.2 comply with all the KPIs and meet or exceed the Service Levels;
 - 7.2.3.3 carry out the Contract Services within the timeframe agreed with the Customer; and
 - 7.2.3.4 without prejudice to its obligations under Clause 2.3 (Key Personnel), ensure to the satisfaction of the Customer that the Contract Services are provided and carried out by such appropriately qualified, skilled and experienced Suppliers and/or other Staff as shall be necessary for the proper performance of the Contract Services.
- 7.3 The Supplier shall promptly notify the Customer in writing:
- 7.3.1 of any material detrimental change in the financial standing and/or credit rating of the Supplier;
 - 7.3.2 if the Supplier undergoes a Change of Control; and
 - 7.3.3 provided this does not contravene any Law, of any circumstances suggesting that a Change of Control is planned or in contemplation.
- 7.4 For the avoidance of doubt, the fact that any provision within the Contract is expressed as a warranty shall not preclude any right of termination the Customer would have in respect of breach of that provision by the Supplier if that provision had not been so expressed.

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- 7.5 The Supplier acknowledges and agrees that:
- 7.5.1 the warranties, representations and undertakings contained in the Contract are material and are designed to induce the Customer into entering into the Contract; and
 - 7.5.2 the Customer has been induced into entering into the Contract and in doing so has relied upon the warranties, representations and undertakings contained in the Contract.

8. TERMINATION

8.1 Termination on Insolvency

- 8.1.1 The Customer may terminate the Contract with immediate effect by giving notice in writing to the Supplier if:
- 8.1.1.1 a proposal is made for a voluntary arrangement within Part I of the Insolvency Act 1986 or of any other composition scheme or arrangement with, or assignment for the benefit of, the Supplier's creditors; or
 - 8.1.1.2 a shareholders', members' or partners' meeting is convened for the purpose of considering a resolution that the Supplier be wound up or a resolution for the winding-up of the Supplier is passed (other than as part of, and exclusively for the purpose of, a bona fide reconstruction or amalgamation); or
 - 8.1.1.3 a petition is presented for the winding-up of the Supplier (which is not dismissed within five (5) Working Days of its service) or an application is made for the appointment of a provisional liquidator or a creditors' meeting is convened in respect of the Supplier pursuant to section 98 of the Insolvency Act 1986; or
 - 8.1.1.4 a receiver, administrative receiver or similar officer is appointed over the whole or any part of the Supplier's business or assets; or
 - 8.1.1.5 a creditor or encumbrancer 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 the Supplier's assets and such attachment or process is not discharged within ten (10) Working Days;
 - 8.1.1.6 an application is made in respect of the Supplier either for the appointment of an administrator or for an administration order and an administrator is appointed, or notice of intention to appoint an administrator is given; or
 - 8.1.1.7 if the Supplier is or becomes insolvent within the meaning of section 123 of the Insolvency Act 1986; or
 - 8.1.1.8 the Supplier suspends or ceases, or threatens to suspend or cease, to carry on all or a substantial part of his business; or
 - 8.1.1.9 in the reasonable opinion of the Customer, there is a material detrimental change in the financial standing and/or the credit rating of the Supplier which:
 - (a) adversely impacts on the Supplier's ability to supply the Contract Services in accordance with the Contract; or

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- (b) could reasonably be expected to have an adverse impact on the Supplier's ability to supply the Contract Services in accordance with the Contract; or
- 8.1.1.10 the Supplier demerges into two or more firms, merges with another firm, incorporates or otherwise changes its legal form and the new entity has or could reasonably be expected to have a materially less good financial standing or weaker credit rating than the Supplier; or
- 8.1.1.11 being a "small company" within the meaning of section 382(3) of the Companies Act 2006, a moratorium in respect of the Supplier comes into force pursuant to Schedule A1 of the Insolvency Act 1986; or
- 8.1.1.12 the Supplier being an individual dies or is adjudged incapable of managing his affairs within the meaning of Part VII of the Mental Health Act 1983; or
- 8.1.1.13 the Supplier being an individual or any partner or partners in the Supplier who together are able to exercise control of the Supplier where the Supplier is a firm shall at any time become bankrupt or shall have a receiving order or administration order made against him or them, or shall make any composition or arrangement with or for the benefit for his or their creditors, or shall make any conveyance or assignment for the benefit of his or their creditors, or shall purport to do any of these things, or appears or appear unable to pay or to have no reasonable prospect of being able to pay a debt within the meaning of section 268 of the Insolvency Act 1986, or he or they shall become apparently insolvent within the meaning of the Bankruptcy (Scotland) Act 1985, or any application shall be made under any bankruptcy or insolvency act for the time being in force for sequestration of his or their estate(s) or a trust deed shall be granted by him or them on behalf of his or their creditors; or
- 8.1.1.14 any event similar to those listed in Clauses 8.1.1.1 to 8.1.1.13 occurs under the law of any other jurisdiction.

8.2 Termination on Material Breach, Persistent Failure or Grave Misconduct etc

- 8.2.1 The Customer may terminate the Contract with immediate effect by giving written notice to the Supplier if:
 - 8.2.1.1 the Supplier commits a Material Breach and if:
 - (a) the Supplier has not within ten (10) Working Days or such other longer period as may be specified by the Customer, after issue of a written notice to the Supplier specifying the Material Breach and requesting it to be remedied:
 - (i) remedied the Material Breach; and
 - (ii) put in place measures to ensure that such Material Breach does not recur,
- in each case to the satisfaction of the Customer; or
- (b) the Material Breach is not, in the opinion of the Customer, capable of remedy; or

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- 8.2.1.2 if a Persistent Failure has occurred; or
- 8.2.1.3 if Grave Misconduct has occurred; or
- 8.2.1.4 the Supplier breaches any of Clause 6.1 (Protection of Personal Data), Clause 6.2 (Confidentiality), Clause 6.3 (Official Secrets Acts 1911 to 1989), Clause 7 (Warranties, Representations and Undertakings), Clause 11 (Prevention of Bribery and Corruption), Clause 12 (Non Discrimination), Clause 13 (Prevention of Fraud) and Clause 14 (Transfer and Sub-Contracting); or
- 8.2.1.5 in the event of conviction for dishonesty of the Supplier (if an individual) or any one or more of the Supplier's directors, partners or members (if the Supplier is a firm or firms).

8.2.2 If the Customer fails to pay the Supplier undisputed sums of money when due, the Supplier shall notify the Customer in writing of such failure to pay. If the Customer fails to pay such undisputed sums within five (5) calendar days from the receipt of a such notice, the Supplier may terminate the Contract by ten (10) Working Days' written notice to the Customer.

8.3 Termination on Change of Control

8.3.1 The Customer may terminate the Contract by notice in writing with immediate effect within six (6) Months of:

8.3.1.1 being notified in writing that a Change of Control has occurred or is planned or in contemplation; or

8.3.1.2 where no notification has been made, the date that the Customer becomes aware of the Change of Control,

but shall not be permitted to terminate where the Customer's written consent to the continuation of the Contract was granted prior to the Change of Control.

8.4 Termination on Summary Notice

8.4.1 The Customer shall have the right to suspend the Contract with immediate effect at any time by giving written notice to the Supplier and to terminate the Contract with immediate effect by giving written notice to the Supplier at any time.

8.5 Termination of Framework Agreement

8.5.1 The Customer may terminate the Contract with immediate effect by giving written notice to the Supplier if the Framework Agreement is terminated for any reason whatsoever.

8.6 Partial Termination

8.6.1 Where the Customer is entitled to terminate the Contract pursuant to this Clause 8, the Customer shall be entitled to terminate all or part of the Contract provided always that the parts of the Contract not terminated can operate effectively to deliver the intended purpose of the Contract or a part thereof.

9. CONSEQUENCES OF EXPIRY OR TERMINATION

9.1 Subject to Clause 9.2, where the Customer terminates the Contract pursuant to Clause 8 (Termination) and then makes other arrangements for the supply of the Contract Services:

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- 9.1.1 the Customer may recover from the Supplier the cost reasonably incurred in making those other arrangements and any additional expenditure incurred by the Customer in securing the Contract Services in accordance with the requirements of the Contract;
 - 9.1.2 the Customer shall take all reasonable steps to mitigate such additional expenditure; and
 - 9.1.3 no further payments shall be payable by the Customer to the Supplier until the Customer has established the final cost of making those other arrangements, whereupon the Customer shall be entitled to deduct an amount equal to the final cost of such other arrangements from the further payments then due to the Supplier.
- 9.2 Clause 9.1 shall not apply where the Customer terminates the Contract:
- 9.2.1 solely pursuant to Clause 8.3 or Clause 8.4; or
 - 9.2.2 solely pursuant to Clause 8.5 if termination pursuant to Clause 8.5 occurs as a result of termination of the Framework Agreement pursuant to the provisions of clauses 24.6, 24.11, 24.12 or 24.13 of the Framework Agreement.
- 9.3 Where the Customer terminates the Contract under Clause 8.3 or 8.4, the Customer shall indemnify the Supplier against any reasonable and proven commitments, liabilities or expenditure which would otherwise represent an unavoidable loss by the Supplier by reason of the termination of the Contract, provided that the Supplier takes all reasonable steps to mitigate such loss. The Supplier shall submit a fully itemised and costed list, with supporting evidence, of losses reasonably and actually incurred by the Supplier. Where the Supplier holds insurance, the Supplier shall reduce its unavoidable costs by any insurance sums available.
- 9.4 On the termination of the Contract for any reason, the Supplier shall, at the request of the Customer and at the Supplier's cost:
- 9.4.1 immediately return to the Customer all Confidential Information and the Customer's Personal Data in its possession or in the possession or under the control of any permitted suppliers or Sub-Contractors, which was obtained or produced in the course of providing the Contract Services;
 - 9.4.2 except where the retention of Customer's Personal Data is required by Law or regulatory purposes, promptly destroy all copies of the Customer's Personal Data and provide written confirmation to the Customer that the data has been destroyed.
 - 9.4.3 immediately deliver to the Customer in good working order (but subject to allowance for reasonable wear and tear) all the property (including materials, documents, information and access keys but excluding real property and IPR) issued or made available to the Supplier by the Customer in connection with the Contract provided to the Supplier;
 - 9.4.4 vacate, and procure that the Supplier's Staff vacate, any premises of the Customer occupied for the purposes of providing the Contract Services;
 - 9.4.5 return to the Customer any sums prepaid in respect of the Contract Services not provided by the date of expiry or termination (howsoever arising); and
 - 9.4.6 promptly provide all information concerning the provision of the Contract Services which may reasonably be requested by the Customer for the purposes of adequately understanding the manner in which the Contract

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Services have been provided or for the purpose of allowing the Customer or any replacement Supplier to conduct due diligence.

9.5 Not used

9.6 Save as otherwise expressly provided in the Contract:

9.6.1 termination or expiry of the Contract shall be without prejudice to any rights, remedies or obligations accrued under the Contract prior to termination or expiration and nothing in the Contract shall prejudice the right of either Party to recover any amount outstanding at the time of such termination or expiry; and

9.6.2 termination of the Contract shall not affect the continuing rights, remedies or obligations of the Customer or the Supplier under the following Clauses: Clause 3 (Payment and Charges); Clause 4 (Limitations); Clause 5 (Intellectual Property Rights); Clause 6.1 (Protection of Personal Data); Clause 6.2 (Confidentiality); Clause 6.3 (Official Secrets Act); Clause 6.4 (Freedom of Information); Clause 11 (Prevention of Bribery and Corruption); Clause 13 (Prevention of Fraud); Clause 21 (Contracts (Rights of Third Parties) Act); Clause 23.1 (Governing Law and Jurisdiction) and, without limitation to the foregoing, any other provision of the Contract which expressly or by implication is to be performed or observed notwithstanding termination or expiry shall survive the termination or expiry of the Contract.

10. PUBLICITY, MEDIA AND OFFICIAL ENQUIRIES

10.1 The Supplier shall not, and shall procure that its Sub-Contractors shall not, make any press announcements or publicise the Contract in any way without the Customer's prior written approval and shall take reasonable steps to ensure that the Supplier's Staff and professional advisors comply with this Clause 10. Any such press announcements or publicity proposed under this Clause 10 shall remain subject to the rights relating to Confidential Information and Commercially Sensitive Information,

10.2 Subject to the rights in relation to Confidential Information and Commercially Sensitive Information, the Customer shall be entitled to publicise the Contract in accordance with any legal obligation upon the Customer including any examination of the Contract by the Auditors.

10.3 The Supplier shall not do anything or permit to cause anything to be done, which may damage the reputation of the Customer or bring the Customer into disrepute.

11. PREVENTION OF BRIBERY AND CORRUPTION

11.1 The Supplier shall not:

11.1.1 offer or give, or agree to give, to any employee, agent, servant or representative of the Customer, any Contracting Body or any other public body or any person employed by or on behalf of the Customer any gift or other consideration of any kind which could act as an inducement or a reward for any act or failure to act in relation to the Contract; or

11.1.2 engage in, and shall procure that all the Supplier's Staff or any person acting on the Supplier's behalf shall not commit, in connection with the Contract, a Prohibited Act under the Bribery Act 2010, or any other relevant laws, statutes, regulations or codes in relation to bribery and anti-corruption.

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- 11.2 The Supplier warrants, represents and undertakes that it has not:
- 11.2.1 paid commission or agreed to pay commission to the Customer, any Contracting Body or any other public body or any person employed by or on behalf of the Customer in connection with the Contract; and
 - 11.2.2 entered into the Contract with knowledge, that, in connection with it, any money has been, or will be, paid to any person working for or engaged by the Customer or any other public body or any person employed by or on behalf of the Customer in connection with the Contract, or that an agreement has been reached to that effect, unless details of any such arrangement have been disclosed in writing to the Customer and the Authority before execution of the Contract.
- 11.3 The Supplier shall:
- 11.3.1 in relation to the Contract, act in accordance with the Ministry of Justice Guidance;
 - 11.3.2 immediately notify the Customer if it suspects or becomes aware of any breach of this Clause 11;
 - 11.3.3 respond promptly to any of the Customer's enquiries regarding any breach, potential breach or suspected breach of this Clause 11 and the Supplier shall co-operate with any investigation and allow the Customer to audit Supplier's books, records and any other relevant documentation in connection with the breach;
 - 11.3.4 if so required by the Customer, within twenty (20) Working Days of the commencement date of the Contract, and annually thereafter, certify to the Customer in writing of the compliance with this Clause 11 by the Supplier and all persons associated with it or its Sub-Contractors or other persons who are supplying the Services in connection with the Contract. The Supplier shall provide such supporting evidence of compliance as the Customer may reasonably request; and
 - 11.3.5 have, maintain and enforce an anti-bribery policy (which shall be disclosed to the Customer on request) to prevent the Supplier and any of the Supplier's Staff or any person acting on the Supplier's behalf from committing a Prohibited Act and shall enforce it where appropriate.
- 11.4 If the Supplier, any member of the Supplier's Staff or any person acting on the Supplier's behalf, in all cases whether or not acting with the Supplier's knowledge breaches:
- 11.4.1 this Clause 11; or
 - 11.4.2 the Bribery Act 2010 in relation to the Contract or any other contract with the Customer or any other public body or any person employed by or on behalf of the Customer or a public body in connection with the Contract,
- the Customer shall be entitled to terminate the Contract by written notice with immediate effect.
- 11.5 Without prejudice to its other rights and remedies under this Clause 11, the Customer shall be entitled to recover in full from the Supplier and the Supplier shall on demand indemnify the Customer in full from and against:
- 11.5.1 the amount of value of any such gift, consideration or commission; and

11.5.2 any other loss sustained by the Customer in consequence of any breach of this Clause 11.

12. NON-DISCRIMINATION

12.1 The Supplier shall not unlawfully discriminate within the meaning and scope of any Law, enactment, order or regulation relating to discrimination (whether in race, gender, religion, disability, sexual orientation, age or otherwise).

12.2 The Supplier shall take all reasonable steps to secure the observance of Clause 12.1 by all the Supplier's Staff employed in the execution of the Contract.

13. PREVENTION OF FRAUD

13.1 The Supplier shall take all reasonable steps, in accordance with Good Industry Practice, to prevent any Fraud by the Supplier and any member of the Supplier's Staff.

13.2 The Supplier shall notify the Customer immediately if it has reason to suspect that any Fraud has occurred or is occurring or is likely to occur save where complying with this provision would cause the Supplier or any member of the Supplier's Staff to commit an offence under the Proceeds of Crime Act 2002 or the Terrorism Act 2000.

13.3 If:

13.3.1 the Supplier breaches any of its obligations under Clause 13.1 and Clause 13.2; or

13.3.2 the Supplier or any member of the Supplier's Staff commits any Fraud in relation to the Contract or any other contract with the Customer or any other person,

the Customer may recover in full from the Supplier and the Supplier shall on demand indemnify the Customer in full against any and all losses sustained by the Customer in consequence of the relevant breach or commission of Fraud, including the cost reasonably incurred by the Customer of making other arrangements for the supply of the Contract Services and any additional expenditure incurred by the Customer in relation thereto.

14. TRANSFER AND SUB-CONTRACTING

14.1 The Supplier shall not assign, novate, enter into a Sub-Contract in respect of, or in any other way dispose of, the Contract or any part of it without the Customer's prior written consent. The Customer has consented to the engagement of any Sub-Contractors specifically identified in the Letter of Appointment.

14.2 The Supplier shall be responsible for all acts and omissions of its Sub-Contractors and those employed or engaged by the Sub-Contractors as though they are its own.

14.3 The Customer may assign, novate or otherwise dispose of its rights and obligations under the Contract or any part thereof to:

14.3.1 any other Contracting Body; or

14.3.2 any other body established by the Crown or under statute in order substantially to perform any of the functions that had previously been performed by the Customer; or

14.3.3 any private sector body which substantially performs the functions of the Customer,

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provided that any such assignment, novation or other disposal shall not increase the burden of the Supplier's obligations under the Contract.

- 14.4 Any change in the legal status of the Customer such that it ceases to be a Contracting Body shall not, subject to Clause 14.5, affect the validity of the Contract. In such circumstances, the Contract shall bind and inure to the benefit of any successor body to the Customer.
- 14.5 If the rights and obligations under the Contract are assigned, novated or otherwise disposed of pursuant to Clause 14.3 to a body which is not a Contracting Body or if there is a change in the legal status of the Customer such that it ceases to be a Contracting Body (in the remainder of this Clause any such body being referred to as a "**Transferee**"):
- 14.5.1 the rights of termination of the Customer in Clause 8 shall be available to the Supplier in the event of, respectively, the bankruptcy or insolvency, or default of the Transferee; and
- 14.5.2 the Transferee shall only be able to assign, novate or otherwise dispose of its rights and obligations under the Contract or any part thereof with the previous consent in writing of the Supplier.
- 14.6 The Customer may disclose to any Transferee any Confidential Information of the Supplier which relates to the performance of the Supplier's obligations under the Contract. In such circumstances the Customer shall authorise the Transferee to use such Confidential Information only for purposes relating to the performance of the Supplier's obligations under the Contract and for no other purposes and shall take all reasonable steps to ensure that the Transferee gives a confidentiality undertaking in relation to such Confidential Information.
- 14.7 For the purposes of Clause 14.5 each Party shall at its own cost and expense carry out, or use all reasonable endeavours to ensure the carrying out of, whatever further actions (including the execution of further documents) the other Party reasonably requires from time to time for the purpose of giving that other Party the full benefit of the provisions of the Contract.

15. WAIVER

- 15.1 The failure of either Party to insist upon strict performance of any provision of the Contract, or the failure of either Party to exercise, or any delay in exercising, any right or remedy shall not constitute a waiver of that right or remedy and shall not cause a diminution of the obligations established by the Contract.
- 15.2 No waiver shall be effective unless it is expressly stated to be a waiver and communicated to the other Party in writing in accordance with Clause 22.
- 15.3 A waiver by either Party of any right or remedy arising from a breach of the Contract shall not constitute a waiver of any right or remedy arising from any other or subsequent breach of the Contract.

16. CUMULATIVE REMEDIES

Except as otherwise expressly provided by the Contract, all remedies available to either Party for breach of the Contract are cumulative and may be exercised concurrently or separately, and the exercise of any one remedy shall not be deemed an election of such remedy to the exclusion of other remedies.

17. FURTHER ASSURANCES

Each Party undertakes at the request of the other, and at the cost of the requesting Party to do all acts and execute all documents which may be necessary to give effect to the meaning of the Contract.

18. SEVERABILITY

18.1 If any provision of the Contract is held invalid, illegal or unenforceable for any reason, such provision shall be severed and the remainder of the provisions hereof shall continue in full force and effect as if the Contract had been executed with the invalid, illegal or unenforceable provision eliminated.

18.2 In the event of a holding of invalidity so fundamental as to prevent the accomplishment of the purpose of the Contract, the Customer and the Supplier shall immediately commence good faith negotiations to remedy such invalidity.

19. SUPPLIER'S STATUS

At all times during the term of the Contract the Supplier shall be an independent contractor and nothing in the Contract shall create a contract of employment, a relationship of agency or partnership or a joint venture between the Parties and, accordingly, neither Party shall be authorised to act in the name of, or on behalf of, or otherwise bind the other Party save as expressly permitted by the terms of the Contract.

20. ENTIRE AGREEMENT

20.1 The Contract, together with a completed, signed and dated Framework Agreement and the other documents referred to in them constitute the entire agreement and understanding between the Parties in respect of the matters dealt with in them and supersede, cancel and nullify any previous agreement between the Parties in relation to such matters.

20.2 Each of the Parties acknowledges and agrees that in entering into the Contract it does not rely on, and shall have no remedy in respect of, any statement, representation, warranty or undertaking (whether negligently or innocently made) other than as expressly set out in the Contract.

20.3 The Supplier acknowledges that it has:

20.3.1 entered into the Contract in reliance on its own due diligence alone; and

20.3.2 received sufficient information required by it in order to determine whether it is able to provide the Contract Services in accordance with the terms of the Contract.

20.4 Nothing in Clauses 20.1 and 20.2 shall operate:

20.4.1 to exclude Fraud or fraudulent misrepresentation; or

20.4.2 to limit the rights of the Customer pursuant to clause 31 of the Framework Agreement (Rights of Third Parties).

20.5 The Contract may be executed in counterparts each of which when executed and delivered shall constitute an original but all counterparts together shall constitute one and the same instrument.

21. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT

- 21.1 A person who is not a party to the Contract has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any of its provisions which, expressly or by implication, confer a benefit on him, without the prior written agreement of the Parties, provided that this Clause 21.1 does not affect any right or remedy of any person which exists or is available otherwise than pursuant to that Act.
- 21.2 No consent of any third party is necessary for any rescission, variation (including any release or compromise in whole or in part of liability) or termination of the Contract or any one or more Clauses of it.
- 21.3 Without prejudice to the Customer's rights as a Contracting Body under clause 31 of the Framework Agreement, the Supplier agrees that the Customer may enforce any of the provisions of the Framework Agreement referred to in clause 31.2 (with the exception of clauses 33 and 34 of the Framework Agreement) as if they were terms of the Contract (reading references in those provisions to Contracting Bodies and the Supplier as references to the Customer and the Supplier respectively).

22. NOTICES

- 22.1 Except as otherwise expressly provided in the Contract, no notice or other communication from one Party to the other shall have any validity under the Contract unless given or made in writing by or on behalf of the Party sending the communication.
- 22.2 Any notice or other communication given or made by either Party to the other shall:
- 22.2.1 be given by letter (sent by hand, post or a recorded signed for delivery service), facsimile or electronic mail confirmed by letter; and
 - 22.2.2 unless the other Party acknowledges receipt of such communication at an earlier time, be deemed to have been given:
 - 22.2.2.1 if delivered personally, at the time of delivery;
 - 22.2.2.2 if sent by pre-paid post or a recorded signed for service two (2) Working Days after the day on which the letter was posted provided the relevant communication is not returned as undelivered;
 - 22.2.2.3 if sent by electronic mail, two (2) Working Days after posting of a confirmation letter; and
 - 22.2.2.4 if sent by facsimile, on the day of transmission if sent before 16:00 hours on any Working Day and otherwise at 9:00 hours on the next Working Day and provided that at time of transmission of the facsimile an error-free transmission report is received by the Party sending the communication.
- 22.3 For the purposes of Clause 22.2, the address, email address and fax number of each Party shall be the address, email address and fax number specified in the Letter of Appointment.
- 22.4 Either Party may change its address for service by serving a notice in accordance with this Clause 22.
- 22.5 For the avoidance of doubt, any notice given under the Contract shall not be validly served if sent by electronic mail (email) and not confirmed by a letter.

23. DISPUTES AND LAW

23.1 Governing Law and Jurisdiction

The Contract shall be governed by and interpreted in accordance with the Laws of England and Wales and the Parties agree to submit to the exclusive jurisdiction of the English courts any dispute that arises in connection with the Contract.

23.2 Dispute Resolution

23.2.1 The Parties shall attempt in good faith to negotiate a settlement to any dispute between them arising out of or in connection with the Contract within twenty (20) Working Days of either Party notifying the other of the dispute and such efforts shall involve the escalation of the dispute to the level of representative of each Party specified in the Letter of Appointment.

23.2.2 Nothing in this dispute resolution procedure shall prevent the Parties from seeking from any court of competent jurisdiction an interim order restraining the other Party from doing any act or compelling the other Party to do any act.

23.2.3 If the dispute cannot be resolved by the Parties pursuant to Clause 23.2.1, the Parties shall refer it to mediation pursuant to the procedure set out in Clause 23.2.5 unless:

23.2.3.1 the Customer considers that the dispute is not suitable for resolution by mediation; or

23.2.3.2 the Supplier does not agree to mediation.

23.2.4 The obligations of the Parties under the Contract shall not be suspended, cease or be delayed by the reference of a dispute to mediation and the Supplier and the Supplier's Staff shall comply fully with the requirements of the Contract at all times.

23.2.5 The procedure for mediation is as follows:

23.2.5.1 a neutral adviser or mediator (the "**Contract Mediator**") shall be chosen by agreement between the Parties or, if they are unable to agree upon a Contract Mediator within ten (10) Working Days after a request by one Party to the other or if the Contract Mediator agreed upon is unable or unwilling to act, either Party shall within ten (10) Working Days from the date of the proposal to appoint a Contract Mediator or within ten (10) Working Days of notice to either Party that he is unable or unwilling to act, apply to the CEDR to appoint a Contract Mediator;

23.2.5.2 the Parties shall within ten (10) Working Days of the appointment of the Contract Mediator meet with him in order to agree a programme for the exchange of all relevant information and the structure to be adopted for negotiations to be held. If considered appropriate, the Parties may at any stage seek assistance from the CEDR to provide guidance on a suitable procedure;

23.2.5.3 unless otherwise agreed, all negotiations connected with the dispute and any settlement agreement relating to it shall be conducted in confidence and without prejudice to the rights of the Parties in any future proceedings;

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- 23.2.5.4 if the Parties reach agreement on the resolution of the dispute, the agreement shall be reduced to writing and shall be binding on the Parties once it is signed by their duly authorised representatives;
- 23.2.5.5 failing agreement, either of the Parties may invite the Contract Mediator to provide a non-binding but informative opinion in writing. Such an opinion shall be provided on a without prejudice basis and shall not be used in evidence in any proceedings relating to the Contract without the prior written consent of both Parties; and
- 23.2.5.6 if the Parties fail to reach agreement in the structured negotiations within sixty (60) Working Days of the Contract Mediator being appointed, or such longer period as may be agreed by the Parties, then any dispute or difference between them may be referred to the courts.

**ANNEX 1 – PART 1
SERVICE LEVELS**

1. SCOPE

1.1 This Annex 1 sets out the method by which the Supplier's performance of the Services will be monitored.

1.2 Performance will be managed in two, inter-linked ways:

1.2.1 at Framework level by the Authority, by:

1.2.1.1 the monitoring of performance against KPIs

1.2.1.2 by review of Contracting Body Satisfaction Surveys.

1.2.2 at Contract level by the Customer receiving the Services:

1.2.2.1 on an on-going basis as required by the Customer and at the completion of each delivery of the Services;

1.2.2.2 In support of 1.2.2.1, the Supplier shall complete, if so required by the Customer, and in conjunction with the Customer, a Post Assignment Review, (PAR), using the template included in Annex 1 (Part 2) or such other format as the Customer may require. For long term Call-Off Contracts, the Customer may require periodic completion of PARs to measure ongoing performance. Any such periodic completion will not be more frequent than monthly.

The completed PAR shall be agreed and signed-off by the Customer to verify satisfactory completion of the Services or identify any performance issues.

This PAR process is recognised as best practice by Central Government.

1.3 Remedies in the event of inadequate performance of the Contract Services are set out in clause 2B of this Contract.

2. PRINCIPLES

The objectives of this Annex 1 are to:

2.1 ensure that the Services are delivered to a consistent quality standard that meet the requirements of the Customer;

2.2 incentivise the Supplier to meet the Service Levels and to remedy any failure to meet the Service Levels expeditiously.

3. SERVICE LEVELS

3.1 The Supplier shall measure the performance of each and every Service provided pursuant to this Contract using the Post Assignment Review template in Annex 1 (Part 2) or such other format as the Customer may require. The Supplier shall

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report this to the Customer, within ten (10) days from the completion of the Services (or other agreed milestone). The Customer and Supplier shall review the outcomes of the PAR and agree any arising actions.

3.2 The Supplier shall achieve:

3.2.1 a performance score of at least 2 (Satisfactory) for every measurable criteria within Part 4 of the PAR;

3.2.2 Failure to achieve this measure will deem the entire Service as inadequate.

4. SERVICE PERFORMANCE REVIEW

4.1 As required by the Customer, the Supplier and Customer shall review the performance against required Service Levels specified in the Letter of Appointment (including Appendices) and, where applicable, the outcomes of the PAR at a reasonable time to be agreed. These reviews shall, unless otherwise agreed:

4.1.1 take place at such location and time (within normal business hours) as the Customer shall reasonably require unless otherwise agreed in advance

4.1.2 be attended by the Supplier's Representative and the Customer's Representative

4.1.3 be fully minuted by the Supplier (unless otherwise agreed). The prepared minutes will be circulated by the Supplier to all attendees at the relevant meeting and also to the Customer's Representative and any other recipients agreed at the relevant meeting within five (5) Working Days from the meeting and will be agreed and signed by both the Supplier's Representative and the Customer's Representative within ten (10) Working Days from the date of the meeting.

**ANNEX 1 – PART 2
POST ASSIGNMENT REVIEW TEMPLATE**

Part 1 – Assignment Details

Name of Supplier	
Name of Customer	
Name of Project/Assignment	
Supplier Reference (if any)	
Customer Reference (if any)	
Date of completion of Service (or other milestone if applicable)	
Date PAR signed off	
Signed off for Supplier by	
Signed off for Customer by	
consultancyONE Lot used	

Part 2 – Post Assignment Review Scoring

Each part of the Post Assignment Review (PAR) will be scored and the scores agreed between the Supplier and Customer. The scoring scheme below shall be used. Where no scores can be agreed, the overall Service shall be rated at the lowest score attributed by either the Customer or the Supplier.

Score	Meaning	Explanation
0	Unsatisfactory	No scoring criteria met
1	Poor	Few scoring criteria met
2	Satisfactory	Most scoring criteria met - satisfactory with some weaknesses
3	Good	All scoring criteria met - satisfactory with some strengths
4	Very Good	All scoring criteria met & some examples of best practice outcomes
5	Excellent	All scoring criteria exceeded - all demonstrate best practice outcomes

Part 3 – Overall PAR Summary

Part 3 – Overall PAR Summary		Minimum acceptable score
Total Supplier Score Achieved (from Part 4)		
Maximum Supplier Score Available	95	38
Total Customer Score Achieved (from Part 5)		
Maximum Customer Score Available	95	
Total Combined Score() Achieved		
Total Combined Score Available	190	

Part 4 - The Supplier's Performance

Category	Performance Measure	Scoring Criteria	Score (0-5)
1. Requirement	1.1 Supplier did have the necessary understanding and expertise to meet Customer expectations.	The consultant(s) has/have a good knowledge of the Customer and subject - Customer expectations of Supplier expertise are met	
	1.2 Supplier's proposal is comprehensive and focuses on delivering value.	Proposal includes a benefits realisation plan - Proposal does not extend scope and addresses the Customer's key requirements - Proposal provides a solution that is sustainable and relevant to the particular Customer	
	1.3 Supplier participates effectively in the procurement process.	Supplier meets procurement timelines - Supplier ensures that procurement is engaged at the right time in the process - The right channels are used - Supplier does not work without a PO / procurement sign off - No need for retrospective contracting	

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	1.4 Supplier identifies opportunity for innovation and added value.	Supplier demonstrates innovation in approach to delivering the outcomes - Supplier is proactive in identifying opportunities to join up cross-Customer organisational/cross public sector activity - Supplier takes the opportunity to constructively challenge the Customer's assumptions & expectations	
2. Commercial	2.1 Payment is linked to benefit delivery	Different payment structures suggested in proposal	
	2.2 Supplier is open and proactive in optimising costs	Efforts made to minimise expenses - Prices are in line with market expectations - Supplier is open in explaining price breakdown and working with the Customer to identify opportunities to reduce cost - Invoices provided in line with Customer requirements	
	2.3 Supplier is proactive in identifying and managing risks	Supplier is proactive in identifying and allocating risk ownership - Supplier supports Customer in assigning and managing risks - Supplier is proactive in assessing impact of risks through the project and raising issues as appropriate	
3. Engagement & Relationship	3.1 Supplier engagement with the Customer is appropriate and focused on Service delivery	Supplier uses the right channels within the Customer organisation- Customer is able to distinguish between business development activity/roles and delivery activity/role - Supplier does not exploit its position within the Customer organisation	
	3.2 Supplier establishes effective working relationships with the Customer	Supplier integrates well with Customer's staff - Supplier is flexible in its approach to the Customer- Demonstrates a knowledge of Customer culture - Manages engagement issues well and does not let them impact on delivery - Supplier builds good relationships with internal staff in both Customer's business and commercial teams - Supplier does not take advantage of position within the Customer organisation	

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4. Project Management	4.1 Supplier resources are deployed in the right way to deliver value.	Consultant staff are constant throughout the duration of the Services - The Supplier explains how project team has been put together to deliver the Services - Resource requirement remains in line with that included in the proposal - Focus on Service delivery is maintained - Supplier demonstrates value of wider organisational resource over and above individual Customers	
	4.2 Roles and responsibilities of consultant team are clear	Supplier provides clarity as to the roles and responsibilities of each consultant engaged	
	4.3 Supplier governance and project management is effective in ensuring the assignment is successful	Lead consultant was clearly identified - Issues were raised as soon as possible and solutions offered - Delivery plan was developed and agreed with the Customer at the outset - Progress against milestones was reported regularly and in line with Customer requirements - Customer satisfaction with delivery was monitored by the Supplier	
	4.4 Original scoping was robust	The scope and resource requirement remained in line with initial proposal - Initial proposal was accurate and did not need to be amended	
	4.5 Benefit delivery is effectively planned and managed	Benefit realisation plan adhered to	
5. Value for Money	5.1 Delivery on time (% variance +/-)	As business case & Supplier proposal	
	5.2 Delivery on budget (% variance +/-)	As business case & Supplier proposal	
	5.3 VFM (% achieved)	To what extent were the benefits, as outlined in the business case and specification, delivered	
6. Skills Transfer	6.1 Skills transfer	Supplier identified opportunities for skills and knowledge transfer - Supplier delivered transfer within original time and budget	

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7. Exit Strategy	7.1 Project closure	Supplier reflected exit strategy requirements in their proposal - The project was closed off with no outstanding dependencies	
8. Lessons learned	8.1 What could the Supplier have done better?	[text response]	Not scored

Part 5 - The Customer's Performance

Category	Performance Measure	Scoring Guidance	Score (0-5)
1. Requirement	1.1 Consultancy assignment is supported by a robust Business case	Customer shares relevant elements of the business case with the Supplier - The link between the assignment and wider business objectives in clear - Expected benefits are clearly defined and means of measurement is identified - Business case is used as a reference point throughout the assignment	
	1.2 Specification is outcome based and enables Suppliers to respond with a VFM proposal	Specification is outcome based and includes means of measuring delivery and success - Customer has a good understanding of their requirement and has communicated it clearly - Customer expectations of consultancy support are clear	
	1.3 Procurement approach supports the delivery of a VFM solution	The appropriate procurement route has been used (framework etc) - Procurement timescales enabled Suppliers to respond in full - Procurement documentation is succinct - The right questions are asked and all information requested is used - Where available standard templates are used - Evaluation criteria are clear	
	1.4 Customer is open to, and supporting of, Supplier innovation in delivering value	Customer is open to innovative suggestions and approaches and responds positively to constructive challenge- Customer allows flexibility in Supplier's proposal and considers alternative solutions - Early engagement of Supplier community by Customer	

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2. Commercial	2.1 Payment is linked to benefit delivery	Customer is open to incentivisation approaches and able to provide data to support this	
	2.2 Customer demonstrates good commercial understanding	Customer demonstrates an understanding of commercial issues and contract terms are appropriate (liability, IPR) - Customer manages support from internal functions to ensure efficient resolution of commercial issues - Customer understands business needs - invoices paid on time	
	2.3 Customer understands and manages risks effectively	Customer understands risk profile and is able to allocate risk to the party best able to manage it - Risks are managed on an ongoing basis and mitigating action taken as soon as possible	
3. Engagement & relationship	3.1 Customer ensures that its engagement is with the Supplier is effective	Customer ensures that the Supplier has access to Customer staff as and when needed - Customer communicates need for engagement with the Supplier to the wider Customer organisation	
	3.2 Customer establishes effective working relationships with the Supplier	Customer provides information in a timely manner - Questions are answered as fully as possible - Customer staff work with the Supplier in a constructive manner - Customer does not take advantage of Supplier in its role as Customer	
4. Project management	4.1 Customer ensures that the internal resources are available at the right place and time to support benefit delivery	Customer ensured that the right quality and quantity of internal resource was available at the right time - Customer managed wider business engagement and participation as needed	
	4.2 Roles and responsibilities of Customer team are	Customer provides clarity as to the roles and responsibilities of internal staff	

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	clear		
	4.3 Customer governance and project management is effective in ensuring the assignment is successful	Customer identified a clear owner for the assignment - The decision making process within the Customer organisation was clear and decisions were made and communicated in a timely manner - Issues and concerns with Supplier performance were raised in a timely fashion and resolved in an open and constructive way - Communication and reporting requirements were clarified at the outset and compliance was monitored	
	4.4 Changes to the assignment are limited and well managed by the Customer where necessary.	Customer specification was suitable and did not require change during the project - Where changes were needed an assessment of the benefit and impact on the overall project was done - All changes could be linked to improved delivery of project and wider business objectives	
	4.5 Customer monitors benefit delivery against agreed plan	Customer identified delivery milestones in specification and measured compliance	
5. Value for Money	5.1 Delivery of Customer obligations on time	As business case and Customer roles & responsibilities	
	5.2 Good Customer budget management	As business case and specification	
	5.3 VFM	To what extent were the final benefits required the same as those identified at the outset?	
6. Skills transfer	6.1 Skills transfer	Customer considered opportunities for skills transfer in specification - Skills transfer requirements and the means of delivery were clearly communicated - Customer made the right staff available to receive transfer - Skills transfer	

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		was written into Customer's objectives	
7. Exit strategy	7.1 Project closure	Customer included exit strategy in their specification - Customer adhered to exit strategy and project met closure requirements	
8. Lessons learned	8.1 What could the Customer have done better?	[text response]	Not Scored

SCHEDULE 1 SECURITY REQUIREMENTS and PLAN

In this schedule1, the following provisions shall have the meanings given to them below:

- "Breach of Security"** in accordance with the Customer's security requirements and the Security Policy, the occurrence of:
- (a) any unauthorised access to or use of the Contract Services, the Premises, the Sites, the Supplier System and/or any ICT, information or data (including the Confidential Information and the Customer's Personal Data) used by the Customer and/or the Supplier in connection with this Contract; and/or
 - (b) the loss and/or unauthorised disclosure of any information or data (including the Confidential Information and the Customer's Personal Data), including any copies of such information or data, used by the Customer and/or the Supplier in connection with this Contract;
- "ISMS"** The Information Security Management System as defined by ISO/IEC 27001. The scope of the ISMS will be as agreed by the Parties and will directly reflect the scope of the Contract Services;
- "Protectively Marked"** shall have the meaning as set out in the Security Policy Framework;
- "Security Policy Framework"** means the Cabinet Office Security Policy Framework (available from the Cabinet Office Security Policy Division);
- "Security Tests"** shall have the meaning set out in paragraph 4.1 of this schedule 1;
- "Statement of Applicability"** shall have the meaning set out in ISO/IEC 27001.

1 INTRODUCTION

- 1.1 This Schedule 1 covers:
 - 1.1.1 principles of protective security to be applied in delivering the Contract Services;
 - 1.1.2 [wider aspects of security relating to the Contract Services];
 - 1.1.3 the development, implementation, operation, maintenance and continual improvement of an ISMS;
 - 1.1.4 the creation and maintenance of the Security Management Plan;
 - 1.1.5 audit and testing of ISMS compliance with the Customer's security requirements (as set out in the Letter of Appointment);
 - 1.1.6 conformance to ISO/IEC 27001 (Information Security Requirements Specification) and ISO/IEC 27002 (Information Security Code of Practice) and;
 - 1.1.7 obligations in the event of actual, potential or attempted breaches of security.

2. PRINCIPLES OF SECURITY

- 2.1 The Supplier acknowledges that the Customer places great emphasis on the confidentiality, integrity and availability of information and consequently on the security provided by the ISMS.
- 2.2 The Supplier shall be responsible for the effective performance of the ISMS and shall at all times provide a level of security which:
 - 2.2.1 is in accordance with Good Industry Practice, Law, Standards and this Contract;
 - 2.2.2 complies with the Security Policy;
 - 2.2.3 [complies with at least the minimum set of security measures and standards as determined by the Security Policy Framework (Tiers 1-4) available from the Cabinet Office Security Policy Division (COSPD)];
 - 2.2.4 meets any specific security threats to the ISMS;
 - 2.2.5 complies with ISO/IEC 27001 and ISO/IEC27002 in accordance with paragraph 5 of this schedule;
 - 2.2.6 complies with the Customer's security requirements as set out in the Letter of Appointment; and
 - 2.2.7 complies with the Customer's ICT standards.
- 2.3 Without limiting Paragraph 2.2 above, the Supplier shall at all times ensure that the level of security employed in the provision of the Contract Services is appropriate to maintain the following at acceptable risk levels (to be defined by the Customer from time to time):

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- 2.3.1 loss of integrity and confidentiality of Customer Confidential Information;
 - 2.3.2 unauthorised access to, use or disclosure of, or interference with Customer Confidential Information by any person or organisation;
 - 2.3.3 unauthorised access to network elements, buildings, the Sites and tools (including Equipment) used by the Supplier and any Sub-contractors in the provision of the Contract Services;
 - 2.3.4 use of the Supplier System or Contract Services by any third party in order to gain unauthorised access to any computer resource or Customer Data; and
 - 2.3.5 loss of availability of Customer Confidential Information due to any failure or compromise of the Contract Services.
- 2.4 Subject to Clause 6A.3 the references to standards, guidance and policies set out in paragraph 2.2 shall be deemed to be references to such items as developed and updated and to any successor to or replacement for such standards, guidance and policies, from time to time.
- 2.5 In the event of any inconsistency in the provisions of the above standards, guidance and policies, the Supplier should notify the Customer's Representative of such inconsistency immediately upon becoming aware of the same, and the Customer's Representative shall, as soon as practicable, advise the Supplier which provision the Supplier shall be required to comply with.

3. ISMS AND SECURITY MANAGEMENT PLAN

3.1 Introduction

- 3.1.1 The Supplier shall develop, implement, operate, maintain and continuously improve and maintain (and ensure that all Supplier Personnel and Sub-Contractors implement and comply with) an ISMS which will, without prejudice to paragraph 2.2, be approved, by the Customer, tested in accordance with paragraph 4, periodically updated and audited in accordance with ISO/IEC 27001.
- 3.1.2 The Supplier shall develop and maintain a Security Management Plan in accordance with this schedule 1 to apply during the Call-off Term.
- 3.1.3 The Supplier shall comply with its obligations set out in the Security Management Plan and the other elements of the Contract and the Framework Agreement relevant to security (including the Customer's security requirements as set out in the Letter of Appointment).
- 3.1.4 Both the ISMS and the Security Management Plan shall, unless otherwise specified by the Customer, aim to protect all aspects of the Contract Services and all processes associated with the delivery of the Contract Services, including the Premises, the Sites, the Supplier System and any ICT, information and data (including the Customer Confidential Information and the Customer Data) to the extent used by the Customer or the Supplier in connection with this Contract.
- 3.1.5 The Supplier is responsible for monitoring and ensuring that it is aware of changes to the Security Policy. The Supplier shall keep the Security

Management Plan up-to-date with the Security Policy as amended from time to time.

3.2 Development of the Security Management Plan

3.2.1 Within 20 Working Days after the Effective Date (or such other period specified in the Implementation Plan or as otherwise agreed by the Parties in writing) and in accordance with paragraph 3.4 (Amendment and Revision), the Supplier will prepare and deliver to the Customer for approval a fully complete and up to date Security Management Plan which will be based on the draft Security Management Plan.

3.2.2 If the Security Management Plan, or any subsequent revision to it in accordance with paragraph 3.4 (Amendment and Revision), is approved by the Customer it will be adopted immediately and will replace the previous version of the Security Management Plan. If the Security Management Plan is not approved by the Customer the Supplier shall amend it within 10 Working Days or such other period as the Parties may agree in writing of a notice of non-approval from the Customer and re-submit to the Customer for approval. The Parties will use all reasonable endeavours to ensure that the approval process takes as little time as possible and in any event no longer than 15 Working Days (or such other period as the Parties may agree in writing) from the date of its first submission to the Customer. If the Supplier does not achieve the approval of the Security Management Plan following its resubmission, the matter will be resolved in accordance with the dispute resolution procedure in Clause 23.2. However where the Customer does not approve the Security Management Plan on the grounds that it does not comply with the requirements set out in paragraph 3.3.4, this shall be deemed to be reasonable.

3.3 Content of the Security Management Plan

3.3.1 The Security Management Plan will set out the security measures to be implemented and maintained by the Supplier in relation to all aspects of the Contract Services and all processes associated with the delivery of the Contract Services and shall at all times comply with and specify security measures and procedures which are sufficient to ensure that the Contract Services comply with the provisions of this Contract (including this Annex 3, the principles set out in paragraph 2.2 and any other elements of this Contract relevant to security or any data protection guidance produced by the Customer);

3.3.2 The Security Management Plan (including the draft version) should also set out the plans for transiting all security arrangements and responsibilities from those in place at the Effective Date to those incorporated in the Supplier's ISMS at the date set out in the Implementation Plan for the Supplier to meet the full obligations of the security requirements set out in this Contract and in the Letter of Appointment.

3.3.3 The Security Management Plan will be structured in accordance with ISO/IEC 27001 and ISO/IEC 27002, cross-referencing if necessary to

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other provisions of this Contract which cover specific areas included within that standard.

- 3.3.4 Where the Security Management Plan references any document which is not in the possession of the Customer, a copy of the document will be made available to the Customer upon request. The Security Management Plan shall be written in plain English in language which is readily comprehensible to the staff of the Supplier and the Customer engaged in the Contract Services and shall only reference documents which are in the possession of the Customer or whose location is otherwise specified in this Schedule 1.

3.4 **Amendment and Revision of the ISMS and Security Management Plan**

- 3.4.1 The ISMS and Security Management Plan will be fully reviewed and updated by the Supplier annually, or from time to time to reflect:

- 3.4.1.1 emerging changes in Good Industry Practice;
- 3.4.1.2 any change or proposed change to the Supplier System, the Services and/or associated processes;
- 3.4.1.3 any new perceived or changed security threats;
- 3.4.1.4 any reasonable request by the Customer.

- 3.4.2 The Supplier will provide the Customer with the results of such reviews as soon as reasonably practicable after their completion and amend the ISMS and Security Management Plan at no additional cost to the Customer. The results of the review should include, without limitation:

- 3.4.2.1 suggested improvements to the effectiveness of the ISMS;
- 3.4.2.2 updates to the risk assessments;
- 3.4.2.3 proposed modifications to the procedures and controls that effect information security to respond to events that may impact on the ISMS; and
- 3.4.2.4 suggested improvements in measuring the effectiveness of controls.

- 3.4.3 On receipt of the results of such reviews, the Customer will approve any amendments or revisions to the ISMS or Security Management Plan in accordance with the process set out at paragraph 3.2.2.

- 3.4.4 Any change or amendment which the Supplier proposes to make to the ISMS or Security Management Plan (as a result of a Customer request or change to the requirement set out by the Customer in the Letter of Appointment or otherwise) shall be subject to the variation procedure under Clause 2.2 and shall not be implemented until approved in writing by the Customer.

4. TESTING

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- 4.1 The Supplier shall conduct tests of the ISMS ("**Security Tests**") on an annual basis or as otherwise agreed by the Parties. The date, timing, content and conduct of such Security Tests shall be agreed in advance with the Customer.
- 4.2 The Customer shall be entitled to send a representative to witness the conduct of the Security Tests. The Supplier shall provide the Customer with the results of such tests (in a form approved by the Customer in advance) as soon as practicable after completion of each Security Test.
- 4.3 Without prejudice to any other right of audit or access granted to the Customer pursuant to this Contract, the Customer and/or its authorised representatives shall be entitled, at any time and without giving notice to the Supplier, to carry out such tests (including penetration tests) as it may deem necessary in relation to the ISMS and the Supplier's compliance with the ISMS and the Security Management Plan. The Customer may notify the Supplier of the results of such tests after completion of each such test. Security Tests shall be designed and implemented so as to minimise the impact on the delivery of the Services.
- 4.4 Where any Security Test carried out pursuant to paragraphs 4.1 or 4.3 above reveals any actual or potential Breach of Security and/or security failure or weaknesses, the Supplier shall promptly notify the Customer in writing of any changes to the ISMS and to the Security Management Plan (and the implementation thereof) which the Supplier proposes to make in order to correct such failure or weakness. Subject to the Customer's approval in accordance with paragraph , the Supplier shall implement such changes to the ISMS and the Security Management Plan in accordance with the timetable agreed with the Customer or, otherwise, as soon as reasonably possible. For the avoidance of doubt, where the change to the ISMS or Security Management Plan to address a non-compliance with the Security Policy or the Customer's security requirements (as set out in the Letter of Appointment), the change to the ISMS or Security Management Plan shall be at no cost to the Customer. For the purposes of this paragraph 4, a weakness means vulnerability in security and a potential security failure means a possible breach of the Security Management Plan or the Customer's security requirements.

5. COMPLIANCE WITH ISO/IEC 27001

- 5.1 Where the Customer requests, the Supplier shall obtain independent certification of the ISMS to ISO/IEC 27001 within twelve (12) Months of the Effective Date (or such reasonable time period as to be agreed with the Customer) and shall maintain such certification for the duration of the Contract.
- 5.2 If certain parts of the ISMS do not conform to good industry practice, or controls as described in ISO/IEC 27002 are not consistent with the Security Policy, and, as a result, the Supplier reasonably believes that it is not compliant with ISO/IEC 27001, the Supplier shall promptly notify the Customer of this and the Customer in its absolute discretion may waive the requirement for certification in respect of the relevant parts.
- 5.3 The Customer shall be entitled to carry out such regular security audits as may be required and in accordance with Good Industry Practice, in order to ensure that the ISMS maintains compliance with the principles and practices of ISO 27001.
- 5.4 If, on the basis of evidence provided by such audits, it is the Customer's reasonable opinion that compliance with the principles and practices of ISO/IEC 27001 is not being achieved by the Supplier, then the Customer shall notify the Supplier of the same and give the Supplier a reasonable time (having regard to the

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extent and criticality of any non-compliance and any other relevant circumstances) to become compliant with the principles and practices of ISO/IEC 27001. If the Supplier does not become compliant within the required time then the Customer has the right to obtain an independent audit against these standards in whole or in part.

- 5.5 If, as a result of any such independent audit as described in paragraph 5.4 the Supplier is found to be non-compliant with the principles and practices of ISO/IEC 27001 then the Supplier shall, at its own expense, undertake those actions required in order to achieve the necessary compliance and shall reimburse in full the costs incurred by the Customer in obtaining such audit.
- 5.6 If required by the Customer, the Supplier shall carry out regular security audits as may be required in order to maintain delivery of the Services and the ISMS in compliance with:
 - 5.6.1 security aspects of ISO/IEC 27002:2005 or equivalent;
 - 5.6.2 ISO/IEC 27001 or equivalent;
 - 5.6.3 the Security Policy Framework; and
 - 5.6.4 the requirements issued by the National Technical Authority for Information Assurance,

and shall promptly provide to the Customer any associated security audit reports and shall otherwise notify the Customer in writing of the results of such security audits. The provisions set out in Paragraphs 5.4 and 5.5 above shall apply mutatis mutandis to this Paragraph 5.6.

- 5.7 If it is the Customer's reasonable opinion that compliance with the principles and practices of ISO 27001 is not being achieved by the Supplier, then the Customer shall notify the Supplier of the same and give the Supplier a reasonable time (having regard to the extent of any non-compliance and any other relevant circumstances) to become compliant with the principles and practices of ISO 27001. If the Supplier does not become compliant within the required time then the Customer has the right to obtain an independent audit against these standards in whole or in part.

6. BREACH OF SECURITY

- 6.1 Either party shall notify the other in writing in accordance with the agreed security incident management process as defined by the ISMS upon becoming aware of any Breach of Security or any potential or attempted Breach of Security.
- 6.2 Without prejudice to the security incident management process, upon becoming aware of any of the circumstances referred to in paragraph 6.1, the Supplier shall:
 - 6.2.1 immediately take all reasonable steps necessary to:
 - 6.2.1.1 remedy such breach or protect the integrity of the ISMS against any such potential or attempted breach or threat; and
 - 6.2.2.2 prevent an equivalent breach in the future.

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Such steps shall include any action or changes reasonably required by the Customer. In the event that such action is taken in response to a breach that is determined by the Customer acting reasonably not to be covered by the obligations of the Supplier under this Contract, then the Supplier shall be entitled to refer the matter to the variation procedure in clause 2.2; and

- 6.2.2 as soon as reasonably practicable provide to the Customer full details (using such reporting mechanism as defined by the ISMS) of the Breach of Security or the potential or attempted Breach of Security.

Appendix A to Schedule 1 – Security Policy for Suppliers

The Customer treats its information as a valuable asset and considers that it is essential that information must be protected, together with the systems, equipment and processes which support its use. These information assets may include data, text, drawings, diagrams, images or sounds in electronic, magnetic, optical or tangible media, together with any Customer's Personal Data.

In order to protect Governmental information appropriately, Suppliers must provide the security measures and safeguards appropriate to the nature and use of the information. All Suppliers of services to the Customer must comply, and be able to demonstrate compliance, with the Customer's relevant policies and standards.

The Chief Executive or other suitable senior official of the Supplier must agree in writing to comply with these policies and standards. Each Supplier must also appoint a named officer who will act as a first point of contact with the Customer for security issues. In addition all Staff working for the Supplier and where relevant Sub-Contractors, with access to Governmental IT Systems, the Contract Services or Governmental information must be made aware of these requirements and must comply with them.

The Suppliers must comply with the relevant Standards from the Customer information systems security requirements. The requirements are based on and follow the same format as International Standard 27001.

The following are key requirements and the Supplier must comply with relevant Customer policies concerning:

Personnel Security

Staff recruitment in accordance with government requirements for pre-employment checks;

Staff training and awareness of Governmental security and any specific contract requirements.

Secure Information Handling and Transfers

Physical and electronic handling, processing and transferring of Data, including secure access to systems and the use of encryption where appropriate.

Portable Media

The use of encrypted laptops and encrypted storage devices and other removable media when handling Governmental information.

Offshoring

The Data must not be processed outside the United Kingdom without the prior written consent of Customer and must at all times comply with the Data Protection Act 1998.

Premises Security

Security of premises and control of access.

Security Incidents

Includes identification, managing and agreed reporting procedures for actual or suspected security breaches.

All suppliers must implement appropriate arrangements which ensure that the Government's information and any other Governmental assets are protected in accordance with prevailing statutory and central government requirements. These arrangements will clearly vary according to the size of the organisation.

It is the Supplier's responsibility to monitor compliance of any Sub-Contractors and provide assurance to the Customer.

Failure to comply with any of these policies or standards could result in termination of the Contract under Clause 8.2.1.1.

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Appendix B to Schedule 1 – Draft Security Plan

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CALL OFF SCHEDULE 2: ALTERNATIVE CLAUSES

Not used