



Department for
International Trade

Contract for the Development of a Multi-Market Partial Equilibrium Model for the Department for International Trade

2nd July 2018

www.gov.uk/dit

Contract Reference **DN341902**

SECTION 1:

FORM OF CONTRACT

PARTIES:

- (1) THE SECRETARY OF STATE FOR THE DEPARTMENT FOR INTERNATIONAL TRADE. 3 Whitehall Place, London, SW1A 2AW (the “**Authority**”);

AND

- (2) InterAnalysis Ltd of Sussex Innovation Centre, University of Sussex, Falmer, East Sussex BN1 9SB (registered in England and Wales under number **06697690** whose registered office is Sussex Innovation Centre, University of Sussex, Falmer, East Sussex BN1 9SB (the “**Contractor**”)

(each a “**Party**” and together the “**Parties**”).

WHEREAS

Following a competitive tender process, the Authority wishes to appoint the Contractor to provide certain services and the Contractor agrees to provide those services in accordance with these terms and conditions.

NOW IT IS HEREBY AGREED as follows:

1. TERMS OF CONTRACT

- 1.1 The “**Contract**” comprises the following:

| | |
|--------------|---|
| Section 1: | Form of Contract |
| Section 2: | Terms and Conditions |
| Schedule 1: | Services |
| Schedule 2: | Prices |
| Schedule 3: | Governance and Contract Management |
| Schedule 4: | Performance Management Framework |
| Schedule 5: | Change Control |
| Schedule 6: | Approved Sub-Contractor’s List |
| Schedule 7: | Key Personnel |
| Schedule 8: | Commercially Sensitive Information |
| Schedule 9: | Travel and Subsistence |
| Schedule 10: | Contractor and Third Party Software |
| Schedule 11: | Security Requirements, Policy and Plan |
| Schedule 12: | Processing, Personal Data and Data Subjects |
| Schedule 13: | Joint Controller Agreement |
| Schedule 14: | Contractor’s Proposal |

- 1.2 The Contract starts on 2nd July 2018 (the “**Commencement Date**”) and ends on 1st July 2019 (the “**End Date**”) unless it is terminated early or extended in accordance with the Contract.

- 1.3 The Authority may elect to extend the term of the Contract by giving the Contractor at least 10 Working Days' notice before the end of the Initial Contract Period in which case, the Contract will terminate at the end of the Extension Period.

1. Contents

| | |
|--|----|
| FORM OF CONTRACT | 2 |
| 1. Contents | 4 |
| SECTION 2:..... | 1 |
| TERMS AND CONDITIONS | 1 |
| A GENERAL PROVISIONS | 2 |
| B. THE SERVICES | 13 |
| C PAYMENT | 19 |
| E PROTECTION OF INFORMATION | 24 |
| F. CONTROL OF THE CONTRACT | 34 |
| G LIABILITIES | 40 |
| H DEFAULT, DISRUPTION AND TERMINATION | 44 |
| I DISPUTES AND LAW | 51 |
| SCHEDULE 1 – SERVICES | 55 |
| SCHEDULE 2 - PRICING | 59 |
| SCHEDULE 3 – GOVERNANCE AND CONTRACT MANAGEMENT | 60 |
| SCHEDULE 4 – PERFORMANCE MANAGEMENT FRAMEWORK | 63 |
| SCHEDULE 5 - CHANGE CONTROL | 66 |
| SCHEDULE 6 – APPROVED SUB-CONTRACTOR’S LIST | 68 |
| SCHEDULE 7 – KEY PERSONNEL | 69 |
| SCHEDULE 8 – COMMERCIALLY SENSITIVE INFORMATION | 70 |
| SCHEDULE 9 – TRAVEL AND SUBSISTENCE..... | 71 |
| SCHEDULE 10 - CONTRACTOR AND THIRD PARTY SOFTWARE | 74 |
| SCHEDULE 11 – SECURITY REQUIREMENTS, POLICY AND PLAN..... | 75 |
| SCHEDULE 12 – PROCESSING, PERSONAL DATA AND DATA SUBJECTS..... | 79 |
| SCHEDULE 13 – JOINT CONTROLLER AGREEMENT | 81 |

SECTION 2:

TERMS AND CONDITIONS

CONTENTS

| | |
|-----|---|
| A1 | Definitions and Interpretation |
| A2 | The Authority's Obligations |
| A3 | Contractor's Status |
| A4 | Notices and Communications |
| A5 | Mistakes in Information |
| A6 | Conflicts of Interest |
| | |
| B1 | Specification |
| B2 | Provision and Removal of Equipment |
| B3 | Service Delivery |
| B4 | Key Personnel |
| B5 | Contractor's Staff |
| B6 | Inspection of Premises |
| B7 | Licence to Occupy Premises |
| B8 | Property |
| B9 | Offers of Employment |
| B10 | Employment Provisions |
| | |
| C1 | Price |
| C2 | Payment and VAT |
| C3 | Recovery of Sums Due |
| C4 | Price during Extension |
| | |
| D1 | Prevention of Fraud and Bribery |
| D2 | Discrimination |
| D3 | Rights of Third Parties |
| D4 | Health and Safety |
| D5 | Environmental Requirements |
| | |
| E1 | Authority Data |
| E2 | Data Protection Act |
| E3 | Official Secrets Acts and Finance Act |
| E4 | Confidential Information |
| E5 | Freedom of Information |
| E6 | Publicity, Media and Official Enquiries |
| E7 | Security |
| E8 | Intellectual Property Rights |
| E9 | Audit |
| E10 | Tax Compliance |
| E11 | Cyber Essentials Scheme |
| | |
| F1 | Failure to meet requirements |
| F2 | Monitoring Contract Performance |
| F3 | Remedies for inadequate performance |
| F4 | Transfer and Sub-Contracting |
| F5 | Waiver |
| F6 | Variation |
| F7 | Severability |

| | |
|-----|---|
| F8 | Remedies Cumulative |
| F9 | Entire Agreement |
| F10 | Counterparts |
| G1 | Liability, Indemnity and Insurance |
| G2 | Warranties and Representations |
| G3 | Force Majeure |
| H1 | Termination on Insolvency and Change of Control |
| H2 | Termination on Default |
| H3 | Termination on Notice |
| H4 | Other Termination Grounds |
| H5 | Consequences of Expiry or Termination |
| H6 | Disruption |
| H7 | Recovery upon Termination |
| H8 | Retendering and Handover |
| H9 | Exit Management |
| H10 | Exit Procedures |
| H11 | Knowledge Retention |
| I1 | Governing Law and Jurisdiction |
| I2 | Dispute Resolution |

A GENERAL PROVISIONS

A1 Definitions and Interpretation

1. Unless the context otherwise requires the following terms shall have the meanings given to them below:

| Term | Meaning |
|------------------------------------|--|
| “Affected Party” | means the Party seeking to claim relief in respect of a Force Majeure Event. |
| “Agreement” | means this contract |
| “Affiliate” | means in relation to a body corporate, any other entity which directly or indirectly Controls is Controlled by, or is under direct or indirect common Control with, that body corporate from time to time. |
| “Approval” and “Approved” | means the prior written consent of the Authority. |
| “Authorised Representative” | means the Authority representative named in the CCN as authorised to approve agreed Variations. |
| “Authority” | means The Secretary of State for International Trade of 3 Whitehall Place, London, SW1A 2AW |
| “Authority Data” | means: <ul style="list-style-type: none"> (a) the data, text, drawings, diagrams, images or sounds (together with any database made up of any of these) which are embodied in any electronic, magnetic, optical or tangible media, and which are: (i) supplied to the Contractor by or on behalf of the Authority; or (ii) which the Contractor is required to generate, process, store or transmit pursuant to the Contract; or (b) any Personal Data for which the Authority is the Data |

| | |
|---|--|
| | Controller. |
| “Authority Premises” | means any premises owned, occupied or controlled by the Authority or any other Crown Body which are made available for use by the Contractor or its Sub-Contractors for provision of the Services. |
| “Authority Software” | means software which is owned by or licensed to the Authority (other than under or pursuant to the Contract) and which is or will be used by the Contractor for the purposes of providing the Services. |
| “Authority System” | means the Authority’s computing environment (consisting of hardware, software and/or telecommunications networks or equipment) used by the Authority or the Contractor in connection with the Contract which is owned by or licensed to the Authority by a third party and which interfaces with the Contractor System or which is necessary for the Authority to receive the Services. |
| “Breach of Security” | means the occurrence of unauthorised access to or use of the Premises, the Services, the Contractor System, or any ICT or data (including Authority Data) used by the Authority or the Contractor in connection with the Contract. |
| “BPSS” | means the HMG Baseline Personnel Security Standard for Government employees. |
| “CCN” | means a change control notice in the form set out in Schedule 5. |
| “Commencement Date” | means the date set out in paragraph 1.3 of the Form of Contract. |
| “Commercially Sensitive Information” | <p>means the information listed in Schedule 8 comprising the information of a commercially sensitive nature relating to:</p> <ul style="list-style-type: none"> (a) the Price; (b) details of the Contractor’s Intellectual Property Rights; and (c) the Contractor’s business and investment plans <p>which the Contractor has indicated to the Authority that, if disclosed by the Authority, would cause the Contractor significant commercial disadvantage or material financial loss.</p> |
| “Confidential Information” | <p>means any information which has been designated as confidential by either Party in writing or that ought to be considered as confidential (however it is conveyed or on whatever media it is stored) including information the disclosure of which would, or would be likely to, prejudice the commercial interests of any person or trade secrets or Intellectual Property Rights of either Party and all personal data and sensitive personal data within the meaning of the DPA. Confidential Information shall not include information which:</p> <ul style="list-style-type: none"> (a) was public knowledge at the time of disclosure otherwise than by breach of clause E4; (b) was in the possession of the receiving Party, without restriction as to its disclosure, before receiving it from the disclosing Party; (c) is received from a third party (who lawfully acquired it) without restriction as to its disclosure; or |

| | |
|---|---|
| | (d) is independently developed without access to the Confidential Information. |
| “Contract” | has the meaning given in paragraph 1.1 of the Form of Contract. |
| “Contract Period” | means the period from the Commencement Date to: <ul style="list-style-type: none"> (a) the End Date; (b) following an extension, the end date of any Extension Period; or (c) if the Contract is terminated before the End Date or the end date of the Extension Period, the earlier date of termination of the Contract in accordance with the Law or the Contract. |
| “Contracting Authority” | means any contracting authority (other than the Authority) as defined in regulation 3 of the Regulations. |
| “Contract Change Notice” | means the notice through which changes to the contract will be authorised. |
| “Contract Review” | means the review of the provision of the Services as detailed in Clause F2 |
| “Contract Review Report” | means the report that the Authority may produce |
| “Contractor Equipment” | means the hardware, computer and telecoms devices and equipment supplied by the Contractor or its Sub-Contractor (but not hired, leased or loaned from the Authority) for the provision of the Services. |
| “Contractor Software” | means software which is proprietary to the Contractor, including software and which is or will be used by the Contractor for the purposes of providing the Services and which is set out in Schedule10. |
| “Contractor System” | means the information and communications technology system used by the Contractor in performing the Services including the Software, the Contractor Equipment and related cabling (but excluding the Authority System). |
| “Control” | means that a person possesses, directly or indirectly, the power to direct or cause the direction of the management and policies of the other person (whether through the ownership of voting shares, by contract or otherwise) and “Controls” and “Controlled” shall be interpreted accordingly. |
| "Controller" , "Processor" , "Data Subject" , "Personal Data" , "Personal Data Breach" and "Data Protection Officer" | take the meaning given in the GDPR. |
| “Copyright” | means as it is defined in s.1 of Part 1 Chapter 1 of the Copyright, Designs and Patents Act 1988. |
| “Crown” | means the government of the United Kingdom (including the Northern Ireland Executive Committee and Northern Ireland Departments, the Scottish Executive and the National Assembly for Wales), including, but not limited to, government ministers, government departments, government offices and government agencies and “Crown Body” is an emanation of the foregoing. |
| “Cyber Essentials Certificate” | means the certification awarded on the basis of self-assessment, verified by an independent certification body, under the Cyber |

| | |
|--|---|
| | Essentials Scheme and is the basic level of assurance; |
| “Cyber Essentials Data” | means information as referred to in the Cyber Essentials Scheme; |
| “Cyber Essentials Scheme” | means the Cyber Essentials Scheme developed by the Government which provides a clear statement of the basic controls all organisations should implement to mitigate the risk from common internet based threats. Details of the Cyber Essentials scheme can be found here: https://www.gov.uk/government/publications/cyber-essentials-scheme-overview |
| "Data Loss Event" | means any event that results, or may result, in unauthorised access to Personal Data held by the Contractor under this Agreement, and/or actual or potential loss and/or destruction of Personal Data in breach of this Agreement, including any Personal Data Breach. |
| “Data Protection Legislation” | means (i) the GDPR, the LED and any applicable national implementing Laws as amended from time to time (ii) the DPA 2018 [subject to Royal Assent] to the extent that it relates to processing of personal data and privacy; (iii) all applicable Law about the processing of personal data and privacy; |
| "Data Protection Impact Assessment" | means an assessment by the Controller of the impact of the envisaged processing on the protection of Personal Data. |
| “Database Rights” | means as rights in databases are defined in s.3A of Part 1 Chapter 1 of the Copyright, Designs and Patents Act 1988. |
| "Data Subject Request" | means a request made by, or on behalf of, a Data Subject in accordance with rights granted pursuant to the Data Protection Legislation to access their Personal Data. |
| “Default” | means any breach of the obligations of the relevant Party (including abandonment of the Contract in breach of its terms, repudiatory breach or breach of a fundamental term) or any other default, act, omission, negligence or statement of the relevant Party or the Staff in connection with the subject-matter of the Contract and in respect of which such Party is liable to the other. |
| “DOTAS” | means the Disclosure of Tax Avoidance Schemes rules which require a promotor of tax schemes to tell HMRC of any specified notifiable arrangements or proposals and to provide prescribed information on those arrangements or proposals within set time limits as contained in Part 7 of the Finance Act 2004 and in secondary legislation made under vires contained in Part 7 of the Finance Act and as extended to NICs by the National Insurance (Application of Part 7 of the Finance Act 2004) regulations 2012, SI 2012/1868 made under section 132A of the Social Security Administration Act 1992. |
| "DPA 2018" | means Data Protection Act 2018 |
| “EIR” | means the Environmental Information Regulations 2004 (SI 2004/3391) and any guidance and/or codes of practice issued by the Information Commissioner or relevant government department in relation to such regulations. |
| “End Date” | means the date set out in paragraph 1.3 of the Form of Contract. |
| “Equipment” | means the Contractor’s equipment, consumables, plant, materials and such other items supplied and used by the Contractor in the |

| | |
|---|---|
| | delivery of the Services. |
| “Extension Period” | a period of six (6) months from the end of the Initial Contract Period/means 2 further periods of up to a maximum of three (3) months each. |
| “FOIA” | means the Freedom of Information Act 2000 and any subordinate legislation made under that Act from time to time together with any guidance and/or codes of practice issued by the Information Commissioner or relevant government department in relation to such legislation. |
| “Force Majeure Event” | means any event outside the reasonable control of either Party affecting its performance of its obligations under the Contract arising from acts, events, omissions, happenings or non-happenings beyond its reasonable control and which are not attributable to any wilful act, neglect or failure to take reasonable preventative action by that Party, including acts of God, riots, war or armed conflict, acts of terrorism, acts of government, local government or regulatory bodies, for flood, storm or earthquake, or disaster but excluding any industrial dispute relating to the Contractor or the Staff or any other failure in the Contractor’s supply chain. |
| “Form of Contract” | means Section 1 of the Contract. |
| “General Anti-Abuse Rule” | means: (a) the legislation in Part 5 of the Finance Act 2013; and (b) any future legislation introduced into parliament to counteract tax advantages arising from abusive arrangements to avoid NICs. |
| “GDPR” | means the General Data Protection Regulation (<i>Regulation (EU) 2016/679</i>) |
| “Good Industry Practice” | means standards, practices, methods and procedures conforming to the Law and the degree of skill and care, diligence, prudence and foresight which would reasonably and ordinarily be expected from a skilled and experienced person or body engaged in a similar type of undertaking under the same or similar circumstances. |
| “Halifax Abuse Principle” | means the principle explained in the CJEU Case C-255/02 Halifax and others. |
| “ICT” | means Information Communications Technology and includes a diverse set of technological tools and resources used to communicate, and to create, disseminate, store and manage information, including computers, the Internet, broadcasting technologies (radio and television), and telephony. |
| “Joint Controllers” | means where two or more Controllers jointly determine the purposes and means of processing |
| “Security Policy Framework” | means the HMG Security Policy Framework (available from the Cabinet Office’s Government Security Secretariat) as updated from time to time. |
| “HMRC” | means HM Revenue & Customs. |
| “ICT Environment” | means the Authority System and the Contractor System. |
| “Information” | has the meaning given under section 84 of the FOIA. |
| “Initial Contract Period” | means the period from the Commencement Date to the End Date. |
| “Intellectual Property Rights” or “IPRs” | means any and all intellectual property rights of any nature anywhere in the world including patents, utility models, inventions, trademarks, service marks, logos, design rights , applications for |

| | |
|---|--|
| | any of the foregoing, copyright, database rights, domain names, plant variety rights, Know-How, trade or business names, moral rights and other similar rights or obligations whether registrable or not in any country (including but not limited to the United Kingdom) and the right to sue for passing off. |
| "IPR Claim" | any claim of infringement or alleged infringement (including the defence of such infringement or alleged infringement) of any IPRs which are made available by the Authority or the Contractor (as the case may be). |
| "ITEPA" | means the Income Tax (Earnings and Pensions) Act 2003. |
| "Key Personnel" | means those persons named in Schedule 7 as key personnel. |
| "Know-How" | means all information not in the public domain held in any form (including without limitation that comprised in or derived from drawings, data formulae, patterns, specifications, notes, samples, chemical compounds, biological materials, computer software, component lists, instructions, manuals, brochures, catalogues and process descriptions and scientific approaches and methods). |
| "Law" | means any law, subordinate legislation within the meaning of Section 21(1) of the Interpretation Act 1978, bye-law, enforceable right within the meaning of Section 2 of the European Communities Act 1972, regulation, order, regulatory policy, mandatory guidance or code of practice, judgment of a relevant court of law, or directives or requirements with which the Processor is bound to comply |
| "LED" | means Law Enforcement Directive (<i>Directive (EU) 2016/680</i>) |
| "Malicious Software" | means any software program or code intended to destroy, interfere with, corrupt, or cause undesired effects on program files, data or other information, executable code or application software macros, whether or not its operation is immediate or delayed, and whether the malicious software is introduced wilfully, negligently or without knowledge of its existence. |
| "Material Breach" | means a breach (including an anticipatory breach) that is serious in the widest sense of having a serious effect on the benefit which the Authority would otherwise derive from: <ul style="list-style-type: none"> (a) a substantial portion of the Contract; or (b) any of the obligations set out in clauses A6, D1, E1, E2, E3, E4, E7, E8, E10 or E11. |
| "Month" | means calendar month. |
| "NICs" | means National Insurance Contributions. |
| "Occasion of Tax Non-Compliance" | means: <ul style="list-style-type: none"> (a) any tax return of the Contractor submitted to a Relevant Tax Authority on or after 1 October 2012 which is found on or after 1 April 2013 to be incorrect as a result of: <ul style="list-style-type: none"> i) a Relevant Tax Authority successfully challenging the Contractor under the General Anti-Abuse Rule or the Halifax Abuse principle or under any tax rules or legislation that have an effect equivalent or similar to the General Anti-Abuse Rule or the Halifax Abuse Principle; ii) the failure of an avoidance scheme which the Contractor |

| | |
|------------------------------|--|
| | <p>was involved in, and which was, or should have been, notified to the Relevant Tax Authority under the DOTAS or any equivalent or similar regime; and/or</p> <p>(b) any tax return of the Contractor submitted to a Relevant Tax Authority on or after 1 October 2012 gives rise on or after 1 April 2013 to a criminal conviction in any jurisdiction for tax related offences which is not spent at the Commencement Date or to a civil penalty for fraud or evasion.</p> |
| “Optional Services” | the services described as such in Schedule 1 (Services) which are to be provided by the Contractor if required by the Authority in accordance with Clause B1.2; |
| “Party” | means a Party to this Agreement |
| “Premises” | means the location where the Services are to be supplied as set out in the Specification. |
| “Price” | means the price (excluding any applicable VAT) payable to the Contractor by the Authority under the Contract, as set out in Schedule 2 for the full and proper performance by the Contractor of its obligations under the Contract. |
| “Processor Personnel” | means all directors, officers, employees, agents, consultants and contractors of the Processor and/or of any Sub-Processor engaged in the performance of its obligations under this Agreement |
| “ProContract” | has the meaning given in paragraph 1.2 of the Form of Contract. |
| “Prohibited Act” | <p>means:</p> <p>(a) to directly or indirectly offer, promise or give any person working for or engaged by the Authority a financial or other advantage to:</p> <ul style="list-style-type: none"> i) induce that person to perform improperly a relevant function or activity; or ii) reward that person for improper performance of a relevant function or activity; <p>(b) to directly or indirectly request, agree to receive or accept any financial or other advantage as an inducement or a reward for improper performance of a relevant function or activity in connection with the Contract;</p> <p>(c) an offence:</p> <ul style="list-style-type: none"> i) under the Bribery Act 2010 (or any legislation repealed or revoked by such Act); ii) under legislation or common law concerning fraudulent acts; or iii) the defrauding, attempting to defraud or conspiring to defraud the Authority; <p>(d) any activity, practice or conduct which would constitute one of the offences listed under (c) above if such activity, practice or conduct has been carried out in the UK.</p> |

| | |
|----------------------------------|---|
| "Property" | means the property, other than real property, issued or made available to the Contractor by the Authority in connection with the Contract. |
| "Protectively Marked" | shall have the meaning as set out in the Security Policy Framework. |
| "Project Specific IPR" | IPRs in items created by the Contractor (or by a third party on behalf of the Contractor specifically for the purposes of this agreement, including in the Specially Written Software) |
| "Protective Measures" | means appropriate technical and organisational measures which may include: pseudonymising and encrypting Personal Data, ensuring confidentiality, integrity, availability and resilience of systems and services, ensuring that availability of and access to Personal Data can be restored in a timely manner after an incident, and regularly assessing and evaluating the effectiveness of the such measures adopted by it those outlined in Schedule 11 (Security). |
| "Purchase Order" | means the document in which the Authority specifies the Services which are to be supplied by the Contractor under the Contract. |
| "Quality Standards" | means the quality standards published by BSI British Standards, the National Standards Body of the United Kingdom, the International Organisation for Standardization or other reputable or equivalent body (and their successor bodies) that a skilled and experienced operator in the same type of industry or business sector as the Contractor would reasonably and ordinarily be expected to comply with, and as may be further detailed in Schedule 1. |
| "Receipt" | means the physical or electronic arrival of the invoice at the address specified in clause A4.4 or at any other address given by the Authority to the Contractor for the submission of invoices from time to time. |
| "Regulations" | means the Public Contract Regulations 2015 (SI 2015/102). |
| "Regulatory Body" | means a government department and regulatory, statutory and other entities, committees, ombudsmen and bodies which, whether under statute, rules, regulations, codes of practice or otherwise, are entitled to regulate, investigate, or influence the matters dealt with in the Contract or any other affairs of the Authority. |
| "Relevant Conviction" | means a conviction that is relevant to the nature of the Services or as listed by the Authority and/or relevant to the work of the Authority. |
| "Relevant Requirements" | means all applicable Law relating to bribery, corruption and fraud, including the Bribery Act 2010 and any guidance issued by the Secretary of State for Justice pursuant to section 9 of the Bribery Act 2010. |
| "Relevant Tax Authority" | means HMRC or, if applicable, a tax authority in the jurisdiction in which the Contractor is established. |
| "Replacement Contractor" | means any third party supplier appointed by the Authority to supply any services which are substantially similar to any of the Services in substitution for any of the Services following the expiry, termination or partial termination of the Contract. |
| "Request for Information" | means a request for information under the FOIA or the EIR. |
| "Restricted Country" | means: <ul style="list-style-type: none"> a) any country outside the European Economic Area; and |

| | |
|-------------------------------------|--|
| | b) any country not deemed adequate by the European Commission pursuant to Article 25(6) of Directive 95/46/EC. |
| “Results” | means any guidance, specifications, reports, studies, instructions, toolkits, plans, data, drawings, databases, patents, patterns, models, designs or other material which is: a) prepared by or for the Contractor for use in relation to the performance of its obligations under the Contract; or b) the result of any work done by the Contractor, the Staff or any Sub-Contractor in relation to the provision of the Services. |
| “Returning Employees” | means those persons agreed by the Parties to be employed by the Contractor (and/or any Sub-Contractor) wholly or mainly in the supply of the Services immediately before the end of the Contract Period. |
| “Security Plan” | means the Contractor’s security plan prepared pursuant to paragraph 3 an outline of which is set out in an Appendix to this Schedule 11. |
| “Services” | means the services set out in Schedule 1 including any modified or alternative services. |
| “Software” | means Specially Written Software, Contractor Software and Third Party Software. |
| “Specially Written Software” | means any software created by the Contractor (or by a third party on behalf of the Contractor) specifically for the purposes of this Contract. |
| “Specification” | means the description of the Services to be supplied under the Contract as set out in Schedule 1 including, where appropriate, the Premises and the Quality Standards. |
| “SSCBA” | means the Social Security Contributions and Benefits Act 1992. |
| “Staff” | means all persons employed by the Contractor to perform its obligations under the Contract together with the Contractor’s servants, agents, suppliers and Sub-Contractors used in the performance of its obligations under the Contract. |
| “Sub-Contract” | means a contract between 2 or more suppliers, at any stage of remoteness from the Authority in a sub-contracting chain, made wholly or substantially for the purpose of performing (or contributing to the performance of) the whole or any part of the Contract and “Sub-Contractor” shall be construed accordingly. |
| “Sub-processor” | means any third Party appointed to process Personal Data on behalf of the Contractor related to this Agreement |
| “Tender” | means the document submitted by the Contractor to the Authority in response to the Authority’s invitation to suppliers for formal offers to supply the Services. |
| “TFEU” | means the Treaty on the Functioning of the European Union. |
| “Third Party IP Claim” | has the meaning given to it in clause E8.7 (Intellectual Property Rights). |
| “Third Party Software” | means software which is proprietary to any third party which is or will be used by the Contractor to provide the Services including the software and which is specified as such in Schedule 10. |
| “Treaties” | means the Treaty on European Union and the TFEU. |
| “TUPE” | means the Transfer of Undertakings (Protection of Employment) Regulations 2006. |
| “TUPE Information” | means the information set out in clause B17.1. |

| | |
|------------------------|---|
| “Use” | with respect to each of the following IPRs, and in each case, in connection with the Services: (a) the right to load, execute, store, transmit, display and copy (for the purposes of loading, execution, storage, transmission or display) the Third Party Software; (b) the right to load, execute, store, transmit, display, copy (for the purposes of loading, execution, storage, transmission or display), modify, adapt, enhance, reverse compile, decode, translate and otherwise utilise the Contractor’s Software; and (c) the right to copy, adapt, publish, distribute and otherwise use any Project Specific IPRs including the Specially Written Software. |
| “Valid Invoice” | means an invoice containing the information set out in clause C2.5. |
| “Variation” | means a variation to the Specification, the Price or any of the terms or conditions of the Contract. |
| “VAT” | means value added tax charged or regulated in accordance with the provisions of the Value Added Tax Act 1994. |
| “Working Day” | means a day (other than a Saturday or Sunday) on which banks are open for general business in the City of London. |

2. *In the Contract, unless the context implies otherwise:*

- (a) *the singular includes the plural and vice versa;*
- (b) *words importing the masculine include the feminine and the neuter;*
- (c) *reference to a clause is a reference to the whole of that clause unless stated otherwise;*
- (d) *references to a person include an individual, company, body corporate, corporation, unincorporated association, firm, partnership or other legal entity or central Government body;*
- (e) *the words “other”, “in particular”, “for example”, “including” and similar words shall not limit the generality of the preceding words and shall be construed as if they were immediately followed by the words “without limitation”;*
- (f) *headings are included for ease of reference only and shall not affect the interpretation or construction of the Contract;*
- (g) *a reference to any Law includes a reference to that Law as amended, extended, consolidated or re-enacted from time to time; and*
- (h) *references to the Contract are references to the Contract as amended from time to time.*

A2 The Authority’s Obligations

A2.1 Save as otherwise expressly provided, the obligations of the Authority under the Contract are obligations of the Authority in its capacity as a contracting counterparty and nothing in the Contract shall operate as an obligation upon, or in any other way fetter or constrain the Authority in any other capacity, and the exercise by the Authority of its duties and

powers in any other capacity shall not lead to any liability (howsoever arising) on the part of the Authority to the Contractor.

A3 Contractor's Status

- A3.1 The Contractor shall be an independent contractor and nothing in the Contract shall create a contract of employment, a relationship of agency or partnership or a joint venture between the Parties and accordingly neither Party shall be authorised to act in the name of, or on behalf of, or otherwise bind the other Party save as expressly permitted by the terms of the Contract.
- A3.2 The Contractor shall not (and shall ensure that any other person engaged in relation to the Contract shall not) say or do anything that might lead any other person to believe that the Contractor is acting as the agent or employee of the Authority.

A4 Notices and Communications

- A4.1 Subject to clause A4.3, where the Contract states that a notice or communication between the Parties must be "written" or "in writing" it is not valid unless it is made by letter (sent by hand, first class post, recorded delivery or special delivery) or by email or by communication via ProContract.
- A4.2 If it is not returned as undelivered a notice served:
- (a) in a letter is deemed to have been received two (2) Working Days after the day it was sent; and
 - (b) in an email is deemed to have been received four (4) hours after the time it was sent provided it was sent on a Working Day

or when the other Party acknowledges receipt, whichever is the earlier.

- A4.3 Notices pursuant to clauses G3 (Force Majeure), I2 (Dispute Resolution) or to terminate the Contract or any part of the Services are valid only if served in a letter by hand, recorded delivery or special delivery.
- A4.4 Notices shall be sent to the addresses set out below or at such other address as the relevant Party may give notice to the other Party for the purpose of service of notices under the Contract:
- (a) For the Authority:
 - Contact Name: **Redacted**
 - Address: 3 Whitehall Place, London, SW1A 2AW; and
 - Email: **Redacted**
 - (b) For the Contractor:
 - Contact Name: **Redacted**
 - Address: Sussex Innovation Centre, University of Sussex, Falmer, East Sussex, BN1 9SB ; and

Email: **Redacted**

A5 Mistakes in Information

A5.1 The Contractor is responsible for the accuracy of all drawings, documentation and information supplied to the Authority by the Contractor in connection with the Services and shall pay the Authority any extra costs occasioned by any discrepancies, errors or omissions therein.

A6 Conflicts of Interest

A6.1 The Contractor shall take appropriate steps to ensure that neither the Contractor nor any Staff is placed in a position where, in the reasonable opinion of the Authority, there is or may be an actual conflict, or a potential conflict, between the pecuniary or personal interests of the Contractor and the duties owed to the Authority under the provisions of the Contract. The Contractor will notify the Authority without delay giving full particulars of any such conflict of interest which may arise.

A6.2 The Authority may terminate the Contract immediately by notice and/or take or require the Contractor to take such other steps it deems necessary if, in the Authority's reasonable opinion, there is or may be an actual conflict, or a potential conflict, between the pecuniary or personal interests of the Contractor and the duties owed to the Authority under the provisions of the Contract. The actions of the Authority pursuant to this clause A6 shall not prejudice or affect any right of action or remedy which shall have accrued or shall thereafter accrue to the Authority.

B. THE SERVICES

B1 Specification of Requirement

B1.1 In consideration of the Contractor supplying the Services the Contractor shall be paid the Price.

Optional Services

B1.2 The Authority may require the Contractor to provide any or all of the Optional Services at any time by giving notice to the Contractor in writing. The Contractor acknowledges that the Authority is not obliged to take any Optional Services from the Contractor and that nothing shall prevent the Authority from receiving services that are the same as or similar to the Optional Services from any third party.

B1.3 If a Change Control Notice is submitted, the Contractor shall, as part of any impact assessment provided by the Contractor in relation to such Change Control Notice, provide details of the impact (if any) that the proposed change will have on the relevant Optional Services.

B1.4 Following receipt of the Authority's notice pursuant to clause B1.2:

- (a) the Parties shall document the inclusion of the relevant Optional Services within the Services in accordance with the Change Control procedure, modified to reflect the fact that the terms and conditions on which the Contractor shall provide the relevant Optional Services have already been agreed; and
- (b) any additional charges for the Optional Services shall be incorporated in the Price as specified in Schedule 2.

B2 Provision and Removal of Equipment

- B2.1 The Contractor shall provide all the Equipment and resource necessary for the supply of the Services.
- B2.2 The Contractor shall not deliver any Equipment to nor begin any work on the Premises without obtaining Approval.
- B2.3 All Equipment brought onto the Premises shall be at the Contractor's own risk and the Authority shall have no liability for any loss of or damage to any Equipment unless the Contractor is able to demonstrate that such loss or damage was caused or contributed to by the Authority's Default. The Contractor shall provide for the haulage or carriage thereof to the Premises and the removal of Equipment when no longer required at its sole cost.
- B2.4 Unless otherwise agreed, Equipment brought onto the Premises will remain the property of the Contractor.
- B2.5 If the cost of any Equipment is reimbursed to the Contractor such Equipment shall be the property of the Authority and shall on request be delivered to the Authority as directed by the Authority. The Contractor will keep a full and accurate inventory of such Equipment and will deliver that inventory to the Authority on request and on completion of the Services.
- B2.6 The Contractor shall maintain all Equipment in a safe, serviceable and clean condition.
- B2.7 The Contractor shall, at the Authority's written request, at its own expense and as soon as reasonably practicable:
- (a) remove immediately from the Premises Equipment which is, in the Authority's opinion, hazardous, noxious or not supplied in accordance with the Contract; and
 - (b) replace such item with a suitable substitute item of Equipment.
- B2.8 Within twenty (20) Working Days following the end of the Contract Period, the Contractor shall remove the Equipment together with any other materials used by the Contractor to supply the Services and shall leave the Premises in a clean, safe and tidy condition. The Contractor shall make good any damage to those Premises and any fixtures and fitting in the Premises which is caused by the Contractor or Staff.

B3 Delivery

- B3.1 The Contractor shall at all times comply with the Quality Standards and, where applicable, shall maintain accreditation with the relevant Quality Standards authorisation body. To the extent that the standard of the Service has not been specified in the Contract, the Contractor shall agree the relevant standard of the Services with the Authority prior to the supply of the Services and, in any event, the Contractor shall perform its obligations under the Contract in accordance with the Law and Good Industry Practice.
- B3.2 The Contractor shall ensure that all Staff supplying the Services do so with all due skill, care and diligence and shall possess such qualifications, skills and experience as are necessary for the proper supply of the Services. The Contractor shall ensure that those Staff are properly managed and supervised.

- B3.3 If the Specification includes installation of equipment the Contractor shall notify the Authority in writing when it has completed installation. Following receipt of such notice, the Authority shall inspect the installation and shall, by giving notice to the Contractor:
- (a) accept the installation; or
 - (b) reject the installation and inform the Contractor why, in the Authority's reasonable opinion, the installation does not satisfy the Specification.
- B3.4 If the Authority rejects the installation pursuant to clause B10.3(b), the Contractor shall immediately rectify or remedy any defects and if, in the Authority's reasonable opinion, the installation does not, within two (2) Working Days or such other period agreed by the Parties, satisfy the Specification, the Authority may terminate the Contract with immediate effect by notice.
- B3.5 The installation shall be complete when the Contractor receives a notice issued by the Authority in accordance with clause B10.3(a). Notwithstanding acceptance of any installation in accordance with clause B10.3(a), the Contractor shall remain solely responsible for ensuring that the Services and the installation conform to the Specification. No rights of estoppel or waiver shall arise as a result of the acceptance by the Authority of the installation.
- B3.6 During the Contract Period, the Contractor shall:
- (a) at all times have all licences, approvals and consents necessary to enable the Contractor and Staff to carry out the installation;
 - (b) provide all tools and equipment (or procure the provision of all tools and equipment) necessary for completion of the installation; and
 - (c) not, in delivering the Services, in any manner endanger the safety or convenience of the public.

B4 Key Personnel

- B4.1 The Contractor acknowledges that the Key Personnel are essential to the proper provision of the Services.
- B4.2 The Key Personnel shall not be released from supplying the Services without the agreement of the Authority, except by reason of long-term sickness, maternity leave, paternity leave or termination of employment or other similar extenuating circumstances.
- B4.3 Any replacements to the Key Personnel shall be subject to Approval. Such replacements shall be of at least equal status, experience and skills to the Key Personnel being replaced and be suitable for the responsibilities of that person in relation to the Services.
- B4.4 The Authority shall not unreasonably withhold its agreement under clauses B11.2 or B11.3. Such agreement shall be conditional on appropriate arrangements being made by the Contractor to minimise any adverse effect on the Services which could be caused by a change in Key Personnel.
- B4.5 The Authority may, by notice to the Contractor, ask it to remove any Staff whose presence is, in the Authority's reasonable opinion, undesirable. The Contractor shall comply with any such request immediately.

B5 Contractor's Staff

- B5.1 The Authority may, by notice to the Contractor, refuse to admit onto, or withdraw permission to remain on, the Authority's Premises:
- (a) any member of the Staff; or
 - (b) any person employed or engaged by any member of the Staff,
- whose admission or continued presence would, in the Authority's reasonable opinion, be undesirable.
- B5.2 At the Authority's written request, the Contractor shall provide a list of the names and addresses of all persons who may require admission in to the Authority's Premises, specifying the capacities in which they are concerned with the Contract and giving such other particulars as the Authority may reasonably request.
- B5.3 The decision of the Authority as to whether any person is to be refused access to the Authority's Premises and as to whether the Contractor has failed to comply with clause B5.2 shall be final.
- B5.4 The Contractor shall ensure that all Staff who have access to the Authority's Premises, the Authority System or the Authority Data have been cleared in accordance with the BPSS.

B6 Inspection of Premises

- B6.1 Save as the Authority may otherwise direct, the Contractor is deemed to have inspected the Premises before submitting its Tender and to have complete due diligence in relation to all matters connected with the performance of its obligations under the Contract.

B7 Licence to Occupy Premises

- B7.1 Any land or Premises made available from time to time to the Contractor by the Authority in connection with the Contract shall be on a non-exclusive licence basis free of charge and shall be used by the Contractor solely for the purpose of performing its obligations under the Contract. The Contractor shall have the use of such land or Premises as licensee and shall vacate the same on termination of the Contract.
- B7.2 The Contractor shall limit access to the land or Premises to such Staff as is necessary for it to perform its obligations under the Contract and the Contractor shall co-operate (and ensure that its Staff co-operate) with such other persons working concurrently on such land or Premises as the Authority may reasonably request.
- B7.3 Should the Contractor require modifications to the Authority's Premises, such modifications shall be subject to Approval and shall be carried out by the Authority at the Contractor's expense. The Authority shall undertake approved modification work without undue delay.
- B7.4 The Contractor shall (and shall ensure that any Staff on the Authority's Premises shall) observe and comply with such rules, regulations and requirements (including those relating to security arrangements) as may be in force from time to time for the conduct of personnel when on the Authority's Premises as determined by the Authority.

B7.5 The Contract does not create a tenancy of any nature whatsoever in favour of the Contractor or its Staff and no such tenancy has or shall come into being and, notwithstanding any rights granted pursuant to the Contract, the Authority retains the right at any time to use the Premises owned or occupied by it in any manner it sees fit.

B8 Property

B8.1 All Property is and shall remain the property of the Authority and the Contractor irrevocably licenses the Authority and its agents to enter any Premises of the Contractor during normal business hours on reasonable notice to recover any such Property. The Contractor shall not in any circumstances have a lien or any other interest on the Property and the Contractor shall at all times possess the Property as fiduciary agent and bailee of the Authority. The Contractor shall take all reasonable steps to ensure that the title of the Authority to the Property and the exclusion of any such lien or other interest are brought to the notice of all Sub-Contractors and other appropriate persons and shall, at the Authority's request, store the Property separately and ensure that it is clearly identifiable as belonging to the Authority.

B8.2 The Property shall be deemed to be in good condition when received by or on behalf of the Contractor unless the Contractor notifies the Authority otherwise within 5 Working Days of receipt.

B8.3 The Contractor shall maintain the Property in good order and condition (excluding fair wear and tear), and shall use the Property solely in connection with the Contract and for no other purpose without Approval.

B8.4 The Contractor shall ensure the security of all the Property whilst in its possession, either on the Premises or elsewhere during the supply of the Services, in accordance with the Authority's reasonable security requirements as required from time to time.

B8.5 The Contractor shall be liable for all loss of or damage to the Property, unless such loss or damage was caused by the Authority's negligence. The Contractor shall inform the Authority immediately of becoming aware of any defects appearing in, or losses or damage occurring to, the Property.

B9 Offers of Employment

B9.1 Except in respect of any transfer of Staff under TUPE, for the Contract Period and for twelve (12) Months thereafter the Contractor shall not employ or offer employment to any of the Authority's staff who have been associated with the Services and/or the Contract without Approval.

B10 Employment Provisions

B10.1 Not later than twelve (12) Months prior to the end of the Contract Period, the Contractor shall fully and accurately disclose to the Authority all information that the Authority may reasonably request in relation to the Staff including the following:

- (a) the total number of Staff whose employment/engagement shall terminate at the end of the Contract Period, save for any operation of Law;
- (b) the age, gender, salary or other remuneration, future pay settlements and redundancy and pensions entitlement of the Staff referred to in clause B10.1 (a);

- (c) the terms and conditions of employment/engagement of the Staff referred to in clause B10.1 (a), their job titles and qualifications;
- (d) details of any current disciplinary or grievance proceedings ongoing or circumstances likely to give rise to such proceedings and details of any claims current or threatened; and
- (e) details of all collective agreements with a brief summary of the current state of negotiations with any such bodies and with details of any current industrial disputes and claims for recognition by any trade union.

B10.2 At intervals determined by the Authority (which shall not be more frequent than once every thirty (30) days) the Contractor shall give the Authority updated TUPE Information.

B10.3 Each time the Contractor supplies TUPE Information to the Authority it shall warrant its completeness and accuracy and the Authority may assign the benefit of this warranty to any Replacement Contractor.

B10.4 The Authority may use TUPE Information it receives from the Contractor for the purposes of TUPE and/or any retendering process in order to ensure an effective handover of all work in progress at the end of the Contract Period. The Contractor shall provide the Replacement Contractor with such assistance as it shall reasonably request.

B10.5 If TUPE applies to the transfer of the Services on termination of the Contract, the Contractor shall indemnify and keep indemnified the Authority, the Crown and any Replacement Contractor against all actions, suits, claims, demands, losses, charges, damages, costs and expenses and other liabilities which the Authority or the Crown or any Replacement Contractor may suffer or incur as a result of or in connection with:

- (a) the provision of TUPE Information;
- (b) any claim or demand by any Returning Employee (whether in contract, tort, under statute, pursuant to EU Law or otherwise) in each case arising directly or indirectly from any act, fault or omission of the Contractor or any Sub-Contractor in respect of any Returning Employee on or before the end of the Contract Period;
- (c) any failure by the Contractor or any Sub-Contractor to comply with its obligations under regulations 13 or 14 of TUPE or any award of compensation under regulation 15 of TUPE save where such failure arises from the failure of the Authority or a Replacement Contractor to comply with its duties under regulation 13 of TUPE;
- (d) any claim (including any individual employee entitlement under or consequent on such a claim) by any trade union or other body or person representing any Returning Employees arising from or connected with any failure by the Contractor or any Sub-Contractor to comply with any legal obligation to such trade union, body or person; and
- (e) any claim by any person who is transferred by the Contractor to the Authority and/or a Replacement Contractor whose name is not included in the list of Returning Employees.

B10.6 If the Contractor becomes aware that TUPE Information it provided has become inaccurate or misleading, it shall notify the Authority and provide the Authority with up to date TUPE Information.

- B10.7 This clause B10 applies during the Contract Period and indefinitely thereafter.
- B10.8 The Contractor undertakes to the Authority that, during the 12 Months prior to the end of the Contract Period the Contractor shall not (and shall procure that any Sub-Contractor shall not) without Approval (such Approval not to be unreasonably withheld or delayed):
- (a) amend or vary (or purport to amend or vary) the terms and conditions of employment or engagement (including, for the avoidance of doubt, pay) of any Staff (other than where such amendment or variation has previously been agreed between the Contractor and the Staff in the normal course of business and where any such amendment or variation is not in any way related to the transfer of the Services);
 - (b) terminate or give notice to terminate the employment or engagement of any Staff (other than in circumstances in which the termination is for reasons of misconduct or lack of capability);
 - (c) transfer away, remove, reduce or vary the involvement of any other Staff from or in the provision of the Services (other than where such transfer or removal: (i) was planned as part of the individual's career development; (ii) takes place in the normal course of business; and (iii) will not have any adverse impact upon the delivery of the Services by the Contractor, (provided that any such transfer, removal, reduction or variation is not in any way related to the transfer of the Services); or
 - (d) recruit or bring in any new or additional individuals to provide the Services who were not already involved in providing the Services prior to the relevant period.

C PAYMENT

C1 Price

- C1.1 In consideration of the Contractor's performance of its obligations under the Contract, the Authority shall pay the Price in accordance with clause C2.

C2 Payment and VAT

- C2.1 The Contractor shall submit invoices to the Authority on the dates set out in Schedule 2.
- C2.2 The Authority shall, in addition to the Price and following Receipt of a Valid Invoice, pay the Contractor a sum equal to the VAT chargeable on the value of the Services supplied in accordance with the Contract.
- C2.3 The Contractor shall add VAT to the Price at the prevailing rate as applicable and shall show the amount of VAT payable separately on all invoices as an extra charge. If the Contractor fails to show VAT on an invoice, the Authority will not, at any later date, be liable to pay the Contractor any additional VAT.
- C2.4 All Contractor invoices shall be expressed in sterling or such other currency as shall be permitted by the Authority in writing.
- C2.5 Valid Invoices shall include:
- (a) the Contractor's full name, address and title of the Contract;

- (b) the Purchase Order number; and
- (c) the Milestone against which payment is being requested

and, if requested by the Authority:

- (d) timesheets for Staff engaged in providing the Services signed and dated by the Authority's representative on the Premises on the day;
- (e) the name of the individuals to whom the timesheet relates and hourly rates for each;
- (f) identification of which individuals are Contractor's staff and which are Sub-Contractors;
- (g) the address of the Premises and the date on which work was undertaken;
- (h) the time spent working on the Premises by the individuals concerned;
- (i) details of the type of work undertaken by the individuals concerned;
- (j) details of plant or materials operated and on standby;
- (k) separate identification of time spent travelling and/or meal or rest breaks; and
- (l) where appropriate, details of journeys made and distances travelled.

C2.6 The Authority shall not pay the Contractor time spent on meal or rest breaks and the Contractor shall ensure that all workers take adequate meal or rest breaks.

C2.7 The Authority shall not pay for plant which is not in use during a meal or rest break.

C2.8 Meal and rest breaks will include breaks both in or outside an individual's workplace along with any time taken in travelling to or from the break location and/or any facilities for cleaning/changing/washing in preparation for or return from a meal or rest break.

C2.9 Timesheets must include a minimum of thirty (30) minutes break for each shift of eight (8) hours, a minimum of forty-five (45) minutes break in a shift of between eight (8) and twelve (12) hours and a minimum of one (1) hour break will be taken within a shift in excess of twelve (12) hours and the Contractor's rates and Contract Price must include such breaks.

C2.10 The Authority shall not pay the Contractor's overhead costs unless specifically agreed in writing by the Authority and overhead costs shall include, without limitation; facilities, utilities, insurance, tax, head office overheads, indirect staff costs and other costs not specifically and directly ascribable solely to the provision of the Services.

C2.11 If Schedule 2 expressly provides that the Authority may be charged for plant which is on standby then in circumstances where plant was waiting to be transferred between Premises or where the Authority has instructed that the plant is retained on the Premises then a standby charge of sixty (60)% of agreed rates may be made in respect of such relevant periods if supported by timesheets.

C2.12 The Authority shall pay only for the time spent by Staff working on the Premises.

- C2.13 The Authority shall not pay a stand-by rate if plant is on standby because no work was being carried out on the Premises at that time or no operator or other relevant staff were available (unless the standby is because the Contractor is awaiting licensing of the Premises on the Authority's instructions).
- C2.14 The Authority shall not pay for plant or equipment which is stood down during any notice period pursuant to clauses H1, H2 and/or H3 and the Contractor shall mitigate such costs as far as is reasonably possible, for example, by reutilising Staff, plant, materials and services on other contracts.
- C2.15 The Contractor may claim expenses only if they are clearly identified, supported by original receipts and Approved.
- C2.16 If the Authority pays the Contractor prior to the submission of a Valid Invoice this payment shall be on account of and deductible from the next payment to be made.
- C2.17 If any overpayment has been made or the payment or any part is not supported by a Valid Invoice the Authority may recover this payment against future invoices raised or directly from the Contractor. All payments made by the Authority to the Contractor shall be on an interim basis pending final resolution of an account with the Contractor in accordance with the terms of this clause C2.
- C2.18 The Authority shall pay all sums due to the Contractor within thirty (30) days of Receipt of a Valid Invoice. Valid Invoices should be submitted for payment to the following address:
- Department for International Trade**
c/o UK SBS, Queensway House
West Precinct
Billingham
TS23 2NF
Email: Redacted
Telephone: Redacted
- C2.19 Any late payment of undisputed invoices by the Authority will be subject to interest at the rate of a maximum of three (3)% above the base rate from time to time of the Government Banking Service
- C2.20 The Contractor shall ensure that a provision is included in all Sub-Contracts which requires payment to be made of all sums due to Sub-Contractors within thirty (30) days from the receipt of a valid invoice.
- C2.21 The Contractor shall indemnify the Authority on a continuing basis against any liability, including any interest, penalties or costs incurred, which is levied, demanded or assessed on the Authority at any time in respect of the Contractor's failure to account for or to pay any VAT relating to payments made to the Contractor under the Contract. Any amounts due under this clause C2.21 shall be paid by the Contractor to the Authority not less than five (5) Working Days before the date upon which the tax or other liability is payable by the Authority.
- C2.22 The Contractor shall not suspend the Services unless the Contractor is entitled to terminate the Contract under clause H2.3 for failure to pay undisputed sums of money.
- C2.23 The Authority shall not pay an invoice which is not Valid Invoice.

C3 Recovery of Sums Due

- C3.1 If under the Contract any sum of money is recoverable from or payable by the Contractor to the Authority (including any sum which the Contractor is liable to pay to the Authority in respect of any breach of the Contract), the Authority may unilaterally deduct that sum from any sum then due, or which at any later time may become due to the Contractor from the Authority under the Contract or under any other agreement with the Authority or the Crown.
- C3.2 Any overpayment by either Party, whether of the Price or of VAT or otherwise, shall be a sum of money recoverable by the Party who made the overpayment from the Party in receipt of the overpayment.
- C3.3 The Contractor shall make all payments due to the Authority without any deduction whether by way of set-off, counterclaim, discount, abatement or otherwise unless the Contractor has a valid court order requiring an amount equal to such deduction to be paid by the Authority to the Contractor.
- C3.4 All payments due shall be made within a reasonable time unless otherwise specified in the Contract, in cleared funds, to such bank or building society account as the recipient Party may from time to time direct.

C4 Price during Extension Period

- C4.1 Subject to Schedule 2 and clause F6, the Price shall apply for the Initial Contract Period and until the end date of any Extension Period or such earlier date of termination or partial termination of the Contract in accordance with the Law or the Contract.

D. STATUTORY OBLIGATIONS

D1 Prevention of Fraud and Bribery

- D1.1 The Contractor represents and warrants that neither it, nor to the best of its knowledge any Staff, have at any time prior to the Commencement Date:
- (a) committed a Prohibited Act or been formally notified that it is subject to an investigation or prosecution which relates to an alleged Prohibited Act; and/or
 - (b) been listed by any government department or agency as being debarred, suspended, proposed for suspension or debarment, or otherwise ineligible for participation in government procurement programmes or contracts on the grounds of a Prohibited Act.
- D1.2 The Contractor shall not during the Contract Period:
- (a) commit a Prohibited Act; and/or
 - (b) do or suffer anything to be done which would cause the Authority or any of its employees, consultants, contractors, sub-contractors or agents to contravene any of the Relevant Requirements or otherwise incur any liability in relation to the Relevant Requirements.

- D1.3 The Contractor shall, during the Contract Period:
- (a) establish, maintain and enforce, and require that its Sub-Contractors establish, maintain and enforce, policies and procedures which are adequate to ensure compliance with the Relevant Requirements and prevent the occurrence of a Prohibited Act; and
 - (b) keep appropriate records of its compliance with its obligations under clause D1.3(a) and make such records available to the Authority on request.
- D1.4 The Contractor shall immediately notify the Authority in writing if it becomes aware of any breach of clauses D1.1 and/or D1.2, or has reason to believe that it has or any of the Staff have:
- (a) been subject to an investigation or prosecution which relates to an alleged Prohibited Act;
 - (b) been listed by any government department or agency as being debarred, suspended, proposed for suspension or debarment, or otherwise ineligible for participation in government procurement programmes or contracts on the grounds of a Prohibited Act; and/or
 - (c) received a request or demand for any undue financial or other advantage of any kind in connection with the performance of the Contract or otherwise suspects that any person directly or indirectly connected with the Contract has committed or attempted to commit a Prohibited Act.
- D1.5 If the Contractor notifies the Authority pursuant to clause D1.4, the Contractor shall respond promptly to the Authority's enquiries, co-operate with any investigation, and allow the Authority to audit any books, records and/or any other relevant documentation.
- D1.6 If the Contractor is in Default under clauses D1.1 and/or D1.2, the Authority may by notice:
- (a) require the Contractor to remove from performance of the Contract any Staff whose acts or omissions have caused the Default; or
 - (b) immediately terminate the Contract.
- D1.7 Any notice served by the Authority under clause D1.6 shall specify the nature of the Prohibited Act, the identity of the party who the Authority believes has committed the Prohibited Act and the action that the Authority has taken (including, where relevant, the date on which the Contract shall terminate).

D2 Discrimination

- D2.1 The Contractor shall:
- (a) perform its obligations under the Contract in accordance with:
 - i) all applicable equality Law (whether in relation to race, sex, gender reassignment, age, disability, sexual orientation, religion or belief, pregnancy maternity or otherwise);

- ii) the Authority's equality and diversity policy as given to the Contractor from time to time;
 - iii) any other requirements and instructions which the Authority reasonably imposes in connection with any equality obligations imposed on the Authority at any time under applicable equality Law; and
- (b) take all necessary steps and inform the Authority of the steps taken to prevent unlawful discrimination designated as such by any court or tribunal, or the Equality and Human Rights Commission (or any successor organisation).

D3 Rights of Third Parties

- D3.1 The provisions of clauses B10.5 and E8.3 confer benefits on persons named in such provisions (together "**Third Party Provisions**") other than the Parties (each person a "**Third Party Beneficiary**") and are intended to be enforceable by Third Party Beneficiaries by virtue of the Contracts (Rights of Third Parties) Act 1999 ("**CRTPA**").
- D3.2 Subject to clause D3.1, a person who is not a Party has no right under the CRTPA to enforce any provisions of the Contract but this does not affect any right or remedy of any person which exists or is available otherwise than pursuant to the CRTPA and does not apply to the Crown.
- D3.3 No Third Party Beneficiary may enforce or take steps to enforce any Third Party Provision without Approval.
- D3.4 Any amendments to the Contract may be made by the Parties without the consent of any Third Party Beneficiary.

D4 Health and Safety

- D4.1 The Contractor shall perform its obligations under the Contract in accordance with:
- (a) all applicable Law regarding health and safety; and
 - (b) the Authority's health and safety policy while at the Authority's Premises.
- D4.2 Each Party shall notify the other as soon as practicable of any health and safety incidents or material health and safety hazards at the Authority's Premises of which it becomes aware and which relate to or arise in connection with the performance of the Contract. The Contractor shall instruct Staff to adopt any necessary associated safety measures in order to manage any such material health and safety hazards.

E PROTECTION OF INFORMATION

E1 Authority Data

- E1.1 For the purposes of clauses E1 and 2, the terms "**Controller**", "**Processor**", "**Data Subject**", "**Personal Data**", "**Personal Data Breach**" and "**Data Protection Officer**" take the meaning given in the GDPR.

- E1.2 The Contractor shall not delete or remove any proprietary notices contained within or relating to the Authority Data.
- E1.3 The Contractor shall not store, copy, disclose, or use the Authority Data except as necessary for the performance by the Contractor of its obligations under this Contract or as otherwise expressly authorised in writing by the Authority.
- E1.4 To the extent that Authority Data is held and/or Processed by the Contractor, the Contractor shall supply Authority Data to the Authority as requested by the Authority in the format specified in the Specification.
- E1.5 The Contractor shall preserve the integrity of Authority Data and prevent the corruption or loss of Authority Data.
- E1.6 The Contractor shall perform secure back-ups of all Authority Data and shall ensure that up-to-date back-ups are stored securely off-site. The Contractor shall ensure that such back-ups are made available to the Authority immediately upon request.
- E1.7 The Contractor shall ensure that any system on which the Contractor holds any Authority Data, including back-up data, is a secure system that complies with the Security Policy Framework.
- E1.8 If Authority Data is corrupted, lost or sufficiently degraded as a result of the Contractor's Default so as to be unusable, the Authority may:
- (a) require the Contractor (at the Contractor's expense) to restore or procure the restoration of Authority Data and the Contractor shall do so promptly; and/or
 - (b) itself restore or procure the restoration of Authority Data, and shall be repaid by the Contractor any reasonable expenses incurred in doing so.
- E1.9 If at any time the Contractor suspects or has reason to believe that Authority Data has or may become corrupted, lost or sufficiently degraded in any way for any reason, then the Contractor shall notify the Authority immediately and inform the Authority of the remedial action the Contractor proposes to take.

E2 . DATA PROTECTION

- E2.1 The Parties acknowledge that for the purposes of the Data Protection Legislation, the Customer is the Controller and the Contractor is the Processor unless otherwise specified in Schedule 12. The only processing that the Contractor is authorised to do is listed in Schedule 12 by the Customer and may not be determined by the Processor.
- E2.2 The Processor shall notify the Customer immediately if it considers that any of the Controller's instructions infringe the Data Protection Legislation.
- E2.3 The Processor shall provide all reasonable assistance to the Customer in the preparation of any Data Protection Impact Assessment prior to commencing any processing. Such assistance may, at the discretion of the Controller, include:
- (a) a systematic description of the envisaged processing operations and the purpose of the processing;
 - (b) an assessment of the necessity and proportionality of the processing operations in relation to the Services;
 - (c) an assessment of the risks to the rights and freedoms of Data Subjects; and
 - (d) the measures envisaged to address the risks, including safeguards, security measures and mechanisms to ensure the protection of Personal Data.

- E2.4 The Processor shall, in relation to any Personal Data processed in connection with its obligations under this Agreement:
- (a) process that Personal Data only in accordance with Schedule 12, unless the Processor is required to do otherwise by Law. If it is so required the Processor shall promptly notify the Controller before processing the Personal Data unless prohibited by Law;
 - (b) are appropriate to protect against a Data Loss Event, which the Controller may reasonably reject (but failure to reject shall not amount to approval by the Controller of the adequacy of the Protective Measures), having taken account of the:
 - (i) nature of the data to be protected;
 - (ii) harm that might result from a Data Loss Event;
 - (iii) state of technological development; and
 - (iv) cost of implementing any measures;
 - (c) ensure that :
 - (i) the Processor Personnel do not process Personal Data except in accordance with this Agreement (and in particular Schedule 12);
 - (ii) it takes all reasonable steps to ensure the reliability and integrity of any Contractor Personnel who have access to the Personal Data and ensure that they:
 - (A) are aware of and comply with the Processor's duties under this clause;
 - (B) are subject to appropriate confidentiality undertakings with the Processor or any Sub-processor;
 - (C) are informed of the confidential nature of the Personal Data and do not publish, disclose or divulge any of the Personal Data to any third Party unless directed in writing to do so by the Controller or as otherwise permitted by this Agreement; and
 - (D) have undergone adequate training in the use, care, protection and handling of Personal Data; and
 - (d) not transfer Personal Data outside of the EU unless the prior written consent of the Customer has been obtained and the following conditions are fulfilled:
 - (i) the Controller or the Processor has provided appropriate safeguards in relation to the transfer (whether in accordance with GDPR Article 46 or LED Article 37) as determined by the Controller;
 - (ii) the Data Subject has enforceable rights and effective legal remedies;
 - (iii) the Processor complies with its obligations under the Data Protection Legislation by providing an adequate level of protection to any Personal Data that is transferred (or, if it is not so bound, uses its best endeavours to assist the Controller in meeting its obligations); and
 - (iv) the Processor complies with any reasonable instructions notified to it in advance by the Controller with respect to the processing of the Personal Data;
 - (e) at the written direction of the Controller, delete or return Personal Data (and any copies of it) to the Controller on termination of the Agreement unless the Processor is required by Law to retain the Personal Data.
- E2.5 Subject to clause 1.6, the Processor shall notify the Controller immediately if it:
- (a) receives a Data Subject Request (or purported Data Subject Request);
 - (b) receives a request to rectify, block or erase any Personal Data;
 - (c) receives any other request, complaint or communication relating to either Party's obligations under the Data Protection Legislation;
 - (d) receives any communication from the Information Commissioner or any other regulatory authority in connection with Personal Data processed under this Agreement;
 - (e) receives a request from any third Party for disclosure of Personal Data where compliance with such request is required or purported to be required by Law; or
 - (f) becomes aware of a Data Loss Event.

- E2.6 The Processor's obligation to notify under clause 1.5 shall include the provision of further information to the Controller in phases, as details become available.
- E2.7 Taking into account the nature of the processing, the Processor shall provide the Controller with full assistance in relation to either Party's obligations under Data Protection Legislation and any complaint, communication or request made under clause 1.5 (and insofar as possible within the timescales reasonably required by the Controller) including by promptly providing:
- (a) the Controller with full details and copies of the complaint, communication or request;
 - (b) such assistance as is reasonably requested by the Controller to enable the Controller to comply with a Data Subject Access Request within the relevant timescales set out in the Data Protection Legislation;
 - (c) the Controller, at its request, with any Personal Data it holds in relation to a Data Subject;
 - (d) assistance as requested by the Controller following any Data Loss Event;
 - (e) assistance as requested by the Controller with respect to any request from the Information Commissioner's Office, or any consultation by the Controller with the Information Commissioner's Office.
- E2.8 The Processor shall maintain complete and accurate records and information to demonstrate its compliance with this clause. This requirement does not apply where the Processor employs fewer than 250 staff, unless:
- (a) the Controller determines that the processing is not occasional;
 - (b) the Controller determines the processing includes special categories of data as referred to in Article 9(1) of the GDPR or Personal Data relating to criminal convictions and offences referred to in Article 10 of the GDPR; and
 - (c) the Controller determines that the processing is likely to result in a risk to the rights and freedoms of Data Subjects.
- E2.9 The Processor shall allow for audits of its Data Processing activity by the Controller or the Controller's designated auditor.
- E2.10 The Processor shall designate a data protection officer if required by the Data Protection Legislation .
- E2.11 Before allowing any Sub-processor to process any Personal Data related to this Agreement, the Processor must:
- (a) notify the Controller in writing of the intended Sub-processor and processing;
 - (b) obtain the written consent of the Controller;
 - (c) enter into a written agreement with the Sub-processor which give effect to the terms set out in this clause E2 such that they apply to the Sub-processor; and
 - (d) provide the Controller with such information regarding the Sub-processor as the Controller may reasonably require.
- E2.12 The Processor shall remain fully liable for all acts or omissions of any Sub-processor.
- E2.13 The Controller may, at any time on not less than 30 Working Days' notice, revise this clause by replacing it with any applicable controller to processor standard clauses or similar terms forming part of an applicable certification scheme (which shall apply when incorporated by attachment to this Agreement).
- E2.14 The Parties agree to take account of any guidance issued by the Information Commissioner's Office. The Controller may on not less than 30 Working Days' notice to the Processor amend this agreement to ensure that it complies with any guidance issued by the Information Commissioner's Office.
- E2.15 Where the Parties include two or more Joint Controllers as identified in Schedule 12 in accordance with GDPR article 26, those Parties shall enter into a Joint Controller Agreement based on the terms outlined in schedule 13 in replacement of Clauses E2.1 – E2.14 for the Personal Data under Joint Control.

E3 Official Secrets Acts and Finance Act

E3.1 The Contractor shall comply with the provisions of:

- (a) the Official Secrets Acts 1911 to 1989; and
- (b) section 182 of the Finance Act 1989.

E4 Confidential Information

E4.1 Except to the extent set out in this clause E4 or if disclosure or publication is expressly permitted elsewhere in the Contract each Party shall treat all Confidential Information belonging to the other Party as confidential and shall not disclose any Confidential Information belonging to the other Party to any other person without the other party's consent, except to such persons and to such extent as may be necessary for the performance of the Party's obligations under the Contract.

E4.2 The Contractor hereby gives its consent for the Authority to publish the whole Contract (but with any information which is Confidential Information belonging to the Authority redacted) including from time to time agreed changes to the Contract, to the general public.

E4.3 If required by the Authority, the Contractor shall ensure that Staff, professional advisors and consultants sign a non-disclosure agreement prior to commencing any work in connection with the Contract in substantially the form attached in Schedule 5. The Contractor shall maintain a list of the non-disclosure agreements completed in accordance with this clause E4.3.

E4.4 If requested by the Authority, the Contractor shall give the Authority a copy of the list and, subsequently upon request by the Authority, copies of such of the listed non-disclosure agreements as required by the Authority. The Contractor shall ensure that its Staff, professional advisors and consultants are aware of the Contractor's confidentiality obligations under the Contract.

E4.5 The Contractor may only disclose the Authority's Confidential Information to the Staff who are directly involved in the provision of the Services and who need to know the information, and shall ensure that such Staff are aware of and shall comply with these obligations as to confidentiality.

E4.6 The Contractor shall not, and shall procure that the Staff do not, use any of the Authority's Confidential Information received otherwise than for the purposes of this Contract.

E4.7 Clause E4.1 shall not apply to the extent that:

- (a) such disclosure is a requirement of Law placed upon the Party making the disclosure, including any requirements for disclosure under the FOIA or the EIR;
- (b) such information was in the possession of the Party making the disclosure without obligation of confidentiality prior to its disclosure by the information owner;
- (c) such information was obtained from a third party without obligation of confidentiality;
- (d) such information was already in the public domain at the time of disclosure otherwise than by a breach of the Contract; or

(e) it is independently developed without access to the other Party's Confidential Information.

E4.8 Nothing in clause E4.1 shall prevent the Authority disclosing any Confidential Information obtained from the Contractor:

(a) for the purpose of the examination and certification of the Authority's accounts;

(b) for the purpose of any examination pursuant to section 6(1) of the National Audit Act 1983 of the economy, efficiency and effectiveness with which the Authority has used its resources;

(c) to any Crown Body or any Contracting Authority and the Contractor hereby acknowledges that all government departments or Contracting Authorities receiving such Confidential Information may further disclose the Confidential Information to other government departments or other Contracting Authorities on the basis that the information is confidential and is not to be disclosed to a third party which is not part of any government department or any Contracting Authority;

(d) to any consultant, contractor or other person engaged by the Authority

provided that in disclosing information under clauses E4.8 (c) and (d) the Authority discloses only the information which is necessary for the purpose concerned and requests that the information is treated in confidence and that a confidentiality undertaking is given where appropriate.

E4.9 Nothing in clauses E4.1 to E4.6 shall prevent either Party from using any techniques, ideas or Know-How gained during the performance of its obligations under the Contract in the course of its normal business, to the extent that this does not result in a disclosure of the other Party's Confidential Information or an infringement of the other Party's Intellectual Property Rights.

E4.10 The Authority shall use all reasonable endeavours to ensure that any government department, Contracting Authority, employee, third party or Sub-Contractor to whom the Contractor's Confidential Information is disclosed pursuant to clause E4.6 is made aware of the Authority's obligations of confidentiality.

E4.11 If the Contractor does not comply with clauses E4.1 to E4.6 the Authority may terminate the Contract immediately on written notice to the Contractor.

E4.12 In order to ensure that no unauthorised person gains access to any Confidential Information or any data obtained in the supply of the Services, the Contractor shall maintain adequate security arrangements that meet the requirements of professional standards and best practice.

E4.13 The Contractor will immediately notify the Authority of any breach of security in relation to Confidential Information and all data obtained in the supply of the Services and will keep a record of such breaches. The Contractor will use its best endeavours to recover such Confidential Information or data however it may be recorded. The Contractor will co-operate with the Authority in any investigation as a result of any breach of security in relation to Confidential Information or data.

E4.14 The Contractor shall, at its own expense, alter any security systems at any time during the Contract Period at the Authority's request if the Authority reasonably believes the Contractor has failed to comply with clause E4.12.

E5 Freedom of Information

E5.1 The Contractor acknowledges that the Authority is subject to the requirements of the FOIA and the EIR.

E5.2 The Contractor shall transfer to the Authority all Requests for Information that it receives as soon as practicable and in any event within two (2) Working Days of receipt:

- (a) give the Authority a copy of all Information in connection with the Contract in its possession or control in the form that the Authority requires within 5 Working Days (or such other period as the Authority may specify) of the Authority's request;
- (b) provide all necessary assistance as reasonably requested by the Authority to enable the Authority to comply with its obligations under the FOIA and EIR;
- (c) not respond to directly to a Request for Information unless authorised to do so in writing by the Authority.

E5.3 The Authority shall determine in its absolute discretion and notwithstanding any other provision in the Contract or any other agreement whether the Commercially Sensitive Information and any other Information is exempt from disclosure in accordance with the provisions of the FOIA and/or the EIR.

E6 Publicity, Media and Official Enquiries

E6.1 Without prejudice to the Authority's obligations under the FOIA, the EIR or any obligations under the Regulations, or any policy requirements as to transparency, neither Party shall make any press announcement or publicise the Contract or any part thereof in any way, except with the written consent of the other Party.

E6.2 The Contractor shall use its reasonable endeavours to ensure that its Staff, professional advisors and consultants comply with clause E6.1.

E7 Security

E7.1 The Authority shall be responsible for maintaining the security of the Authority's Premises in accordance with its standard security requirements. The Contractor shall comply with all security requirements of the Authority while on the Authority's Premises, and shall ensure that all Staff comply with such requirements.

E7.2 The Authority shall give the Contractor upon request copies of its written security procedures.

E7.3 The Contractor shall, as an enduring obligation during the Contract Period, use the latest versions of anti-virus definitions available from an industry accepted anti-virus software vendor to check for and delete Malicious Software from the ICT Environment.

E7.4 Notwithstanding clause E7.3, if Malicious Software is found, the Parties shall co-operate to reduce the effect of the Malicious Software and, particularly if Malicious Software causes loss of operational efficiency or loss or corruption of the Authority Data, assist

each other to mitigate any losses and to restore the provision of Services to their desired operating efficiency.

E7.5 Any cost arising out of the actions of the Parties taken in compliance with clause E7.4 shall be borne by the Parties as follows:

- (a) by the Contractor where the Malicious Software originates from the Contractor Software, the Third Party Software or the Authority Data (whilst the Authority Data was under the control of the Contractor); and
- (b) by the Authority if the Malicious Software originates from the Authority Software or Authority Data (whilst the Authority Data was under the control of the Authority).

E8 Intellectual Property Rights

E8.1 Except as expressly set out in this Contract:

- (a) the Authority shall not acquire any right, title or interest in or to the Intellectual Property Rights of the Contractor or its licensors, including:
 - (i) the IPRs relating to the Contractor's Software; and
 - (ii) the IPRs relating to the Third Party IPR's;
 - (iii) the Project Specific IPRs and the IPRs relating to Specially Written Software; and
- (b)) the Contractor shall not acquire any right, title or interest in or to the Intellectual Property Rights of the Authority, including:
 - (i) the IPRs relating to the Authority Software;
 - (ii) the IPRs relating to the Authority's documentation, processes and procedures; and
 - (iii) the IPRs relating to the Authority Data.

E8.2 Where either Party acquires by operation of law, title to Intellectual Property Rights that is inconsistent with the allocation of title in clause E8.1, it shall assign in writing such Intellectual Property Rights as it has acquired to the other Party on the request of the other Party.

E8.3 Neither Party shall have any right to use any of the other Party's names, logos or trade marks on any of its products or services without the other Party's prior written consent.

Project Specific IPR and Specially Written Software

E8.4 The Contractor grants a non-exclusive, assignable, irrevocable and perpetual licence (including the right to sub-licence) to the Authority to Use the Project Specific IPRs and Specially Written Software.

E8.5 The Authority may:

- (a) assign, novate or otherwise transfer its rights and obligations under clause E8.4 to a Central Government Body or to a successor body to the Authority; and

- (b) sub-licence its rights under clause E8.4 to a third party including for the avoidance of doubt any Replacement Contractor provided that the relevant third party gives an appropriate undertaking of confidentiality to the Contractor.

Grant of Licences

- E8.6 The Contractor hereby grants to the Authority, or shall procure the direct grant to the Authority of, a licence to Use the Contractor's IPRs, the Contractor's Software and the Third Party Software during the Contract Period.
- E8.7 The Authority hereby grants to the Contractor a royalty-free, non-exclusive, non-transferable licence during the Contract Period to use:
 - (a) the Authority's Software;
 - (b) the Authority's documentation, processes and procedures; and
 - (c) the Authority's Data and the database, including the right to grant sub-licences to its Sub-Contractors, provided that any relevant Sub-Contractor has entered into a confidentiality undertaking with the Contractor in a form reasonably acceptable to the Authority.
- E8.8 The licence granted in clause E8.8 is granted solely to the extent necessary for performing the Services in accordance with this Contract. The Contractor shall not use the licensed materials for any other purpose.
- E8.9 In the event of the termination or expiry of this Contract, the licences referred to in E8.6 and E.8.7 shall terminate automatically and the Contractor shall deliver to the Authority all material licensed to the Contractor pursuant to clause E8.6 or E8.7 in its possession or control.
- E8.10 The Authority may:
 - (a) assign, novate or otherwise transfer its rights and obligations under clause E8.6 to a Central Government Body or to a successor body to the Authority; and
 - (b) sub-licence its rights under clause E8.6 to a third party including for the avoidance of doubt any Replacement Contractor provided that the sub-licence is on terms no broader than those granted to the Authority; the sub-licence authorises the third party to use the rights licensed only for the purposes relating to the Services (or substantially equivalent services) or for any purpose relating to the exercise of the Authority's (or any other Central Government Body's) business or function and the relevant third party gives an appropriate undertaking of confidentiality to the Contractor.

IPR Indemnity

- E8.11 The Contractor shall at all times during and after the Term, indemnify the Authority and keep the Authority indemnified against all losses, damages, costs or expenses and other liabilities (including legal fees) incurred by, warded against or agreed to be paid by the Authority arising from any IPR Claim except to the extent that such liabilities have resulted directly from the Authority's failure to properly observe its obligations under clause E8.12.
- E8.12 The Authority shall:
 - (a) notify the Contractor in writing of an IPR Claim
 - (b) allow the Contractor to conduct all negotiations and proceedings and provide the Contractor with such reasonable assistance as is required by the Contractor, each at the Contractor's cost, regarding the IPR Claim; and
 - (c) not, without prior consultation with the Contractor, make any admission relating to the IPR Claim or attempt to settle it, provided that the Contractor considers and defends any IPR Claim diligently, using competent counsel and in such a way as not to bring the reputation of the Authority into disrepute.

E8.13 If an IPR Claim is made, or the Contractor anticipates that an IPR Claim might be made, the Contractor may, at its own expense and sole option, either::

- (a) modify any or all of the Services without reducing the performance or functionality of the same, or substitute alternative services of equivalent performance and functionality, so as to avoid the infringement or the alleged infringement, provided that the replaced or modified item does not have an adverse effect on any other services or the Contractor's system and there is no additional cost to the Authority; or
- (b) procure for the Authority the right to continue using the part of the material which is subject to the IPR Claim

and if the Contractor is unable to comply with clauses E8.13(a) or (b) within twenty (20) Working Days of receipt by the Authority of the Contractor's notification the Authority may terminate the Contract immediately by notice to the Contractor.

E9 Audit

E9.1 The Contractor shall keep and maintain until six (6) years after the end of the Contract Period, or as long a period as may be agreed between the Parties, full and accurate records of the Contract including the Services supplied under it, all expenditure reimbursed by the Authority, and all payments made by the Authority. The Contractor shall on request afford the Authority or the Authority's representatives such access to those records and processes as may be requested by the Authority in connection with the Contract.

E9.2 The Contractor agrees to make available to the Authority, free of charge, whenever requested, copies of audit reports obtained by the Contractor in relation to the Services.

E9.3 The Contractor shall permit duly authorised representatives of the Authority and/or the National Audit Office to examine the Contractor's records and documents relating to the Contract and to provide such copies and oral or written explanations as may reasonably be required.

E9.4 The Contractor (and its agents) shall permit the Comptroller and Auditor General (and his appointed representatives) access free of charge during normal business hours on reasonable notice to all such documents (including computerised documents and data) and other information as the Comptroller and Auditor General may reasonably require for the purposes of his financial audit of the Authority and for carrying out examinations into the economy, efficiency and effectiveness with which the Authority has used its resources. The Contractor shall provide such explanations as are reasonably required for these purposes.

E10 Tax Compliance

E10.1 If, during the Contract Period, an Occasion of Tax Non-Compliance occurs, the Contractor shall:

- (a) notify the Authority in writing of such fact within five (5) Working Days of its occurrence; and
- (b) promptly give the Authority:

- i) details of the steps it is taking to address the Occasion of Tax Non-Compliance and to prevent the same from recurring, together with any mitigating factors it considers relevant; and
- ii) such other information in relation to the Occasion of Tax Non-Compliance as the Authority may reasonably require.

E10.2 If the Contractor or any Staff are liable to be taxed in the UK or to pay NICs in respect of consideration received under the Contract, the Contractor shall:

- (a) at all times comply with ITEPA and all other statutes and regulations relating to income tax, and SSCBA and all other statutes and regulations relating to NICS, in respect of that consideration; and
- (b) indemnify the Authority against any income tax, NICs and social security contributions and any other liability, deduction, contribution, assessment or claim arising from or made in connection with the provision of the Services by the Contractor or any Staff.

E11 Cyber Essentials Scheme

E11.1 Where the Authority notifies the Contractor that the award of the Contract shall be conditional upon receipt of a valid Cyber Essentials Certificate or equivalent, then on or prior to the execution of the Contract the Contractor shall deliver to the Authority evidence of a valid Cyber Essentials Certificate or equivalent.

E11.2 Where the Contractor continues to process Cyber Essentials Data during the Contract Period the Contractor shall deliver to the Authority evidence of renewal of a valid Cyber Essentials Certificate or equivalent on each anniversary of the first Cyber Essentials Certificate obtained by the Contractor under Clause E11.1.

E11.3 Where the Contractor is due to Process Cyber Essentials Data after the Contract Commencement Date but before the end of the Contract Period, the Contractor shall deliver to the Authority evidence of:

- (a) a valid Cyber Essentials Certificate or equivalent (before the Contractor Processes any such Cyber Essentials Data); and
- (b) renewal of a valid Cyber Essentials Certificate or equivalent on each anniversary of the first Cyber Essentials Certificate obtained by the Contractor under Clause E11.3(a)

E11.4 In the event that the Contractor fails to comply with Clauses E11.2 or E11.3 (as applicable), the Authority reserves the right to terminate the Contract for Material Breach.

F. CONTROL OF THE CONTRACT

F1 Failure to meet Requirements

F1.1 If the Authority informs the Contractor in writing that the Authority reasonably believes that any part of the Services do not meet the requirements of the Contract or differs in any way from those requirements, and this is not as a result of a default by the Authority, the Contractor shall at its own expense re-schedule and carry out the Services in accordance

with the requirements of the Contract within such reasonable time as may be specified by the Authority.

F2 Monitoring of Contract Performance

- F2.1 The Contractor shall immediately inform the Authority if any of the Services are not being or are unable to be performed, the reasons for non-performance, any corrective action and the date by which that action will be completed.
- F2.2 The Authority shall carry out a review of the performance of the Contractor as detailed in Schedule 3 (“**Contract Review**”). Without prejudice to the generality of the foregoing, the Authority may in respect of the period under review consider such items as (but not limited to): the Contractor’s delivery of the Services; the Contractor’s contribution to innovation in the Authority; whether the Services provide the Authority with best value for money; consideration of any changes which may need to be made to the Services; a review of future requirements in relation to the Services and progress against key milestones.
- F2.3 The Contractor shall provide at its own cost any assistance reasonably required by the Authority to perform such Contract Review including the provision of data and information.
- F2.4 The Authority may produce a report (a "**Contract Review Report**") of the results of each Review stating any areas of exceptional performance and areas for improvement in the provision of the Services and where there is any shortfall in any aspect of performance reviewed as against the Authority’s expectations and the Contractor’s obligations under this Contract.
- F2.5 The Authority shall give the Contractor a copy of the Contract Review Report (if applicable). The Authority shall consider any Contractor comments and may produce a revised Contract Review Report.
- F2.6 The Contractor shall, within ten (10) Working Days of receipt of the Contract Review Report (revised as appropriate) provide the Authority with a plan to address resolution of any shortcomings and implementation of improvements identified by the Contract Review Report.
- F2.7 Actions required to resolve shortcomings and implement improvements (either as a consequence of the Contractor’s failure to meet its obligations under this Contract identified by the Contract Review Report, or those which result from the Contractor’s failure to meet the Authority’s expectations notified to the Contractor or of which the Contractor ought reasonably to have been aware) shall be implemented at no extra charge to the Authority.

F3 Remedies for inadequate performance

- F3.1 If the Authority reasonably believes the Contractor has committed a Material Breach it may, without prejudice to its rights under clause H2 (Termination on Default), do any of the following:
- (a) without terminating the Contract, itself supply or procure the supply of all or part of the Services until such time as the Contractor has demonstrated to the Authority’s reasonable satisfaction that the Contractor will be able to supply the Services in accordance with the Specification;
 - (b) without terminating the whole of the Contract, terminate the Contract in respect of part of the Services only (whereupon a corresponding reduction in the Price shall be

made) and thereafter itself supply or procure a third party to supply such part of the Services;

(a) withhold or reduce payments to the Contractor in such amount as the Authority reasonably deems appropriate in each particular case; and/or

(a) terminate the Contract in accordance with clause H2.

F3.2 Without prejudice to its right under clause C3 (Recovery of Sums Due), the Authority may charge the Contractor for any costs reasonably incurred and any reasonable administration costs in respect of the supply of any part of the Services by the Authority or a third party to the extent that such costs exceed the payment which would otherwise have been payable to the Contractor for such part of the Services.

F3.3 If the Authority reasonably believes the Contractor has failed to supply all or any part of the Services in accordance with the Contract, professional or industry practice which could reasonably be expected of a competent and suitably qualified person, or any legislative or regulatory requirement, the Authority may give the Contractor notice specifying the way in which its performance falls short of the requirements of the Contract or is otherwise unsatisfactory.

F3.4 If the Contractor has been notified of a failure in accordance with clause F3.3 the Authority may:

(a) direct the Contractor to identify and remedy the failure within such time as may be specified by the Authority and to apply all such additional resources as are necessary to remedy that failure at no additional charge to the Authority within the specified timescale; and/or

(b) withhold or reduce payments to the Contractor in such amount as the Authority deems appropriate in each particular case until such failure has been remedied to the satisfaction of the Authority.

F3.5 If the Contractor has been notified of a failure in accordance with clause F3.3, it shall:

(a) use all reasonable endeavours to immediately minimise the impact of such failure to the Authority and to prevent such failure from recurring; and

(b) immediately give the Authority such information as the Authority may request regarding what measures are being taken to comply with the obligations in this clause F3.5 and the progress of those measures until resolved to the satisfaction of the Authority.

F3.6 If, having been notified of any failure, the Contractor fails to remedy it in accordance with clause F3.5 within the time specified by the Authority, the Authority may treat the continuing failure as a Material Breach and may terminate the Contract immediately on notice to the Contractor.

F4 Transfer and Sub-Contracting

- F4.1 Except where clauses F4.6 and F4.7 both apply, the Contractor shall not transfer, charge, assign, sub-contract or in any other way dispose of the Contract or any part of it without Approval. All such documents shall be evidenced in writing and shown to the Authority on request. Sub-contracting any part of the Contract shall not relieve the Contractor of any of its obligations or duties under the Contract.
- F4.2 The Contractor shall be responsible for the acts and/or omissions of its Sub-Contractors as though they are its own. If it is appropriate, the Contractor shall provide each Sub-Contractor with a copy of the Contract and obtain written confirmation from them that they will provide the Services fully in accordance with the Contract.
- F4.3 The Contractor shall ensure that its Sub-Contractors and suppliers retain all records relating to the Services for at least six (6) years from the date of their creation and make them available to the Authority on request in accordance with the provisions of clause E9 (Audit). If any Sub-Contractor or supplier does not allow the Authority access to the records then the Authority shall have no obligation to pay any claim or invoice made by the Contractor on the basis of such documents or work carried out by the Sub-Contractor or supplier.
- F4.4 If the Authority has consented to the award of a Sub-Contract, the Contractor shall ensure that:
- (a) the Sub-Contract contains a right for the Contractor to terminate the Sub-Contract if the relevant Sub-Contractor does not comply in the performance of its contract with legal obligations in environmental, social or labour law;
 - (b) the Sub-Contractor includes a provision having the same effect as set out in clause F4.4 (a) in any Sub-Contract which it awards; and
 - (c) copies of each Sub-Contract shall, at the request of the Authority, be sent by the Contractor to the Authority immediately.
- F4.5 If the Authority believes there are:
- (a) compulsory grounds for excluding a Sub-Contractor pursuant to regulation 57 of the Regulations, the Contractor shall replace or not appoint the Sub-Contractor; or
 - (b) non-compulsory grounds for excluding a Sub-Contractor pursuant to regulation 57 of the Regulations, the Authority may require the Contractor to replace or not appoint the Sub-Contractor and the Contractor shall comply with such requirement.
- F4.6 Notwithstanding clause F4.1, the Contractor may assign to a third party (the “**Assignee**”) the right to receive payment of the Price or any part thereof due to the Contractor (including any interest which the Authority incurs under clause C2 (Payment and VAT)). Any assignment under this clause F4.6 shall be subject to:
- (a) reduction of any sums in respect of which the Authority exercises its right of recovery under clause C3 (Recovery of Sums Due);
 - (b) all related rights of the Authority under the Contract in relation to the recovery of sums due but unpaid; and
 - (c) the Authority receiving notification under both clauses F4.7 and F4.8.

- F4.7 If the Contractor assigns the right to receive the Price under clause F4.6, the Contractor or the Assignee shall notify the Authority in writing of the assignment and the date upon which the assignment becomes effective.
- F4.8 The Contractor shall ensure that the Assignee notifies the Authority of the Assignee's contact information and bank account details to which the Authority shall make payment.
- F4.9 The provisions of clause C2 shall continue to apply in all other respects after the assignment and shall not be amended without Approval.
- F4.10 Subject to clause F4.11, the Authority may assign, novate or otherwise dispose of its rights and obligations under the Contract or any part thereof to:
- (a) any Contracting Authority;
 - (b) any other body established or authorised by the Crown or under statute in order substantially to perform any of the functions that had previously been performed by the Authority; or
 - (c) any private sector body which substantially performs the functions of the Authority
- provided that any such assignment, novation or other disposal shall not increase the burden of the Contractor's obligations under the Contract.
- F4.11 Any change in the legal status of the Authority such that it ceases to be a Contracting Authority shall not, subject to clause F4.12, affect the validity of the Contract and the Contract shall bind and inure to the benefit of any successor body to the Authority.
- F4.12 If the rights and obligations under the Contract are assigned, novated or otherwise disposed of pursuant to clause F4.10 to a body which is not a Contracting Authority or if there is a change in the legal status of the Authority such that it ceases to be a Contracting Authority (in the remainder of this clause both such bodies being referred to as the "**Transferee**"):
- (a) the rights of termination of the Authority in clauses H1 and H2 shall be available to the Contractor in respect of the Transferee; and
 - (b) the Transferee shall only be able to assign, novate or otherwise dispose of its rights and obligations under the Contract or any part thereof with the prior consent in writing of the Contractor.
- F4.13 The Authority may disclose to any Transferee any Confidential Information of the Contractor which relates to the performance of the Contractor's obligations under the Contract. In such circumstances the Authority shall authorise the Transferee to use such Confidential Information only for purposes relating to the performance of the Contractor's obligations under the Contract and for no other purpose and shall take all reasonable steps to ensure that the Transferee gives a confidentiality undertaking in relation to such Confidential Information.
- F4.14 Each Party shall at its own cost and expense carry out, or use all reasonable endeavours to ensure the carrying out of, whatever further actions (including the execution of further documents) the other Party reasonably requires from time to time for the purpose of giving that other Party the full benefit of the provisions of the Contract.

F5 Waiver

- F5.1 The failure of either Party to insist upon strict performance of any provision of the Contract, or the failure of either Party to exercise, or any delay in exercising, any right or remedy shall not constitute a waiver of that right or remedy and shall not cause a diminution of the obligations established by the Contract.
- F5.2 No waiver shall be effective unless it is expressly stated to be a waiver and communicated to the other Party in writing in accordance with clause A4 (Notices and Communications).
- F5.3 A waiver of any right or remedy arising from a breach of the Contract shall not constitute a waiver of any right or remedy arising from any other or subsequent breach of the Contract.

F6 Variation

- F6.1 If, after the Commencement Date, the Authority's requirements change, the Authority may request a Variation subject to the terms of this clause 6 and provided that such Variation does not amount to a substantial modification of the Contract within the meaning of the Regulations and the Law..
- F6.2 The Authority may request a Variation by notifying the Contractor in writing of the Variation and giving the Contractor sufficient information to assess the extent of the Variation and consider whether any change to the Price is required in order to implement the Variation within a reasonable time limit specified by the Authority. If the Contractor accepts the Variation it shall confirm it in writing.
- F6.3 If the Contractor is unable to accept the Variation or where the Parties are unable to agree a change to the Price, the Authority may:
- (a) allow the Contractor to fulfil its obligations under the Contract without the Variation; or
 - (b) terminate the Contract immediately except where the Contractor has already delivered all or part of the Services or where the Contractor can show evidence of substantial work being carried out to fulfil the requirements of the Specification; and in such case the Parties shall attempt to agree upon a resolution to the matter. If a resolution cannot be reached, the matter shall be dealt with under the Dispute Resolution procedure detailed in clause I2 (Dispute Resolution).
- F6.4 No Variation will take effect unless and until it is recorded in a validly executed Change Control Notice (CCN). Execution of a CCN is made via electronic signature as described in clause 1.2 of Section 1 of the Contract.
- F6.5 A CCN takes effect on the date on which both Parties communicate acceptance of the CCN via ProContract. On the date it communicates acceptance of the CCN in this way the Contractor is deemed to warrant and represent that the CCN has been executed by a duly authorised representative of the Contractor in addition to the warranties and representations set out in clause G2.
- F6.6 The provisions of clauses F6.4 and F6.5 may be varied in an emergency if it is not practicable to obtain the Authorised Representative's approval within the time necessary to make the Variation in order to address the emergency. In an emergency, Variations may be approved by a different representative of the Authority. However, the Authorised Representative shall have the right to review such a Variation and require a CCN to be entered into on a retrospective basis which may itself vary the emergency Variation.

F7 Severability

F7.1 If any provision of the Contract which is not of a fundamental nature is held invalid, illegal or unenforceable for any reason by any court of competent jurisdiction, such provision shall be severed and the remainder of the provisions of the Contract shall continue in full force and effect as if the Contract had been executed with the invalid, illegal or unenforceable provision eliminated.

F8 Remedies Cumulative

F8.1 Except as expressly provided in the Contract all remedies available to either Party for breach of the Contract are cumulative and may be exercised concurrently or separately, and the exercise of any one remedy shall not be deemed an election of such remedy to the exclusion of other remedies.

F9 Entire Agreement

F9.1 The Contract constitutes the entire agreement between the Parties in respect of the matters dealt with therein. The Contract supersedes all prior negotiations between the Parties and all representations and undertakings made by one Party to the other, whether written or oral, except that this clause shall not exclude liability in respect of any fraudulent misrepresentation.

F10 Counterparts

F10.1 The Contract may be executed in counterparts, each of which when executed and delivered shall constitute an original but all counterparts together shall constitute one and the same instrument.

G LIABILITIES

G1 Liability, Indemnity and Insurance

G1.1 Neither Party limits its liability for:

- (a) death or personal injury caused by its negligence;
- (b) fraud or fraudulent misrepresentation;
- (c) any breach of any obligations implied by section 2 of the Supply of Goods and Services Act 1982;
- (c) any breach of clauses D1, E1, E2 and E4;
- (d) Schedule 11; or
- (e) any liability to the extent it cannot be limited or excluded by Law.

G1.2 Subject to clauses G1.3 and G1.4, the Contractor shall indemnify the Authority and keep the Authority indemnified fully against all claims, proceedings, demands, charges, actions, damages, costs, breach of statutory duty, expenses and any other liabilities which may arise out of the supply, or the late or purported supply, of the Services or the performance or non-performance by the Contractor of its obligations under the Contract or the

presence of the Contractor or any Staff on the Premises, including in respect of any death or personal injury, loss of or damage to property, financial loss arising from any advice given or omitted to be given by the Contractor, or any other loss which is caused directly by any act or omission of the Contractor.

- G1.3 Subject to clause G1.1 the Contractor's aggregate liability in respect of the Contract shall not exceed £200,000.
- G1.4 The Contractor shall not be responsible for any injury, loss, damage, cost or expense if and to the extent that it is caused by the negligence or wilful misconduct of the Authority or by breach by the Authority of its obligations under the Contract.
- G1.5 The Authority may recover from the Contractor the following losses incurred by the Authority to the extent they arise as a result of a Default by the Contractor:
- (a) any additional operational and/or administrative costs and expenses incurred by the Authority, including costs relating to time spent by or on behalf of the Authority in dealing with the consequences of the Default;
 - (b) any wasted expenditure or charges;
 - (c) the additional costs of procuring a Replacement Contractor for the remainder of the Contract Period and or replacement deliverables which shall include any incremental costs associated with the Replacement Contractor and/or replacement deliverables above those which would have been payable under the Contract;
 - (d) any compensation or interest paid to a third party by the Authority; and
 - (e) any fine or penalty incurred by the Authority pursuant to Law and any costs incurred by the Authority in defending any proceedings which result in such fine or penalty.
- G1.6 Subject to clauses G1.1 and G1.5, neither Party shall be liable to the other for any:
- (a) loss of profits, turnover, business opportunities or damage to goodwill (in each case whether direct or indirect); or
 - (b) indirect, special or consequential loss.
- G1.7 Unless otherwise specified by the Authority, the Contractor shall, with effect from the Commencement Date for such period as necessary to enable the Contractor to comply with its obligations herein, take out and maintain with a reputable insurance company a policy or policies of insurance providing an adequate level of cover in respect of all risks which may be incurred by the Contractor, arising out of the Contractor's performance of its obligations under the Contract, including death or personal injury, loss of or damage to property or any other loss. Such policies shall include cover in respect of any financial loss arising from any advice given or omitted to be given by the Contractor. Such insurance shall be maintained for the duration of the Contract Period and for a minimum of 6 years following the end of the Contract.
- G1.8 The Contractor shall hold employer's liability insurance in respect of Staff and such insurance shall be in accordance with any legal requirement from time to time in force.
- G1.9 The Contractor shall give the Authority, on request, copies of all insurance policies referred to in this clause or a broker's verification of insurance to demonstrate that the

appropriate cover is in place, together with receipts or other evidence of payment of the latest premiums due under those policies.

- G1.10 If the Contractor does not give effect to and maintain the insurances required by the provisions of the Contract, the Authority may make alternative arrangements to protect its interests and may recover the costs of such arrangements from the Contractor.
- G1.11 The provisions of any insurance or the amount of cover shall not relieve the Contractor of any liabilities under the Contract.
- G1.12 The Contractor shall not take any action or fail to take any reasonable action, or (to the extent that it is reasonably within its power) permit anything to occur in relation to the Contractor, which would entitle any insurer to refuse to pay any claim under any insurance policy in which the Contractor is an insured, a co-insured or additional insured person.

G2 Warranties and Representations

- G2.1 The Contractor warrants and represents on the Commencement Date and for the Contract Period that:
- (a) it has full capacity and authority and all necessary consents to enter into and perform the Contract and that the Contract is executed by a duly authorised representative of the Contractor;
 - (b) in entering the Contract it has not committed any fraud;
 - (c) as at the Commencement Date, all information contained in the Tender or other offer made by the Contractor to the Authority remains true, accurate and not misleading, save as may have been specifically disclosed in writing to the Authority prior to execution of the Contract and in addition, that it will advise the Authority of any fact, matter or circumstance of which it may become aware which would render such information to be false or misleading;
 - (d) no claim is being asserted and no litigation, arbitration or administrative proceeding is presently in progress or, to the best of its knowledge and belief, pending or threatened against it or any of its assets which will or might have an adverse effect on its ability to perform its obligations under the Contract;
 - (e) it is not subject to any contractual obligation, compliance with which is likely to have a material adverse effect on its ability to perform its obligations under the Contract;
 - (f) no proceedings or other steps have been taken and not discharged (nor, to the best of its knowledge, are threatened) for the winding up of the Contractor or for its dissolution or for the appointment of a receiver, administrative receiver, liquidator, manager, administrator or similar officer in relation to any of the Contractor's assets or revenue;
 - (g) it owns, or has obtained or is able to obtain valid licences for, all Intellectual Property Rights that are necessary for the performance of its obligations under the Contract;
 - (h) any person engaged by the Contractor shall be engaged on terms which do not entitle them to any Intellectual Property Right in any IP Materials;
 - (i) in the three (3) years (or period of existence where the Contractor has not been in existence for three (3) years) prior to the date of the Contract:

- i) it has conducted all financial accounting and reporting activities in compliance in all material respects with the generally accepted accounting principles that apply to it in any country where it files accounts;
 - ii) it has been in full compliance with all applicable securities and tax laws and regulations in the jurisdiction in which it is established; and
 - iii) it has not done or omitted to do anything which could have a material adverse effect on its assets, financial condition or position as an ongoing business concern or its ability to fulfil its obligations under the Contract;
- (j) it has and will continue to hold all necessary (if any) regulatory approvals from the Regulatory Bodies necessary to perform its obligations under the Contract; and
- (k) it has notified the Authority in writing of any Occasions of Tax Non-Compliance and any litigation in which it is involved that is in connection with any Occasion of Tax Non-Compliance.

G3 Force Majeure

- G3.1 Subject to the remaining provisions of this clause G3, a Party may claim relief under this clause G3 from liability for failure to meet its obligations under the Contract for as long as and only to the extent that the performance of those obligations is directly affected by a Force Majeure Event. Any failure or delay by the Contractor in performing its obligations under the Contract which results from a failure or delay by an agent, Sub-Contractor or supplier shall be regarded as due to a Force Majeure Event only if that agent, Sub-Contractor or supplier is itself impeded by a Force Majeure Event from complying with an obligation to the Contractor.
- G3.2 The Affected Party shall as soon as reasonably practicable issue a Force Majeure Notice, which shall include details of the Force Majeure Event, its effect on the obligations of the Affected Party and any action the Affected Party proposes to take to mitigate its effect.
- G3.3 If the Contractor is the Affected Party, it shall not be entitled to claim relief under this clause G3 to the extent that consequences of the relevant Force Majeure Event:
- (a) are capable of being mitigated by any of the Services, but the Contractor has failed to do so; and/or
 - (b) should have been foreseen and prevented or avoided by a prudent provider of services similar to the Services, operating to the standards required by the Contract.
- G3.4 Subject to clause G3.5, as soon as practicable after the Affected Party issues the Force Majeure Notice, and at regular intervals thereafter, the Parties shall consult in good faith and use reasonable endeavours to agree any steps to be taken and an appropriate timetable in which those steps should be taken, to enable continued provision of the Services affected by the Force Majeure Event.
- G3.5 The Parties shall at all times following the occurrence of a Force Majeure Event and during its subsistence use their respective reasonable endeavours to prevent and mitigate the effects of the Force Majeure Event. Where the Contractor is the Affected Party, it shall take all steps in accordance with Good Industry Practice to overcome or minimise the consequences of the Force Majeure Event.

- G3.6 If, as a result of a Force Majeure Event:
- (a) an Affected Party fails to perform its obligations in accordance with the Contract, then during the continuance of the Force Majeure Event:
 - i) the other Party shall not be entitled to exercise its rights to terminate the Contract in whole or in part as a result of such failure pursuant to clause H2.1 or H2.3; and
 - ii) neither Party shall be liable for any Default arising as a result of such failure;
 - (b) the Contractor fails to perform its obligations in accordance with the Contract it shall be entitled to receive payment of the Price (or a proportional payment of it) only to the extent that the Services (or part of the Services) continue to be performed in accordance with the terms of the Contract during the occurrence of the Force Majeure Event.
- G3.7 The Affected Party shall notify the other Party as soon as practicable after the Force Majeure Event ceases or no longer causes the Affected Party to be unable to comply with its obligations under the Contract.
- G3.8 Relief from liability for the Affected Party under this clause G3 shall end as soon as the Force Majeure Event no longer causes the Affected Party to be unable to comply with its obligations under the Contract and shall not be dependent on the serving of notice under clause G3.7.

H DEFAULT, DISRUPTION AND TERMINATION

H1 Termination on Insolvency and Change of Control

- H1.1 The Authority may terminate the Contract with immediate effect by notice and without compensation to the Contractor where the Contractor is a company and in respect of the Contractor:
- (a) a proposal is made for a voluntary arrangement within Part I of the Insolvency Act 1986 or of any other composition scheme or arrangement with, or assignment for the benefit of, its creditors;
 - (b) a shareholders' meeting is convened for the purpose of considering a resolution that it be wound up or a resolution for its winding-up is passed (other than as part of, and exclusively for the purpose of, a bona fide reconstruction or amalgamation);
 - (c) a petition is presented for its winding up (which is not dismissed within 14 days of its service) or an application is made for the appointment of a provisional liquidator or a creditors' meeting is convened pursuant to section 98 of the Insolvency Act 1986;
 - (d) a receiver, administrative receiver or similar officer is appointed over the whole or any part of its business or assets;
 - (e) an application order is made either for the appointment of an administrator or for an administration order, an administrator is appointed, or notice of intention to appoint an administrator is given;

- (f) it is or becomes insolvent within the meaning of section 123 of the Insolvency Act 1986;
- (g) being a “small company” within the meaning of section 247(3) of the Companies Act 1985, a moratorium comes into force pursuant to Schedule A1 of the Insolvency Act 1986; or
- (h) any event similar to those listed in H1.1(a)-(g) occurs under the law of any other jurisdiction.

H1.2 The Authority may terminate the Contract with immediate effect by notice and without compensation to the Contractor where the Contractor is an individual and:

- (a) an application for an interim order is made pursuant to sections 252-253 of the Insolvency Act 1986 or a proposal is made for any composition scheme or arrangement with, or assignment for the benefit of, the Contractor’s creditors;
- (b) a petition is presented and not dismissed within fourteen (14) days or order made for the Contractor’s bankruptcy;
- (c) a receiver, or similar officer is appointed over the whole or any part of the Contractor’s assets or a person becomes entitled to appoint a receiver, or similar officer over the whole or any part of his assets;
- (d) the Contractor is unable to pay his debts or has no reasonable prospect of doing so, in either case within the meaning of section 268 of the Insolvency Act 1986;
- (e) a creditor or encumbrancer attaches or takes possession of, or a distress, execution, sequestration or other such process is levied or enforced on or sued against, the whole or any part of the Contractor’s assets and such attachment or process is not discharged within fourteen (14) days;
- (f) he dies or is adjudged incapable of managing his affairs within the meaning of Part VII of the Mental Capacity Act 2005;
- (g) he suspends or ceases, or threatens to suspend or cease, to carry on all or a substantial part of his business; or
- (h) any event similar to those listed in clauses H1.2(a) to (g) occurs under the law of any other jurisdiction.

H1.3 The Contractor shall notify the Authority immediately in writing of any proposal or negotiations which will or may result in a merger, take-over, change of control, change of name or status including where the Contractor undergoes a change of control within the meaning of section 1124 of the Corporation Taxes Act 2010 (“**Change of Control**”). The Authority may terminate the Contract with immediate effect by notice and without compensation to the Contractor within six (6) Months of:

- (a) being notified that a Change of Control has occurred; or
- (b) where no notification has been made, the date that the Authority becomes aware of the Change of Control,

but shall not be permitted to terminate where Approval was granted prior to the Change of Control.

- H1.4 The Authority may terminate the Contract with immediate effect by notice and without compensation to the Contractor where the Contractor is a partnership and:
- (a) a proposal is made for a voluntary arrangement within Article 4 of the Insolvent Partnerships Order 1994 or a proposal is made for any other composition, scheme or arrangement with, or assignment for the benefit of, its creditors; or
 - (b) it is for any reason dissolved; or
 - (c) a petition is presented for its winding up or for the making of any administration order, or an application is made for the appointment of a provisional liquidator; or
 - (d) a receiver, or similar officer is appointed over the whole or any part of its assets; or
 - (e) the partnership is deemed unable to pay its debts within the meaning of section 222 or 223 of the Insolvency Act 1986 as applied and modified by the Insolvent Partnerships Order 1994; or
 - (f) any of the following occurs in relation to any of its partners:
 - (i) an application for an interim order is made pursuant to sections 252-253 of the Insolvency Act 1986 or a proposal is made for any composition scheme or arrangement with, or assignment for the benefit of, his creditors;
 - (ii) a petition is presented for his bankruptcy; or
 - (iii) a receiver, or similar officer is appointed over the whole or any part of his assets;
 - (g) any event similar to those listed in clauses H1.4(a) to (f) occurs under the law of any other jurisdiction.

- H1.5 The Authority may terminate the Contract with immediate effect by notice and without compensation to the Contractor where the Contractor is a limited liability partnership and:
- (a) a proposal is made for a voluntary arrangement within Part I of the Insolvency Act 1986 or a proposal is made for any other composition, scheme or arrangement with, or assignment for the benefit of, its creditors;
 - (b) it is for any reason dissolved;
 - (c) an application is made either for the appointment of an administrator or for an administration order, an administrator is appointed, or notice of intention to appoint an administrator is given within Part II of the Insolvency Act 1986;
 - (d) any step is taken with a view to it being determined that it be wound up (other than as part of, and exclusively for the purpose of, a bona fide reconstruction or amalgamation) within Part IV of the Insolvency Act 1986;
 - (e) a petition is presented for its winding up (which is not dismissed within 14 days of its service) or an application is made for the appointment of a provisional liquidator within Part IV of the Insolvency Act 1986;
 - (f) a receiver, or similar officer is appointed over the whole or any part of its assets; or

- (g) it is or becomes unable to pay its debts within the meaning of section 123 of the Insolvency Act 1986;
- (h) a moratorium comes into force pursuant to Schedule A1 of the Insolvency Act 1986;
or
- (i) any event similar to those listed in clauses H1.5 (a) to (h) occurs under the law of any other jurisdiction.

H1.6 References to the Insolvency Act 1986 in clause H1.5(a) shall be construed as being references to that Act as applied under the Limited Liability Partnerships Act 2000 subordinate legislation.

H2 Termination on Default

H2.1 The Authority may terminate the Contract with immediate effect by notice if the Contractor commits a Default and:

- (a) the Contractor has not remedied the Default to the satisfaction of the Authority within twenty five (25) Working Days or such other period as may be specified by the Authority, after issue of a notice specifying the Default and requesting it to be remedied;
- (b) the Default is not, in the opinion of the Authority, capable of remedy; or
- (c) the Default is a Material Breach.

H2.2 If, through any Default of the Contractor, data transmitted or processed in connection with the Contract is either lost or sufficiently degraded as to be unusable, the Contractor shall be liable for the cost of reconstitution of that data and shall reimburse the Authority in respect of any charge levied for its transmission and any other costs charged in connection with such Default.

H2.3 If the Authority fails to pay the Contractor undisputed sums of money when due, the Contractor shall give notice to the Authority of its failure to pay. If the Authority fails to pay such undisputed sums within ninety (90) Working Days of the date of such notice, the Contractor may terminate the Contract in writing with immediate effect, save that such right of termination shall not apply where the failure to pay is due to the Authority exercising its rights under clause C3.1 (Recovery of Sums Due) or to a Force Majeure Event.

H3 Termination on Notice

H3.1 The Authority may terminate the Contract at any time by giving thirty (30) days' notice to the Contractor.

H4 Other Termination Grounds

H4.1 The Authority may terminate the Contract on written notice to the Contractor if:

- (a) the Contract has been subject to a substantial modification which requires a new procurement procedure pursuant to regulation 72(9) of the Regulations;

- (b) the Contractor was, at the time the Contract was awarded, in one of the situations specified in regulation 57(1) of the Regulations, including as a result of the application of regulation 57 (2), and should therefore have been excluded from the procurement procedure which resulted in its award of the Contract;
- (c) the Contract should not have been awarded to the Contractor in view of a serious infringement of the obligations under the Treaties and the Regulations that has been declared by the Court of Justice of the European Union in a procedure under Article 258 of the TFEU; or
- (d) the Contractor has not, in performing the Services, complied with its legal obligations in respect of environmental, social or labour law.

H5 Consequences of Expiry or Termination

- H5.1 If the Authority terminates the Contract under clauses H2 or H4 and makes other arrangements for the supply of the Services the Authority may recover from the Contractor the cost reasonably incurred of making those other arrangements and any additional expenditure incurred by the Authority throughout the remainder of the Contract Period.
- H5.2 If Contract is terminated under clauses H2 or H4 the Authority shall make no further payments to the Contractor (for Services supplied by the Contractor prior to termination and in accordance with the Contract but where the payment has yet to be made by the Authority), until the Authority has established the final cost of making the other arrangements envisaged under this clause.
- H5.3 If the Authority terminates the Contract under clause H3 the Authority shall make no further payments to the Contractor except for Services supplied by the Contractor prior to termination and in accordance with the Contract but where the payment has yet to be made by the Authority.
- H5.4 Save as otherwise expressly provided in the Contract:
 - (a) termination or expiry of the Contract shall be without prejudice to any rights, remedies or obligations accrued under the Contract prior to termination or expiration and nothing in the Contract shall prejudice the right of either Party to recover any amount outstanding at such termination or expiry; and
 - (b) termination of the Contract shall not affect the continuing rights, remedies or obligations of the Authority or the Contractor under clauses C2 (Payment and VAT), C3 (Recovery of Sums Due), D1 (Prevention of Fraud and Bribery), E2 (Data Protection Act Compliance), E3 (Official Secrets Acts 1911 to 1989, Section 182 of the Finance Act 1989), E4 (Confidential Information), E5 (Freedom of Information), E8 (Intellectual Property Rights), E9 (Audit), F9 (Remedies Cumulative), G1 (Liability, Indemnity and Insurance), H5 (Consequences of Expiry or Termination), H7 (Recovery upon Termination) and I1 (Governing Law and Jurisdiction).

H6 Disruption

- H6.1 The Contractor shall take reasonable care to ensure that in the performance of its obligations under the Contract it does not disrupt the operations of the Authority, its employees or any other contractor employed by the Authority.

- H6.2 The Contractor shall immediately inform the Authority of any actual or potential industrial action, whether such action be by its own employees or others, which affects or might affect its ability at any time to perform its obligations under the Contract.
- H6.3 If there is industrial action by the Staff, the Contractor shall seek Approval to its proposals to continue to perform its obligations under the Contract.
- H6.4 If the Contractor's proposals referred to in clause H6.3 are considered insufficient or unacceptable by the Authority acting reasonably, then the Contract may be terminated with immediate effect by the Authority by notice.
- H6.5 If the Contractor is unable to deliver the Services owing to disruption of the Authority's normal business, the Contractor may request a reasonable allowance of time, and, in addition, the Authority will reimburse any additional expense reasonably incurred by the Contractor as a direct result of such disruption.

H7 Recovery upon Termination

- H7.1 On termination of the Contract for any reason, the Contractor shall at its cost:
- (a) immediately return to the Authority all Confidential Information, Personal Data and IP Materials in its possession or in the possession or under the control of any permitted suppliers or Sub-Contractors, which was obtained or produced in the course of providing the Services;
 - (b) immediately deliver to the Authority all Property (including materials, documents, information and access keys) provided to the Contractor in good working order;
 - (c) immediately vacate any Authority Premises occupied by the Contractor;
 - (d) assist and co-operate with the Authority to ensure an orderly transition of the provision of the Services to the Replacement Contractor and/or the completion of any work in progress; and
 - (e) promptly provide all information concerning the provision of the Services which may reasonably be requested by the Authority for the purposes of adequately understanding the manner in which the Services have been provided and/or for the purpose of allowing the Authority and/or the Replacement Contractor to conduct due diligence.
- H7.2 If the Contractor does not comply with clauses H7.1(a) and (b), the Authority may recover possession thereof and the Contractor grants a licence to the Authority or its appointed agents to enter (for the purposes of such recovery) any premises of the Contractor or its permitted suppliers or Sub-Contractors where any such items may be held.

H8 Retendering and Handover

- H8.1 Within twenty one (21) days of being requested by the Authority, the Contractor shall provide, and thereafter keep updated, in a fully indexed and catalogued format, all the information necessary to enable the Authority to issue tender documents for the future provision of the Services.
- H8.2 The Authority shall take all necessary precautions to ensure that the information referred to in clause H8.1 is given only to potential providers who have qualified to tender for the future provision of the Services.

- H8.3 The Authority shall require that all potential providers treat the information in confidence; that they do not communicate it except to such persons within their organisation and to such extent as may be necessary for the purpose of preparing a response to an invitation to tender issued by the Authority; and that they shall not use it for any other purpose.
- H8.4 The Contractor shall indemnify the Authority against any claim made against the Authority at any time by any person in respect of any liability incurred by the Authority arising from any deficiency or inaccuracy in information which the Contractor is required to provide under clause H8.1.
- H8.5 The Contractor shall allow access to the Premises in the presence of the Authorised Representative, to any person representing any potential provider whom the Authority has selected to tender for the future provision of the Services.
- H8.6 If access is required to the Contractor's Premises for the purposes of clause H7.5, the Authority shall give the Contractor seven (7) days' notice of a proposed visit together with a list showing the names of all persons who will be visiting. Their attendance shall be subject to compliance with the Contractor's security procedures, subject to such compliance not being in conflict with the objectives of the visit.
- H8.7 The Contractor shall co-operate fully with the Authority during any handover at the end of the Contract. This co-operation shall include allowing full access to, and providing copies of, all documents, reports, summaries and any other information necessary in order to achieve an effective transition without disruption to routine operational requirements.
- H8.8 Within ten (10) Working Days of being requested by the Authority, the Contractor shall transfer to the Authority, or any person designated by the Authority, free of charge, all computerised filing, recording, documentation, planning and drawing held on software and utilised in the provision of the Services. The transfer shall be made in a fully indexed and catalogued disk format, to operate on a proprietary software package identical to that used by the Authority.

H9 Exit Management

- H9.1 Upon termination the Contractor shall render reasonable assistance to the Authority to the extent necessary to effect an orderly assumption by a Replacement Contractor in accordance with the procedure set out in clause H10.

H10 Exit Procedures

- H10.1 Where the Authority requires a continuation of all or any of the Services on expiry or termination of this Contract, either by performing them itself or by engaging a third party to perform them, the Contractor shall co-operate fully with the Authority and any such third party and shall take all reasonable steps to ensure the timely and effective transfer of the Services without disruption to routine operational requirements.
- H10.2 The following commercial approach shall apply to the transfer of the Services if the Contractor:
- (a) does not have to use resources in addition to those normally used to deliver the Services prior to termination or expiry, there shall be no change to the Price; or

- (b) reasonably incurs additional costs, the Parties shall agree a Variation to the Price based on the Contractor's rates either set out in Schedule 2 or forming the basis for the Price.

H10.3 When requested to do so by the Authority, the Contractor shall deliver to the Authority details of all licences for software used in the provision of the Services including the software licence agreements.

H10.4 Within one (1) Month of receiving the software licence information described above, the Authority shall notify the Contractor of the licences it wishes to be transferred, and the Contractor shall provide for the approval of the Authority a plan for licence transfer.

H11 Knowledge Retention

H11.1 The Contractor shall co-operate fully with the Authority in order to enable an efficient and detailed knowledge transfer from the Contractor to the Authority on the completion or earlier termination of the Contract and in addition, to minimise any disruption to routine operational requirements. To facilitate this transfer, the Contractor shall provide the Authority free of charge with full access to its Staff, and in addition, copies of all documents, reports, summaries and any other information requested by the Authority. The Contractor shall comply with the Authority's request for information no later than fifteen (15) Working Days from the date that that request was made.

I DISPUTES AND LAW

I1 Governing Law and Jurisdiction

I1.1 Subject to the provisions of clause I2 the Contract, including any matters arising out of or in connection with it, shall be governed by and interpreted in accordance with English Law and shall be subject to the jurisdiction of the Courts of England and Wales. The submission to such jurisdiction shall not limit the right of the Authority to take proceedings against the Contractor in any other court of competent jurisdiction, and the taking of proceedings in any other court of competent jurisdiction shall not preclude the taking of proceedings in any other jurisdiction whether concurrently or not.

I2 Dispute Resolution

I2.1 The Parties shall attempt in good faith to negotiate a settlement to any dispute between them arising out of or in connection with the Contract within twenty (20) Working Days of either Party notifying the other of the dispute and such efforts shall involve the escalation of the dispute to the finance director of the Contractor and the commercial director of the Authority.

I2.2 Nothing in this dispute resolution procedure shall prevent the Parties from seeking from any court of competent jurisdiction an interim order restraining the other Party from doing any act or compelling the other Party to do any act.

I2.3 If the dispute cannot be resolved by the Parties pursuant to clause I2.1 either Party may refer it to mediation pursuant to the procedure set out in clause I2.5.

I2.4 The obligations of the Parties under the Contract shall not cease, or be suspended or delayed by the reference of a dispute to mediation (or arbitration) and the Contractor and the Staff shall comply fully with the requirements of the Contract at all times.

12.5 The procedure for mediation and consequential provisions relating to mediation are as follows:

- (a) a neutral adviser or mediator (the “**Mediator**”) shall be chosen by agreement between the Parties or, if they are unable to agree upon a Mediator within ten (10) Working Days after a request by one Party to the other or if the Mediator agreed upon is unable or unwilling to act, either Party shall within ten (10) Working Days from the date of the proposal to appoint a Mediator or within ten (10) Working Days of notice to either Party that he is unable or unwilling to act, apply to the Centre for Effective Dispute Resolution to appoint a Mediator;
- (b) the Parties shall within ten (10) Working Days of the appointment of the Mediator meet with him in order to agree a programme for the exchange of all relevant information and the structure to be adopted for negotiations. If appropriate, the Parties may at any stage seek assistance from the Centre for Effective Dispute Resolution to provide guidance on a suitable procedure;
- (c) unless otherwise agreed, all negotiations connected with the dispute and any settlement agreement relating to it shall be conducted in confidence and without prejudice to the rights of the Parties in any future proceedings;
- (d) if the Parties reach agreement on the resolution of the dispute, the agreement shall be recorded in writing and shall be binding on the Parties once it is signed by their duly authorised representatives;
- (e) failing agreement, either of the Parties may invite the Mediator to provide a non-binding but informative written opinion. Such an opinion shall be provided on a without prejudice basis and shall not be used in evidence in any proceedings relating to the Contract without the prior written consent of both Parties; and
- (f) if the Parties fail to reach agreement within sixty (60) Working Days of the Mediator being appointed, or such longer period as may be agreed by the Parties, then any dispute or difference between them may be referred to the Courts unless the dispute is referred to arbitration pursuant to the procedures set out in clause 12.6.

12.6 Subject to clause 12.2, the Parties shall not institute court proceedings until the procedures set out in clauses 12.1 and 12.3 have been completed save that:

- (a) The Authority may at any time before court proceedings are commenced, serve a notice on the Contractor requiring the dispute to be referred to and resolved by arbitration in accordance with clause 12.7;
- (b) if the Contractor intends to commence court proceedings, it shall serve notice on the Authority of its intentions and the Authority shall have twenty one (21) days following receipt of such notice to serve a reply on the Contractor requiring the dispute to be referred to and resolved by arbitration in accordance with clause 12.7; and
- (c) the Contractor may request by notice to the Authority that any dispute be referred and resolved by arbitration in accordance with clause 12.7, to which the Authority may consent as it sees fit.

12.7 If any arbitration proceedings are commenced pursuant to clause 12.6,

- (a) the arbitration shall be governed by the provisions of the Arbitration Act 1996 and the Authority shall give a notice of arbitration to the Contractor (the “**Arbitration Notice**”) stating:
 - (i) that the dispute is referred to arbitration; and
 - (ii) providing details of the issues to be resolved;
- (b) the London Court of International Arbitration (“**LCIA**”) procedural rules in force at the date that the dispute was referred to arbitration in accordance with I2.7(b) shall be applied and are deemed to be incorporated by reference to the Contract and the decision of the arbitrator shall be binding on the Parties in the absence of any material failure to comply with such rules;
- (c) the tribunal shall consist of a sole arbitrator to be agreed by the Parties;
- (d) if the Parties fail to agree the appointment of the arbitrator within ten (10) days of the Arbitration Notice being issued by the Authority under clause I2.7(a) or if the person appointed is unable or unwilling to act, the arbitrator shall be appointed by the LCIA;
- (e) the arbitration proceedings shall take place in London and in the English language; and
- (f) the arbitration proceedings shall be governed by, and interpreted in accordance with, English Law.

| |
|--|
| Signed for and on behalf of the Customer by an authorised representative: |
| Name and Title Redacted |
| Signature Redacted |
| Date 26/7/18 |
| Signed for and on behalf of the Supplier by an authorised representative: |
| Name and Title Redacted |
| Signature Redacted |
| Date 1/8/18 |

SCHEDULE 1 – SERVICES

This Schedule sets out the Authority's Specification of Requirements.

Model requirements

- 1.1 The Authority requires a robust, easy-to-use single and multi-market partial equilibrium model that will include ability to model imports and exports allowing for imperfect substitutes between imports from different countries (using Armington elasticities) and substitution between domestic production and imports.
- 1.2 The budget for the initial model, excluding any extensions is £40,000 net of VAT.
- 1.3 The Authority requires the model to be flexible in four senses:
 - The datasets used with the model can vary in terms of aggregation (of trade and domestic production data) and markets covered (the model does not need to be designed to cover specific countries, but it must be open to being run with a range of partner countries).
 - The model must be flexible as to whether it is a single (i.e. covers a country's imports from selected other countries and incorporates the importer's domestic production) or a limited multi-market (i.e. simultaneously covers both a country's imports and its exports to a selected range of partner countries but only covers domestic production for the modelled country), or a full multi-market (i.e. simultaneously covers both a country's imports and its exports to a selected range of partner countries and models domestic production in all countries) model.
 - The model must be extendable to allow for further features to be added (main options detailed in the optional extensions below).
 - Elasticities used in the model must be adjustable, as is standard in most partial equilibrium models.
- 1.4 The model must be capable of being run at various levels of aggregation, down to eight (8) digit Combined Nomenclature (CN8) trade commodity code or UK Standard Industrial Classification (SIC) five (5) digit.
- 1.5 The model must be open to enable analysts to examine the model's equations to understand how it works and validate results. In order to be open, there must be access to all code or macros used in the model and these must be documented so that they can be understood and checked by users.
- 1.6 The model will need to be calibrated using a number of historical examples such as the impact of China joining the WTO and the impact of the A8/A10 ascension countries. The model must be validated to ensure that results are reasonable and match historical events to some degree. The Authority expects calibration to be undertaken by the Supplier, but understands that calibration may not be able to be fully completed within within the three (3) month model development phase. All calibration will need to be finalised prior to receiving full and final payment for model development.
- 1.7 The model must run on software that Authority and other government department analysts have access to, preferably R or Stata. Other options (such as Microsoft Excel) could be

considered if a sufficiently strong case is presented. For statistical software, the delivery format would be a file of executable code.

- 1.8 The model must generate standard partial equilibrium model outputs including the impact on trade, welfare (consumers and producers), domestic production, output, and prices. These outputs must be generated for all the countries modelled.
- 1.9 The ability to include complex agriculture/food tariffs and Non-Tariff Barriers (NTBs) would be preferable but is not essential. The Authority recognises that agricultural and food sector tariffs are often complicated, encompassing both Tariff Rate Quotas, Specific Duties and Ad Valorem Equivalent (AVE) tariffs. If it is not possible to include agriculture/food tariffs in the initial model then this would be considered as an optional extension.

Service delivery and support:

- 2.1 The model must be completed within three (3) months. Completion of the model in less than three (3) months would be valuable and will be reflected in the evaluation process.
- 2.2 Documentation that explains the model, how to operate the model, key assumptions, and limitations must be provided by the Supplier. Guidance must include a worked example and include the equations used in the model and the assumptions made. It must explain any important details such as whether the model can handle zero values. A digital copy of the documentation is acceptable.
- 2.3 On delivery of the model to the Authority up to three (3) training sessions must be provided by the Supplier to the Authority and other government department analysts in using the model. Each training session is expected to be all day hands-on training with one (1) to two (2) trainers assisting up to ten (10) Authority or other government department analysts per session. Training will take place in London within the Whitehall estate. Reasonable travel and subsistence for trainers would be provided by the Authority, please see DIT Travel and Subsistence policy in Appendix E..
- 2.4 Ad hoc support must be available on request (by phone or email, with responses within one (1) day for simple queries and up to one (1) week for complex queries) for the first three (3) months after delivery of the initial model. The Authority does not anticipate requiring more than 10 hours of support per month.
- 2.5 The ability to provide longer-term support outside of the initial three (3) month support period must be available if required by the Authority.
- 2.6 If support is required outside of this initial period, including support to adapt the model in the event that the software package used to develop the model is changed or discontinued during the life of the contract, the Authority will agree the support package required and cost Supplier may charge the Authority following the same procedure as that for agreeing extension options outlined below in 5.1.

Intellectual Property:

3.1 The intellectual property rights under the agreement are detailed under Clause E8 of the Agreement found in Appendix B of this document.

Deliverables and payment

4.1 On delivery of the initial model, 90% of the maximum £40,000 payment for the development of the initial model will be made. The final 10% payment for development of the initial model will be made after one (1) month following successful calibration and validation.

| Milestone | Deliverable | Payment |
|-----------|---|-------------|
| 1 | Initial partial equilibrium model within three (3) months | 90% payment |
| 2 | Successful calibration and validation of the initial model within one (1) month | 10% payment |

Optional Services:

5.1 Extensions are not included in the £40,000 budget for the delivery of the initial model. The costs for delivery of each extension option will be agreed on a case by case basis within the remaining £60,000 budget available. Tenderers are required to provide indicative prices and timescales for all extension options outlined. The Supplier and Authority will discuss the extension options and potential feasibility once the initial model has been successfully delivered.

5.2 The extension options are a secondary requirement and the ability to provide extensions will not be used as an evaluation criteria for the initial model, but indication of timescales, feasibility and costing is still required at this stage. The ability to provide extensions will form part of the evaluation of the initial model. Tenderers are also required to provide an indication of timescales, feasibility and costing but this will not be evaluated.

5.3 Possible optional model extensions include, but are not limited to:

- Regional modelling: would look at what can be done to disaggregate results to regions within the country that is being modelled.
- Dynamic path: so that the model shows how impacts evolve over time (with results generated for each year) rather than just for the final equilibrium point.
- Impact on a sector's supply chain: for a particular sector, model the impact the trade shock has on the sector's supply chain, in both supplying and consuming industries.
- Linking supply functions for domestic production and exports. Some partial equilibrium models assume that the domestic supply function is separate (i.e. independent) from the export supply function. There are some cases (e.g. sectors where there are strong interlinkages between countries) where it would be useful to link domestic supply and export supply functions. This would be particularly useful for markets where there are strong regional or global supply chains.
- Provide data, especially domestic production data for countries other than the UK for the model

5.4 Further training to introduce optional extensions are likely to be required, and may also be required to introduce the initial model to more analysts over the course of the Contract.

Training sessions will take the same format as detailed above in 2.3.

Commissioning Optional Service:

6.1 On successful delivery, calibration and validation of the initial model, the process for commissioning model extensions would be as follows:

- The Authority will discuss the extensions options with the Supplier.
- The Supplier will provide a response, detailing the feasibility of extension options and suggesting alternatives if any of the options are not feasible.
- The Supplier will provide final prices and timescales for delivering the options requested by the Authority.
- The Authority will then select which, if any, extension options it wishes to commission.

SCHEDULE 2 - PRICING

| Deliverable | Deadline | Price GBP |
|--|------------------------------|-------------------|
| Delivery of the initial Multi Market Partial Equilibrium Model | 3 months from Contract Award | |
| Total Fixed Price | | £39,877.00 |
| Are travel and subsistence expenses included in this total fixed price? | | Y |
| If no, please provide a fixed travel and subsistence cost for the duration of this contract, in-line with Department for International Trade's travel policy | | |
| Total Fixed Price - including Travel and Subsistence | | £39,877.00 |

SCHEDULE 3 – GOVERNANCE AND CONTRACT MANAGEMENT

1. Governance and Contract Management

1.1 This Schedule outlines the general structures and management activities that the Parties shall follow during the Contract Period.

Governance Boards

1.2 There are three (3) levels of Governance as detailed table below:

- (a) Level 3 Operational Service Review Board
- (b) Level 2 Service Review Board
- (c) Level 1 Contract Review Board

| LEVEL | ATTENDEES | RESPONSIBILITIES / ACTIVITIES | LOCATION/TIMINGS |
|---|---|---|---|
| Level 3 Operational Service Review Board | Authority: Redacted Supplier: Redacted Optional invitees: Redacted | <ul style="list-style-type: none"> • Contract administration • Maintenance of Risk Register and issues Log • Be accountable to the Service review Board for day to day oversight of the Services. • Performance Review - Administer reports on KPI's, Performance Monitoring Reports, issues relating to delivery of Services and performance against Performance Indicators • Quality assurance • Complaint handling | Weekly by telephone or other communication means as appropriate. |
| Level 2 Service Review Board | Authority: Redacted Supplier: Redacted | <ul style="list-style-type: none"> • Responsible for the Contract management of the Services and shall review performance (incl. issues unresolved by operational team); | Monthly by telephone or other communication means as appropriate. by te |

| | | | |
|--|---|---|--|
| | <p>Optional invitees: Redacted</p> <p>Optional invitees: (Include if required)</p> | <ul style="list-style-type: none"> • Receives the Performance Monitoring Reports, Service Levels and Service Credits. Monitor progress and identifies possible future developments including common standards, benchmarking and continuous improvement plans; • Review Risk Register Reports submitted by Level 4; • Responsible for the Contract management of the services relationship between all Parties; • Report to the Contract Review Board (Level 2) on significant issues requiring strategic decision and resolution by the Contract Review Board and on progress against the high level strategic objectives; • Responsible for Contract coverage, ensuring all work has been agreed prior to commencement and any changes covered by Variations to Contract • Responsible for Financial management, reviewing spend against plans, resolving and escalated payment/invoicing issues, review overall financial risks. • Responsible for Capacity planning, reviewing possible improvements of matching demand with supply | |
|--|---|---|--|

| | | | |
|---|---|--|---|
| <p>Level 1</p> <p>Contract Review Board</p> | <p>Authority: Redacted</p> <p>Supplier: Redacted</p> <p>Optional invitees: Legal Representatives as required</p> | <ul style="list-style-type: none"> • Responsible for issues escalated by Level 3 Representatives. In particular : • Strategic direction • Relationship direction • Continual improvement and performance management • Contract Review | <p>Quarterly, face to face or via teleconference.</p> |
|---|---|--|---|

1.3 In addition, the Contractor is to demonstrate the following requirements in the delivery of Services:

- (a) To have in place clear, robust and fully accountable governance arrangements for the delivery of the Services;
- (b) To have in place, or have access to, necessary support services including IT, personnel, administration and finance;
- (c) To have clear and robust internal processes and procedures and staff that are fully accountable delivering and managing the Services to protect DIT's reputation.

SCHEDULE 4 – PERFORMANCE MANAGEMENT FRAMEWORK

1. Introduction

- 1.1 As part of the Authority's continuous drive to improve the performance of all Suppliers, this Performance Management Framework (PMF) will be used to monitor measure and control all aspects of the Supplier's performance of contract responsibilities.
- 1.2 The PMF purpose is to set out the obligations on the Supplier, to outline how the Supplier's performance will be evaluated and to detail the sanctions for performance failure.
- 1.3 Performance management indicators for the Supplier will be listed under the following categories:
 1. Contract Management
 2. Delivery and support
 3. Quality of Service
 4. Cost
 5. Continuous Improvement

The above categories are consistent within all Contract awards allowing the Authority to monitor the Supplier's performance at both individual contract level and at enterprise level with the individual Supplier.

Management of the PMF

- 2.1 The Supplier shall detail performance against KPI's outlined from time to time as requested by the Authority.
- 2.2 KPI's shall be monitored on a regular basis and shall form part of the contract performance review. Management Information will be provided monthly during the model development and support period.
- 2.3 Any performance issues highlighted in KPI reports will be addressed by the Supplier, who shall be required to provide an improvement plan ("Remediation Plan") to address all issues highlighted within a week of the Authority request.
- 2.4 Performance failure by the Supplier may result in administrative costs to the Authority. Where failure attributable to the Supplier is identified in the Performance Management report and relates to the KPI's then the service credit regime shall apply.
- 2.5 Key Performance Indicators (KPIs) are essential in order to align Supplier's performance with the requirements of the Authority and to do so in a fair and practical way. KPIs have to be realistic and achievable; they also have to be met otherwise indicating that the service is failing to deliver. Without the use of service credits in such a situation, this service failure places strain on the relationship as delivery falls short of agreed levels. As a result, the only recourse would be to terminate and seek alternative supply.
- 2.6 KPIs are set out below.

- 2.7 Where a KPI has a percentage measure the Supplier's performance will be rounded up or down to the nearest whole number.
- 2.8 KPIs are to be agreed and finalised as part of the contract.
- 2.9 Where an Amber Status is awarded; the Suppliers remediation plan will be reviewed at the monthly Management Performance Meetings to monitor continuous improvement
- (a) If the measure proposed results in preventing the failure from occurring in the future the suppliers will be moved up to a Green Status. Measures proposed may include introduction of new KPIs.
- (b) If the measure proposed does not satisfactorily prevent the failure from occurring in the future after continuous monitoring the Supplier will be moved to a Red Status. Measures proposed may include introduction of new KPIs.
- 2.10 Where a Red Status is awarded, the Supplier shall produce a Suppliers Remediation Plan, detailing the measures that the Supplier will undertake to sufficiently rectify this failure as well as any measures to be introduced to prevent this failure from occurring in the future. Measures proposed may include introduction of new KPIs.

| Key Performance Indicators | | | | | | |
|----------------------------|--|---|--|---|---|--|
| Metric | KPI | What information is required to measure this KPI? | How will the KPI be measured? | Red | Amber | Green |
| Contract management | KPI 1 Monthly reports during the model building process | Summary of work completed so far and any potential delays. | Qualitative assessment of monthly progress reports from the supplier will ask about progress being made and whether there are any possible delays. | Monthly reports indicate severe delays that will mean the model cannot be delivered on time | Monthly reports indicate a possibility that the model will not be delivered on time | Monthly reports indicate no delays and will be delivered within the agreed timeframe |
| Delivery | KPI 2 Model will be delivered within three months. | HMG taking delivery of the model within the agreed timeframe. | If the model has been delivered in the timeframe | Model is not delivered | Model is delivered late | Model is delivered within timeframe |
| Delivery | KPI 3 | Number of questions | Checking how many support | Query is not | Query is answered | Simple queries are |

| | | | | | | |
|----------|--|--|---|--|-------------------------|--|
| | Simple support requests | being answered within 1 working day. | queries are answered within this time. | answered | late | all answered within 1 working day |
| Delivery | KPI 4 Complex support requests | Number of complex queries being handled within 5 working days | Checking how many support queries are answered within this time. | Query is not answered | Query is answered late | Complex queries are all answered within 5 working days |
| Delivery | KPI 5 Supplier should provide optional extensions price and time list within the time specified by the Authority should the Authority decide to pursue extensions | When the price and time list is delivered. | Whether the supplier delivers the list within the time agreed between the Authority and the Supplier. | List is not delivered and the supplier cannot offer any of the requested optional extensions | List is delivered late. | List is delivered on time. |
| Quality | KPI 6 Quality of the model | Calibration and validation of the model to ensure that it performs as a partial equilibrium model should | The purpose is to ensure that the model performs well and responds in a way that makes sense. This would be a combination of sense checking and checking whether the model responds to real world historical scenarios in a reasonable way. | Model results are nonsensical and cannot be explained. The results are very different to what we would expect in historical scenarios and the reasons cannot be explained. | | Model performs in a way that makes sense and matches some historical examples reasonably well. |

SCHEDULE 5 - CHANGE CONTROL

Contract Change Note (“CCN”)

| | |
|--|--|
| CCN Number | |
| Contract Reference Number & Title | |
| Variation Title | |
| Number of Pages | |

WHEREAS the Contractor and the Authority entered into a contract for the supply of [insert detail] dated [dd/mm/yyyy] (the "Contract") and now wish to amend the Contract

IT IS AGREED as follows

- The Contract shall be amended as set out in this Change Control Notice:

| | | |
|--|---|---|
| Change Requestor / Originator | | |
| Summary of Change | | |
| Reason for Change | | |
| Revised Contract Price | Original Contract Value | £ |
| | Previous Contract Changes | £ |
| | Contract Change Note [x] | £ |
| | New Contract Value | £ |
| Revised Payment Schedule | | |
| Revised Specification (See Annex [x] for Details) | | |
| Revised Contract Period | | |
| Change in Contract Manager(s) | | |
| Other Changes | | |

- Save as amended all other terms of the Contract shall remain effective.
- This CCN takes effect from the date on which both Parties communicate acceptance of its terms via ProContract.

Parties:

Supplier

Signed by:

Title:

Date;

Signature:

Customer: Department for International Trade

Signed by:

Title:

Date:

Signature:

SCHEDULE 6 – APPROVED SUB-CONTRACTOR’S LIST

None.

SCHEDULE 7 – KEY PERSONNEL

Not used.

SCHEDULE 8 – COMMERCIALLY SENSITIVE INFORMATION

This Schedule details the Contractor's commercially sensitive information.

1. Commercially Sensitive Information

- 1.1 Without prejudice to the Authority's general obligation of confidentiality, the Parties acknowledge that the Authority may have to disclose Information in or relating to the Contract following a Request for Information pursuant to clause E5 (Freedom of Information).
- 1.2 In this Schedule the Parties have sought to identify the Contractor's Confidential Information that is genuinely commercially sensitive and the disclosure of which would be contrary to the public interest.
- 1.3 Where possible the Parties have sought to identify when any relevant Information will cease to fall into the category of Information to which this Schedule applies.
- 1.4 Without prejudice to the Authority's obligation to disclose Information in accordance with the FOIA and the EIR, the Authority will, acting reasonably but in its sole discretion, seek to apply the commercial interests exemption set out in s.43 of the FOIA to the Information listed below.

| CONTRACTOR'S COMMERCIALLY SENSITIVE INFORMATION | DATE | DURATION CONFIDENTIALITY | OF |
|---|------|-----------------------------|----|
| | | | |
| | | | |
| | | | |
| | | | |

SCHEDULE 9 – TRAVEL AND SUBSISTENCE

Department for International Trade – Travel and Expenses Policy 2017

1. Introduction

The nature of DIT’s business means that Contractors may have to travel both in the UK and overseas and this manual provides details of the principles, rules and procedures relating to travel and expenses.

Contractors working for DIT are expected to adhere to guidelines contained within, which are similar to DIT staff.

Underlying Principles

- DIT trusts and expects the appointed Contractor, their staff or sub-contractors to make appropriate and justifiable spending decisions, weighing up the balance between value for money, public perception and business benefits
- No appointed Contractor, their staff or sub-contractors should either benefit or be out of pocket because of undertaking business on behalf of DIT. Travel and subsistence claims should be based on receipted costs incurred because of travel
- The appointed Contractor, their staff or sub-contractors should only travel on Departmental business if this is necessary. Consider whether the business could be conducted by phone, teleconference, video conference or web conference
- If a journey is necessary, the appointed Contractor, their staff or sub-contractors should identify the most cost-effective way of travelling. Planning journeys well in advance, especially by air, can result in much lower costs
- If a number of people are travelling together, the appointed Contractor, their staff or sub-contractors should examine whether it is cheaper to travel as a group, and think hard about how many people really need to go.
- Only costs that are necessary and additional to normal daily expenditure should be reimbursed.

2. Air Travel

The appointed Contractor, their staff or sub-contractors are expected to book the lowest logical fare available – if there are other more expensive fares available within policy these are still bookable but require a reason explaining why the lowest fare was not booked.

| Flying Time (per flight) | Class of Travel |
|--------------------------|---|
| Up to 5 hours | All journeys at public expense: Economy |

| | |
|---------------|---|
| Over 5 hours | All journeys at public expense: Economy (but see * below) |
| Over 10 hours | All journeys at expense: Business (subject to prior agreement with the Authority) |

* Subject to approval by the Authority the next higher class (but not first class) may be used:

- where strict application of the class-of-travel rules would not be cost effective
- for short duty visits out and back in a working day - The appointed Contractor, their staff or sub-contractors are not entitled if they stay overnight
- when bookings are not available in the lower class and the timing or date of the journey cannot be changed
- if the appointed Contractor, their staff or sub-contractors will be required to work immediately on arrival
- on disability/medical grounds recognised by the Authority.

All flights must be booked at set dates; no open return tickets may be booked.

Air travel should not normally be used within the UK, although there is an exception for travel to/from Scotland and Northern Ireland.

Air travel in the UK must be by economy class.

The appointed Contractor, their staff or sub-contractors are not allowed to use for personal journeys, Air Miles, free tickets or upgrade vouchers which have accrued through travel which has been paid for from public funds. However, such Air Miles, free tickets or upgrade vouchers may be used for official travel on behalf of the Authority.

3. Rail Travel

For rail travel (including Eurostar) the appointed Contractor, their staff or sub-contractors should travel standard class unless for example they have a disability or health condition that would make this unreasonable.

Tickets should be purchased in advance to minimise costs.

4. Taxis

Use of taxis is expected only where there is a clear value for money or business justification, unless the appointed Contractor, their Staff or sub-contractor has a temporary or permanent disability and has been advised that taking a taxi is a 'reasonable adjustment' or for safety and security reasons.

Some examples where taxi travel might be considered appropriate include:

- there were no other reasonable public transport options (for example: travel to a location not served by a bus or train route)
- it was the most cost-effective way of undertaking the journey – for instance sharing the taxi with colleagues would make it cheaper than other public transport options
- for personal safety reasons

Examples of scenarios where it might be considered inappropriate to take a taxi include:

- there were cheaper public transport options which incurred only a modest additional travel time
- public transport involved changing mode of transport (for example: a train and a bus)
- failure to leave sufficient time to make the journey by foot or public transport

It is expected that appointed Contractor, their Staff or sub-contractor will use public transport for travel within London and the use of taxis should only be undertaken by exception.

The principles set out for UK travel equally apply for taxi travel overseas.

5. Private & Hire Vehicles

The appointed Contractor, their staff or sub-contractors are expected to use public transport where this is reasonable and should only use their own vehicle or a hire car where a business need has been agreed in advance by the Authority.

This is not only because of the environmental impact of using private transport, but also in terms of staff welfare.

Contractors, their staff or sub-contractors may claim a mileage allowance for their privately owned car. This allowance is designed to cover the costs of fuel, maintenance, insurance for business use, and wear and tear. In some locations mileage rates are limited by the tax authorities. Motor insurance must cover business use.

Current mileage allowance by private car is 45p for 1st 10,000 miles and 25p for any further mileage in tax year. Please provide VAT petrol receipts.

6. Hotel Bookings

The Authority's limits for hotel bookings in the UK are:

- London - £135 and
- Outside London - £85.

SCHEDULE 10 - CONTRACTOR AND THIRD PARTY SOFTWARE

1. Contractor Software

1.1 For the purposes of the Contract the Contractor Software comprises the following items:

| Software | Supplier (if Affiliate of the Contractor) | Purpose | No. of Licences | Restrictions | No. of copies | Other | To be deposited in escrow? |
|----------|---|---------|-----------------|--------------|---------------|-------|----------------------------|
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |

2. Third Party Software

2.1 For the purposes of the Contract the Third Party Software shall consist of the following items:

| Third Party Software | Supplier | Purpose | No. of Licences | Restrictions | No. of copies | Other | To be deposited in escrow? |
|----------------------|----------|---------|-----------------|--------------|---------------|-------|----------------------------|
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |

SCHEDULE 11 – SECURITY REQUIREMENTS, POLICY AND PLAN

1. Introduction

This Schedule covers:

- 1.1 principles of security for the Contractor System, derived from the Security Policy Framework, including without limitation principles of physical and information security;
- 1.2 wider aspects of security relating to the Services;
- 1.3 the creation of the Security Plan;
- 1.4 audit and testing of the Security Plan; and
- 1.5 breaches of security.

2. Principles of Security

- 2.1 The Contractor acknowledges that the Authority places great emphasis on confidentiality, integrity and availability of information and consequently on the security of the Premises and the security for the Contractor System. The Contractor also acknowledges the confidentiality of Authority Data.
- 2.2 The Contractor shall be responsible for the security of the Contractor System and shall at all times provide a level of security which:
 - (a) is in accordance with Good Industry Practice and Law;
 - (b) complies with Security Policy Framework; and
 - (c) meets any specific security threats to the Contractor System.
- 2.3 Without limiting paragraph 2.2, the Contractor shall at all times ensure that the level of security employed in the provision of the Services is appropriate to maintain the following at acceptable risk levels (to be defined by the Authority):
 - (a) loss of integrity of Authority Data;
 - (b) loss of confidentiality of Authority Data;
 - (c) unauthorised access to, use of, or interference with Authority Data by any person or organisation;
 - (d) unauthorised access to network elements, buildings, the Premises, and tools used by the Contractor in the provision of the Services;
 - (e) use of the Contractor System or Services by any third party in order to gain unauthorised access to any computer resource or Authority Data; and

- (f) loss of availability of Authority Data due to any failure or compromise of the Services.

3. Security Plan

- 3.1 The Contractor shall develop, implement and maintain a Security Plan to apply during the Contract Period (and after the end of the term as applicable) which will be approved by the Authority, tested, periodically updated and audited in accordance with this Schedule 11.
- 3.2 A draft Security Plan provided by the Contractor as part of its bid is set out herein.
- 3.3 Prior to the Commencement Date the Contractor will deliver to the Authority for approval the final Security Plan which will be based on the draft Security Plan set out herein.
- 3.4 If the Security Plan is approved by the Authority it will be adopted immediately. If the Security Plan is not approved by the Authority the Contractor shall amend it within ten (10) Working Days of a notice of non-approval from the Authority and re-submit to the Authority for approval. The Parties will use all reasonable endeavors to ensure that the approval process takes as little time as possible and in any event no longer than fifteen (15) Working Days (or such other period as the Parties may agree in writing) from the date of its first submission to the Authority. If the Authority does not approve the Security Plan following its resubmission, the matter will be resolved in accordance with clause 12 (Dispute Resolution). No approval to be given by the Authority pursuant to this paragraph 3.4 may be unreasonably withheld or delayed. However any failure to approve the Security Plan on the grounds that it does not comply with the requirements set out in paragraphs 3.1 to 3.4 shall be deemed to be reasonable.
- 3.5 The Security Plan will set out the security measures to be implemented and maintained by the Contractor in relation to all aspects of the Services and all processes associated with the delivery of the Services and shall at all times comply with and specify security measures and procedures which are sufficient to ensure that the Services comply with:
 - 3.5.1 the provisions of this Schedule 7;
 - 3.5.2 the provisions of Schedule 1 relating to security;
 - 3.5.3 the Information Assurance Standards;
 - 3.5.4 the data protection compliance guidance produced by the Authority;
 - 3.5.5 the minimum set of security measures and standards required where the system will be handling Protectively Marked or sensitive information, as determined by the Security Policy Framework;
 - 3.5.6 any other extant national information security requirements and guidance, as provided by the Authority's IT security officers; and
 - 3.5.7 appropriate ICT standards for technical countermeasures which are included in the Contractor System.
- 3.6 The references to Quality Standards, guidance and policies set out in this Schedule shall be deemed to be references to such items as developed and updated and to any successor to or replacement for such Quality Standards, guidance and policies, from time to time.

- 3.7 If there is any inconsistency in the provisions of the above standards, guidance and policies, the Contractor should notify the Authorised Representative of such inconsistency immediately upon becoming aware of the same, and the Authorised Representative shall, as soon as practicable, advise the Contractor which provision the Contractor shall be required to comply with.
- 3.8 The Security Plan will be structured in accordance with ISO/IEC27002 and ISO/IEC27001 or other equivalent policy or procedure, cross-referencing if necessary to other schedules of the Contract which cover specific areas included within that standard.
- 3.9 The Security Plan shall not reference any other documents which are not either in the possession of the Authority or otherwise specified in this Schedule 7.

4. Amendment and Revision

- 4.1 The Security Plan will be fully reviewed and updated by the Contractor annually or from time to time to reflect:
- (a) emerging changes in Good Industry Practice;
 - (b) any change or proposed change to the Contractor System, the Services and/or associated processes;
 - (c) any new perceived or changed threats to the Contractor System;
 - (d) changes to security policies introduced Government-wide or by the Authority; and/or
 - (e) a reasonable request by the Authority.
- 4.2 The Contractor will provide the Authority with the results of such reviews as soon as reasonably practicable after their completion and amend the Security Plan at no additional cost to the Authority.
- 4.3 Any change or amendment which the Contractor proposes to make to the Security Plan (as a result of an Authority request or change to Schedule 1 or otherwise) shall be subject to a CCN and shall not be implemented until Approved.

5. Audit and Testing

- 5.1 The Contractor shall conduct tests of the processes and countermeasures contained in the Security Plan ("Security Tests") on an annual basis or as otherwise agreed by the Parties. The date, timing, content and conduct of such Security Tests shall be agreed in advance with the Authority.
- 5.2 The Authority shall be entitled to send a representative to witness the conduct of the Security Tests. The Contractor shall provide the Authority with the results of such tests (in an Approved form) as soon as practicable after completion of each Security Test.
- 5.3 Without prejudice to any other right of audit or access granted to the Authority pursuant to the Contract, the Authority shall be entitled at any time and without giving notice to the Contractor to carry out such tests (including penetration tests) as it may deem necessary in relation to the Security Plan and the Contractor's compliance with and implementation of the Security Plan. The Authority may notify the Contractor of the results of such tests

after completion of each such test. Security Tests shall be designed and implemented so as to minimise the impact on the delivery of the Services.

- 5.4 Where any Security Test carried out pursuant to paragraphs 5.2 or 5.3 reveals any actual or potential security failure or weaknesses, the Contractor shall promptly notify the Authority of any changes to the Security Plan (and the implementation thereof) which the Contractor proposes to make in order to correct such failure or weakness. Subject to Approval in accordance with paragraph 4.3, the Contractor shall implement such changes to the Security Plan in accordance with the timetable agreed with the Authority or, otherwise, as soon as reasonably possible. For the avoidance of doubt, where the change to the Security Plan to address a non-compliance with the Security Policy Framework or security requirements, the change to the Security Plan shall be at no additional cost to the Authority. For the purposes of this paragraph, a weakness means a vulnerability in security and a potential security failure means a possible breach of the Security Plan or security requirements.

6. Breach of Security

- 6.1 Either Party shall notify the other immediately upon becoming aware of any Breach of Security including, but not limited to an actual, potential or attempted breach, or threat to, the Security Plan.
- 6.2 Upon becoming aware of any of the circumstances referred to in paragraph 6.1, the Contractor shall immediately take all reasonable steps necessary to:
- (a) remedy such breach or protect the Contractor System against any such potential or attempted breach or threat; and
 - (b) prevent an equivalent breach in the future.
- 6.3 Such steps shall include any action or changes reasonably required by the Authority. If such action is taken in response to a breach that is determined by the Authority acting reasonably not to be covered by the obligations of the Contractor under the Contract, then the Contractor shall be entitled to refer the matter to the CCN procedure set out in Schedule 3.
- 6.4 The Contractor shall as soon as reasonably practicable provide to the Authority full details (using such reporting mechanism as may be specified by the Authority from time to time) of such actual, potential or attempted breach and of the steps taken in respect thereof.

APPENDIX 1- OUTLINE SECURITY PLAN

APPENDIX 2 - SECURITY POLICY: SECURITY POLICY FRAMEWORK

A copy of the Security Policy Framework may be found at:

<https://www.gov.uk/government/publications/security-policy-framework>

SCHEDULE 12 – PROCESSING, PERSONAL DATA AND DATA SUBJECTS

This Schedule shall be completed by the Controller, who may take account of the view of the Processors, however the final decision as to the content of this Schedule shall be with the Controller at its absolute discretion.

1. The contact details of the Controller’s Data Protection Officer are: Redacted
2. The contact details of the Processor’s Data Protection Officer are: Redacted
3. The Processor shall comply with any further written instructions with respect to processing by the Controller.
4. Any such further instructions shall be incorporated into this Schedule.

| Description | Details |
|---|--|
| Identify the Controller and Processor | The Parties acknowledge that for the purposes of the Data Protection Legislation, the Customer is the Controller and the Contractor is the Processor in accordance with clause E2.1 |
| Subject matter of the processing | This Agreement does not include data processing. |
| Duration of the processing | This Agreement does not include data processing. |
| Nature and purposes of the processing | This Agreement does not include data processing. |
| Type of Personal Data being Processed | This Agreement does not include data processing. |
| Categories of Data Subject | This Agreement does not include data processing. |
| Plan for return and destruction of the data once the processing is complete UNLESS requirement under union or member state law to | This Agreement does not include data processing. |

| | |
|-----------------------------|--|
| preserve that type of data. | |
|-----------------------------|--|

SCHEDULE 13 – JOINT CONTROLLER AGREEMENT

Not used

SCHEDULE 14 – CONTRACTOR’S PROPOSAL

To be inserted on Contract Award

| A01 | Skills and expertise in trade policy |
|---|--------------------------------------|
| <p>The team proposed for this work has extensive expertise in trade policy and on the impact of trade shocks. Led by Redacted, with input from Redacted & Redacted, and Redacted (and an accomplished programming team) we have a combined experience of more than 100 years on trade policy. We have an extremely long track-record of publications on trade and trade shocks and of engagement and research for policy makers worldwide including the UK Government and the European Commission. Redacted were involved in the creation of the UK Trade Policy Observatory (UKTPO), an independent expert group offering analysis, commentary, advice and training on trade policy options for the UK.</p> <p>Redacted contributed to the analytical studies leading to the Cecchini Report; and to the ex-post EU Commission’s evaluations of the Single Market. In addition to many years of PE and CGE modelling, Redacted expertise includes extensive use of gravity modelling to address changes in rules of origin (2004, 2005, 2009), and to the EU’s GSP schemes (2015, 2018). His experience includes work on the impact of diplomacy on trade (2018), trade and poverty, and the use of firm level data examining global value chains, the role of the business environment and the impact of trade on productivity (2012, 2014, 2015). More recent work (with Redacted) involves the partial equilibrium modelling of Brexit on the UK economy (2018).</p> <p>Redacted (with Redacted) developed the PE model, based on product differentiation and imperfect competition, underpinning the economic estimates by the European Commission of the economic effects of the single market. The work was then extended with Redacted to a general equilibrium framework leading to several publications (1998a, 1998b, 1998c, 2002, 2003, 2004) dealing with issues ranging from the Single Market, the single currency, and regional impacts of reducing trade barriers. In addition, Redacted created sector-specific versions of the model to analyse particular aspects of the single market programme, most notably the effect of ‘Europeanising’ national non-tariff trade restrictions in the European car market. Subsequently, while at the Competition and Market Authority, Redacted used sector-specific models of this kind to analyse competition effects in a variety of markets.</p> <p>Redacted worked extensively on the quantification of the effects of trade shocks and policy. He pioneered new methods of estimating the effects of UK accession to the EEC and of the costs of quantitative restrictions, entailing detailed work on the footwear sector. He analysed EEC enlargement (including on the steel sector) and other aspects of trade agreements such as their effects on excluded countries. Redacted also pioneered research on the effects of trade liberalisation on poverty, including modelling work on the possible effects of the Doha Round, and analysed the effects of Chinese export competition on firms in Mexico.</p> <p>Redacted is a Research Fellow at the UKTPO and is a core member of the team developing the PE model and compiling datasets involving liaison with experts from the ONS, the OECD and UNCTAD. She has co-authored two papers with Redacted (Resolution Foundation) assessing the impact of Brexit on UK consumer prices and households; with Redacted on the impact of Brexit on 122 UK manufacturing sectors. Redacted have also used the model for the impact of trade shocks (Brexit and the UK-US FTA) on trade in services. She has submitted evidence to Parliamentary select committees.</p> <p>Selected publications: Redacted</p> | |

A02 Expertise in Partial Equilibrium modelling

We have been using PE models, under both imperfect and perfect competition, since the mid-1980s. **Redacted** (with **Redacted**) was responsible for developing a sophisticated partial equilibrium model under imperfect competition with economies of scale which was used in the EU's Cecchini Report. He has subsequently used and developed PE models in his work with the Competition and Markets Authority. **Redacted** work on European steel markets and the effects of NTBs in footwear involved the design, estimation and simulation of PE models.

Redacted has worked with PE models of trade under imperfect competition as well as standard Armington-type models. The TAPES (Trade Analysis using Partial Equilibrium Simulations) model was initially developed by **Redacted** in the late 1990s, in Excel model and subsequently in Gauss and GAMS. Variants have been used in a range of contexts from the impact of an EPA between the EU and the Cariforum countries, to the impact on third countries of TTIP. More recently, it has been used to evaluate the possible impacts of Brexit on UK trade, production and prices, exercises in which **Redacted** have all been heavily involved. We have also built a model to assess the impact of Brexit for the UK fishing industry, which allows for the modelling of quota changes, and are working on models with supply chain linkages. The current model we have can be run either under standard Armington assumptions or under imperfect competition and with some flexibility in sectoral coverage and country aggregation.

With our wide knowledge of PE models, CGE modelling and econometric techniques used by economists to assess impacts of policy changes on trade, we have a deep understanding of the strengths and weaknesses of PE modelling, and its application to trade policy concerns. The model written for DIT (provisionally called G-TAPES) would be a development of our existing models (programmed in Gauss), so we are confident of our ability to deliver DIT's requirements. These would extend the range of our existing models, but the existing models would provide a robust validation check on the new models.

A03 Expertise in programming

We believe that the R programming language is much more appropriate for this project than either Stata or Excel (see A06 for a more detailed justification for this choice).

The team comprises senior academics with expertise in programming, a specialist computer programmer, and a research officer with extensive experience in R. Over many years we have used a wide range of programming languages for international trade models, including PE trade models. These languages include VB.net, C#, Gauss, GAMS, Excel and R.

Two of the senior academics on the team (**Redacted**) have been responsible for the development of partial equilibrium models (such as the TAPES model) since the mid-1980s. We also programmed and developed a computable general equilibrium model of trade under imperfect competition. **Redacted** also has experience of using R for gravity modelling where he has run training programmes for government officials from several different countries.

Our programming team consists of **Redacted**. **Redacted** is an extremely experienced programmer with 40 years of experience working in a range of sectors including manufacturing, foreign exchange trading, banking and insurance, and for the last two years as Software Developer at InterAnalysis, **Redacted** has extensive experience of trade related programming in writing the TradeSift software designed for the analysis of trade and the effective manipulation of large datasets. **Redacted** is completing his PhD at the Science Policy Research Unit at Sussex, on global value chains and structural change. He has more than 3 years of experience with R, focussing on managing, manipulating, and analysing large datasets including input-output tables as well as firm-level data and trade data.

To date while we have principally developed PE models using Excel, Gauss and GAMS. In order to assure of ourselves of our ability to deliver, since the issuing of this ITT **Redacted** has written a simple multi-market version of our current model in R. We are therefore confident of our ability to deliver a model (G-TAPES) in R, well within the three month time period.

Below we discuss how we will develop the G-TAPES model to meet the core requirements:

1. **Mechanism for varying the model:** The model will be written with easy mechanisms for switching between different modes and between levels of aggregation. We envisage that on running the model the user will be faced with a decision tree of choices which will determine 1) the version of the model, 2) the aggregation, and 3) the experiment (simulation) to be run. For example, in the first instance the user could choose to run a single-country limited multi-market, or a full multi-market model. At the next step, the user would select the level of aggregation at which to run the model, and whether for all industries or a subset of industries. At the third step, the user would be asked to choose the experiment they wish to run. There is an extremely wide range of possible experiments depending on what is being modelled, and the range of applicable experiments will need to be initially set by the user who will then be able to choose which experiment to run.

Our experience is that there is a trade-off between offering the user a wide array of initial choices (switches) and the user-friendliness of a given programme. We plan that the set of decision tree choices will be developed in consultation with DIT. Changing the decision tree choices will be very straightforward

2. **Model variants:** the tender calls for a single country, limited multi-market, or full multi-market. Consider the table below with 4 countries (markets), where each row gives the imports by the Reporter from each of the partner (column) countries (X), as well as domestic consumption from own production (DC). A single country model for the UK would solve for the first row of this table. We are slightly unclear regarding the definition of the limited multi-market model in the tender, but our understanding is that this variant would solve for the first row and first column of the table simultaneously. In contrast a full multi-market model would solve for all rows and columns simultaneously. We would seek clarification from the Authority before proceeding, but modelling all these variants is possible, including the possibility of including an imperfectly competitive variant.

There is a fourth variant we suggest is needed to meet the requirements of the tender. The fourth variant is where each of the above could be run as a 'trade-only' model, and hence without domestic consumption from own production. This is extremely important if DIT wishes to run the model at a very detailed level of disaggregation such as 6 or 8-digit, because at such levels domestic production data are unlikely to be available.

| Trade and Consumption Matrix | | | | |
|------------------------------|----|----|-----------|-----|
| Partner: Reporter: | UK | EU | Country A | ROW |
| UK | DC | X | X | X |
| EU | X | DC | X | X |
| Country A | X | X | DC | X |
| ROW | X | X | X | DC |

DC = domestic consumption from own production; X = trade flow

3. **Aggregation:** The model will be flexible about the number and aggregation of both countries and industries. There are two ways in which this could be achieved. The first is that the model will be able to run with whatever level of aggregation is in the data set prepared by the user. For different purposes users may need data sets with different levels of aggregation and different numbers of countries. The programme will be capable of discerning this and running accordingly. The second possibility is that the model will be capable of internally aggregating the dataset in accordance with user selection of the countries and industries that they wish to work with. The latter is desirable but more complex and we would want to discuss with DIT whether this should form part of the initial work, or be considered an extension.

Note: we will supply an initial data set based on our current work for 122 UK manufacturing sectors at the level of the 4-digit ISIC classes.

4. **Extendability:** The model can be extended to include regional modelling, dynamic effects, supply chain linkages, linked supply functions and data preparation. These are discussed in more detail in our

response to question A05.

5. **Elasticities:** These will be input by the user as part of the base data set. They are therefore easily adjustable; though we have a set of elasticities in our current model
6. **Open Model:** As we are proposing to program the model in R, users will have full access to all code, which will be fully documented. Users will be able to examine all the model's equations, and understand how the model works.
7. **Calibration / verification:** The model will be calibrated to a base dataset. We will also validate the model using an appropriate historical example to be discussed with DIT. We caution however, that ex-post validation is inherently difficult because the predictions of the model are based on the ceteris paribus assumption that nothing else changes, but in the real world other factors do change. Separating these out is complex (see **Redacted** (2002), for a validation exercise based on the UK's entry into the EEC). We would not recommend validating with respect to the accession of China to the WTO, because there were concurrent substantial policy-induced structural changes taking place with China. Disentangling these effects from China joining the WTO is not really feasible. A better choice might be to validate with respect to the EU-Korea (2011) free trade agreement. We envisage discussing with DIT the choice of validation experiment(s), including the 2004 enlargement of the EU.
8. **Software:** Based on the requirement that the model must run on software that the Authority and other government analysts have access to, we propose to write the model in R. In our view both Stata and Excel are not suitable for this task. Stata is primarily a statistical package and though it can be manipulated to solve a PE model this is clumsy and it is being put to a use for which it is not intended. Using Excel is slightly better, but (a) the Excel Solver is not very robust so there is much higher risk of solutions not being found automatically, and of the user therefore having to carefully manipulate starting values to try and get a solution; (b) Excel is less flexible for both the programmer and the user and we believe that DIT analysts will find it much easier to work with and edit the model in R than in Excel.
9. **Outputs:** The model will generate standard partial equilibrium model outputs including the impact on trade, welfare (consumers and producers), domestic production, output, and prices. These outputs will be generated for all the countries modelled and at the appropriate level of aggregation. The output will be directly exported to Excel for readability and ease of use.
10. **NTBs and complex food tariffs:** Including NTBs in the model is straightforward when these can be modelled (even approximately) as ad-valorem equivalents (AVEs). Here, the challenge is to find good estimates of these AVEs. We know this literature extremely well owing to our current modelling work and will advise DIT on the best data to use. Including more complex quotas and tariffs is more difficult. Simple, trade or production quotas are relatively straightforward to model, and we would propose to include this optionality in the model. Tariff-rate quotas are more complex, and would have to be considered as an optional extension depending on DIT's priorities.

There are various ways in which the PE model we will provide could be extended:

1. **Regional modelling:** There are two options here.
 - a. The first involves modelling separately the different regions of the UK or any other country. From a modelling perspective this is unproblematic as each region would then be treated as a separate country. However, the real difficulty with this option is that data would be required not just on the trade and production of each of the regions, but also, on the amount of trade between the regions – which to our knowledge is not available. There are somewhat complicated ways of trying to deal with this and Gasiorek & Venables (1998a,b) developed a PE model which calibrated for inter-regional trade flows. This is a complex option which we would only recommend if it were a high priority for the Authority.
 - b. The second option treats the UK as a single country in the model. The aggregate UK changes are then applied to UK regions based on extraneous information. The most natural choices here are regional production or employment data. This is relatively easily done and we have already applied this method in our current work for the UK (see for example the UKTPO Briefing Paper 16 which explored possible Brexit scenarios on 380 UK local authority districts).
2. **Linking supply functions** for domestic production and exports: As is correctly identified in the tender it is common in Armington PE models to assume that supply functions to each market are independent. Changes in sales in one market therefore do not impact on the cost of sales to other markets, which is not satisfactory. Once again, there are two ways in which we could handle this:
 - a. In the standard Armington model, as opposed to modelling supply independently to each market, we could model an aggregate supply function for each country. Hence changes in supply to any one market impact on aggregate supply and the costs of aggregate supply.
 - b. A more natural approach is to explicitly model competitive interaction between firms. Each firms' costs are a function of their total sales, so sales in any one market change costs and mark-ups in other markets. In our existing work we have used such a model, and we would propose this as an extension to the core model delivered to DIT. It has the advantage that we would also be offering DIT two conceptually different PE models – one based on the pure Armington assumption and perfect competition; the second based on imperfect competition where firms produce differentiated products under increasing returns to scale.
3. **Dynamic path:** Of the extensions suggested in the tender this is the one that is the most problematic, especially as the tender asks for results generated for 'each year' rather than just for the final equilibrium point. A PE model is designed to consider the impact on individual sectors or products, and running the model involves a change from one equilibrium to a new equilibrium following the change in policy. In generating the new equilibrium there is no explicit time dimension – there are no 'years' in the model. In some sectors the adjustment arising from a change in tariffs could be quite rapid, in others the adjustment is likely to take much longer, especially where there are higher fixed investment costs. However, the model does not capture such differences. Following a policy shock all industries in an economy would adjust driven by the changes in relative prices. In the longer term this leads to changes in their use of intermediates from other sectors, capital, investment and labour. By definition following these changes through to intermediates-supplying sectors or factor markets are not part of a PE modelling framework. Hence a PE model should be seen more as providing an assessment of shorter run impacts than, for example, a CGE model.

There are, therefore, two ways of dealing with longer run, dynamic effects in a PE framework that we would suggest and would wish to explore with DIT:

 - a. First, and building on the answer to 2(b) above, by allowing for the entry and exit of firms. The mechanisms described above by which sectors adjust lead to the entry and exit of firms across industries. Allowing for this is one way of dealing with longer-run dynamic effects.
 - b. A second way is to add a measure of the capital stock into the Armington supply function. As an industry expands (contracts) following a trade shock this leads to corresponding changes in investment. Such models can become unstable and so one needs to assume diminishing marginal returns to investment and in addition such models need to be carefully calibrated. The model could then be run as a recursive dynamic PE model (i.e one 'period' at a time).
4. **Supply chain impacts:** With the rise in global value chains, understanding the importance of changes in

trade costs on upstream or downstream industries has become more important. The modelling of supply chain impacts is certainly possible, and we have already started to look at this in a model of the car market. We would therefore be keen on exploring this extension with DIT. However, a difficulty in practice in modelling such linkages is having the appropriate detailed data on those linkages. The information that is needed is the share of domestic and foreign intermediate inputs, and with respect to foreign intermediate inputs the share from different sources, notably EU, EU free trade area partner countries, and third countries. The challenge therefore is as much about finding appropriate data, as well as with modelling.

5. **Provision of Data** (especially domestic production for third countries): From our experience putting together appropriate datasets is very time consuming. The central issue which arises is the availability of production data at a disaggregated level, and then the reconciling of the production data with the trade data given that they are collected on fundamentally different bases. This is an issue we have worked hard on in our current work, and so this could be a natural extension in our work for DIT. There is a trade-off between availability, consistency and the level of disaggregation – the greater the level of disaggregation the harder the data task becomes. To some extent also this depends on which countries are being modelled.
6. **Further extensions:** There are several other ways in which the PE model could be extended which would be worth discussing with DIT:
 - a. **Labour market effects:** analogously to considering regional effects (see 1(b) above), it is also interesting to consider the labour market effects of trade policy shocks. The procedure for so doing is to derive the aggregate effects by industry, and then from this to derive the effects on different categories of labour.
 - b. **Rules of origin:** This is naturally linked to (4) above. It is possible to set up a model to deal with the possibility of rules of origin constraints where firms have to choose from where to source intermediate, which in turn depends on the possible trade-off between cheaper intermediates which do not meet the rules of origin, and more expensive intermediates which results in tariff free access. Such an extension would be complex and time-consuming to model.
 - c. **Heterogeneous firms:** Building on the Melitz heterogeneous-firms literature this would involve building a model which allowed for firms of different types. Gains / losses from trade can then arise from the intra-sectoral entry and exist of more / less efficient firms following a price shock. Such an extension would also be more complex to model.
 - d. **Improvements to the user interface:** In order to facilitate use by colleagues who are not familiar with R the user-interface could be extended so that there is no need to see or edit any code in order to set and run experiments defined by the user.

| A05 Ability to extend the model – benchmark prices | | | |
|--|---|---|---|
| Option | Description | Estimated time to deliver extension option (days) | Estimated price to deliver extension option |
| Regional modelling | Extension would look at what can be done to disaggregate results to regions within the country that is being modelled | 14 | £9,212 |
| Labour market effects | Extension would consider impacts on different categories of labour | 14 | £9,212 |
| Dynamic path | Extension so that the model shows how impacts evolve over time rather than just for the | | |

| | | | |
|---|---|----|---------|
| | final equilibrium point. | | |
| | Dynamic Path 1 (allowing for entry and exists of firms) | 14 | £11,273 |
| | Dynamic Path 2 (recursive PE) | 23 | £20,273 |
| Impact on a sector's supply chain | For a particular sector, model the impact the trade shock has on the sector's supply chain, in both supplying and consuming industries. | 25 | £20,740 |
| Linking supply functions for domestic production and exports. | Allowing for changes in costs of supply to one market to impact on supply costs to other markets | 9 | £7,295 |
| Provide data | Provide data, especially domestic production data for countries other than the UK for the model. | na | £0 |
| TOTAL | | | £78,005 |

A. Ease of use and expected interface: Our suggested modelling language is R, which allows for the generation of an easy to use interface, for running the model, varying the model and generating output. In order to run a PE model several steps are required:

1. **Preparation of the base data set**, including parameter values such as elasticities in a consistent fashion. The most practical approach is to do so in Excel, which also makes it easy for the user to assure the quality and consistency of the inputs.
2. **Specifying the experiment(s) to be run:** This can be done in Excel, or directly in R. The latter is more suitable for those with some programming knowledge / experience. We would discuss these choices with DIT before finalising.
3. **Loading the base data set** into the programme
4. **Running the experiment** (calibration and simulation) entails (a) choice of model; (b) industry selection; (c) experiment selection. We will provide a user-friendly Windows based interface. The programme will be launched from a Windows icon (using RScript) and the user will then be offered a sequence of choices for the model, aggregation and experiment with a decision tree of choices. Those choices in turn trigger the appropriate switches in the programme. The more experienced user could choose to suppress this sequence of steps and manually set the switches in the programme.
5. **Production of output.** Once the model has calibrated and simulated the programme will then generate output. Again the most practical solution is to send the output directly to an Excel file. However, it is also possible to output the result into a grid in a window with an option to save to csv or Excel.

B. Justification for choice of programming language: The ITT indicates a preference for software that DIT and other government analysts already have access to such as Stata, R or Excel. In our view neither Stata nor Excel are suitable for this task:

Stata is primarily a statistical package and though it can be manipulated to solve a PE model this is clumsy and it is being put to a use for which it is not intended. Using Excel would be better than Stata, however the limitations are such that we would not recommend it: The non-linear solver is less robust with a higher probability of solutions not being found.; there are issues of compatibility between different generations of Excel, which can be time consuming to resolve; from a programming and ease of use perspective, Excel is much less user-friendly. DIT analysts will find it much easier to work with and edit the model in R than in Excel. This applies both to the core parts of the programme which solve the non-linear simultaneous equations and also to programming an easy-to-use interface for both input and output.

Conversely there are several advantages to using R:

- R is a flexible mathematical language designed for this sort of analysis.
- R is more user-friendly with more intuitive and transparent coding than the alternatives.
- There are built in functions for integration with Windows, and for generating a helpful user interface.
- R has a similar syntax to Gauss our current PE programming language of choice for our own ongoing work, making it easier for the two strands of work to inform each other.
- R generates high quality graphics, which may form part of the extension work. Producing quality graphical output facilitating interpretation of results is an advantage.

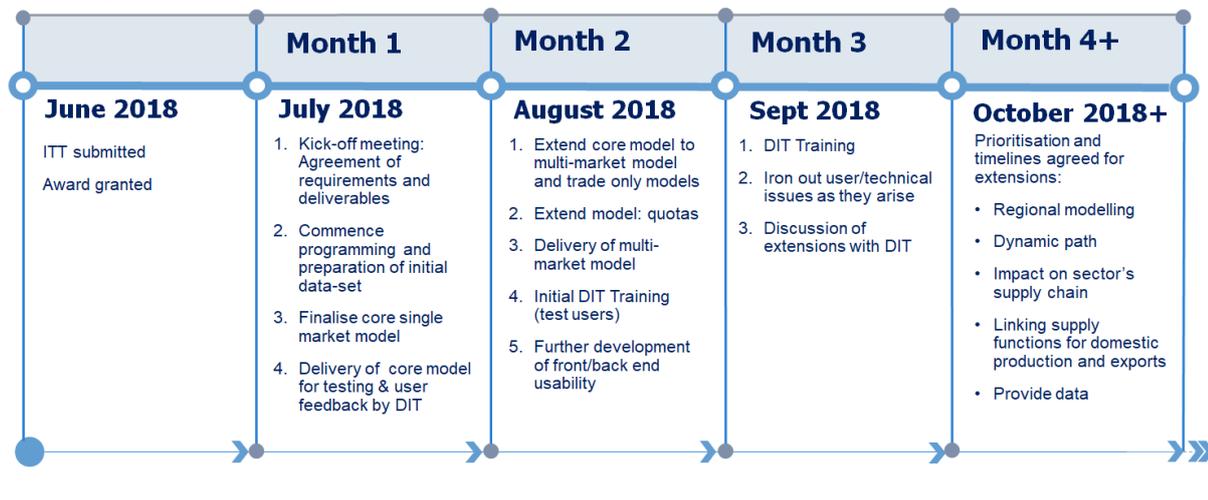
The biggest disadvantage is that probably more existing analysts will be familiar with Stata and Excel and therefore for some analysts there will be a greater initial set-up cost. However in our view overall there are manifest advantages of R.

Our choice of R is therefore because: DIT analysts have access and direct experience of using it; R is flexible, fast, fit-for-purpose and can integrate well within a Windows framework.

Our objective would be to deliver the final G-TAPES model in less than three months and we are confident that we can do so. The table below gives a suggested time-line for the work which we have fitted into a two month period. Our approach to this is that the work can be decomposed into four main component parts:

1. The core of the programme is the non-linear simultaneous calibration and solution of all the proposed variants of the model: single country, limited multi-market, full multi-market, and trade-only. The programming work will initially focus on this to ensure that we have a robust and flexible model.
2. Data preparation.
3. Development of the front-end / inputs: mechanisms for the decision tree providing user choices of model, experiment and aggregation and the loading of the initial data set (and experiment if needed).
4. Development of the back-end / outputs: the reporting of the results of the experiments in a user-friendly fashion.

As can be seen from the Project Plan below, in the first weeks of the project we will focus on (1) and (2) as these are central to getting the model operational. We anticipate that within one month this part of the programming will be complete and that a first version of the programme can be delivered to the Authority. In the table (and for the sake of caution) we have restricted this to the single country model. It is important to underline that we already have a working multi-market PE model in both GAUSS and Excel, and that therefore we feel that this initial 'translation' work of the core model can be done in less than 3 months. However, we feel reasonably confident that by this stage all models variants (except for quota experiments) will be operational.



The team assembled for this project has extensive experience of delivering both broader trade-related training, as well as training specifically targeted towards Partial Equilibrium modelling. Redacted has run several training courses on PE modelling including for the UK government (2017, with Redacted), the government of Pakistan (2014), and also open courses at Sussex University for participants from a range of countries (2015, 2016). This experience is detailed below:

1. Trade related training and support:

As academics, past and present, teaching / training is a core part of the professional practices of each of Redacted. In addition they have all delivered trade related training over the course of their careers be this when in government (Redacted), working for the University (Redacted), or when at the World Bank (Redacted).

Redacted is one of the founding directors of InterAnalysis. InterAnalysis is a University of Sussex spin-out company part owned by the University which, inter-alia, specialises in the delivery of trade related training and capacity building in countries around the world.

- InterAnalysis has delivered more than 50 training courses, in 27 countries for participants from more than 100 countries.
- The training delivered includes training in trade data, trade concepts, trade policy and in the use of the TradeSift software.
- On empirical methods the training includes use of diagnostic statistics, gravity modelling, and partial equilibrium modelling.
- Specifically several bespoke training programmes/masterclasses have been delivered to the UK government over 2017-2018, on trade statistics and trade modelling.

Redacted has also delivered Seminars and/or Trade Masterclasses for the UK government over the period 2017-2018, as well as in earlier years.

2. Partial Equilibrium training:

Through InterAnalysis, Redacted has previously been responsible for running several training courses on partial equilibrium modelling:

- 2013, and 2017 for the UK government. Following the 2017 course (which was delivered with Redacted), the course feedback received from the course organiser was: "Thanks again for giving such a brilliant course this week. Anecdotally I've already had loads of positive feedback".
- 2014: for officials from the government of Pakistan as part of a Conflict Pool project aimed at improving trade relations between India and Pakistan.
- 2015 & 2016: Open courses held at the University of Sussex for participants from around the world.

Support:

The approach we have always taken when delivering training is that we are keen to provide post-training support to answer any subsequent queries which may arise and where relevant to assist practitioners in on-going work. We have worked with members of the UK government including, those from BIS, DIT, DFID, DEFRA and the FCO, providing support and delivering contracts for many years.

Risk Mitigation

There three key risks in this project.

- A. The first is not being able to write and solve the PE model and all its variants.
- B. The second is underestimating the data requirements
- C. The third is key individuals becoming unavailable to complete the work for example due to illness.

We have mitigated these risks in the following ways:

The work for this contract requires a deep understanding of: (i) the economic principles; (ii) the mathematical structure of partial equilibrium models, and of different variants of those models; (iii) the underlying data requirements with regard to the core model and the feasibility of possible extensions. In addition, of course, the work requires the programming experience to deliver.

Our team comprises three senior academics (**Redacted**) and one junior academic all of whom have direct experience in using PE models, and hence precisely the required expertise with regard to each of (i), (ii) and (iii). That experience is not only historical but also contemporaneous. We are currently working with and using this class of models. We have each invested considerable effort into understanding the data, its availability and the strengths and weaknesses of different approaches to compiling dataset. Importantly we already have a working PE model, and so we are confident that the risks associated with both (A) and (B) are negligible.

In addition delivery of this contract requires the appropriate expertise in programming for the practical implementation of the partial equilibrium models proposed. We have a senior programmer (**Redacted**) with many years of experience of programming and who has already programmed a simple version of the core PE model in R. As support and back-up, we also have a research officer (**Redacted**) who has several years of experience in R programming and data solutions in R. In addition **Redacted** has direct experience of using R. Finally, it is worth noting that R is similar in syntax to Gauss, which is currently actively being used by **Redacted**, and both **Redacted** and **Redacted** have prior experience of programming in Gauss. Finally, and in a worst case scenario, being based at Sussex University we have access to a pool of doctoral researchers from across several disciplines (mathematics, computer science, engineering, economics) each of which use R. Again we are confident that the risk associated with (C) is negligible.

Overall the risks of delays to the project and/or inability to deliver are extremely low, and by assembling a team whereby we are not reliant on a single individual for the delivery of any given component means that we believe we have taken reasonable steps to mitigate that risk.