6 July 2022

FAO: [REDACTED]

(by email to [REDACTED])

**CHANGE AUTHORISATION LETTER: RCV-2b-022-A04**

**The contract Restart CPA 2b (UI\_DWP\_22480 2b) (as varied) (the “Contract”) between (1) Secretary of State for Work and Pensions (the “Authority”) and (2) Maximus UK Services Limited (the “Supplier”)**

1. The Supplier wishes to amend the Contract in accordance with this Change Authorisation Letter (RCV-2b-022-A04).
2. Terms used but not otherwise defined in this letter have the same meaning as set out in the Contract.

**Background**

1. Schedule 8.2 (Change Control Procedure) to the Contract sets out the process for making Contract Changes by way of a Change Authorisation Letter.
2. This RCV-2b-022-A04 has been set out in accordance with that Schedule 8.2 (Change Control Procedure).
3. The proposed amendments to the Contract are detailed in Schedule 1 of this RCV-2b-022-A04.
4. This RCV-2b-022-A04 shall be interpreted and construed so that it varies the Contract.
5. The Contract, including any previous variations, will remain effective and unaltered except as amended by RCV-2b-022-A04.

**Schedules attached to RCV-2b-022-A04**

1. The following schedule is attached to this RCV-2b-022-A04:
   1. Schedule 1: Contract provision(s) modified by RCV-2b-022-A04.

**Miscellaneous**

1. The terms of RCV-2b-022-A04 take effect from the date RCV-2b-022-A04 has been signed by both Parties and received by the First Party from the Second Party.
2. RCV-2b-022-A04shall not constitute a waiver of any right or remedy of the Authority or the Supplier arising before, during or after the change, except to the extent set out in RCV-2b-022-A04.
3. The Supplier undertakes to procure the consent of the Guarantor to the Changes contained in this RCV-2b-022-A04.

Please confirm your acceptance of RCV-2b-022-A04 by countersigning this letter and returning it by email to [REDACTED], in accordance with the provisions of Clause J10 (Notices) of the Contract.

Yours sincerely,

[REDACTED]

[REDACTED]

Programme Director

For and on behalf of the Supplier

[REDACTED]

We hereby acknowledge receipt of this RCV-2b-022-A04 and, in consideration of the mutual rights and obligations created by it, accept its terms.

Signed: \_\_\_\_\_\_[REDACTED]\_\_\_\_\_\_\_\_\_\_\_\_\_

For and on behalf of the Authority

Name: [REDACTED]

Position: Deputy Director – Employment Category, Commercial Directorate

Date: 8 July 2022

**Schedule 1: Contract provision(s) modified by RCV-2b-022-A04**

| **Contract provision** | **Modification** |
| --- | --- |
| Clause B8 (No Guarantee of Levels, Values or Exclusivity) | *Existing Clause B8.2 shall be replaced with the following:*  The Supplier acknowledges and has submitted its Best and Final Offer and Updated Contract Cost Register Documentation on the understanding that no guarantee is given by the Authority in respect of levels or values of Services referred to in the Schedules and their Annexes which are indicative only and shall not be binding on the Authority. |
| Clause J10 (Notices) | *Following the Authority’s notice dated 17th May 2022, the existing table in Clause J10.3 shall be replaced with the following:*   |  |  |  | | --- | --- | --- | |  | **Supplier** | **Authority** | | **Contact** | [REDACTED] | [REDACTED] | | **Address** | 18c Meridian East, Meridian Business Park, Leicester, LE19 1WZ | Quarry House, Quarry Hill, Leeds, LS2 7UE | | **Email** | [REDACTED]  [REDACTED]  [REDACTED] | [REDACTED] | |
| Schedule 1 (Definitions) | *The existing definition of “Anticipated Contract Value” shall be replaced with the following:*   |  |  | | --- | --- | | **“Anticipated Contract Value”** | the sum of £172,547,643 | |
| *The existing definition of “Projected TRNOs” shall be deleted without replacement.* |
| *The following definition shall be added:*   |  |  | | --- | --- | | **“Selected TRNOs”** | the selected TRNOs used for calculating the number of First Earnings Events required for a month for the purposes of the First Earnings Performance Indicator, as more particularly described in Annex 1 to Schedule 2.2 (Performance); | |
| *The following definition shall be added:*   |  |  | | --- | --- | | **“Updated Contract Cost Register Documentation”** | the updated contract cost register documentation referred to in Schedule 4.1 (Supplier Solution (Tender)); | |
| Schedule 2.1 (Services Description (Specification)) | *The existing Specification at Annex A shall be modified in accordance with the Annex to this Schedule 1 of* RCV-2b-022-A04. |
| Schedule 2.2 (Performance) | *The existing box in paragraph 1 (including its text) shall be replaced with the following:*   |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | **Minimum Performance Expectation:**   |  |  | | --- | --- | |  | Relevant percentage | | For each Start Cohort starting before July 2022 | 25% | | For the Start Cohort starting in July 2022 and each Start Cohort starting after July 2022 | 27% |   **Tender Performance Expectation:**   |  |  | | --- | --- | |  | Relevant percentage | | For each Start Cohort starting before July 2022 | [REDACTED] | | For the Start Cohort starting in July 2022 and each Start Cohort starting after July 2022 | [REDACTED] |   **Performance Curve Percentages:**   |  |  | | --- | --- | | Months  (month 1 being the month in which the Start Cohort starts, and the following months to be read accordingly) | Performance Curve Percentage | | 1 | 0.05% | | 2 | 0.26% | | 3 | 1.50% | | 4 | 3.44% | | 5 | 5.15% | | 6 | 6.91% | | 7 | 8.07% | | 8 | 8.87% | | 9 | 8.62% | | 10 | 8.27% | | 11 | 7.79% | | 12 | 7.21% | | 13 | 6.90% | | 14 | 6.32% | | 15 | 5.86% | | 16 | 5.29% | | 17 | 4.59% | | 18 | 4.31% | | 19 | 0.56% | | 20 | 0.03% | | 21 | 0.01% |   **Staging Percentages:**   |  |  | | --- | --- | | Months  (month 1 being the month in which the Referral Period Start Date falls, and the following months to be read accordingly) | Staging Percentage | | 1 – 12 | 85% | | 13 – 24 | 90% | | 25 – 36 | 100% | | 37 – 48 | 115% | | 49 – 60 | 115% | | |
| *Existing paragraph 1.1 shall be replaced with the following:*  The Authority shall calculate the MRNOs at the Performance Measurement Point by applying the relevant Minimum Performance Expectation percentage, relevant Performance Curve Percentage(s) and relevant Staging Percentage(s) set out in this paragraph 1 of Schedule 2.2 to each Start Cohort for the Performance Measurement Period. |
| *Existing paragraph 1.2 shall be replaced with the following:*  The Authority shall calculate the TRNOs at the Performance Measurement Point by applying the relevant Tender Performance Expectation percentage, relevant Performance Curve Percentage(s) and relevant Staging Percentage(s) set out in this paragraph 1 of Schedule 2.2 to each Start Cohort for the Performance Measurement Period. |
| *In the existing table at paragraph 2, the existing description of CSS 3 shall be replaced with the following:*  For all Participants who ‘Start’ on the programme an Initial SMART Action Plan must be completed and signed by the Provider and the Participant (by way of wet or electronic signature) within 8 weeks of the referral. |
| *In the existing table at paragraph 2, the existing description of CSS 7 shall be replaced with the following:*  For all Participants the Provider must review and update the SMART Action Plan no less frequently than every 4 weeks. Action Plans must be signed by both parties (by way of wet or electronic signature) and include agreed next steps and activities reflective of Participant and Provider activity and the Participant’s Diagnostic Assessment. |
| *The existing table in paragraph 6.2 shall be replaced with the following:*   |  |  | | --- | --- | | **Delivery Fee Month** | **Delivery Fee Standard** | | 1 | [REDACTED]Supplier and Sub-contractor FTE used in the delivery of the Agreement | | 2 | [REDACTED]Supplier and Sub-contractor FTE used in the delivery of the Agreement | | 3 | [REDACTED]Supplier and Sub-contractor FTE used in the delivery of the Agreement | | ­4 | [REDACTED]Supplier and Sub-contractor FTE used in the delivery of the Agreement | | 5 | [REDACTED]Supplier and Sub-contractor FTE used in the delivery of the Agreement | | 6 | [REDACTED]Supplier and Sub-contractor FTE used in the delivery of the Agreement | | 7 | [REDACTED]Supplier and Sub-contractor FTE used in the delivery of the Agreement | | 8 | [REDACTED]Supplier and Sub-contractor FTE used in the delivery of the Agreement | | 9 | [REDACTED]Supplier and Sub-contractor FTE used in the delivery of the Agreement | | 10 | [REDACTED]Supplier and Sub-contractor FTE used in the delivery of the Agreement | | 11 | [REDACTED]Supplier and Sub-contractor FTE used in the delivery of the Agreement | | 12 | [REDACTED]Supplier and Sub-contractor FTE used in the delivery of the Agreement | |
| *Existing Annex 1 shall be replaced with the following (including, for the avoidance of doubt, the endnotes):*  Annex 1: The First Earnings Performance Indicator   1. The First Earnings Performance Indicator compares:   the number of First Earnings Events actually achieved in a month  v  the number of First Earnings Events required for that month per the method for calculation set out in this Annex 1 (being the required standard).   1. The Authority defines a First Earnings Event as the point at which a Participant earns their first £1 in employment after their Participant Start. 2. The number of First Earnings Events required in a given month, N, will be calculated by the Authority with reference to: 3. the Selected TRNOs for month N+41 per paragraph 4 below; 4. the Selected TRNOs for months N, N+1, N+2 and N+32 per paragraph 5 below; and 5. a conversion rate of 64%, reflecting the expected percentage of Participants who after achieving First Earnings Events in month N go on to achieve Authority Determined Outcomes in months N, N+1, N+2, N+3 and N+4. 6. The Selected TRNOs for month N+4 shall be calculated as TRNOs are calculated save that: 7. the Performance Measurement Period shall only be one month i.e. the month corresponding to month N+4; and 8. the only Start Cohorts used for the calculation are the Start Cohorts that started prior to month N and the Start Cohort that started in month N. 9. The Selected TRNOs for months N, N+1, N+2 and N+3 shall be calculated as TRNOs are calculated save that: 10. the Performance Measurement Period shall only be four months i.e. the months corresponding to months N, N+1, N+2 and N+3; and 11. the only Start Cohort used for the calculation is the Start Cohort that started in month N. 12. The Authority will thus calculate the number of First Earnings Events required for a given month, N, by applying the following formula:   **required First Earnings Events for month N =**  **(Selected TRNOs for month N+4 per paragraph 4 above**  **+**  **Selected TRNOs for months N, N+1, N+2 and N+3 per paragraph 5 above)**  **/ 0.64**  ……………………………………………………………………………………………………..  1 For example, where month N is July 2022, month N+4 shall be November 2022. The four-month speed of conversion is the typical amount of time it takes for First Earnings Events to turn into Authority Determined Outcomes.  2 For example, where month N is July 2022, months N+1, N+2 and N+3 shall be, respectively, August 2022, September 2022 and October 2022. It is expected that an Authority Determined Outcome achieved before month N+4 in respect of the Start Cohort starting in month N will have a First Earnings Event in month N, hence the inclusion of the Selected TRNOs per paragraph 5. |
| Schedule 4.1 (Supplier Solution (Tender)) | *The existing text and table on the first page of Schedule 4.1 shall be replaced with the following:*   1. Subject to Paragraph 2 of this Schedule 4.1, the Supplier will comply with the detail set out within the following additional documents which shall be deemed to be incorporated into this Agreement;  |  |  | | --- | --- | | **Document(s)** | **Description** | | Tender (as varied) | the tender received through the E-Procurement System on 13/03/2021 at 22:24 and attached to Annex A to this Schedule 4.1, as subsequently varied | | Tender Clarification | Responses to clarification questions received through the E-Procurement System on 16/03/2021 at 11:47.  Financial clarification information received through the E-Procurement System on 29/03/2021 at 11:09. Further financial clarification information received through the E-Procurement System on 07/04/2021 at 11.03 | | Updated Contract Cost Register Documentation | the updated contract cost register documentation received through the E-Procurement System on 31/05/2022 at 10:41 and attached to Annex B to this Schedule 4.1. including sub-contractor details for Reed in Partnership and The Futures Group. |  1. If there is any conflict between the Tender Clarification and any provision or detail introduced to this Agreement by the variation to this Agreement referred to as RCV-2b-022-A04, the latter shall take precedence. |
| *The following documentation at Annex A to Schedule 4.1 shall be removed:*  2.1.1 - Annex S Contract Cost Register - Maximus UK Services Limited - CPA 2b |
| *A new Annex B shall be added to Schedule 4.1 as follows:*  Annex B: Updated Contract Cost Register Documentation  [REDACTED] |
| Schedule 4.2 (Commercially Sensitive Information) | *An additional row shall be added to the table as follows:*   | **No.** | **Date** | **Item(s)** | **Duration of Confidentiality** | | --- | --- | --- | --- | | 9 | [REDACTED] | [REDACTED] | [REDACTED] | |
| Schedule 7.1 (Fees and payments) | *Existing paragraph 4.1 shall be replaced with the following:*   1. Outcome Payments will be paid on a unit price basis at the relevant rate set out in the table below. The relevant Standard Outcome Payment rate will apply for each Outcome achieved in respect of a particular Start Cohort until Price Acceleration takes place in respect of that Start Cohort.  |  |  | | --- | --- | |  | **Amount per Outcome exc. VAT** | | Standard Outcome Payment rate for an Outcome Payment paid before the Outcome Payment Adjustment Date | [REDACTED] | | Higher Outcome Payment rate for an Outcome Payment paid before the Outcome Payment Adjustment Date | [REDACTED] | | Standard Outcome Payment rate for an Outcome Payment paid on or after the Outcome Payment Adjustment Date | [REDACTED] | | Higher Outcome Payment rate for an Outcome Payment paid on or after the Outcome Payment Adjustment Date | [REDACTED] |  1. For the avoidance of doubt, the Supplier shall not be eligible to receive more than one Outcome Payment in respect of a particular Participant. An Outcome cannot be a mix of self-employment and paid employment. |
| Schedule 7.7 (Risk Premiums and Participant Costs in CCR) | *The existing definition of “Participant Costs” in paragraph 1 shall be replaced with the following:*   |  |  | | --- | --- | | **“Participant Costs”** | costs falling under the categories referred to: (a) in section 4 of the Updated Contract Cost Register Documentation; or (b) at items 19, 20, 21, 22 and 23 of the tables in section 5(d) of the Updated Contract Cost Register Documentation; | |
| *Existing paragraph 2.1 shall be replaced with the following:*  The Supplier has specified the following risk premiums in the Updated Contract Cost Register Documentation (each a “Relevant Premium”):  [REDACTED] |
| *Existing paragraph 3.1 shall be replaced with the following:*  The Supplier has specified the following Participant Costs in the Updated Contract Cost Register Documentation (“Specified Participant Costs”):  [REDACTED] |
|  |  |

**Annex to Schedule 1: modifications to the Specification**

| **Provision in Specification** | **Modification** |
| --- | --- |
| Section 1: Overview | *Existing footnote 2 at paragraph 1.18 shall be replaced with the following:*    The Department will expect Providers to keep internal records including signatures (wet or electronic), the date of the meeting, any initial action planning and agreed first steps. These will be checked by Performance and Compliance Officers (PCO) as part of the regular PCO checks and potentially by the Provider Assurance Team (PAT). |
| *Existing paragraph 1.23 shall be replaced with the following:*  Not used. |
| *Existing paragraph 1.24 (including Table 1 Estimated Contract volumes and values) shall be replaced with the following:*  Not used. |
| Section 2: Service Requirements | *Existing paragraph 2.43 shall be replaced with the following:*    At the Initial Face to Face meeting, the Provider will issue the Participant with a hard-copy induction pack which must include as a minimum: Health and Safety Instructions; Data Protection Act (DPA)/General Data Protection Regulation (GDPR) responsibilities of the Provider; travel and expenses declaration, to be signed by the Participant (by way of wet or electronic signature); Provider complaint process; location/contact details of the Provider, along with the Participant attendance and appointment requirements. |
| *Existing paragraph 2.62 shall be replaced with the following:*    Providers are required to obtain the Participant and Provider signatures on the Action Plans and Participants must be issued with a copy of the Action Plan once it has been signed by both parties (by way of wet or electronic signature).  The Provider must retain the updated Action Plan throughout the Participant’s time on Restart provision and for the duration of the contract for audit and compliance purposes. |
| Section 3:  The Commercial Approach | *In the table at existing paragraph 3.2, the columns headed “Estimated Starts” and “Estimated Contract Value” and the row headed “TOTAL” shall be deleted.* |
| Section 4: Performance Management | *Existing paragraph 4.6 shall be replaced with the following:*  The Year 1 Delivery Fee paid will be contingent upon the respective in-month staffing levels, in both a management and direct delivery role across both the prime Provider and its supply chain. |
| *Existing paragraph 4.8 shall be replaced with the following:*  If Providers do not meet the required levels, performance improvement action may be taken and financial remedy may apply. Further details can be found under the section titled ‘Deferral and Forfeiture of the Delivery Fee’ below, beginning at paragraph 4.47. |
| *In the existing table at paragraph 4.10, the existing description of CSS 3 shall be replaced with the following:*  For all Participants who ‘Start’ on the programme an Initial SMART Action Plan must be completed and signed by the Provider and the Participant (by way of wet or electronic signature) within eight (8) weeks of the referral. |
| *In the existing table at paragraph 4.10, the existing description of CSS 7 shall be replaced with the following:*  For all Participants the Provider must review and update the SMART Action Plan no less frequently than every four (4) weeks. Action Plans must be signed by both parties (by way of wet or electronic signature) and include agreed next steps and activities reflective of Participant and Provider activity and the Participant’s Diagnostic Assessment. |
| *Existing paragraph 4.16 shall be replaced with the following:*  Not used. |
| *Existing paragraph 4.18 shall be replaced with the following:*  Further information on the MPL, TPL, MRNOs and TRNOs is provided at Annex 8. |
| Section 5: Payment Model | *Existing paragraph 5.4 shall be replaced with the following:*  Not used. |
| *Existing paragraph 5.5 shall be replaced with the following:*  Not used. |
| *Existing paragraph 5.10 shall be replaced with the following:*  There is no cap on the Outcome Payments that can be achieved. |
| Annex 5: Definitions | *The existing definition of Delivery Fee Standard shall be replaced with the following:*   |  |  | | --- | --- | | **Delivery Fee Standard** | In the case of each CPA, as defined in Schedule 1 of the corresponding contract. | |
| *The existing definition of Minimum Performance Levels (MPLs) shall be replaced with the following:*   |  |  | | --- | --- | | **Minimum Performance Level (MPL)** | In the case of each CPA, as defined in Schedule 1 of the corresponding contract. | |
| Annex 8: Minimum Performance Level (MPL) and Tender Performance Level (TPL) | *Existing paragraph A8.8 shall be replaced with the following:*  The **Tender Performance Level (TPL)** will be created in the same way as the MPL described above, albeit using the Tender Performance Expectation rather than the Minimum Performance Expectation. |