



Home Office

AUTHORITY: The Secretary of State for the Home Department

SCHEDULE 10
CHANGE CONTROL

NEXT GENERATION OUTSOURCED VISA SERVICES

CONTENTS

1.	INTRODUCTION	1
2.	GENERAL PRINCIPLES	1
3.	CHARGEABLE AND NON-CHARGEABLE CHANGES.....	2
4.	PROCESSING OF CCN.....	3
5.	CHANGES IN LAW	7
6.	NEW SERVICES	7
7.	AUTHORITY CHARGEABLE CHANGES	8
8.	COSTS.....	8
9.	REPORTS.....	8
10.	DISPUTES	9
11.	REVIEW OF CHANGE CONTROL PROCEDURE	9
	ANNEX 10-2 IMPACT ANALYSIS	15
	ANNEX 10-3 CHARGES REVIEW PROCEDURE	17
	ANNEX 10-4 SOLUTION CHANGE PROCEDURE	19

SCHEDULE 10

CHANGE CONTROL

1. INTRODUCTION

- 1.1 The Parties agree that, throughout the Contract Term, the process for implementing all Changes will be through the Change Control Procedure set out in this Schedule, unless otherwise agreed in writing to the contrary.
- 1.2 This Schedule sets out the procedure to be followed in respect of any requests or requirements for any change, reduction or addition to the Services, the Performance Standards or any other part of this Agreement which may include bringing a New Service within the scope of this Agreement.
- 1.3 This Schedule also sets out the scoping process for assessing the impact of Contract Changes and any other matter relating to the classification, processing and approval or rejection of Contract Changes, and (if applicable) the basis for charging for the Contract Changes.
- 1.4 Unless otherwise expressed in this Agreement, this Change Control Procedure does not apply to changes to the Supplier systems, processes or infrastructure which do not impact the Authority, the Services Recipients, the Services, the Service Charges, the Performance Standards or this Agreement and which, therefore, do not constitute Changes.
- 1.5 In this Schedule, unless the context otherwise requires, each term will have the meaning set out in Schedule 1 (**Definitions**).

2. GENERAL PRINCIPLES

- 2.1 A Change Request can emanate from either Party (the “**Originating Party**”) and will be documented as a Change Control Note (CCN) in accordance with this Section 2.
- 2.2 A Change Request or a CCN may be withdrawn by the Originating Party at any time before it receives final approval in accordance with the Change Control Procedure.
- 2.3 No Change Request or CCN shall be legally effective until completed and signed by both Parties in accordance with this Change Control Procedure.
- 2.4 All CCNs will be authorised by an authorised representative of the Originating Party in accordance with the authority levels agreed pursuant to Schedule 8 (**Governance and Contract Management**), who will act as the CCN sponsor throughout the Change Control Procedure.
- 2.5 For all Change Requests, the Supplier shall be responsible for:
 - 2.5.1 assigning a unique number to the CCN; and

2.5.2 identifying any related CCNs and, if applicable, recording the relevant related CCN numbers on the CCN currently being processed.

2.6 The processing of Change Requests and the quality and timeliness of the Supplier's implementation of a Change shall be the subject of Service Levels as set out in the Service Levels Schedule.

3. **CHARGEABLE AND NON-CHARGEABLE CHANGES**

3.1 Contract Changes that go through the Change Control Procedure are not automatically chargeable. All Contract Changes will be classified as either Chargeable Changes (subject to the Charges Review Procedure) or Non-Chargeable Changes as set out in this Section 3.

3.2 **Non-Chargeable Changes**

Those Contract Changes that the Supplier is required to carry out at its own cost with no increase in the Service Charges ("**Non-Chargeable Changes**") include:

3.2.1 Contract Changes required by any Change in Law which is not a Discriminatory Change in Law;

3.2.2 Solution Changes;

3.2.3 Changes in a VAC location initiated by the Supplier, or any Changes required as a result of a Supplier proposal to use a VAC or any Supplier Facilities for any purpose other than fulfilling the Services Requirements, including providing services of any description to other customers;

3.2.4 any Changes to the Services expressed as not giving rise to any increase in Service Charges;

3.2.5 Changes to the Services (including changes to the Service Levels) made by the Supplier pursuant to its obligations in relation to improved performance and continuous improvement (including those at Clause 12.2 of the Terms and Conditions and Schedule 7 (**Service Levels and Service Credits**));

3.2.6 Contract Changes that are required to remedy an adverse Audit finding resulting from the exercise by the Authority of Audit Rights pursuant to the Audit Schedule;

3.2.7 Contract Changes to the Supplier Subcontractors made by the Supplier or by the Authority requesting the removal of a Supplier Subcontractor on grounds permitted under the Agreement (including because of security, confidentiality or performance issues);

3.2.8 Contract Changes that are required as part of any Service Level Default resolution procedure, including those set out in the Service Level Schedule;

- 3.2.9 Contract Changes that are required by way of enhancements and/or modifications to Supplier Software resulting from such Software's failure to perform the Services in accordance with the Performance Standards and such Software's specifications;
- 3.2.10 any Contract Change in respect of which the costs and expenses associated with the Supplier complying with such Contract Change are already included in the Service Charges including where the Supplier is appropriately compensated through increased Service Charges resulting from increased transaction volumes; and
- 3.2.11 any other Change which does not cause a Cost Compensation Event (as defined in Annex 10-3 below).

3.3 Chargeable Changes

Those Contract Changes that may result in an increase in the Service Charges paid to the Supplier ("**Chargeable Changes**") are:

- 3.3.1 New Services, in which case the procedure in Section 6 below shall apply;
- 3.3.2 Discriminatory Changes in Law; and
- 3.3.3 any other Change which is not a Non-Chargeable Change and which causes a Cost Compensation Event. The Charges Review Procedure set out in Annex 10-3 to this Schedule shall apply to Chargeable Changes which cause a Cost Compensation Event.

- 3.4 In addition, both Chargeable Changes and Non-Chargeable Changes shall be further assessed via the Charges Review Procedure to establish whether the proposed Change has the potential for a reduction in the Service Charges.

4. PROCESSING OF CCN

4.1 Initiation of Changes

Changes initiated by the Authority

- 4.1.1 the Authority shall make a Change Request by submitting to the Supplier a CCN with Part A completed.
- 4.1.2 **Non-Chargeable Changes** - as soon as is practicable, but in any event within ten (10) Working Days of receipt by the Supplier of a completed Part A of a CCN from the Authority (or such longer period as the Parties may otherwise agree), the Supplier shall undertake a full assessment of the CCN and complete Part B of the CCN in accordance with Section 4.3 below and the provisions of Section 4.5 below shall then apply; or
- 4.1.3 **Chargeable Changes** - prior to processing of each CCN in accordance with Section 4.3 below, the Supplier shall undertake an initial assessment and as soon as practicable (but in any event within ten (10) Working Days of receipt by the Supplier

of Part A of a CCN from the Authority) provide to the Authority an indicative but non-binding proposal (in writing) setting out any one-off charges or changes to the on-going Service Charges (if any) which the Supplier proposes in connection with such Change (an “**Indicative Charges Proposal**”) together with all appropriate supporting documentation. the Authority may:

- (a) accept or reject the Indicative Charges Proposal; or
- (b) request further information from the Supplier; or
- (c) require the Supplier to submit a revised Indicative Charges Proposal; and
- (d) whether or not the Authority accepts the Indicative Charges Proposal or any revised Indicative Charges Proposal, require the Supplier to complete the processing of the CCN in accordance with Section 4.6 below.

Pursuant to this Section, Part B of the CCN shall be completed by the Supplier as soon as reasonably practicable and, in any event, in accordance with the timeframes agreed with the Authority.

4.2 **Changes initiated by the Supplier**

4.2.1 The Supplier shall make a Change Request to the Authority by submitting a CCN to the Authority.

4.2.2 **Non-Chargeable Changes and Supplier Chargeable Changes for which the Supplier does not deem it necessary to provide an Indicative Charges Proposal because there is no impact on the Service Charges** – the Supplier shall provide the Authority with a CCN with Parts A and B completed (Part B having been processed in accordance with Section 4.3 below). The Authority shall decide whether to approve the Change Request in accordance with the procedure set out in Section 4.6;

4.2.3 **all other Chargeable Changes** - the Supplier shall provide the Authority with a CCN with Part A completed together with an Indicative Charges Proposal and all appropriate supporting documentation. The Authority may:

- (a) accept or reject the Indicative Charges Proposal;
- (b) request further information from the Supplier; or
- (c) require the Supplier to submit a revised Indicative Charges Proposal; and
- (d) whether or not the Authority accepts the Indicative Charges Proposal, or any revised Indicative Charges Proposal, require the Supplier to complete the processing of the CCN in accordance with Section 4.3 below.

Pursuant to this Section, Part B of the CCN shall be completed by the Supplier as soon as reasonably practicable and, in any event, in accordance with the timeframes agreed with the Authority.

4.3 Processing CCN – Completion of Part B

4.3.1 The Supplier shall undertake a full assessment of the CCN and complete Part B of the CCN in accordance with this Section 4.3.

4.3.2 The Parties shall agree a timeframe for the completion by the Supplier of the processing and completion of Part B of the CCN which, in the absence of agreement, shall be a maximum of ten (10) Working Days from the date of receipt of a completed Part A of a CCN from the Authority.

4.3.3 In completing Part B of the CCN form, the Supplier shall provide, at a minimum:

- (a) a description of the Contract Change and whether the Supplier considers that the Contract Change is a New Service;
- (b) whether the Supplier considers that the Contract Change is a Cost Compensation Event so that the Charges Review Procedure is applicable and, if so, give its reasons;
- (c) if the Charges Review Procedure is applicable, the one-off Service Charge (or one-off refund in the case of a decrease to Service Charges) and/or the on-going adjustment to the Service Charges resulting from the implementation of such Contract Change;
- (d) a list of deliverables required for implementing the Contract Change (cross-referenced to any expected benefits specified in Part A of the CCN that the Supplier anticipates will be provided by such implementation);
- (e) a timetable for implementation;
- (f) an impact analysis (as more fully described in Annex 10-2);
- (g) any relevant acceptance criteria;
- (h) an assessment of the added value of a proposed Change to the Authority where the Supplier is the Originating Party for the proposed Contract Change; and
- (i) full details of any proposed amendments to the Agreement, as required.

4.4 The Authority shall provide the cooperation and information reasonably and necessarily required by the Supplier in order to complete production of the CCN within the agreed time periods.

4.5 Prior to submission of the completed CCN to the Authority, the Supplier will undertake its own internal review of the proposal and obtain all necessary internal approvals. As a part of this internal review process, the Supplier will consider the materiality of the proposed Contract Change in the context both of the Services affected by the proposed Contract Change and the effect on the Agreement as a whole that may arise from implementation of the proposed Contract Change. For the avoidance of doubt, such review is not intended to replace an impact analysis-

4.6 **Approval of CCN**

4.6.1 On receipt of a completed Part B of a CCN from the Supplier, and following an internal process of approval by the Authority, the Authority may:

- (a) approve the Change Request by an authorised representative completing Part C of the CCN and this will suffice as an approval to progress the implementation of the Contract Change;
- (b) reject the Change Request, giving its written reasons for the rejection; or
- (c) require the Supplier to re-submit its CCN, provided that the Authority will provide reasonable detail to the Supplier of the parts of the CCN that do not meet with its approval, or those parts where the Authority needs more information to evaluate the Change Request.

4.6.2 No Change to any part of, or otherwise related to, the Agreement can be implemented without the prior written consent of the Authority. If the Supplier proceeds with a Contract Change without the Authority's prior written authorisation, such Contract Change will (subject to Section 4.6.3 below) be entirely at the Supplier's cost and risk; and Service Credits will apply as set out in Schedule 7 (**Service Levels and Service Credits**).

4.6.3 The Supplier may proceed with a Change without the Authority's prior written consent in emergencies where an immediate risk of loss or damage to either of the Parties exists, provided that, in such emergencies, the Supplier shall notify the Authority as soon as practicable after implementation of the Change. The initial notification shall be in the form of an email to the Authority's Contract Management Team on the day that the emergency arises, followed not more than ten days after the Change has been implemented by a priority CCN with:

- (a) Parts A and B completed, and
- (b) Part C to be approved by the Authority.

4.6.4 The Supplier shall have regression procedures in place to mitigate any risk and, if requested by the Authority, shall apply such regression procedures in order to reverse the impact of the Change, should the Authority not approve such Change.

- 4.6.5 Disputes about the impact or cost of a proposed Change will be resolved in accordance with the Dispute Resolution Procedure.
- 4.6.6 For any proposed Contract Changes that require implementation in accordance with acceptance criteria, the proposed Contract Changes shall only be implemented where the Parties have agreed the acceptance criteria.
- 4.6.7 For the avoidance of doubt, when a Contract Change is agreed, only those amendments which are specifically set out in Section B8 shall take effect as amendments to the terms of the Agreement. The other provisions in the CCN shall have no legal effect, save to the extent that they allow the incorporation of the provisions of section B8 into the Agreement as envisaged by this Schedule 10 (**Change Control**).

5. **CHANGES IN LAW**

- 5.1 In accordance with Clause 33 (Regulatory and Legal Compliance) of the Terms and Conditions, it is the Supplier's responsibility to adapt to and comply with Changes in law PROVIDED THAT Discriminatory Changes in Law shall result in a Chargeable Change where the Discriminatory Change in law is also a Cost Compensation Event.
- 5.2 Each Party shall notify the other Party of any relevant Changes in Law of which it becomes aware as soon as reasonably practicable after becoming so aware.
- 5.3 In addition to the information required to be given to the Authority in connection with a Change in Law, the Supplier shall provide the following information to the Authority:
 - 5.3.1 copies of the relevant documents, information or evidence that describe the proposed Change in Law, including details of the rationale supporting the Supplier's interpretation of any particular Changes in Law; and
 - 5.3.2 the date on which the Change in Law comes into effect and, if different, the date on which any Changes resulting from such Change in Law are required to be implemented.

6. **NEW SERVICES**

- 6.1 The Supplier and the Authority shall agree on the nature and scope of any New Service, including the Performance Standards for performance (as may be applicable), the related pricing, and appropriate amendments to the parts of the Agreement affected (if any).
- 6.2 All pricing negotiations held between the Parties for New Services shall be held on an open book basis.
- 6.3 Notwithstanding this Section 6, the Authority may elect to solicit bids from third parties for the performance of New Services and may contract with a third party for the performance of such New Services or elect to provide in-house resources to handle the New Services.

- 6.4 If the provision of any New Services is awarded to the Supplier, the Parties, subject to meeting any relevant acceptance criteria, will amend the Services Requirements and any other relevant Schedules and the Terms and Conditions to reflect the New Service, and the New Service will then become part of the Services.

7. **AUTHORITY CHARGEABLE CHANGES**

- 7.1 Certain changes (**Authority Chargeable Changes**) may result in a charge being levied by the Authority and payable by the Supplier. These shall be dealt with through a separate process known as the “**Authority Chargeable Change Control Process**”. Authority Chargeable Changes shall include (but not be limited to) situations such the Supplier requests that the Authority provides it with additional equipment or resources in relation to User Pays Services.

- 7.2 The procedure for Authority Chargeable Changes shall be as follows:

- 7.2.1 the Supplier shall provide the Authority with a CCN with Part A completed to identify the additional resources or equipment it requires, and the timetable to which it requires them;
- 7.2.2 the Authority shall complete Part B of the CCN to include details of any Authority Charges that shall be levied by the Authority for the provision of the requested additional resources or equipment and return it to the Supplier or shall reject the Change Request, giving its reasons for the rejection; and
- 7.2.3 on receipt of a completed Part B of the CCN from the Authority, the Supplier shall confirm agreement to the Authority Charges by returning a signed copy of the CCN to the Authority.
- 7.2.4 On receipt of an approved change request in accordance with paragraphs 7.2.2 and 7.2.3 above, the Authority shall provide the equipment and/or resources to the agreed timetable and the Supplier shall deduct the full amount of Authority Charge from the next monthly invoice due.

8. **COSTS**

Unless otherwise agreed by the Parties, each Party shall be responsible for their own costs incurred in the preparation, evaluation and agreement of CCNs and in the completion of their obligations described in this Change Control Procedure.

9. **REPORTS**

- 9.1 The Supplier shall administer and maintain comprehensive records of all documentation relating to Changes, including for Change Requests and CCNs regardless of which Party was the Originating Party.

9.2 In particular, the Supplier will record and track the progress of all CCNs and report the status of CCNs on a Monthly basis or as otherwise agreed between the Parties.

9.3 On a Monthly basis, the Supplier will monitor and report the status of the implementation of all Changes against the schedules for such implementations agreed between the Parties. Such reporting shall take place in accordance with Schedule 14 (**Management Systems and Reporting**).

10. **DISPUTES**

Any dispute as to the adjustment of the Service Charges or in relation to any Change shall be resolved pursuant to the Dispute Resolution Procedure.

11. **REVIEW OF CHANGE CONTROL PROCEDURE**

As part of the first Annual Review (or earlier if agreed), the Parties shall review the operation, effectiveness and efficiency of the Change Control Procedure and the Solution Change Procedure and shall consider making appropriate changes to improve such procedures. In particular, the Parties shall consider whether an expedited or “fast-track” Change Control Procedure is required for certain categories of Change.



Home Office

UK Visas & Immigration Contract Change Notice (CCN)

CCN Title	
Reference Number	
Version	
Date of change required	
Date of receipt	

Name of Originator	
Contact Number	
Contact Email	
Name of Substitute	
Contact Number	
Contact Email	

PART A: STATEMENT OF CHANGE REQUIREMENTS

This Section contains the necessary supporting documentation, description and rationale for the change. Description should be sufficient to assure the Change Control Manager that sufficient consultation and joint development has occurred between Home Office (HO) Visas and Immigration and the Commercial Partners (CP).

A1	Brief description of the change requirements including appropriate background, change objectives, timing, key benefits to be realised, key risks and critical success factors.

A2	Details of any consultation/approvals to date between the CP and the HO Regional Management in relation to the proposed change.

A3i	A concise business justification for the change. If the CCN is supported by a Business Case then this should be referred to and attached as an annex to the CCN.

A3ii	A description of the change and the specification of requirements.

A4	Any savings created, value add elements or other benefits which will be facilitated as a result of the CCN. A description of any potential service improvements or efficiencies which are enabled should also be provided.

PART B: SUPPLIER PROPOSAL

This Section contains detail relevant to the supplier's proposal to meet the change requirements described in Part A, and any impacts arising. It is anticipated that arguments for change are sufficiently defined in Part A, such that the solution can be described in terms of:

- Financial impact and cost profile
- Other impacts
- Deliverables
- Option analysis
- Implementation timetable
- Risks and mitigation
- Readiness criteria and enablers
- Governance procedures which embed change (for example, signing of weigh bills to certify delivery and trigger invoicing)
- Specific amendments to the contract

Completed Part B shall be provided by the CP within five (5) Working Days of receipt of otherwise agreed with the HO.

B1	<p>Detail on whether the change is likely to incur HO cost (Chargeable) or can be delivered without any cost to the HO (Non-Chargeable).</p> <p><i>In the event that a change is Chargeable, a full cost breakdown must be provided to facilitate any changes necessary to the master Cost Models. This should include a clear breakdown of year on year cost reduction projections.</i></p>

B2	<p>Outline of any outputs arising from the change e.g. new products or services to be delivered by the CP.</p>

B3	<p>An outline of all possible options which have been considered by the CP as a means of enacting the HO change requirements should be provided.</p> <p>This should include the rationale for the selection of the preferred option, and a cost benefit analysis of each option considered.</p>

B4	<p>Detail on any technical, operational, commercial, financial, customer service, etc. impacts which might occur as a result of the change requirement.</p>

B5	An outline of the proposed timetable for implementing the change requirement. The timetable should include time for approvals and any dependencies or risks impacting on implementation of the changes and the CCN.
-----------	--

Where necessary, this should be supported by a Project Plan.

B6	Detail of risks identified by the CP in relation to the proposed change.
-----------	---

Detail should also be provided on how the identified risks will be treated via appropriate mitigation strategies.

B7	This section should detail any governance processes or procedures which the HO need to undertake in order to enable the embedding of change (for example, signing of weigh-bills or receipts to certify delivery and trigger invoice events)
-----------	---

B8	<p>All amendments to the contract which are necessitated by the required change must be captured in the CCN.</p> <p>It is insufficient and inadequate to simply state which schedule is impacted by the change. The location reference in the current version of the contract must be sufficiently detailed down to page number level (e.g. Clauses a, b, d, f, of Schedule Z, at pages x,y,z....).</p> <p>The status of EACH amendment must be clearly stated – e.g. “agreed” or “proposed by the CP”. Where amendments are proposed or agreed, a marked up version of each schedule must be annexed to the CCN or embedded in the CCN amendments box where changes are comprehensive and have a wide impact on existing schedules.</p> <p>It must be made clear whether or not something is being removed, re-worded or replaced. If a part of the contract is being replaced, it must be made clear which part is being replaced, and what is replacing it.</p> <p>Where the document is not a word document – e.g. Excel or other, then the revision detail must be highlighted to enable clear identification by the HO.</p>
-----------	---

PART C: HOME OFFICE, UK VISAS & IMMIGRATION COMMERCIAL ANALYSIS

In this section the Commercial Team will assess the supplier solution for commercial impact highlighting any residual risks, further actions to complete and the resulting impact on the CP contract.

Name	
Date Due	
Analysis	
Recommendation	

PART D: AUTHORITY TO PROCEED

Authority to proceed can only be given when the responsible body has approved this CCN. This is dependent on the cost of the change and may be from the Joint Approval Committee, Operations Board or the Head of the Commercial Team. You must allow sufficient time for the approval process. Consult the Commercial Team for advice.

The Authority (Home Office)

Authorising Officer		Signature
Role		
Date		

The Supplier

Authorising Officer		Signature
Role		
Date		

ANNEX 10-2

IMPACT ANALYSIS

1. IMPACT ANALYSIS

- 1.1 The purpose of the impact analysis is to provide a context for a discussion around the approval and implementation of the proposed Contract Change.
- 1.2 The impact analysis will consider the material effect of any proposed Contract Change on any existing Services, other than the aspects of the Services expressly covered by the proposed Contract Change, on any other relevant services provided by the Authority or a third party and on any aspect of the Exit Plan and of the Business Continuity Plan. The impact analysis on the Services will include examining all potential dependencies and knock-on effects which may result from the proposed Contract Change and affect any part of the Services, so that these may be taken into account as part of the overall Change Control Procedure for approval or rejection of the CCN. If the proposed Contract Change has no such impact, a “no impact” statement will be made.
- 1.3 The impact analysis will consider the impact of the proposed Change with the following parameters taken into account:
 - 1.3.1 scope of the Agreement;
 - 1.3.2 whether the proposed Change is a New Service;
 - 1.3.3 Performance Standards;
 - 1.3.4 pricing elements;
 - 1.3.5 delivery dates;
 - 1.3.6 acceptance criteria;
 - 1.3.7 the Business Continuity Plan;
 - 1.3.8 the development and evolution of the Infrastructure System;
 - 1.3.9 the Exit Plan;
 - 1.3.10 the Authority Policies;
 - 1.3.11 infrastructure requirements including new Assets and/or Software;
 - 1.3.12 Supplier Subcontracts;
 - 1.3.13 a risk assessment;
 - 1.3.14 resources, including Supplier Personnel and the Authority resources;
 - 1.3.15 benefits to the Authority; and
 - 1.3.16 any other matter reasonably requested by the Authority at the time of the impact analysis or reasonably considered by the Supplier to be relevant.

- 1.4 The parameters in Section 1.3 of this Annex 10-2 must be considered in such a way that the impact analysis will, at a minimum, clearly show the impact on the Service Charges (where the Charges Review Procedure applies), the Performance Standards, the Services and any other relevant matter covered by the Agreement. The resulting impact analysis will confirm the authority level required to authorise the Change.
- 1.5 The Parties acknowledge that the above is not an exhaustive list. There may be more factors to consider in the context of a particular Change and some of the factors described above may not be relevant to every Change.

ANNEX 10-3

CHARGES REVIEW PROCEDURE

1. INTRODUCTION

- 1.1 Except for New Services, the Charges Review Procedure is the only process by which the Service Charges may be modified.
- 1.2 Where the Charges Review Procedure applies, the following Sections of this Annex 10-3 will apply, provided always that there will be no increase in the Service Charges unless the Contract Change causes a Cost Compensation Event, as described in Section 2.2 of this Annex 10-3.
- 1.3 All information provided by the Supplier under the Charges Review Procedure and any negotiations held between the Parties as to the financial impact of a Chargeable Change shall be on an open book basis.
- 1.4 Service Charges may be decreased or increased pursuant to the Charges Review Procedure. Such decrease or increase shall reflect the material and demonstrable change to the cost to the Supplier of performing the Services or achieving the Performance Standards, where the Supplier has used Commercially Reasonable Efforts to mitigate the effect of the Contract Change and to minimise its costs of implementing the Contract Change.

2. INCREASE IN SERVICE CHARGES

- 2.1 Where the Supplier is requesting an increase to the Service Charges as a result of the Contract Change the Supplier shall:
 - 2.1.1 provide an analysis of the reasons that the Supplier believes its costs will be materially impacted by the proposed Contract Change and any supporting documentation;
 - 2.1.2 provide reasonable evidence that the Supplier is performing efficiently and that it has reviewed any reasonable alternatives to accommodate the Contract Change without adjusting or increasing the Service Charges including, wherever possible, utilising any capacity of the existing Supplier Personnel;
 - 2.1.3 provide details of proposed one-off charges and/or changes to the on-going Service Charges based upon the above;
 - 2.1.4 provide details of any adverse impact on the Services or the Performance Standards to accommodate the requested Contract Change without adjusting or increasing the Service Charges; and
 - 2.1.5 provide, on an open book basis, any other relevant information, including information justifying any proposed one-off charges or changes to the Service Charges and any base data and charging assumptions required by the Authority to verify such proposed changes.
- 2.2 The Supplier shall only be entitled to charge the Authority for implementing a Chargeable Change if, and to the extent that:
 - 2.2.1 there is a demonstrable increase to the annual cost to the Supplier of performing the Services or achieving the Performance Standards; and/or the Supplier cannot implement the Contract Change by utilising the capacity of the existing Supplier Personnel within their normal hours of work; or

2.2.2 there is a material increase to the Supplier's risk of incurring additional costs in performing the Services or achieving the Performance Standards,

in each case which cannot be reasonably avoided or mitigated by a change in the way the Supplier applies its then current resources (a "**Cost Compensation Event**"). For the purposes of this Section 2.2, a "change in the way the Supplier applies its then current resources" shall include the Supplier implementing the Contract Change by utilising the capacity of the existing Supplier Personnel:

2.2.3 within their normal hours of work; or

2.2.4 without being required to back-fill any role left vacant by such existing Supplier Personnel.

2.3 Subject to Section 4.3 of this Annex 10-3, the one-off charges for implementing a Chargeable Change shall, unless otherwise agreed, be calculated on a time and materials basis. The Parties may, on a case-by-case basis, agree other charging mechanisms for implementing Chargeable Changes including, for example, day rates, fixed price and target price bases.

3. **DECREASE IN SERVICE CHARGES**

Where there is a decrease in the Service Charges, the Supplier shall detail the reduction, providing reasonable supporting documentation (on an open book basis) sufficient for the Authority to assess the proposed decrease.

4. **REVIEW AND APPROVAL**

4.1 The outcome of the Charges Review Procedure, including the information specified in Sections 2 and 3 of this Annex 10-3, shall be communicated to the Authority as part of the completed Part B of the CCN and shall be deemed to form part of the Supplier's formal proposal for the Contract Change set out in that Part B.

4.2 the Authority will review the notification and, following such review, either:

4.2.1 will accept or reject the Supplier's proposal;

4.2.2 will request amendment to the notification providing reasonable details of the items in the notification that the Authority rejects; or

4.2.3 will request more information from the Supplier as may be reasonably required by the Authority to review the notification.

At the Authority's request, the Supplier will resubmit its proposal with amendments as discussed between the parties.

4.3 Any agreed one-off charge, ongoing separate charges or adjustment to the Charges will be subject to the approval of a duly authorised person from each Party.

ANNEX 10-4

SOLUTION CHANGE PROCEDURE

1. SOLUTION CHANGES

- 1.1 The Solution Change Procedure described in this Annex 10-4 applies to any change to the Supplier's Solution that does not result from a Contract Change and which continues to meet the Services Requirements (a "**Solution Change**").
- 1.2 For the avoidance of doubt, the following circumstances shall not be deemed to be Solution Changes (and, accordingly, shall be agreed through the Change Control Procedure or other procedure stated in this Agreement to apply to the particular change):
 - 1.2.1 a change to the Supplier's Solution which results from a Contract Change;
 - 1.2.2 a change to the Supplier's Solution which results in the Supplier's Solution not meeting the Services Requirements;
 - 1.2.3 a change to the Supplier's Solution which changes the Service Charges;
 - 1.2.4 a change to the location of a VAC;
 - 1.2.5 a change to the Roll-Out Schedule;
 - 1.2.6 the removal or replacement of a Material Subcontractor;
 - 1.2.7 a change to the Supplier Personnel approved to fill a Key Position; or
 - 1.2.8 any other change which is expressed in this Agreement to be subject to the Change Control Procedure.
- 1.3 Solution Changes are Non-Chargeable Changes and are included within the Service Charges.

2. THE PROCEDURE

- 2.1 Except in the circumstances referred to in Section 2.4, the Supplier may implement Solution Changes without the prior consent of the Authority, provided that the procedure in Sections 2.2 and 2.3 is complied with.
- 2.2 Where reasonably practicable, the Supplier shall, through the meetings of the Business Development Board or the Contract Management Board held in accordance with Schedule 8 (**Governance and Contract Management**), notify the Authority of any proposed Solution Change before implementing such Solution Change. If such advance notice is not reasonably practicable, the Supplier shall notify the Authority's Business Development Board or Contract Management Board as soon as reasonably practicable after the implementation of such Solution Change.
- 2.3 After the Supplier has given notification pursuant to Section 2.2, the Parties shall discuss the nature and effect of such Solution Change and the Supplier shall adopt any reasonable recommendations made by the Authority.
- 2.4 The Supplier shall not implement a Solution Change without obtaining the prior written consent of the Authority's Business Development Board or Contract Management Board if:

- 2.4.1 the Supplier reasonably believes that a Solution Change will fail to meet and/or to fulfil the Services Requirements;
- 2.4.2 such Solution Change adversely affects the Authority's ability to exit from the Agreement on a Termination by hindering or increasing the cost to the Authority of (a) performing the Removed Services itself; or (b) receiving the benefit of services similar to the Removed Services from a Successor Supplier. Such Solution Changes shall include:
 - (a) the introduction of a new Supplier Subcontractor for which the Supplier is not able to negotiate the right for the Authority or a Successor Supplier to take the assignment or novation of the Supplier Subcontract on a Termination;
 - (b) the use of an Asset which is not exclusively dedicated to the fulfilment of the Services Requirements;
 - (c) the introduction of new Third Party Software for which the Supplier cannot obtain an appropriate IPR Transfer Right or for which the licence fee is greater than for the Software that is being replaced; and
 - (d) the introduction of Supplier Software to replace Third Party Software;
- 2.4.3 such Solution Change affects the security of the VACs, the Authority, the Authority Data, Visa Applicants or the integrity of the Visa Application Process;
- 2.4.4 such Solution Change is a material or significant change to the Supplier's Solution;
- 2.4.5 such Solution Change restricts or limits the ability of the Supplier Solution to be flexible to meet the future requirements of the Authority;
- 2.4.6 such Solution Change diminishes the quality or scope of the Visa Application Services provided to Visa Applicants or Customers or has an adverse effect on the Supplier's performance as measured against the Service Levels;
- 2.4.7 such Solution Change changes any part of the Supplier's Solution for which the Supplier was required to obtain the Authority's approval or consent. Such a Solution Change shall include, for example, a change to any aspect of the Supplier's Solution which formed part of the Readiness Criteria during Transition;
- 2.4.8 such Solution Change has an effect on the day-to-day operations of the Authority or changes the way in which the Authority interacts or interfaces with the Supplier;
- 2.4.9 the Agreement expressly states that such Solution Change requires the Authority's approval or consent; and
- 2.4.10 the effect of the Solution Change is such that it is reasonable to conclude that the Authority should be notified and consulted about such Change before it is implemented.

3. ANNUAL REVIEW OF SOLUTION CHANGES

As part of the Annual Review, and in accordance with section 12 of the Terms and Conditions, the Parties shall conduct a review of the Supplier's Solution to ensure that the Supplier's Solution continues to meet and fulfil the Services Requirements. If such review establishes that the Supplier's Solution fails to meet and fulfil the Services Requirements, the procedure in Section 4 shall apply.

4. NON-COMPLIANT SOLUTION CHANGES

4.1 If, as part of the Annual Review process or otherwise, it is established that:

- 4.1.1 as a result of a Solution Change implemented by the Supplier, the Supplier's Solution fails to meet and fulfil the Services Requirements; or
- 4.1.2 the Supplier has implemented a Solution Change without the prior written consent of the Authority in circumstances which, in accordance with Section 2.4 above, required the Supplier to obtain such consent,

then, at the Authority's option, the Supplier shall either:

- 4.1.3 implement changes to the Supplier's Solution as necessary to meet and fulfil the Services Requirements; or
- 4.1.4 apply such regression procedures as necessary in order to reverse the implementation and impact of the Solution Change.