

<b>CAN NO.:</b>  <b>037</b>	<b>TITLE:</b>  <b>2018 Test Cycle</b>	<b>DATE ISSUED:</b>  <b>16/03/2017</b>
<b>PROJECT:</b>  <b>EMS2014</b>	<b>TYPE OF CHANGE</b>  <b>Routine</b>	<b>REQUIRED BY DATE:</b>  <b>24/03/2017</b>

**EXECUTIVE SUMMARY OF CONTRACT CHANGE**

The Secretary of State for Education acting through the Standards and Testing Agency (STA) and Pearson Education Limited (PEL) entered into an agreement for the delivery of external marking services for key stage 2 National Curriculum Tests ("**the Agreement**") on 26<sup>th</sup> April 2013.

In order to deliver the 2018 Test Cycle, the following amendments are required to the Agreement:

- Extension of the Term of the Agreement for the provision of External Marking Services for the 2018 Test Cycle;
- Incorporation of new Terms and Conditions;
- Updated Supplier's Solution; and
- Incorporation of 2018 Test Cycle Pricing Model v1.3.

Pearson has confirmed its approach to the above changes via "*Change Proposal\_037\_v1.1\_UPDATED*" and both Parties have agreed an approach via the *Change Proposal Clarification Document*. The full proposal and clarifications are not described here for presentational purposes. For full details of the Change Proposal and clarifications, please reference the documents attached.

The STA requested Cabinet Office approval of the final business case in January 2017; this was approved in March 2017, allowing the STA to proceed with this change.

By signing this Contract Authorisation Note, both Parties agree to implement the changes in accordance with the *Change Request*, *Change Proposal* and *Change Proposal Clarification Document* referenced below.

LIST OF ATTACHMENTS:

Description	Document Title	Version	Date
Change Request	CR037 2017 test cycle changes	v1.0	14/10/2016
Change Proposal	Change Proposal_037_v1.1_UPDATED_08122016	v1.1	08/12/2016
Change Proposal Clarifications	Clarification responses - CAN37_V0.2_STA response to PEL	v0.2	09/12/2016
Pricing Model	STA-2014_External Marking Services_Pricing Model for 2018 v1.3	v1.3	04/01/2017

[Embedded documents redacted]

LIST OF CHANGES TO THE CONTRACT (EG CONTRACT CLAUSES, SCHEDULES, PRODUCT DESCRIPTIONS)

**Update to Terms and Conditions:**

The following definition is inserted in clause 1.1 of the Agreement:

*“2018 Test Cycle” means the Test Cycle relating to the 2017/18 academic year's Tests”*

Clause 3.2 of the Agreement is replaced with the following clauses:

- 3.2 STA shall have the sole and absolute right to seek up to two extensions of the Expected Term for the 2017 Test Cycle (“the First Extension”) and the 2018 Test Cycle (“the Second Extension”). The parties acknowledge and agree that STA has exercised the First Extension.
- 3.2A Where it wishes to exercise the Second Extension, STA will give the Supplier written notice of its intention to do so prior to the date occurring on the later of: (i) 01 August 2017; and (ii) the date on which the Supplier has achieved KM5 for the 2017 Test Cycle, as such Key Milestone is described in Schedule 5 (Key Milestone Acceptance Criteria and Service Levels)
- 3.2B Subject to the provisions of Schedule 7, any Change to any Delay Credit or other legal right or remedy of STA the Charges for the 2018 Test Cycle (in the event of STA exercising the Second Extension) shall be fixed in accordance with the pricing documents set out in Annex A and Schedule 7, Annex 1 shall be deemed to be amended accordingly.

Both Parties agree that, in accordance with clause 3.2 above, this clause is exercised and by the signing of this Contract Authorisation Note, the Agreement is extended to deliver the 2018 Test Cycle (“the Second Extension”).

**Supplier Action Plan Governance [via Monthly Service Management Meeting]:**

Within Annex A, B4 of Schedule 6 (Governance, Service Management and Performance Management), insert the following agenda item in to the Monthly Service Management Meetings agenda, in reference to action plans:

- (ii) *Review all reports and action plans produced by the Supplier undertaken in accordance with Clause 10.3 (Investigation)*

Both parties agree that precise security measures will be included in the 2018 version of the Security, Business Continuity and Disaster Recovery PD.

**Supplier's Solution:**

Insert the following text within "*Schedule 22 – Suppliers Solution*":

- (d) documents entitled "*Change Proposal\_037\_v1.1\_UPDATED\_08122016*" and Change Proposal Clarifications "*Clarification responses - CAN37\_V0.2\_STA response to PEL*", supplied in response to Change Request 037, 2018 Test Cycle changes.

**Agreed Pricing Model:**

In accordance with the Change Request, Change Proposal, Change Proposal and this Contract Change, the "*Pricing Model for 2018 Test Cycle v1.3*" is to be incorporated in to "*Annex 1 of Schedule 7 - Charges and Invoicing Arrangements*" as part of the suite of "*Agreed Pricing Models*".

**All other terms and conditions of the Agreement remain in full force and effect.**

AGREED ADJUSTMENT TO THE CHARGES RESULTING FROM IMPLEMENTING THE CHANGE

**Invoicing and payment:**

In accordance with the Agreed Pricing Model for 2018 Test Cycle v1.3, the key milestone profile for the 2018 Test Cycle will be as follows:

KM	% profile	Value	Due date
KM1			
KM2			
KM3			
KM4			
KM5			
KM6			
KM7			
Total			

**Note on Exit costs:**

Prior to this CAN037, the 2017 Test Cycle was the final delivery year and therefore Exit costs of [REDACTED] were included in the 2017 key milestone profile (agreed via CAN035). In accordance with this contract change, the 2018 test cycle will now be the final Test Cycle, therefore the Exit costs that were agreed to Exit the 2017 Test Cycle will now be deducted from the 2017 profile and Total Contract Price. Exit costs of [REDACTED] have been profiled at the end of the 2018 Test Cycle and included in the Total Contract Price, summarised below.

**Total Contract Value:**

<b>Current total contract price:</b>	<b>£ 87,656,545.13</b>	<b>(including VAT)</b>
Cost of change: (including Exit costs)	£ 21,797,902.04	(including VAT)
Deduction of Exit costs	- [REDACTED]	(including VAT)
<b>New total contract price:</b>	<b>£ 109,085,447.17</b>	<b>(including VAT)</b>

**DATE OF COMPLETION FOR IMPLEMENTING THE CHANGE**

With effect from the date of countersignature by STA as shown below, and completed in accordance with the milestones described within the Change Request, the Change Proposal and Change Proposal Clarifications.

Acceptance will be in accordance with “*Schedule 5 – Key Milestone Acceptance Criteria and Service Levels*”.

<b>SIGNED ON BEHALF OF THE STA:</b>	<b>SIGNED ON BEHALF OF THE SUPPLIER:</b>
Signature:_____	Signature:_____
Name:_____	Name:_____
Position:_____	Position:_____
Date:_____	Date:_____