



**CONTRACT FOR THE PROVISION OF CFD AUCTION CONSULTANCY –
ADVICE ON SOFT CONSTRAINTS, MAXIMA AND CONSUMER VALUE
FOR MONEY TO THE DEPARTMENT FOR BUSINESS, ENERGY AND
INDUSTRIAL STRATEGY**

Purchase Order Number: *To be provided after contract signature.*

This Contract is dated 14/01/2021 and is made between:

- 1. The Secretary of State for Business, Energy and Industrial Strategy [("the Authority")]** of 1 Victoria Street, London SW1H 0ET, acting as part of the Crown;

and
- 2. Copenhagen Economics A/S (the "Contractor")** whose registered office is at Langebrogade 1B-3, Copenhagen, Denmark 1411.

INTRODUCTION

- (A) On 18 December 2020 the Authority a Request for Proposals for the provision of specialist advice for forthcoming CfD auctions this including the specification a copy of which is set out in Schedule 2 (the "Specification").
- (B) In response the Contractor submitted a proposal dated 6 January 2021 and entitled "Proposal to Support the UK Department of Business, Energy and Industrial Strategy" explaining how it would provide the services a copy of which is set out in Schedule 3 (the "Proposal").

The parties agree as follows:-

1. SUPPLY OF SERVICES AND PRICE

In consideration of payment by the Authority to the Contractor of the sum of fifty-nine thousand seven hundred pounds (£59,700.00) exclusive of Value Added Tax) (the "Contract Price") and in accordance with (a) the Specification; (b) the Proposal; and (c) the Authority's Standard Terms and Conditions of Contract for Supplies/Services (the "Standard Terms" (a copy of which were issued by the Authority with the Request for Proposals and are attached at Schedule 4); the Contractor shall provide the Services described in the Specification and the Proposal to the Authority.

2. COMMENCEMENT AND CONTINUATION



This contract shall commence on 14 January 2021 and, subject to any provisions for earlier termination contained in the Standard, shall end on 31 March 2021.

3. TERMS AND CONDITIONS

- 3.1 The Standard Terms shall form part of this Contract.
- 3.2 The Standard Terms shall not be amended.
- 3.3 There are no additional terms.
- 3.4 The Contractor's Standard Terms and Conditions of business shall not apply to this Contract.
- 3.5 This Contract is formed of these clauses and the Schedules hereto. Any other attachments are provided for information purposes only and are not intended to be legally binding. In the event of any conflict or inconsistency, the documents prevail in the following order:
 - a) these clauses
 - b) the Standard Terms
 - c) the Specification
 - d) and finally, the Proposal

4. CONTRACTOR'S OBLIGATIONS

- 4.1 Where the Contractor is supplying goods to the Authority these shall be delivered to the Authority in full compliance with the Specification and shall be of satisfactory quality and fit for purpose. Where the Contractor is performing services for the Authority it shall do so in accordance with the Specification and exercise reasonable skill and care.

5. MANAGEMENT AND COMMUNICATIONS

- 5.1 The Contractor shall perform the Services under the direction of the Authority.
- 5.2 Any direction by the Authority may be given by [REDACTED] (the "Contract Manager") who is an officer in the Authority's Clean Power, Strategy & Deployment directorate at 1 Victoria Street, London SW1H 0ET or such other person as is notified by the Authority to the Contractor in writing.
- 5.3 The Contractor appoints [REDACTED] to be the Contractor's first point of contact for this Contract. All queries to the Contractor from the



Authority's Contract Manager shall initially be addressed to the Contractor's first point of contact.

- 5.4 The Contractor's first point of contact and the Contract Manager shall meet as often as either the Contractor or the Authority may require to review the Contractor's performance of the Contract.

6. INVOICES AND PAYMENT

- 6.1 Subject to the Contractor providing the Services to the Authority in accordance with this Contract and submitting invoice/s to the Contract Manager in the manner reasonably required by the Contract Manager payment will be made by the Authority to the Contractor in accordance with Annex 1 (Pricing) (as referred to in Condition 11 of the Standard Terms & Conditions).

7. TRANSPARENCY

- 7.1 The Authority is required to publish information about this contract within the Official Journal of the European Union and through the Governments Transparency website, Contracts Finder.

The Authority's decision not to publish full details of the contract does not however preclude it publishing such information in the future (subject to applicable redactions) and the Authority may be required to disclose such information under the Freedom of Information Act 2000, the Environmental Information Regulations 2004 (EIR) or other legal requirement. In such cases, the Authority would need to consider disclosure in the context of the particular circumstances of the request or requirement concerned.



Signed by the parties' duly authorised representatives:-

For the Secretary of State for Business, Energy and Industrial Strategy

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The following Schedules form part of this Contract:

Schedule 1	Pricing
Schedule 2	The Authority's Specification
Schedule 3	The Contractor's Proposal
Schedule 4	the Authority's Standard Terms & Conditions of Contract for Supplies/Services



Schedule 1: Pricing

The maximum charges under this contract will be fifty-nine thousand seven hundred pounds (£59,700.00) exclusive of VAT to be paid following delivery of all outputs identified in Schedule 2. Payment will be made by the Authority to the contractor within thirty (30) days of the receipt of a valid invoice. Payment will be made by BACS transfer. All invoices must quote a valid purchase order number.

A breakdown of charges is displayed below in Table 1:

Table 1: Contract Charges

Job Title	Rate (£ per Day)	Number of Days	Total Cost (£)
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total:			59,700.00



Schedule 2: Authority's Specification

Introduction

The Contracts for Difference (CfD) scheme is the Department for Business, Energy and Industrial Strategy's (BEIS') main mechanism for supporting the long-term decarbonisation of electricity generation in Great Britain. CfDs are 15-year private law contracts between renewable electricity generators and the Low Carbon Contracts Company (LCCC). Contracts are awarded in a series of competitive auctions which drives efficiency and cost reduction. The next round, Allocation Round 4 (AR4), is scheduled to take place in late 2021. Further information on the operation of the CfDs and previous auctions is available on the BEIS website at:

<https://www.gov.uk/government/publications/contracts-for-difference/contract-for-difference>.

BEIS are seeking specialist advice for its forthcoming CfD auctions, AR4, to ensure that the auctions deliver value for money for consumers whilst securing sufficient renewable electricity generating capacity to meet BEIS' energy policy needs. As developers with CfD contracts are paid a top up on the wholesale electricity price, which is funded through consumer electricity bills, it is crucial auction design is robust.

Background

CfD allocation rounds are run every two years and government believe it is important to apply learnings between rounds and undertake the policy development required to ensure the scheme remains aligned to its objectives in an evolving market and systems environment. As such, on 2 March 2020, the government published a consultation on proposed changes to AR4. The consultation sought views on the implementation of soft constraints, replacing the use of hard capacity caps, maxima and/or minima. This would mean accepting the bid that breached the cap, subject to specific conditions being met.

The consultation and government response are available on the BEIS website: <https://www.gov.uk/government/consultations/contracts-for-difference-cfd-proposed-amendments-to-the-scheme-2020>.

On 6 October, the Prime Minister also announced an increase to government's ambition to deliver offshore wind from 30GW to 40GW by 2030, including 1GW of floating offshore wind, and an aim to support up to double the capacity of renewable electricity in the next allocation round compared to that secured in AR3.

The auction rules for previous rounds are set out in the Allocation Framework. The Allocation Framework for AR2 is available here:



<https://www.gov.uk/government/publications/contracts-for-difference-allocation-framework-for-the-2017-allocation-round>

and the Allocation Framework for AR3 is available here:

<https://www.gov.uk/government/publications/contracts-for-difference-allocation-framework-for-the-third-allocation-round-2019>.

Scope

The successful tenderer will be required to update an existing auction simulation model (excel based) with AR4 auction rules, add new functionality to model maxima and minima (in both capacity and budgetary terms), update with indicative auction parameters and bidding assumptions, and to carry out initial testing of the auction design.

The existing auction simulation model and the lead options for minima, maxima and soft constraints rules will be provided to the successful tenderer after the contract has been signed. The auction rules and indicative auction parameters should be treated as confidential. They have high commercial value and it is essential they are not shared with third parties without BEIS' consent (see **Security** section below for more information). The indicative auction parameters supplied to the contractor are not the final parameters and BEIS may choose to amend them based on the outcome of this study.

The successful tenderer will then test the AR4 auction design, including the possible use of minima, maxima and soft constraints, from the perspective of different auction participants to identify potential gaming opportunities or risks of other unintended consequences. This assessment should look across all players in the market including small and large generators, potential new entrants, and established industry players.

Given the specialised nature of the study, tenderers should consider assembling a team with expertise which covers the renewable electricity market and economics, as well as auction design. Some bidders in CfD rounds are highly sophisticated, so a strong understanding of auction dynamics and bidder behaviour is essential. The deadlines for this work are challenging and the contractor should demonstrate how these will be met.

Aims

The successful tenderer will be required to update an existing auction simulation model to reflect auction design features (including potential use of multiple minima and maxima set in monetary budget or MW capacity terms, not currently captured in the model) and new auction rules being considered for AR4. The existing model is Excel and VBA-based and can be used to run Monte Carlo simulation analysis. Using this updated model, the successful tenderer will carry out initial testing of AR4 auction design (including draft auction parameter scenarios provided by BEIS) and the lead soft constraints, minima and maxima rules in terms of gaming risks, unintended consequences and value for money for consumers.



The updated model will be delivered to BEIS to allow BEIS analysts to carry out further testing of draft and final auction parameters closer to key decision points. The updated model should be quality assured and the contractor will be expected to provide technical support to BEIS in using the model, including providing a training session and a high-level user guide on how to run the model. Auction parameters are tools that can be used to help achieve the scheme's objectives, with soft constraints, minima and maxima rules just three of seven parameters (the others being: the level of the capacity and budget, delivery years and Administrative Strike Prices).

The work should be completed by 1 March 2021. The contractor will be expected to understand auction dynamics, including both deliberate bidder behaviour and unintended consequences. They are also expected to be proficient users of excel. Whilst it would be helpful, the contractor is not expected to have an extensive background in the energy industry.

Objectives

The principle objectives of this project are as follows:

- Looking across all players in the market including small and large generators, potential new entrants, and established industry players, the assessment would identify internal inconsistencies and risks that the AR4 auction design would reduce value for money for consumers in respect of the amount of renewable electricity generating capacity secured relative to the final clearing price(s).
- Identifying potential gaming risks, or the risk of unintended consequences, within the auction design. Such unintended consequences may go beyond value for money considerations to include broader energy policy factors such as ensuring smooth deployment of renewables capacity.
- Assessing the likelihood and impact on auction outcomes of those risks materialising.

The expected outputs of this project are:

- A final report (by 1 March 2021 or earlier). This will include findings from the analysis undertaken using the updated auction simulation model. The analysis will assess the potential auction and value for money outcomes based on the proposed rules (including maxima, minima and soft constraints) and draft auction parameter scenarios (which may include strike prices, budgets, capacity caps, and maxima and minima). This quantitative assessment will evaluate how the results of the auction may be different for different bidders and proposals for practical measures that we could take to mitigate any arising risks, given that AR4 will be opening in late 2021.
- The updated auction simulation model reflecting the proposed AR4 auction rules and new minima and maxima functionality will also be delivered to BEIS alongside the final report to allow BEIS analysts to



carry out further testing of draft and final auction parameters closer to key decision points. The contractor will be expected to provide technical support to BEIS in using the model, including providing a training session.

Contract Monitoring and Management

Tenderers will be expected to identify one named point of contact through whom all enquires can be filtered. A BEIS project manager will be assigned to the project and will be the central point of contact. An internal BEIS steering group will be set up to inform key decisions. These include reviewing the final report and any products (such as the updated auction simulation model) and providing feedback to the successful tenderer after the contract is made.

The following outputs will be required from the research:

- Fortnightly updates in the form of a video meeting;
- Presentation and report of final findings;
- A full quality-assured updated auction simulation spreadsheet model and any associated models created or utilised for any calculations;
- Both raw data obtained throughout the research, as well as the data used within the report in an appropriately accessible format;
- A final (potentially publishable) report which summarising all actions taken as part of this project and their expert assessment of the auction design.

On completion of the contract, the updated auction simulation model, along with any other primary and secondary products, will be considered BEIS intellectual property.

Security

None of the analysis or report should be shared with third parties without BEIS consent. BEIS expects the successful tenderer to take reasonable measures to protect their information systems and all work package outputs, including emails (such as use of Egress Switch encryption software or similar).

Branding and Marketing

Final documentation should be clearly marked as [provider name] on behalf of BEIS. BEIS will provide relevant branding as appropriate.

Documentation

The final report is expected to be in word / PDF format. Supporting materials may be provided in Excel and/ or PowerPoint.



Schedule 3: Contractor's Proposal

CFD AUCTION CONSULTANCY – ADVICE ON CONSUMER VALUE FOR MONEY

PROPOSAL TO SUPPORT THE UK DEPARTMENT OF BUSINESS, ENERGY AND INDUSTRIAL STRATEGY (BEIS), REF: 4697/11/2020-1
6 JANUARY 2021

1 COMPLIANCE – FORM OF TENDER

We have completed the Form of Tender, attached as “Annex A - Form of Tender - completed”.

2 COMPLIANCE – CONTRACT TERMS

We have reviewed the draft Terms & Conditions described in “Annex B – Draft Terms & Conditions”. We do not have any suggested changes and are happy to comply with these terms.

3 QUALITY – METHODOLOGY

Our understanding is that the principal objectives of this project can be formulated in four parts:

1. **Identify risks associated with the auction design for AR4** – covering gaming opportunities, internal inconsistencies, and risks of unintended consequences, within the potential auction design for AR4 being considered by BEIS
2. **Assess the impact of potential risks** – both the likelihood of specific risks materialising and their potential impacts on auction outcomes and consumer value for money
3. **Consider practical measures to mitigate risks** – identify ways of addressing/ mitigating risks (given the constraint that AR4 is scheduled to open in late 2021)
4. **Communicate results** – both via a final report to be delivered to BEIS and a model training session. Potentially also via further activities to disseminate findings

3.1 Part 1. Identify risks associated with the auction design for AR4

To identify potential gaming risks, internal inconsistencies, and risks of unintended consequences within the potential auction design for AR4 considered by BEIS, we would take the following steps:

Step 1. Map out the incentives of potential bidders

Profit-maximisation is presumably the primary aim of most, if not all, bidders, but bidders may vary in their approach to this objective, e.g. depending on the maturity of different technologies, whether they are established players or new entrants, their risk profiles, etc. We do not expect to fully formulate quantitative objective functions for all potential bidders, but nevertheless, it is important to commence the analysis with an examination of the potential incentives of various “types” of bidders. We would require input from BEIS in relation to the mapping of bidder types.

Step 2. Develop top-down analysis of the proposed auction design for AR4

In this step, we would gain an overview of the auction rules and identify potential strategies available to bidders and how preferences can be expressed in the given format. While the rules of AR4 are not yet publicly available, the auction design will likely be broadly similar to previous auction rounds with some targeted changes e.g. related to the specific implementation of caps (e.g. soft constraints instead of hard constraints), maxima, minima, delivery years, and the values of specific parameters (e.g. reference prices, administrative strike prices, total budget).

We would analyse the various “lead options”/ choices that BEIS has yet to make regarding specific parameters and rules, using a top-down approach, employing our auction theoretical expertise. This would map out the auction mechanics, including how bidders can/will construct bids and how the auction mechanism will determine outcomes. We would require input from BEIS regarding the potential AR4 auction design options under consideration.

Step 3. Formulate potential bid strategies

We will assess potential bid strategies in two ways: 1) theoretically, via desk research and using auction/game theory, and 2) practically, via simulated auction analysis, where our auction experts will act as bidders participating in the auction itself. In our experience, this combination is a highly effective way of identifying potential strategies. By combining theoretical observations and hands-on simulations, we can quickly gain insight into the key parameters of the auction regulations and the key assumptions that determine outcomes – and ultimately which strategies bidders are likely to pursue, i.e., how bidders will represent their business cases at the auction.

Step 4. Identify specific gaming opportunities and risks

Based on our understanding of the auction rules and an understanding of the types of strategies that bidders are likely to pursue, we can identify the specific risks that could materialise at the auction. This could include negative impacts on, e.g., consumer value for money (e.g. an auction outcome with a higher price for deploying renewable energy), ensuring the smooth deployment of renewables (e.g. an auction outcome where too few new projects are deployed soon enough), or fairness considerations (e.g. an auction outcome where comparable projects are compensated very differently). We would require input from BEIS on which specific risk categories are most relevant.

3.2 Part 2. Assess the impact of potential risks

To assess the likelihood of risks materialising, and their potential impact should they materialise – on auction outcomes and consumer value for money – we would take the following steps:

Step 1. Implement proposed auction design for AR4 in a simulation model

We would update and extend BEIS' existing Excel-based auction simulation model to reflect the specific auction design rules and parameters considered for AR4, including adding new functionality to reflect the use of minima and maxima, set in monetary budget or MW capacity terms. Since we have previously developed and delivered an Excel-based auction simulation model for BEIS in relation to AR3, we are very well-placed to develop and update the model which BEIS describes.

Step 2. Implement identified bid strategies in the model

We would implement the bid strategies identified in Part 1 into the Excel-based simulation model itself. For each bidder, this consists of formulating how a bidder will convert its expected net costs (its business case) to a specific Strike Price bid, as well as any other relevant bid strategy variables (e.g. Delivery Year, if relevant, alternative bids, where relevant, etc.). We may need to consider how bid strategies could vary depending on the auction parameters. In other words, the auction rules might impact bid strategies, and for this reason it is important that the simulation model (and our analysis) does not take bid strategies as completely separate and independent of the auction rules.

Step 3. Populate the model with reasonable assumptions

Steps 1 and 2 described above capture the “mechanics” of the auction. Based on these mechanics, the model would be able to take input (describing the types of bidders participating), generate bid strategies, run the auction, and produce an outcome. The outcome will be described in terms of:

- Strike Price(s), £
- Total Capacity, MW
- Consumer value for money, potentially captured by £/MWh
- Technology mix, potentially captured by number of winning bids and total MW awarded within each technology category (offshore wind, remote island wind, etc.)
- “Fairness considerations”, potentially captured by differences in realised Strike Prices between different winning bids

Step 4. Run Monte Carlo analysis to assess the range of potential auction outcomes

While it is useful to consider the outcome of a single model run for illustrative purposes, it will be more relevant for the final analysis to understand how auction outcomes might realise “on average”, i.e., across many model runs, where the inputs are allowed to vary within pre-specified distributions. For a sufficiently high number of model runs (e.g. 100+), we can draw robust conclusions

¹ Regarding the sample size for the Monte Carlo analysis, it is important to have a sample which is large enough to allow the analysis to cover a sufficient amount of variability in terms of potential outcomes, i.e., to offer sufficient confidence for the

regarding the most likely outcomes and the potential spread (captured by the median, lower and upper bounds of numerical output values, such as £/MWh). We will require input from BEIS to populate the model with reasonable assumptions regarding the distributions of various variables.

Step 5. Assess the extent of potential risks for different auction specifications

Using Monte Carlo analysis and careful specification of the auction simulation model, we will assess the likelihood of different risks materialising for various rule specifications (e.g., the risk of achieving poor value for money with a certain specification of minima). Thus, we can compare average auction outcomes for various rule specifications and determine which specification yields the best outcomes on average. While the numerical output of the model will be important, it will be as important to understand how/why different specifications lead to different outcomes. This will enable the identification of potential rule tweaks which might mitigate the root cause of certain issues.

3.3 Part 3. Consider practical measures to mitigate risks

Having identified and measured risks in Parts 1 and 2, we would assist BEIS in considering practical measures to mitigate important risks. We understand that major overhauls of the auction format are unlikely given that AR4 is scheduled to open in late 2021. However, there may still be scope for determining e.g., the specific way in which a certain minima/maxima is implemented and/or the values of certain key parameters (e.g. budget constraints).

Our analysis would depart from the Monte Carlo analysis developed in Part 2 – although this would crucially be supported/supplemented by an ex-post analysis of what is driving the key variations in outcomes between model runs and how/whether certain rule tweaks could lead to preferable outcomes. We would prioritise the consideration of potential mitigating actions for those risks where any of the following conditions hold true:

- The evaluated likelihood of a risk materialising is high
- The potential impact of a risk if it does materialise is severe
- The mitigating measure that could address a risk is straightforward

3.4 Part 4. Communicate results

We will communicate our findings and results both via a final report to BEIS and a model training session. In addition, we would be happy to support BEIS in other relevant activities, e.g.:

- Presentations of the analysis and policy implications to internal and external stakeholders
- Workshops with internal stakeholders to demonstrate findings in practice, e.g. via “war gaming” sessions, whereby participants act as bidders in AR4 in pre-specified auction scenarios. This exercise communicates findings in a tangible manner and facilitates discussion of policy decisions based on a common understanding of auction mechanics
- Production of key graphs/figures/infographics to communicate important findings in an easily digestible way

We are happy to discuss the potential scope and budget of such activities with BEIS as relevant.

interpretation of averages and ranges. However, we would not recommend too large of a sample size for two reasons: 1. This might provide visibility to extreme tail outcomes which cannot be considered relevant for all intents and purposes, and 2. Since the analysis is ultimately based on uncertain input parameters, and since the conclusions which should be drawn from the Monte Carlo analysis should be qualitative (e.g. “this auction specification comes with a risk of relatively poor consumer value for money”), a sample size which is very large provides little in terms of added value (and might imply statistical/numerical certainty beyond what is actually the case).

4 QUALITY – PROJECT PLAN AND RESOURCING

4.1 Skills, expertise and experience

Copenhagen Economics is one of the leading economics firms in Europe. Founded in 2000, we currently employ more than 90 staff operating from our offices in Copenhagen, Stockholm, Helsinki, and Brussels. The Global Competition Review (GCR) lists Copenhagen Economics among the top 21 economic consultancies in the world and has done so since 2006.

Two of our main areas of expertise are Tender & Auction Support and Energy & Climate. These areas of expertise are highly relevant for this project.

Tender & Auction Support

Our Tender & Auction Support team has extensive experience providing support to both regulators and bidders within healthcare tenders, telecommunications auctions, energy tenders and more. We typically provide support within game and auction theory, quantitative analysis and simulation tools, training workshops and specific design and strategy recommendations. Our team has worked across a multitude of industries including telecoms, energy, natural resources, IP addresses and pharmaceuticals.

Energy & Climate

Our Energy & Climate team helps public and private sector clients by assessing the economic impact of different policy designs and advising on sector regulation. Our aim is to provide relevant and useful advice on appropriate business strategies as well as efficient policy design. Our team has extensive experience on how to design efficient support mechanisms for renewable energy with a view to their implications on, for example, least cost implementation and industrial competitiveness.

Relevant experience

We would like to highlight the following especially relevant experience and expertise that will help us deliver the necessary quality for this project:

- Experience working with BEIS previously, in relation to CfD Auction Round 3
- Experience supporting bidders in energy auctions, e.g. in relation to UK Leasing Round 4
- Experience supporting auction regulators across multiple industries (including recent projects for Slovenian telecoms regulator AKOS and the Norwegian Ministry of Fisheries)
- Experience supporting bidders across multiple industries (including recent 5G spectrum auctions in Spain, Canada, Austria, Denmark, Sweden, and high-stakes pharmaceutical tenders in Denmark)
- Experience supporting energy companies in relation to commercial investments (including projects for Copenhagen Infrastructure Partners (energy fund manager), Landsvirkjun (Icelandic energy company), TREFOR (Danish DSO utility), Energinet (Danish TSO))
- Particular expertise in auction theory (Neil Gallagher, our Tender & Auction Support Service Leader, has lectured in auction theory at the University of Copenhagen)
- Particular expertise in quantitative modelling (we previously developed an Excel-based auction simulation model for BEIS in relation to CfD round 3, and we have extensive experience developing auction software and running Monte Carlo simulations for a multitude of auction formats)

4.2 Detailed timetable and key milestones

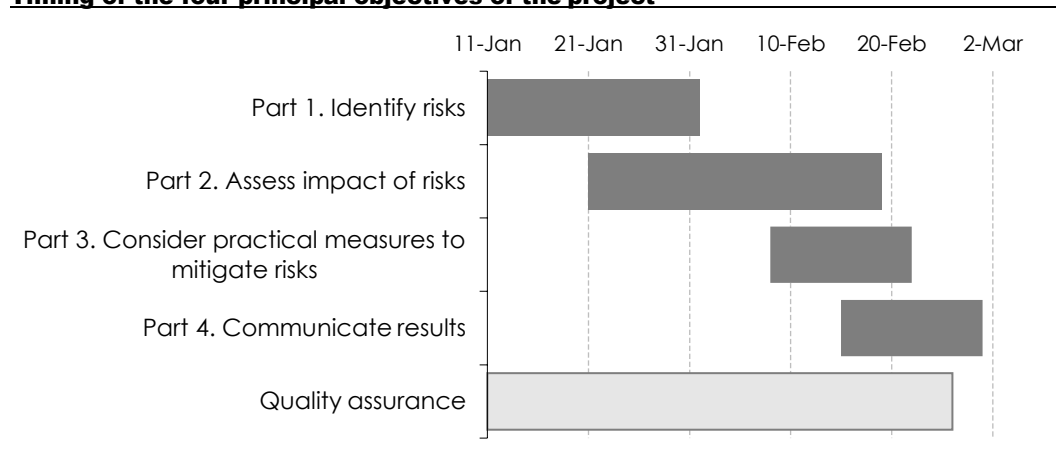
From the RfP, we understand that the work described in the methodology section needs to be concluded by 1st March 2021. This means that the project must be delivered within a period of seven working weeks (assuming we can commence the project by around 11th January 2021).

At Copenhagen Economics, we are used to delivering ambitious projects to tight deadlines and we would thus face no challenges adapting to BEIS' needs and meeting the deadlines proposed in the RfP. The approach of delivering high-quality work within a tight deadline aligns well with the “fat-and-short” project model that is employed at Copenhagen Economics. We find that the best results are delivered when our consultants work intensively on projects for a shorter period of time, as this enables full engagement and faster, more efficient results.

It will be essential to work efficiently in a compact period of time. The project team is available during the key period, i.e. January and February 2021. We would thus have no issue staffing the project with the right experts.

The timing of the four parts of the project described in the methodology section are presented in Figure 1. We note that quality assurance is an integral part of our project model and will thus be conducted at specific checkpoints throughout the project (leading up to key deliverables).

Figure 1
Timing of the four principal objectives of the project



Note: This timeline is indicative and thus subject to change if deemed necessary by Copenhagen Economics and/or BEIS.

To ensure that the work is delivered on time, we suggest the following dates for key milestones and (at least bi-weekly) meetings between Copenhagen Economics and BEIS to discuss progress and findings, see Table 1.

Table 1
Indicative timeline

DATE	MEETINGS AND DELIVERABLES
Early January	Commencement of project
12 January	Kick-off meeting + data requests: <ul style="list-style-type: none"> Participation by the Copenhagen Economics' core project team and all relevant personnel and contact persons at BEIS Agenda: Introduce the teams, agree on proposed project timeline (including touchpoints and milestones), discuss and align on project objectives and deliverables, discuss key aspects of the auction design, as well as key concerns and ideas of BEIS' auction team Relevant input from BEIS: draft AR4 regulations, any relevant internal documents containing analysis or data of previous auctions, any relevant documents containing expectations and information regarding industry trends, e.g. for the next 5-10 years
20 January	Status Meeting
29 January	Status Meeting
10 February	Delivery of intermediate findings in PPT <ul style="list-style-type: none"> This delivery will include the list of identified risks and a high-level evaluation of likelihood and potential impact (to be specified in more detail following the interim deliverable)
12 February	Meeting to discuss intermediate findings
24 February	Delivery of potentially publishable final report (Word) + data used in the report in accessible format (likely Excel)
26 February	Meeting to present the findings (PPT)
26 February	Delivery of fully quality-assured updated simulation model (Excel) + high-level user guide
1 March	Training session in the simulation model (via Teams)

We aim to deliver a final report that meets BEIS' expectations with regards to content, format, and aesthetic considerations. We do not foresee any issues associated with delivering the project according to BEIS' deadlines, nor we do foresee any risk that our deliveries will require extensive reworking. To achieve this outcome, we would take the following steps:

- Ensure complete alignment of project objectives and requirements with BEIS at a very early stage, i.e. at the kick-off meeting
- Establish a close link between the project teams at Copenhagen Economics and BEIS to ensure alignment and facilitate quick exchanges of key findings and interim results, for example through shorter meetings (e.g. 30-minute Teams meetings every 2-3 days); i.e. the Copenhagen Economics team would benefit from having an "open line" to BEIS' project team and a contact person at BEIS that is available for ad-hoc data requests, short telephone calls, sparring, and discussion
- Efficient and well-prepared meetings (e.g. the presentation of interim findings), which are often crucial to ensure alignment, both with regards to the overall "storyline", as well as the structure and format of the analysis, and any other relevant details



Schedule 4: Authority's Standard Terms & Conditions of Contract for Services

BEIS DPF31 - BEIS STANDARD TERMS AND CONDITIONS OF CONTRACT FOR SERVICES

(including Hire, Lease and Facilities Management)

<u>Clauses</u>	<u>Index</u>
1	Definitions and Interpretation
2	Acts by the Authority
3	Service of Notices and Communications
4	Assignment and Sub-contracting
5	Entire Agreement
6	Waiver
7	Severability
8	Confidentiality
9	Freedom of Information
10	Amendments and Variations
11	Invoices and Payment
12	Accounts
13	Recovery of Sums Due
14	Value Added Tax
15	Provision of Services
16	Progress Report
17	Contractor's Personnel
18	Indemnities and Insurance
19	Termination for Insolvency or Change of Control
20	Termination of Breach of Contract
21	Cancellation
22	Dispute Resolution
23	Bribery and corruption
24	Official Secrets
25	Special Provisions
26	Conflict of Interest
27	Intellectual Property Rights
28	Rights of Third Parties
29	Government Property
30	Data Protection
31	Payment of taxes: income tax and NICs
32	Payment of taxes: Occasions of Tax Non-compliance
33	Equality and non-discrimination
34	Welsh Language Act
35	Sustainable Procurement
36	Other Legislation
37	Contractor Status



38	Transfer of Services
39	Law and Jurisdiction
40	Transparency
41	Monitoring and Management Information
42	Information confidential to the Contractor

BEIS STANDARD TERMS AND CONDITIONS OF CONTRACT FOR SERVICES

(including Hire, Lease and Facilities Management)

1. Definitions and Interpretation

(1) In these terms and conditions of contract for services (“Conditions”):

“Annex 1” means the Annex 1 (Processing, Personal Data and Data Subjects) attached to the Authority’s specification of requirements which forms part of this Contract;

“Authority” means the Secretary of State for Business, Energy and Industrial Strategy, acting as part of the Crown;

“Authority’s Premises” means land or buildings owned or occupied by the Authority;

“Confidential Information”:

- a) means all information obtained by the Contractor from the Authority or any other department or office of Her Majesty's Government relating to and connected with the Contract and the Services; but
- b) does not include the Contract itself and the provisions of the Contract where, or to the extent that, the Authority publishes them by virtue of Condition 40;

the “Contract” means the agreement concluded between the Authority and the Contractor for the supply of Services, including without limitation these Conditions (to the extent that they are not expressly excluded or modified), all specifications, plans, drawings and other documents which are incorporated into the agreement;

the “Contract Period” means the period from the date of this Contract to the date of expiry of this Contract set out in the DPF41 Contract offer letter or such earlier date as this Contract is terminated in accordance with its terms;

the “Contract Year” means a period of 12 consecutive months starting on the date of this Contract and each anniversary thereafter;

the “Contractor” means the person who agrees to supply the Services and includes any person to whom all or part of the Contractor’s obligations are assigned pursuant to Condition 4;



“Contractor Personnel” means all directors, officers, employees, agents, consultants and contractors of the Contractor and/or of any sub-contractor engaged in the performance of its obligations under this Contract, pursuant to Condition 4;

“Contracts Finder” means the Government’s publishing portal for public sector procurement opportunities;

“the Charges” means the price agreed in respect of the Services, excluding Value Added Tax;

“Data Controller” shall have the same meaning as given in the Data Protection Legislation;

“Data Loss Event” means any event that results, or may result, in unauthorised access to Personal Data held by the Contractor under this Contract and/or actual or potential loss and/or alteration and/or destruction of Personal Data in breach of this Contract, including any Personal Data Breach;

“Data Protection Legislation” means (i) the General Data Protection Regulation (GDPR)(Regulation (EU) 2016/679), the Law Enforcement Directive (LED) (Directive (EU) 2016/680) and any applicable national implementing Laws as amended from time to time; (ii) the Data Protection Act 2018 to the extent that it relates to processing of personal data and privacy; (iii) all applicable Law about the processing of personal data and privacy;

“Data Processor” shall have the same meaning as given in the Data Protection Legislation;

“Data Protection Impact Assessment” means an assessment by the Data Controller of the impact of the envisaged processing on the protection of Personal Data;

“Data Protection Officer” shall have the same meaning as given in the Data Protection Legislation;

“Data Subject” shall have the same meaning as given in the Data Protection Legislation;

“Data Subject Request” means a request made by, or on behalf of, a Data Subject in accordance with rights granted pursuant to the Data Protection Legislation to access their Personal Data;

“Government Property” means anything issued or otherwise furnished in connection with the Contract by or on behalf of the Authority, including but not limited to documents, papers, data issued in electronic form and other materials;

“Intellectual Property Rights” means patents, trade marks, service marks, design rights (whether registrable or not), applications for any of those rights, copyright, database rights, trade or business names and other similar rights or obligations,



whether registrable or not, in any country, including but not limited to, the United Kingdom;

“Law” means any law, subordinate legislation within the meaning of Section 21(1) of the Interpretation Act 1978, bye-law, enforceable right within the meaning of Section 2 of the European Communities Act 1972, regulation, order, regulatory policy, mandatory guidance or code of practice, judgment of a relevant court of law, or directives or requirements with which the Contractor is bound to comply;

“MI Reporting Template” means the document (included as an annex to the DPF41 Contract offer letter) as amended in accordance with Condition 41;

“Party” means a Party to this Contract, and “Parties” shall mean both of them;

“Personal Data” shall have the same meaning as given in the Data Protection Legislation;

“Personal Data Breach” shall have the same meaning as given in the Data Protection Legislation;

“Protective Measures” means any appropriate technical and organisational measures which may include: pseudonymising and encrypting Personal Data, ensuring confidentiality, integrity, availability and resilience of systems and services, ensuring that availability of and access to Personal Data can be restored in a timely manner after an incident, and regularly assessing and evaluating the effectiveness of the such measures adopted by it;

“Purchase Order” means the document so described by the Authority to purchase the Services which makes reference to the Conditions;

the “Services” means the services to be supplied under the Contract;

“SME” means an enterprise falling within the category of micro, small and medium-sized enterprises defined by the Commission Recommendation of 6 May 2003 concerning the definition of micro, small and medium-sized enterprises;

“Sub-Processor” means any third Party appointed to process Personal Data on behalf of the Contractor related to this Contract;

“VCSE” means a non-governmental organisation that is value-driven and which principally reinvests its surpluses to further social, environmental or cultural objectives.

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



- (a) a reference to any statute, enactment, order, regulation or similar instrument shall be construed as a reference to the statute, enactment, order, regulation or instrument as subsequently amended or re-enacted;
- (b) the headings in these Conditions are for ease of reference only and shall not affect the interpretation or construction of the Contract;
- (c) references to “person”, where the context allows, includes a corporation or an unincorporated association.

2. Acts by the Authority

Any decision, act or thing which the Authority is required or authorised to take or do under the Contract may be taken or done by any person authorised, either expressly or impliedly, by the Authority to take or do that decision, act or thing.

3. Service of Notices and Communications

Any notice or other communication that either party gives under the Contract shall be made in writing and given either by hand, first class recorded postal delivery or facsimile transmission. Notice given by hand shall be effective immediately, notice given by recorded postal delivery shall be effective two working days after the date of posting, notice given by facsimile transmission shall be effective the working day after receipt by the notifying party of a transmission slip showing that the transmission has succeeded.

4. Assignment and Sub-contracting

- (1) The Contractor shall not give, bargain, sell, assign, sub-contract or otherwise dispose of the Contract or any part thereof without the previous agreement in writing of the Authority.
- (2) The Contractor shall not use the services of self-employed individuals in connection with the Contract without the previous agreement in writing of the Authority.
- (3) If the Contractor uses a sub-contractor for the purpose of performing the Services or any part of it, the Contractor shall include in the relevant contract a provision which requires the Contractor to pay for those goods or services within 30 days of the Contractor receiving a correct invoice from the sub-contractor.
- (4) The Contractor shall be responsible for the acts and omissions of his sub-contractors as though they were his own.
- (5) The Authority shall be entitled to assign any or all of its rights under the Contract to any contracting authority as defined in Regulation 2(1) of the Public Services Contracts Regulations 2006, provided that such assignment shall not materially increase the burden of the Contractor's obligations under the Contract.
- (6) Where the Authority notifies the Contractor that it estimates the Charges payable under this Contract are due to exceed £5 million in one or more Contract Years the Contractor shall:



- (a) subject to Condition 4(9), advertise on Contracts Finder all subcontract opportunities arising from or in connection with the provision of the Goods and/or Services and/or Works above a minimum threshold of £25,000 that arise during the Contract Period;
- (b) within 90 days of awarding a subcontract to a subcontractor, update the notice on Contracts Finder with details of the successful subcontractor;
- (c) monitor the number, type and value of the subcontract opportunities placed on Contracts Finder advertised and awarded in its supply chain during the Contract Period;
- (d) provide reports on the information in Condition 4(6)(c) to the Authority in the format and frequency as reasonably specified by the Authority; and
- (e) promote Contracts Finder to its Contractors and encourage those organisations to register on Contracts Finder.

(7) Each advert referred to in Condition 4(6)(a) above shall provide a full and detailed description of the subcontract opportunity with each of the mandatory fields being completed on Contracts Finder by the Contractor.

(8) The obligation in Condition 4(6)(a) shall only apply in respect of subcontract opportunities arising after the contract award date.

(9) Notwithstanding Condition 4(6), the Contracting Authority may, by giving its prior written approval, agree that a subcontract opportunity is not required to be advertised on Contracts Finder.

5. Entire Agreement

The Contract constitutes the entire agreement and understanding between the parties and supersedes all prior written and oral representations, agreements or understandings between them relating to the subject matter of the Contract provided that neither party excludes liability for fraudulent misrepresentations upon which the other party has relied.

6. Waiver

- (1) The failure by either party to exercise any right or remedy shall not constitute a waiver of that right or remedy.
- (2) No waiver shall be effective unless it is communicated to the other party in writing.
- (3) A waiver of any right or remedy arising from a breach of the Contract shall not constitute a waiver of any right or remedy arising from any other breach of the Contract.

7. Severability

If any Condition, clause or provision of the Contract not being of a fundamental nature is held to be unlawful, invalid or unenforceable by a court or tribunal in any



proceedings relating to the Contract, the validity or enforceability of the remainder of the Contract shall not be affected. If the court finds invalid a provision so fundamental as to prevent the accomplishment of the purpose of the Contract, the parties shall immediately commence negotiations in good faith to remedy the invalidity.

8. Confidentiality

(1) The Contractor agrees not to disclose any Confidential Information to any third party without the prior written consent of the Authority. To the extent that it is necessary for the Contractor to disclose Confidential Information to its staff, agents and sub-contractors, the Contractor shall ensure that such staff, agents and sub-contractors are subject to the same obligations as the Contractor in respect of all Confidential Information.

(2) Condition 8(1) shall not apply to information which:

- (a) is or becomes public knowledge (otherwise than by breach of these Conditions or a breach of an obligation of confidentiality);
- (b) is in the possession of the Contractor, without restriction as to its disclosure, before receiving it from the Authority or any other department or office of Her Majesty's Government;
- (c) is required by law to be disclosed;
- (d) was independently developed by the Contractor without access to the Confidential Information.

(3) The obligations contained in this Condition shall continue to apply after the expiry or termination of the Contract.

(4) The Contractor shall not handle or examine any document or thing bearing a Government security classification of “Confidential”, “Secret” or “Top Secret” other than in a Government establishment and the Contractor shall not remove any such document or thing from such Government establishment without the prior written consent of the Authority.

(5) The Contractor shall not communicate with representatives of the general or technical press, radio, television or other communications media, with regard to the Contract, unless previously agreed in writing with the Authority.

(6) Except with the prior consent in writing of the Authority, the Contractor shall not make use of the Contract or any Confidential Information otherwise than for the purposes of carrying out the Services.

9 Freedom of Information

(1) The Contractor acknowledges that the Authority is subject to the requirements of the Freedom of Information Act 2000 (“FOIA”) and the Environmental Information Regulations SI 2004 No. 3391 (“EIR”) and shall assist and cooperate with the Authority, at the Contractor’s expense, to enable the Authority to comply with these information disclosure requirements.

(2) In this Condition:-



“Information” has the meaning ascribed to it in section 84 of the FOIA;

“Request for Information” has the meaning ascribed to it in section 8 of the FOIA, or any apparent request for information under the FOIA or EIR.

- (3) The Contractor shall (and shall procure that its subcontractors shall):-
- (a) Transfer any Request for Information to the Authority as soon as practicable after receipt and in any event within two working days;
 - (b) Provide the Authority with a copy of all Information in its possession or power in the form that the Authority requires within five working days (or such other period as the Authority may specify) of the Authority requesting that Information;
 - (c) Provide all necessary assistance as reasonably requested by the Authority to enable it to respond to a Request for Information within the time for compliance set out in section 10 of the FOIA or regulation 5 of the EIR.
- (4) The Authority shall be responsible for determining, at its absolute discretion, whether any Information:-
- (a) is exempt from disclosure in accordance with the provisions of the FOIA or the EIR;
 - (b) is to be disclosed in response to a Request for Information.
- In no event shall the Contractor respond directly to a Request of Information unless expressly authorised to do so in writing by the Authority.
- (5) The Contractor acknowledges that the Authority may, acting in accordance with the Secretary of State for Constitutional Affairs’ Code of Practice on the discharge of public authorities’ functions under Part 1 of the FOIA (issued under section 45 of the FOIA in November 2004), be obliged under the FOIA or the EIR to disclose Information unless an exemption applies. The Authority may at its discretion consult the Contractor with regard to whether the FOIA applies to the Information and whether an exemption applies.
- (6) The Contractor shall ensure that all Information produced in the course of the Contract or relating to the Contract is retained for disclosure and shall permit the Authority to inspect such records as requested from time to time.
- (7) The Contractor acknowledges that any lists or schedules provided by it outlining information it deems confidential or commercially sensitive are of indicative value only and that the Authority may nevertheless be obliged to disclose information which the Contractor considers confidential in accordance with Conditions 9(4) and (5).

10. Amendments and Variations

Subject to Condition 18(7) no amendment or variation to the terms of the Contract shall be valid unless previously agreed in writing between the Authority and the Contractor.

11. Invoices and Payment



- (1) The Contractor shall submit invoices at times or intervals agreed by the Authority in the Contract or otherwise. The Contractor shall ensure that any invoice it submits sets out the Authority's Purchase Order or contract number, the Charges and, where not all of the Services have been completed, the relevant part of the Charges with an appropriate breakdown of time worked, the part of the Services (if all the Services have not been completed) and period to which the invoice relates, and its confirmation that the Services (or relevant part of the Services referred to on the invoice) have been fully performed.
- (2) In consideration of the provision of the Services by the Contractor, the Authority shall pay the Charges after receiving a correctly submitted invoice as set out in Condition 11(1). Such payment shall normally be made within 30 days of receipt of the correctly submitted invoice.
- (3) The Contractor shall not be entitled to charge for the provision of any services that are not part of the Services agreed within the Contract, unless the Contract has been properly varied in advance in accordance with Condition 10.
- (4) The Authority may reduce payment in respect of any Services that the Contractor has either failed to provide or has provided inadequately, without prejudice to any other rights or remedies of the Authority.
- (5) If the Contractor believes that payment for a correctly submitted invoice is overdue, he should, in the first instance, speak to the named contact on the face of the Contract. In the event that the problem is not resolved to his satisfaction, he should write to the Head of Procurement at the Department for Business, Energy and Industrial Strategy setting out his case. The Head of Procurement shall ensure that the complaint is dealt with by an official who is independent of the main contact and that the Contractor is not treated adversely in future for having made a complaint.
- (6) For the purpose of calculating any statutory interest under the Late Payment of Commercial Debts (Interest) Act 1998, the relevant date for the payment of the debt shall be deemed to be the last day of a period of 30 days commencing on the day when the Authority received the invoice, or, if the Contractor had not completed the Services (or the part of the Services to which the invoice relates) before submitting the invoice, the last day of a period of 30 days commencing on the day when the Contractor completed the Services, (or the part of the Services to which the invoice relates).

12. Accounts

- (1) The Contractor shall keep full and proper accounts, records and vouchers relating to all expenditure reimbursed by the Authority and all payments made by the Authority in respect of the Services.
- (2) The Contractor shall permit the Authority acting by its officers, servants and agents or independent auditor on request and at all reasonable times to examine all accounts, records and vouchers at the offices of the Contractor or at such other places as the Authority shall direct, and to take copies of such accounts, records and



vouchers and the Contractor shall provide the Authority or its independent auditor with such explanations relating to that expenditure as the Authority may request.

(3) The Contractor shall ensure that the said accounts, records and vouchers are available for a period of six years after termination or expiry of the Contract.

13. Recovery of Sums Due

(1) Whenever under the Contract any sum of money shall be recoverable from or payable by the Contractor, such sum may be deducted from any amount then due, or which at any time thereafter may become due, to the Contractor under this Contract or any other agreement or arrangement with the Authority or with any other department or office of Her Majesty's Government.

(2) Any over-payment by the Authority to the Contractor whether in respect of the Charges or Value Added Tax shall be a sum of money recoverable from the Contractor pursuant to Condition 13(1) above or otherwise.

14. Value Added Tax

(1) The Authority shall pay to the Contractor, in addition to the Charges, a sum equal to the Value Added Tax chargeable on the value of the Services provided in accordance with the Contract.

(2) Any invoice or other request for payment of monies due to the Contractor under the Contract shall, if he is a taxable person, be in the same form and contain the same information as if the same were a tax invoice for the purposes of Regulations made under the Value Added Tax Act 1994.

(3) The Contractor shall, if so requested by the Authority, furnish such information as may reasonably be required by the Authority relating to the amount of Value Added Tax chargeable on the Services.

15. Provision of Services

(1) The Contractor shall provide the Services in accordance with and as specified in the Contract to the satisfaction of the Authority whose decision shall be final and conclusive. The Authority shall have the power to inspect and examine the performance of the Services at the Authority's Premises at any reasonable time or, provided that the Authority gives reasonable notice to the Contractor, at any other premises where any part of the Services is being performed.

(2) If the Authority informs the Contractor that the Authority considers any part of the Services to be inadequate or in any way differing from the Contract, and this is other than as a result of default or negligence on the part of the Authority, the Contractor shall at his own expense re-schedule and perform the work correctly within such reasonable time as may be specified by the Authority.

(3) The Authority may at any time demand that the Contractor suspend the provision of the Services. If the Authority exercises such right to suspend the provision of the Services or any part of them, or if the Contractor is delayed in



proceeding with the provision of the Services by the Authority (otherwise than as a consequence of a breach of the Contract, or a breach of duty or fault or negligence on the part of the Contractor), the Authority shall be responsible for loss incurred by the Contractor as a result of such suspension or delay. Subject to the Contractor taking reasonable steps to mitigate its loss, the Contractor will be able to recover from the Authority under this Condition only for those losses which:

- (a) were reasonably foreseeable by the Authority as arising as a direct result of the suspension or delay; and
- (b) relate to the cost of any commitments entered into by the Contractor which cannot be met as a result of the suspension or delay and in respect of which the Contractor cannot obtain a refund (where the Contractor has already paid in relation to the commitment) or is obliged to pay (where the Contractor has not already paid in relation to the commitment).

The provisions of this Condition shall not apply where the reason for the suspension of the Services arises from circumstances beyond the control of the Authority.

(4) If the performance of the Contract by the Contractor is delayed by reason of any act on the part of the Authority or by industrial dispute (other than by an industrial dispute occurring within the Contractor's or its sub-contractor's organisation) or any other cause which the Contractor could not have prevented then the Contractor shall be allowed a reasonable extension of time for completion. For the purposes of this Condition, the Contractor shall be deemed to have been able to prevent causes of delay that are within the reasonable control of the Contractor's staff, agents and sub-contractors.

(5) Timely provision of the Services shall be of the essence of the Contract, including in relation to commencing the provision of the Services within the time agreed or on a specified date.

(6) The Contractor warrants that it shall provide the Services with all due skill, care and diligence, and in accordance with good industry practice and legal requirements.

(7) Without prejudice to the provision of Condition 13(1), the Contractor shall reimburse the Authority for all reasonable costs incurred by the Authority which have arisen as a direct consequence of the Contractor's delay in the performance of the Contract which the Contractor had failed to remedy after being given reasonable notice by the Authority.

16. Progress Report

(1) Where formal progress reports are required by the Contract, the Contractor shall render such reports at such time and in such form as may be specified by the Authority, or as otherwise agreed between the Contractor and the Authority.

(2) The submission and acceptance of progress reports shall not prejudice any rights of the Authority under the Contract.

17. Contractor's Personnel



- (1) The Authority reserves the right to refuse to admit to the Authority's Premises any person employed by the Contractor or its sub-contractors, whose admission would be undesirable in the opinion of the Authority.
- (2) If and when requested by the Authority, the Contractor shall provide a list of the names and addresses of all persons who may at any time require admission in connection with the performance of the Services to the Authority's Premises, specifying the role in which each such person is concerned with the Contractor and giving such other particulars as the Authority may require.
- (3) If and when requested by the Authority, the Contractor shall procure from each person identified by the request, a signed statement that he understands that the Official Secrets Acts 1911 to 1989 applies to him both during the carrying out and after expiry or termination of the Contract and that he will comply with the provisions of those Acts in so far as they apply to the work he is performing under the Contract.
- (4) If and when requested by the Authority the Contractor agrees that it will submit any person employed by the Contractor or its sub contractors to the Authority's security vetting procedure. The Contractor further agrees that any individual who refuses to submit to such vetting procedure or does not attain the clearance it affords will not carry out any work on the Contract which the Authority certifies as suitable only for people who have passed its security vetting procedure.
- (5) If the Contractor fails to comply with paragraph (2) (3) or (4) of this Condition and the Authority decides that such failure is prejudicial to its interests, the Authority may immediately terminate the Contract by notice in writing to the Contractor, provided that such termination shall be without prejudice to any accrued rights of, or to any rights that shall accrue thereafter to, the Authority.

18. Indemnities and Insurance

- (1) The Contractor shall hold harmless and indemnify the Authority on demand from and against all claims, demands, proceedings, actions, damages, costs (including legal costs), expenses and any other liabilities arising from claims made by the Authority's staff or agents, or by third parties, in respect of any death or personal injury, or loss or destruction of or damage to property, or any other loss, destruction or damage, including but not limited to financial losses which are caused, whether directly or indirectly, by the breach of contract or breach of duty (whether in negligence, tort, statute or otherwise) of the Contractor, its employees, agents or sub-contractors.
- (2) The Contractor shall be liable to the Authority for any loss, damage, destruction, injury or expense, whether direct or indirect, (and including but not limited to loss or destruction of or damage to the Authority's property, which includes data) arising from the Contractor's breach of contract or duty (whether arising in negligence, tort, statute or otherwise).
- (3) The Contractor shall effect with a reputable insurance company a policy or policies of insurance providing an adequate level of cover in respect of all risks which



may be incurred by the Contractor in respect of the indemnities provided under the Contract, which in any event shall not be less than £1,000,000, and shall at the request of the Authority produce the relevant policy or policies together with receipt or other evidence of payment of the latest premium due there under.

(4) Nothing in these Conditions nor in any part of the Contract shall impose any liability on any member of the staff of the Authority or its representatives in their personal capacity.

(5) The Contractor shall indemnify the Authority against all proceedings, actions, claims, demands, costs (including legal costs), charges, expenses and any other liabilities arising from or incurred by reason of any infringement or alleged infringement of any third party's Intellectual Property Rights used by or on behalf of the Contractor for the purpose of the Contract, providing that any such infringement or alleged infringement is not knowingly caused by, or contributed to, by any act of the Authority.

(6) The Authority shall indemnify the Contractor against all proceedings, actions, claims, demands, costs (including legal costs), charges, expenses and any other liabilities arising from or incurred by reason of any infringement or alleged infringement of any third party's Intellectual Property Rights used at the request of the Authority by the Contractor in the course of providing the Services, providing that any such infringement or alleged infringement is not knowingly caused by, or contributed to by, any act of the Contractor.

(7) Except in relation to death or personal injury as referred to in Condition 18(1), and subject to Conditions 18(5) and 30(15) the amount of liability under this clause shall be limited to a sum of £4,000,000 or twice the contract value, whichever is the greater, or such other sum as may be agreed in writing between the Head of Procurement on behalf of the Authority and the Contractor.

19 Termination for Insolvency or Change of Control

- (1) The Contractor shall notify the Authority in writing immediately upon the occurrence of any of the following events:
- a) where the Contractor is an individual, if a petition is presented for his bankruptcy, or he makes any composition or arrangement with or for the benefit of creditors, or makes any conveyance or assignment for the benefit of creditors, or if an administrator is appointed to manage his affairs; or
 - b) where the Contractor is not an individual but is a firm or a number of persons acting together, if any event in Condition 19(1)(a) or (c) occurs in respect of any partner in the firm or any of those persons, or if a petition is presented for the Contractor to be wound up as an unregistered company; or
 - c) where the Contractor is a company or limited liability partnership, if the company or limited liability partnership enters administration or passes a resolution to wind up or the court makes an administration order or a winding-up order, or the company makes a composition or arrangement with its creditors, or an administrative receiver, receiver or manager is appointed by a



creditor or by the court, or possession is taken of any of its property under the terms of a floating charge; or

d) the Contractor undergoes a change of control, where “control” is interpreted in accordance with Section 1124 of the Corporation Tax Act 2010.

(2) After receipt of the notice under paragraph (1) above or earlier discovery by the Authority of the occurrence of any of the events described in that paragraph, the Authority may, by notice in writing to the Contractor, terminate the Contract with immediate effect without compensation to the Contractor and without prejudice to any right or action or remedy which may accrue to the Authority thereafter. The Authority’s right to terminate the Contract under Condition 19(1)(d) will exist until the end of a period of three months starting from receipt of the notice provided by the Contractor pursuant to Condition 19(1), or such other period as is agreed by the parties.

20. Termination for Breach of Contract

If either party commits a material breach of the Contract which is either not capable of remedy, or, if it is capable of remedy, he fails to remedy such breach within 28 days of being notified by the other party in writing to do so, that other party shall be entitled to terminate the Contract with immediate effect by notice in writing to the party that committed the material breach and without prejudice to any other rights or remedies of either party in respect of the breach concerned or any other breach of the Contract.

21. Cancellation

The Authority shall be entitled to terminate the Contract, or to terminate the provision of any part of the Services, by giving to the Contractor not less than 28 days' notice in writing to that effect. Once it has given such notice, the Authority may extend the period of notice at any time before it expires, subject to agreement on the level of Services to be provided by the Contractor during the period of extension.

22. Dispute Resolution

(1) The parties shall attempt in good faith to negotiate a settlement to any dispute between them arising out of or in connection with the Contract.

(2) If the parties cannot resolve the dispute pursuant to paragraph (1) of this Condition, the dispute may, by agreement between the parties, be referred to mediation pursuant to paragraph (4) of this Condition.

(3) The performance of the Services shall not cease or be delayed by the reference of a dispute to mediation pursuant to paragraph (2) of this Condition.

(4) If the parties agree to refer the dispute to mediation:
(a) in order to determine the person who shall mediate the dispute (the “Mediator”) the parties shall by agreement choose a neutral adviser or mediator from one of the dispute resolution providers listed by the Government Procurement Service on its website or in its printed guidance on



dispute resolution within 30 days after agreeing to refer the dispute to mediation;

(b) the parties shall within 14 days of the appointment of the Mediator meet with him in order to agree a programme for the exchange of all relevant information and the structure to be adopted for negotiations to be held. If considered appropriate, the parties may at any stage seek assistance from the Government Procurement Service to provide guidance on a suitable procedure;

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

(d) if the parties reach agreement on the resolution of the dispute within 60 days of the Mediator being appointed, or such longer period as may be agreed between the parties, the agreement shall be reduced to writing and shall be binding on the parties once it is signed by both the Authority and the Contractor;

(e) failing agreement within 60 days of the Mediator being appointed, or such longer period as may be agreed between the parties, either of the parties may invite the Mediator to provide a non-binding but informative opinion in writing. Such an opinion shall be provided on a without prejudice basis and shall not be used in evidence in any proceedings relating to the Contract without the prior written consent of both parties.

(5) If the parties do not agree to refer the dispute to mediation, or if the parties fail to reach agreement as to who shall mediate the dispute pursuant to Condition 22(4)(a) or if they fail to reach agreement in the structured negotiations within 60 days of the Mediator being appointed or such longer period as may be agreed by the parties, then any dispute or difference between them may be referred to the courts.

23. Bribery and corruption

(1) The Contractor shall not, and shall ensure that its staff, sub-contractors and agents do not:

- a) offer or promise, to any person employed by or on behalf of the Authority any financial or other advantage as an inducement or reward for the improper performance of a function or activity, or for showing or not showing favour or disfavour to any person in relation to this Contract or any other contract with the Authority;
- b) agree to receive or accept any financial or other advantage as an inducement or reward for any improper performance of a function or activity in relation to this Contract or any other contract with the Authority; or
- c) enter into the Contract or any other contract with the Authority or any other department or office of Her Majesty's Government in connection with which commission has been paid, or agreed to be paid by him or on his behalf, or to



his knowledge, unless, before the Contract is made, particulars of any such commission and the terms and conditions of any agreement for the payment thereof, have been disclosed in writing to any person duly authorised by the Authority to act as its representative for the purpose of this Condition.

Nothing contained in this Condition shall prevent the Contractor paying such commission or bonuses to his own staff in accordance with their agreed contracts of employment.

(2) Any breach of this Condition by the Contractor, or by any person employed or engaged by him or acting on his behalf (whether with or without his knowledge), or any act or omission by the Contractor, or by such other person, in contravention of the Bribery Act 2010 or any other anti-corruption law, in relation to this Contract or any other contract with the Authority, shall entitle the Authority to terminate the Contract with immediate effect by notice in writing and to recover from the Contractor the amount of any loss resulting from such termination and the amount of the value of any such gift, consideration or commission as the Authority shall think fit.

(3) Where the Contract has been terminated under paragraph (2) of this Condition, there shall be deemed to be a failure to commence the provision of the Services, enabling the Authority to terminate the Contract with immediate effect and the Authority will not be obliged to pay the Charges.

- (4) In any dispute, difference or question arising in respect of:
- a) the interpretation of this Condition (except so far as the same may relate to the amount recoverable from the Contractor under paragraph (2) of this Condition in respect of any loss resulting from such determination of the Contract); or
 - b) the right of the Authority to determine the Contract; or
 - c) the amount or value of any gift, consideration or commission,

the decision of the Authority shall be final and conclusive.

24. Official Secrets

The Contractor's attention is drawn to the provisions of the Official Secrets Acts 1911 to 1989. The Contractor shall take all reasonable steps by display of notices or by other appropriate means to ensure that all persons employed in connection with the Contract have notice that these statutory provisions apply to them and will continue so to apply after the expiry or earlier termination of the Contract.

25. Special Provisions

In the case of any conflict or inconsistency between these general Conditions and any specific terms of the Contract, the latter shall prevail.

26. Conflict of Interest



(1) The Contractor shall ensure that there is no conflict of interest as to be likely to prejudice his independence and objectivity in performing the Contract and undertakes that upon becoming aware of any such conflict of interest during the performance of the Contract (whether the conflict existed before the award of the Contract or arises during its performance) he shall immediately notify the Authority in writing of the same, giving particulars of its nature and the circumstances in which it exists or arises and shall furnish such further information as the Authority may reasonably require.

(2) Where the Authority is of the opinion that the conflict of interest notified to it under paragraph (1) above is capable of being avoided or removed, the Authority may require the Contractor to take such steps as will, in its opinion, avoid, or as the case may be, remove the conflict and:

a) if the Contractor fails to comply with the Authority's requirements in this respect; or

b) if, in the opinion of the Authority, it is not possible to remove the conflict,

the Authority may terminate the Contract immediately and recover from the Contractor the amount of any loss resulting from such termination.

(3) Notwithstanding Condition 26(2), where the Authority is of the opinion that the conflict of interest which existed at the time of the award of the Contract could have been discovered with the application by the Contractor of due diligence and ought to have been disclosed as required by the tender documents pertaining to it, the Authority may terminate the Contract immediately for breach of a fundamental condition and, without prejudice to any other rights, recover from the Contractor the amount of any loss resulting from such termination.



27. Intellectual Property Rights

(1) Subject to any pre-existing rights of third parties and of the Contractor, the Intellectual Property Rights (other than copyright) in all reports, documents and other materials which are generated or acquired by the Contractor (or any of its sub-contractors or agents) (“the Contractor Materials”) in the performance of the Services shall belong to and be vested automatically in the Authority.

(2) The Contractor hereby assigns any copyright that it owns in the Contractor Materials to the Crown. The Contractor waives all moral rights relating to the Contractor Materials.

(3) The Contractor warrants to the Authority that all of their staff, agents and sub-contractors are and will be engaged in relation to the Contract on terms which do not entitle any of them to any Intellectual Property Rights in the Contractor Materials, and which require them to waive all moral rights.

(4) If the Contractor in providing the Services uses any materials in which there are pre-existing Intellectual Property Rights owned by itself, its agents, sub-contractors or third parties, it shall itself provide, or procure from such agent, subcontractor or third party a non-exclusive licence for, or, if the Contractor is itself a licensee of those Intellectual Property Rights, it shall grant a sub-licence to, the Authority to use, reproduce, modify, adapt and enhance the material as the Authority sees fit. Such licence or sub-licence shall be perpetual and irrevocable and granted at no cost to the Authority.

(5) The Authority shall have the sole right to use any information (whether or not it is Confidential Information) collected or collated pursuant to the Contract (excluding any information which in the opinion of the Authority is confidential to the Contractor or which has been communicated to the Contractor under a condition that it shall be confidential to the Contractor), and all original documents in whatever form which contain that information, including any computer tape or disk, any voice recording and any special computer program written to give access to the information, shall on request be deposited with the Authority.

(6) Nothing in this Contract or done under the Contract shall be taken to diminish any Crown copyright, patent rights or any other Intellectual Property Rights which would, apart from this Contract, vest in the Crown or Authority.

(7) The Contractor shall ensure that all royalties licence fees or similar expenses in respect of Intellectual Property Rights in materials used in connection with the Contract have been paid and are included in the Charges.

(8) If the Authority reimburses the Contractor for the cost of any equipment, such equipment shall become the property of the Authority and the Contractor shall on request deliver such equipment to the Authority. The Contractor shall keep a proper inventory of such equipment and shall deliver that inventory to the Authority on request and on completion of the Services.



28. Rights of Third Parties

It is not intended that the Contract, either expressly or by implication, shall confer any benefit on any person who is not a party to the Contract and accordingly the Contracts (Rights of Third Parties) Act 1999 shall not apply.

29. Government Property

(1) All Government Property shall remain the property of the Authority and shall be used in the execution of the Contract and for no other purpose whatsoever except with the prior agreement in writing of the Authority.

(2) All Government Property shall be deemed to be in good condition when received by or on behalf of the Contractor unless he notifies the Authority to the contrary within 14 days or such other time as is specified in the Contract.

(3) The Contractor undertakes to return any and all Government Property on completion of the Contract or on any earlier request by the Authority.

(4) The Contractor shall, except as otherwise provided for in the Contract, repair or replace or, at the option of the Authority, pay compensation for all loss, destruction or damage occurring to any Government Property caused or sustained by the Contractor, or by his servants, agents or sub-contractors, whether or not arising from his or their performance of the Contract and wherever occurring, provided that if the loss, destruction or damage occurs at the Authority's Premises or any other Government premises, this Condition shall not apply to the extent that the Contractor is able to show that any such loss, destruction or damage was not caused or contributed to by his negligence or default or the neglect or default of his servants, agents, or sub-contractors.

(5) Where the Government Property comprises data issued in electronic form to the Contractor (including Personal Data) the Contractor shall not store, copy, disclose or use such electronic data except as necessary for the performance by the Contractor of its obligations under the Contract (including its obligation to back up electronic data as provided in Condition 29(6) below) or as otherwise expressly authorised in writing by the Authority.

(6) The Contractor shall perform secure back ups of all such electronic data in its possession and shall ensure that an up to date back up copy is securely stored at a site other than that where any original copies of such electronic data are being stored.

(7) The Contractor shall, and shall procure that its sub-contractors, agents and personnel, shall observe best practice when handling or in possession of any such electronic data. By way of example if the Contractor removes any such data or information from a Government establishment, or is sent such data or information by the Authority it shall ensure that the data and any equipment on which it is stored or is otherwise being processed is kept secure at all times. The Contractor shall impress on any of its sub-contractors, agents and personnel who are required to handle or have possession of such electronic data that they must safeguard it all times, and shall not



place it in jeopardy for example by leaving it unattended in a vehicle or on public transport or by transmitting or posting it by insecure means.

(8) If at any time the Contractor suspects or has reason to believe that such electronic data has or may become corrupted, lost, destroyed, altered (other than to the extent that the Contractor alters it by lawful processing in accordance with its obligations under this contract) or so degraded as a result of the Contractor's default so as to be unusable then the Contractor shall notify the Authority immediately and inform the Authority of the remedial action the Contractor proposes to take.

(9) The Contractor shall indemnify the Authority against all claims and proceedings, and all costs and expenses incurred in connection therewith arising from the corruption, loss, destruction, alteration (other than by lawful processing permitted by this Contract) or degradation of electronic data which claims would not have arisen but for some act, omission, misrepresentation or negligence on the part of the Contractor or sub-contractors, agents and personnel and hold it harmless against all costs, losses and liability whatsoever incurred by it arising out of any action or inaction on its part in relation to any of its obligations as set out in this Contract which results in such corruption, loss or degradation.

30. Data Protection

(1) The Parties acknowledge that for the purposes of the Data Protection Legislation, the Authority is the Data Controller and the Contractor is the Data Processor. The only processing that the Contractor is authorised to do is listed in Annex 1 by the Authority and may not be determined by the Contractor.

(2) The Contractor shall notify the Authority immediately if it considers that any of the Authority's instructions infringe the Data Protection Legislation.

(3) The Contractor shall provide all reasonable assistance to the Authority in the preparation of any Data Protection Impact Assessment prior to commencing any processing. Such assistance may, at the discretion of the Authority, include:

- (a) a systematic description of the envisaged processing operations and the purpose of the processing;
- (b) an assessment of the necessity and proportionality of the processing operations in relation to the Services;
- (c) an assessment of the risks to the rights and freedoms of Data Subjects; and
- (d) the measures envisaged to address the risks, including safeguards, security measures and mechanisms to ensure the protection of Personal Data.

(4) The Contractor shall, in relation to any Personal Data processed in connection with its obligations under this Contract:



(a) process that Personal Data only in accordance with Annex 1, unless the Contractor is required to do otherwise by Law. If it is so required the Contractor shall promptly notify the Authority before processing the Personal Data unless prohibited by Law;

(b) ensure that it has in place Protective Measures, which have been reviewed and approved by the Authority as appropriate to protect against a Data Loss Event having taken account of the:

- (i) nature of the data to be protected;
- (ii) harm that might result from a Data Loss Event;
- (iii) state of technological development; and
- (iv) cost of implementing any measures;

The review and approval of the Protective Measures by the Authority shall not relieve the Contractor of its obligations under Data Protection Legislation, and the Contractor acknowledges that it is solely responsible for determining whether such Protective Measures are sufficient for it to have met its obligations under the Data Protection Legislation.

(c) ensure that:

- (i) the Contractor Personnel do not process Personal Data except in accordance with this Contract and in particular Annex 1;
- (ii) it takes all reasonable steps to ensure the reliability and integrity of any Contractor Personnel who have access to the Personal Data and ensure that they:

(A) are aware of and comply with the Contractor's duties under this clause;

(B) are subject to appropriate confidentiality undertakings with the Contractor or any Sub-Processor;

(C) are informed of the confidential nature of the Personal Data and do not publish, disclose or divulge any of the Personal Data to any third Party unless directed in writing to do so by the Authority or as otherwise permitted by this Contract; and

(D) have undergone adequate training in the use, care, protection and handling of Personal Data.

(d) do not transfer Personal Data outside of the European Union unless the prior written consent of the Authority has been obtained and provided the following conditions are fulfilled:-

- (i) the Authority or the Contractor has provided appropriate safeguards in relation to the transfer (whether in accordance with GDPR Article 46 or LED Article 37) as determined by the Authority;



- (ii) the Data Subject has enforceable rights and effective legal remedies;
 - (iii) the Contractor complies with its obligations under the Data Protection Legislation by providing an adequate level of protection to any Personal Data that is transferred (or, if it is not so bound, uses its best endeavours to assist the Authority in meeting its obligations); and
 - (iv) the Contractor complies with any reasonable instructions notified to it in advance by the Authority with respect to the processing of the Personal Data.
- (5) Subject to clause (6), the Contractor shall notify the Authority immediately if it:
 - (a) receives a Data Subject Request (or purported Data Subject Request);
 - (b) receives a request to rectify, block or erase any Personal Data;
 - (c) receives any other request, complaint or communication relating to either Party's obligations under the Data Protection Legislation;
 - (d) receives any communication from the Information Commissioner or any other regulatory authority in connection with Personal Data processed under this Contract;
 - (e) receives a request from any third Party for disclosure of Personal Data where compliance with such request is required or purported to be required by Law; or
 - (f) becomes aware of a Data Loss Event.
- (6) The Contractor's obligation to notify under clause (5) shall include the provision of further information to the Authority in phases, as details become available.
- (7) Taking into account the nature of the processing, the Contractor shall provide the Authority with full assistance in relation to either Party's obligations under Data Protection Legislation and any complaint, communication or request made under clause (5) (and insofar as possible within the timescales reasonably required by the Authority) including by promptly providing:
 - (a) the Authority with full details and copies of the complaint, communication or request;



- (b) such assistance as is reasonably requested by the Authority to enable the Authority to comply with a Data Subject Request within the relevant timescales set out in the Data Protection Legislation;
 - (c) the Authority, at its request, with any Personal Data it holds in relation to a Data Subject;
 - (d) assistance as requested by the Authority following any Data Loss Event;
 - (e) assistance as requested by the Authority with respect to any request from the Information Commissioner's Office, or any consultation by the Authority with the Information Commissioner's Office.
- (8) The Contractor shall maintain complete and accurate records and information to demonstrate its compliance with this clause. This requirement does not apply where the Contractor employs fewer than 250 staff, unless:
- (a) the Authority determines that the processing is not occasional;
 - (b) the Authority determines the processing includes special categories of data as referred to in Article 9(1) of the GDPR or Personal Data relating to criminal convictions and offences referred to in Article 10 of the GDPR; and
 - (c) the Authority determines that the processing is likely to result in a risk to the rights and freedoms of Data Subjects.
- (9) The Contractor shall allow for audits of its Data Processing activity by the Authority or the Authority's designated auditor.
- (10) The Contractor shall designate a Data Protection Officer if required by the Data Protection Legislation.
- (11) Before allowing any Sub-Processor to process any Personal Data related to this Contract, the Contractor must:
- (a) notify the Authority in writing of the intended Sub-Processor;
 - (b) obtain the written consent of the Authority;
 - (c) enter into a written Contract with the Sub-Processor which give effect to the terms set out in this Condition 30 such that they apply to the Sub-Processor; and
 - (d) provide the Authority with such information regarding the Sub-Processor as the Authority may reasonably require.
- (12) The Contractor shall remain fully liable for all acts or omissions of any Sub-Processor.



(13) The Parties agree to take account of any guidance issued by the Information Commissioner's Office in respect of the Data Protection Legislation that is applicable to this Contract and shall make such variations to this Contract as the Authority may reasonably require to give effect to such guidance in accordance with Condition 10.

(14) If the Contractor fails to comply with any provision of this Condition 30, the Authority may terminate the Contract immediately in which event the provisions of Condition 20 shall apply.

(15) The Contractor shall indemnify the Authority against all claims and proceedings, and all costs and expenses incurred in connection therewith, made or brought against the Authority by any person in respect of the Data Protection Legislation or equivalent applicable legislation in any other country which claims would not have arisen but for some act, omission, misrepresentation or negligence on the part of the Contractor, its sub-contractors and Sub-Processors and hold it harmless against all costs, fines, losses and liability whatsoever incurred by it arising out of any action or inaction on its part in relation to any of its obligations as set out in this Contract which results in the Authority being in breach of its obligations under the Data Protection Legislation or equivalent applicable legislation in any other country.

(16) Upon expiry of this Contract or termination of this Contract for whatever reason, the Contractor shall, unless specified in Annex 1, notified otherwise by the Authority or required by law, immediately cease any processing of the Personal Data on the Authority's behalf and as required by the Authority:

- (a) provide the Authority with a complete and uncorrupted version of the Personal Data in electronic form (or such other format as reasonably required by the Authority); and
- (b) erase from any computers, storage devices and storage media that are to be retained by the Contractor after the expiry of the Contract. The Contractor will certify to the Authority that it has completed such deletion.

(17) Where processing of the Personal Data continues after the expiry or termination of this Contract as specified in Annex 1, notified otherwise by the Authority or required by law, the Contractor shall comply with the provisions of this Condition 30 for as long as the Contractor continues to process the Personal Data and such provisions shall survive the expiry or termination of this Contract.

(18) Where the Contractor is required to collect any Personal Data on behalf of the Authority, it shall ensure that it provides the data subjects from whom the Personal Data are collected with a privacy notice in a form to be agreed with the Authority.

31. Payment of taxes: income tax and NICs

- (1) Where the Contractor is liable to be taxed in the UK in respect of consideration received under the Contract, the Contractor shall at all times comply with the Income Tax (Earnings and Pensions) Act 2003 and all other statutes and regulations relating to income tax in respect of that consideration.



- (2) Where the Contractor is liable to National Insurance Contributions (NICs) in respect of consideration received under the Contract, the Contractor shall at all times comply with the Social Security Contributions and Benefits Act 1992 and all other statutes and regulations relating to NICs in respect of that consideration.
- (3) The Authority may, at any time during the term of the Contract, require the Contractor to provide information to demonstrate that:
 - a) the Contractor has complied with paragraphs (1) and (2) above; or
 - b) the Contractor or its staff are not liable to the relevant taxes.
- (4) A request under paragraph (3) above may specify the information which the Contractor must provide and a reasonable deadline for response.
- (5) The Authority may supply any information which it receives under paragraph (3) to the Commissioners of Her Majesty's Revenue and Customs for the purpose of the collection and management of revenue for which they are responsible.
- (6) The Contractor shall ensure that any sub-contractors (including consultants) and agents engaged by the Contractor for the purpose of the Services are engaged on, and comply with, conditions equivalent to those in paragraphs (1) to (5) above and this paragraph (6), and the Contractor shall, on request, provide the Authority with evidence to satisfy the Authority that the Contractor has done so. Those conditions shall provide both the Contractor and the Authority with the right to require the sub-contractor or agent to provide information to them equivalent to paragraph (3), and the Contractor shall obtain that information where requested by the Authority.
- (7) The Authority may terminate the Contract with immediate effect by notice in writing where:
 - a) the Contractor does not comply with any requirement of this Condition 31; or
 - b) the Contractor's sub-contractors or agents do not comply with the conditions imposed on them under paragraph (6) above.
- (8) In particular (but without limitation), the Authority may terminate the Contract under paragraph (7) above:
 - a) in the case of a request under paragraph (3):
 - i. the Contractor fails to provide information in response to the request within the deadline specified; or
 - ii. the Contractor provides information which is inadequate to demonstrate how the Contractor or (where relevant) its sub-



contractors and agents have complied with the conditions set out or referred to in paragraphs (1) to (6);

or

- b) the Authority receives information which demonstrates, to its reasonable satisfaction, that the Contractor, its sub-contractors or agents, are not complying with those conditions.

32. Payment of taxes: Occasions of Tax Non-compliance

- (1) This Condition 32 applies where the consideration payable by the Contractor under the Contract equals or exceeds £5,000,000 (five million pounds).
- (2) The Contractor represents and warrants that it has notified the Authority in writing of any Occasions of Tax Non-Compliance or any litigation that it is involved in that is in connection with any Occasions of Tax Non Compliance.
- (3) If, at any point during the term of the Contract, an Occasion of Tax Non-Compliance occurs, the Contractor shall:
 - a) notify the Authority in writing of such fact within 5 working days of its occurrence; and
 - b) promptly provide to the Authority:
 - i) details of the steps which the Contractor is taking to address the Occasion of Tax Non-Compliance and to prevent the same from recurring, together with any mitigating factors that it considers relevant; and
 - ii) such other information in relation to the Occasion of Tax Non-Compliance as the Authority may reasonably require.
- (4) In the event that:
 - a) the warranty given by the Contractor pursuant to paragraph (2) of this Condition is materially untrue;
 - b) the Contractor commits a material breach of its obligation to notify the Authority of any Occasion of Tax Non-Compliance as required by paragraph (3) of this Condition; or
 - c) the Contractor fails to provide details of proposed mitigating factors which, in the reasonable opinion of the Authority, are acceptable,

the Authority may terminate the Contract with immediate effect by notice in writing.



(5) In this condition 32, “Occasion of Tax Non-Compliance” means:

- a) any tax return of the Contractor submitted to a Relevant Tax Authority on or after 1 October 2012 is found on or after 1 April 2013 to be incorrect as a result of:
 - (i) a Relevant Tax Authority successfully challenging the Contractor under the General Anti-Abuse Rule or the Halifax Abuse Principle or under any tax rules or legislation that have an effect equivalent or similar to the General Anti-Abuse Rule or the Halifax Abuse Principle;
 - (ii) the failure of an avoidance scheme which the Contractor was involved in, and which was, or should have been, notified to a Relevant Tax Authority under the DOTAS or any equivalent or similar regime;

and/or

- b) any tax return of the Contractor submitted to a Relevant Tax Authority on or after 1 October 2012 gives rise, on or after 1 April 2013, to a criminal conviction in any jurisdiction for tax related offences which is not spent at the commencement of the Contract or to a penalty for civil fraud or evasion.

(6) For the purpose of paragraph (5):

- a) “DOTAS” means the Disclosure of Tax Avoidance Schemes rules which require a promoter of tax schemes to tell HM Revenue & Customs of any specified notifiable arrangements or proposals and to provide prescribed information on those arrangements or proposals within set time limits as contained in Part 7 of the Finance Act 2004 and in secondary legislation made under vires contained in Part 7 of the Finance Act 2004 and as extended to National Insurance Contributions by the National Insurance Contributions (Application of Part 7 of the Finance Act 2004) Regulations 2012, SI 2012/1868 made under s.132A Social Security Administration Act 1992;
- b) “General Anti-Abuse Rule” means:
 - (i) the legislation in Part 5 of the Finance Act 2013; and
 - (ii) any future legislation introduced into Parliament to counteract tax advantages arising from abusive arrangements to avoid national insurance contributions;
- c) “Halifax Abuse Principle” means the principle explained in the CJEU Case C-255/02 Halifax and others; and



- d) “Relevant Tax Authority” means HM Revenue & Customs, or, if applicable, a tax authority in the jurisdiction in which the Contractor is established.

33. Equality and non-discrimination

- (1) The Contractor shall not unlawfully discriminate within the meaning and scope of the Equality Act 2010 and any other anti-discrimination legislation in relation to the provision of the Services or otherwise and shall take all reasonable steps to ensure that its staff, sub-contractors and agents do not do so
- (2) The Contractor shall comply with the Authority’s equality scheme as published on the Authority’s website, and shall take all reasonable steps to ensure that its staff, sub-contractors and agents do so.
- (3) The Authority may (without prejudice to its other rights under the Contract) terminate the Contract with immediate effect by notice in writing where the Contractor fails (or the Contractor’s staff, sub-contractors or agents fail) to comply with paragraphs (1) or (2) of this Condition.

34. Welsh Language Act

The Contractor shall for the term of the Contract comply with the principles of the Authority’s Welsh Language Scheme.

35. Sustainable Procurement

- (1) The Contractor shall comply in all material respects with all applicable environmental laws and regulations in force from time to time in relation to the Services. Without prejudice to the generality of the foregoing, the Contractor shall promptly provide all such information regarding the environmental impact of the Services as may reasonably be requested by the Authority.
- (2) The Contractor shall meet all reasonable requests by the Authority for information evidencing compliance with the provisions of this Clause by the Contractor.
- (3) All written outputs, including reports, produced in connection with the Contract shall (unless otherwise specified) be produced on recycled paper containing at least 80% post consumer waste and used on both sides where appropriate.

36. Other Legislation

The Contractor shall, and shall procure that its sub-contractors, agents and personnel, comply with all other applicable law.

37. Contractor Status



Nothing in the Contract shall create or be construed as creating a partnership, joint venture, a contract of employment or relationship of employer and employee, or a relationship of principal and agent between the Authority and the Contractor.

38. Transfer of Services

(1) Where the Authority intends to continue with services equivalent to any or all of the Services after termination or expiry of the Contract, either by performing them itself or by the appointment of a replacement contractor, the Contractor shall (both during the term of the Contract and, where relevant, after its expiry or termination):

- (a) provide all information reasonably requested to allow the Authority to conduct the procurement for any replacement services; and
- (b) use all reasonable endeavours to ensure that the transition is undertaken with the minimum of disruption to the Authority.

(2) Without prejudice to the generality of paragraph (1) of this Condition, the Contractor shall, at times and intervals reasonably specified by the Authority, provide the Authority (for the benefit of the Authority, any replacement Contractor and any economic operator bidding to provide the replacement services) such information as the Authority may reasonably require relating to the application or potential application of the Transfer of Undertakings (Protection of Employment) Regulations 2006 including the provision of employee liability information.

(3) Without prejudice to the generality of paragraph (1) of this Condition, the contractor shall co-operate fully during the transition period and provide full access to all data, documents, manuals, working instructions, reports and any information, whether held in electronic or written form, which the Authority considers necessary.

39. Law and Jurisdiction

The Contract shall be governed by and construed in accordance with English Law and shall be subject to the exclusive jurisdiction of the courts of England and Wales.

40. Transparency

(1) In order to comply with the Government's policy on transparency in the areas of procurement and contracts, the Authority will, subject to Conditions 40(2) and (3), publish the Contract and the tender documents issued by the Authority which led to its creation on a designated web site.

(2) The entire Contract and all the tender documents issued by the Authority will be published on that web site save where the Authority, in its absolute discretion, considers that the relevant documents, or their contents, would be exempt from disclosure in accordance with the provisions of the Freedom of Information Act 2000.

(3) Where the Authority considers that any such exemption applies, the Authority will redact the relevant documents to the extent that the Authority considers the



redaction is necessary to remove or obscure the relevant material, and those documents will be published on the designated web site subject to those redactions.

(4) Where the Parties later agree changes to the contract, the Authority will publish those changes, and will consider any redaction, on the same basis.

(5) In Condition 40(1) the expression “tender documents” means the advertisement issued by the Authority seeking expressions of interest, the pre qualification questionnaire and the invitation to tender and the contract includes the Contractor’s proposal.

41. Monitoring and Management Information

(1) Where requested by the Authority, the Contractor shall supply to the Authority and/or to the Cabinet Office such information relating to the Services and to the Contractor’s management and performance of the Contract as they may require.

(2) The information referred to in Condition 41(1) may include, but is not limited to, the following: Line Item Amount, Invoice Line Description, Invoice Line Number, Currency Code, Order Date, VAT Inclusion Flag, VAT Rate, List Price, Number of Items, Unit of Purchase Quantity, Price per Unit, Contractor Service Code, Service description and/or name, UNSPSC Code, Taxonomy Code and/or Name, Geographical, Project Code, Project description, Project Start Date, Project Delivery Date (Estimate and Actual), Total project cost and Project Stage. The information may also, without limitation, include information relating to the capability of the Contractor (and any key sub-Contractor) to continue to perform the Contract (including information on matters referred to in regulations 23 to 27 of the Public Contracts Regulations 2006).

(3) The information referred to in Condition 41(1) shall be supplied in such form and within such timescales as the Authority or the Cabinet Office may reasonably require.

(4) The Contractor agrees that the Authority may provide the Cabinet Office, any other government department or agency or any other person or entity referred to in Condition 42(2) (Information Confidential to the Contractor), with information obtained under this Condition 41 and any other information relating to the Services procured and any payments made under the Contract.

(5) Upon receipt of the information supplied by the Contractor in response to a request under Condition 41(1) or receipt of information provided by the Authority to the Cabinet Office under Condition 41(4) the Contractor hereby consents to the Cabinet Office (acting through the Government Procurement Service):

- a) storing and analysing the information and producing statistics; and
- b) sharing the information or any statistics produced using the information, with any person or entity referred to in Condition 42(2).



(6) The Authority may make changes to the type of information which the Contractor is required to supply and shall give the Contractor at least one calendar month's written notice of any such changes.

(7) Where the Authority notifies the Contractor that it estimates the Charges payable under this Contract are due to exceed £5 million in one or more Contract Years the Contractor agrees and acknowledges that it shall, in addition to any other management information requirements set out in this Contract, at no charge, provide such timely, full, accurate and complete SME management information (MI) reports to the Authority as the Authority shall require which incorporate the data described in the MI Reporting Template which is:

- (a) the total contract revenue received directly on a specific contract;
- (b) the total value of sub-contracted revenues under the contract (including revenues for non-SMEs/non-VCSEs); and
- (c) the total value of sub-contracted revenues to SMEs and VCSEs.

(8) The SME management information reports referred to in Condition 41(7) shall be provided in the correct format as required by the MI Reporting Template and any guidance issued by the Authority from time to time. The Contractor shall use the initial MI Reporting Template and which may be changed from time to time (including the data required and/or format) by the Authority by issuing a replacement version. The Authority shall give at least thirty (30) days' notice in writing of any such change and shall specify the date from which it must be used.

(9) The Contractor further agrees and acknowledges that it may not make any amendment to the current MI Reporting Template without the prior written approval of the Authority.

42. Information confidential to the Contractor

(1) Unless agreed expressly by both parties in writing, in a confidentiality agreement identifying the relevant information, information obtained by the Authority from the Contractor shall not constitute confidential information relating to the Contractor.

(2) Where any information held by the Authority does constitute confidential information relating to the Contractor, the Authority shall nonetheless have the right to disclose that information:

- a) on a confidential basis to any other government department or agency for any proper purpose of the Authority or of that department or agency;
- b) to Parliament and Parliamentary Committees or if required by any Parliamentary reporting requirement;



- c) to the extent that the Authority (acting reasonably) deems disclosure necessary or appropriate in the course of carrying out its public functions;
 - d) on a confidential basis to a professional adviser, consultant, Contractor or other person engaged by any of the entities described in sub-paragraph a) (including any benchmarking organisation) for any purpose relating to or connected with the Contract or the Services;
 - e) on a confidential basis for the purpose of the exercise of its rights under the Contract; or
 - f) on a confidential basis to a proposed successor body in connection with any assignment, novation or disposal of any of its rights, obligations or liabilities under the Contract.
- (3) For the purpose of paragraph (2) of this Condition, references to disclosure on a confidential basis mean disclosure subject to a confidentiality agreement.



Department for
Business, Energy
& Industrial Strategy

