

SCHEDULE 7: FINANCIAL MATTERS

This Schedule 7 is comprised of the following parts:

Part 1: Payment and Pricing

Part 2: Payment on Termination

Part 3: Financial Distress

Part 4: Financial Reports and Audit Rights

SCHEDULE 7 PART 1: PAYMENT AND PRICING

1. Payment Schedule

1.1 Subject to the provisions of this Schedule 7, the other terms of this Agreement, and any legal right or remedy of STA:

1.1.1 The Charge for Set-Up shall be the amount shown as "Cost incl VAT" in the Set-Up tab in Annex 1 (Pricing Summary) to this Schedule 7 Part 1 by reference to "KM Set-Up Charge". The Supplier shall be entitled to render invoices for payments on account of the Charge for Set-Up upon receipt from STA of a related Set Up Milestone Acceptance Certificate in accordance with the "Acceptance Criteria and Acceptance Methods" tab in Annex 1a (Set-Up Milestone Payments) to this Part 1 of Schedule 7. The amount of such an invoice shall not exceed the amount shown in the said Annex 1a (Set-Up Milestone Payments) as the milestone value including VAT for the Set Up Milestone to which the invoice relates. In the event that the Supplier does not complete Set-Up by 23:59 on the 31st day of August, 2019 all amounts paid by STA pursuant to this clause 1.1.1 shall be repaid by the Supplier to STA forthwith without prejudice to STA's other rights and remedies under this Agreement or at Law.

1.1.2 The Charges for each Test Cycle from the 2020 Test Cycle to the 2025 Test Cycle shall be fixed, subject to the provisions of paragraph 2 of this Schedule 7, Part 1, at the amounts set out in the "Payment Schedule Summary" in Annex1 (Pricing Summary) to this Schedule 7 by reference to the Charges shown against each Key Milestone for each Test Cycle (provided that the Charges for the 2024 and 2025 Test Cycles shall only apply if and to the extent that STA decides to exercise its sole and absolute right to extend the Agreement for up to two further Test Cycles);

1.1.3 The Supplier shall be entitled to invoice STA for the respective Charges referred to in paragraphs 1.1.1 and 1.1.2 on receipt of the related Key Milestone Acceptance Certificate.

2. Price variation

2.1 Other than under the Change Control Procedure, the following are the only circumstances under which the Charges may be varied under this Agreement:

Adjustment for actual pupil numbers

2.1.1 The Charges referred to in paragraph 1.1.2 shall be adjusted if:

- (a) the projected number of Pupils to sit the KS1 Test for a given Test Cycle as set out in in Annex 1 (Pricing Summary) to this Schedule 7 Part 1 under the heading "Volumetrics" differs from the actual number of Pupils in Year 2 derived from the January Schools Census data for the year of the Test in question ("the Actual KS1 Number"); or
- (b) the projected number of Pupils to sit the Phonics Test for a given Test Cycle as set out in Annex 1 (Pricing Summary) to this Schedule 7 Part 1 under the heading "Volumetrics" differs from the actual number pupils of who sit the Phonics test in that Test Cycle (such difference to be evidenced by the Supplier in a manner satisfactory to STA) ("the Actual Phonics Number"); or
- (c) the projected number of Pupils to sit the KS2 Test for a given Test Cycle as set out in in Annex 1 (Pricing Summary) to this Schedule 7 Part 1 under the heading "Volumetrics" differs from the actual number of Pupils in Year 6 derived from the January Schools Census data for the year of the Test in question ("the Actual KS2 Number").

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The adjustment to the Charges shall be calculated by STA using the formula in paragraph 2.1.2 and shall be advised to the Supplier within 4 weeks of the January Schools Census data being published or (in the case of the Phonics Test) of STA's confirmation that it is satisfied with the Supplier's evidence of the difference.

2.1.2 The formula referred to in paragraph 2.1.1 is:

$$(A - B) \times C = \text{Charge adjustment}$$

Where:

- A is the Actual KS1 Number or the Actual Phonics Number or the Actual KS2 Number as the case may be; and
- B is the projected number of Pupils for the relevant Test in the relevant Test Cycle as shown in the "Volumetrics" tab in the Pricing Summary; and
- C is the relevant "Per pupil charge" set out for the relevant subject in the relevant Test in that Test Cycle shown in Table A at paragraph 2.1.4.

For the avoidance of doubt, this calculation shall be performed for each subject in the relevant test and summed to determine the total Charge adjustment.

2.1.3 The Charge adjustment shall be settled by means of an equivalent increase or decrease (as the case may be) in the payment of the Charge for Key Milestone 8 (Completion of Datafeeds and Exit from the Test Cycle).

2.1.4 Table A

KS1 Subject	Per pupil charge (£)					
	2020	2021	2022	2023	2024	2025
English Reading						
English grammar, punctuation and spelling						
Mathematics						
KS2 Subject	Per pupil charge (£) [Rates to be extracted from the Supplier's tendered Pricing Summary during contract finalisation]					
	2020	2021	2022	2023	2024	2025
English Reading						
English grammar, punctuation and spelling						
Mathematics						
Phonics	Per pupil charge (£) [Rates to be extracted from the Supplier's tendered Pricing Summary during contract finalisation]					
	2020	2021	2022	2023	2024	2025

Adjustment following Boycott

- 2.1.5 Any reduction in the Charges resulting from a Boycott shall be agreed on a case-by-case basis between the Parties and the Parties agree that the Supplier's Contract Inception Report shall inform any such adjustment to the Charges. In reaching such agreement on a case-by-case basis, the Parties agree that:
- 2.1.5.1 the Supplier will be reimbursed for expenses reasonably and properly incurred which are verifiable through information provided in the Contract Inception Report and/or the Financial Report; and
- 2.1.5.2 the Supplier shall take all steps that are necessary to mitigate its losses for the purpose of this paragraph 2.1.5.
- 2.1.6 2.1.6 Unless otherwise agreed, any reductions in the Charges agreed as a result of Boycott shall be applied as a credit to STA against the next invoice or invoices for the Test Cycle affected by the Boycott until the full reduction has been applied.

Adjustment in relation to Capital Costs on termination

- 2.1.7 In the event that the Agreement is terminated in full or in part for any Test Cycle a pro-rata amount of the "Capital Costs" paid to the Supplier (as included within the Set-Up tab in the Pricing Summary) in relation to the Services that have been terminated shall be refunded to STA by the Supplier and the sum of any such refund shall be deemed a sum that is due and payable to STA from the Supplier under this Agreement.

Cost Increases /Indexation

- 2.1.8 Any amounts or sums in this Agreement which are expressed to be "subject to Indexation" shall be adjusted in accordance with the provisions of these paragraphs 2.1.8 to 2.1.10 (inclusive) to reflect the effects of inflation.
- 2.1.9 Where Indexation applies, the relevant adjustment shall:
- 2.1.9.1 be applied on the first day of April following the Operational Services Commencement Date and on the first day of April in each subsequent Test Cycle for the duration of the Agreement (each such date an "adjustment date");
- 2.1.9.2 be subject to the Supplier first proving to STA's satisfaction through the use of Open Book Data; and/or benchmarking as provided for under Schedule 25 (Benchmarking); and/or any other means that there has been an actual increase to the cost of providing the Services;
- 2.1.9.3 where the Supplier has proved that there has been an actual increase to the cost of providing the Services in accordance with Clause 2.1.9 b. above, be the actual increase to the Supplier's cost of providing the Services capped at 2% of the value of the Test Cycle to which the adjustment date applies or the Consumer Price Index published for the 12 months ended on the 31 January immediately preceding the relevant adjustment date, whichever is the lower of the two.
- 2.1.10 Except as set out in these paragraphs 2.1.8 to 2.1.10 (inclusive), neither the Charges nor any other costs, expenses, fees or charges shall be adjusted to take account of any inflation, change to exchange rate, change to interest rate or any other factor or element which might otherwise increase the cost to the Supplier or Sub-contractors of the performance of their obligations under this Agreement.

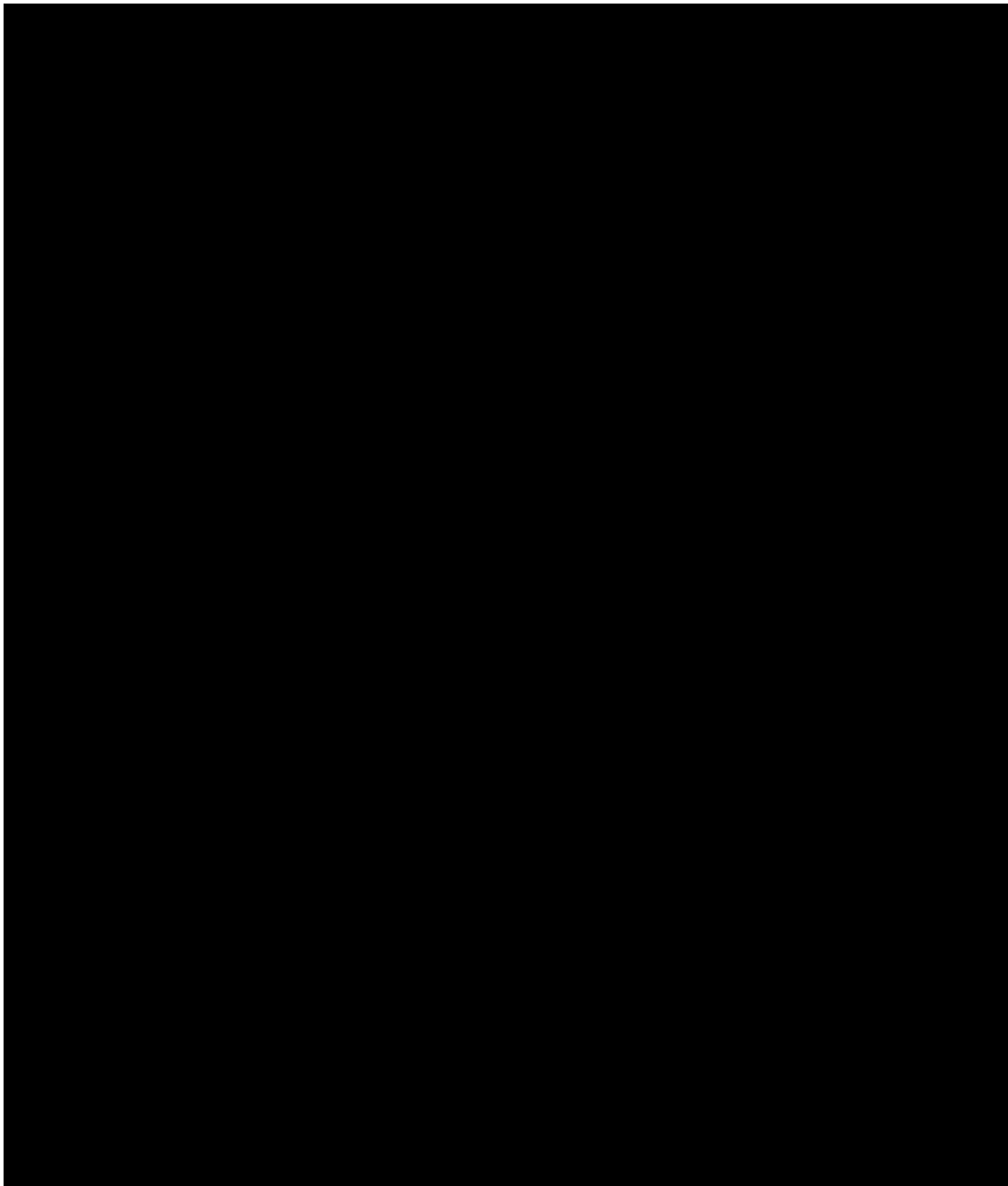
Adjustment in relation to changes in the rate of VAT

- 2.1.11 Adjustments to the Charges in relation to changes in the rate of VAT payable on the Services shall be in accordance with Clause 15.2.3 (Taxation).

- 2.2 In no circumstances other than as stated in paragraph 2.1 of this Schedule 7 Part 1 shall there be any adjustment to or variation of the Charges other than pursuant to the Change Control Procedure.
3. **Payment**
- 3.1 All payments due and payable under this Agreement will be made by BACS transfer unless otherwise agreed in writing between the Parties.
4. **Invoicing**
- 4.1 The Supplier shall prepare and provide to STA for approval a draft pro forma invoice within 25 Business Days of the Effective Date, which shall include, as a minimum, the details set out in this paragraph 4 together with such other information as STA may reasonably require.
- 4.2 If the draft pro forma invoice is not approved by STA then the Supplier shall make such amendments as may be required by STA.
- 4.3 The Supplier shall invoice STA in respect of the Services in accordance with paragraph 1 (Payment Schedule) of this schedule 7.
- 4.4 The Supplier shall ensure that each invoice contains at least the following information:
- 4.4.1 the date of the invoice;
 - 4.4.2 a unique invoice number;
 - 4.4.3 the contract number ([STA1000]) for this Agreement;
 - 4.4.4 the reference number and exact description of the item as described in the purchase order to which it relates issued by or on behalf of STA;
 - 4.4.5 the dates on which the Services were performed in relation to each of the invoiced Charges;
 - 4.4.6 the total Charges net of any applicable deductions and, separately, the amount of any disbursements properly chargeable to STA under the terms of the Agreement;
 - 4.4.7 details of any Delay Credits, Service Credits or similar deductions that shall apply to the Charges detailed on the invoice;
 - 4.4.8 a contact name and telephone number of a responsible person in the Supplier's finance department in the event of administrative queries; and
 - 4.4.9 the banking details for payment to the Supplier via electronic transfer of funds (i.e. name and address of bank, sort code, account name and number).
- 4.5 Each invoice shall at all times be accompanied by sufficient information ("**Supporting Documentation**") to enable STA to reasonably assess whether the Charges detailed thereon are properly payable. The Supplier undertakes to provide to STA any additional documentation reasonably required by STA from time to time to substantiate an invoice. This Supporting Documentation shall include as a minimum:
- 4.5.1 the Key Milestone Acceptance Certificate to which the invoice relates;
 - 4.5.2 the methodology applied to calculate the Charges, as set out in Annex 1 to this Schedule 7 Part 1;
 - 4.5.3 reference to any reports required by STA in respect of the Services to which the Charges detailed on the invoice relate and to other supporting evidence required by STA.

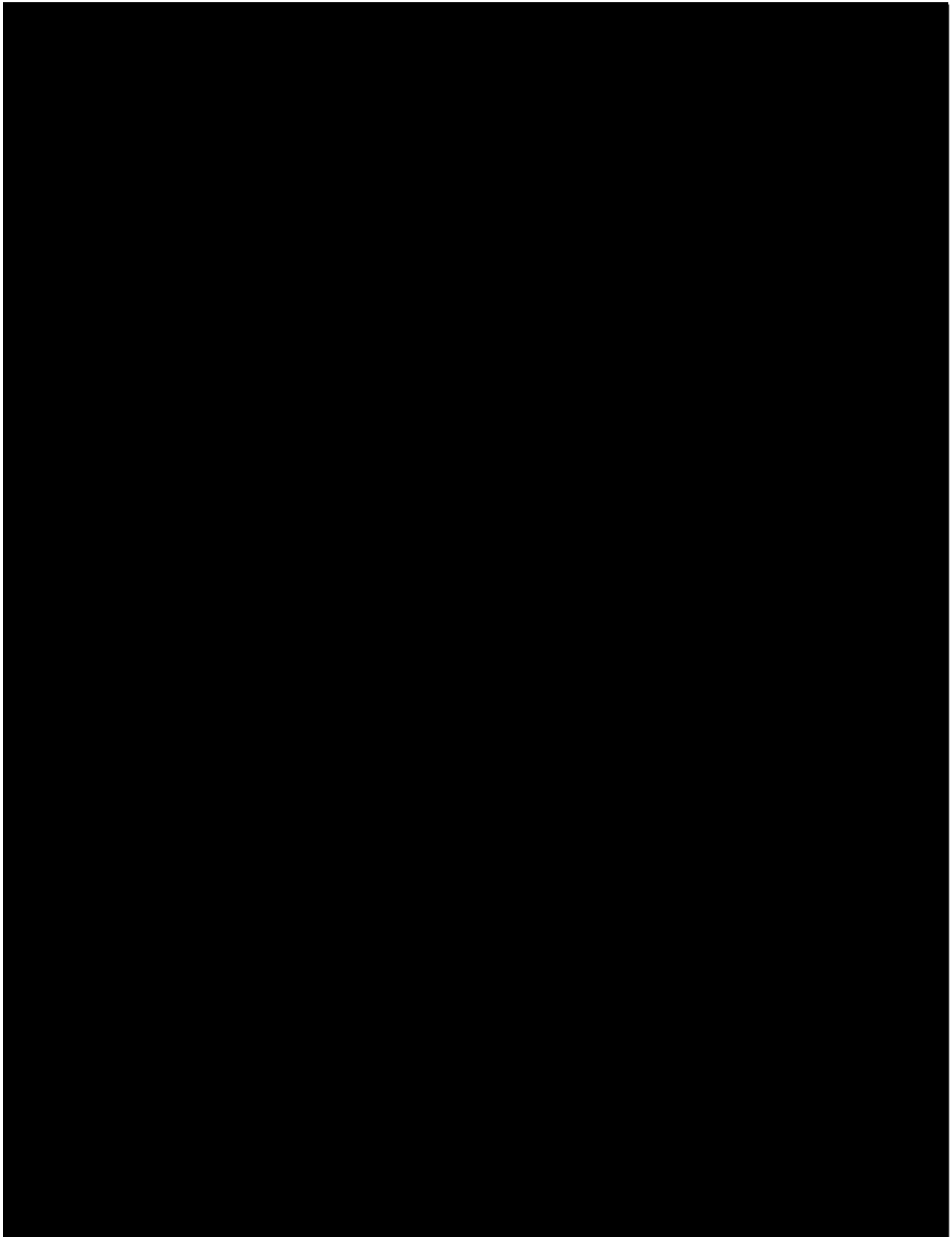
- 4.6 The Supplier shall submit all invoices and Supporting Documentation in such format as STA may specify from time to time with a copy to such other person and at such place as STA may notify to the Supplier from time to time.
- 4.7 All Supplier invoices shall be expressed in sterling or such other currency as shall be permitted by STA in writing.
- 4.8 STA shall only regard an invoice as valid if it complies with the requirements of this paragraph 4. Where any invoice does not conform to STA's requirements, as set out in this paragraph 4, STA may return the disputed invoice to the Supplier, in which case the Supplier shall promptly issue a replacement invoice that complies with this paragraph 4.

ANNEX 1 (Part 1, Schedule 7)- Pricing Summary and ANNEX 1a (Part 1, Schedule 7)- Set-Up Milestone Payments



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ANNEX 2 (Part 1, Schedule 7) - Contract Inception Report



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SCHEDULE 7 PART 2: PAYMENT ON TERMINATION

1. Definitions

For the purposes of this Part 2 of Schedule 7, the following capitalised terms shall have the meanings set out below:

"Applicable Personnel"	Supplier	<p>means:</p> <p>any Supplier Personnel who:</p> <p>(a) at the effective date of a Termination Notice:</p> <p>(i) are employees of the Supplier;</p> <p>(ii) are Dedicated Supplier Personnel;</p> <p>(iii) have not transferred (and are not in scope to transfer at a later date) to STA or the Successor Operator by virtue of the Employment Regulations; and</p> <p>(b) are dismissed or given notice of dismissal by the Supplier within:</p> <p>(i) 40 Business Days of the effective date of a Termination Notice; or</p> <p>(ii) such longer period required by Law, their employment contract (as at the effective date of a Termination Notice) or an applicable collective agreement; and</p> <p>(c) have not resigned or given notice of resignation prior to the date of their dismissal by the Supplier; and</p> <p>(d) the Supplier can demonstrate to the satisfaction of STA:</p> <p>(i) are surplus to the Supplier's requirements after the effective date of a Termination Notice notwithstanding its obligation to provide services to its other customers;</p> <p>(ii) are genuinely being dismissed for reasons of redundancy; and</p> <p>(iii) have been selected for redundancy by the Supplier on objective grounds other than the fact that the Supplier is entitled to reimbursement under this provision in respect of such employees;</p>
"Contract Costs"	Breakage	means the amounts payable by the Supplier to its Key Subcontractors or other third parties (as applicable) for terminating all relevant sub-contracts with its Key Subcontractors and Supplier Agreements as a direct result of the early termination of this Agreement;
"Dedicated Personnel"	Supplier	means all Supplier Personnel then assigned to the Services or any part of the Services. If the Supplier is unsure as to whether

	Supplier Personnel are or should be regarded as so assigned, it shall consult with STA whose view shall be determinative provided that the employee has been materially involved in the provision of the Services or any part of the Services;
"Expenditure Already Incurred"	has the meaning given in paragraph 2.11
"Profit Already Paid"	means the Supplier Profit paid or payable to the Supplier under this Agreement for the period from the Effective Date up to (and including) the effective date of a Termination Notice;
"Redundancy Costs"	<p>the total sum of any of the following sums paid to Applicable Supplier Personnel, each amount apportioned between the Supplier and the STA based on the time spent by such employee on the Services as a proportion of the total Service duration:</p> <p>(a) any statutory redundancy payment; and</p> <p>(b) in respect of an employee who was a Transferring Former Supplier Employee, any contractual redundancy payment (or where such a contractual benefit on redundancy is a benefit payable from a pension scheme, the increase in cost to the Supplier as a net present value compared to the benefit payable on termination of employment without redundancy), provided that such employee was entitled to such contractual redundancy payment immediately prior to his or her transfer to the Supplier under the Employment Regulations;</p>
"Request for Estimate"	a written request sent by STA to the Supplier, requiring that the Supplier provide it with an accurate estimate, as at the effective date of the relevant Termination Notice, of the Termination Payment that would be payable if STA exercised its right to terminate or suspend the Agreement under Clauses 39.1 (Termination by STA – Convenience) and 39.2 (Termination/Suspension by STA – Boycott);
"Supplier Breakage Costs"	an amount equal to the sum of the Redundancy Costs, the Contract Breakage Cost, Supplier's loss of profit and Expenditure Already Incurred as at the effective date of a Termination Notice as determined in accordance with paragraph 2;
"Supplier Profit"	means in relation to a Test Cycle (as the context requires) the difference between the total Charges (in nominal cash flow terms but excluding any Deductions) and total Costs (in nominal cash flow terms) for the relevant period or in relation to the relevant Key Milestone;

2. Supplier Breakage Costs

2.1 The Supplier may recover through Supplier Breakage Costs only those costs incurred by the Supplier directly as a result of the termination or suspension of this Agreement pursuant to Clause 39.1 (Termination by STA – Convenience), Clause 39.2 (Termination/Suspension by STA – Boycott) or Clause 39.6.1 (Termination by the Supplier – Default) which:

- (a) would not have been incurred had this Agreement continued until expiry of the Expected Term, or in the event that the Term has been extended, the expiry of any period of extension;

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- (b) are unavoidable, proven, reasonable, and not capable of recovery from those to whom they have been paid to;
- (c) are incurred under arrangements or agreements that are directly associated with this Agreement;
- (d) are not Contract Breakage Costs relating to contracts or sub-contracts with Group Companies of the Supplier; and
- (e) relate directly to the termination or suspension of the Services.

Limitation on Supplier Breakage Costs

- 2.2 Subject always to Clause 35.6 (Limitations of Liability), the Supplier Breakage Costs shall not exceed 120% of the estimate for the Supplier Breakage Costs set out in any relevant Termination Estimate.

Redundancy Costs

- 2.3 The STA shall not be liable under this Part 2 of Schedule 7 for any costs associated with Supplier Personnel (whether relating to redundancy, redeployment or otherwise) other than the Redundancy Costs.
- 2.4 Where the Supplier can demonstrate that a member of the Supplier Personnel will be made redundant following termination of this Agreement, but redeployment of such person is possible and would offer value for money to STA when compared with redundancy, then the STA shall pay the Supplier the actual direct costs incurred by the Supplier or its Subcontractor arising out of the redeployment of such person (including retraining and relocation costs) subject to a maximum amount of [REDACTED] per relevant member of the Supplier Personnel.

Contract Breakage Costs

- 2.5 The Supplier shall be entitled to Contract Breakage Costs only in respect of Supplier Agreements or sub-contracts which:
- (a) are not assigned or novated to STA in accordance with Schedule 9 (Exit Management Plan); and
 - (b) the Supplier can demonstrate:
 - (i) are surplus to the Supplier's requirements after the effective date of any Termination Notice, whether in relation to use internally within its business or in providing services to any of its other customers; and
 - (ii) have been entered into by it in the ordinary course of business.
- 2.6 The Supplier shall seek to negotiate termination of any Supplier Agreements or sub-contracts with the relevant third party or Subcontractor (as the case may be) using all reasonable endeavours to minimise the cancellation or termination charges.
- 2.7 Except with the prior written agreement of STA, STA shall not be liable for any costs (including cancellation or termination charges) that the Supplier is obliged to pay in respect of:
- (a) the termination of any contractual arrangements for occupation of, support of and/or services provided for Supplier premises which may arise as a consequence of the termination of this Agreement; and/or
 - (b) Supplier Assets not yet installed at the effective date of a Termination Notice.

Loss of profit

- 2.8 In the event of termination or suspension of this Agreement by STA pursuant to Clause 39.1 (Termination by STA – Convenience), Clause 39.2 (Termination/Suspension by STA – Boycott) or

Clause 39.6.1 (Termination by the Supplier – Default), the Supplier shall be entitled, as part of the Supplier Breakage Costs, to the Supplier Profit that would have been earned from the date of termination or suspension to the end of the Test Cycle following the Test Cycle in which the termination occurs.

- 2.9 For the avoidance of doubt, Supplier's loss of profit shall not include any Profit Already Paid.
- 2.10 The Parties agree that the Supplier's loss of profit for the purpose of determining the Supplier's Breakage costs shall not constitute an "Indirect Loss" for the purpose of the definition of Indirect Losses in this Agreement;

Expenditure Already Incurred

- 2.11 Subject to the provisions of paragraph 2.7(b), the Supplier shall also be entitled as part of the Supplier Breakage Costs to reimbursement for any reasonable external expenditure already incurred in anticipation of the provision of Services.

3. Mitigation of Contract Breakage Costs, Redundancy Costs, Loss of Profit and Expenditure Already Incurred

- 3.1 The Supplier agrees to use all reasonable endeavours to minimise and mitigate Contract Breakage Costs, Redundancy Cost, Supplier's loss of profit and Expenditure Already Incurred by:

- (a) the appropriation of Supplier Assets, employees and resources for other purposes;
- (b) at the STA's request, assigning any Supplier Agreements and sub- contracts to STA or a third party acting on behalf of STA; and
- (c) in relation Third Party Contracts and sub-contracts that are not to be assigned or novated to STA or to another third party, terminating those contracts at the earliest possible date without breach or where contractually permitted.

- 3.2 If Supplier Assets, employees and resources can be used by the Supplier for other purposes, then there shall be an equitable reduction in the Supplier Breakage Costs, Redundancy Costs and Unrecovered Costs payable to the Supplier by STA or a third party. In the event of any Dispute arising over whether the Supplier can use any Supplier Assets, employees and/or resources for other purposes and/or over the amount of the relevant equitable reduction, the Dispute shall be referred the Dispute Resolution Procedure.

4. Invoicing For Payments on Termination

- 4.1 All sums due under this Part 2 of Schedule 7 shall be payable by STA to the Supplier in accordance with the payment terms set out in Part 1 (Payment and Pricing) of Schedule 7 (Financial Matters).

5. No Double Recovery

- 5.1 If any amount payable under this Part 2 of Schedule 7 (in whole or in part) relates to or arises from any transferring assets then, to the extent that the STA makes any payments pursuant to Schedule 9 (Exit Management Plan) in respect of such transferring assets, such payments shall be deducted from the amount payable pursuant to this Part 2 of Schedule 7.

- 5.2 The value of any payment for termination shall be reduced or extinguished to the extent that the Supplier has already received the Charges or the financial benefit of any other rights or remedy given under this Agreement so that there is no double counting in calculating the relevant payment.

- 5.3 Any payments that are due in respect of any transferring assets shall be calculated in accordance with the provisions of Schedule 9 (Exit Management Plan).

6. Estimate of Termination Payment

- 6.1 STA may issue a Request for Estimate at any time during the Term provided that no more than 2 Requests for Estimate may be issued in any 6 month period.
- 6.2 The Supplier shall within 20 Business Days of receiving the Request for Estimate (or such other timescale agreed between the Parties), provide an accurate written estimate of the payment for termination and the loss of profit that would be payable by STA based on a postulated effective date of a Termination Notice specified in the Request for Estimate (such estimate being the "**Termination Estimate**"). The Termination Estimate shall:
- (a) be based on the relevant amounts set out in the Financial Model;
 - (b) include:
 - (i) details of the mechanism by which the payment for Termination is calculated;
 - (ii) full particulars of the estimated Contract Breakage Costs in respect of each sub-contract or Supplier Agreement and appropriate supporting documentation; and
 - (iii) such information as the STA may reasonably require; and
 - (c) state the period for which that Termination Estimate remains valid, which shall be not less than 20 Business Days.
- 6.3 The Supplier acknowledges that issue of a Request for Estimate shall not be construed in any way as to represent an intention by STA to terminate this Agreement.
- 6.4 If STA issues a Termination Notice to the Supplier within the stated period for which a Termination Estimate remains valid, the Supplier shall use the same mechanism to calculate payment for termination as was detailed in the Termination Estimate unless otherwise agreed in writing between the Supplier and STA.
7. **Partial Termination**
- 7.1 In the event of Partial Termination or suspension of part of the Services the Supplier Breakage Costs shall be determined in accordance with the provisions of Clauses 39.1.2.5 (Termination by STA – Convenience) and 39.2.4.5 (Termination/Suspension by STA – Boycott).

ANNEX 1 (Part 2, Schedule 7) -

Maximum Payments on Termination

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SCHEDULE 7 PART 3: FINANCIAL DISTRESS

1. Definitions

For the purposes of this Part 3 of Schedule 7, the following capitalised terms shall have the meanings set out below:

"Credit Rating Level" means a credit rating level as specified in Annex 2;

"Credit Rating Threshold" means the minimum Credit Rating Level for the Supplier as set out in Annex 3; and

"Rating Agencies" the rating agencies listed in Annex 1 to this Schedule 7 Part 3.

2. Credit Rating and Duty To Notify

2.1 The Supplier warrants and represents to STA for the benefit of STA that as at the Effective Date the long term credit ratings issued for the Supplier by each of the Rating Agencies are as set out in Annex 3.

2.2 The Supplier shall promptly notify (or shall procure that its auditors promptly notify) STA in writing if there is any downgrade in the credit rating issued by any Rating Agency for the Supplier (and in any event within 5 Business Days of the occurrence of the downgrade).

2.3 If there is any downgrade credit rating issued by any Rating Agency for the Supplier, the Supplier shall ensure that the Supplier's auditors thereafter provide STA within 10 Business Days of the end of each Contract Year and within 10 Business Days of written request by STA (such requests not to exceed 4 in any Contract Year) with written calculations of the quick ratio for the Supplier as at the end of each Contract Year or such other date as may be requested by STA. For these purposes the "quick ratio" on any date means:

where:

A is the value at the relevant date of all cash in hand and at the bank of the Supplier;

B is the value of all marketable securities held by the Supplier determined using closing prices on the Business Day preceding the relevant date;

C is the value at the relevant date of all account receivables of the Supplier; and

D is the value at the relevant date of the current liabilities of the Supplier.

2.4 The Supplier shall:

(a) regularly monitor the credit ratings of the Supplier; and

(b) promptly notify (or shall procure that its auditors promptly notify) STA in writing following the occurrence of a Financial Distress Event or any fact, circumstance or matter which could cause a Financial Distress Event (and in any event, ensure that such notification is made within 10 Business Days of the date on which the Supplier first becomes aware of the Financial Distress Event or the fact, circumstance or matter which could cause a Financial Distress Event).

2.5 For the purposes of determining whether a Financial Distress Event has occurred pursuant to the provisions of paragraph 3.1(a), the credit rating of the Supplier shall be deemed to have dropped below the applicable Credit Rating Threshold if any of the Rating Agencies have rated the Supplier at or below the applicable Credit Rating Level.

2.6 Subject to compliance with the Supplier's regulatory and legal requirements, the Supplier shall deliver to STA if demanded:

- (a) all financial information (including covenant certificates) that the Supplier is required to deliver to its lenders within the time period allowed by those lenders for doing so; and
- (b) the annual accounts of the Supplier as soon as they are available and in any event within 20 Business Days from publication in each calendar year during the Term.

3. Consequences of a Financial Distress Event

3.1 In the event of:

- (a) the credit rating of the Supplier dropping below the applicable Credit Rating Threshold;
- (b) the Supplier issuing a profits warning to a stock exchange or making any other public announcement, in each case about a material deterioration in its financial position or prospects;
- (c) there being a public investigation into improper financial accounting and reporting, suspected fraud or any other impropriety of the Supplier;
- (d) the Supplier committing a material breach of covenant to its lenders;
- (e) a Key Subcontractor notifying STA that the Supplier has not satisfied any material sums properly due under a specified invoice and not subject to a genuine dispute;
- (f) any material adverse change to the Supplier's financial standing, including any proposed changes of control or changes to its group structure, mergers or acquisitions which could reasonably be considered directly to impact adversely on the performance and delivery of the Services; or
- (g) any of the following:
 - (i) commencement of any litigation against the Supplier with respect to financial indebtedness greater than [REDACTED] or obligations under a service contract with a total contract value greater than [REDACTED];
 - (ii) non-payment by the Supplier of any financial indebtedness;
 - (iii) any financial indebtedness of the Supplier becoming due as a result of an event of default; or
 - (iv) the cancellation or suspension of any financial indebtedness in respect of the Supplier, in each case which STA reasonably believes (or would be likely reasonably to believe) could directly impact on the continued performance and delivery of the Services in accordance with this Agreement;

then, immediately upon notification of the Financial Distress Event (or if STA becomes aware of the Financial Distress Event without notification and brings the event to the attention of the Supplier), the Supplier shall have the obligations and STA shall have the rights and remedies as set out in paragraphs 3.3. to 3.6.

3.2 In the event of a late or non-payment of a Key Subcontractor pursuant to paragraph 3.1(e), STA shall not exercise any of its rights or remedies under paragraph 3.3. without first giving the Supplier 10 Business Days to:

- (a) (rectify such late or non-payment; or
- (b) demonstrate to STA's reasonable satisfaction that there is a valid reason for late or non-payment.

3.3 The Supplier shall:

- (a) at the request of STA, meet STA as soon as reasonably practicable (and in any event within 3 Business Days of the initial notification (or awareness) of the Financial Distress Event or such other period as STA may permit and notify to the Supplier in writing) to review the effect of the Financial Distress Event on the continued performance and delivery of the Services in accordance with this Agreement; and
 - (b) where STA reasonably believes (taking into account the discussions and any representations made under paragraph 3.3(a) that the Financial Distress Event could impact on the continued performance and delivery of the Services in accordance with this Agreement:
 - (i) submit to STA for its approval, a draft Financial Distress Service Continuity Plan as soon as reasonably practicable (and in any event, within 10 Business Days of the initial notification (or awareness) of the Financial Distress Event or such other period as STA may permit and notify to the Supplier in writing); and
 - (ii) subject to compliance with the Supplier's regulatory and legal requirements, provide such financial information relating to the Supplier as STA may reasonably require.
- 3.4 STA shall not withhold its approval of a draft Financial Distress Service Continuity Plan unreasonably. If STA does not approve the draft Financial Distress Service Continuity Plan, it shall inform the Supplier of its reasons and the Supplier shall take those reasons into account in the preparation of a further draft Financial Distress Service Continuity Plan, which shall be resubmitted to STA within 5 Business Days of the rejection of the first draft. This process shall be repeated until the Financial Distress Service Continuity Plan is approved by STA or referred to the Document Dispute Resolution Procedure pursuant to paragraph 3.5.
- 3.5 If STA considers that the draft Financial Distress Service Continuity Plan is insufficiently detailed to be properly evaluated, will take too long to complete or will not ensure the continued performance of the Supplier's obligations in accordance with the Agreement or in relation to where paragraph 3.7 applies, STA is of the view (acting reasonably) that such additional monitoring would not suffice for the purpose then it may either agree a further time period for the development and agreement of the Financial Distress Service Continuity Plan or escalate any issues with the draft Financial Distress Service Continuity Plan using the Document Dispute Resolution Procedure.
- 3.6 Following approval of the Financial Distress Service Continuity Plan by STA, the Supplier shall:
- (a) on a regular basis (which shall not be less than monthly), review the Financial Distress Service Continuity Plan and assess whether it remains adequate and up to date to ensure the continued performance and delivery of the Services in accordance with this Agreement;
 - (b) where the Financial Distress Service Continuity Plan is not adequate or up to date in accordance with paragraph 3.6(a), submit an updated Financial Distress Service Continuity Plan to STA for its approval, and the provisions of paragraphs 3.4. and 3.5. shall apply to the review and approval process for the updated Financial Distress Service Continuity Plan; and
 - (c) comply with the Financial Distress Service Continuity Plan (including any updated Financial Distress Service Continuity Plan).
- 3.7 Following its receipt of the Financial Distress Service Continuity Plan pursuant to paragraph 3.3 (b)(i), STA may (acting reasonably), in addition to any other rights that it may have under this paragraph 3, notify the Supplier that it is increasing its monitoring pursuant to Schedule 6 (Governance, Service Management and Performance Management) and STA and the Supplier acknowledge and agree that the provisions of Schedule 6 shall apply accordingly.

Where the Supplier reasonably believes that the relevant Financial Distress Event under paragraph 3.1 (or the circumstance or matter which has caused or otherwise led to it) no longer exists, it shall

notify STA and the Parties may agree that the Supplier shall be relieved of its obligations under paragraph 3.6.

4. Termination Rights

4.1 STA shall be entitled to terminate this Agreement under Clause 39.3.2.8 (Termination by STA-Default) if:

- (a) the Supplier fails to notify STA of a Financial Distress Event in accordance with paragraph 2.4(b) provided that in this instance, STA's right to terminate shall be subject to Clause 39.3.4 (Termination by STA – Default);
- (b) the Parties fail to agree a Financial Distress Service Continuity Plan (or any updated Financial Distress Service Continuity Plan) in accordance with paragraphs 3.3. to 3.5.; and/or
- (c) the Supplier fails to comply with the terms of the Financial Distress Service Continuity Plan (or any updated Financial Distress Service Continuity Plan) in accordance with paragraph 3.6.(c).

5. Primacy of Credit Ratings

5.1 Without prejudice to the Supplier's obligations and STA's rights and remedies under paragraph 2., if, following the occurrence of a Financial Distress Event pursuant to any of paragraphs 3.1.(b) to 3.1.(f), the Rating Agencies review and report subsequently that the credit ratings do not drop below the relevant Credit Rating Threshold, then:

- (a) the Supplier shall be relieved automatically of its obligations under paragraphs 3.3. to 3.6.; and
- (b) STA shall not be entitled to require the Supplier to provide financial information in accordance with paragraph 3.3.(b)(ii).

ANNEX 1 (Part 3, Schedule 7)- Rating Agencies

Rating Agency: Equifax Limited, a company authorised and regulated by the Financial Conduct Authority

Registration number: 2425920

Registered Office: Capital House, 25 Chapel Street, London NW1 5DS.

ANNEX 2 (Part 3, Schedule 7)- Credit Rating Levels

STA will use the Equifax Limited Score Check Risk Indicators to assess the Credit Rating Level of the Supplier which are as follows:

Very Good Score (A+ = 95 to 100; A= 85 to 94; A- = 80 to 84)

Good Score (B+ =75 to 79; B = 70 to 74;B- = 65 to 69)

Higher than Average Score (C+ = 60 to 64; C = 55 to 59; C- =50 to 54)

Average Score (D+ = 45 to 49; D = 40 to 44; D- = 35 -39)

Lower than Average Score (E+ = 30 to 34; E = 25 to 39; E- = 20 to 24)

Low Score (F+ = 15 to 19; F = 5 to 14; F- = 0 to 4)

ANNEX 3 (Part 3, Schedule 7) - Credit Rating and Credit Rating Thresholds

ENTITY	CREDIT RATING (LONG TERM) (BASED ON EQUIFAX LIMITED SCORE CHECK RISK INDICATORS)	CREDIT RATING THRESHOLD (BASED ON EQUIFAX LIMITED SCORE CHECK RISK INDICATORS)
Supplier	A	Higher than Average Score (ranging from C+ to C-) (C+ = 60 to 64; C = 55 to 59; C- =50 to 54)

RW

SCHEDULE 7 PART 4: FINANCIAL REPORTS AND AUDIT RIGHTS

1. Definitions

For the purposes of this Part 4 of Schedule 7, the following capitalised terms shall have the meanings set out below:

"Annual Contract Report" means the annual contract report to be provided by the Supplier to STA pursuant to Paragraph 1 of Part B;

"Audit Agents" means:

- (a) STA's internal and external auditors;
- (b) STA's statutory or regulatory auditors;
- (c) the Comptroller and Auditor General, their staff and/or any appointed representatives of the National Audit Office;
- (d) HM Treasury or the Cabinet Office;
- (e) any party formally appointed by STA to carry out audit or similar review functions; and
- (f) successors or assigns of any of the above;

"Contract Amendment Report" means the contract amendment report to be provided by the Supplier to STA pursuant to paragraph 1 of Part B;

"Costs" means the following costs (without double recovery) to the extent that they are reasonably and properly incurred by the Supplier in providing the Services:

- (a) the cost to the Supplier or the Key Sub-contractor (as the context requires), calculated per Man Day, of engaging the Supplier Personnel, including:
 - (i) base salary paid to the Supplier Personnel;
 - (ii) employer's national insurance contributions;
 - (iii) pension contributions;
 - (iv) car allowances; and
 - (v) any other contractual employment benefits;
 - (vi) staff training;
 - (vii) work place accommodation;
 - (viii) work place IT equipment and tools reasonably necessary to perform the services (but not including items included within limb (b) below); and
 - (ix) reasonable recruitment costs, as agreed with the STA;
- (b) costs incurred in respect of those Supplier Assets which are detailed in the Exit Information Document pursuant to Clause 40.1.4 of this Agreement and which would be treated as capital costs according to generally accepted accounting principles within the UK, which shall include the cost to be charged in respect of Supplier Assets by the Supplier to the STA or (to the extent that risk and title in any Asset is not held by the Supplier) any cost actually incurred by the Supplier in respect of those Supplier Assets;
- (c) operational costs which are not included within (a) or (b) above, to the extent that such costs are necessary and properly incurred by the Supplier in the delivery of the Services;
- (d) Reimbursable Expenses to the extent these are incurred in delivering any Services but excluding:
 - (i) Overhead;
 - (ii) financing or similar costs;

- (iii) maintenance and support costs to the extent that these relate to maintenance and/or support services provided beyond the Term, whether in relation to Supplier Assets or otherwise;
- (iv) taxation;
- (v) fines and penalties;
- (vi) amounts payable under Schedule 25 (Benchmarking); and
- (vii) non-cash items (including depreciation, amortisation, impairments and movements in provisions);

"Deduction" means all Service Credits, Delay Credits or any other deduction which is paid or payable to the STA under this Agreement;

"Final Reconciliation Report" means the final reconciliation report to be provided by the Supplier to STA pursuant to paragraph 1 of Part B;

"Financial Model" means the Contract Inception Report, the latest Annual Contract Report or the latest Contract Amendment Report, whichever has been most recently approved by STA in accordance with paragraph 2 of Part B;

"Financial Reports" means the Contract Inception Report and the reports listed in the table in paragraph 1.1 of Part B;

"Financial Representative" means a reasonably skilled and experienced member of the Supplier's staff who has specific responsibility for preparing, maintaining, facilitating access to, discussing and explaining the Open Book Data and Financial Reports;

"Financial Transparency Objectives" has the meaning given in paragraph 1 of Part A;

"Man Day" means 7.5 man hours (being the hours spent by the Supplier Personnel properly working on the Services including time spent travelling (other than to and from the Supplier's offices, or to and from the Sites) but excluding lunch breaks) whether or not such hours are worked consecutively and whether or not they are worked on the same day;

"Material Change" means a Change which:

- (a) materially changes the profile of the Charges;

or

- (b) varies the total Charges payable during the Term (as forecast in the latest Financial Model) by:

- (i) [REDACTED] or more; or
- (ii) [REDACTED] or more;

"Open Book Data" means complete and accurate financial and non-financial information which is sufficient to enable STA to verify the Charges already paid or payable and Charges forecast to be paid during the remainder of the Term, including details and all assumptions relating to:

- (a) the Supplier's Costs broken down against each Service and/or deliverable, including actual capital expenditure (including capital replacement costs) and the unit cost and total actual costs of all hardware and software;
- (b) operating expenditure relating to the provision of the Services including an analysis showing:
 - (i) the unit costs and quantity of consumables and bought-in services;
 - (ii) manpower resources broken down into the number and grade/role of all Supplier Personnel (free of any contingency) together with a list of agreed rates against each manpower grade;
 - (iii) a list of Costs underpinning those rates for each manpower grade, being the agreed rate less the Supplier's Profit Margin; and
 - (iv) Reimbursable Expenses;

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- (c) Overheads;
- (d) all interest, expenses and any other third party financing costs incurred in relation to the provision of the Services;
- (e) the Supplier Profit achieved over the Term and on an annual basis;
- (f) confirmation that all methods of Cost apportionment and Overhead allocation are consistent with and not more onerous than such methods applied generally by the Supplier;
- (g) an explanation of the type and value of risk and contingencies associated with the provision of the Services, including the amount of money attributed to each risk and/or contingency; and
- (h) the actual Costs profile for each Test Cycle;

"Overhead" means those amounts which are intended to recover a proportion of the Supplier's or the Key Sub-contractor's (as the context requires) indirect corporate costs (including financing, marketing, advertising, research and development and insurance costs and any fines or penalties) but excluding allowable indirect costs apportioned to facilities and administration in the provision of Supplier Personnel and accordingly included within limb (a) of the definition of "Costs";

"Quarterly Contract Report" means the report to be provided by the Supplier to STA as described in the table at paragraph 1.1 (B) of Part B (Financial Reports);

"Reimbursable Expenses" means reasonable out of pocket travel and subsistence (for example, hotel and food) expenses, properly and necessarily incurred in the performance of the Services, calculated at the rates and in accordance with the STA's expenses policy current from time to time, but not including:

- (a) travel expenses incurred as a result of Supplier Personnel travelling to and from their usual place of work, or to and from the premises at which the Services are principally to be performed, unless the STA otherwise agrees in advance in writing; and
- (b) subsistence expenses incurred by Supplier Personnel whilst performing the Services at their usual place of work, or to and from the premises at which the Services are principally to be performed;

"Supplier Profit Margin" means in relation to a Test Cycle (as the context requires), the Supplier Profit for the Test Cycle divided by the total Charges over the Test Cycle and expressed as a percentage;

PART A

Financial Transparency Objectives and Open Book Data

1. FINANCIAL TRANSPARENCY OBJECTIVES

The Supplier acknowledges that the provisions of this Part 4 of Schedule 7 are designed (interalia) to facilitate, and the Supplier shall co-operate with STA in order to achieve, the following objectives:

Understanding the Charges

- (a) for STA to understand any payment sought from it by the Supplier including an analysis of the Costs, Overhead recoveries (where relevant), time spent by Supplier Personnel in providing the Services and the Supplier Profit Margin;
- (b) for both Parties to be able to understand the Financial Model and Cost forecasts and to have confidence that these are based on justifiable numbers and appropriate forecasting techniques;

Agreeing the impact of Change

- (c) [NOT USED]
- (d) for both Parties to agree the quantitative impact of any Changes that affect ongoing costs and to identify how these could be mitigated and/or reflected in the Charges;
- (e) for both Parties to be able to review, address issues with and re-forecast progress in relation to the provision of the Services;

Continuous improvement

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

2. OPEN BOOK DATA

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

2.2 During the Term, and for a period of 6 years following the end of the Term, the Supplier shall:

- (a) save with STA's prior express and specific consent to the contrary, maintain and retain the Open Book Data; and
- (b) where Open Book Data is maintained and retained, disclose and allow STA and/or the Audit Agents access to the Open Book Data.

PART B

Financial Reports

1. PROVISION OF THE FINANCIAL REPORTS

1.1 The Supplier shall provide:

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

Financial Report	When to be provided
Contract Amendment Report	Within 1 month of a Material Change being agreed between the Supplier and STA
Quarterly Contract Report	4 months from the Effective Date and thereafter at the end of every period of 3 consecutive months
Annual Contract Report	Within 1 month of the end of the Contract Year to which that report relates
Final Reconciliation Report	Within 6 months after the end of the Term

- 1.2 The Supplier shall provide to STA the Financial Reports in the same software package (Microsoft Excel or Microsoft Word), layout and format as the blank templates which have been issued by STA to the Supplier on or before the Effective Date for the purposes of this Agreement. STA shall be entitled to modify the template for any Financial Report by giving written notice to the Supplier, including a copy of the updated template.
- 1.3 A copy of each Financial Report shall be held by both STA and the Supplier. If there is a Dispute regarding a Financial Report, STA's copy of the relevant Financial Report shall be authoritative.
- 1.4 Each Financial Report shall:
- (a) be completed by the Supplier using reasonable skill and care;
 - (b) incorporate and use the same defined terms as are used in this Agreement;
 - (c) quote all monetary values in pounds sterling;
 - (d) quote all Costs as exclusive of any VAT; and
 - (e) quote all Costs and Charges based on current prices.
- 1.5 Each Annual Contract Report and the Final Reconciliation Report shall be certified by the Supplier's Chief Financial Officer or Director of Finance (or equivalent as agreed in writing by STA in advance of issue of the relevant Financial Report), acting with express authority, as:
- (a) being accurate and not misleading;
 - (b) having been prepared in conformity with generally accepted accounting principles within the United Kingdom;
 - (c) being a true and fair reflection of the information included within the Supplier's management and statutory accounts; and
 - (d) compliant with the requirements of paragraph 1.6.
- 1.6 The Supplier shall:
- (a) prepare each Financial Report using the same methodology as that used for the Contract Inception Report;
 - (b) ensure that each Annual Contract Report and each Contract Amendment Report (if any) is a true and fair reflection of the Costs and Supplier Profit Margin forecast by the Supplier;
 - (c) the Final Reconciliation Report is a true and fair reflection of the Costs; and
 - (d) not have any other internal financial model in relation to the Services inconsistent with the Financial Model.

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1.7 During the Term, and for a period of 18 months following the end of the Term, the Supplier shall make available the Financial Representative at reasonable times and on reasonable notice to answer any queries that STA may have on any of the Financial Reports and/or Open Book Data.

1.8 If the Supplier becomes aware of the occurrence, or the likelihood of the future occurrence, of an event which will or may have a material effect on the following:

- (a) the Costs incurred (or those forecast to be incurred) by the Supplier; and/or
- (b) the forecast Charges for the remainder of the Term, the Supplier shall, as soon as practicable, notify STA in writing of the event in question detailing the actual or anticipated effect. For the avoidance of doubt, notifications provided in accordance with this Paragraph 1.8 shall not have the effect of amending any provisions of this Agreement.

2. FINANCIAL MODEL

2.1 Following the delivery by the Supplier of each Annual Contract Report and any Contract Amendment Report:

- (a) the Parties shall meet to discuss its contents within 10 Business Days of receipt (or such other period as the Parties shall agree). The Financial Representative shall attend the meeting;
- (b) the Supplier shall make appropriate Supplier Personnel and advisers available to discuss any variations between the relevant Financial Report and the Contract Inception Report or immediately preceding Annual Contract Report or Contract Amendment Report (as the case may be) and to explain such variations (with reference to supporting evidence) to the satisfaction of STA; and
- (c) STA shall either within 10 Business Days of the meeting referred to in paragraph 2.1(a) notify the Supplier that:
 - (i) the relevant Financial Report contains errors or omissions or that further explanations or supporting information is required, in which event the Supplier shall make any necessary modifications to the Financial Report and/or supply STA with such supporting evidence as is required to address STA's concerns within 10 Business Days of such notification and STA shall following receipt of such amended Financial Report and/or supporting information, approve or reject such Financial Report; or
 - (ii) STA has approved the relevant Financial Report.

2.2 Following approval by STA of the relevant Financial Report in accordance with paragraph 2.1(c), that version shall become, with effect from the date of such approval, the current approved version of the Financial Model for the purposes of this Agreement, a version of which shall be held by both STA and the Supplier. If there is a Dispute regarding a Financial Report, STA's copy of the relevant Financial Report shall be authoritative.

2.3 If the Parties are unable to reach agreement on any Financial Report within 30 Business Days of its receipt by STA, the matter shall be referred for determination in accordance with the Dispute Resolution Procedure.

3. DISCUSSION OF QUARTERLY CONTRACT REPORTS AND FINAL RECONCILIATION REPORT

3.1 Following the delivery by the Supplier of each Quarterly Contract Report, the Parties shall meet to discuss its contents within 10 Business Days of receipt (or such other period as the Parties shall agree). The Financial Representative shall attend the meeting.

3.2 Following the delivery by the Supplier of the Final Reconciliation Report, the Parties shall meet to discuss its contents within 10 Business Days of receipt (or such other period as the Parties shall agree). The Financial Representative shall attend the meeting.

4. KEY SUB-CONTRACTORS

4.1 The Supplier shall, if requested by STA, provide (or procure the provision of) a report or reports including the level of information set out in the Financial Reports in relation to the costs and expenses to be incurred by any of its Key Subcontractors.

- 4.2 Without prejudice to paragraph 1.1 of Part C of this Part 4 to Schedule 7, the Supplier shall:
- (a) be responsible for auditing the financial models/reports of its Key Subcontractors and for any associated costs and expenses incurred or forecast to be incurred; and
 - (b) on written request by STA, provide STA or procure that STA is provided with:
 - (i) full copies of audit reports for the Key Sub-contractors. The STA shall be entitled to rely on such audit reports; and
 - (ii) further explanation of, and supporting information in relation to, any audit reports provided.

PART C

Audit Rights

1. AUDIT RIGHTS

- 1.1 STA, acting by itself or through its Audit Agents, shall have the right during the Term and for a period of 18 months thereafter, to assess compliance by the Supplier and/or its Key Sub-contractors of the Supplier's obligations under this Agreement, including for the following purposes:
- (a) to verify the integrity and content of any Financial Report;
 - (b) to verify the accuracy of the Charges and any other amounts payable by STA under this Agreement (and proposed or actual variations to such Charges and payments);
 - (c) to verify the Costs (including the amounts paid to all Sub-contractors and any third party suppliers);
 - (d) to verify the Open Book Data;
 - (e) to verify the Supplier's and each Key Sub-contractor's compliance with this Agreement and applicable Law;
 - (f) to identify or investigate actual or suspected fraud, impropriety or accounting mistakes or any breach or threatened breach of security and in these circumstances STA shall have no obligation to inform the Supplier of the purpose or objective of its investigations;
 - (g) to identify or investigate any circumstances which may impact upon the financial stability of the Supplier and/or any Key Subcontractors or their ability to perform the Services;
 - (h) to obtain such information as is necessary to fulfil STA's obligations to supply information for parliamentary, ministerial, judicial or administrative purposes including the supply of information to the Comptroller and Auditor General;
 - (i) to review any books of account and the internal contract management accounts kept by the Supplier in connection with this Agreement;
 - (j) to carry out STA's internal and statutory audits and to prepare, examine and/or certify STA's annual and interim reports and accounts;
 - (k) to enable the National Audit Office to carry out an examination pursuant to Section 6(1) of the National Audit Act 1983 of the economy, efficiency and effectiveness with which STA has used its resources;
 - (l) to verify the accuracy and completeness of any Management Information delivered or required by this Agreement;

- (m) to review any Performance Monitoring Reports and/or other records relating to the Supplier's performance of the Services and to verify that these reflect the Supplier's own internal reports and records;
- (n) to inspect the System (or any part of it) and the wider service delivery environment (or any part of it);
- (o) to review the accuracy and completeness of the Exit Information Document and any Marker Register;
- (p) to review any records created during the design and development of the System and pre-operational environment such as information relating to the testing of the System;
- (q) to review the Supplier's quality management systems;
- (r) to review the Supplier's compliance with Schedule 24 (Standards);
- (s) to inspect STA assets, including STA's IPRs, equipment and facilities, for the purposes of ensuring that STA assets are secure and that any register of assets is up to date; and/or
- (t) to review the integrity, confidentiality and security of STA Data.

1.2 Except where an audit is imposed on STA by a regulatory body or where STA has reasonable grounds for believing that the Supplier has not complied with its obligations under this Agreement, STA may not conduct an audit of the Supplier or of the same Key Sub-contractor more than twice in any Contract Year.

1.3 Nothing in this Agreement shall prevent or restrict the rights of the Comptroller and/or Auditor General and/or their representatives from carrying out an audit, examination or investigation of the Supplier and/or any of the Key Sub-contractors for the purposes of and pursuant to applicable Law.

2. CONDUCT OF AUDITS

2.1 STA shall during each audit comply with those security, sites, systems and facilities operating procedures of the Supplier that STA deems reasonable and use its reasonable endeavours to ensure that the conduct of each audit does not unreasonably disrupt the Supplier or delay the provision of the Services.

2.2 Subject to STA's obligations of confidentiality, the Supplier shall on demand provide STA and the Audit Agents with all reasonable cooperation and assistance (and shall procure such co-operation and assistance from its Sub-contractors) in relation to each audit, including:

- (a) all information requested by STA within the permitted scope of the audit;
- (b) reasonable access to any Sites and to any equipment used (whether exclusively or non-exclusively) in the performance of the Services;
- (c) access to the System; and
- (d) access to Supplier Personnel.

2.3 The Supplier shall implement all measurement and monitoring tools and procedures necessary to measure and report on the Supplier's performance of the Services against the applicable Key Performance Indicators at a level of detail sufficient to verify compliance with the Key Performance Indicators.

2.4 STA shall endeavour to (but is not obliged to) provide at least 15 Business Days' notice of its intention to conduct an audit.

2.5 The Parties agree that they shall bear their own respective costs and expenses incurred in respect of compliance with their obligations under this paragraph 2, unless the audit identifies a material Default by the Supplier in which case the Supplier shall reimburse STA for all STA's reasonable costs incurred in connection with the audit.

3. USE OF SUPPLIER'S INTERNAL AUDIT TEAM

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

4. RESPONSE TO AUDITS

- 4.1** If an audit undertaken pursuant to paragraphs 1. (Audit Rights) or 3. (Use of Supplier's Internal Audit Team) identifies that:
- (a) the Supplier has committed a Default, STA may (without prejudice to any rights and remedies STA may have) require the Supplier to correct such Default as soon as reasonably practicable in accordance with Clause 10.2 (Rectification);
 - (b) there is an error in a Financial Report, the Supplier shall promptly rectify the error;
 - (c) STA has overpaid any Charges, the Supplier shall pay to STA:
 - (i) the amount overpaid;
 - (ii) interest on the amount overpaid at the applicable rate under the Late Payment of Commercial Debts (Interest) Act 1998, accruing on a daily basis from the date of overpayment by STA up to the date of repayment by the Supplier; and
 - (iii) the reasonable costs incurred by STA in undertaking the audit,STA may exercise its right to deduct such amount from the Charges if it prefers; and
 - (d) STA has underpaid any Charges, the Supplier shall not be entitled to increase the Charges paid or payable by STA.

5. DOCUMENTS TO BE KEPT BY THE SUPPLIER

- 5.1** The documents to be kept by the Supplier referred to in Clause 38.1.1 (Retention of Documents) shall be as set out in Annex 1 to this Schedule 7 Part 4.

ANNEX 1 (Part 4, Schedule 7) - Documents To Be Kept By The Supplier

The documents to be kept by the Supplier as referred to in Clause 38.1.1 (Retention of Documents) are:

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



Standards
& Testing
Agency

TEST OPERATIONS SERVICES

Services Agreement for the Delivery of Test Operations Services

Volume 2

Schedules 8 to 12

SCHEDULE 8: CHANGE CONTROL PROCEDURE

1. DEFINITIONS

"STA's Change Manager"	the person appointed to that position by the STA from time to time and notified in writing to the Supplier or, if no person is notified, then the STA Relationship Manager shall carry out this role;
"Change Authorisation Note"	the form used by the Parties to set out the agreed Contract Change and which shall be substantially in the form of Annex C to this Schedule 8;
"Change Request"	a written request for a Contract Change which shall be substantially in the form of Annex A to this Schedule 8;
"Contract Change"	Any change to the Agreement.
"Contract Change Control Board"	means the body that is identified by the STA as responsible for assessing Change Requests;
"Change Communication"	any Change Request, Change Proposal, Change Authorisation Note or other communication sent or required to be sent pursuant to this Schedule 8;
"Supplier's Change Manager"	the person appointed to that position by the Supplier from time to time and notified in writing to the STA or, if no person is notified, the Supplier's Relationship Manager shall carry out this role;
"Fast-track Change"	any Contract Change which the Parties agree to expedite in accordance with paragraph 1.16 of this Schedule 8;
"Change Proposal"	an assessment of a Change Request substantially in the form of a proposal and summarised in the form shown at Annex B of this Schedule 8 (Contract Change Control Procedures);

GENERAL PRINCIPLES OF CHANGE CONTROL PROCEDURE

- 1.1 This Schedule 8 sets out the procedure for dealing with Contract Changes.
- 1.2 Under this Change Control Procedure:
 - 1.2.1 either Party may request a Contract Change which it shall initiate by issuing a Change Request in accordance with paragraph 1.8;
 - 1.2.2 unless this Agreement otherwise requires, the Supplier will assess and document the potential impact of a proposed Contract Change by STA in accordance with paragraph

- 1.10 and submit a Change Proposal to STA before the Contract Change can be approved and implemented;
- 1.2.3 STA shall have the right to request amendments to a Change Request, approve it or reject it in the manner set out in paragraph 1.16;
- 1.2.3 the Supplier shall have the right to reject a Change Request solely in accordance with paragraph 1.18;
- 1.2.4 save as otherwise provided for in this Agreement, no proposed Contract Change shall be implemented by the Supplier until such time as a Change Authorisation Note has been signed and issued by STA in accordance with paragraph 1.17; and
- 1.2.5 if the circumstances or nature of a proposed Contract Change mean that it is a Fast-Track Change then it shall be processed in accordance with paragraph 1.20.
- 1.3 To the extent that any Contract Change requires System Development Acceptance then the Parties shall in addition to complying with the provisions of this Schedule 8, follow the procedures set out in Clause 25 (System) of the Agreement.
- 1.4 Until such time as a Change Authorisation Note has been signed and issued by the STA in accordance with paragraph 1.17 then:
- 1.4.1 unless the STA expressly agrees otherwise in writing, the Supplier shall continue to supply the Services in accordance with the existing terms of the Agreement as if the proposed Contract Change did not apply; and
- 1.4.2 any discussions, negotiations or other communications which may take place between the STA and the Supplier in connection with any proposed Contract Change, including the submission of any Change Communications, shall be without prejudice to each Party's other rights under the Agreement.

COSTS

- 1.5 Subject to paragraph 1.7, each Party shall bear its own costs in relation to the preparation and agreement of each Change Request and Change Proposal.
- 1.6 All Contract Changes shall be calculated and charged in accordance with the principles set out in Part 1 (Payment and Pricing) of Schedule 7 (Financial Matters). The Supplier will only be entitled to increase the Charges if it can demonstrate in the Change Proposal that the proposed Contract Change requires additional resources and, in any event, any change to the Charges resulting from a Contract Change (whether the change will cause an increase or a decrease in the Charges) will be strictly proportionate to the increase or decrease in the level of resources required for the provision of the Services as amended by the Contract Change.
- 1.7 Both Parties' costs incurred in respect of any use of this Change Control Procedure as a result of any error or Default by the Supplier shall be borne by the Supplier.

CHANGE REQUEST

- 1.8 Either Party may issue a Change Request to the other Party at any time during the Term. The Change Request shall be substantially in the form of Annex A to this Schedule 8 and will state whether the Party issuing the Change Request considers the proposed Contract Change to be a Fast-track Change.
- 1.9 If the Supplier issues a Change Request, then it shall also provide a Change Proposal to STA as soon as is reasonably practicable but in any event within ten (10) Business Days of the date of receiving the Change Request.
- 1.10 The Supplier shall provide a Change Proposal to the STA as soon as is reasonably practicable but in any event within ten (10) Business Days of the date of receiving the Change Request from STA (unless another timescale is agreed by STA acting reasonably) **provided that** if the Supplier requires any clarifications in relation to the Change Request before it can provide the Change Proposal, then the Supplier shall promptly notify STA and the time period within the Supplier shall provide a Change Proposal shall be extended by the time taken by the STA to provide such clarifications. STA shall respond to the request for clarifications as soon as is reasonably practicable and the Supplier shall provide STA with sufficient information to enable it to understand fully the nature of the request for clarification.

CHANGE PROPOSAL

- 1.11 Each Change Proposal shall be completed in good faith and shall include (without limitation):
- (a) details of the proposed Contract Change including the reason for the Contract Change; and
 - (b) details of the potential impact of the proposed Contract Change on the Services and the potential impact on the Supplier's ability to meet any of its other obligations under the Agreement as a result of the proposed Contract Change. It shall also include any variation to the terms of the Agreement that will be required as a result of such potential impact. This shall include without limitation changes to:
 - (i) the Supplier's Solution, any Product Description and the Service Levels;
 - (ii) the Clauses of the Agreement, Schedules to the Agreement and Dependencies;
 - (iii) the Key Milestones, Milestone Dates, Operational Delivery Plan and any other timetable previously agreed by the Parties; or
 - (iv) other services provided by third party Suppliers to STA which affect the Services, including any changes required by the proposed Contract Change to STA Software; and

- (c) a detailed, breakdown of the cost of implementing the proposed Contract Change; and
 - (d) details of the ongoing costs required by the proposed Contract Changes when implemented, including any increase or decrease in the Charges, any alteration in the resources and/or expenditure required by either Party and any alteration to the working practices of either Party that will occur as the result of the Contract Change; and
 - (e) verifiable justification of the basis for increase or decrease in the Charges arising from the Change;
 - (f) a timetable and project plan for the implementation of the Contract Change;
 - (g) proposals for the testing and Acceptance of the implementation of the Contract Change;
 - (h) a detailed Risk Assessment arising from implementing the Change;
 - (i) details of whether any elements of the proposed Contract Change are likely to be categorised as GOV.UK Deliverables (and taking this into account in its response to paragraphs 1.11(a) to (h) above) and further information as described in Clauses 9.3.5.4 (a) to (e) (Compliance With Standards Used Across Government) where relevant. The Supplier shall liaise with STA and GDS as soon as reasonably practicable before or in the early stages of the preparation of the Change Proposal to discuss whether any elements of the proposed Change Request might reasonably be considered to be a GOV.UK Deliverable and so that this can be taken into account under this clause 1.11;
 - (j) such other information as STA may reasonably request in (or in response to) the Change Request.
- 1.12 Subject to the provisions of paragraph 1.19, STA shall review the Change Proposal and, within ten (10) Business Days of receiving the Change Proposal, it shall respond to the Supplier in accordance with paragraph 1.16.
- 1.13 If the STA reasonably considers that it requires further information regarding the proposed Contract Change so that it may properly evaluate the Change Proposal, then within five (5) Business Days of receiving the Change Proposal, it shall notify the Supplier of this fact and request the further information that it requires. The Supplier shall then re-issue the relevant Change Proposal to the STA within five (5) Business Days of receiving such notification (unless another timescale is agreed between the parties acting reasonably). STA shall have the sole and absolute discretion acting reasonably to determine that the Parties may repeat the process described in this paragraph 1.13 until STA is satisfied that it has sufficient information to properly evaluate the Change Proposal.
- 1.14 If the Contract Change involves the processing or transfer of any Personal Data outside the European Economic Area, the preparation of the Change Proposal shall also be subject to Clause 21.1 (*Protection of Personal Data*).
- 1.15 The calculation of costs for the purpose of paragraphs 1.11(c) and 1.11(d) shall;
- (a) be based on the Financial Model;
 - (b) facilitate the Financial Transparency Objectives;
 - (c) include estimated volumes of each type of resource to be employed and the applicable rate card;
 - (d) include full disclosure of any assumptions underlying such Change Proposal;
 - (e) include evidence of the cost of any assets required for the Change; and
 - (f) include details of any new sub-contracts or Supplier Agreements necessary to accomplish the Change.

STA'S RIGHT OF APPROVAL

- 1.16 Within ten (10) Business Days of receiving the Change Proposal from the Supplier or of receiving the further information that it may request pursuant to paragraph 1.13 STA shall evaluate the Change Proposal and shall do one of the following:
- 1.16.1 approve the proposed Contract Change, in which case the Parties shall follow the procedure set out in paragraph 1.17 below; or
 - 1.16.2 having the sole and absolute right to do so acting reasonably, STA may reject the Contract Change, in which case STA shall notify the Supplier of the rejection. STA shall not reject any proposed Contract Change to the extent that the Contract Change is necessary for the Supplier or the Services to comply with any Changes in Law. If the STA does reject a Contract Change, then it shall explain its reasons in writing to the Supplier as soon as is reasonably practicable following such rejection; or
 - 1.16.3 in the event that it reasonably believes that a Change Proposal contains errors or omissions, STA shall require the Supplier to modify the relevant document accordingly in which event the Supplier shall make such modifications as are required within five (5) Business Days of such request by STA. Subject to paragraph 1.12 above, upon receiving the modified Change Proposal, STA shall approve or reject the proposed Contract Change within ten (10) Business Days.
- 1.17 If the STA approves the proposed Contract Change pursuant to paragraph 1.16.1 and the Change Request has not been rejected by the Supplier in accordance with paragraph 1.18 below, then STA shall inform the Supplier and the Supplier shall prepare two copies of a Change Authorisation Note which the Supplier shall sign and deliver to STA for STA's signature, and then:
- 1.17.1 Following receipt by STA of the two copies of the Change Authorisation Note from the Supplier, STA shall sign both copies and return a copy to the Supplier. On STA's signature, the Change Authorisation Note shall constitute a binding variation to the Agreement **provided that** the Change Authorisation Note is signed by STA's Change Manager and the Supplier's Change Manager; or
 - 1.17.2 If STA within five (5) Business Days of receiving the Supplier's signed copy does not sign the Change Authorisation Note, then the Supplier shall have the right to notify STA of this and request that STA signs and returns a copy of the Change Authorisation Note. If STA does not sign the Change Authorisation Note within five (5) Business Days of the date of such notification, then the Supplier may refer the matter to the Dispute Resolution Procedure in the Agreement.

SUPPLIER'S RIGHT OF APPROVAL

- 1.18 Following a Change Request issued by STA, if:
- 1.18.1 the Supplier reasonably believes that any Change Request issued by STA, would materially and adversely affect the risks to the health and safety of any person;
 - 1.18.2 the Supplier reasonably believes that any Change Request issued by STA would require the Services to be performed in a way that infringes any Law; or
 - 1.18.3 the Supplier demonstrates to STA's reasonable satisfaction that the proposed Contract Change is technically impossible to implement and neither the Supplier's Solution nor the Statement of Requirements state the Supplier does have the technical capacity and flexibility required to implement the proposed Contract Change.;

then the Supplier shall be entitled to reject the proposed Change Request and shall notify STA of its reasons for doing so within five (5) Business Days after the date on which it is obliged to deliver the Change Proposal.

FAST-TRACK CHANGES

1.19 The Parties acknowledge that, to ensure operational efficiency, there may be circumstances where it is desirable to expedite the processes for Contract Changes set out above.

1.20 If both Parties agree in relation to a proposed Contract Change that:

1.20.1 the Contract Change does not involve any alteration to, or deviation from the contractual principles set out in the Agreement; and

1.20.2 the total number of Contract Changes in relation to which this fast track procedure has been applied does not exceed four in any period of twelve (12) consecutive months period (or such higher number as the STA may from time to time agree in writing); and

1.20.3 the value of the proposed Contract Change does not exceed [REDACTED] and the proposed Contract Change is not significant (as determined by the STA having the sole and absolute right to do so and acting reasonably); and

1.20.4 the Change Proposal is capable of being conducted in the timescales set out in this paragraph 1.17,

then the Parties shall confirm to each other in writing that they shall use the process set out in paragraphs 1.8 to 1.18 above (inclusive) but with reduced timescales, such that any period of ten (10) Business Days is reduced to five (5) Business Days and any period of five (5) Business Days is reduced to two (2) Business Days.

1.21 The expedited process set out in paragraph 1.20 may be revised from time to time by agreement between the Parties in writing.

CHANGE AUTHORISATION

1.22 Any proposed Contract Change that is not processed in accordance with this Schedule 8 will not be authorised and the Supplier shall not implement any proposed Contract Change until the Change Authorisation Note is signed and executed by STA.

COMMUNICATIONS

1.23 For any Change Communication to be valid under this Schedule 8, it must be sent to either STA's Change Manager or the Supplier's Change Manager, as applicable.

ANNEX A: CONTRACT STA 1000 CHANGE REQUEST FORM

CR NO.: STA 1000	TITLE:	TYPE OF CHANGE:
RAISED BY: [name, date]		DATE CHANGE PROPOSAL IS REQUIRED:
ANY CHANGES TO SoR(S)		
COMPLETION DATE FOR IMPLEMENTING THE CHANGE:		
ASSIGNED TO: <i>[name of STA Officer responsible for approving Change/Name of Capita Officer responsible for implementing Change]</i>		
FULL DESCRIPTION OF REQUESTED CONTRACT CHANGE:		
DETAILS OF ANY PROPOSED ALTERNATIVE SCENARIOS:		
REASONS FOR AND BENEFITS AND DISADVANTAGES OF REQUESTED CONTRACT CHANGE:		
SIGNATURE OF STA'S CHANGE MANAGER:		
DATE OF REQUEST:		

ANNEX B: CONTRACT STA 1000 CHANGE PROPOSAL SUMMARY FORM

CR NO.:STA 1000	TITLE:	DATE RAISED:
EXECUTIVE SUMMARY OF THE CHANGE PROPOSAL		
LIST OF ATTACHMENTS:		
Document Title	Version	Date
Change Proposal		
LIST OF CHANGES TO THE CONTRACT (EG CONTRACT CLAUSES, SCHEDULES, PRODUCT DESCRIPTIONS):		
SIGNIFICANT MILESTONES FOR IMPLEMENTING THE CHANGE:		
PROPOSED ADJUSTMENT TO THE CHARGES RESULTING FROM IMPLEMENTING THE CHANGE:		
SIGNIFICANT DEPENDENCIES:		
SIGNIFICANT RISKS AND ISSUES:		
OTHER INFORMATION:		
RECOMMENDATIONS:		

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ANNEX C: CONTRACT STA 1000 CHANGE AUTHORISATION NOTE

CR NO.: STA 1000	TITLE:	DATE RAISED:	
PROJECT:	TYPE OF CHANGE:	REQUIRED BY DATE:	
EXECUTIVE SUMMARY OF CONTRACT CHANGE			
LIST OF ATTACHMENTS:			
Document Title	Version	Date	
Change Proposal			
LIST OF CHANGES TO THE CONTRACT (EG CONTRACT CLAUSES, SCHEDULES, PRODUCT DESCRIPTIONS)			
AGREED ADJUSTMENT TO THE CHARGES RESULTING FROM IMPLEMENTING THE CHANGE			
DATE OF COMPLETION FOR IMPLEMENTING THE CHANGE			
SIGNED ON BEHALF OF THE STA:		SIGNED ON BEHALF OF THE SUPPLIER:	
Signature: _____		Signature: _____	

Name: _____	Name: _____
Position: _____	Position: _____
Date: _____	Date: _____

[Handwritten signature] *AW*

SCHEDULE 9 - PART 1: EXIT MANAGEMENT PLAN – Operational Delivery

1 Document History

Document Location

STA SharePoint site

Revision History

Version number	Issue / Revision Date	Previous Revision Date	Summary of Changes
0.1	23 August 2016		
0.2	13 January 2017	23 August 2016	Re-draft for BAFO
0.3	5 April 2018	13 January 2017	Re-draft to include print quantity formula

Required Approvals

Name	Title	Date of Issue	Version
Philip Knight	Managing Director	23 August 2016	0.1
Philip Knight	Managing Director	13 January 2017	0.2
Philip Knight	Managing Director	5 April 2018	0.3

Distribution

Name	Title	Date of Issue	Version
TBC			

TW

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2 Purpose

1. This Exit Management Plan sets out the Parties' obligations with regard to facilitating the orderly transfer of the Services (and any relevant assets, materials, software, data, subcontracts and people (if applicable) to a Successor Operator on the expiry or termination of the Agreement or any element of the Services.
2. This Exit Management Plan is divided in to the following principal sections:
 - Section 1 – Document History
 - Section 2 – Purpose
 - Section 3 – Exit Management Structure
 - Section 4 – Required Actions
 - Section 5 – Timetable
 - Section 6 – Charging Arrangements.
3. This Exit Management Plan is written generally on the assumption that any invocation of the Exit Management Plan would apply to the whole of the Services under the Agreement.
4. In the event of partial exit, the following additional activities will be required:
 - Contract renegotiation
 - Re-pricing exercise
 - Specification of limits of Services to be carried out.
 - Definition of organisation and IT handshake points and interfaces
 - Negotiation of further co-operation agreements and / or third party contracts
 - Re alignment of Service Levels and KPIs
 - An examination of each aspect of the Exit Management Plan to identify impacts on activities.
5. The Exit Management Plan will be reviewed in accordance with the terms of the Agreement, including:
 - At least once in every Contract Year
 - Whenever there is a material change to the Services which shall include:
 - ☐ A change in Test timescales
 - ☐ The introduction of a new Test or a replacement Test for an existing Test
 - ☐ A change in Schools' obligations towards the administration and / or marking of Tests
 - ☐ A CAN and / or a change in the HMG Policy Framework.
 - Within 10 Business Days of any System Development Acceptance
 - Within 10 Business Days of receipt of a Termination Notice
 - Prior to the Completion of Set-Up.

3 Exit Management Structures

6. This Section 3 describes the management structures and processes to be followed by the Parties in order to facilitate the orderly transfer of the Services to a Successor Operator.
7. Note – this section is proposed as a preferred method. The Supplier's experience of undertaking Transition activities leads it to believe that the tone, methodology and timeliness of a transition process tends to be driven by a successor operator rather than the incumbent. It is likely that the detail of the governance and Exit Management Plan would be determined early in the transition process by agreement between parties based upon the fundamental characteristics of the transition and the Successor Operator and by the requirements of the STA.

Communications

8. The Supplier will jointly agree with STA a strategy for communication with applicable stakeholders including the Supplier Personnel during the Exit Phase. The strategy will set out the most effective means of delivering such communications and the allocation of responsibility to the Party best placed to manage such communications.
9. The Supplier will work with STA to align all communications with applicable stakeholders during the Exit Phase to minimise interruption to the Services. The Supplier and STA will share responsibility for release of information in connection with such joint communications.

Governance Structure

10. An exit board will oversee the exit process and the exit project director will report to the business director and will take overall responsibility for managing the Supplier's responsibilities under the Exit Management Plan. The exit project director will interface with the STA and / or the Successor Operator's senior sponsor for the Services transition.
11. Day to day activity decisions, progress management and co-ordination will be undertaken by the transition team, and meetings will occur weekly or as agreed. These meetings would comprise the exit project director, the work stream project managers and their counterparts within the Successor Operator.

Exit Project Board

12. An overall service transition board, comprising the business director, the exit project director, representatives from the STA and the Successor Operator shall meet on a monthly basis from the point that a termination notice is issued or from the period that is 18 months before expiry of the Agreement (whichever is the earlier) to provide steering, key decision making, review high level risks and address critical issues.
13. This will ensure that the exit board is sitting during any period in which exit activity is taking place. This frequency shall increase as the termination or expiry date is approached such that the exit board meets at least fortnightly in the last three months before expiry / termination. More frequent meetings can be called by the exit board itself and we recommend that this should be weekly in the final month before expiry / termination.
14. In the case of termination these timescales will need to be reviewed and adjusted to ensure there is sufficient management and oversight of the exit process to provide a smooth and controlled exit process.

STA and the Supplier will agree a standing agenda for the exit project board which will include the following items:

- Progress against plan
- Risk log review
- Status of dependencies
- HR issues
- Communications update

- Matters requiring escalation.
15. In the event that the exit project board agrees they cannot resolve an issue, it will be escalated to the Executive Sponsor Board Meeting for further discussion.

Exit Project Reporting

16. The Supplier will report progress against the Exit Management Plan on a monthly basis from implementation of the plan to new service go live. This reporting will include progress in the following areas:
- Resource
 - Activity
 - Milestones
 - Dependencies
 - Risk management and mitigation.
17. In the event of termination, the reporting timescales will be reviewed and adjusted to ensure there is sufficient management and oversight of the exit process to provide a smooth and controlled exit process.

4 Required Actions

4.1 Introduction

18. This Section 4 describes the specific actions required in order to facilitate the orderly transfer of Services to a Successor Operator.

4.2 Supplier Assets

19. The Supplier will identify and record the principle assets used wholly or mainly in the provision of the Services and document this in the Exit Information Document. In each case, the Supplier will indicate whether the asset is an 'exclusive asset' or 'non-exclusive asset' and record details, where applicable, of their respective net book values, location, condition and age, whether they are shared with other customers of the Supplier and whether the Supplier considers them to be Supplier Assets. The Supplier will use the information asset register to document all IT assets. The Supplier will keep the Supplier Assets records up to date, in particular in the event that Supplier Assets, agreements with Key Sub-contractors, Supplier Agreements or other relevant agreements are added to or removed from the Services.

4.3 Systems and Software

20. Within the Exit Information Document the Supplier will document details of all the Software used in the provisions of the Services or developed as part of the Services. The Supplier will work with the STA during Set-Up to finalise a narrative against each of the following:
- Ceasing all non-critical Software changes (by agreement with the STA)
 - Notifying Key Sub-contractors of procedures to be followed during the Exit Phase and providing management to monitor these procedures are followed
 - Providing assistance and expertise as necessary to examine all operational and business processes (including all supporting documentation) in place and re-writing and implementing processes and procedures such that they are appropriate for the Successor Operator after the Exit Phase
 - Delivering to the STA the existing systems and support profiles, monitoring or support logs, problem tracking / resolution documentation and status reports all relating to the 12 month period immediately prior to the Exit Phase
 - Providing details of work volumes and staffing requirements over the 12 month period immediately prior to the Exit Phase
 - Providing the STA with any problem logs which have not previously been provided to it
 - Providing assistance and expertise as necessary to examine all governance and reports in place for the provision of the Services and re-writing and implementing these during and for a period of 12 months after the Exit Phase
 - Providing assistance and expertise as necessary to examine all relevant roles and responsibilities in place for the provision of Services and re-writing and implementing these such that they are appropriate for the continuation of the Services after the Exit Phase
 - Reviewing Software libraries used in connection with the Services and providing details of these to the Successor Operator
 - Making available to the Successor Operator expertise to analyse training requirements and provide all necessary training for the use of tools by such staff as are nominated by the STA (acting reasonably) at the time of termination or expiry
 - Assisting in establishing naming conventions for the new production site
 - Analysing and providing information about capacity and performance requirements, processor requirements and bandwidth requirements, and known planned requirements for capacity growth across these areas
 - Generating a computer listing of all relevant Source Code in a form and on media reasonably requested by the STA
 - Agreeing with the STA a handover plan for all of the Supplier's responsibilities as set out in the HMG Policy Framework, and co-operating fully in the execution of the agreed plan, providing skills and expertise of a suitable standard
 - Delivering copies of the production database (with content listings) to the Successor Operator's staff (on appropriate media) as reasonably requested by the STA
 - Assisting with the loading, testing and implementation of the production database

- Assisting in the execution of a parallel operation until the effective date of expiry or termination of the Agreement
- In respect of the maintenance and support of the System, providing historical performance data for the previous 12 months prior to the Exit Phase
- Assisting in the execution of a parallel operation of the maintenance and support of the System until the end of the Exit Phase or as otherwise specified by STA
- Providing an information pack listing and describing the Services for use by STA in the procurement of replacement Services
- Answering all reasonable questions from STA or its Successor Operator regarding the Services
- Agreeing with the Successor Operator a plan for the migration of all STA Data and databases, and co-operating fully in the execution of the agreed plan, providing skills and expertise of a reasonably acceptable standard
- Providing access to the Successor Operator until the expiry of six months following the end of the Exit Phase for the purpose of the smooth transfer of the Services
- to information and documentation relating to the Services that is in the possession or control of Capita or its Sub-contractors (and Capita agrees and shall procure that its Sub-contractors do not destroy or dispose of that information within this period) including the right to take reasonable copies of that material
- following reasonable notice and during the Supplier's normal business hours, to the Supplier's personnel who have been involved in the provision or management of the Services and who are still employed or engaged by the Supplier or its Subcontractors.

4.4 Data

21. The Supplier will provide details of any STA Data (including data mapping information) and STA Materials used in the provision of the Services or developed as part of the Services.
22. Relevant STA Data will be transferred and a detailed data migration and test plan will be designed for STA approval. This plan will include end to end testing, security testing including penetration testing and user acceptance testing. A full training plan will be developed and delivered to support this activity.
23. The Supplier will provide data relating to print, collation and logistics including formulae used to calculate print quantities.
24. All reporting and data extracts will continue to be provided in industry standard formats following a review with the STA and the Successor Operator to explore any required redesign.
25. At an agreed point, the Supplier will be responsible for deleting all STA Data from the Supplier systems and providing confirmation to the STA.

4.5 Contracts

26. The Supplier will provide STA within the Exit Information Document with details of applicable Supplier Agreements, agreements with Key Sub-contractors and any other material agreements used for the provision of the Services which have to be assigned or novated to the Successor Operator including, where applicable, information about whether such agreements with Key Sub-contractors or other agreements are used by Capita to provide services to other customers of the Supplier except to the extent that these details are subject to an obligation of confidence owed by Capita to a third party that is not one of the Supplier's Group Companies (in which case the Supplier shall at least provide details of the type of items or services being contracted for under the relevant agreements with Key Sub-contractors or other agreement).
27. In each instance the Supplier will confirm the exact nature of the contract and the steps being taken by the Supplier to facilitate the STA being able to receive the benefit of the arrangement.
28. The Supplier will place in escrow with STA's chosen escrow provider the applicable material in accordance with Clause 30 (Escrow).

Handwritten signature/initials

4.6 Documentation

29. The Supplier will provide the STA or Successor Operator with the documentation relevant to the delivery of the Services, including the:
- Project Initiation Document
 - Internal business process manuals (to include the print quantity formula)
 - Functional specification for Onscreen Marking Solution (Mark Manager)
 - Functional specification for Schools / Local Authority facing System (TOpS Portal)
 - Information asset register
 - Data flow diagram
 - Systems management policy and procedures
 - Systems testing strategy and plans
 - Incident Management Plan
 - Details of physical and logical security processes and tools that will be available to the STA or Successor Operator.
30. The Supplier will provide reasonable assistance and expertise as necessary to examine all operational and business processes (including all supporting documentation).

4.7 Training and Knowledge Transfer

31. The Supplier will work with the STA and the Successor Operator to achieve knowledge transfer from the existing management team including:
- Transferring training material and providing appropriate training to those STA and / or Successor Operator staff responsible for internal training in connection with the provision of the Services
 - Providing for transfer to the STA and / or the Successor Operator of all knowledge reasonably required for the provision of the Services which may, as appropriate, include information, records and documents
 - Providing the STA and / or the Successor Operator with access to such members of The Supplier's or its Key Sub-contractors' personnel as have been involved in the design, development, provision or management of the Services and who are still employed or engaged by the Supplier or its Key Sub-contractors.
32. The STA or the Successor Operator will be expected to arrange and conduct all training related to new operational aspects of transferring personnel's employment. Where the Supplier is required to conduct this training, it will be at the STA's expense.

4.8 Staff Matters

33. In respect of Supplier Personnel engaged in providing the Services, the Supplier will provide at the appropriate time, such information as STA may reasonably require to enable STA to go out to tender (subject to confidentiality and Data Protection), the Supplier would anticipate such information to be in an anonymised format and the details verified with the Supplier's HR subject matter expert.

5 Timetable and Milestones

34. The initial activities in the table below will be initiated in accordance with the timing of the Exit Phase as set out in the Agreement.

Initial Scope and Planning of Exit Management Plan Activities

Phase	Proposed Activities
Review the Exit Management Plan	Agree Exit Management Plan actions and activities that will be carried out and the relevant timeframes.
Project Management	The STA and the Supplier will each nominate a project manager to ensure that their respective responsibilities under the Exit Management Plan are carried out.
Process, Roles and Responsibilities Agreement	Agree a process, roles and responsibilities for the identification and transfer of information and for the controlling and tracking of changes to the Minimum Information and Service Documentation, the start date for the implementation of the Exit Management Plan and any adjustment to the timetable for the Exit Management Plan as may reasonably be required.
Supplier Resources	Agree on the activities to be undertaken by the Supplier and the resources required of such activities including the resolution of any business as usual resource conflicts.

35. Below is a proposed outline approach of the implementation of the Exit Management Plan to facilitate the transition of Services with outline time periods, assuming an overall six month timeframe until service go live for the new service provider and a further two months for the Supplier's post cut over support provided at all times that the timelines for the Exit Phase and all the obligations of the Supplier during the Exit Phase as stated in the Agreement shall remain in force and binding on the Supplier whether or not these assumptions materialise.

Phase	Proposed Activities	Estimated Time Period
1. Launch (To)	Ensure that project team understand the scope and timetable for implementation of the Exit Management Plan (as defined above).	To + 1 week
2. Project Initiation and Plan	Resource Plan Activity Plan Project Plan Roles and Responsibilities Interface with Successor Operator plan	To + 2 weeks
3. Documentation Delivery	Documentation Delivery for Due Diligence. Provide the minimum information and the service documentation.	To + 1 month
4. Due Diligence	During the due diligence process, the Successor Operator will be given the opportunity to confirm all key elements of the Services provision. The Supplier will assist the new Successor Operator to baseline the current environment to enable:	To + 2 months

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Phase	Proposed Activities	Estimated Time Period
	<ul style="list-style-type: none"> The transfer of knowledge in order for the Successor Operator to gain an understanding of the STA's business, the components of the business, the organisational structure, the roles and responsibilities of the different elements An understanding of the installed infrastructure A review of all offices or locations that fall within the scope of the contract Identification of all third party suppliers, the Services they supply, scope of the service, support agreements and contract end dates An appreciation of all Service Levels and performance measures that are in place for delivery of the Services. <p>Staff plan – who is staying with the Supplier / migrating to the Successor operator under TUPE.</p>	
5. Communications / Notification	Agree and implement a communications plan to inform all parties affected by the Exit Management Plan (suppliers, staff etc.) of the Exit Management Plan and the Successor Operator and what actions need to be performed in set timeframes.	To + 2 months
6. Outstanding Projects	Review all outstanding projects initiated through the Change Control Procedure and identify the current status, benefits, costs and risks involved and agree whether to carry on with the work or whether the work should cease. It is envisaged that in the last year of the Agreement, the Supplier and the STA will take a view on whether the remaining timescales warrant introducing new projects. Priority will be given to finishing off existing projects prior to the end of the Term, rather than starting new projects that would be only partially complete at the end of the Agreement.	To + 2 months
7. Authority Property	Agree the period in which STA property will be returned to STA or the Successor Operator.	To + 3 months
8. Trial of the migration of STA Data to a new Service Environment	Agree the timescales in which the Supplier will provide 2 copies of the STA Data, and any other Software used by the Supplier in the provision of the Services and all associated documentation to the STA or a Successor Operator for the purposes of trialling the migration of the System to a new service environment. It is envisaged that the majority of systems and infrastructure will be novated over to the Successor Operator therefore the items that will require migration are likely to be limited to the Supplier's Group companies performing operations on behalf of the Supplier.	To + 4 months
9. Trial of the migration of the STA System to new service environment including licensing of third party software	Agree the timescales in which the Supplier will sub – license or procure a license of third party software and all associated documentation to STA or Successor Operator for the purpose of trialling the migration of the System to a new service environment.	To + 5 months

Phase	Proposed Activities	Estimated Time Period
10. Novation of subcontracts	Agree three-way novation agreements to transfer Supplier contracts that have been entered into by the Supplier to the Successor Operator.	To + 5 months
11. Asset Register	Agree inventory of Sole Use and Shared Use Assets that will be transferred over to the Successor Operator.	To + 5 months
12. Agree cost of exit plan	The costs incurred by the Supplier in completing exit activities will be in accordance with Annex 1 (Pricing Summary) of Part 1 (Payment and Pricing) of Schedule 7 (Financial Matters) which will be reviewed annually.	To + 5 months
13. Parallel Running	Agree and implement parallel running period for the Supplier and Successor Operator.	To + 5 months
14. Final Accounts Reconciliation	Final reconciliation and transfer of client accounts to Successor Operator.	To + 5.5 months
15. Cut Over	Transfer of staff, assets and processes.	To + 5.5 months
16. New Service Go Live and Capita Shut down	If parallel running period successful go live with Successor Operator and shut down the Supplier systems etc.	To + 6 months
17. Post Cut Over Support	The Supplier to provide post cut over support as required.	To + 8 months

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6 Charging Arrangements

36. The costs incurred by the Supplier in completing exit activities will be in accordance with Annex 1 (Pricing Summary) of Part 1 (Payment and Pricing) of Schedule 7 (Financial Matters) which will be reviewed annually.

SCHEDULE 9 – PART 2: EXIT MANAGEMENT PLAN – SET-UP

1 Document History

Document Location

STA SharePoint site

Revision History

Version number	Issue / Revision Date	Previous Revision Date	Summary of Changes
0.1	23 August 2016		
0.2	13 January 2017	23 August 2016	Re-draft for BAFO
0.3	3 April 2018	13 January 2017	Re-draft to include print quantity formula

Required Approvals

Name	Title	Date of Issue	Version
Philip Knight	Managing Director	23 August 2016	0.1
Philip Knight	Managing Director	13 January 2017	0.2
Philip Knight	Managing Director	3 April 2018	0.3

Distribution

Name	Title	Date of Issue	Version
TBC			

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2 PURPOSE

1. This Exit Management Plan sets out the Parties' obligations with regard to facilitating the orderly transfer of the Services (and any relevant assets, materials, software, data, subcontracts and people (if applicable) to a Successor Operator on the expiry or termination of the Agreement or any element of the Services.
2. This Exit Management Plan is divided in to the following principal sections:
 - Section 1 – Document History
 - Section 2 – Purpose
 - Section 3 – Exit Management Structure
 - Section 4 – Required Actions
 - Section 5 – Timetable
 - Section 6 – Charging Arrangements.
3. This Exit Management Plan is written generally on the assumption that any invocation of the Exit Management Plan would apply to the whole of the Services under the Agreement.
4. In the event of partial exit, the following additional activities will be required:
 - Contract renegotiation
 - Re-pricing exercise
 - Specification of limits of the Services to be carried out
 - Definition of organisation and IT handshake points and interfaces
 - Negotiation of further co-operation agreements and / or third party contracts
 - Re alignment of Service Levels and KPIs
 - An examination of each aspect of the Exit Management Plan to identify impacts on activities.
5. The Exit Management Plan will be reviewed in accordance with the terms of the Agreement including:
 - At least once in every Contract Year
 - Whenever there is a material change to the Services which shall include:
 - A change in Test timescales
 - The introduction of a new Test or a replacement Test for an existing Test
 - A change in Schools' obligations towards the administration and / or marking of Tests
 - A CAN and/or a change in the HMG Policy Framework
 - Within 10 Business Days of any System Development Acceptance
 - Within 10 Business Days of receipt of a Termination Notice
 - Prior to the completion of Set-Up.

3 Exit Management Structures

6. This Section 3 describes the management structures and processes to be followed by the Parties in order to facilitate the orderly transfer of the Services to a Successor Operator.
7. Note – this section is proposed as a preferred method. The Supplier's experience of undertaking Transition activities leads it to believe that the tone, methodology and timeliness of a transition process tends to be driven by a successor operator rather than the incumbent. It is likely that the detail of the governance and Exit Management Plan would be determined early in the transition process by agreement between parties based upon the fundamental characteristics of the transition and the Successor Operator and by the requirements of the STA.

Communications

8. The Supplier will jointly agree with STA a strategy for communication with applicable stakeholders including the Supplier Personnel during the Exit Phase. The strategy will set out the most effective means of delivering such communications and the allocation of responsibility to the Party best placed to manage such communications.
9. The Supplier will work with STA to align all communications with applicable stakeholders during the Exit Phase to minimise interruption to Services. The Supplier and STA will share responsibility for release of information in connection with such joint communications.

Governance Structure

10. An exit board will oversee the exit process and the exit project director will report to the business director and will take overall responsibility for managing the Supplier's responsibilities under the Exit Management Plan. The exit project director will interface with the STA and / or the Successor Operator's senior sponsor for the Services transition.
11. Day to day activity decisions, progress management and co-ordination will be undertaken by the transition team and meetings will occur weekly or as agreed. These meetings would comprise the exit project director, the work stream project managers and their counterparts within the Successor Operator.

Exit Project Board

12. An overall service transition board, comprising the business director, the exit project director, representatives from the STA and the Successor Operator will meet on a monthly basis from the point that a termination notice is issued or from the period that is 18 months before expiry of the Agreement (whichever is the earlier) to provide steering, key decision making, review high level risks and address critical issues.
13. This will ensure that the exit board is sitting during any period in which exit activity is taking place. This frequency should increase as we approach the termination or expiry date such that the exit board meets at least fortnightly in the last three months before expiry/termination. More frequent meetings can be called by the exit board itself and we recommend that this should be weekly in the final month before expiry / termination.
14. In the case of termination, these timescales will need to be reviewed and adjusted to ensure there is sufficient management and oversight of the exit process to provide a smooth and controlled exit process.
15. STA and the Supplier will agree a standing agenda for the exit project board which will include the following items:
 - Progress against plan
 - Risk log review
 - Status of dependencies
 - HR issues
 - Communications update
 - Matters requiring escalation.
16. In the event that the exit project board agrees they cannot resolve an issue, it will be escalated to the Executive Sponsor Board Meeting for further discussion.

Exit Project Reporting

17. The Supplier will report progress against the Exit Management Plan on a monthly basis from implementation of the plan to new service go live. This reporting will include progress in the following areas:

- Resource
- Activity
- Milestones
- Dependencies
- Risk management and mitigation.

18. In the event of termination, the reporting timescales will be reviewed and adjusted to ensure there is sufficient management and oversight of the exit process to provide a smooth and controlled exit process.

4 Required Actions

4.1 Introduction

19. This Section 4 describes the specific actions required in order to facilitate the orderly transfer of Services to a Successor Operator.

4.2 Supplier Assets

20. The Supplier will identify and record the principle assets used wholly or mainly in the provision of the Services and document this in the Exit Information Document. In each case, the Supplier will indicate whether the asset is an 'exclusive asset' or 'non-exclusive asset' and record details, where applicable, of their respective net book values, location, condition and age, whether they are shared with other customers of the Supplier and whether the Supplier considers them to be Supplier Assets. The Supplier will use the information asset register to document all IT assets. The Supplier will keep the Supplier Assets records up to date, in particular in the event that Supplier Assets, agreements with Key Sub-contractors, Supplier Agreements or other relevant agreements are added to or removed from the Services.

4.3 Systems and Software

21. Within the Exit Information Document the Supplier will document details of all the Software used in the provision of the Services or developed as part of the Services. The Supplier will work with the STA during Set-Up to finalise a narrative against each of the following:
- Ceasing all non-critical Software changes (by agreement with the STA)
 - Notifying Key Sub-contractors of procedures to be followed during the Exit Phase and providing management to monitor these procedures are followed
 - Providing assistance and expertise as necessary to examine all operational and business processes (including all supporting documentation) in place and re-writing and implementing processes and procedures such that they are appropriate for the Successor Operator after the Exit Phase
 - Delivering to the STA the existing systems and support profiles, monitoring or support logs, problem tracking / resolution documentation and status reports all relating to the 12 month period immediately prior to the Exit Phase
 - Providing details of work volumes and staffing requirements over the 12 month period immediately prior to the Exit Phase
 - Providing the STA with any problem logs which have not previously been provided to it
 - Providing assistance and expertise as necessary to examine all governance and reports in place for the provision of the Services and re-writing and implementing these during and for a period of 12 months after the Exit Phase
 - Providing assistance and expertise as necessary to examine all relevant roles and responsibilities in place for the provision of Services and re-writing and implementing these such that they are appropriate for the continuation of the Services after the Exit Phase
 - Reviewing Software libraries used in connection with the Services and providing details of these to the Successor Operator

- Making available to the Successor Operator expertise to analyse training requirements and provide all necessary training for the use of tools by such staff as are nominated by the STA (acting reasonably) at the time of termination or expiry
- Assisting in establishing naming conventions for the new production site
- Analysing and providing information about capacity and performance requirements, processor requirements and bandwidth requirements, and known planned requirements for capacity growth across these areas
- Generating a computer listing of all relevant Source Code in a form and on media reasonably requested by the STA
- Agreeing with the STA a handover plan for all of the Supplier's responsibilities as set out in the HMG Policy Framework, and co-operating fully in the execution of the agreed plan, providing skills and expertise of a suitable standard
- Delivering copies of the production database (with content listings) to the Successor Operator's staff (on appropriate media) as reasonably requested by the STA
- Assisting with the loading, testing and implementation of the production database
- Assisting in the execution of a parallel operation until the effective date of expiry or termination of the Agreement
- In respect of the maintenance and support of the System, providing historical performance data for the previous 12 months prior to the Exit Phase
- Assisting in the execution of a parallel operation of the maintenance and support of the System until the end of the Exit Phase or as otherwise specified by STA
- Providing an information pack listing and describing the Services for use by STA in the procurement of replacement Services
- Answering all reasonable questions from STA or its Successor Operator regarding the Services
- Agreeing with the Successor Operator a plan for the migration of all STA Data and databases, and co-operating fully in the execution of the agreed plan, providing skills and expertise of a reasonably acceptable standard
- Providing access to the Successor Operator until the expiry of six months following the end of the Exit Phase for the purpose of the smooth transfer of the Services:
 - ☐ to information and documentation relating to the Services that is in the possession or control of the Supplier or its Sub-contractors (and the Supplier agrees and shall procure that its Sub-contractors do not destroy or dispose of that information within this period) including the right to take reasonable copies of that material
 - ☐ following reasonable notice and during the Supplier's normal business hours, to the Supplier Personnel who have been involved in the provision or management of the Services and who are still employed or engaged by the Supplier or its Subcontractors.

4.4 Data

22. The Supplier will provide details of any STA Data (including data mapping information) and STA Materials used in the provision of the Services or developed as part of the Services.
23. Relevant STA Data will be transferred and a detailed data migration and test plan will be designed for STA approval. This plan will include end-to-end testing, security testing including penetration testing and user acceptance testing. A training plan will be developed and delivered to support this activity.
24. The Supplier will provide data relating to print, collation and logistics including formulae used to calculate print quantities.
25. All reporting and data extracts will continue to be provided in industry standard formats following a review with the STA and the Successor Operator to explore any required redesign.
26. At an agreed point, the Supplier will be responsible for deleting all STA Data from the Supplier systems and providing confirmation to the STA.

4.5 Contracts

27. The Supplier will provide STA within the Exit Information Document with details of applicable the Supplier Agreements, with Key Sub-contractors and any other material agreements used for the provision of the Services which have to be assigned or novated to the Successor Operator including, where applicable, information about whether such agreements with Key Sub-contractors or other agreements are used by the Supplier to provide services to other customers of the Supplier except to the extent that these details are subject to an obligation of confidence owed by the Supplier to a third party that is not one of the Supplier's Group Companies (in which case the Supplier shall at least provide details of the type of items or services being contracted for under the relevant agreements with Key Sub-contractors or other agreement).
28. In each instance, the Supplier will confirm the exact nature of the contract and the steps being taken by the Supplier to facilitate the STA being able to receive the benefit of the arrangement.
29. The Supplier will place in escrow with STA's chosen escrow provider each the applicable material in accordance with Clause 30 (Escrow).

4.6 Documentation

30. The Supplier will provide the STA or Successor Operator with the documentation relevant to the delivery of the Services, including the:
 - Project Initiation Document
 - Internal business process manuals (to include the print quantity formulae)
 - Functional specification for Onscreen Marking Solution (Mark Manager)
 - Functional specification for Schools / Local Authority facing System (TOpS Portal)
 - Information asset register
 - Data flow diagram
 - Systems management policy and procedures
 - Systems testing strategy and plans
 - Incident Management Plan
 - Details of physical and logical security processes and tools that will be available to the STA or Successor Operator.
31. The Supplier will provide reasonable assistance and expertise as necessary to examine all operational and business processes (including all supporting documentation).

4.7 Training and Knowledge Transfer

32. The Supplier will work with the STA and the Successor Operator to achieve knowledge transfer from the existing management team including:
 - Transferring training material and providing appropriate training to those STA and / or Successor Operator staff responsible for internal training in connection with the provision of the Services
 - Providing for transfer to the STA and / or the Successor Operator of all knowledge reasonably required for the provision of the Services which may, as appropriate, include information, records and documents
 - Providing STA and/or the Successor Operator with access to such members of the Supplier's or its Key Sub-contractors' personnel as have been involved in the design, development, provision or management of the Services and who are still employed or engaged by the Supplier or its Key Sub-contractors.
33. The STA or the Successor Operator will be expected to arrange and conduct all training related to new operational aspects of transferring personnel's employment. Where the Supplier is required to conduct this training, it will be at the STA's expense.

4.8 Staff Matters

34. In respect of Supplier Personnel engaged in providing the Services, the Supplier will provide at the appropriate time, such information as STA may reasonably require to enable STA to go out to tender (subject to confidentiality and Data Protection), the Supplier would anticipate such information to be in an anonymised format and the details verified with the Supplier's HR subject matter expert.

5 Timetable and Milestones

The initial activities in the table below will be initiated in accordance with the timing of the Exit Phase as set out in the Agreement.

Initial Scope and Planning of Exit Activities

Phase	Proposed Activities
Review the Exit Management Plan	Agree Exit Management Plan actions and activities that will be carried out and the relevant timeframes.
Project Management	The STA and the Supplier will each nominate a project manager to ensure that their respective responsibilities under the Exit Management Plan are carried out
Process, Roles and Responsibilities Agreement	Agree a process, roles and responsibilities for the identification and transfer of information and for the controlling and tracking of changes to the minimum information and service documentation, the start date for the implementation of the Exit Management Plan and any adjustment to the timetable for the Exit Management Plan as may reasonably be required.
Supplier Resources	Agree on the activities to be undertaken by the Supplier and the resources required of such activities including the resolution of any business as usual resource conflicts.

35. Below is a proposed outline approach of the implementation of the Exit Management Plan to facilitate the transition of Services with outline time periods, assuming an overall six month timeframe until service go live for the new service provider and a further two months for the Supplier's post cut over support provided at all times that the timelines for the Exit Phase and all the obligations of the Supplier during the Exit Phase as stated in the Agreement shall remain in force and binding on the Supplier whether or not these assumptions materialise .

Phase	Proposed Activities	Estimated Time Period
1. Launch (To)	Ensure that project team understand the scope and timetable for implementation of the Exit Management Plan.	To + 1 week
2. Project Initiation and Plan	Resource Plan Activity Plan Project Plan Roles and Responsibilities Interface with Successor Operator plan	To + 2 weeks

Phase	Proposed Activities	Estimated Time Period
3. Documentation Delivery	Documentation Delivery for Due Diligence. Provide the minimum information and the service documentation.	To + 1 month
4. Due Diligence	<p>During the due diligence process, the Successor Operator will be given the opportunity to confirm all key elements of the Services provision. The Supplier will assist the Successor Operator to baseline the current environment to enable:</p> <ul style="list-style-type: none"> ▪ The transfer of knowledge in order for the Successor Operator to gain an understanding of STA's business, the components of the business, the organisational structure, the roles and responsibilities of the different elements ▪ An understanding of the installed infrastructure ▪ A review of all offices or locations that fall within the scope of the contract ▪ Identification of all third party suppliers, the services they supply, scope of the Services, support agreements and contract end dates ▪ An appreciation of all Service Levels and performance measures that are in place for delivery of the Services. <p>Staff plan – who is staying with the Supplier / migrating to the Successor Operator under TUPE.</p>	To + 2 months
5. Communications / Notification	Agree and implement a communications plan to inform all parties affected by the Exit Management Plan (suppliers, staff etc.) of the Exit Management Plan and the Successor Operator and what actions need to be performed in set timeframes.	To + 2 months
6. Outstanding Projects	Review all outstanding projects initiated through the Change Control Procedure and identify the current status, benefits, costs and risks involved and agree whether to carry on with the work or whether the work should cease. It is envisaged that in the last year of the Agreement, the Supplier and the STA will take a view on whether the remaining timescales warrant introducing new projects. Priority will be given to finishing off existing projects prior to the end of the Term, rather than starting new projects, which would be only partially complete at the end of the Agreement.	To + 2 months
7. Authority Property	Agree the period in which STA property will be returned to STA or passed to the Successor Operator.	To + 3 months

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Phase	Proposed Activities	Estimated Time Period
8. Trial of the migration of STA Data to a new Service Environment	Agree the timescales in which the Supplier will provide two copies of the STA Data, and any other Software used by the Supplier in the provision of the Services and all associated documentation to the STA or a Successor Operator for the purposes of trialling the migration of the System to a new service environment. It is envisaged that the majority of systems and infrastructure will be novated over to the Successor Operator therefore the items that will require migration are likely to be limited to the Supplier's Group companies performing operations on behalf of the Supplier.	To + 4 months
9. Trial of the migration of the STA System to new service environment including licensing of third party software	Agree the timescales in which the Supplier will sub – license or procure a license of third party software and all associated documentation to STA or the Successor Operator for the purpose of trialling the migration of the System to a new service environment.	To + 5 months
10. Novation of subcontracts	Agree three way novation agreements to transfer Supplier contracts that have been entered into by the Supplier for the delivery of the Services to the Successor Operator.	To + 5 months
11. Asset Register	Agree inventory of Sole Use and Shared Use Assets that will be transferred over to the Successor Operator.	To + 5 months
12. Agree cost of Exit Management Plan	The costs incurred by the Supplier in completing exit activities will be in accordance with Annex 1 (Pricing Summary) of Part 1 (Payment and Pricing) of Schedule 7 (Financial Matters), which will be reviewed annually.	To + 5 months
13. Parallel Running	Agree and implement parallel running period for the Supplier and Successor Operator.	To + 5 months
14. Final Accounts Reconciliation	Final reconciliation and transfer of client accounts to Successor Operator.	To + 5.5 months
15. Cut Over	Transfer of staff, assets and processes.	To + 5.5 months
16. New Service Go Live and the Supplier Shut down	If parallel running period successful go live with Successor Operator and shut down the Supplier systems etc.	To + 6 months
17. Post Cut Over Support	The Supplier to provide post cut over support as required.	To + 8 months

6 Charging Arrangements

36. The costs incurred by the Supplier in completing exit activities will be in accordance with Annex 1 (Pricing Summary) of Part 1 (Payment and Pricing) of Schedule 7 (Financial Matters), which will be reviewed annually.

SCHEDULE 10: DEED OF GUARANTEE FORM

NOT USED