

OFFICIAL - SENSITIVE - COMMERCIAL

PCSS Call-Off Terms
Schedule 4.5 (Value for Money Provisions)

Primary Care Support Services Call-Off Terms

Schedule 4.5

Value for Money Provisions

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1. Definitions

Unless defined within this Schedule, or in the Call-Off Order Form applicable to this Call-Off Agreement, the definitions in Schedule 1 of the Framework Agreement shall apply.

2. Frequency, Purpose and Scope of Benchmark Review

2.1 The Customer may, by written notice to the Supplier, require a Benchmark Review of any or all of the Services in order to establish whether a Benchmarked Service is, and/or the Benchmarked Services as a whole are, Good Value.

2.2 The Customer shall only be entitled to carry out a Benchmark Review of any Services during the following periods:

2.2.1 once, per Benchmarked Service, during the Contract Year beginning on the third anniversary of the Service Commencement Date; and

2.2.2 once, per Benchmarked Service, during the Contract Year beginning on the sixth anniversary of the Service Commencement Date.

2.3 The Services that are to be the Benchmarked Services shall be identified by the Customer in the notice given under Paragraph 2.1

3. Appointment of Benchmark

3.1 The Customer shall appoint a Benchmark to carry out the Benchmark Review who will be either an organisation on the list of organisations set out in Annex 1 to this Schedule or such other organisation as may be agreed in writing between the Parties.

3.2 The Customer shall, at the written request of the Supplier, require the Benchmark to enter into a confidentiality agreement with the Supplier in, or substantially in, the form set out in Annex 2 to this Schedule.

3.3 The costs and expenses of the Benchmark and the Benchmark Review shall be shared equally between both Parties provided that:

3.3.1 the Customer provides the Supplier, prior to the commencement of the Benchmark Review, with reasonable evidence of the procurement process it has undertaken in appointing the Benchmark and demonstrated that the costs of the Benchmark are consistent with market rates (taking account in each case the nature of the requested Benchmark Review); and

3.3.2 each Party shall bear its own internal costs of the Benchmark Review. The Benchmark shall not be compensated on a contingency fee or incentive basis.

3.4 The Customer shall be entitled to pay the Benchmark's costs and expenses in full and to

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recover the Supplier's share from the Supplier.

4. Benchmark Review

- 4.1 The Customer shall require the Benchmarker to produce, and to send to each Party for approval, a draft plan for the Benchmark Review within ten (10) Working Days after the date of the appointment of the Benchmarker, or such longer period as the Benchmarker shall reasonably request in all the circumstances. The plan must include:
- 4.1.1 a proposed timetable for the Benchmark Review;
 - 4.1.2 a description of the information that the Benchmarker requires each Party to provide;
 - 4.1.3 a description of the benchmarking methodology to be used;
 - 4.1.4 a description that clearly illustrates that the benchmarking methodology to be used is capable of fulfilling the benchmarking objectives under Paragraph 2.1;
 - 4.1.5 an estimate of the resources required from each Party to underpin the delivery of the plan;
 - 4.1.6 a description of how the Benchmarker will scope and identify the Comparison Group;
 - 4.1.7 details of any entities which the Benchmarker proposes to include within the Comparison Group; and
 - 4.1.8 if in the Benchmarker's professional opinion there are no Comparable Services or the number of entities carrying out Comparable Services is insufficient to create a Comparison Group, a detailed approach for meeting the relevant benchmarking objective(s) under Paragraph 2.1 using a proxy for the Comparison Services and/or Comparison Group as applicable.
- 4.2 The Parties acknowledge that the selection and or use of proxies for the Comparison Group (both in terms of number and identity of entities) and Comparable Services shall be a matter for the Benchmarker's professional judgment.
- 4.3 Each Party shall give notice in writing to the Benchmarker and to the other Party within ten (10) Working Days after receiving the draft plan either approving the draft plan or suggesting amendments to that plan which must be reasonable. Where a Party suggests amendments to the draft plan pursuant to this Paragraph 4.3, the Benchmarker shall, if it believes the amendments are reasonable, produce an amended draft plan. Paragraph 4.1 and this Paragraph 4.3 shall apply to any amended draft plan.
- 4.4 Failure by a Party to give notice under Paragraph 4.3 shall be treated as approval of the draft

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plan by that Party. If the Parties fail to approve the draft plan within sixty (60) Working Days of its first being sent to them pursuant to Paragraph 4.1 then the Benchmarker shall prescribe the plan.

- 4.5 Once the plan is approved by both Parties or prescribed by the Benchmarker, the Benchmarker shall carry out the Benchmark Review in accordance with the plan. Each Party shall procure that all the information described in the plan, together with any additional information reasonably required by the Benchmarker is provided to the Benchmarker without undue delay. If the Supplier fails to provide any information requested from it by the Benchmarker and described in the plan, such failure shall constitute a material Default for the purposes of Clause 41.1.3 of the Call-Off Terms (Rectification Plan Process).
- 4.6 Each Party shall co-operate fully with the Benchmarker, including by providing access to records, technical documentation, premises, equipment, systems and personnel at times reasonably requested by the Benchmarker, provided that the Benchmarker shall be instructed to minimise any disruption to the Services.
- 4.7 Either Party may provide additional material to the Benchmarker to assist the Benchmarker in conducting the Benchmark Review.
- 4.8 Once it has received the information it requires, the Benchmarker shall:
 - 4.8.1 finalise the sample of entities constituting the Comparison Group and collect data relating to Comparable Services. The final selection of the Comparison Group (both in terms of number and identity of entities) and of the Comparable Services shall be a matter for the Benchmarker's professional judgment;
 - 4.8.2 derive the Equivalent Services Data by applying the adjustment factors listed in Paragraph 4.9 and from an analysis of the Comparable Services;
 - 4.8.3 derive the relative value for money of the charges payable for the Comparable Services using the Equivalent Services Data and from that derive the Upper Quartile;
 - 4.8.4 compare the value for money of the Charges attributable to the Benchmarked Services (having regard in particular to the applicable Performance Indicators and Target Service Levels) to the value for money of the Upper Quartile; and
 - 4.8.5 determine whether or not each Benchmarked Service is and/or the Benchmarked Services as a whole are, Good Value.
- 4.9 The Benchmarker shall have regard to the following matters when performing a comparative assessment of a Benchmarked Service and a Comparable Service in order to derive Equivalent Services Data:

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- 4.9.1 the contractual and business environment under which the Services are being provided (including the scope, scale, complexity and geographical spread of the Services);
- 4.9.2 any front-end investment and development costs of the Supplier;
- 4.9.3 the Supplier's risk profile including the financial, performance or liability risks associated with the provision of the Services as a whole;
- 4.9.4 the extent of the Supplier's management and contract governance responsibilities; and
- 4.9.5 any other reasonable factors demonstrated by the Supplier, which, if not taken into consideration, could unfairly cause the Supplier's pricing to appear non-competitive (such as erroneous costing, non-sustainable behaviour including excessive consumption of energy or over-aggressive pricing).

5. Benchmark Report

- 5.1 The Benchmarker shall be required to prepare a Benchmark Report and deliver it simultaneously to both Parties, at the time specified in the plan approved under Paragraph 4, setting out its findings. The Benchmark Report shall:
 - 5.1.1 include a finding as to whether or not each Benchmarked Service is and/or whether the Benchmarked Services as a whole are, Good Value;
 - 5.1.2 include other findings (if any) regarding the quality and competitiveness or otherwise of those Services;
 - 5.1.3 if any Benchmarked Service is not Good Value, or the Benchmarked Services as a whole are not Good Value, specify the changes that would be required to the Charges to make that Benchmarked Service or those Benchmarked Services as a whole Good Value; and
 - 5.1.4 illustrate the method used for any normalisation of the Equivalent Services Data.
- 5.2 The Benchmarker shall act as an expert and not as an arbitrator.
- 5.3 If the Benchmark Report states that any Benchmarked Service is not Good Value or that the Benchmarked Services as a whole are not Good Value, then the Supplier shall (subject to Paragraphs 5.5 and 5.6) implement the changes to the Charges set out in the Benchmark Report as soon as reasonably practicable within timescales agreed with the Customer but in any event within no more than ninety (90) days of the issue of the Benchmark Report. Changes to the Charges shall take effect only from this date and shall not be retrospective.
- 5.4 The Supplier acknowledges and agrees that Benchmark Reviews shall not result in any

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increase to the Charges, or any change to the Performance Indicators or Target Service Levels.

- 5.5 The Supplier shall be entitled to reject any Benchmark Report if the Supplier reasonably considers that the Benchmarking has not followed the procedure for the related Benchmark Review as set out in this Schedule in any material respect.
- 5.6 The Supplier shall not be obliged to implement any Benchmark Report to the extent this would cause the Supplier to provide the Services at a loss (as determined, by reference to the Financial Model).
- 5.7 In the event of any Dispute arising over whether the Benchmarking has followed the procedure for the related Benchmark Review under Paragraph 5.5 and/or any matter referred to in Paragraph 5.6, the Dispute shall be referred to Expert Determination. For the avoidance of doubt in the event of a Dispute between the Parties, the Customer shall continue to pay the Charges to the Supplier in accordance with the terms of this Call-Off Agreement.
- 5.8 On conclusion of the Expert Determination if the Expert determines that all or any part of the Benchmark Report recommendations regarding any reduction in the Charges shall be implemented by the Supplier, the Supplier shall immediately repay to the Customer the difference between the Charges paid by the Customer, up to and including the date of the Expert's determination and the date upon which the recommended reduction in Charges should have originally taken effect pursuant to Paragraph 5.3, together with interest thereon at the applicable rate under the Late Payment Of Commercial Debts (Interest) Act 1998.
- 5.9 Any failure by the Supplier to implement the changes as set out in the Benchmark Report in accordance with the relevant timescales determined in accordance with Paragraph 5.3 (unless the provisions of Paragraph 5.5, 5.6 and/or 5.7 apply) or in accordance with Paragraph 5.8 shall, without prejudice to any other rights or remedies of the Customer, give the Customer the right to terminate this Call-Off Agreement under Clause 47.1.4 (Termination by the Customer) of the Call-Off Agreement.

6. Gainsharing

These Paragraphs 6 7 and 8 detail the method by which the Customer will share in any Gain Share Amounts which are made by the provision of the Services during the Term.

7. Gain Share Calculation

- 7.1 Within thirty (30) days of the occurrence of any of the events listed below the Supplier shall deliver to the Customer a Gain Share Calculation:
- 7.1.1 on the fifth anniversary of the Service Commencement Date and each anniversary thereafter; and
- 7.1.2 on expiry or termination of this Call-Off Agreement.

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- 7.2 The Gain Share Calculation shall be prepared in accordance with this Schedule and the gain sharing rate set out in Annex 3 to this Schedule.
- 7.3 Each Gain Share Calculation shall:
- 7.3.1 be certified as correct and accurate by a director of the Supplier;
 - 7.3.2 calculate, in a manner consistent with the Financial Reporting Model, the Earned Revenue and Earned Expenses; and
 - 7.3.3 calculate, in a manner consistent with the Financial Reporting Model, the Earned Gain.
- 7.4 Following receipt by the Customer of a Gain Share Calculation, the Supplier shall at its own expense provide to the Customer any such additional information as it may reasonably request so that the Customer can verify the accuracy of the Gain Share Calculation. This shall include the detailed working papers and spreadsheets constructed in accordance with the Financial Model and shall be supplied in both paper and electronic copy.
- 7.5 Within thirty (30) days of receipt of a Gain Share Calculation and all additional information required pursuant to paragraph 7.4 of this Schedule, the Customer shall notify the Supplier whether it agrees with or disputes such Gain Share Calculation. In the event of any Dispute arising over the Gain Share Calculation the Dispute shall be referred to Expert Determination.
- 8. Payment of Gain Share**
- 8.1 Following agreement or determination of a Gain Share Calculation, the Supplier shall pay the Customer the Customer's Gain Share Amount calculated in accordance with Annex 3 to this Schedule within thirty (30) days of such agreement or determination.
- 8.2 Any failure by the Supplier to comply with the provisions of Paragraph 8.1 above shall, without prejudice to any other rights or remedies of the Customer, give the Customer the right to terminate this Call-Off Agreement under Clause 47.1.4 (Termination by the Customer) of the Call-Off Agreement.

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ANNEX 1

Approved Benchmarks

- [REDACTED]

ANNEX 2

Confidentiality Agreement

THIS AGREEMENT is made on [date]

BETWEEN:

- (1) **[insert name]** of **[insert address]** (the "**Supplier**"); and
- (2) **[insert name]** of **[insert address]** (the "**Benchmarker**" and together with the Supplier, the "**Parties**").

WHEREAS:

- (A) **[insert name of Customer]** (the "**Customer**") and the Supplier are party to a contract dated [insert date] (the "**Contract**") for the provision by the Supplier of **[insert brief description of services]** to the Customer.
- (B) The Benchmarker is to receive Confidential Information from the Supplier for the purpose of carrying out a benchmarking review for the Customer of one or more of such services pursuant to the terms of the Contract (the "**Permitted Purpose**").

IT IS AGREED as follows:

1. Interpretation

1.1 In this Agreement, unless the context otherwise requires:

"Confidential Information" means:

- (a) Information, including all personal data within the meaning of the Data Protection Act 1998, and however it is conveyed, provided by the Supplier to the Benchmarker pursuant to this Agreement that relates to:
 - (i) the Supplier; or
 - (ii) the operations, business, affairs, developments, intellectual property rights, trade secrets, know-how and/or personnel of the Supplier;
- (b) other Information provided by the Supplier pursuant to this Agreement to the Benchmarker that is clearly designated as being confidential or equivalent or that ought reasonably to be

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considered to be confidential which comes (or has come) to the Benchmarkers attention or into the Benchmarkers possession in connection with the Permitted Purpose;

- (c) discussions, negotiations, and correspondence between the Supplier or any of its directors, officers, employees,
- (d) consultants or professional advisers and the Benchmarkers or any of its directors, officers, employees, consultants and professional advisers in connection with the Permitted Purpose and all matters arising therefrom; and
- (e) Information derived from any of the above, but not including any Information that:
 - (i) was in the possession of the Benchmarkers without obligation of confidentiality prior to its disclosure by the Supplier;
 - (ii) the Benchmarkers obtained on a non-confidential basis from a third party who is not, to the Benchmarkers knowledge or belief, bound by a confidentiality agreement with the Supplier or otherwise prohibited from disclosing the information to the Benchmarkers;
 - (iii) was already generally available and in the public domain at the time of disclosure otherwise than by a breach of this Agreement or breach of a duty of confidentiality; or
 - (iv) was independently developed without access to the Confidential Information;

"Information" means all information of whatever nature, however conveyed and in whatever form, including in writing, orally, by demonstration, electronically and in a tangible, visual or machine-readable medium (including CD-ROM, magnetic and digital form); and

"Permitted Purpose" has the meaning given to that expression in recital (B) to this Agreement.

1.2 In this Agreement:

1.2.1 a reference to any gender includes a reference to other genders;

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- 1.2.2 the singular includes the plural and vice versa;
- 1.2.3 the words "include" and cognate expressions shall be construed as if they were immediately followed by the words "without limitation";
- 1.2.4 references to any statutory provision include a reference to that provision as modified, replaced, amended and/or re-enacted from time to time (before or after the date of this Agreement) and any prior or subsequent subordinate legislation made under it;
- 1.2.5 headings are included for ease of reference only and shall not affect the interpretation or construction of this Agreement; and
- 1.2.6 references to Clauses are to clauses of this Agreement.

2. Confidentiality Obligations

- 2.1 In consideration of the Supplier providing Confidential Information to the Benchmarking, the Benchmarking shall:
 - 2.1.1 treat all Confidential Information as secret and confidential;
 - 2.1.2 have in place and maintain proper security measures and procedures to protect the confidentiality of the Confidential Information (having regard to its form and nature);
 - 2.1.3 not disclose or permit the disclosure of any of the Confidential Information to any other person without obtaining the prior written consent of the Supplier or, if relevant, other owner or except as expressly set out in this Agreement;
 - 2.1.4 not transfer any of the Confidential Information outside the United Kingdom;
 - 2.1.5 not use or exploit any of the Confidential Information for any purpose whatsoever other than the Permitted Purpose;
 - 2.1.6 immediately notify the Supplier in writing if it suspects or becomes aware of any unauthorised access, copying, use or disclosure in any form of any of the Confidential Information; and
 - 2.1.7 once the Permitted Purpose has been fulfilled:
 - (a) destroy or return to the Supplier all documents and other tangible materials that contain any of the Confidential Information;
 - (b) ensure, so far as reasonably practicable, that all Confidential Information held in electronic, digital or other machine-readable form ceases to be readily accessible (other than by the information technology staff of the Benchmarking) from any computer, word processor, voicemail system or any other device; and
 - (c) make no further use of any Confidential Information.

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3. Permitted Disclosures

- 3.1 The Benchmarker may disclose Confidential Information to those of its directors, officers, employees, consultants and professional advisers who:
- 3.1.1 reasonably need to receive the Confidential Information in connection with the Permitted Purpose; and
 - 3.1.2 have been informed by the Benchmarker of the confidential nature of the Confidential Information; and
 - 3.1.3 have agreed to terms similar to those in this Agreement.
- 3.2 The Benchmarker shall be entitled to disclose Confidential Information to the Customer for the Permitted Purpose and to any Expert appointed in relation to a Dispute as referred to in Paragraph 5.7 of Schedule 4.5 (Value for Money Provisions) to the Contract.
- 3.3 The Benchmarker shall be entitled to disclose Confidential Information to the extent that it is required to do so by applicable law or by order of a court or other public body that has jurisdiction over the Benchmarker.
- 3.4 Before making a disclosure pursuant to Clause 3.3, the Benchmarker shall, if the circumstances permit:
- 3.4.1 notify the Supplier in writing of the proposed disclosure as soon as possible (and if possible before the court or other public body orders the disclosure of the Confidential Information); and
 - 3.4.2 ask the court or other public body to treat the Confidential Information as confidential.

4. General

- 4.1 The Benchmarker acknowledges and agrees that all property, including intellectual property rights, in Confidential Information disclosed to it by the Supplier shall remain with and be vested in the Supplier.
- 4.2 This Agreement does not include, expressly or by implication, any representations, warranties or other obligations:
- 4.2.1 to grant the Benchmarker any licence or rights other than as may be expressly stated in this Agreement;
 - 4.2.2 to require the Supplier to disclose, continue disclosing or update any Confidential Information; or
 - 4.2.3 as to the accuracy, efficacy, completeness, capabilities, safety or any other qualities whatsoever of any Information or materials provided pursuant to or in anticipation of this Agreement.
- 4.3 The rights, powers and remedies provided in this Agreement are cumulative and not exclusive of any rights, powers or remedies provided by law. No failure or delay by either Party to exercise any right, power or remedy will operate as a waiver of it nor will any partial exercise preclude any further exercise of the same, or of some other right, power or remedy.

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- 4.4 Without prejudice to any other rights or remedies that the Supplier may have, the Benchmarking acknowledges and agrees that damages alone may not be an adequate remedy for any breach by the Benchmarking of any of the provisions of this Agreement. Accordingly, the Benchmarking acknowledges that the Supplier shall be entitled to the remedies of injunction and specific performance as well as any other equitable relief for any threatened or actual breach of this Agreement and/or breach of confidence and that no proof of special damages shall be necessary for the enforcement of such remedies.
- 4.5 The maximum liability of the Benchmarking to the Supplier for any breach of this Agreement shall be limited [REDACTED]
- 4.6 For the purposes of the Contracts (Rights of Third Parties) Act 1999 no one other than the Parties has the right to enforce the terms of this Agreement.
- 4.7 Each Party shall be responsible for all costs incurred by it or on its behalf in connection with this Agreement.
- 4.8 This Agreement may be executed in any number of counterparts and by the Parties on separate counterparts, but shall not be effective until each Party has executed at least one counterpart. Each counterpart shall constitute an original of this Agreement, but all the counterparts shall together constitute but one and the same instrument.

5. Notices

- 5.1 Any notice to be given under this Agreement (each a "Notice") shall be given in writing and shall be delivered by hand and shall be deemed to have been duly given at the time of delivery provided that such Notice is sent to the relevant physical address, and expressly marked for the attention of the relevant individual, set out in Clause 5.2.

5.2 Any Notice:

- 5.2.1 if to be given to the Supplier shall be sent to:

[Address]

Attention: [Contact name and/or position, e.g. "The Finance Director"]

- 5.2.2 if to be given to the Benchmarking shall be sent to:

[Name of Organisation] [Address]

Attention: []

6. Governing law

- 6.1 This Agreement shall be governed by, and construed in accordance with, English law and any matter claim or dispute arising out of or in connection with this Agreement whether contractual or non-contractual, shall be governed by and determined in accordance with English law.
- 6.2 Each Party hereby irrevocably submits to the exclusive jurisdiction of the English courts in respect of any claim or dispute arising out of or in connection with this Agreement.

IN WITNESS of the above this Agreement has been signed by the duly authorised representatives of the Parties on the date which appears at the head of page 1.

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For and on behalf of *[name of Supplier]*

Signature:

Date:

.....

Name:

Position:

For and on behalf of *[name of Benchmark]*

Signature:

Date:

.....

Name:

Position:

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ANNEX 3

[REDACTED]

[REDACTED]

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