

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

2 [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

3 [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

4 [REDACTED]

4.1 [REDACTED]

[REDACTED]

4.2 [REDACTED]

[REDACTED]

4.3 [REDACTED]

[REDACTED]

4.4 [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

4.5 [REDACTED]

[REDACTED]

[REDACTED]

5 [REDACTED]

5.1 [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]

5.2

[REDACTED]

5.3

[REDACTED]

5.4

[REDACTED]

5.5

[REDACTED]

5.6

[REDACTED]

5.7

[REDACTED]

5.8 [REDACTED]

[REDACTED]

5.9 [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

5.10 [REDACTED]

[REDACTED]

5.11 [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

5.12 [REDACTED]

[REDACTED]

5.13 [REDACTED]

[REDACTED]

6 [REDACTED]

6.1 [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

6.2 [REDACTED]

[REDACTED]

7 [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

7.1 [REDACTED]

[REDACTED]

7.2 [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

7.3 [REDACTED]

[REDACTED]

7.4 [REDACTED]

[REDACTED]

7.5 [REDACTED]

[REDACTED]

7.6 [REDACTED]

[REDACTED]

7.7 [REDACTED]

[REDACTED]

7.8 [REDACTED]

[REDACTED]

[REDACTED]

7.9 [REDACTED]

[REDACTED]

7.10 [REDACTED]

[REDACTED]

7.11 [REDACTED]

[REDACTED]

ENGROSSED COPY

3

[REDACTED]

4

[REDACTED]

5

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

6

[REDACTED]

7

[REDACTED]

[REDACTED]

[REDACTED]

ENGROSSED CONTRACT FINAL



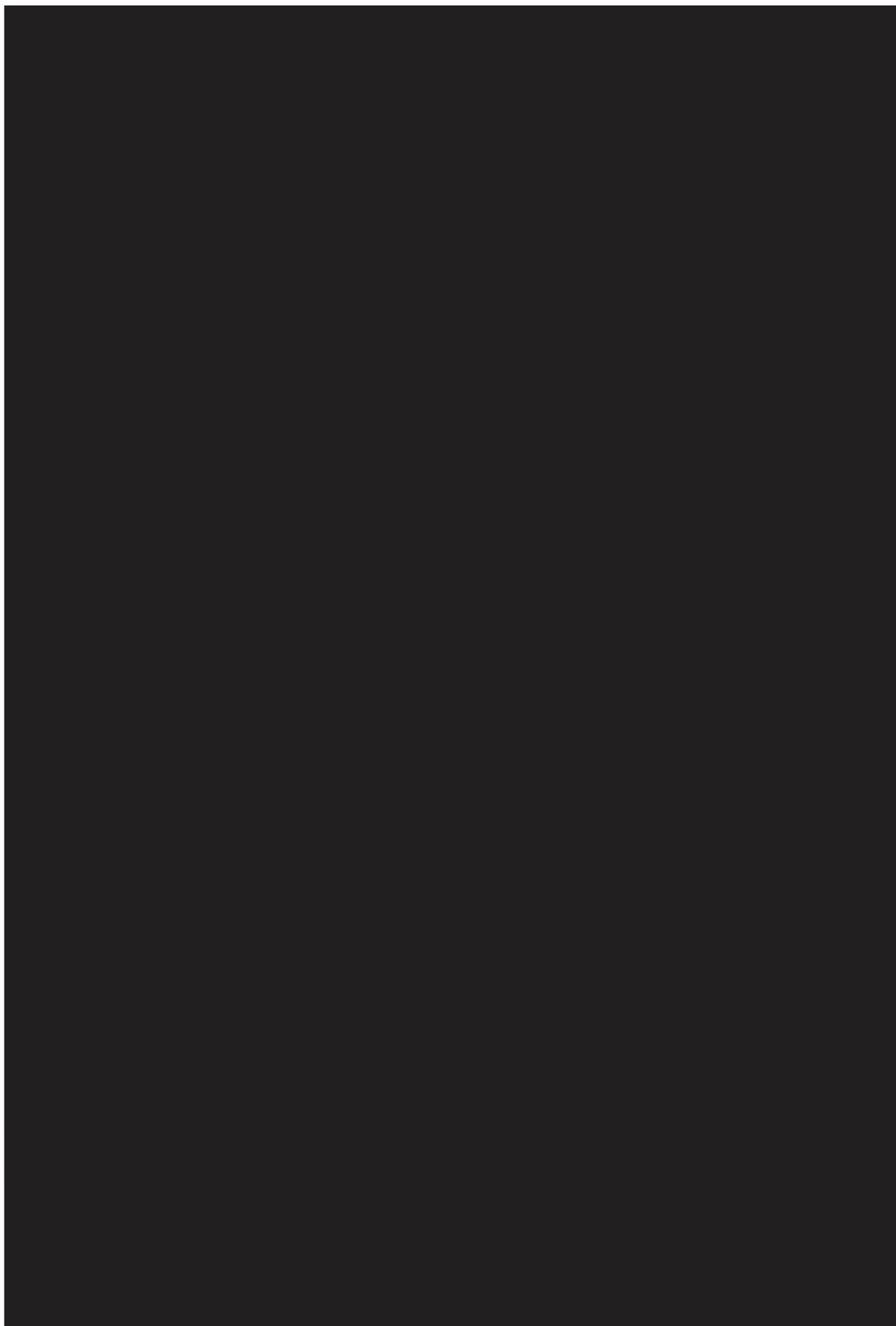




74

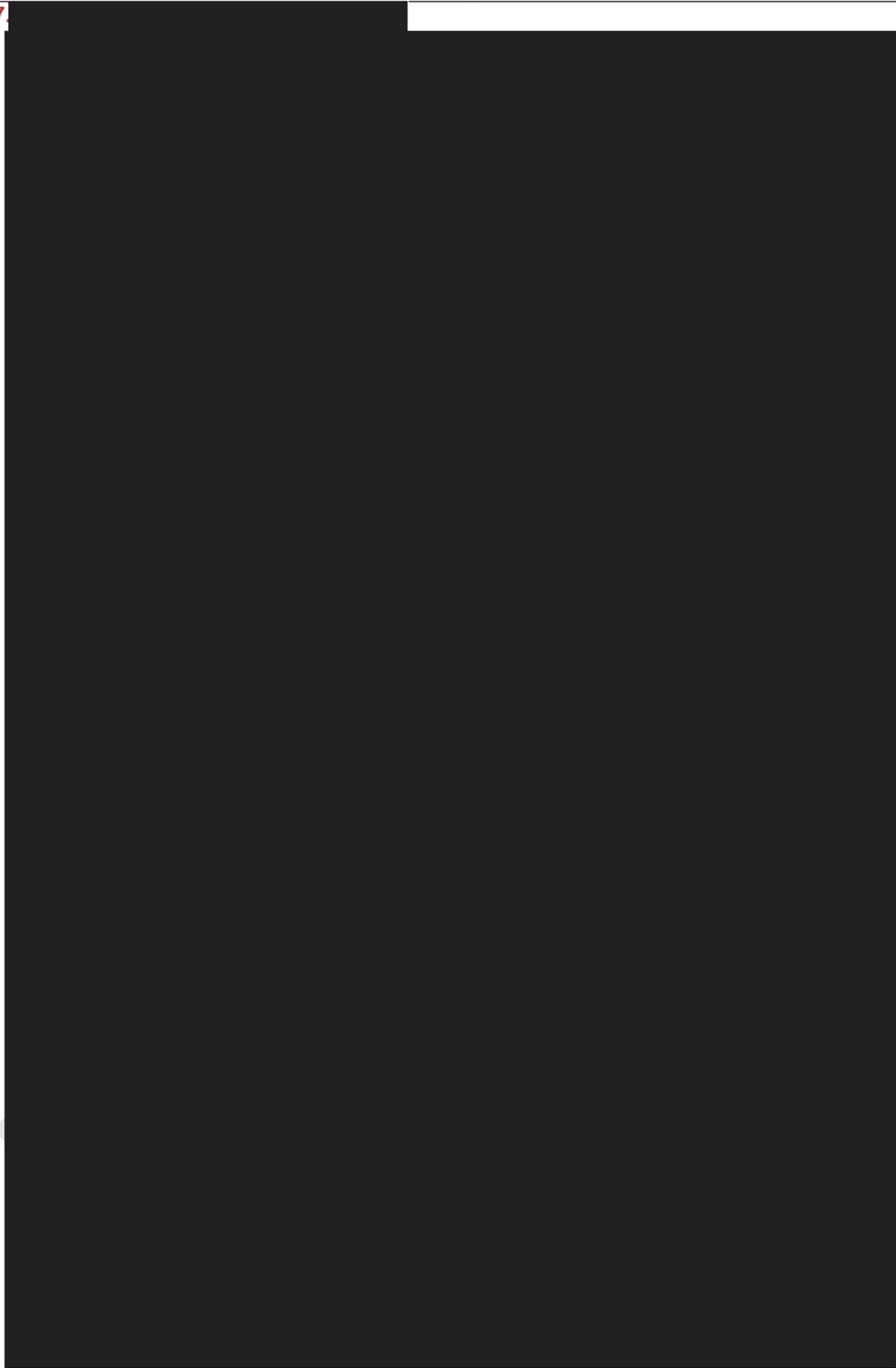




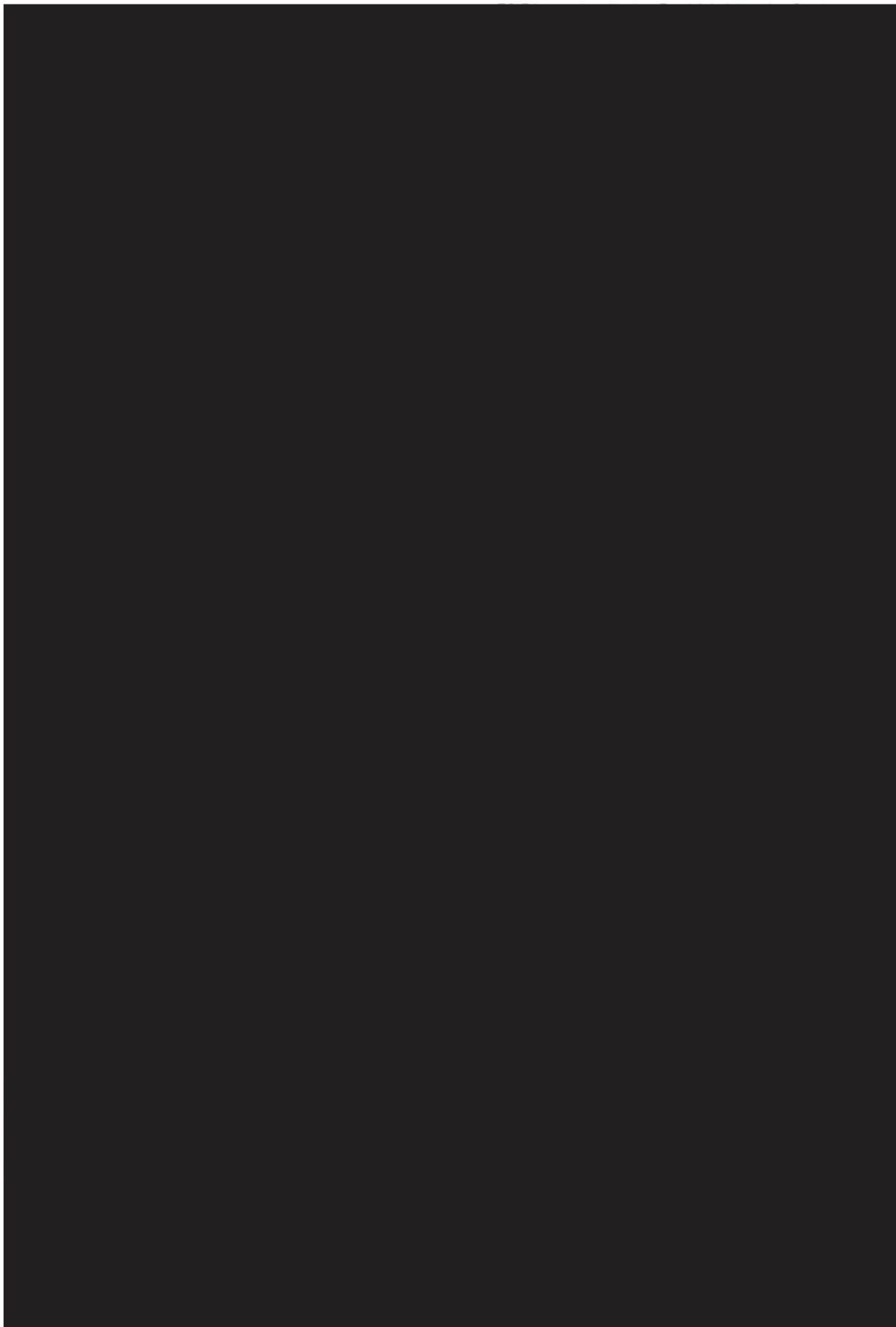


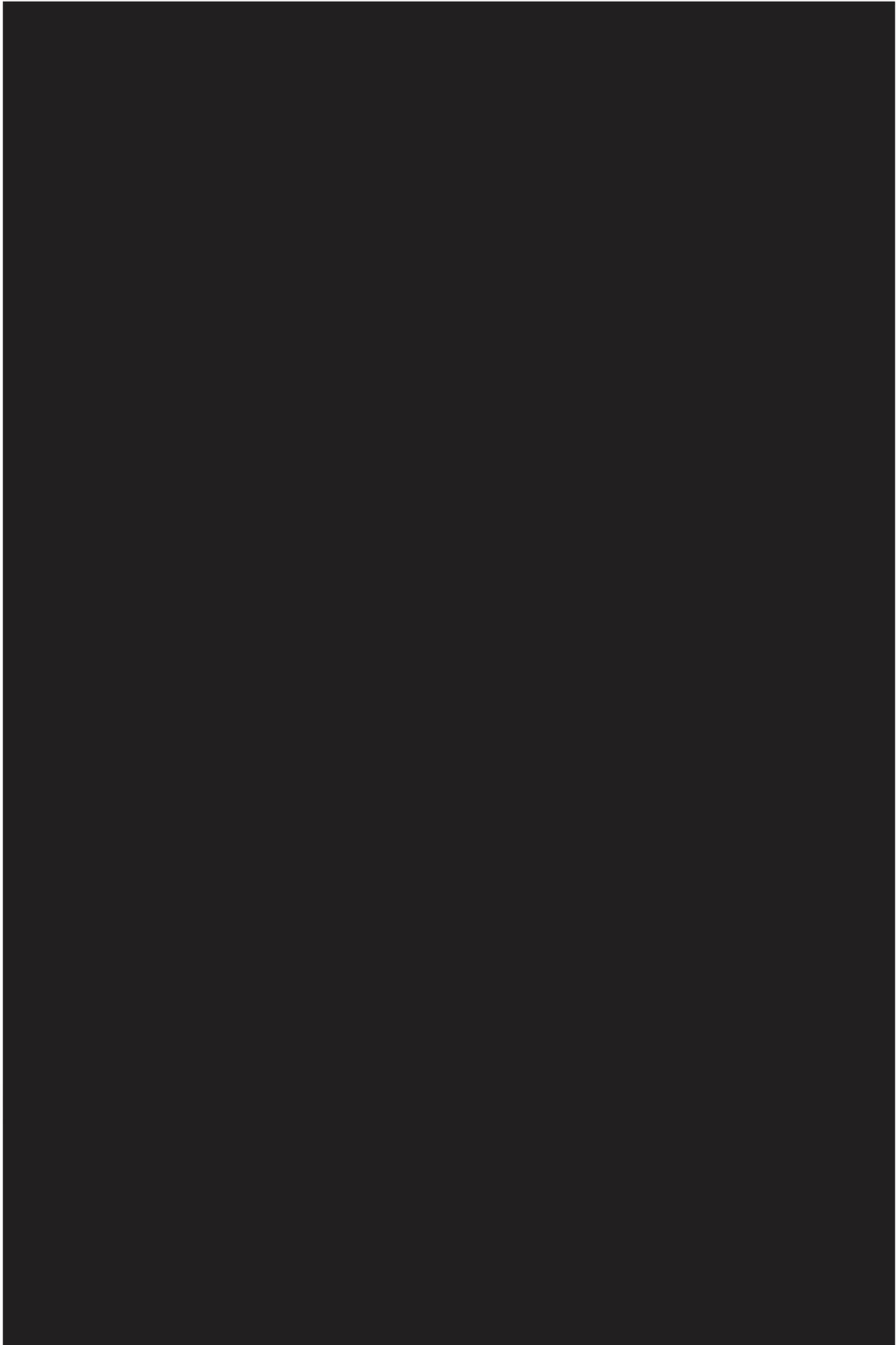


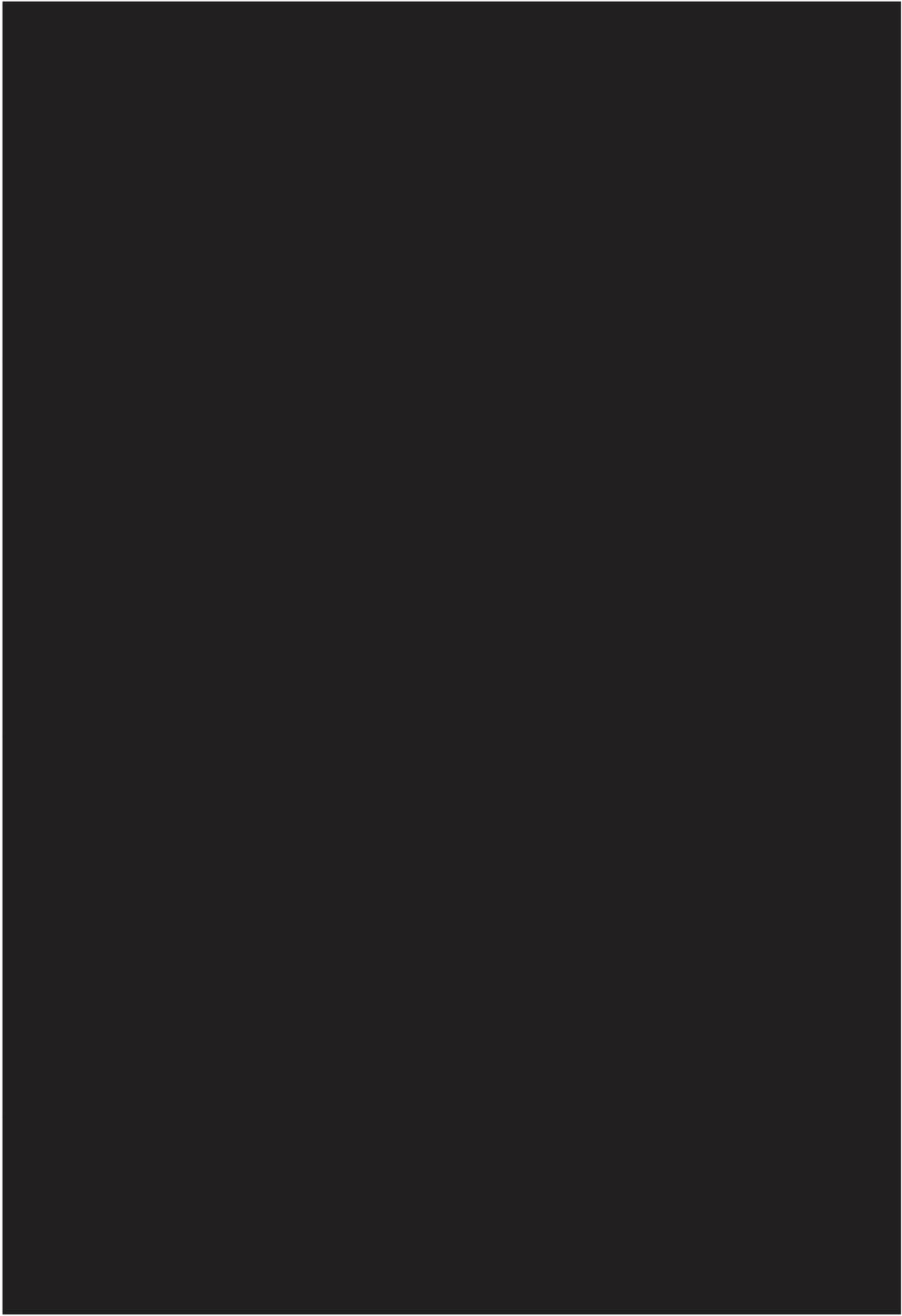


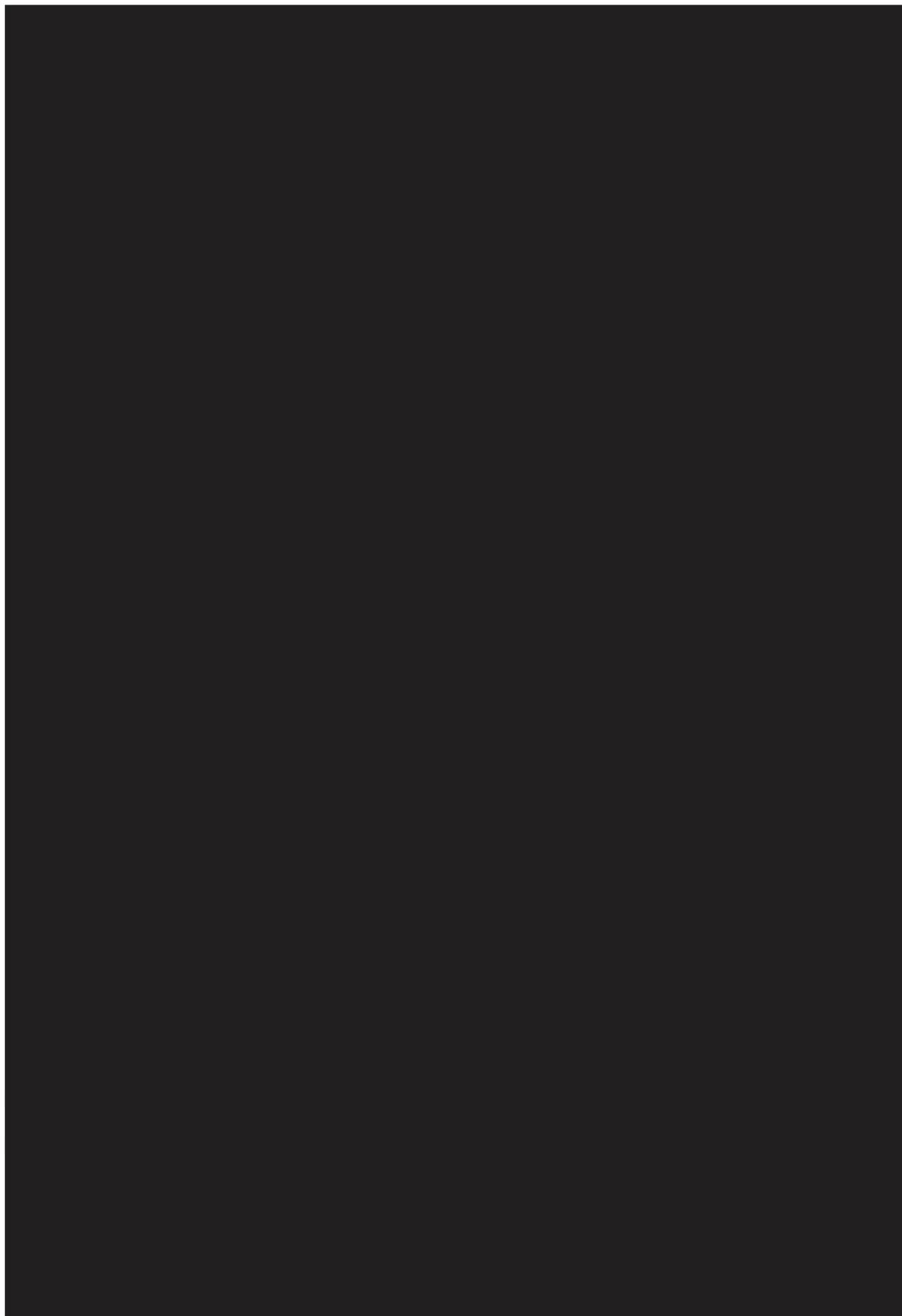














ENGROSSED CONTRACT FINAL

[REDACTED]

1 [REDACTED]

1.1 [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

1.2 [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

- [REDACTED]
- [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

1.3 [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

1.4 [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

1.5 [REDACTED]

1.5.1 [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

1.8 [REDACTED]

1.6.1 [REDACTED]

[REDACTED]

1.6.2 [REDACTED]

[REDACTED]

1.6.3 [REDACTED]

[REDACTED]

1.6.4 [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

1.5.5 [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

1.5.6 [REDACTED]

[REDACTED]

[REDACTED]

1.5.7 [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

17 [REDACTED]

[REDACTED]

17.1 [REDACTED]

[REDACTED]

17.2 [REDACTED]

[REDACTED]

17.3 Test Organisation, Management and Governance

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]		
[REDACTED]	[REDACTED]	[REDACTED]

ESIF Internationalisation Fund Administration Services

ENGROSSED CONTRACT

[Redacted]

[Redacted]

19. [REDACTED]

[REDACTED]

1 [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

2 [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

3 [REDACTED]

[REDACTED]

[REDACTED]

4 [REDACTED]

[REDACTED]

1 [REDACTED]

5 [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

6

[REDACTED]

[REDACTED]

7

[REDACTED]

[REDACTED]

7.1

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

7.2

[REDACTED]

[REDACTED]

[REDACTED]

7.3

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

7.4 [REDACTED]

[REDACTED]

CONFIDENTIAL
ENGROSSED CONTRACT

1 [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

1.1 [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

ENGROUPEMENT

[REDACTED]

1.2 [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

2 [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

3 [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

3.1 [REDACTED]

[REDACTED]

3.2 [REDACTED]

[REDACTED]

3.3 [REDACTED]

[REDACTED]

3.4 [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

3.5 [REDACTED]

[REDACTED]

[REDACTED]

4 [REDACTED]

4.1 [REDACTED]

[REDACTED]

SCHEDULE 4.2

COMMERCIALLY SENSITIVE INFORMATION

ENGROSSED CONTRACT FINAL

Commercially Sensitive Information

No.	Date	Item(s)	Duration of Confidentiality
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

SCHEDULE 4.3

NOTIFIED KEY SUB-CONTRACTORS

ENGROSSED CONTRACT FINAL

1. Notified Key Sub-Contractors

- 1.1. In accordance with Clause 15.7 (Appointment of Key Sub-contractors), the Supplier is entitled to sub-contract its obligations under this Agreement to the Key Sub-contractors listed in the table below.
- 1.2. The Parties agree that they will update this Schedule periodically to record any Key Sub-contractors appointed by the Supplier with the consent of the Authority after the Effective Date for the purposes of the delivery of the Services.

Key Sub-contractor name and address (if not the same as the registered office)	Registered office and company number	Related product/Service description	Key Sub-contract price expressed as a percentage of total projected Charges over the Term	Key role in delivery of the Services	Credit Rating Threshold
N/A	N/A	N/A	N/A	N/A	[Level 1]

SCHEDULE 4.4

THIRD PARTY CONTRACTS

ENGROSSED CONTRACT FINAL

1. Third Party Contracts

- 1.1. The contracts listed in the table below constitute Third Party Contracts entered into exclusively for the purposes of delivering the Services.
- 1.2. The Supplier shall be entitled to update this Schedule in accordance with Clause 15.5 (Appointment of Sub-contractors).

Third party supplier name and address (if not the same as the registered office)	Registered office and company number	Related product/service description
N/A	N/A	N/A

SCHEDULE 6.1
IMPLEMENTATION PLAN

ENGROSSED CONTRACT FINAL

Implementation Plan

1. INTRODUCTION

1.1 This Schedule:

- (a) defines the process for the preparation and implementation of the Outline Implementation Plan and Detailed Implementation Plan; and
- (b) identifies the Milestones (and associated Deliverables).

2. OUTLINE IMPLEMENTATION PLAN

2.1 The Outline Implementation Plan is set out in Annex 1.

2.2 All changes to the Outline Implementation Plan shall be subject to the Change Control Procedure provided that the Supplier shall not attempt to postpone any of the Milestones using the Change Control Procedure or otherwise (except in accordance with Clause 28 (Authority Cause)).

3. ACCEPTANCE OF THE DETAILED IMPLEMENTATION PLAN

3.1 The Supplier shall submit a draft of the Detailed Implementation Plan to the Authority for Acceptance within fifteen (15) days of the Effective Date.

3.2 The Supplier shall ensure that the draft Detailed Implementation Plan:

- (a) incorporates all of the Milestones and Milestone Dates set out in the Outline Implementation Plan;
- (b) clearly outlines all the steps required to implement the Milestones to be achieved within the first two months of the Effective Date, together with a high level plan for the rest of the programme, in conformity with the Authority Requirements;
- (c) clearly outlines the required roles and responsibilities of both Parties, including staffing requirements; and
- (d) is produced using a software tool as specified or agreed by the Authority.

3.3 Prior to the submission of the draft Detailed Implementation Plan to the Authority in accordance with Paragraph 3.1, the Authority shall have the right:

- (a) to review any documentation produced by the Supplier in relation to the development of the draft Detailed Implementation Plan, including:
 - (i) details of the Supplier's intended approach to the Detailed Implementation Plan and its development;
 - (ii) copies of any drafts of the Detailed Implementation Plan produced by the Supplier; and

- (iii) any other work in progress in relation to the Detailed Implementation Plan; and
 - (b) to require the Supplier to include any reasonable changes or provisions in the Detailed Implementation Plan.
- 3.4 Following receipt of the draft Detailed Implementation Plan from the Supplier, the Authority shall:
 - (a) review and comment on the draft Detailed Implementation Plan as soon as reasonably practicable; and
 - (b) notify the Supplier in writing that it Accepts or rejects the draft Detailed Implementation Plan no later than 10 Working Days after the date on which the draft Detailed Implementation Plan is first delivered to the Authority.
- 3.5 If the Authority rejects the draft Detailed Implementation Plan:
 - (a) the Authority shall inform the Supplier in writing of its reasons for its rejection; and
 - (b) the Supplier shall then revise the draft Detailed Implementation Plan (taking reasonable account of the Authority's comments) and shall re-submit a revised draft Detailed Implementation Plan to the Authority for the Authority's Acceptance within 5 Working Days of the date of the Authority's notice of rejection. The provisions of Paragraph 3.4 and this Paragraph 3.5 shall apply again to any resubmitted draft Detailed Implementation Plan, provided that either Party may refer any disputed matters for resolution by the Dispute Resolution Procedure at any time.
- 3.6 If the Authority Accepts the draft Detailed Implementation Plan, it shall replace the Outline Implementation Plan from the date of the Authority's notice of approval.

4. UPDATES TO AND MAINTAINANCE OF THE DETAILED IMPLEMENTATION PLAN

- 4.1 Following the Acceptance of the Detailed Implementation Plan by the Authority:
 - (a) The Supplier shall submit a revised Detailed Implementation Plan to the Authority within 5 Working Days of any agreed, significant changes;
 - (b) without prejudice to Paragraph 4.1(a), the Authority shall be entitled to request a revised Detailed Implementation Plan at any time by giving written notice to the Supplier and the Supplier shall submit a draft revised Detailed Implementation Plan to the Authority within 5 Working Days of receiving such a request from the Authority (or such longer period as the Parties may agree provided that any failure to agree such longer period shall be referred to the Dispute Resolution Procedure);
 - (c) any revised Detailed Implementation Plan shall (subject to Paragraph 4.2) be submitted by the Supplier for Acceptance in accordance with the procedure set out in Paragraph 3; and

- (d) the Supplier's performance against the Detailed Implementation Plan shall be monitored at meetings of the Contract and Operational Board, as defined in Schedule 8.1 (Governance). In preparation for such meetings, the current Detailed Implementation Plan shall be provided by the Supplier to the Authority not less than 5 Working Days in advance of each meeting of the Contract and Operational Board.
- 4.2 Save for any amendments which are of a type identified and notified by the Authority (at the Authority's discretion) to the Supplier in writing as not requiring approval, any material amendments to the Detailed Implementation Plan shall be subject to the Change Control Procedure provided that:
- (a) any amendments to elements of the Detailed Implementation Plan which are based on the contents of the Outline Implementation Plan shall be deemed to be material amendments; and
- (b) in no circumstances shall the Supplier be entitled to alter or request an alteration to any Milestone Date except in accordance with Clause 28 (Authority Cause).
- 4.3 Any proposed amendments to the Detailed Implementation Plan shall not come into force until they have been Approved in writing by the Authority.

5. GOVERNMENT REVIEWS

- 5.1 The Supplier acknowledges that the Services may be subject to Government review at key stages of the project. The Supplier shall cooperate with any bodies undertaking such review and shall allow for such reasonable assistance as may be required for this purpose within the Charges.

6. MILESTONE ACCEPTANCE AND MILESTONE PAYMENTS

Milestone Acceptance

- 6.1 If, in accordance with the Implementation Plan, the Supplier requests the Authority to confirm whether it Accepts a Milestone, the Authority shall consider the Milestone Acceptance Criteria (MAC) (set out in Annex 1 of this Schedule 6.1) for such Milestone (including any associated testing and Deliverables) and shall issue to the Supplier a notice which confirms that the Authority either:
- (a) Accepts a Milestone on the basis that:
- (i) all Deliverables which the Supplier is required to deliver in relation to such Milestone have been Approved;
- (ii) where a Deliverable is subject to Assurance in accordance with the Service Requirements (Schedule 2.1), the Deliverable which the Supplier is required to deliver in relation to such Milestone has been Assured; and
- (iii) that the Supplier has met all the requirements of the applicable MAC; or
- (b) rejects a Milestone on the basis that:

- (i) a Deliverable associated with such Milestone in the Implementation Plan has not been Approved;
- (ii) a Milestone activity set out in the Implementation Plan, has not been successfully completed; and/or
- (iii) the Supplier has not met all the requirements for the applicable MAC.

The Authority shall issue a "Milestone Acceptance Notice" where it accepts a Milestone in accordance with 6.1(a). The Authority shall issue a "Milestone Rejection Notice" where it rejects a Milestone in accordance with 6.1(b).

- 6.2 Provided that the Authority has received all information it reasonably requires on or before the date specified for such receipt in the Implementation Plan (or, if relevant, an associated Rectification Plan), the Authority shall issue Milestone Acceptance Notice or Milestone Rejection Notice as appropriate on or before the date specified for such notification in the Implementation Plan (or Rectification Plan) or, if no such notification date is specified, no more than ten (10) working days after the relevant Milestone Date.
- 6.3 The Authority's Acceptance of a Milestone pursuant to this paragraph 6 shall be without prejudice to its rights or remedies under the Agreement or at Law.
- 6.4 The Supplier shall keep the Authority informed of its progress in relation thereto in the progress reports or as otherwise agreed in writing by the Parties.

Milestone Rejection

- 6.5 If the Authority issues a Milestone Rejection Notice in respect of a Milestone each notice shall constitute a Notifiable Default in accordance with Clause 24.1 of the Agreement.
- 6.6 If the Authority issues a Milestone Rejection Notice it may, at its discretion, request that the Supplier either comply immediately with paragraph 6.7 below, or that the Supplier issue a draft Rectification Plan in accordance with paragraph 6.9.
- 6.7 Where the Authority considers that the Milestone, which forms the subject of the Milestone Rejection Notice, is capable remedy without a Rectification Plan the Supplier shall:
- (a) immediately (and at no cost to the Authority):
 - (i) promptly escalate the matter to the Contract Manager or such other level of seniority within the Supplier's Personnel as the Authority may reasonably require;
 - (ii) provide, complete, rectify or amend (as appropriate) any Deliverables;
 - (iii) complete all other relevant activity associated with the Milestone in the Implementation Plan;

- (iv) perform or re-perform (within a reasonable timeframe) such tests or alternative tests as may be specified by the Authority (at the Authority's absolute discretion) in order to demonstrate to the Authority's satisfaction that the relevant parts of the Services meet (or will meet) the Service Requirements, the Design Documents, and the MAC;
 - (v) in accordance with the process set out in paragraph 6.1 re-submit the Milestone to the Authority for Acceptance.
- 6.8 The Parties shall repeat the procedure set out in paragraph 6.1 and paragraph 6.7(a) until the Milestone has been Accepted by the Authority in accordance with paragraph 6.1 or the Authority requests that the Supplier produce a draft Rectification Plan.
- 6.9 Where the Authority requests that the Supplier produce a draft Rectification Plan in accordance with paragraph 6.6 or 6.8, the Supplier shall (and at no cost to the Authority) comply with Clause 24.5 (Rectification Plan Process) in relation to such draft Rectification Plan. Following the successful implementation of the Rectification Plan the Supplier shall re-submit the Deliverable for Acceptance to the Authority in accordance with clause 6.1.
- 6.10 For the avoidance of doubt, where the Authority does not consent to the draft Rectification Plan in accordance with clause 24.10 of the Agreement, or the Supplier fails to rectify the Notifiable Default within the timescales set out in the Rectification Plan, the failure to meet the Milestone forming the subject of the Milestone Rejection Notice, shall constitute a Rectification Plan Failure which is a Supplier Termination Event.

Payment in respect of Milestones

- 6.11 Following receipt of a Milestone Acceptance Notice, the Supplier shall be entitled to invoice the Authority in respect of that Milestone in accordance with the provisions of Schedule 7.1 (Charging and Invoicing).

7. REVIEW OF DELIVERABLES

7.1 The Authority Approval of Deliverables

In respect of each Deliverable which the Supplier is required to submit to the Authority for Approval (as set out in this Agreement, the Implementation Plan or a Rectification Plan, or as otherwise agreed by the Parties):

- (a) the Supplier shall use its best endeavours to give the Authority three (3) Working Days' notice prior to submitting such Deliverable to the Authority for review unless the Parties agree otherwise to allow for exceptional circumstances);
- (b) upon receipt of such Deliverable, the Authority shall as soon as reasonably possible and, provided it has received such Deliverable on or before the date specified for such receipt in the Implementation Plan (or Rectification Plan) on or before the date specified for its response in the Implementation Plan (or Rectification Plan):
 - (i) confirm in writing to the Supplier that it Approves such Deliverable;
 - (ii) request a meeting with the Supplier in order to discuss what changes, if any, it requires to such Deliverable (and, provided it has been given at least one (1) Working Days' notice of such meeting, the Supplier shall attend that meeting); or
 - (iii) summarise in writing to the Supplier the changes it requires to such Deliverable;
- (c) following a meeting pursuant to paragraph 7.1(b)(ii) or receipt of a summary of required changes pursuant to paragraph 7.1(b)(iii), the Supplier shall:
 - (i) promptly escalate the matter to such level of seniority within the Supplier's Personnel as the Authority may require; and
 - (ii) within five (5) Working Days (or such other time as may be agreed by the Parties in writing) submit a revised version of the relevant Deliverable to the Authority for Approval, incorporating the changes required by the Authority; and
- (d) the Parties shall repeat the process set out in paragraphs 7.1(a) to 7.1(c) (inclusive) until the Authority notifies the Supplier that it Approves such Deliverable (a "Deliverable Approval Notice") or the Authority requests that the Supplier produces a Rectification Plan in accordance with the Rectification Plan process set out in Clause 24 of the Agreement.

7.2 Where the Authority requests that the Supplier produce a draft Rectification Plan in accordance with paragraph 7.1(d), the Supplier shall (and at no cost to the Authority) comply with Clause 24.5 (Rectification Plan Process) in relation to such draft Rectification Plan. Following the successful implementation of the Rectification Plan the Supplier shall re-submit the Deliverable to the Authority for Approval in accordance with clause 7.1.

- 7.3 Where a Deliverable has not been Approved in accordance with paragraphs 7.1(d), the Supplier shall:
- (a) immediately (and at no cost to the Authority):
 - (i) provide, complete, rectify or amend (as appropriate) any Deliverables;
 - (ii) complete all other relevant activity associated with the Deliverable (as set out in this Agreement, the Implementation Plan or a Rectification Plan, or as otherwise agreed by the Parties);
 - (iii) promptly escalate the matter to the Contract Manager or such other level of seniority within the Supplier's Personnel as the Authority may reasonably require;

7.4 The Authority Assurance of Deliverables

7.4.1 Where the Implementation Plan specifies that a Deliverable requires Assurance the Parties shall comply with the provisions set out in below.

7.4.2 The Supplier shall develop and comply with the applicable controls, processes and requirements set out in this Agreement, the Implementation Plan or a Rectification Plan, or as otherwise agreed by the Parties and shall submit the applicable Deliverable within a the timeframe requested by the Authority, for Assurance.

7.4.3 Where the Supplier is required to submit a Deliverable to the Authority for Assurance the Supplier shall use its best endeavours to give the Authority at least three (3) Working Days' notice prior to submitting such Deliverable to the Authority unless the Parties agree otherwise to allow for exceptional circumstances.

7.4.4 If the Authority considers (in its absolute discretion) that the nature of, or information contained in the Deliverable, which has been submitted for Assurance:

7.4.4.1.1 does not complying with the ESIF Internationalisation Fund guidelines; and/or

7.4.4.1.2 that the Supplier has not complied with the Implementation Plan or Rectification Plan in respect of the Deliverable which is subject to Assurance,

the Authority may notify the Supplier that it is exercising its Assurance Rights in respect of such Deliverable.

7.4.5 If the Authority exercises its Assurance Rights in respect of a Deliverable, the Authority may require the Supplier to:

- (i) promptly escalate the matter to such level of seniority within the Supplier's Personnel as the Authority may require;
- (ii) provide additional reporting (or more granular reporting) in relation to the Supplier's work on, or relating to, such Deliverable;
- (iii) provide the Authority with copies of any data relating to such Deliverable;
- (iv) allow the Authority Personnel (or Personnel of the Authority's sub-contractors) to witness and/or participate in the Supplier's planning, review and implementation activities in relation to such Deliverable;
- (v) submit a revised Implementation Plan (or Rectification Plan) to the Authority for Acceptance which reflects the status of the Supplier's activities in relation to such Deliverable, and the Supplier shall comply with such request.

7.4.6 If the Authority is not satisfied with the Supplier's response to its request pursuant to paragraph 7.3.7 the Authority may by written notice to the Supplier confirm that the Deliverable has not been Assured (a Non-Assured Deliverable) and that the Supplier is required to submit a draft Rectification Plan in relation to such Non-Assured Deliverable in accordance with Clause 24 (Rectification Plan Process). Following the successful implementation of the Rectification Plan the Supplier shall re-submit the Deliverable to the Authority for Assurance in accordance with clause 7.4.3.

If the Authority:

- (a) confirms in writing to the Supplier that it does not plan to exercise its Assurance Rights in respect of the Deliverable; or
- (b) it exercises its Assurance Rights in respect of the Deliverable but confirms in writing to the Supplier that it is satisfied with the Supplier's activities pursuant to paragraph 7.4.5; or
- (c) does not within ten (10) Working Days of the Supplier's submission of the Deliverable send a confirmation to the Supplier pursuant to paragraph 7.4.4 or exercise its Assurance Rights in respect of the Deliverable.

then that Deliverable shall be deemed to be Assured.

This plan is based on the date of execution of the Agreement being no later than 29th July 2020.

Annex 1 – Outline Implementation Plan						
Milestone Name	Milestone Description	Milestone Acceptance Criteria	Milestone Date	Milestone Cost	On-Time Delivery Payment	
MS-001	Employee TUPE consultation	HR teams to ensure due diligence is complete in preparation for consultation meetings <ul style="list-style-type: none"> • Define timelines for TUPE Consultation Plan • Request for Pre-redundancy consultation 	Timelines for TUPE Consultation Plan agreed and dates for Pre-redundancy agreed	03-Aug-20	n/a	Milestone Payment - IMPM1
MS-002	Introduce the T&Cs Matrix	Terms and Condition Matrix. Non-Negotiable HR process for TUPE completion	Part of Contract requirements to commence	11-Aug-20	n/a	
MS-003	Project Governance	Establishment of the set of policies, regulations, functions, processes, procedures and responsibilities that define the solution, management and control of project	Agreement between DIT and Capita on rules of engagement	11-Aug-20	n/a	
MS-004	Detailed Implementation Plan Draft Submission	Detailed Implementation Plan Draft Submission	The Supplier shall submit a draft of the Detailed Implementation Plan to the Authority for Acceptance within fifteen(15) working days of the Effective Date.	18-Aug-20	n/a	

Annex 1 – Outline Implementation Plan

Milestone Name	Milestone Description	Milestone Acceptance Criteria	Milestone Date	Milestone Cost	On-Time Delivery Payment
MS-005	Detailed Implementation Plan Draft Approval	<p>Following receipt of the draft Detailed Implementation Plan from the Supplier, the Authority shall:</p> <ul style="list-style-type: none"> (a) review and comment on the draft Detailed Implementation Plan as soon as reasonably practicable; and (b) notify the Supplier in writing that it Accepts or rejects the draft Detailed Implementation Plan no later than 10 Working Days after the date on which the draft Detailed Implementation Plan is first delivered to the Authority. <p>If the Authority Accepts the draft Detailed Implementation Plan, it shall replace the Outline Implementation Plan from the date of the Authority's notice of approval.</p>	01-Sep-20	n/a	
MS-006	Detailed Implementation Plan Baseline	<p>Following the Acceptance of the Detailed Implementation Plan by the Authority:</p> <ul style="list-style-type: none"> (a) The Supplier shall submit a revised Detailed Implementation Plan to the Authority within 5 Working Days of any agreed, significant changes; 	08-Sep-20	n/a	

Annex 1 – Outline Implementation Plan

Milestone Name	Milestone Description	Milestone Acceptance Criteria	Milestone Date	Milestone Cost	On-Time Delivery Payment
MS-007	Mobilisation of Project Team Complete	Completion of all mobilisation effort for the project team	08-Sep-20		
MS-008	Planning Complete	<p>This represents the acceptance sign off of the Implementation Plan and all subsidiary plans for the delivery of the project</p> <p>To receive payment, Supplier must demonstrate completion of all deliverables/ activities in MS-001 to MS-008</p>	08-Sep-20	40% of Cost to Implement	
MS-009	Solution Architecture	Complete documentation of Solution functionality, signed off and ready for build	30-Sep-20	n/a	
MS-010	Minimum Viable Product (MVP) Complete	A version of the product with just enough features to satisfy early customers and provide feedback for future product development	20-Oct-20	n/a	Milestone Payment - IMPM2

Annex 1 – Outline Implementation Plan

MS-011	Finalise the proposals post transfer line by line on T&Cs Matrix and share final 'measures' letter	None-Negotiable HR process for TUPE completion to Finalise the proposals post transfer on T&Cs Matrix and share final 'measures' letter.	Part of Contract requirements to commence -3 weeks SCD minimum	27-Oct-20	n/a	
--------	--	--	---	-----------	-----	--

Annex 1 – Outline Implementation Plan

Milestone Name	Milestone Description	Milestone Acceptance Criteria	Milestone Date	Milestone Cost	On-Time Delivery Payment
MS-012	Transition to Service Agreement	Agreement document indicating that all deliverables to proceed to the Go-Live have been met	10-Nov-20	n/a	
MS-013	Ready to Commence Service	Bid Mandated Milestone	27-Nov-20		
MS-014	Transition to Live Operations Complete	<p>Bid Mandated Milestone</p> <p>To receive payment, Supplier must demonstrate completion of all deliverables/ activities in MS-008 to MS-014</p>	30-Nov-20	40% of Cost to Implement	

Annex 1 – Outline Implementation Plan

	Milestone Name	Milestone Description	Milestone Acceptance Criteria	Milestone Date	Milestone Cost	On-Time Delivery Payment
MS-015	Initial Operations Review Complete	Bid Mandated Milestone	The Tenderer shall demonstrate to The Authority's reasonable satisfaction that the Services and the Systems are fulfilling the Requirements, the Performance Indicators (PIs) in Schedule 2.2 (Performance Levels) and the other requirements set out in the Agreement. This shall include, but is not limited to: 1) post activity process checking, monitoring and MIS reporting showing that the PIs in Schedule 2.2 (Performance Levels) are being met; 2) an Exit Plan, which complies with Schedule 8.1 (Exit Plan) has been Approved by The Authority; 3) review of TUPE related redundancy cost	01-Mar-21	20% of Cost to Implement	Milestone Payment - IMPM3

SCHEDULE 7.1

CHARGES AND INVOICING

ENGROSSED CONTRACT FINAL

Charges and Invoicing

1. DEFINITIONS

In this Schedule, the following definitions shall apply:

"Achieved Profit Margin"	the cumulative Supplier Profit Margin (excluding adjustments for early completion of the services as described in paragraph 4.2 (i)(b) of Part B of this schedule 7.1) calculated from (and including) the Effective Date (or, if applicable, the date of the last adjustment to the Charges made pursuant to Paragraph 2.2 of Part D), to (and including) the last day of the previous Contract Year;
"Anticipated Contract Life Profit Margin"	the anticipated Supplier Profit Margin over the Term as reflected in the Financial Model;
"Application Award"	the Applicant's application is successfully processed by the Supplier and the funding applied for is awarded to the Applicant;
"Application Award Fee"	The fee paid to the Supplier as described in paragraph 4.2 (ii) of Part B for an Application Award;
"Delay Payment Rate"	has the meaning given in paragraph 1.1 (a) of Part C;
"European Standard"	in relation to an electronic invoice means the European standard and any of the syntaxes published in Commission Implementing Decision (EU) 2017/1870;
"Indexation" and "Index"	the adjustment of an amount or sum in accordance with Paragraph 5 of Part C;
"Maximum Permitted Profit Margin"	the Anticipated Contract Life Profit Margin plus 5%;
"Monthly Service Fee"	As defined in the formula described in paragraph 4.2 (i) of Part B;
"Monthly Optional Service Fee"	As defined by the formula described in paragraph 4.4 (i) of Part B;
"Service Charge Trigger Event" ("Trigger Event")	the trigger event set out in Table 5 and Table 6 of Annex 2 of this Schedule 7.1;
"Supplier Profit"	in relation to a period or a Milestone (as the context requires), the difference between the total Charges (in nominal cash flow terms but excluding any Deductions) and total costs (in nominal cash flow terms) for the relevant period or in relation to the relevant Milestone;

"Supplier Profit Margin"	in relation to a period or a Milestone (as the context requires), the Supplier Profit for the relevant period or in relation to the relevant Milestone divided by the total Charges over the same period or in relation to the relevant Milestone and expressed as a percentage;
"Total Fund Pot"	The Total ESIF fund amount made available for distribution to SME applicants by the Internationalisation Fund Administrator during the Term;
"Total Optional Service Fee"	As defined in paragraph 5 of Part B;
"Total Service Fee"	As defined in paragraphs 4.1 and 4.2 of Part B;

PART A: PRICING

1. APPLICABLE PRICING MECHANISM

- 1.1 The Milestone Payments and Service Charges shall be calculated using fixed pricing. The fixed pricing mechanisms are set out in Annex 1: (Pricing Mechanism) of this Schedule 7.1.
- 1.2 The Charging Mechanism and Adjustments are set out in Annex 2 of this Schedule 7.1. The calculations for the Milestone Payments and Service Charges shall be based on the rates and prices specified in Annex 1 (Pricing Mechanism).
- 1.3 Table 4 of Annex 2 (Charging Mechanism and Adjustments) sets out which pricing mechanism shall be used to calculate each Milestone Payment.
- 1.4 Table 5 and Table 6, of Annex 2 (Charging Mechanism and Adjustments) sets out how each Services Charge shall be calculated, which pricing mechanism shall be used and how each Service Charge shall be broken down for invoicing purposes.

2. MILESTONE PAYMENTS OR SERVICE CHARGES

- 2.1. The relevant Charge to be applied to Table 4, Table 5 or Table 6 of Annex 2 (Charging Mechanism and Adjustments) shall be the amount set out against that Charge in Table 1, Table 2 or Table 3 of Annex 1 (Pricing Mechanism).
- 2.2. Charges calculated by reference to a Fixed Price pricing mechanism shall be subject to increase by way of Indexation.

PART B: CHARGING MECHANISMS

- 1.1. Under this Agreement, payments to the supplier will comprise of either Milestone Payment or a Service Charge.

2. MILESTONE PAYMENTS

- 2.1. On the achievement of a Milestone in accordance with the milestone acceptance criteria set out in Schedule 6.1 the Supplier shall be entitled to invoice the Authority for the Milestone Payment associated with that Milestone less any applicable Milestone Delay Payments in accordance with this Part B (Charging Mechanisms).
- 2.2. Each invoice relating to a Milestone Payment shall be supported by a Milestone Acceptance Notice.

3. SERVICE CHARGES

- 3.1. Each Service to which a Service Charge relates shall commence on the achievement of the Trigger Event set out against that Service in the "Service Charge Trigger Event" column 7 of Table 5 and Table 6, of Annex 2 (Charging Mechanism and Adjustments).
- 3.2. Service Charges shall be invoiced by the Supplier for each Service Period in arrears in accordance with the requirements of PART E: Invoicing and Payment Terms.
- 3.3. If a Service Charge is to be calculated by reference to a Fixed Price pricing mechanism and the relevant Service:

- (a) commences on a day other than the first day of a month; and/or
- (b) ends on a day other than the last day of a month,

the Service Charge for the relevant Service Period shall be pro-rated based on the proportion which the number of days in the month for which the Service is provided bears to the total number of days in that month.

- 3.4. Any Service Credits that accrue during a Service Period shall be deducted from the Service Charges payable for the following Service Period. An invoice for a Service Charge shall not be payable by the Authority unless all adjustments (including Service Credits) relating to the Service Charges for the immediately preceding Service Period have been agreed.

4. SERVICE CHARGES

TOTAL SERVICE FEE

4.1. The Service Charges for the Contract shall be made up of:

The Total Service Fee

The total (tendered) fixed sum paid to the Supplier for providing the Services during the Term and successfully awarding the Total Fund Pot €35.7m¹ in its entirety.

4.2. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

(b) The remaining months of the Term shall be either as per the existing Term expiry date or, in the event that the total fund is on track to be awarded earlier than the expiry date, the Authority and the Supplier may mutually agree a reduced Term.

(c) The Monthly Service Fee may be reduced in any Service Period where performance against the Key Performance Indicators falls below the minimum acceptable standard in accordance with Paragraph 3 (Service Credits) of Part C (Adjustments to the Charges) of this Schedule.

(d) A separate invoice will be required for each region, with the Monthly Service Fee multiplied by the percentage fund allocation for each region as detailed in Table 6, Annex 2 (Charging Mechanism and Adjustments) of this schedule. A change to the percentage split between regions may be made by the Authority from time to time.

(i) Application Award Fee:

(a) [REDACTED]

[REDACTED]

[REDACTED]

- [REDACTED]
- (b) Service Credits shall not be applied to the Application Award Fee.
 - (c) Application Award Fees shall be invoiced separately for each region.
 - (d) The Total Fund Pot has been set within a 5% tolerance of the figure provided during the tendering process. Any additional funds to be added to the Total Fund Pot above this 5% tolerance will be subject to the Optional Services Charging mechanism described in paragraph 5 of Part B of this Schedule.

MILESTONE PAYMENTS

4.3. The Milestone Payments for the Contract shall be made up of:

- a) **Implementation and Mobilisation costs**
(Milestone Payments) The total (tendered) fixed sum paid to the Supplier for successfully completing all implementation milestones in accordance with the Implementation Plan.
- b) **Termination and De-mobilisation costs**
(Milestone Payments) The total (tendered) fixed sum paid to the Supplier for successfully completing all Termination and De-mobilisation milestones in accordance with the Exit Plan, Schedule 8.5 (Exit Management) and Schedule 7.2 (Payment on Termination) in the event that the contract is terminated before the expiry of the Term.
- c) **Exit and De-mobilisation costs**
(Milestone Payments) The total (tendered) fixed sum paid to the Supplier for successfully completing all Exit and De-mobilisation milestones in accordance with the Exit Plan and Schedule 8.5 (Exit Management) upon the natural expiry of the Term.

4.4. Implementation and Mobilisation costs

The Implementation and Mobilisation costs set out in Table 2, Annex 1 (Pricing Mechanisms) will be split 40%/40%/20% to be paid upon successful achievement of Key Milestones set out in Table 4, Annex 2 (Charging Mechanism and Adjustments) of this schedule and further described in Schedule 6.1:

- (i) **IMPM1 (40%)** Implementation Planning Complete and Mobilisation of Project Team Complete (in accordance with the Implementation Plan and the milestone acceptance criteria set out in Schedule 6.1)
- (ii) **IMPM2 (40%)** Ready to Commence Service, Transition to Live Operations Complete (in accordance with the Implementation Plan and the milestone acceptance criteria set out in Schedule 6.1)
- (iii) **IMPM3 (20%)** Initial Operations Review Complete. (in accordance with the Implementation Plan and the milestone acceptance criteria set out in Schedule 6.1)

A separate invoice will be required for each region, with the Implementation and Mobilisation costs multiplied by the percentage fund allocation for each region as detailed in

Table 4, Annex 2 (Charging Mechanism and Adjustments) of this schedule. A change to the percentage split between the regions may be advised by the Authority from time to time.

4.5. Termination and De-Mobilisation costs

The Termination and De-Mobilisation costs set out in Table 2, Annex 1 (Pricing Mechanisms) shall be split 25% / 30% / 25% / 20% to be paid only in the event of early termination by way of Termination Notice or Break Notice and upon successful achievement of Key Milestones in Table 4, Annex 2 (Charging Mechanism and Adjustments) of this schedule and further described in Schedule 8.5 (Exit Management).

- (i) TERMM1 (25%) Provision of Termination Services (in accordance with the Exit Plan and accepted in accordance with the milestone acceptance criteria set out in Schedule 6.1 (Implementation)).
- (ii) TERMM2 (30%) Transfer of transferrable assets and services to the Replacement Supplier and/or the Authority and provide supporting evidence for any unrecovered costs, breakage costs and/or compensation claims due to early termination. (in accordance with the Exit Plan, Schedule 7.2 Payments on Termination and accepted in accordance with the milestone acceptance criteria set out in Schedule 6.1 (Implementation)).
- (iii) TERMM3 (25%) De-mobilisation of personnel, materials, equipment and cessation of the Services by the Termination Date (in accordance with the Exit Plan and accepted in accordance with the milestone acceptance criteria set out in Schedule 6.1 (Implementation)).
- (iv) TERMM4 (20%) Completion of output collection and reporting for all Application Awards made in the final 6 months of the Term.

A separate invoice will be required for each region, with the Termination and De-Mobilisation Costs multiplied by the percentage fund allocation for each region as detailed in Table 4, Annex 2 (Charging Mechanism and Adjustments) of this schedule. A change to the percentage split between the regions may be advised by the Authority from time to time.

4.6. Exit and De-Mobilisation Costs

The Exit and De-Mobilisation Costs set out in Table 2, Annex 1 (Pricing Mechanisms) shall be split 25%/25%/30%/20% to be paid only in the event of a natural expiry of the Term and upon successful achievement of Key Milestones in Table 4, Annex 2 (Charging Mechanism and Adjustments) of this schedule and further described in Schedule 8.5:

- (i) EXM1 (25%) Provision of Termination Services (in accordance with the Exit Plan and accepted in accordance with the milestone acceptance criteria set out in Schedule 6.1 (Implementation)).

- (ii) EXM2 (25%) Transfer of transferrable assets and services to the Replacement Supplier and/or the Authority (in accordance with the Exit Plan and accepted in accordance with the milestone acceptance criteria set out in Schedule 6.1 (Implementation)).
- (iii) EXM3 (30%) De-mobilisation of personnel, materials, equipment and cessation of the Services by the expiry date (in accordance with the Exit Plan and accepted in accordance with the milestone acceptance criteria set out in Schedule 6.1 (Implementation)).
- (iv) EXM4 (20%) Completion of output collection and reporting for Application Awards made in the final 6 months of the Term.

A separate invoice will be required for each region, with the Exit and De-Mobilisation Costs multiplied by the percentage fund allocation for each region as detailed in Table 4, Annex 2 (Charging Mechanism and Adjustments) of this schedule. A change to the percentage split between the regions may be advised by the Authority from time to time.

5. OPTIONAL SERVICES

- 5.1. If the Authority gives notice pursuant to Clause 5.9-5.11 (Optional Services) that it requires the Supplier to provide any or all of the Optional Services the Service Charges for the relevant Optional Services shall be calculated by reference to the pricing mechanism for those Optional Services set out in Table 6 of Annex 2 (Charging Mechanism and Adjustments), using the relevant rates and prices specified in Table 3, Annex 1 (Pricing Mechanism).
- 5.2. Optional Services may be requested by the Authority if additional ESIF funding is made available during the Term which exceeds the 5% tolerance of the Total Fund Pot.
- 5.3. The Total Optional Service Fee shall be calculated by multiplying the Optional Services fee (per million) in Table 3 of Annex 1 (Pricing Mechanism) by the number of Emillions in the additional ESIF fund that has been allocated for processing and distribution by the Supplier.
- 5.4. The Total Optional Service Fee shall then be split 80/20% into the following Service Charge categories:

■ [REDACTED]

[REDACTED]

[REDACTED]

$$\frac{(TOSF \text{ (Total Optional Service Fee)} \times 80\%) - TMOSP \text{ (Total Monthly Optional Service Fee already paid)}}{RMF \text{ (Remaining Months of Term)}} = \text{Monthly Optional Service Fee}$$

[REDACTED]

[REDACTED]

Term expiry date or in the event that the total fund is on track to be

awarded earlier than the expiry date, the Authority and the Supplier may mutually agree a reduced Term.

The Monthly Optional Service Fee may be reduced in any Service Period where performance against Performance Indicators falls below the minimum acceptable standard in accordance with Paragraph 3 (Service Credits) of Part C of this Schedule.

Separate invoices may be required for each region.

(ii)

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

PART C: ADJUSTMENTS TO THE CHARGES

1. DELAY PAYMENTS

1.1. If a Key Milestone has not been achieved on or before the relevant Milestone Date, the Supplier shall pay a Delay Payment to the Authority in respect of that Key Milestone. Delay Payments shall accrue:

- (a) at the daily rate (the "Delay Payment Rate") determined in accordance with Paragraph 1.2;
- (b) from (but excluding) the relevant Milestone Date to (and including) the later of:
 - (i) the date on which the Key Milestone is achieved; and
 - (ii) the expiry of the Delay Deduction Period; and
- (c) on a daily basis, with any part day's Delay counting as a day.

1.2. Where a Delay Payment is payable in respect of a Key Milestone, the Delay Payment Rate shall be the amount set out in column 6 of Table 4 of Annex 2 (Charging Mechanism and Adjustments) for the Key Milestone.

1.3. The Parties agree that Delay Payments calculated in accordance with the applicable Delay Payment Rates are in each case a genuine pre-estimate of the Losses which the Authority will incur as a result of any failure by the Supplier to achieve the relevant Key Milestone by the Milestone Date. Delay Payment Rates are stated exclusive of VAT.

1.4. The Delay Payment in respect of a Key Milestone shall be shown as a deduction from the amount due from the Authority to the Supplier in the next invoice due to be issued by the Supplier after the date on which the relevant Key Milestone is achieved or the expiry of the Delay Deduction Period (as the case may be). If the relevant Key Milestone is not achieved by the expiry of the Delay Deduction Period and no invoice is due to be issued by the Supplier within 10 Working Days of expiry of the Delay Deduction Period, then the Supplier shall within 10 Working Days of expiry of the Delay Deduction Period:

- a) issue a credit note to the Authority in respect of the total amount of the Delay Payment in respect of the Key Milestone; and
- b) pay to the Authority as a debt a sum equal to the total amount of the Delay Payment in respect of the Key Milestone together with interest on such amount at the applicable rate under the Late Payment of Commercial Debts (Interest) Act 1998, accruing on a daily basis from (and including) the due date up to (but excluding) the date of actual payment, whether before or after judgment.

2. PAYMENTS FOR DELAYS DUE TO AUTHORITY CAUSE

2.1. If the Supplier is entitled in accordance with Clause 28.1(ii)(D) (Authority Cause) to compensation for failure to achieve a Milestone by its Milestone Date, then, subject always to Clause 22 (Limitations on Liability), such compensation shall be determined in accordance with the following principles:

(a) the compensation shall reimburse the Supplier for additional costs incurred by the Supplier that the Supplier:

- (i) can demonstrate it has incurred solely and directly as a result of the Authority Cause; and
- (ii) is, has been, or will be unable to mitigate, having complied with its obligations under Clause 28.1 (Authority Cause)

together with an amount equal to the Anticipated Contract Life Profit Margin thereon;

(b) the compensation shall not operate so as to put the Supplier in a better position than it would have been in but for the occurrence of the Authority Cause;

(c) where the relevant Milestone Payment is to be calculated based upon a Fixed Price or a Firm Price pricing mechanism, the compensation shall include such amount as is appropriate to maintain the Supplier's profit margin set out in respect of the relevant Milestones in Table 2 – Fixed Prices (Implementation, Termination and Exit) of Annex 1; and

2.2. The Supplier shall provide the Authority with any information the Authority may require in order to assess the validity of the Supplier's claim to compensation.

3. SERVICE CREDITS

3.1. Service Credits shall be calculated by reference to the number of Service Points accrued in any one Service Period pursuant to the provisions of Schedule 2.2 (Performance Levels).

3.2. For each Service Period:

- (a) the Service Points accrued shall be converted to a percentage deduction from the Service Charges for the relevant Service Period on the basis of one point equating to a 0.25% deduction in the Service Charges; and
- (b) the total Service Credits applicable for the Service Period shall be calculated in accordance with the following formula:

$$SC = TSP \times X \times AC$$

where:

SC	is the total Service Credits for the relevant Service Period;
TSP	is the total Service Points that have accrued for the relevant Service Period;
X	is 0.25%; and
AC	is the total Services Charges payable for the relevant Service Period (prior to deduction of applicable Service Credits).

- 3.3. The liability of the Supplier in respect of Service Credits shall be subject to Clause 22.4(c) (Financial and other Limits) provided that, for the avoidance of doubt, the operation of the Service Credit Cap shall not affect the continued accrual of Service Points in excess of such financial limit in accordance with the provisions of Schedule 2.2 (Performance Levels).
- 3.4. Service Credits are a reduction of the Service Charges payable in respect of the relevant Services to reflect the reduced value of the Services actually received and are stated exclusive of VAT.
- 3.5. Service Credits shall be shown as a deduction from the amount due from the Authority to the Supplier in the invoice for the Service Period immediately succeeding the Service Period to which they relate.

4. CHANGES TO CHARGES

- 4.1. Any Changes to the Charges shall be developed and agreed by the Parties in accordance with Schedule 8.2 (Change Control Procedure) and on the basis that the Supplier Profit Margin on such Charges shall:
- (a) be no greater than that applying to Charges using the same pricing mechanism as at the Effective Date (as set out in the Contract Inception Report).
- 4.2. The Authority may request that any Impact Assessment presents Charges without Indexation for the purposes of comparison.

5. INDEXATION

- 5.1. Any amounts or sums in this Agreement which are expressed to be "subject to Indexation" shall be adjusted in accordance with the provisions of this Paragraph 5 to reflect the effects of inflation.
- 5.2. Where Indexation applies, the relevant adjustment shall be:
- (a) applied on the first day of the second April following the Effective Date and on the first day of April in each subsequent year (each such date an "adjustment date"); and
 - (b) the lower of:
 - (i) the amount determined by multiplying the relevant amount or sum by the percentage increase or changes in the Consumer Price Index published for the 12 months ended on the 31 January immediately preceding the relevant adjustment date; and
 - (ii) the amount determined by multiplying the relevant amount or sum by 2%.

PART D: EXCESSIVE SUPPLIER PROFIT MARGIN

1. LIMIT ON SUPPLIER PROFIT MARGIN

- 1.1. The Supplier acknowledges that the Achieved Profit Margin applicable over the Term shall not exceed the Maximum Permitted Profit Margin.
- 1.2. The Supplier shall include in each Annual Contract Report the Achieved Profit Margin as at the end of the Contract Year to which the Annual Contract Report is made up and the provisions of Paragraph 6 of Part B of Schedule 7.5 (Financial Reports and Audit Rights) shall apply to the approval of the Annual Contract Report.

2. ADJUSTMENT TO THE CHARGES IN THE EVENT OF EXCESS SUPPLIER PROFIT

- 2.1. If an Annual Contract Report demonstrates (or it is otherwise determined pursuant to Paragraph 6 of Part B of Schedule 7.5 (Financial Reports and Audit Rights)) that the Achieved Profit Margin as at the end of the Contract Year to which the Annual Contract Report is made up exceeds the Maximum Permitted Profit Margin:
 - (a) the Supplier shall, within 5 Working Days of delivery to the Authority of the Annual Contract Report, propose such adjustments to the Charges as will ensure that the Achieved Profit Margin both over the Contract Year to which the next Annual Contract Report will relate and over the Term will not exceed the Maximum Permitted Profit Margin;
 - (b) the Authority (acting reasonably) may agree or reject the proposed adjustments;
 - (c) if the Authority rejects the proposed adjustments it shall give reasons and the Supplier shall propose revised adjustments within 10 Working Days of receiving those reasons; and
 - (d) if the Parties cannot agree such revised adjustments and the Authority terminates this Agreement by issuing a Termination Notice to the Supplier pursuant to Clause 30.2(a) (Termination by the Authority), then for the purpose of calculating any Compensation Payment due to the Supplier, the Termination Notice shall be deemed to have been served as at the date of receipt by the Authority of the relevant Annual Contract Report.
- 2.2. Pending agreement of a proposed adjustment to the Charges pursuant to this Part D, the Charges then in force shall continue to apply. Once the adjustments to the Charges are agreed in accordance with Paragraph 2.1, the Parties shall document the adjustment in a Change Authorisation Note and the adjusted Charges shall apply with effect from the first day of the Service Period that immediately follows the Service Period in which the Change Authorisation Note is executed or such other date as is specified in the Change Authorisation Note.

PART E: INVOICING AND PAYMENT TERMS

1. SUPPLIER INVOICES

- 1.1. The Authority shall accept for processing any electronic invoice that complies with the European Standard, provided that it is valid and undisputed.
- 1.2. If the Supplier proposes to submit for payment an invoice that does not comply with the European Standard the Supplier shall comply with the requirements of the Authority's e-invoicing system. In the alternative the Supplier shall:
- (a) prepare and provide to the Authority for approval of the format a template invoice within 10 Working Days of the Effective Date which shall include, as a minimum, the details set out in Paragraph 1.3 together with such other information as the Authority may reasonably require to assess whether the Charges that will be detailed therein are properly payable; and
 - (b) make such amendments as may be reasonably required by the Authority if the template invoice outlined in (a) is not approved by the Authority.
- 1.3. The Supplier shall ensure that each invoice contains the following information:
- (a) the date of the invoice;
 - (b) a unique invoice number;
 - (c) the Service Period or other period(s) to which the relevant Charge(s) relate;
 - (d) the correct reference for this Agreement;
 - (e) the reference number of the purchase order to which it relates (if any);
 - (f) the dates between which the Services subject of each of the Charges detailed on the invoice were performed;
 - (g) a description of the Services;
 - (h) the pricing mechanism used to calculate the Charges (such as Guaranteed Maximum Price with Target Cost, Fixed Price, Time and Materials etc);
 - (i) any payments due in respect of Achievement of a Milestone, including the Milestone Acceptance Notice number for each relevant Milestone;
 - (j) the total Charges gross and net of any applicable deductions and, separately, the amount of any Reimbursable Expenses properly chargeable to the Authority under the terms of this Agreement, and, separately, any VAT or other sales tax payable in respect of each of the same;
 - (k) details of any Service Credits or Delay Payments or similar deductions that shall apply to the Charges detailed on the invoice;

- (l) reference to any reports required by the Authority in respect of the Services to which the Charges detailed on the invoice relate (or in the case of reports issued by the Supplier for validation by the Authority, then to any such reports as are validated by the Authority in respect of the Services);
- (m) a contact name and telephone number of a responsible person in the Supplier's finance department in the event of administrative queries;
- (n) the banking details for payment to the Supplier via electronic transfer of funds (i.e. name and address of bank, sort code, account name and number); and
- (o) where the Services have been structured into separate Service lines, the information at (a) to (n) of this paragraph 1.3 shall be broken down in each invoice per Service line.

- 1.4. The Supplier shall invoice the Authority in respect of Services in accordance with the requirements of Part B. The Supplier shall first submit to the Authority a draft invoice setting out the Charges payable. The Parties shall endeavour to agree the draft invoice within 5 Working Days of its receipt by the Authority, following which the Supplier shall be entitled to submit its invoice.
- 1.5. Each invoice shall at all times be accompanied by Supporting Documentation. Any assessment by the Authority as to what constitutes Supporting Documentation shall not be conclusive and the Supplier undertakes to provide to the Authority any other documentation reasonably required by the Authority from time to time to substantiate an invoice.
- 1.6. The Supplier shall submit all invoices and Supporting Documentation to the following email address:

- with a copy (again including any Supporting Documentation) to such other person and at such place as the Authority may notify to the Supplier from time to time.
- 1.7. All Supplier invoices shall be expressed in sterling or such other currency as shall be permitted by the Authority in writing.
- 1.8. The Authority shall regard an invoice as valid only if it complies with the provisions of this Part E. Where any invoice does not conform to the Authority's requirements set out in this Part E, the Authority shall promptly return the disputed invoice to the Supplier and the Supplier shall promptly issue a replacement invoice which shall comply with such requirements.
- 1.9. If the Authority fails to consider and verify an invoice in accordance with paragraphs 1.4 and 1.8, the invoice shall be regarded as valid and undisputed for the purpose of paragraph 2.1 Payment in 30 days after a reasonable time has passed.

2. PAYMENT TERMS

- 2.1. Subject to the relevant provisions of this Schedule, the Authority shall make payment to the Supplier within 30 days of verifying that the invoice is valid and undisputed.

- 2.2. Unless the Parties agree otherwise in writing, all Supplier invoices shall be paid in sterling by electronic transfer of funds to the bank account that the Supplier has specified on its invoice.

| [REDACTED] |
|------------|------------|------------|------------|------------|------------|------------|------------|
| [REDACTED] |
| [REDACTED] |
| [REDACTED] |
| [REDACTED] |

[REDACTED]

[REDACTED]

[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]									
[REDACTED]									

Model Services Agreement - Schedule F.1 (Charges and Invoicing)
EOP Internationalisation Fund Administration Services Agreement

[REDACTED]									
[REDACTED]									
[REDACTED]									
[REDACTED]									
[REDACTED]									
[REDACTED]									
[REDACTED]									

Note: Optional Service charges may require further breakdown by region.

ENGROSSED CONTRACT #9AC4038

■	[REDACTED]	■	■	[REDACTED]	■	■
			■	[REDACTED]		
			■	[REDACTED]		
			■	[REDACTED]		
■	[REDACTED]	■	■	[REDACTED]	■	■
			■	[REDACTED]		
			■	[REDACTED]		
			■	[REDACTED]		
■	[REDACTED]	■	■	[REDACTED]	■	■
			■	[REDACTED]		
			■	[REDACTED]		
			■	[REDACTED]		

SERVICE CHARGES

Table 5 – Service Delivery

| [REDACTED] |
|------------|------------|------------|------------|------------|------------|------------|------------|
| [REDACTED] |
| [REDACTED] |
| [REDACTED] |
| [REDACTED] |
| [REDACTED] |
| [REDACTED] |
| [REDACTED] |
| [REDACTED] |
| [REDACTED] |

² [REDACTED]

ENGROSSED CONTRACT FINAL

SCHEDULE 7.2

PAYMENTS ON TERMINATION

ENGROSSED CONTRACT FINAL

Payments on Termination

1. DEFINITIONS

1.1. In this Schedule, the following definitions shall apply:

"Applicable Supplier Personnel"	any Supplier Personnel who: <ul style="list-style-type: none">(i) at the Termination Date:<ul style="list-style-type: none">a) are employees of the Supplier;b) are Dedicated Supplier Personnel;c) have not transferred (and are not in scope to transfer at a later date) to the Authority or the Replacement Supplier by virtue of the Employment Regulations; and(ii) are dismissed or given notice of dismissal by the Supplier within:<ul style="list-style-type: none">a) 40 Working Days of the Termination Date; orb) such longer period required by Law, their employment contract (as at the Termination Date) or an applicable collective agreement; and(iii) have not resigned or given notice of resignation prior to the date of their dismissal by the Supplier; and(iv) the Supplier can demonstrate to the satisfaction of the Authority:<ul style="list-style-type: none">a) are surplus to the Supplier's requirements after the Termination Date notwithstanding its obligation to provide services to its other customers;b) are genuinely being dismissed for reasons of redundancy; andc) have been selected for redundancy by the Supplier on objective grounds other than the fact that the Supplier is entitled to reimbursement under this provision in respect of such employees;
"Breakage Costs Payment"	an amount equal to the Redundancy Costs and the Contract Breakage Costs as at the Termination Date as determined in accordance with Paragraph 3;

"Compensation Payment"	the payment calculated in accordance with Paragraph 6;
"Contract Breakage Costs"	the amounts payable by the Supplier to its Key Sub-contractors or other third parties (as applicable) for terminating all relevant Key Sub-contracts or Third Party Contracts as a direct result of the early termination of this Agreement;
"Dedicated Supplier Personnel"	all Supplier Personnel then assigned to the Services or any part of the Services. If the Supplier is unsure as to whether Supplier Personnel are or should be regarded as so assigned, it shall consult with the Authority whose view shall be determinative provided that the employee has been materially involved in the provision of the Services or any part of the Services;
"Profit Already Paid"	the Supplier Profit paid or payable to the Supplier under this Agreement for the period from the Effective Date up to (and including) the Termination Date;
"Request for Estimate"	a written request sent by the Authority to the Supplier, requiring that the Supplier provide it with an accurate estimate of the Termination Payment and Compensation Payment that would be payable if the Authority exercised its right under Clause 30.2(a) (Termination by the Authority) to terminate this Agreement for convenience on a specified Termination Date;
"Shortfall Period"	has the meaning given in Paragraph 6.2;
"Termination Estimate"	has the meaning given in Paragraph 11.2;
"Third Party Contract"	a contract with a third party entered into by the Supplier exclusively for the purpose of delivering the Services, as listed in Schedule 4.4 (Third Party Contracts);
"Total Costs Incurred"	the Costs incurred by the Supplier up to the Termination Date in the performance of this Agreement and detailed in the Financial Model (but excluding Contract Breakage Costs, Redundancy Costs and any costs the Supplier would not otherwise be able to recover through the Charges) less any Deductions up to (and including) the Termination Date;
"Unrecovered Costs"	the Costs incurred by the Supplier in the performance of this Agreement (as summarised in the Financial Model) to the extent that the same remain at the Termination Date to be recovered through Charges that but for the termination of this Agreement would have been payable by the Authority after the Termination Date in accordance with Schedule 7.1 (Charges and Invoicing) as such Costs and

	Charges are forecast in the Financial Model;
"Unrecovered Payment"	an amount equal to the lower of: <ul style="list-style-type: none">(a) the sum of the Unrecovered Costs and the Unrecovered Profit; and(b) the amount specified in Paragraph 4; and
"Unrecovered Profit"	(Total Costs Incurred x Anticipated Contract Life Profit Margin) - Profit Already Paid + Milestone Retentions remaining unpaid at the Termination Date.

2. TERMINATION PAYMENT

The Termination Payment payable pursuant to Clause 31.3(a) (Payments by the Authority) shall be an amount equal to the aggregate of the Breakage Costs Payment and the Unrecovered Payment.

3. BREAKAGE COSTS PAYMENT

- 3.1. The Supplier may recover through the Breakage Costs Payment only those costs incurred by the Supplier directly as a result of the termination of this Agreement which:
- (a) would not have been incurred had this Agreement continued until expiry of the Initial Term, or in the event that the Term has been extended, the expiry of the Extension Period;
 - (b) are unavoidable, proven, reasonable, and not capable of recovery;
 - (c) are incurred under arrangements or agreements that are directly associated with this Agreement;
 - (d) are not Contract Breakage Costs relating to contracts or Sub-contracts with Affiliates of the Supplier; and
 - (e) relate directly to the termination of the Services.

Limitation on Breakage Costs Payment

- 3.2. The Breakage Costs Payment shall not exceed the lower of:
- (a) the relevant limit set out in Annex 1; and
 - (b) 120% of the estimate for the Breakage Costs Payment set out in any relevant Termination Estimate.

Redundancy Costs

- 3.3. The Authority shall not be liable under this Schedule for any costs associated with Supplier Personnel (whether relating to redundancy, redeployment or otherwise) other than the Redundancy Costs.
- 3.4. Where the Supplier can demonstrate that a member of Supplier Personnel will be made redundant following termination of this Agreement, but redeployment of such person is possible and would offer value for money to the Authority when compared with redundancy, then the Authority shall pay the Supplier the actual direct costs incurred by the Supplier or its Sub-contractor arising out of the redeployment of such person (including retraining and relocation costs) subject to a maximum amount of £30,000 per relevant member of the Supplier Personnel.

Contract Breakage Costs

- 3.5. The Supplier shall be entitled to Contract Breakage Costs only in respect of Third Party Contracts or Sub-contracts which:
- (a) are not assigned or novated to a Replacement Supplier at the request of the Authority in accordance with Schedule 8.5 (Exit Management); and

- (b) the Supplier can demonstrate:
 - (i) are surplus to the Supplier's requirements after the Termination Date, whether in relation to use internally within its business or in providing services to any of its other customers; and
 - (ii) have been entered into by it in the ordinary course of business.
- 3.6. The Supplier shall seek to negotiate termination of any Third Party Contracts or Sub-contracts with the relevant third party or Sub-contractor (as the case may be) using all reasonable endeavours to minimise the cancellation or termination charges.
- 3.7. Except with the prior written agreement of the Authority, the Authority shall not be liable for any costs (including cancellation or termination charges) that the Supplier is obliged to pay in respect of:
 - (a) the termination of any contractual arrangements for occupation of, support of and/or services provided for Supplier premises which may arise as a consequence of the termination of this Agreement; and/or
 - (b) Assets not yet installed at the Termination Date.

4. UNRECOVERED PAYMENT

The Unrecovered Payment shall not exceed the lowest of:

- (a) the relevant limit set out in Annex 1;
- (b) 120% of the estimate for the Unrecovered Payment set out in any relevant Termination Estimate; and
- (c) the Charges that but for the termination of this Agreement would have been payable by the Authority after the Termination Date in accordance with Schedule 7.1 (Charges and Invoicing) as forecast in the Financial Model.

5. MITIGATION OF CONTRACT BREAKAGE COSTS, REDUNDANCY COSTS AND UNRECOVERED COSTS

- 5.1. The Supplier agrees to use all reasonable endeavours to minimise and mitigate Contract Breakage Costs, Redundancy Costs and Unrecovered Costs by:
 - (a) the appropriation of Assets, employees and resources for other purposes;
 - (b) at the Authority's request, assigning any Third Party Contracts and Sub-contracts to the Authority or a third party acting on behalf of the Authority; and
 - (c) in relation Third Party Contracts and Sub-contract that are not to be assigned to the Authority or to another third party, terminating those contracts at the earliest possible date without breach or where contractually permitted.

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

6. COMPENSATION PAYMENT

- 6.1. The Compensation Payment payable pursuant to Clause 34.3(b) (Payments by the Authority) shall be an amount equal to the total forecast Charges over the Shortfall Period (as stated in the Financial Model) multiplied by the Anticipated Contract Life Profit Margin.
- 6.2. For the purposes of Paragraph 6.1, the "Shortfall Period" means:
- (a) where the Authority terminates this Agreement pursuant to Clause 30.2(a) (Termination by the Authority), a number of days equal to the number of days by which the notice given (or deemed given pursuant to Paragraph 2.1(a) of Part D of Schedule 7.1 (Charges and Invoicing)) falls short of 365 days; or
 - (b) where the Supplier terminates this Agreement pursuant to Clause 33.3(a) (Termination by the Supplier), a number of days equal to the number of days by which the period from (and including) the date of the non-payment by the Authority to (and including) the Termination Date falls short of 365 days.
- but in each case subject to the limit set out in Paragraph 6.3.
- 6.3. The Compensation Payment shall be no greater than the lower of:
- (a) the relevant limit set out in Annex 1; and
 - (b) 120% of the estimate for the Compensation Payment set out in the relevant Termination Estimate.

7. FULL AND FINAL SETTLEMENT

Any Termination Payment and/or Compensation Payment paid under this Schedule shall be in full and final settlement of any claim, demand and/or proceedings of the Supplier in relation to any termination by the Authority pursuant to Clause 30.2(a) (Termination by the Authority) or termination by the Supplier pursuant to 30.4 (a) (Termination by the Supplier)(as applicable), and the Supplier shall be excluded from all other rights and remedies it would otherwise have been entitled to in respect of any such termination.

8. INVOICING FOR THE PAYMENTS ON TERMINATION

All sums due under this Schedule shall be payable by the Authority to the Supplier in accordance with the payment terms set out in Schedule 7.1 (Charges and Invoicing).

9. SET OFF

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

10. NO DOUBLE RECOVERY

- 10.1. If any amount payable under this Schedule (in whole or in part) relates to or arises from any Transferring Assets then, to the extent that the Authority makes any payments pursuant to Schedule 8.5 (Exit Management) in respect of such Transferring Assets, such payments shall be deducted from the amount payable pursuant to this Schedule.
- 10.2. The value of the Termination Payment and/or the Compensation Payment shall be reduced or extinguished to the extent that the Supplier has already received the Charges or the financial benefit of any other rights or remedy given under this Agreement so that there is no double counting in calculating the relevant payment.
- 10.3. Any payments that are due in respect of the Transferring Assets shall be calculated in accordance with the provisions of the Exit Plan.

11. ESTIMATE OF TERMINATION PAYMENT AND COMPENSATION PAYMENT

- 11.1. The Authority may issue a Request for Estimate at any time during the Term provided that no more than 2 Requests for Estimate may be issued in any 6 month period.
- 11.2. The Supplier shall within 20 Working Days of receiving the Request for Estimate (or such other timescale agreed between the Parties), provide an accurate written estimate of the Termination Payment and the Compensation Payment that would be payable by the Authority based on a postulated Termination Date specified in the Request for Estimate (such estimate being the "Termination Estimate"). The Termination Estimate shall:
 - (a) be based on the relevant amounts set out in the Financial Model;
 - (b) include:
 - (i) details of the mechanism by which the Termination Payment is calculated;
 - (ii) full particulars of the estimated Contract Breakage Costs in respect of each Sub-contract or Third Party Contract and appropriate supporting documentation; and
 - (iii) such information as the Authority may reasonably require; and
 - (c) state the period for which that Termination Estimate remains valid, which shall be not less than 20 Working Days.
- 11.3. The Supplier acknowledges that issue of a Request for Estimate shall not be construed in any way as to represent an intention by the Authority to terminate this Agreement.

- 11.4. If the Authority issues a Termination Notice to the Supplier within the stated period for which a Termination Estimate remains valid, the Supplier shall use the same mechanism to calculate the Termination Payment as was detailed in the Termination Estimate unless otherwise agreed in writing between the Supplier and the Authority.

ANNEX 1: Maximum Payments on Termination



[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

ENGROSSED CONTRACT FINAL

SCHEDULE 7.4

FINANCIAL DISTRESS

ENGROSSED CONTRACT FINAL

Financial Distress

1. DEFINITIONS

In this Schedule, the following definitions shall apply:

"Applicable Financial Indicators"	means the financial indicators from Paragraph 5.1 of this Schedule which are to apply to the Monitored Suppliers as set out in Paragraph 5.2 of this Schedule;
"Board"	means the Supplier's board of directors;
"Board Confirmation"	means written confirmation from the Board in accordance with Paragraph 8 of this Schedule;
"Credit Rating Level"	a credit rating level as specified in Annex 1 of this Schedule;
"Credit Rating Threshold"	the minimum Credit Rating Level for each entity in the FDE Group as set out in Annex 3 of this Schedule;
"FDE Group"	means the [Supplier, Key Sub-contractors, [the Guarantor] and the [Monitored Suppliers]].
"Financial Indicators"	in respect of the Supplier, Key Sub-contractors and the Guarantor, means each of the financial indicators set out at paragraph 5.1 of this Schedule; and in respect of each Monitored Supplier, means those Applicable Financial Indicators;
"Financial Target Thresholds"	means the target thresholds for each of the Financial Indicators set out at paragraph 5.1 of this Schedule;
"Monitored Suppliers"	means those entities specified at paragraph 5.2 of this Schedule;
"Rating Agencies"	the rating agencies listed in Annex 1 of this Schedule.

2. WARRANTIES AND DUTY TO NOTIFY

- 2.1. The Supplier warrants and represents to the Authority for the benefit of the Authority that as at the Effective Date:
- (a) the long term credit ratings issued for each entity in the FDE Group by each of the Rating Agencies are as set out in Annex 3 of this Schedule; and
 - (b) the financial position or, as appropriate, the financial performance of each of the Supplier, Guarantor and Key Sub-contractors satisfies the Financial Target Thresholds.
- 2.2. The Supplier shall promptly notify (or shall procure that its auditors promptly notify) the Authority in writing if there is any downgrade in the credit rating issued by any Rating Agency for any entity in the FDE Group (and in any event within 5 Working Days of the occurrence of the downgrade).
- 2.3. The Supplier shall:
- (a) regularly monitor the credit ratings of each entity in the FDE Group with the Rating Agencies;
 - (b) monitor and report on the Financial Indicators for each entity in the FDE Group against the Financial Target Thresholds at least at the frequency set out for each at Paragraph 5.1 (where specified) and in any event, on a regular basis and no less than once a year within 120 days after the Accounting Reference Date; and
 - (c) promptly notify (or shall procure that its auditors promptly notify) the Authority in writing following the occurrence of a Financial Distress Event or any fact, circumstance or matter which could cause a Financial Distress Event (and in any event, ensure that such notification is made within 10 Working Days of the date on which the Supplier first becomes aware of the Financial Distress Event or the fact, circumstance or matter which could cause a Financial Distress Event).
- 2.4. For the purposes of determining whether a Financial Distress Event has occurred pursuant to the provisions of Paragraphs 3.1(a), and for the purposes of determining relief under Paragraph 7.1, the credit rating of an FDE Group entity shall be deemed to have dropped below the applicable Credit Rating Threshold if:
- (a) any of the Rating Agencies have given a Credit Rating Level for that entity which is below the applicable Credit Rating Threshold; or
 - (b) a Rating Agency that is specified as holding a Credit Rating for an entity as set out at Annex 3 of this Schedule ceases to hold a Credit Rating for that entity.
- 2.5. Each report submitted by the Supplier pursuant to paragraph 2.3(b) shall:
- (a) be a single report with separate sections for each of the FDE Group entities;
 - (b) contain a sufficient level of information to enable the Authority to verify the calculations that have been made in respect of the Financial Indicators;
 - (c) include key financial and other supporting information (including any accounts data that has been relied on) as separate annexes;

- (d) be based on the audited accounts for the date or period on which the Financial Indicator is based or, where the Financial Indicator is not linked to an accounting period or an accounting reference date, on unaudited management accounts prepared in accordance with their normal timetable; and
- (e) include a history of the Financial Indicators reported by the Supplier in graph form to enable the Authority to easily analyse and assess the trends in financial performance.
- (f) Where the Authority has concerns regarding the sufficiency and transparency of the information provided, the matter will be escalated within the Department/government as appropriate

3. FINANCIAL DISTRESS EVENTS

3.1. The following shall be Financial Distress Events:

- (a) the credit rating of an FDE Group entity dropping below the applicable Credit Rating Threshold;
- (b) an FDE Group entity issuing a profits warning to a stock exchange or making any other public announcement, in each case about a material deterioration in its financial position or prospects;
- (c) there being a public investigation into improper financial accounting and reporting, suspected fraud or any other impropriety of an FDE Group entity;
- (d) an FDE Group entity committing a material breach of covenant to its lenders;
- (e) a Key Subcontractor notifying the Authority that the Supplier has not satisfied any material sums properly due under a specified invoice and not subject to a genuine dispute;
- (f) any of the following
 - (i) commencement of any litigation against an FDE Group entity with respect to financial indebtedness greater than £5m or obligations under a service contract with a total contract value greater than £5m;
 - (ii) non-payment by an FDE Group entity of any financial indebtedness;
 - (iii) any financial indebtedness of an FDE Group entity becoming due as a result of an event of default;
 - (iv) the cancellation or suspension of any financial indebtedness in respect of an FDE Group entity; or
 - (v) the external auditor of an FDE Group entity expressing a qualified opinion on, or including an emphasis of matter in, its opinion on the statutory accounts of that FDE entity;

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

- (g) any the following permutations of the Financial Indicators described in Paragraph 5 for any of the FDE Group entities failing to meet the required Financial Target Threshold:
 - (i) Declining current ratio (as agreed in the room)
 - (ii) Decreasing interest coverage ratio (income statement element) combined with increasing gearing ratio (balance sheet element)
 - (iii) Reporting a net operating loss (income statement element) combined with a decrease in net cash flow or reporting a negative net cash flow (cash flow statement element)
 - (iv) Reporting a negative net asset combined with cash flow coverage ratio falling below 15%
- (h) an external auditors voluntary resignation, unless part of rotational appointment of different auditors to avoid familiarisation risk (in the event of voluntary resignation by external auditors, the Authority must be informed in writing within 5 working days from the receipt of intention to resign notice);
- (i) loss of banking facilities and trade credit;
- (j) unexpected resignation of key and senior management (Where this is the case, the Authority must be informed); or
- (k) Late filing of accounts, unless sufficient background and reasons are provided as explanation.

4. CONSEQUENCES OF FINANCIAL DISTRESS EVENTS

- 4.1. Immediately upon notification by the Supplier of a Financial Distress Event (or if the Authority becomes aware of a Financial Distress Event without notification and brings the event to the attention of the Supplier), the Supplier shall have the obligations and the Authority shall have the rights and remedies as set out in Paragraphs 4.3 to 4.6.
- 4.2. In the event of a late or non-payment of a Key Sub-contractor pursuant to Paragraph 3.1(e), the Authority shall not exercise any of its rights or remedies under Paragraph 4.3 without first giving the Supplier 10 Working Days to:
 - (a) rectify such late or non-payment; or
 - (b) demonstrate to the Authority's reasonable satisfaction that there is a valid reason for late or non-payment.

- 4.3. The Supplier shall (and shall procure that any Monitored Supplier, the Guarantor and/or any relevant Key Sub-contractor shall):
- (a) at the request of the Authority, meet the Authority as soon as reasonably practicable (and in any event within 3 Working Days of the initial notification (or awareness) of the Financial Distress Event or such other period as the Authority may permit and notify to the Supplier in writing) to review the effect of the Financial Distress Event on the continued performance and delivery of the Services in accordance with this Agreement; and
 - (b) where the Authority reasonably believes (taking into account the discussions and any representations made under Paragraph 4.3(a) that the Financial Distress Event could impact on the continued performance and delivery of the Services in accordance with this Agreement:
 - (i) submit to the Authority for its approval, a draft Financial Distress Remediation Plan as soon as reasonably practicable (and in any event, within 10 Working Days of the initial notification (or awareness) of the Financial Distress Event or such other period as the Authority may permit and notify to the Supplier in writing); and
 - (ii) to the extent that it is legally permitted to do so and subject to Paragraph 4.8, provide such information relating to the Supplier, any Monitored Supplier, Key Sub-contractors and/or the Guarantor as the Authority may reasonably require in order to understand the risk to the Services, which may include forecasts in relation to cash flow, orders and profits and details of financial measures being considered to mitigate the impact of the Financial Distress Event.
- 4.4. The Authority shall not withhold its approval of a draft Financial Distress Remediation Plan unreasonably. If the Authority does not approve the draft Financial Distress Remediation Plan, it shall inform the Supplier of its reasons and the Supplier shall take those reasons into account in the preparation of a further draft Financial Distress Remediation Plan, which shall be resubmitted to the Authority within 5 Working Days of the rejection of the first draft. This process shall be repeated until the Financial Distress Remediation Plan is approved by the Authority or referred to the Dispute Resolution Procedure under Paragraph 4.5.
- 4.5. If the Authority considers that the draft Financial Distress Remediation Plan is insufficiently detailed to be properly evaluated, will take too long to complete or will not ensure the continued performance of the Supplier's obligations in accordance with the Agreement, then it may either agree a further time period for the development and agreement of the Financial Distress Remediation Plan or escalate any issues with the draft Financial Distress Remediation Plan using the Dispute Resolution Procedure.
- 4.6. Following approval of the Financial Distress Remediation Plan by the Authority, the Supplier shall:
- (a) on a regular basis (which shall not be less than fortnightly):

- (i) review and make any updates to the Financial Distress Remediation Plan as the Supplier may deem reasonably necessary and/or as may be reasonably requested by the Authority, so that the plan remains adequate, up to date and ensures the continued performance and delivery of the Services in accordance with this Agreement; and
 - (ii) provide a written report to the Authority setting out its progress against the Financial Distress Remediation Plan, the reasons for any changes made to the Financial Distress Remediation Plan by the Supplier and/or the reasons why the Supplier may have decided not to make any changes;
- (b) where updates are made to the Financial Distress Remediation Plan in accordance with Paragraph 4.6(a), submit an updated Financial Distress Remediation Plan to the Authority for its approval, and the provisions of Paragraphs 4.4 and 4.5 shall apply to the review and approval process for the updated Financial Distress Remediation Plan; and
- (c) comply with the Financial Distress Remediation Plan (including any updated Financial Distress Remediation Plan) and ensure that it achieves the financial and performance requirements set out in the Financial Distress Remediation Plan.
- 4.7. Where the Supplier reasonably believes that the relevant Financial Distress Event under Paragraph 4.1 (or the circumstance or matter which has caused or otherwise led to it) no longer exists, it shall notify the Authority and the Parties may agree that the Supplier shall be relieved of its obligations under Paragraph 4.6.
- 4.8. The Supplier shall use reasonable endeavours to put in place the necessary measures to ensure that the information specified at paragraph 4.3(b)(ii) is available when required and on request from the Authority and within reasonable timescales. Such measures may include:
- (a) obtaining in advance written authority from Key Sub-contractors, the Guarantor and/or Monitored Suppliers authorising the disclosure of the information to the Authority and/or entering into confidentiality agreements which permit disclosure;
 - (b) agreeing in advance with the Authority, Key Sub-contractors, the Guarantor and/or Monitored Suppliers a form of confidentiality agreement to be entered by the relevant parties to enable the disclosure of the information to the Authority;
 - (c) putting in place any other reasonable arrangements to enable the information to be lawfully disclosed to the Authority (which may include making price sensitive information available to Authority nominated personnel through confidential arrangements, subject to their consent); and
 - (d) disclosing the information to the fullest extent that it is lawfully entitled to do so, including through the use of redaction, anonymization and any other techniques to permit disclosure of the information without breaching a duty of confidentiality.

5. FINANCIAL INDICATORS

- 5.1. Subject to the calculation methodology set out at Annex 4 of this Schedule, the Financial Indicators and the corresponding calculations and thresholds used to determine whether a Financial Distress Event has occurred in respect of those Financial Indicators, shall be as follows:

Table 1 - Financial Indicators

No.	Financial Indicator	Calculation Ratio/Measure	Threshold	Monitoring and Reporting Frequency
Income Statement				
1	has not reported a net operating loss in the last 2 full FY's	Net Operating Profit After Tax (NOPAT)	Any Loss	Tested and reported yearly in arrears within 90 days of each accounting year based upon net operating income after tax for the 12 months ending on, and Net Debt at, the relevant accounting reference date
2	the Supplier have an interest coverage ratio (Profit Before Interest and Tax/Interest) of at least two times in the last year	Interest coverage ratio Profit Before Interest and Tax/Interest	>1.5x	Tested and reported yearly in arrears within 90 days of each accounting reference date based upon profit before interest and tax (PBIT)/Interest for the 12 months ending on accounting reference date
Balance Sheet				
3	has positive net assets in the most recent accounts	(total assets - total liabilities)	>0	Tested and reported yearly in arrears within 90 days of each accounting year based upon total assets (current and non-current) and total liabilities (current and non-current) for the 12 months ending on the accounting reference date
4	have a gearing ratio of less than 25% (i.e. borrowing / net assets), this is calculated from the most recent accounts	Gearing ratio borrowing / net assets	<25%	Tested and reported yearly in arrears within 90 days of each accounting year based upon borrowing for the 12 months ending on the accounting reference date
5	have a current ratio (current assets / current liabilities) greater than one in the most recent accounts.	current ratio current assets / current liabilities	>1.5 times	Tested and reported yearly in arrears within 90 days of each accounting year based upon current assets and current liabilities for the 12 months ending on the accounting reference date

No:	Financial Indicator	Calculation Ratio/Measure	Threshold	Monitoring and Reporting Frequency
Cash Flow				
6	Can the Supplier pay its debts from the cash it generates from its operations?	Cash Flow Coverage Ratio operating cash flows / total debt	>15%	Tested and reported yearly in arrears within 90 days of each accounting year based upon cashflow coverage ratio (as defined) for the 12 months ending on the accounting reference date
7	Cash Flow Threshold - Can the Supplier demonstrate a readily available cash flow level of £500,000 per month	Net cash flow (Cash Receipts - (Cash Outgoings + Tax Outgoings + Capital Expenditure including intangible assets such as software))	Positive Cashflow	Tested and reported yearly in arrears within 90 days of each accounting year based upon net cash flow (as defined) for the 12 months ending on the accounting reference date

Key: ¹ – See Annex 4 of this Schedule which sets out the calculation methodology to be used in the calculation of each Financial Indicator.

Monitored Suppliers

Table 2 - Monitored Suppliers

Monitored Supplier	Applicable Financial Indicators <small>(these are the Financial Indicators from the table in Paragraph 5.1 which are to apply to the Monitored Suppliers.)</small>
Guarantor	[1 - Net Operating Profit after Tax (NOPAT)] [2 Interest coverage ratio] [3- Positive net assets] [4 Gearing Ratio] [5- Current ratio] [6- Cash Flow Coverage Ratio] [7- Net cash flow]
Entity 1 Sub-contractor	[1 - Net Operating Profit after Tax (NOPAT)] [2 Interest coverage ratio] [3- Positive net assets] [4 Gearing Ratio] [5- Current ratio] [6- Cash Flow Coverage Ratio] [7- Net cash flow]
Entity 2 Group Member	[1 - Net Operating Profit after Tax (NOPAT)] [2 Interest coverage ratio] [3- Positive net assets] [4 Gearing Ratio] [5- Current ratio] [6- Cash Flow Coverage Ratio] [7- Net cash flow]

6. TERMINATION RIGHTS

The Authority shall be entitled to terminate this Agreement under Clause 30.2(b) (Termination by the Authority) if:

- (a) the Supplier fails to notify the Authority of a Financial Distress Event in accordance with Paragraph 2.3(c);
- (b) the Parties fail to agree a Financial Distress Remediation Plan (or any updated Financial Distress Remediation Plan) in accordance with Paragraphs 4.3 to 4.5; and/or
- (c) the Supplier fails to comply with the terms of the Financial Distress Remediation Plan (or any updated Financial Distress Remediation Plan) in accordance with Paragraph 4.6(c).

7. PRIMACY OF CREDIT RATINGS

7.1. Without prejudice to the Supplier's obligations and the Authority's rights and remedies under Paragraph 2, if, following the occurrence of a Financial Distress Event pursuant to any of Paragraphs 3.1(b) to 3.1(g), the Rating Agencies review and report subsequently that the credit ratings for the FDE Group entities do not drop below the relevant Credit Rating Thresholds specified for those entities in Annex 3 of this Schedule, then:

- (a) the Supplier shall be relieved automatically of its obligations under Paragraphs 4.3 to 4.6; and
- (b) the Authority shall not be entitled to require the Supplier to provide financial information in accordance with Paragraph 4.3(b)(i).

8. BOARD CONFIRMATION

8.1. If this Agreement has been specified as a Critical Service Contract under Paragraph 10.1 of Part 2 to Schedule 8.6 (Service Continuity Plan and Corporate Resolution Planning) then, subject to Paragraph 8.4 of this Schedule, the Supplier shall within 120 days after each Accounting Reference Date or within 15 months of the previous Board Confirmation (whichever is the earlier) provide a Board Confirmation to the Authority in the form set out at Annex 5 of this Schedule, confirming that to the best of the Board's knowledge and belief, it is not aware of and has no knowledge:

- (a) that a Financial Distress Event has occurred since the later of the Effective Date or the previous Board Confirmation or is subsisting; or
- (b) of any matters which have occurred or are subsisting that could reasonably be expected to cause a Financial Distress Event.

- 8.2. The Supplier shall ensure that in its preparation of the Board Confirmation it exercises due care and diligence and has made reasonable enquiry of all relevant Supplier Personnel and other persons as is reasonably necessary to understand and confirm the position.
- 8.3. In respect of the first Board Confirmation to be provided under this Agreement, the Supplier shall provide the Board Confirmation within 15 months of the Effective Date if earlier than the timescale for submission set out in Paragraph 8.1 of this Schedule.
- 8.4. Where the Supplier is unable to provide a Board Confirmation in accordance with Paragraphs 8.1 to 8.3 of this Schedule due to the occurrence of a Financial Distress Event or knowledge of subsisting matters which could reasonably be expected to cause a Financial Distress Event, it will be sufficient for the Supplier to submit in place of the Board Confirmation, a statement from the Board of Directors to the Authority (and where the Supplier is a Strategic Supplier, the Supplier shall send a copy of the statement to the Cabinet Office Markets and Suppliers Team) setting out full details of any Financial Distress Events that have occurred and/or the matters which could reasonably be expected to cause a Financial Distress Event.

ANNEX 1: RATING AGENCIES AND THEIR STANDARD RATING SYSTEM

[REDACTED]

[REDACTED]

- | [REDACTED]
- | [REDACTED]
- | [REDACTED]
- | [REDACTED]

[REDACTED]

- | [REDACTED]
- | [REDACTED]
- | [REDACTED]
- | [REDACTED]
- | [REDACTED]
- | [REDACTED]

[REDACTED]

- | [REDACTED]
- | [REDACTED]
- | [REDACTED]
- | [REDACTED]
- | [REDACTED]
- | [REDACTED]
- | [REDACTED]
- | [REDACTED]
- | [REDACTED]
- | [REDACTED]

[REDACTED]

[REDACTED]

ANNEX 2: Not Used

ANNEX 3: CREDIT RATINGS AND CREDIT RATING THRESHOLDS

Entity	Credit Rating (long term) <i>(insert credit rating issued for the entity at the Effective Date)</i>	Credit Rating Threshold <i>(insert the actual rating (e.g AA-) or the Credit Rating Level (e.g Credit Rating Level 3))</i>
[REDACTED]	[REDACTED]	[REDACTED]

ANNEX 4: Calculation Methodology for Financial Indicators

The Supplier shall ensure that it uses the following general and specific methodologies for calculating the Financial Indicators against the Financial Target Thresholds:

General methodology

1. **Terminology:** The terms referred to in this Annex are those used by UK companies in their financial statements. Where the entity is not a UK company, the corresponding items should be used even if the terminology is slightly different (for example a charity would refer to a surplus or deficit rather than a profit or loss).
2. **Groups:** Where the entity is the holding company of a group and prepares consolidated financial statements, the consolidated figures should be used.
3. **Foreign currency conversion:** Figures denominated in foreign currencies should be converted at the exchange rate in force at the relevant date for which the Financial Indicator is being calculated.
4. **Treatment of non-underlying items:** Financial Indicators should be based on the figures in the financial statements before adjusting for non-underlying items.

Specific Methodology

Financial Indicator	Specific Methodology
1. <u>Net Operating Profit After Tax (NOPAT)</u>	<p>Operating income (before interest payments) should be used as shown on the face of the Income Statement.</p> <p>Figures for Operating Profit and Revenue should exclude the entity's share of the results of any joint ventures or Associates.</p> <p>Where an entity has an operating loss (i.e. where the operating profit is negative), Operating Profit should be taken to be zero.</p>
2. <u>Interest Coverage Ratio</u> (PBIT/ Interest PAID)	<p>To be calculated using profit before interest and tax (PBIT) using PBIT as shown on the face of the Income Statement in a standard set of financial statements.</p> <p>Interest paid should be shown on the face of the Cash Flow statement.</p>
3. <u>Positive Net Asset</u> (Total asset -Total Liability)	<p>All elements that are used to calculate the net asset are available on the face of the Balance Sheet in a standard set of financial statements.</p>
4. <u>Gearing Ratio</u> (borrowing / net assets)	<p>Borrowing = Bank overdrafts + Interest bearing loans and borrowings + Finance leases + Deferred consideration</p> <p>Net Assets = Total Assets (current and non-current) – Total Liabilities (current and non-current)</p> <p>Majority of these elements should be shown on the face of the Balance Sheet in a standard set of financial statements.</p>
5. <u>Current Ratio</u> (Current assets/ current liabilities)	<p>Current ratio = Current assets/ current liabilities.</p> <p>All elements used to calculate this ratio are available on the face of the Balance Sheet in a standard set of financial statements.</p>
6. <u>Cash Flow Coverage Ratio</u> (Operating Cash Flow/ Total Debt Borrowing)	<p>Operating Cash Flow = Net Cash Flow from Operating Activities (This should be stated after deduction of interest and tax paid)</p> <p>Total Debt Borrowing = Bank overdrafts + Interest bearing loans and borrowings + Finance leases + Deferred consideration</p> <p>All elements used to calculate this ratio are available on the face of the Balance Sheet and Cash Flow Statement in a standard set of financial statements.</p>
7. <u>9 Cash Flow Threshold e.g. Net Cash Flow</u>	<p>Net Cash Flow = Cash Receipts – (Cash Outgoings + Tax Outgoings + Capital Expenditure inc intangible assets such as software)</p> <p>All elements used to calculate net cash flow are available on the face of the Cash Flow statement in a standard set of financial statements.</p>

ANNEX 5: Board Confirmation

Supplier Name:

Contract Reference Number:

The Board of Directors acknowledge the requirements set out at paragraph 8 of Schedule 7.4 (Financial Distress) and confirm that the Supplier has exercised due care and diligence and made reasonable enquiry of all relevant Supplier Personnel and other persons as is reasonably necessary to enable the Board to prepare this statement.

The Board of Directors confirms, to the best of its knowledge and belief, that as at the date of this Board Confirmation it is not aware of and has no knowledge:

- a) that a Financial Distress Event has occurred since the later of the previous Board Confirmation and the Effective Date or is subsisting; or
- b) of any matters which have occurred or are subsisting that could reasonably be expected to cause a Financial Distress Event

On behalf of the Board of Directors:

Chair

Signed

Date

Director

Signed

Date

SCHEDULE 7.5

FINANCIAL REPORTS AND AUDIT RIGHTS

ENGROSSED CONTRACT FINAL

Financial Reports and Audit Rights

1 DEFINITIONS

In this Schedule, the following definitions shall apply:

"Annual Contract Report"		the annual contract report to be provided by the Supplier to the Authority pursuant to Paragraph 1 of Part B;
"Audit Agents"	(a)	the Authority's internal and external auditors;
	(b)	the Authority's statutory or regulatory auditors;
	(c)	the Comptroller and Auditor General, their staff and/or any appointed representatives of the National Audit Office;
	(d)	HM Treasury or the Cabinet Office;
	(e)	any party formally appointed by the Authority to carry out audit or similar review functions; and
	(f)	successors or assigns of any of the above;
"Contract Amendment Report"		the contract amendment report to be provided by the Supplier to the Authority pursuant to Paragraph 1 of Part B;
"Final Reconciliation Report"		the final reconciliation report to be provided by the Supplier to the Authority pursuant to Paragraph 1 of Part B;
"Financial Model"		the Contract Inception Report, the latest Annual Contract Report or the latest Contract Amendment Report, whichever has been most recently approved by the Authority in accordance with Paragraph 2 of Part B;
"Financial Reports"		the Contract Inception Report and the reports listed in the table in Paragraph 1.1 of Part B;
"Financial Representative"		a reasonably skilled and experienced member of the Supplier's staff who has specific responsibility for preparing, maintaining, facilitating access to, discussing and explaining the Open Book Data and Financial Reports;
"Financial Transparency Objectives"		has the meaning given in Paragraph 1 of Part A;
"Material Change"		a Change which:

	(a)	materially changes the profile of the Charges; or
	(b)	varies the total Charges payable during the Term (as forecast in the latest Financial Model) by 5% or more.
"Onerous Contract"		a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it, as defined under International Accounting Standard 37;
"Onerous Contract Report"		means a report provided by the Supplier pursuant to Paragraph 3 of Part A to this Schedule;
"Open Book Data"		complete and accurate financial and non-financial information which is sufficient to enable the Authority to verify the Charges already paid or payable and Charges forecast to be paid during the remainder of the Term, including details and all assumptions relating to:
	(a)	the Supplier's Costs broken down against each Service and/or Deliverable, including actual capital expenditure (including capital replacement costs) and the unit cost and total actual costs of all hardware and software;
	(b)	operating expenditure relating to the provision of the Services including an analysis showing: <ul style="list-style-type: none">(i) the unit costs and quantity of consumables and bought-in services;(ii) manpower resources broken down into the number and grade/role of all Supplier Personnel (free of any contingency) together with a list of agreed rates against each manpower grade;(iii) a list of Costs underpinning those rates for each manpower grade, being the agreed rate less the Supplier's Profit Margin; and(iv) Reimbursable Expenses;
	(c)	Overheads;
	(d)	all interest, expenses and any other third party financing costs incurred in relation to the provision of the Services;
	(e)	the Supplier Profit achieved over the Term and on an annual basis;
	(f)	confirmation that all methods of Cost

- apportionment and Overhead allocation are consistent with and not more onerous than such methods applied generally by the Supplier;
- (g) an explanation of the type and value of risk and contingencies associated with the provision of the Services, including the amount of money attributed to each risk and/or contingency; and
 - (h) the actual Costs profile for each Service Period.

PART A: FINANCIAL TRANSPARENCY OBJECTIVES AND OPEN BOOK DATA

2 FINANCIAL TRANSPARENCY OBJECTIVES

The Supplier acknowledges that the provisions of this Schedule are designed (inter alia) to facilitate, and the Supplier shall co-operate with the Authority in order to achieve, the following objectives:

Understanding the Charges

- (a) for the Authority to understand any payment sought from it by the Supplier including an analysis of the Costs, Overhead recoveries (where relevant), time spent by Supplier Personnel in providing the Services and the Supplier Profit Margin;
- (b) for both Parties to be able to understand the Financial Model and Cost forecasts and to have confidence that these are based on justifiable numbers and appropriate forecasting techniques;
- (c) to facilitate the use of Guaranteed Maximum Price with Target Cost pricing mechanisms (where relevant as referred to in Schedule 7.1 (Charges and Invoicing));

Agreeing the Impact of Change

- (d) for both Parties to agree the quantitative impact of any Changes that affect ongoing costs and to identify how these could be mitigated and/or reflected in the Supplier's Charges;
- (e) for both Parties to be able to review, address issues with and re-forecast progress in relation to the provision of the Services;

Continuous improvement

- (f) for the Parties to challenge each other with ideas for efficiency and improvements; and
 - (g) to enable the Authority to demonstrate that it is achieving value for money for the tax payer relative to current market prices,
- (together the "Financial Transparency Objectives").

3 OPEN BOOK DATA

3.1 The Supplier acknowledges the importance to the Authority of the Financial Transparency Objectives and the Authority's need for complete transparency in the way in which the Charges are calculated.

3.2 During the Term, and for a period of 7 years following the end of the Term, the Supplier shall:

- (a) maintain and retain the Open Book Data; and
- (b) disclose and allow the Authority and/or the Audit Agents access to the Open Book Data.

4 ONEROUS CONTRACTS

- 4.1 If the Supplier publicly designates the Agreement as an Onerous Contract (including where the Supplier has identified the Agreement as such in any published accounts or public reports and announcements), the Supplier shall promptly notify the Authority of the designation and shall prepare and deliver to the Authority within the timescales agreed by the Parties (an in any event, no later than 2 months following the publication of the designation) a draft Onerous Contract Report which includes the following:
- (a) An initial root cause analysis of the issues and circumstances which may have contributed to the Agreement being designated as an Onerous Contract;
 - (b) An initial risk analysis and impact assessment on the provision of the Services as a result of the Supplier's designation of the Agreement as an Onerous Contract;
 - (c) the measures which the Supplier intends to put in place to minimise and mitigate any adverse impact on the provision on the Services;
 - (d) details of any other options which could be put in place to remove the designation of the Agreement as an Onerous Contract and/or which could minimise and mitigate any adverse impact on the provision of the Services.
- 4.2 Following receipt of the Onerous Contract Report, the Authority shall review and comment on the report as soon as reasonably practicable and the Parties shall cooperate in good faith to agree the final form of the report, which shall be submitted to the Programme Board, such final form report to be agreed no later than 1 month following the Authority's receipt of the draft Onerous Contract Report.
- 4.3 The Programme Board shall meet within 14 Working Days of the final Onerous Contract Report being agreed by the Parties to discuss the contents of the report, and the Parties shall procure the attendance at the meeting of any key participants where reasonably required (including the Cabinet Office Markets and Suppliers team where the Supplier is a Relevant Supplier; representatives from any Monitored Suppliers; and the project's senior responsible officers (or equivalent) for each Party).
- 4.4 The Supplier acknowledges and agrees that the report is submitted to the Authority and Programme Board on an information only basis and the Authority and Programme Board's receipt of and comments in relation to the report shall not be deemed to be an acceptance or rejection of the report nor shall it relieve the Supplier of any liability under this Agreement. Any Changes to be agreed by the Parties pursuant to the report shall be subject to the Change Control Procedure.

PART B: FINANCIAL REPORTS

5 PROVISION OF THE FINANCIAL REPORTS

5.1 The Supplier shall provide

- (a) the Contract Inception Report on or before the Effective Date; and
- (b) during the Term the following financial reports to the Authority, in the frequency specified below:

Financial Report	When to be provided
Contract Amendment Report	Within 1 month of a Material Change being agreed between the Supplier and the Authority
Quarterly Contract Report	Within 1 month of the end of each Quarter
Annual Contract Report	Within 1 month of the end of the Contract Year to which that report relates
Final Reconciliation Report	Within 6 months after the end of the Term

- 5.2 The Supplier shall provide to the Authority the Financial Reports in the same software package (Microsoft Excel or Microsoft Word), layout and format as the blank templates which have been issued by the Authority to the Supplier on or before the Effective Date for the purposes of this Agreement. The Authority shall be entitled to modify the template for any Financial Report by giving written notice to the Supplier, including a copy of the updated template.
- 5.3 A copy of each Financial Report shall be held by both the Authority and the Supplier. If there is a Dispute regarding a Financial Report, the Authority's copy of the relevant Financial Report shall be authoritative.
- 5.4 Each Financial Report shall:
 - (a) be completed by the Supplier using reasonable skill and care;
 - (b) incorporate and use the same defined terms as are used in this Agreement;
 - (c) quote all monetary values in pounds sterling;
 - (d) quote all Costs as exclusive of any VAT; and
 - (e) quote all Costs and Charges based on current prices.

- 5.5 Each Annual Contract Report and the Final Reconciliation Report shall be certified by the Supplier's Chief Financial Officer or Director of Finance (or equivalent as agreed in writing by the Authority in advance of issue of the relevant Financial Report), acting with express authority, as:
- (a) being accurate and not misleading;
 - (b) having been prepared in conformity with generally accepted accounting principles within the United Kingdom;
 - (c) being a true and fair reflection of the information included within the Supplier's management and statutory accounts; and
 - (d) compliant with the requirements of Paragraph 1.6.
- 5.6 The Supplier shall:
- (a) prepare each Financial Report using the same methodology as that used for the Contract Inception Report;
 - (b) ensure that each Annual Contract Report and each Contract Amendment Report (if any) is a true and fair reflection of the Costs and Supplier Profit Margin forecast by the Supplier;
 - (c) the Final Reconciliation Report is a true and fair reflection of the Costs; and
 - (d) not have any other internal financial model in relation to the Services inconsistent with the Financial Model.
- 5.7 During the Term, and for a period of 18 months following the end of the Term, the Supplier shall make available the Financial Representative at reasonable times and on reasonable notice to answer any queries that the Authority may have on any of the Financial Reports and/or Open Book Data.
- 5.8 If the Supplier becomes aware of the occurrence, or the likelihood of the future occurrence, of an event which will or may have a material effect on the following:
- (a) the Costs incurred (or those forecast to be incurred) by the Supplier; and/or
 - (b) the forecast Charges for the remainder of the Term,
- the Supplier shall, as soon as practicable, notify the Authority in writing of the event in question detailing the actual or anticipated effect. For the avoidance of doubt, notifications provided in accordance with this Paragraph 1.8 shall not have the effect of amending any provisions of this Agreement.
- 6 FINANCIAL MODEL**
- 6.1 Following the delivery by the Supplier of each Annual Contract Report and any Contract Amendment Report:
- (a) the Parties shall meet to discuss its contents within 10 Working Days of receipt (or such other period as the Parties shall agree). The Financial Representative shall attend the meeting;

- (b) the Supplier shall make appropriate Supplier Personnel and advisers available to discuss any variations between the relevant Financial Report and the Contract Inception Report or immediately preceding Annual Contract Report or Contract Amendment Report (as the case may be) and to explain such variations (with reference to supporting evidence) to the satisfaction of the Authority; and
 - (c) the Authority shall either within 10 Working Days of the meeting referred to in Paragraph 2.1(a) notify the Supplier that:
 - (i) the relevant Financial Report contains errors or omissions or that further explanations or supporting information is required, in which event the Supplier shall make any necessary modifications to the Financial Report and/or supply the Authority with such supporting evidence as is required to address the Authority's concerns within 10 Working Days of such notification and the Authority shall following receipt of such amended Financial Report and/or supporting information, approve or reject such Financial Report; or
 - (ii) the Authority has approved the relevant Financial Report.
- 6.2 Following approval by the Authority of the relevant Financial Report in accordance with Paragraph 2.1(c), that version shall become, with effect from the date of such approval, the current approved version of the Financial Model for the purposes of this Agreement, a version of which shall be held by both the Authority and the Supplier. If there is a Dispute regarding a Financial Report, the Authority's copy of the relevant Financial Report shall be authoritative.
- 6.3 If the Parties are unable to reach agreement on any Financial Report within 30 Working Days of its receipt by the Authority, the matter shall be referred for determination in accordance with Schedule 8.3 (Dispute Resolution Procedure).
- 7 Discussion of Quarterly Contract Reports and FINAL RECONCILIATION REPORT**
- 7.1 Following the delivery by the Supplier of each Quarterly Contract Report, the Parties shall meet to discuss its contents within 10 Working Days of receipt (or such other period as the Parties shall agree). The Financial Representative shall attend the meeting.
- 7.2 Following the delivery by the Supplier of the Final Reconciliation Report, the Parties shall meet to discuss its contents within 10 Working Days of receipt (or such other period as the Parties shall agree). The Financial Representative shall attend the meeting.
- 8 Key Sub-contractors**
- 8.1 The Supplier shall, if requested by the Authority, provide (or procure the provision of) a report or reports including the level of information set out in the Financial Reports in relation to the costs and expenses to be incurred by any of its Key Sub-contractors.
- 8.2 Without prejudice to Paragraph 1.1 of Part C, the Supplier shall:

- (a) be responsible for auditing the financial models/reports of its Key Sub-contractors and for any associated costs and expenses incurred or forecast to be incurred; and
- (b) on written request by the Authority, provide the Authority or procure that the Authority is provided with:
 - (i) full copies of audit reports for the Key Sub-contractors. The Authority shall be entitled to rely on such audit reports; and
 - (ii) further explanation of, and supporting information in relation to, any audit reports provided.

PART C: AUDIT RIGHTS

9 AUDIT RIGHTS

9.1 The Authority, acting by itself or through its Audit Agents, shall have the right during the Term and for a period of 18 months thereafter, to assess compliance by the Supplier and/or its Key Sub-contractors of the Supplier's obligations under this Agreement, including for the following purposes:

- (a) to verify the integrity and content of any Financial Report;
- (b) to verify the accuracy of the Charges and any other amounts payable by the Authority under this Agreement (and proposed or actual variations to such Charges and payments);
- (c) to verify the Costs (including the amounts paid to all Sub-contractors and any third party suppliers);
- (d) to verify the Certificate of Costs and/or the Open Book Data;
- (e) to verify the Supplier's and each Key Sub-contractor's compliance with this Agreement and applicable Law;
- (f) to identify or investigate actual or suspected fraud, impropriety or accounting mistakes or any breach or threatened breach of security and in these circumstances the Authority shall have no obligation to inform the Supplier of the purpose or objective of its investigations;
- (g) to identify or investigate any circumstances which may impact upon the financial stability of the Supplier, the Guarantor and/or any Key Sub-contractors or their ability to perform the Services;
- (h) to obtain such information as is necessary to fulfil the Authority's obligations to supply information for parliamentary, ministerial, judicial or administrative purposes including the supply of information to the Comptroller and Auditor General;
- (i) to review any books of account and the internal contract management accounts kept by the Supplier in connection with this Agreement;
- (j) to carry out the Authority's internal and statutory audits and to prepare, examine and/or certify the Authority's annual and interim reports and accounts;
- (k) to enable the National Audit Office to carry out an examination pursuant to Section 6(1) of the National Audit Act 1983 of the economy, efficiency and effectiveness with which the Authority has used its resources;
- (l) to verify the accuracy and completeness of any Management Information delivered or required by this Agreement;
- (m) to review any Performance Monitoring Reports and/or other records relating to the Supplier's performance of the Services and to verify that these reflect the Supplier's own internal reports and records;

- (n) to inspect the IT Environment (or any part of it) and the wider service delivery environment (or any part of it);
 - (o) to review the accuracy and completeness of the Registers;
 - (p) to review any records created during the design and development of the Supplier System and pre-operational environment such as information relating to Testing;
 - (q) to review the Supplier's quality management systems (including all relevant Quality Plans and any quality manuals and procedures);
 - (r) to review the Supplier's compliance with the Standards;
 - (s) to inspect the Authority Assets, including the Authority's IPRs, equipment and facilities, for the purposes of ensuring that the Authority Assets are secure and that any register of assets is up to date; and/or
 - (t) to review the integrity, confidentiality and security of the Authority Data.
- 9.2 Except where an audit is imposed on the Authority by a regulatory body or where the Authority has reasonable grounds for believing that the Supplier has not complied with its obligations under this Agreement, the Authority may not conduct an audit of the Supplier or of the same Key Sub-contractor more than twice in any Contract Year.
- 9.3 Nothing in this Agreement shall prevent or restrict the rights of the Comptroller and/or Auditor General and/or their representatives from carrying out an audit, examination or investigation of the Supplier and/or any of the Key Sub-contractors for the purposes of and pursuant to applicable Law.
- 10 CONDUCT OF AUDITS**
- 10.1 The Authority shall during each audit comply with those security, sites, systems and facilities operating procedures of the Supplier that the Authority deems reasonable and use its reasonable endeavours to ensure that the conduct of each audit does not unreasonably disrupt the Supplier or delay the provision of the Services.
- 10.2 Subject to the Authority's obligations of confidentiality, the Supplier shall on demand provide the Authority and the Audit Agents with all reasonable co-operation and assistance (and shall procure such co-operation and assistance from its Sub-contractors) in relation to each audit, including:
- (a) all information requested by the Authority within the permitted scope of the audit;
 - (b) reasonable access to any Sites and to any equipment used (whether exclusively or non-exclusively) in the performance of the Services;
 - (c) access to the Supplier System; and
 - (d) access to Supplier Personnel.

- 10.3 The Supplier shall implement all measurement and monitoring tools and procedures necessary to measure and report on the Supplier's performance of the Services against the applicable Performance Indicators at a level of detail sufficient to verify compliance with the Performance Indicators.
- 10.4 The Authority shall endeavour to (but is not obliged to) provide at least 15 Working Days' notice of its intention to conduct an audit.
- 10.5 The Parties agree that they shall bear their own respective costs and expenses incurred in respect of compliance with their obligations under this Paragraph 2, unless the audit identifies a material Default by the Supplier in which case the Supplier shall reimburse the Authority for all the Authority's reasonable costs incurred in connection with the audit.

11 USE OF SUPPLIER'S INTERNAL AUDIT TEAM

- 11.1 As an alternative to the Authority's right pursuant to Paragraph 1.1 to exercise an audit either itself or through its Audit Agents, the Authority may require in writing that an audit is undertaken by the Supplier's own internal audit function for any of the purposes set out in Paragraph 1.1.
- 11.2 Following the receipt of a request from the Authority under Paragraph 3.1 above, the Supplier shall procure that the relevant audit is undertaken as soon as reasonably practicable and that the Authority has unfettered access to:
- (a) the resultant audit reports; and
 - (b) all relevant members of the Supplier's internal audit team for the purpose of understanding such audit reports.

12 RESPONSE TO AUDITS

- 12.1 If an audit undertaken pursuant to Paragraphs 1 or 3 identifies that:
- (a) the Supplier has committed a Default, the Authority may (without prejudice to any rights and remedies the Authority may have) require the Supplier to correct such Default as soon as reasonably practicable and, if such Default constitutes a Notifiable Default, to comply with the Rectification Plan Process;
 - (b) there is an error in a Financial Report, the Supplier shall promptly rectify the error;
 - (c) the Authority has overpaid any Charges, the Supplier shall pay to the Authority:
 - (i) the amount overpaid;
 - (ii) interest on the amount overpaid at the applicable rate under the Late Payment of Commercial Debts (Interest) Act 1998, accruing on a daily basis from the date of overpayment by the Authority up to the date of repayment by the Supplier; and
 - (iii) the reasonable costs incurred by the Authority in undertaking the audit.
- the Authority may exercise its right to deduct such amount from the Charges if

it prefers; and

- (d) the Authority has underpaid any Charges, the Supplier shall not be entitled to increase the Charges paid or payable by the Authority.

ENGROSSED CONTRACT FINAL

SCHEDULE 8.1

GOVERNANCE

ENGROSSED CONTRACT FINAL

Governance

1. DEFINITIONS

In this Schedule, the following definitions shall apply:

"Board Member"	the initial persons appointed by the Authority and Supplier to the Boards as set out in Annex 1 and any replacements from time to time agreed by the Parties in accordance with Paragraph 5.3;
"Boards"	the Contract and Operational Board, Risk Management and the Steering Programme Board, and "Board" shall mean either of them;
"Contract and Operational Board"	the body described in Paragraph 6;
"Risk Management Board"	The body described in Paragraph 7;
"Risk Register"	the register of risks; and
"Steering Programme Board"	the body described in Paragraph 8.

2. SCOPE

2.1. This schedule sets out:

- (a) the framework for how the Parties will oversee and regulate their working relationship;
- (b) the contract management procedures; and
- (c) the Management Information and reporting requirements,

with which the Supplier shall comply with a view to promoting a successful working relationship in relation to the provision of the Services.

2.2. The objective of this Schedule is to enable:

- (a) the implementation of the Services in a timely manner and in any event in accordance with the timescales required under this Agreement which includes Schedule 6.1(Implementation Plan); and
- (b) the Authority to monitor the Supplier's performance of the Services.

2.3. The following diagram provides an overview of the contract management structure for the purposes of this Agreement, and such structure is further described below.



3. CONTRACT MANAGEMENT OBJECTIVES

3.1. The contract management structure set out in this Schedule is intended to support the Authority and the Supplier in achieving, amongst other things, the following principles:

- (a) the successful and timely implementation of the services, including such approved Changes which may be required during the term of this contract;
- (b) the regular monitoring of the performance of the Services in order to ensure compliance with the terms of this Agreement including Schedule 6.1(Implementation Plan) and Schedule 2.2 (Performance Levels);
- (c) the early identification of problems and issues in the performance of the Services so that they may be resolved in a prompt and co-operative manner;
- (d) the discussion and resolution of issues and Disputes prior to further escalation in accordance with Schedule 8.4 (Dispute Resolution Procedure);

- (e) the anticipation of potential Changes, and monitoring of Changes to be implemented so that Change is managed in a prompt and co-operative manner and in accordance with Schedule 8.2 (Change Control Procedure); and

4. MANAGEMENT OF THE SERVICES

4.1. In accordance with the provisions of Clause 14 (Supplier Personnel) and Schedule 9.2 (Key Personnel), the Authority and the Supplier shall each nominate a contract manager, with prime responsibility for:

- (a) managing the successful and timely implementation of the Services, in accordance with Schedule 6.1 (Implementation Plan);
- (b) managing and monitoring the day-to-day delivery of the Services by the Supplier;
- (c) managing the Changes requested and subsequently implemented in accordance with Schedule 8.2 (Change Control Procedure),

(the "Contract Manager").

4.2. In the event that a Contract Manager is either temporarily or permanently unavailable, the Supplier shall ensure that the Contract Manager role is fulfilled by a person:

- (a) who shall be an equivalent of, or more senior member of, the Supplier's Personnel than the Contract Manager; and
- (b) whose identity has been communicated to, and agreed by, the Authority prior to the meeting.

5. BOARDS

Establishment and structure of the Boards

5.1. The Boards shall be established by the Authority for the purposes of this Agreement on which both the Supplier and the Authority shall be represented.

5.2. In relation to each Board, the:

- (a) Authority Board Members;
- (b) Supplier Board Members;
- (c) frequency that the Board shall meet (unless otherwise agreed between the Parties);
- (d) location of the Board's meetings; and
- (e) planned start date by which the Board shall be established.

shall be as set out in Annex 1.

- 5.3. In the event that either Party wishes to replace any of its appointed Board Members, that Party shall notify the other in writing of the proposed change for agreement by the other Party (such agreement not to be unreasonably withheld or delayed). Notwithstanding the foregoing it is intended that each Authority Board Member has at all times a counterpart Supplier Board Member of equivalent seniority and expertise.

Board meetings

- 5.4. Each Party shall ensure that its Board Members shall make all reasonable efforts to attend Board meetings at which that Board Member's attendance is required. If any Board Member is not able to attend a Board meeting, that person shall use all reasonable endeavours to ensure that:
- (a) a delegate attends the relevant Board meeting in his/her place who (wherever possible) is properly briefed and prepared; and
 - (b) that he/she is debriefed by such delegate after the Board Meeting.
- 5.5. A chairperson shall be appointed by the Authority for each Board as identified in Annex 1. Unless otherwise agreed with the Supplier, the chairperson shall be responsible for:
- (a) scheduling Board meetings;
 - (b) setting the agenda for Board meetings and circulating to all attendees in advance of such meeting;
 - (c) chairing the Board meetings;
 - (d) monitoring the progress of any follow up tasks and activities agreed to be carried out following Board meetings;
 - (e) ensuring that minutes and action points for Board meetings are recorded and disseminated electronically to the appropriate persons and to all Board meeting participants within seven Working Days after the Board meeting; and
 - (f) facilitating the process or procedure by which any decision agreed at any Board meeting is given effect in the appropriate manner.
- 5.6. Board meetings shall be quorate as long as at least one representative from each of the Parties and the chairperson, or their delegate, are present.
- 5.7. The Parties shall ensure, as far as reasonably practicable, that all Boards shall as soon as reasonably practicable resolve the issues and achieve the objectives placed before them. Each Party shall endeavour to ensure that Board Members are empowered to make relevant decisions or have access to empowered individuals for decisions to be made to achieve this.

6. ROLE OF THE CONTRACT AND OPERATIONAL BOARD

- 6.1. The Contract and Operational Board shall be responsible for the executive management of the Services and shall:

- (a) be accountable to the Steering Programme Board for comprehensive oversight of the Services and for the senior management of the operational relationship between the Parties;
- (b) report to the Steering Programme Board on significant issues requiring decision and resolution by the Steering Programme Board and on progress against the Detailed Implementation Plan;
- (c) receive reports from the Contract Managers on matters such as issues relating to delivery of existing Services, budget and forecast costs, and performance against Targets and Performance Indicators, progress against the Implementation Plan and possible future developments;
- (d) review and report to the Steering Programme Board on service management, co-ordination of individual projects and any issues;
- (e) deal with the prioritisation of resources and the appointment of Contract Managers on behalf of the Parties;
- (f) consider and resolve Disputes (including Disputes as to the cause of a Delay or the performance of the Services) in the first instance and if necessary escalate the Dispute to the Steering Programme Board;
- (g) develop operational/supplier relationship and develop and propose the relationship development strategy and ensure the implementation of the same; and
- (h) have oversight of any technology used in the Supplier Solution and shall specifically:
 - (i) ensure compliance with the Standards;
 - (ii) grant the Supplier dispensations for variations from compliance with the Standards where appropriate;
 - (iii) monitor developments in new technology and reporting on their potential benefit to the Services; and
 - (iv) provide advice, guidance and information on strategic issues.
- (i) review and discuss the Monthly SLNT Monitoring Report;

7. ROLE OF THE RISK MANAGEMENT BOARD

7.1. The Risk Management Board shall identify and manage risks relating to the performance of the Services (the Risks).

7.2. The Risk Management Board shall:

- (a) be accountable to the Steering programme Board;
- (b) provide assurance to the Steering Programme Board that risks are being effectively managed across the Services;
- (c) reporting the 'top 5' risks to the Steering Programme Board on a monthly basis;
- (d) identify the Risks to be reported to the Steering Programme Board via the regular Risk reports;
- (e) subject to the Change Control Procedure, accept or reject new Risks proposed for inclusion in the Risk Register;
- (f) ratify or refuse requests to close risks on the Risk Register; and
- (g) identify risks relating to or arising out of the performance of the Services and provisional owners of these risks.

8. ROLE OF THE STEERING PROGRAMME BOARD

8.1. The Steering Programme Board shall:

- (a) provide senior level guidance, leadership and strategy for the overall delivery of the Services;
- (b) assess the impact of all Changes requested in accordance with Schedule 8.2 (Change Control Procedure) and approve or reject such Changes as required;
- (c) have oversight of any technology used in the Supplier Solution and ensuring that technological choices are made to maximise the long-term value of the Supplier Solution as a business asset of the Authority;
- (d) be the point of escalation from the Contract and Operational Board;
- (e) escalate any unresolvable issues to the Chairperson of the Contract and Operational Board; and
- (f) carry out the specific obligations attributed to it in Paragraph 8.2

8.2. The Steering Programme Board shall:

- (a) ensure that this Agreement is operated throughout the Term in a manner which optimises the value for money and operational benefit derived by the Authority and the commercial benefit derived by the Supplier;
- (b) receive and review reports from the Contract and Operational Board and Risk Management Board;

- (c) review proposals on the Service, technology and other developments that offer potential for improving the benefit that either Party is receiving, in particular value for money, efficiency and quality of the Service;
- (d) determine business strategy, priorities, and provide guidance on policy matters which may impact on the implementation of the Services or on any Optional Services;
- (e) authorise the commissioning and initiation of, and assess opportunities for, Optional Services;
- (f) analyse and record the impact of Changes, including any Changes which would impact on the overall cost of the Services, or where the proposed Change:
 - (i) has an impact on other areas or aspects of this Agreement and/or other documentation relating to the Services;
 - (ii) has an impact on the ability of the Authority to meet its agreed business needs within agreed time-scales;
 - (iii) will raise any risks or issues relating to the proposed Change; and
 - (iv) will provide value for money in consideration of any changes to the Financial Model, future Changes and/or Targets, Performance Indicators and Target Performance Levels;
- (g) approve or reject (close) proposed Changes; and review escalation points or points for resolution from the Contract and Operational Board and Risk Management Board.

9. INTERACTIONS WITH OTHER DELIVERY PARTNERS

- 9.1. The Parties acknowledge that there may be a need for the Supplier to interact with the EITA Regional Delivery Partners (and other Third Parties who are contracted to the Authority from time to time, during the Term of this Agreement) in addition to the operational level interactions described in Schedule 2.1 (Services Description).
- 9.2. Where the interactions described in 6.1 above are required, the Contract Manager may request the Supplier to provide service performance data, opinions and views from the Supplier, to assist in the delivery of the Authority's objectives, as set out in the Export Strategy, published on www.gov.uk on 21 August 2018.
- 9.3. The Contract Manager may also require the Supplier to attend meetings or boards which may facilitate these interactions from time to time. In each case, reasonable notice of the meeting will be agreed between the Contract Manager and the Supplier.

10. CONTRACT MANAGEMENT MECHANISMS

- 10.1. Both Parties shall pro-actively manage risks attributed to them under the terms of this Agreement.
- 10.2. The Supplier shall develop, operate, maintain and amend, as agreed with the Authority, processes for:

- (h) the identification and management of risks;
- (i) the identification and management of issues; and
- (j) monitoring and controlling project plans.

10.3. The Risk Register shall be updated by the Supplier and submitted for review by the Risk Management Board.

11. ANNUAL REVIEW

- 11.1. An annual review meeting shall be held throughout the Term on a date to be agreed between the Parties, during which the Annual Service Plan as defined in Schedule 2.1 (Services Description).
- 11.2. The meetings shall be attended by the [insert Supplier's senior representative] of the Supplier and [insert the Authority's senior representative] of the Authority and any other persons considered by the Authority necessary for the review. [To be agreed during implementation planning]

ANNEX 1

Contract and Operational Board representation and structure

[REDACTED]	[REDACTED]

	<ul style="list-style-type: none">[REDACTED][REDACTED][REDACTED][REDACTED][REDACTED][REDACTED][REDACTED][REDACTED][REDACTED]
[REDACTED]	<ul style="list-style-type: none">[REDACTED][REDACTED][REDACTED][REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]

[REDACTED]

[REDACTED]	<ul style="list-style-type: none">[REDACTED][REDACTED][REDACTED][REDACTED][REDACTED]
------------	--

	[REDACTED]
[REDACTED]	[REDACTED]

SCHEDULE 8.2

CHANGE CONTROL PROCEDURE

ENGROSSED CONTRACT FINAL

Change Control Procedure

1. DEFINITIONS

In this Schedule, the following definitions shall apply:

"Authority Change Manager"	the person appointed to that position by the Authority from time to time and notified in writing to the Supplier or, if no person is notified, the Authority Representative;
"Change Request"	a written request for a Contract Change which shall be substantially in the form of Annex 1;
"Change Communication"	any Change Request, Impact Assessment, Change Authorisation Note or other communication sent or required to be sent pursuant to this Schedule;
"Fast-track Change"	any Contract Change which the Parties agree to expedite in accordance with Paragraph 9;
"Impact Assessment"	an assessment of a Change Request in accordance with Paragraph 6;
"Impact Assessment Estimate"	has the meaning given in Paragraph 4.3;
"Receiving Party"	the Party which receives a proposed Contract Change; and
"Supplier Change Manager"	the person appointed to that position by the Supplier from time to time and notified in writing to the Authority or, if no person is notified, the Supplier Representative.

2. INTRODUCTION

2.1. This Schedule sets out:

- (a) the processes for requesting, considering and implementing Changes;
- (b) the types and categories of Change;
- (c) the form to be used when ordering Additional Services; and
- (d) the basis for pricing the Supplier's charges in respect of Changes.

3. GENERAL PRINCIPLES OF CHANGE CONTROL PROCEDURE

3.1. This Schedule sets out the procedure for dealing with Changes.

3.2. Operational Changes shall be processed in accordance with Paragraph 10. If either Party is in doubt about whether a change falls within the definition of an Operational Change, then it must be processed as a Contract Change.

3.3. The Parties shall deal with Contract Change as follows:

- (e) either Party may request a Contract Change which they shall initiate by issuing a Change Request in accordance with Paragraph 5;
- (f) unless this Agreement otherwise requires, the Supplier shall assess and document the potential impact of a proposed Contract Change in accordance with Paragraph 6 before the Contract Change can be either approved or implemented;
- (g) the Authority shall have the right to request amendments to a Change Request, approve it or reject it in the manner set out in Paragraph 7;
- (h) the Supplier shall have the right to reject a Change Request solely in the manner set out in Paragraph 8;
- (i) save as otherwise provided in this Agreement, no proposed Contract Change shall be implemented by the Supplier until a Change Authorisation Note has been signed and issued by the Authority in accordance with Paragraph 6.1 and it has not been rejected by the Supplier in accordance with Paragraph 7, then it shall inform the Supplier and the Supplier shall prepare two copies of a Change Authorisation Note which it shall sign and deliver to the Authority for its signature. Following receipt by the Authority of the Change Authorisation Note, it shall sign both copies and return one copy to the Supplier. On the Authority's signature the Change Authorisation Note shall constitute (or, where the Authority has agreed to or required the implementation of a Change prior to signature of a Change Authorisation Note, shall constitute confirmation of) a binding variation to this Agreement; and
- (j) a proposed Contract Change is a Fast-track Change, it shall be processed in accordance with Paragraph 9.

3.4. Until a Change Authorisation Note has been signed and issued by the Authority in accordance with Paragraph 7.2, then:

- (a) unless the Authority expressly agrees (or requires) otherwise in writing, the Supplier shall continue to supply the Services in accordance with the existing terms of this Agreement as if the proposed Contract Change did not apply; and
- (b) any discussions, negotiations or other communications which may take place between the Authority and the Supplier in connection with any proposed Contract Change, including the submission of any Change Communications, shall be without prejudice to each Party's other rights under this Agreement.

3.5. The Supplier shall:

- (a) within 10 Working Days of the Authority's signature and issue of a Change Authorisation Note, deliver to the Authority a copy of this Agreement updated to reflect all Contract Changes agreed in the relevant Change Authorisation Note and annotated with a reference to the Change Authorisation Note pursuant to which the relevant Contract Changes were agreed; and
- (b) thereafter provide to the Authority such further copies of the updated Agreement as the Authority may from time to time request.

4. COSTS

4.1. Subject to Paragraph 3.3:

- (a) the costs of preparing each Change Request shall be borne by the Party making the Change Request; and
- (b) the costs incurred by the Supplier in undertaking an Impact Assessment shall be borne by the Party making the Change Request provided that the Authority shall not be required to pay any such costs if:
 - (i) the Supplier is able to undertake the Impact Assessment by using resources already deployed in the provision of the Services; or
 - (ii) such costs exceed those in the accepted Impact Assessment Estimate.

4.2. The cost of any Contract Change shall be calculated and charged in accordance with the principles and day rates or day costs (as applicable) set out in Schedule 7.1 (Charges and Invoicing). The Supplier shall be entitled to increase the Charges only if it can demonstrate in the Impact Assessment that the proposed Contract Change requires additional resources and, in any event, any change to the Charges resulting from a Contract Change (whether the change will cause an increase or a decrease in the Charges) will be strictly proportionate to the increase or decrease in the level of resources required for the provision of the Services as amended by the Contract Change.

4.3. Both Parties' costs incurred in respect of any use of this Change Control Procedure as a result of any error or Default by the Supplier shall be paid for by the Supplier.

5. CHANGE REQUEST

5.1. Either Party may issue a Change Request to the other Party at any time during the Term. A Change Request shall be substantially in the form of Annex 1 and state whether the Party issuing the Change Request considers the proposed Contract Change to be a Fast-track Change.

- 5.2. If the Supplier issues the Change Request, then it shall also provide an Impact Assessment to the Authority as soon as is reasonably practicable but in any event within 10 Working Days of the date of issuing the Change Request.
- 5.3. If the Authority issues the Change Request, then the Supplier shall provide as soon as reasonably practical and in any event within 10 working days of the date of receiving the Change Request an estimate ("Impact Assessment Estimate") of the cost of preparing an Impact Assessment and the timetable for preparing it. The timetable shall provide for the completed Impact Assessment to be received by the Authority within 10 working days of acceptance of the Impact Assessment Estimate or within any longer time period agreed by the Authority.
- 5.4. If the Authority accepts an Impact Assessment Estimate then following receipt of notice of such acceptance the Supplier shall provide the completed Impact Assessment to the Authority as soon as is reasonably practicable and in any event within the period agreed in the Impact Assessment Estimate. If the Supplier requires any clarification in relation to the Change Request before it can deliver the Impact Assessment, then it shall promptly make a request for clarification to the Authority and provided that sufficient information is received by the Authority to fully understand:
- (a) The nature of the request for clarification; and
 - (b) The reasonable justification for the request.
- the time period to complete the Impact Assessment shall be extended by the time taken by the Authority to provide that clarification. The Authority shall respond to the request for clarification as soon as is reasonably practicable.

6. IMPACT ASSESSMENT

- 6.1. Each Impact Assessment shall be completed in good faith and shall include:
- (a) details of the proposed Contract Change including the reason for the Contract Change; and
 - (b) details of the impact of the proposed Contract Change on the Services, the Optional Services (if any) and the Supplier's ability to meet its other obligations under this Agreement;
 - (c) any variation to the terms of this Agreement that will be required as a result of that impact, including changes to:
 - (i) the Services Description, the Performance Indicators and/or the Target Performance Levels;
 - (ii) the format of Authority Data, as set out in the Services Description;
 - (iii) the Milestones, Implementation Plan and any other timetable previously agreed by the Parties;
 - (iv) other services provided by third party contractors to the Authority, including any changes required by the proposed Contract Change to the Authority's IT infrastructure;
 - (d) details of the cost of implementing the proposed Contract Change;

- (e) details of the ongoing costs required by the proposed Contract Change when implemented, including any increase or decrease in the Charges, any alteration in the resources and/or expenditure required by either Party and any alteration to the working practices of either Party;
 - (f) a timetable for the implementation, together with any proposals for the testing of the Contract Change;
 - (g) details of how the proposed Contract Change will ensure compliance with any applicable Change in Law; and
 - (h) such other information as the Authority may reasonably request in (or in response to) the Change Request.
- 6.2. If the Contract Change involves the processing or transfer of any Personal Data outside the European Economic Area, the preparation of the Impact Assessment shall also be subject to Clause 20 (Protection of Personal Data).
- 6.3. Subject to the provisions of Paragraph 5.4, the Authority shall review the Impact Assessment and respond to the Supplier in accordance with Paragraph 6 within 15 Working Days of receiving the Impact Assessment, it.
- 6.4. If the Authority is the Receiving Party and the Authority reasonably considers that it requires further information regarding the proposed Contract Change so that it may properly evaluate the Change Request and the Impact Assessment, then within 5 Working Days of receiving the Impact Assessment, it shall notify the Supplier of this fact and detail the further information that it requires. The Supplier shall then re-issue the relevant Impact Assessment to the Authority within 10 Working Days of receiving such notification. At the Authority's discretion, the Parties may repeat the process described in this Paragraph 5.4 until the Authority is satisfied that it has sufficient information to properly evaluate the Change Request and Impact Assessment.
- 6.5. The calculation of costs for the purposes of Paragraphs 5.1(d) and (e) shall:
- (a) be based on the Financial Model;
 - (b) facilitate the Financial Transparency Objectives;
 - (c) include estimated volumes of each type of resource to be employed and the applicable rate card;
 - (d) include full disclosure of any assumptions underlying such Impact Assessment;
 - (e) include evidence of the cost of any assets required for the Change; and
 - (f) include details of any new Sub-contracts necessary to accomplish the Change.

7. AUTHORITY'S RIGHT OF APPROVAL

- 7.1. Within 15 Working Days of receiving the Impact Assessment from the Supplier or within 10 Working Days of receiving the further information that it may request pursuant to Paragraph 5.4, the Authority shall evaluate the Change Request and the Impact Assessment and shall do one of the following:

- (a) approve the proposed Contract Change, in which case the Parties shall follow the procedure set out in Paragraph 6.2;
- (b) in its absolute discretion reject the Contract Change, in which case it shall notify the Supplier of the rejection. The Authority shall not reject any proposed Contract Change to the extent that the Contract Change is necessary for the Supplier or the Services to comply with any Changes in Law. If the Authority does reject a Contract Change, then it shall explain its reasons in writing to the Supplier as soon as is reasonably practicable following such rejection; or
- (c) in the event that it reasonably believes that a Change Request or Impact Assessment contains errors or omissions, require the Supplier to modify the relevant document accordingly, in which event the Supplier shall make such modifications within 5 Working Days of such request. Subject to Paragraph 5.4, on receiving the modified Change Request and/or Impact Assessment, the Authority shall approve or reject the proposed Contract Change within 10 Working Days.

7.2. If the Authority approves the proposed Contract Change pursuant to Paragraph 6.1 and it has not been rejected by the Supplier in accordance with Paragraph 7, then it shall inform the Supplier and the Supplier shall prepare two copies of a Change Authorisation Note which it shall sign and deliver to the Authority for its signature. Following receipt by the Authority of the Change Authorisation Note, it shall sign both copies and return one copy to the Supplier. On the Authority's signature the Change Authorisation Note shall constitute (or, where the Authority has agreed to or required the implementation of a Change prior to signature of a Change Authorisation Note, shall constitute confirmation of) a binding variation to this Agreement.

7.3. If the Authority does not sign the Change Authorisation Note within 10 Working Days, then the Supplier shall have the right to notify the Authority and if the Authority does not sign the Change Authorisation Note within 5 Working Days of such notification, then the Supplier may refer the matter to the Expedited Dispute Timetable pursuant to the Dispute Resolution Procedure.

8. SUPPLIER'S RIGHT OF APPROVAL

8.1. Following an Impact Assessment, if:

- (a) the Supplier reasonably believes that any proposed Contract Change which is requested by the Authority would:
 - (i) materially and adversely affect the risks to the health and safety of any person; and/or
 - (ii) require the Services to be performed in a way that infringes any Law; and/or
- (b) the Supplier demonstrates to the Authority's reasonable satisfaction that the proposed Contract Change is technically impossible to implement and neither the Supplier Solution nor the Services Description state that the Supplier does have the technical capacity and flexibility required to implement the proposed Contract Change.

8.2. then the Supplier shall be entitled to reject the proposed Contract Change and shall notify the Authority of its reasons for doing so within 5 Working Days after the date on which it is obliged to deliver the Impact Assessment pursuant to Paragraph 4.3.

9. FAST-TRACK CHANGES

9.1. The Parties acknowledge that to ensure operational efficiency there may be circumstances where it is desirable to expedite the processes set out above.

9.2. If:

- (c) the total number of Contract Changes in relation to which this Fast-track Change procedure has been applied does not exceed 4 in any 12 month period; and
- (d) both Parties agree the value of the proposed Contract Change over the remaining Term and any period for which Termination Services may be required does not exceed £[insert figure] and the proposed Contract Change is not significant (as determined by the Authority acting reasonably),

then the Parties shall confirm to each other in writing that they shall use the process set out in Paragraphs CHANGE REQUEST, IMPACT ASSESSMENT, AUTHORITY'S RIGHT OF APPROVAL and 7 but with reduced timescales, such that any period of 15 Working Days is reduced to 5 Working Days, any period of 10 Working Days is reduced to 2 Working Days and any period of 5 Working Days is reduced to 1 Working Day.

9.3. The Parties may agree in writing to revise the parameters set out in Paragraph 8.2 from time to time or that the Fast-track Change procedure shall be used in relation to a particular Contract Change notwithstanding that the total number of Contract Changes to which such procedure is applied will then exceed 4 in a 12 month period.

10. OPERATIONAL CHANGE PROCEDURE

10.1. Any Operational Changes identified by the Supplier to improve operational efficiency of the Services may be implemented by the Supplier without following the Change Control Procedure for proposed Contract Changes provided they do not:

- (a) have an impact on the business of the Authority;
- (b) require a change to this Agreement;
- (c) have a direct impact on use of the Services; or
- (d) involve the Authority in paying any additional Charges or other costs.

10.2. The Authority may request an Operational Change by submitting a written request for Operational Change ("RFOC") to the Supplier Representative.

10.3. The RFOC shall include the following details:

- (a) the proposed Operational Change; and
- (b) the time-scale for completion of the Operational Change.

10.4. The Supplier shall inform the Authority of any impact on the Services that may arise from the proposed Operational Change.

10.5. The Supplier shall complete the Operational Change by the timescale specified for completion of the Operational Change in the RFOC, and shall promptly notify the Authority when the Operational Change is completed.

11. COMMUNICATIONS

- 11.1. For any Change Communication to be valid under this Schedule, it must be sent to either the Authority Change Manager or the Supplier Change Manager, as applicable. The provisions of Clause 41 (Notices) shall apply to a Change Communication as if it were a notice.

ANNEX 1: CHANGE REQUEST FORM

CR NO.:	TITLE:	TYPE OF CHANGE:
CONTRACT:		REQUIRED BY DATE:
ACTION:	NAME:	DATE:
RAISED BY:		
AREA(S) IMPACTED (OPTIONAL FIELD):		
ASSIGNED FOR IMPACT ASSESSMENT BY:		
ASSIGNED FOR IMPACT ASSESSMENT TO:		
SUPPLIER REFERENCE NO.:		
FULL DESCRIPTION OF REQUESTED CONTRACT CHANGE (INCLUDING PROPOSED CHANGES TO THE WORDING OF THE CONTRACT):		
DETAILS OF ANY PROPOSED ALTERNATIVE SCENARIOS:		
REASONS FOR AND BENEFITS AND DISADVANTAGES OF REQUESTED CONTRACT CHANGE:		
SIGNATURE OF REQUESTING CHANGE OWNER:		
DATE OF REQUEST:		

ANNEX 2: CHANGE AUTHORISATION NOTE

CR NO.:	TITLE:	DATE RAISED:
CONTRACT:	TYPE OF CHANGE:	REQUIRED BY DATE:
[KEY MILESTONE DATE: <i>(if any)</i>]		
DETAILED DESCRIPTION OF CONTRACT CHANGE FOR WHICH IMPACT ASSESSMENT IS BEING PREPARED AND WORDING OF RELATED CHANGES TO THE CONTRACT:		
PROPOSED ADJUSTMENT TO THE CHARGES RESULTING FROM THE CONTRACT CHANGE:		
DETAILS OF PROPOSED ONE-OFF ADDITIONAL CHARGES AND MEANS FOR DETERMINING THESE (E.G. FIXED PRICE BASIS):		
SIGNED ON BEHALF OF THE AUTHORITY:		SIGNED ON BEHALF OF THE SUPPLIER:
Signature: _____		Signature: _____
Name: _____		Name: _____
Position: _____		Position: _____
Date: _____		Date: _____

SCHEDULE 8.3

DISPUTE RESOLUTION PROCEDURE

ENGROSSED CONTRACT FINAL

Dispute Resolution Procedure

1. DEFINITIONS

In this Schedule, the following definitions shall apply:

"CEDR"	the Centre for Effective Dispute Resolution of International Dispute Resolution Centre, 70 Fleet Street, London, EC4Y 1EU;
"Counter Notice"	has the meaning given in Paragraph 7.2;
"Expert"	in relation to a Dispute, a person appointed in accordance with Paragraph 6.2 to act as an expert in relation to that Dispute;
"Expert Determination"	determination by an Expert in accordance with Paragraph 6;
"Mediation Notice"	has the meaning given in Paragraph 4.2;
"Mediator"	the independent third party appointed in accordance with Paragraph 5.2 to mediate a Dispute;
"Multi-Party Dispute"	a Dispute which involves the Parties and one or more Related Third Parties;
"Multi-Party Dispute Representatives"	has the meaning given in Paragraph 9.6;
"Multi-Party Dispute Resolution Board"	has the meaning given in Paragraph 9.6;
"Related Third Party"	a party to: (a) another contract with the Authority or the Supplier which is relevant to this Agreement; or (b) a Sub-contract; and
"Supplier Request"	a notice served by the Supplier requesting that the Dispute be treated as a Multi-Party Dispute, setting out its grounds for that request and specifying each Related Third Party that it believes should be involved in the Multi-Dispute Resolution Procedure in respect of that Dispute.

2. DISPUTE NOTICES

2.1. If a Dispute arises then:

- (a) the Authority Representative and the Supplier Representative shall attempt in good faith to resolve the Dispute; and
- (b) if such attempts are not successful within a reasonable period, not being longer than 20 Working Days, either Party may issue to the other a Dispute Notice.

2.2. A Dispute Notice:

- (a) shall set out:
 - (i) the material particulars of the Dispute;
 - (ii) the reasons why the Party serving the Dispute Notice believes that the Dispute has arisen; and
 - (iii) if the Party serving the Dispute Notice believes that the Dispute should be dealt with under the Expedited Dispute Timetable, the reason why; and
- (b) may specify in accordance with the requirements of Paragraphs 9.2 and 9.3 that the Party issuing the Dispute Notice has determined (in the case of the Authority) or considers (in the case of the Supplier) that the Dispute is a Multi-Party Dispute, in which case Paragraph 2.3 shall apply.

2.3. If a Dispute Notice specifies that the Dispute has been determined or is considered to be a Multi-Party Dispute pursuant to Paragraph 2.2(b), then:

- (a) if it is served by the Authority it shall be treated as a Multi-Party Procedure Initiation Notice; and
- (b) if it is served by the Supplier it shall be treated as a Supplier Request,
and in each case the provisions of Paragraph 9 shall apply.

2.4. Subject to Paragraphs 2.5 and 3.2 and so long as the Authority has not served a Multi-Party Procedure Initiation Notice in respect of the relevant Dispute, following the issue of a Dispute Notice the Parties shall seek to resolve the Dispute:

- (a) first by commercial negotiation (as prescribed in Paragraph 4);
- (b) then, if either Party serves a Mediation Notice, by mediation (as prescribed in Paragraph 5); and
- (c) lastly by recourse to arbitration (as prescribed in Paragraph 7) or litigation (in accordance with Clause 43 (Governing Law and Jurisdiction)).

2.5. Specific issues shall be referred to Expert Determination (as prescribed in Paragraph 6) where specified under the provisions of this Agreement and may also be referred to Expert Determination where otherwise appropriate as specified in Paragraph 6.1.

- 2.6. Unless agreed otherwise in writing, the Parties shall continue to comply with their respective obligations under this Agreement regardless of the nature of the Dispute and notwithstanding any issue of a Dispute Notice or a Multi-Party Procedure Initiation Notice or proceedings under Paragraph 8 (Urgent Relief).

3. EXPEDITED DISPUTE TIMETABLE

- 3.1. In exceptional circumstances where the use of the times in this Schedule would be unreasonable, including (by way of example) where one Party would be materially disadvantaged by a delay in resolving the Dispute, the Parties may agree to use the Expedited Dispute Timetable. If the Parties are unable to reach agreement on whether to use the Expedited Dispute Timetable within 5 Working Days of the issue of a Dispute Notice, the use of the Expedited Dispute Timetable shall be at the sole discretion of the Authority.
- 3.2. If the Expedited Dispute Timetable is to be used pursuant to the provisions of Paragraph 3.1 or is otherwise specified under the provisions of this Agreement, then the following periods of time shall apply in lieu of the time periods specified in the applicable Paragraphs:
- (a) in Paragraph 4.2(c), 10 Working Days;
 - (b) in Paragraph 5.2, 10 Working Days;
 - (c) in Paragraph 6.2, 5 Working Days; and
 - (d) in Paragraph 7.2, 10 Working Days.
- 3.3. If at any point it becomes clear that an applicable deadline cannot be met or has passed, the Parties may (but shall be under no obligation to) agree in writing to extend the deadline. If the Parties fail to agree within 2 Working Days after the deadline has passed, the Authority may set a revised deadline provided that it is no less than 5 Working Days before the end of the period of time specified in the applicable paragraphs (or 2 Working Days in the case of Paragraph 6.2). Any agreed extension shall have the effect of delaying the start of the subsequent stages by the period agreed in the extension. If the Authority fails to set such a revised deadline then the use of the Expedited Dispute Timetable shall cease and the normal time periods shall apply from that point onwards.

4. COMMERCIAL NEGOTIATION

- 4.1. Following the service of a Dispute Notice, then, so long as the Authority has not served a Multi-Party Procedure Initiation Notice in respect of the relevant Dispute, the Authority and the Supplier shall make reasonable endeavours to resolve the Dispute as soon as possible by commercial negotiation between the Authority's Commercial Deputy Director and the Supplier's Chief Operating Officer.
- 4.2. If:
- (a) either Party is of the reasonable opinion that the resolution of a Dispute by commercial negotiation, or the continuance of commercial negotiation, will not result in an appropriate solution;

- (b) the Parties have already held discussions of a nature and intent (or otherwise were conducted in the spirit) that would equate to the conduct of commercial negotiation in accordance with this Paragraph 4; or
- (c) the Parties have not settled the Dispute in accordance with Paragraph 4.1 within 30 Working Days of service of the Dispute Notice,

either Party may serve a written notice to proceed to mediation in accordance with Paragraph 5 (a "Mediation Notice").

5. MEDIATION

- 5.1. If a Mediation Notice is served, the Parties shall attempt to resolve the dispute in accordance with the version of CEDR's Model Mediation Procedure which is current at the time the Mediation Notice is served (or such other version as the Parties may agree).
- 5.2. If the Parties are unable to agree on the joint appointment of an independent person to mediate the Dispute within 20 Working Days from (and including) the service of a Mediation Notice then either Party may apply to CEDR to nominate such a person.
- 5.3. If the Parties are unable to reach a settlement in the negotiations at the mediation, and only if both Parties so request and the Mediator agrees, the Mediator shall produce for the Parties a non-binding recommendation on terms of settlement. This shall not attempt to anticipate what a court might order but shall set out what the Mediator suggests are appropriate settlement terms in all of the circumstances.
- 5.4. Any settlement reached in the mediation shall not be legally binding until it has been reduced to writing and signed by, or on behalf of, the Parties (in accordance with the Change Control Procedure where appropriate). The Mediator shall assist the Parties in recording the outcome of the mediation.

6. EXPERT DETERMINATION

- 6.1. If a Dispute relates to any aspect of the technology underlying the provision of the Services or otherwise relates to a technical matter of an IT, accounting or financing nature and the Dispute has not been resolved by commercial negotiation in accordance with Paragraph 4 or, if applicable, mediation in accordance with Paragraph 5, then either Party may by written notice to the other request (agreement to which request shall not be unreasonably withheld or delayed) that the Dispute be referred to an expert for determination.
- 6.2. The expert shall be appointed by agreement in writing between the Parties, but in the event of a failure to agree within 10 Working Days of the relevant request made pursuant to Paragraph 6.1, or if the person appointed is unable or unwilling to act, the expert shall be appointed:
 - (a) if the Dispute relates to any aspect of the technology underlying the provision of the Services or a matter of an IT technical nature, on the instructions of the President of the British Computer Society (or any other association that has replaced the British Computer Society);

- (b) if the Dispute relates to a matter of a financial technical nature, on the instructions of the President of the Institute of Chartered Accountants of England and Wales; or
- (c) if the Dispute relates to a matter of a technical nature not falling within Paragraphs 6.2(a) or (b), on the instructions of the president (or equivalent) of:
 - (i) an appropriate body agreed between the Parties; or
 - (ii) if the Parties do not reach agreement on the relevant body within 15 Working Days of the relevant request made pursuant to Paragraph 6.1, such body as may be specified by the President of the Law Society on application by either Party.

6.3. The Expert shall act on the following basis:

- (a) he/she shall act as an expert and not as an arbitrator and shall act fairly and impartially;
- (b) the Expert's determination shall (in the absence of a material failure to follow the agreed procedures) be final and binding on the Parties;
- (c) the Expert shall decide the procedure to be followed in the determination and shall be requested to make his/her determination within 30 Working Days of his appointment or as soon as reasonably practicable thereafter and the Parties shall assist and provide the documentation that the Expert requires for the purpose of the determination;
- (d) any amount payable by one Party to another as a result of the Expert's determination shall be due and payable within 20 Working Days of the Expert's determination being notified to the Parties;
- (e) the process shall be conducted in private and shall be confidential; and
- (f) the Expert shall determine how and by whom the costs of the determination, including his/her fees and expenses, are to be paid.

7. ARBITRATION

7.1. Subject to compliance with its obligations under Paragraph 4.1 and to the provisions of Paragraph 6, the Authority may at any time before court proceedings are commenced refer the Dispute to arbitration in accordance with the provisions of Paragraph 7.5.

7.2. Before the Supplier commences court proceedings or arbitration, it shall serve written notice on the Authority of its intentions and the Authority shall have 15 Working Days following receipt of such notice to serve a reply (a "Counter Notice") on the Supplier requiring the Dispute to be referred to and resolved by arbitration in accordance with Paragraph 7.5 or be subject to the exclusive jurisdiction of the courts of England and Wales. The Supplier shall not commence any court proceedings or arbitration until the expiry of such 15 Working Day period.

7.3. If the Authority serves a Counter Notice, then:

- (a) if the Counter Notice requires the Dispute to be referred to arbitration, the provisions of Paragraph 7.5 shall apply; or
- (b) if the Counter Notice requires the Dispute to be subject to the exclusive jurisdiction of the courts of England and Wales, the Dispute shall be so referred to those courts and the Supplier shall not commence arbitration proceedings.

7.4. If the Authority does not serve a Counter Notice within the 15 Working Day period referred to in Paragraph 7.2, the Supplier may either commence arbitration proceedings in accordance with Paragraph 7.5 or commence court proceedings in the Courts of England and Wales which shall (in those circumstances) have exclusive jurisdiction.

7.5. The Parties hereby confirm that if any arbitration proceedings are commenced pursuant to Paragraphs 7.1 to 7.4:

- (a) the Dispute shall be referred to and finally resolved by arbitration under the Rules of the London Court of International Arbitration ("LCIA") (subject to Paragraphs 7.5(e), (f) and (g));
- (b) the arbitration shall be administered by the LCIA;
- (c) the LCIA procedural rules in force at the date that the Dispute was referred to arbitration shall be applied and are deemed to be incorporated by reference into this Agreement and the decision of the arbitrator shall be binding on the Parties in the absence of any material failure to comply with such rules;
- (d) if the Parties fail to agree the appointment of the arbitrator within 10 Working Days from the date on which arbitration proceedings are commenced or if the person appointed is unable or unwilling to act, the arbitrator shall be appointed by the LCIA;
- (e) the chair of the arbitral tribunal shall be British;
- (f) the arbitration proceedings shall take place in London and in the English language; and
- (g) the seat of the arbitration shall be London.

8. URGENT RELIEF

8.1. Either Party may at any time take proceedings or seek remedies before any court or tribunal of competent jurisdiction:

- (a) for interim or interlocutory remedies in relation to this Agreement or infringement by the other Party of that Party's Intellectual Property Rights; and/or
- (b) where compliance with Paragraph 2.1 and/or referring the Dispute to mediation may leave insufficient time for that Party to commence proceedings before the expiry of the limitation period.

9. MULTI-PARTY DISPUTES

- 9.1. All Multi-Party Disputes shall be resolved in accordance with the procedure set out in this Paragraph 9 (the "Multi-Party Dispute Resolution Procedure").
- 9.2. If at any time following the issue of a Dispute Notice, the Authority reasonably considers that the matters giving rise to the Dispute involve one or more Related Third Parties, then the Authority shall be entitled to determine that the Dispute is a Multi-Party Dispute and to serve a notice on the Supplier which sets out the Authority's determination that the Dispute is a Multi-Party Dispute and specifies the Related Third Parties which are to be involved in the Multi-Party Dispute Resolution Procedure, such notice a "Multi-Party Procedure Initiation Notice".
- 9.3. If following the issue of a Dispute Notice but before the Dispute has been referred to Expert Determination or to arbitration in accordance with Paragraph 7, the Supplier has reasonable grounds to believe that the matters giving rise to the Dispute have been contributed to by one or more Related Third Parties, the Supplier may serve a Supplier Request on the Authority.
- 9.4. The Authority shall (acting reasonably) consider each Supplier Request and shall determine within 5 Working Days whether the Dispute is:
- a Multi-Party Dispute, in which case the Authority shall serve a Multi-Party Procedure Initiation Notice on the Supplier; or
 - not a Multi-Party Dispute, in which case the Authority shall serve written notice of such determination upon the Supplier and the Dispute shall be treated in accordance with Paragraphs 3 to 8.
- 9.5. If the Authority has determined, following a Supplier Request, that a Dispute is not a Multi-Party Dispute, the Supplier may not serve another Supplier Request with reference to the same Dispute.
- 9.6. Following service of a Multi-Party Procedure Initiation Notice a Multi-Party Dispute shall be dealt with by a board (in relation to such Multi-Party Dispute, the "Multi-Party Dispute Resolution Board") comprising representatives from the following parties to the Multi-Party Dispute, each of whom shall be of a suitable level of seniority to finalise any agreement with the other parties to settle the Multi-Party Dispute:
- the Authority;
 - the Supplier;
 - each Related Third Party involved in the Multi-Party Dispute; and
 - any other representatives of any of the Parties and/or any Related Third Parties whom the Authority considers necessary,
- (together "Multi-Party Dispute Representatives").
- 9.7. The Parties agree that the Multi-Party Dispute Resolution Board shall seek to resolve the relevant Multi-Party Dispute in accordance with the following principles and procedures:

- (a) the Parties shall procure that their Multi-Party Dispute Representatives attend, and shall use their best endeavours to procure that the Multi-Party Dispute Representatives of each Related Third Party attend, all meetings of the Multi-Party Dispute Resolution Board in respect of the Multi-Party Dispute;
- (b) the Multi-Party Dispute Resolution Board shall first meet within 10 Working Days of service of the relevant Multi-Party Procedure Initiation Notice at such time and place as the Parties may agree or, if the Parties do not reach agreement on the time and place within 5 Working Days of service of the relevant Multi-Party Procedure Initiation Notice, at the time and place specified by the Authority, provided such place is at a neutral location within England and that the meeting is to take place between 9.00am and 5.00pm on a Working Day; and
- (c) in seeking to resolve or settle any Multi-Party Dispute, the members of the Multi-Party Dispute Resolution Board shall have regard to the principle that a Multi-Party Dispute should be determined based on the contractual rights and obligations between the Parties and the Related Third Parties and that any apportionment of costs should reflect the separate components of the Multi-Party Dispute.

9.8. If a Multi-Party Dispute is not resolved between the Parties and all Related Third Parties within 25 Working Days of the issue of the Multi-Party Procedure Initiation Notice (or such longer period as the Parties may agree in writing), then:

- (a) either Party may serve a Mediation Notice in respect of the Multi-Party Dispute in which case Paragraph 5 shall apply;
- (b) either Party may request that the Multi-Party Dispute is referred to an expert in which case Paragraph 6 shall apply; and/or
- (c) subject to Paragraph 9.9, Paragraph 7 shall apply to the Multi-Party Dispute.

and in each case references to the "Supplier" or the "Parties" in such provisions shall include a reference to all Related Third Parties.

9.9. If a Multi-Party Dispute is referred to arbitration in accordance with Paragraph 7 or a Dispute becomes a Multi-Party Dispute during the course of arbitration proceedings and either Party is unable to compel a Related Third Party to submit to such arbitration proceedings, the Authority or the Supplier may discontinue such arbitration proceedings and instead initiate court proceedings. The costs of any such discontinued arbitration proceedings shall be borne by the Party which is in a direct contractual relationship with the Related Third Party or, where the Related Third Party is a Sub-Contractor, by the Supplier.

SCHEDULE 8.4

REPORTS AND RECORDS PROVISIONS

ENGROSSED CONTRACT FINAL

Reports and Records Provisions

1. TRANSPARENCY REPORTS

- 1.1. Within three (3) months of the Effective Date the Supplier shall provide to the Authority for its approval (such approval not to be unreasonably withheld or delayed) draft reports in accordance with Annex 1 (once approved, the "Transparency Reports").
- 1.2. If the Authority rejects any draft Transparency Report, the Supplier shall submit a revised version of the relevant report for further approval by the Authority within five (5) days of receipt of any notice of rejection, taking account of any recommendations for revision and improvement to the report provided by the Authority. If the Parties fail to agree on a draft Transparency Report the Authority shall determine what should be included.
- 1.3. The Supplier shall provide accurate and up-to-date versions of each Transparency Report to the Authority at the frequency referred to in Annex 1.
- 1.4. Any disagreement in connection with the preparation and/or approval of Transparency Reports, other than under paragraph 1.2 above in relation to the contents of a Transparency Report, shall be treated as a Dispute.
- 1.5. The requirements for Transparency Reports are in addition to any other reporting requirements in this Agreement.

2. OTHER REPORTS

- 2.1. The Authority may require any or all of the following reports:
 - (a) delay reports;
 - (b) reports relating to Testing and tests carried out under Schedule 2.4 (Security Management) and Schedule 8.6 (Service Continuity Plan and Corporate Resolution Planning);
 - (c) reports which the Supplier is required to supply as part of the Management Information;
 - (d) annual reports on the Insurances;
 - (e) security reports; and
 - (f) Force Majeure Event reports.

3. RECORDS

- 3.1. The Supplier shall retain and maintain all the records (including superseded records) referred to in Paragraph 1 and Annex 1 (together "Records"):
 - (a) in accordance with the requirements of The National Archives and Good Industry Practice;

- (b) in chronological order;
 - (c) in a form that is capable of audit; and
 - (d) at its own expense.
- 3.2. The Supplier shall make the Records available for inspection to the Authority on request, subject to the Authority giving reasonable notice.
- 3.3. Where Records are retained in electronic form, the original metadata shall be preserved together with all subsequent metadata in a format reasonably accessible to the Authority.
- 3.4. The Supplier shall, during the Term and a period of at least 7 years following the expiry or termination of this Agreement, maintain or cause to be maintained complete and accurate documents and records in relation to the provision of the Services including but not limited to all Records.
- 3.5. Records that contain financial information shall be retained and maintained in safe storage by the Supplier for a period of at least 7 years after the expiry or termination of this Agreement.
- 3.6. Without prejudice to the foregoing, the Supplier shall provide the Authority:
- (a) as soon as they are available, and in any event within 60 Working Days after the end of the first 6 months of each financial year of the Supplier during the Term, a copy, certified as a true copy by an authorised representative of the Supplier, of its un-audited interim accounts and, if applicable, of consolidated un-audited interim accounts of the Supplier and its Affiliates which would (if the Supplier were listed on the London Stock Exchange (whether or not it is)) be required to be sent to shareholders as at the end of and for each such 6 month period; and
 - (b) as soon as they shall have been sent to its shareholders in order to be laid before an annual general meeting of the Supplier, but not later than 130 Working Days after the end of each accounting reference period of the Supplier part or all of which falls during the Term, the Supplier's audited accounts and if applicable, of the consolidated audited accounts of the Supplier and its Affiliates in respect of that period together with copies of all related directors' and auditors' reports and all other notices/circulars to shareholders.

4. VIRTUAL LIBRARY

- 4.1. The Supplier shall, no later than eight (8) weeks prior to the Operational Services Commencement Date and without charge to the Authority, create a Virtual Library on which the Supplier shall (subject to any applicable legislation governing the use or processing of personal data) make information about this Agreement available in accordance with the requirements outlined in this Schedule.
- 4.2. The Supplier shall ensure that the Virtual Library is:
- (a) capable of holding and allowing access to the information described in Annex 3 of this Schedule and includes full and accurate file details of all uploaded items including date and time of upload, version number and the name of the uploader;

- (b) structured so that each document uploaded has a unique identifier which is automatically assigned;
 - (c) readily accessible by the Authority at all times in full via a user-friendly, password protected interface to such nominated users as are notified to the Supplier by the Authority from time to time;
 - (d) structured so as to allow nominated users to download either specific documents or the complete Virtual Library (to the extent it has Access Permission) in bulk and store and view the content offline (on a regular and automated basis);
 - (e) structured and maintained in accordance with the security requirements as set out in this Agreement including those set out in Schedule 2.4 (Security Management);
 - (f) created and based on open standards in Schedule 2.3 (Standards); and
 - (g) backed up on a secure off-site system.
- 4.3. For the avoidance of doubt, the Virtual Library (excluding any Software used to host it) shall form a database which constitute Project Specific IPR which shall be assigned to the Authority pursuant to Clause 17.1 (Project Specific IPR) of this Agreement.
- 4.4. The Supplier shall upload complete and accurate information specified in Annex 3 by the Initial Upload Date (except where prior to the launch of the Virtual Library in which case by the date at which the Virtual Library is made available in accordance with Paragraph 4.1) onto Virtual Library in the format specified.
- 4.5. Upon any document being uploaded to the Virtual Library, and where the Authority has been granted Access Permission to that document, the Supplier shall email on the same date as the upload, a copy of the document to the nominated Authority email address [REDACTED]
- 4.6. Except for notices under Clause 44.4 or items covered under Clause 44.6, where the Supplier is under an obligation to provide information to the Authority in a provision under this Agreement, then the Supplier's upload of that information onto the Virtual Library shall satisfy the Supplier's obligation to provide the Authority with that information provided that the Authority has access in accordance with this Paragraph Virtual Library and the uploaded information meets the requirements more particularly specified in the relevant provision.
- 4.7. Except to the extent that the requirements provide for earlier and more regular Authority access to up-to-date information, Annex 3 shall not take precedence over any other obligation to provide information in this Agreement and the Supplier shall refer to the applicable clause for further details as to the requirement.
- 4.8. The Supplier shall provide each specified person (as set out in column 6 of the table at Annex 3) access to view and download the specified information in the Virtual Library in Annex 3 subject upon the occurrence of the event specified in the column marked Access Permission in Annex 3 to this Schedule.

- 4.9. Where Access Permission is not listed (in column 6 of the table at Annex 3) as being subject to the occurrence of a certain event the Supplier shall grant access to the person and information specified (in column 6 of the table at Annex 3) from the Initial Upload Date.
- 4.10. Where Access Permission is specified as being granted to the Authority's Third Party Auditor (prior to the Authority being granted access) it shall:
- (a) be entitled to access, view and download information specified in Annex 3 subject to it entering into a confidentiality agreement with the Supplier to keep the contents confidential (except to the extent disclosure of the confidential information is required under paragraph 4.10
 - (b) of this Schedule); and
 - (c) report to the Authority (at its request) as to the completeness and accuracy of the information but not the substance of the information.
- 4.11. The Supplier shall ensure that the Virtual Library retains in an accessible form all historic or superseded records of the information specified Annex 3. In order to maintain the integrity of the historic archive of the information and documentation and for the purposes of maintaining a clear audit trail, the Supplier shall not delete or overwrite any information that has been stored in the Virtual Library, except for the purposes of maintenance (provided no information is lost during maintenance) or to enable the Supplier to comply with Data Protection Legislation.
- 4.12. The Supplier warrants that the information uploaded to the Virtual Library is accurate, complete, up-to-date and in accordance with this Agreement at the date of upload.
- 4.13. Where the Supplier becomes aware that any of the information provided on the Virtual Library is materially inaccurate, incomplete or out of date (other than in respect of historic versions of documents) the Supplier shall provide an update to the information within 14 days unless already due to be updated beforehand due to an Update Requirement specified in Annex 3.
- 4.14. In the event of a conflict between any requirement in this Agreement (excluding Annex 3) for the Supplier to provide information to the Authority and the requirements set out in Annex 3 of this Schedule, the requirement elsewhere in this Agreement shall prevail.
- 4.15. The Supplier shall ensure that all approved users of the Virtual Library are alerted by email each time that information in the Virtual Library is uploaded or updated as it occurs.
- 4.16. No later than one (1) Month prior to the Operational Services Commencement Date, the Supplier shall provide training manuals to the Authority relating to the use of the Virtual Library.
- 4.17. On request by the Authority the Supplier shall provide the Authority's nominated users with a reasonable level of training and ongoing support to enable them to make use of the Virtual Library.

- 4.18. For the avoidance of doubt, the cost of any redactions, access restrictions or compliance with the Data Protection Legislation in respect of the information hosted on the Virtual Library shall be at the Supplier's own cost and expense.

ANNEX 1: TRANSPARENCY REPORTS

TITLE	CONTENT	FORMAT	FREQUENCY
(Performance)	Reports as set out in Schedule 2.2 (Performance Management)	Microsoft Word or Excel or other writeable format	Monthly
(Charges)	Reports as set out in Schedule 2.2 (Performance Management) and Schedule 7.1 (Charges and Invoicing)	Microsoft Word or Excel or other writeable format	Monthly
(Major sub-contractors)	Updates to the tables at Schedule 4.3 (Notified Key Sub Contractors)	Microsoft Word or Excel or other writeable format	Quarterly
(Technical)	N/A	N/A	N/A
(Performance management)	N/A	N/A	N/A

ANNEX 2: RECORDS TO BE KEPT BY THE SUPPLIER

The records to be kept by the Supplier are:

1. This Agreement, its Schedules and all amendments to such documents.
2. All other documents which this Agreement expressly requires to be prepared.
3. Records relating to the appointment and succession of the Supplier Representative and each member of the Key Personnel.
4. Notices, reports and other documentation submitted by any Expert.
5. All operation and maintenance manuals prepared by the Supplier for the purpose of maintaining the provision of the Services and the underlying IT Environment and Supplier Equipment.
6. Documents prepared by the Supplier or received by the Supplier from a third party relating to a Force Majeure Event.
7. All formal notices, reports or submissions made by the Supplier to the Authority Representative in connection with the provision of the Services.
8. All certificates, licences, registrations or warranties in each case obtained by the Supplier in relation to the provision of the Services.
9. Documents prepared by the Supplier in support of claims for the Charges.
10. Documents submitted by the Supplier pursuant to the Change Control Procedure.
11. Documents submitted by the Supplier pursuant to invocation by it or the Authority of the Dispute Resolution Procedure.
12. Documents evidencing any change in ownership or any interest in any or all of the shares in the Supplier and/or the Guarantor, where such change may cause a change of Control; and including documents detailing the identity of the persons changing such ownership or interest.
13. Invoices and records related to VAT sought to be recovered by the Supplier.
14. Financial records, including audited and un-audited accounts of the Guarantor and the Supplier.
15. Records required to be retained by the Supplier by Law, including in relation to health and safety matters and health and safety files and all consents.
16. All documents relating to the insurances to be maintained under this Agreement and any claims made in respect of them.
17. All journals and audit trail data referred to in Schedule 2.4 (Security Management Plan).