

MODULAR MODEL SERVICES CONTRACT

NOMIS - Software, Live Service Support, Development and Maintenance con_25445

DATED 29/09/2025

- (1) The Secretary of State for Justice**
and
(2) N Harris Computer Corporation

CONTRACT

relating to

The delivery of software including live service support, maintenance and development for the National Offender Information System (NOMIS) and delivery of Digital Initiatives for HMPPS.



Government Legal Department

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Section 1: Date of Contract and Party Details

Date of Contract	<i>29th September 2025</i>
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1.	Authority	<i>Secretary of State for Justice, on behalf of the Crown</i> (the “Authority”)
2.	Authority Address	<i>Ministry of Justice, 102 Petty France, London, SW1H 9AJ</i>
3.	Supplier	N. Harris Computer Corporation (the “Supplier”)
4.	Supplier Address	1 Antares Drive, Suite 400, Ottawa, Ontario K2E 8C4 Canada

Section 2: Introduction

5.	Introduction	This contract will provide His Majesty’s Prison Estate with the National Offender Management Information System (NOMIS) including Software, Live Service Support, Maintenance and delivery of Digital Initiatives.
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Section 3: Contract Particulars

6.	Initial Term	The period of 3 years from and including the Effective Date (the “ Initial Term ”).
7.	Extension Period	The period of 1 years from the end of the Initial Term (the “ Extension Period ”).
8.	Mandatory Schedules	The following schedules are incorporated into this Contract:
		Schedule 1 (<i>Definitions</i>)
		Schedule 2 (<i>Services Description</i>)
		Schedule 3 (<i>Performance Levels</i>)
		Schedule 4 (<i>Standards</i>)
		Schedule 5 (<i>Security Management</i>)
		Schedule 6 (<i>Insurance Requirements</i>)
		Schedule 7 (<i>Authority Responsibilities</i>)
		Schedule 8 (<i>Supplier Solution</i>)
		Schedule 9 (<i>Implementation Plan</i>)
		Schedule 10 (<i>Testing Procedures</i>)
		Schedule 11 (<i>Charges and Invoicing</i>)
		Schedule 12 (<i>Payments on Termination</i>)
		Schedule 14 (<i>Financial Distress</i>)
		Schedule 15 (<i>Financial Reports and Audit Rights</i>)
		Schedule 17 (<i>Governance</i>)
		Schedule 18 (<i>Change Control Procedure</i>)
		Schedule 19 (<i>Dispute Resolution Procedure</i>)
		Schedule 20 (<i>Reports and Record Provisions</i>)
		Schedule 21 (<i>Exit Management</i>)

		Schedule 22 (<i>Service Continuity Plan and Corporate Resolution Planning</i>)	
		Schedule 23 (<i>Conduct of Claims</i>)	
		Part E (<i>Staff Transfer on Exit</i>) of Schedule 24 (<i>Staff Transfer</i>) will always apply to this Contract, including: (a) Annex E1 (List Of Notified Sub-Contractors) (a) Annex E2 (Staffing Information). The Parts of Schedule 24 selected in Section 10 below will also apply to this Contract.	
		Schedule 26 (<i>Processing Personal Data</i>)	
		Schedule 27 (<i>Intellectual Property Rights</i>)	
9.	Optional Schedules	The following schedules selected by ticking “yes” apply to this Contract. Where a Schedule is not selected, it shall not apply to this Contract.	
		Schedule 25 (<i>Deed of Guarantee</i>) Where Schedule 25 is selected the following Clause shall also apply and is added as a new Clause within the Core Terms at sub-clause 4.2 Condition Precedent 4.2 Save for Clauses 1 (<i>Definitions and Interpretation</i>), 3 (<i>Warranties</i>), 4 (<i>Term</i>), 19 (<i>Confidentiality</i>), 20 (<i>Transparency and Freedom of Information</i>), 22 (<i>Publicity and Branding</i>), 23 (<i>Limitations on Liability</i>), 35 (<i>Waiver and Cumulative Remedies</i>), 36 (<i>Relationship of the Parties</i>), 38 (<i>Severance</i>), 40 (<i>Entire Agreement</i>), 41 (<i>Third Party Rights</i>), 42 (<i>Notices</i>), 43 (<i>Disputes</i>) and 44 (<i>Governing Law and Jurisdiction</i>), this Contract is conditional upon the valid execution and delivery to the Authority of the Guarantee (the “Condition Precedent”). The Authority may in its sole discretion at any time agree to	Yes: ☒ No: ☐

		waive compliance with the Condition Precedent by giving the Supplier notice in writing or where the Authority has not selected the inclusion of Schedule 25 (<i>Guarantee</i>) in Section 3 (<i>Contract Particulars</i>) of the Front Sheet. 4.3 The Supplier shall satisfy, or procure the satisfaction of, the Condition Precedent as soon as possible. In the event that the Condition Precedent is not satisfied within 20 Working Days after the date of this Contract then, unless the Condition Precedent is waived by the Authority in accordance with Clause 4.2: 4.3.1 this Contract shall automatically cease and shall not come into effect; and 4.3.2 neither Party shall have any obligation to pay any compensation to the other Party as a result of such cessation. 4.4 The Supplier shall consult with the Authority in relation to the steps it takes to satisfy the condition set out in Clause 4.2 and shall keep the Authority fully informed of its progress in satisfying the condition and of any circumstances which are likely to result in the condition not being satisfied by the date set out in Clause 4.3.	
		Schedule 28 (<i>Carbon Reduction</i>)	Yes: ☐ No: ☒
		Schedule 29 (<i>Authority-Specific Terms</i>)	Yes: ☐ No: ☒
10.	Incorporated Terms (together these documents form the "the Contract")	The following documents are incorporated into the Contract. If there is any conflict between the Clauses and the Schedules and/or any Annexes to the Schedules, the conflict shall be resolved in accordance with the following order of precedence: (a) the Front Sheet; (b) the Clauses and Schedule 1 (<i>Definitions</i>);	

		(c) Schedules 2 (<i>Services Description</i>) and 3 (<i>Performance Levels</i>) and their Annexes; (d) any other Schedules and their Annexes (other than Schedule 8 (<i>Supplier Solution</i>) and its Annexes); and (e) Schedule 8 (<i>Supplier Solution</i>) and its Annexes (if any) unless any part of the Supplier Solution offers a better commercial position for the Authority (as decided by the Authority, in its absolute discretion), in which case that part of the Supplier Solution will take precedence over the documents above.
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Section 4: Security Management

[REDACTED]

Section 5: Commercially Sensitive Information

- 5.1 In the table below the Parties have sought to identify the Supplier's Confidential Information that is genuinely commercially sensitive and the disclosure of which would be the subject of an exemption under the FOIA, the EIRs or under any PPN as well as any information that would be considered sensitive commercial information under Section 94 of the Procurement Act 2023.

Commercially Sensitive Information

[REDACTED]

Section 6: Notified Key Sub-Contractors

- 6.1 In accordance with Clause 15.11 (*Appointment of Key Sub-contractors*), the Supplier is entitled to sub-contract its obligations under this Contract to the Key Sub-contractors listed in the table below.
- 6.2 The Parties agree that they will update the table below periodically to record any additional Key Sub-contractors appointed by the Supplier with the consent of the Authority after the Effective Date for the purposes of the delivery of the Services.

Key Sub-contractor name and address (if			Key Sub-contract price expressed as a percentage of total	Key role	
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not the same as the registered office)	Registered office and company number	Related product/Service description	projected Charges over the Term	in delivery of the Services	Credit Rating Threshold

Section 7: Third Party Contracts

- 7.1 The contracts listed in the table below constitute Third Party Contracts entered into exclusively for the purposes of delivering the Services.
- 7.2 The Supplier shall be entitled to update this Section 7 (*Notified Key Sub-Contractors*) in accordance with Clause 15.5 (*Appointment of Sub-contractors*).

Third party supplier name and address (if not the same as the registered office)	Registered office and company number	Related product/service description

Section 8: Software

8.1 The Software below is licensed to the Authority in accordance with Clause 16 (*Intellectual Property Rights*) and Schedule 27 (*Intellectual Property Rights*).

8.2 The Parties agree that they will update the tables in this Section 8 (*Software*) regularly, and in any event no less than every 6 (six) Months from the Effective Date, to record any Supplier Software or Third Party Software subsequently licensed by the Supplier or third parties for the purposes of the delivery of the Services.

SUPPLIER SOFTWARE

The Supplier Software includes the following items:

Software	Supplier (if an Affiliate of the Supplier)	Purpose	Number of Licences	Restrictions	Number of Copies	Type (COTS or Non-COTS)	Term/Expiry

THIRD PARTY SOFTWARE

[REDACTED]

Section 9: Corporate Resolution Planning

[REDACTED]

Section 10: Staff Transfer

Part E (*Staff Transfer on Exit*) of Schedule 24 (*Staff Transfer*) will always apply to this Contract, including:

- (a) Annex E1 (*List Of Notified Sub-Contractors*)
- (b) Annex E2 (*Staffing Information*).

The Authority has selected the	Part A: (<i>Transferring Authority Employees at Commencement of Services</i>)	Yes ☐ No: ☒
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following Part(s) of Schedule 24 (<i>Staff Transfer</i>) shall apply:	Part B: (<i>Transferring Former Supplier Employees at Commencement of Services</i>)	Yes ☐ No: ☒
	Part C: (<i>No Transfer of Employees at Commencement of Services</i>)	Yes ☒ No: ☐
	Part D: (<i>Pensions</i>)	Yes ☐ No: ☒

Section 11: Key Personnel

11.1 The below table lists the key roles (“**Key Roles**”) and names of the persons who the Supplier shall appoint to fill those Key Roles at the Start Date (“**Key Personnel**”).

[REDACTED]

Section 12: Intellectual Property Rights

12.1 Refer to Schedule 27 (*Intellectual Property Rights*)

Section 13: Notices

13.1 Notices shall be sent to the e-mail addresses set out below or at such other address (where e-mail is not practicable) as the relevant Party may give notice to the other Party for the purpose of service of notices under this Contract:

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Section 14: Signatures

[REDACTED]

Schedule 1

Definitions

Schedule 1: Definitions

1 Definitions

- 1.1 In the Contract, unless the context otherwise requires, capitalised expressions shall have the meanings set out in this Schedule 1 (*Definitions*) or the relevant Schedule in which that capitalised expression appears.
- 1.2 If a capitalised expression does not have an interpretation in this Schedule or any other Schedule, it shall, in the first instance, be interpreted in accordance with the common interpretation within the relevant market sector/industry where appropriate. Otherwise, it shall be interpreted in accordance with the dictionary meaning.
- 1.3 In the Contract, unless the context otherwise requires:
- 1.3.1 the singular includes the plural and vice versa;
 - 1.3.2 reference to a gender includes the other gender and the neuter;
 - 1.3.3 references to a person include an individual, company, body corporate, corporation, unincorporated association, firm, partnership or other legal entity or Crown Body;
 - 1.3.4 a reference to a Law includes a reference to that Law as modified, amended, extended, consolidated, replaced or re-enacted (including as a consequence of the Retained EU Law (Revocation and Reform) Act 2023) from time to time before or after the date of this Contract and any prior or subsequent legislation under it;
 - 1.3.5 the words "**including**", "**other**", "**in particular**", "**for example**" 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**";
 - 1.3.6 references to "**writing**" include typing, printing, lithography, photography, display on a screen, electronic and facsimile transmission and other modes of representing or reproducing words in a visible form, and expressions referring to writing shall be construed accordingly;
 - 1.3.7 references to "**representations**" shall be construed as references to present facts, to "**warranties**" as references to present and future facts and to "**undertakings**" as references to obligations under the Contract;
 - 1.3.8 references to "**Clauses**" and "**Schedules**" are, unless otherwise provided, references to the clauses and schedules of the Core Terms and references in any Schedule to parts, paragraphs, annexes and tables are, unless otherwise provided, references to the parts, paragraphs, annexes and tables of the Schedule in which these references appear;
 - 1.3.9 references to "**Paragraphs**" are, unless otherwise provided, references to the paragraph of the appropriate Schedules unless otherwise provided; and

Schedule 1 (Definitions)

[Subject to Contract]

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- 1.3.10 references to a series of Clauses or Paragraphs shall be inclusive of the clause numbers specified.
 - 1.3.11 the headings in the Contract are for ease of reference only and shall not affect the interpretation or construction of the Contract;
 - 1.3.12 where the Authority is a Crown Body the Supplier shall be treated as contracting with the Crown as a whole;
 - 1.3.13 a reference to a document (including this Contract) is to that document as varied, amended, novated, ratified or replaced from time to time; and
 - 1.3.14 any monetary sums set out in this Contract shall (unless expressly stated otherwise) be in pounds sterling.
- 1.4 Any reference in this Contract which immediately before IP Completion Day (or such later date when relevant EU law ceases to have effect pursuant to Section 1A of the European Union (Withdrawal) Act 2018) is a reference to (as it has effect from time to time):
- 1.4.1 any EU regulation, EU decision, EU tertiary legislation or provision of the EEA agreement ("**EU References**") which is to form part of domestic law by application of Section 3 of the European Union (Withdrawal) Act 2018 shall be read on and after IP Completion Day as a reference to the EU References as they form part of domestic law by virtue of Section 3 of the European Union (Withdrawal) Act 2018 as modified by domestic law from time to time; and
 - 1.4.2 any EU institution or EU authority or other such EU body shall be read on and after IP Completion Day as a reference to the UK institution, authority or body to which its functions were transferred.
- 1.5 Where a standard, policy or document is referred to in this Contract by reference to a hyperlink, then if the hyperlink is changed or no longer provides access to the relevant standard, policy or document, the Supplier shall notify the Authority and the Parties shall update this Contract with a reference to the replacement hyperlink.
- | | |
|------------------------------------|--|
| "Accounting Reference Date" | in each year the date to which the Supplier prepares its annual audited financial statements; |
| "Achieve" | <ul style="list-style-type: none">(a) in respect of a Test, to successfully pass a Test without any Test Issues; and(b) in respect of a Milestone, the issue of a Milestone Achievement Certificate in respect of that Milestone in accordance with the provisions of Schedule 10 (<i>Testing Procedures</i>), and " Achieved " and " Achievement " shall be construed accordingly; |
| "Affected Party" | the Party seeking to claim relief in respect of a Force Majeure Event; |

Schedule 1 (Definitions)

[Subject to Contract]

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"Affiliate"	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;
"Allowable Assumptions"	the assumptions set out in Annex 5 of Schedule 11 (<i>Charges and Invoicing</i>);
"Allowable Price"	in relation to the Retained Deliverables relating to a CPP Milestone, if any, an amount determined in accordance with the formula: $A - B$ where: (a) A is an amount equal to the Costs incurred by the Supplier in providing or developing the relevant Retained Deliverables as reflected in the Financial Model together with an amount equal to the Anticipated Contract Life Profit Margin thereon; and (b) B is an amount equal to the Allowable Price Adjustment relating to the relevant Retained Deliverables, if any, or if there is no such Allowable Price Adjustment, zero, provided that the Allowable Price for any Retained Deliverables shall in no circumstances exceed the aggregate amount of the Milestone Payments paid to the Supplier in respect of the Milestones (or in the case of Partial Termination, the Milestones for the parts of the Services terminated) relating to that CPP Milestone;
"Allowable Price Adjustment"	has the meaning given in Clause 32.9.3 (<i>Payments by the Supplier</i>);
"Annual Contract Report"	has the meaning given in Schedule 15 (<i>Financial Reports and Audit Rights</i>);
"Annual Revenue"	for the purposes of determining whether an entity is a Public Sector Dependent Supplier, the audited consolidated aggregate revenue (including share of revenue of joint ventures and Associates) reported by the Supplier or, as appropriate, the Supplier Group in its most recent published accounts, subject to the following methodology: (a) figures for accounting periods of other than 12 months should be scaled pro rata to produce a proforma figure for a 12 month period; and

Schedule 1 (Definitions)

[Subject to Contract]

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	(b) where the Supplier, the Supplier Group and/or their joint ventures and Associates report in a foreign currency, revenue should be converted to British Pound Sterling at the closing exchange rate on the Accounting Reference Date;
"Anticipated Contract Life Profit Margin"	has the meaning given in Schedule 11 (<i>Charges and Invoicing</i>);
"Approved Sub-Licensee"	any of the following: (a) a Crown Body; (b) any third party providing services to a Crown Body; and/or (c) any body (including any private sector body) which performs or carries on any of the functions and/or activities that previously had been performed and/or carried on by the Authority;
"Assets"	all assets and rights used by the Supplier to provide the Services in accordance with this Contract but excluding the Authority Assets;
"Associated Person"	has the meaning given to it in Section 44(4) of the Criminal Finances Act 2017;
"Associates"	in relation to an entity, an undertaking in which the entity owns, directly or indirectly, between 20% and 50% of the voting rights and exercises a degree of control sufficient for the undertaking to be treated as an associate under generally accepted accounting principles;
"Assurance"	written confirmation from a Relevant Authority to the Supplier that the CRP Information is approved by the Relevant Authority;
"ATP Milestone"	the Milestone linked to Authority to Proceed for the relevant Operational Services set out in the Implementation Plan;
"Audit"	any exercise by the Authority of its Audit Rights pursuant to Clause 12 (<i>Records, Reports, Audit and Open Book Data</i>) and Schedule 15 (<i>Financial Reports and Audit Rights</i>);
"Audit Agents"	(a) the Authority's internal and external auditors; (b) the Authority's statutory or regulatory auditors;

Schedule 1 (Definitions)

[Subject to Contract]

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- (c) the Comptroller and Auditor General, their staff and/or any appointed representatives of the National Audit Office;
- (d) HM Treasury or the Cabinet Office;
- (e) any party formally appointed by the Authority to carry out audit or similar review functions; and
- (f) successors or assigns of any of the above;

"Audit Rights"

the audit and access rights referred to in Schedule 15 (*Financial Reports and Audit Rights*);

"Authority Assets"

the Authority Materials, the Authority infrastructure and any other data, software, assets, equipment or other property owned by and/or licensed or leased to the Authority and which is or may be used in connection with the provision or receipt of the Services;

"Authority Background IPRs"

- (a) IPRs owned by the Authority before the Effective Date, including IPRs contained in any of the Authority's Know-How, documentation, processes and procedures;
- (b) IPRs created by the Authority independently of this Contract; and/or
- (c) Crown Copyright which is not available to the Supplier otherwise than under this Contract;

but excluding IPRs owned by the Authority subsisting in the Authority Software;

"Authority Cause"

any material breach by the Authority of any of the Authority Responsibilities, except to the extent that such breach is:

- (a) the result of any act or omission by the Authority to which the Supplier has given its prior consent; or
- (b) caused by the Supplier, any Sub-contractor or any Supplier Personnel;

"Authority Equipment"

any hardware, computer or telecoms devices, and equipment that forms part of the Authority System.

"Authority IT Strategy"

the Authority's IT policy in force as at the Effective Date (a copy of which has been supplied to the Supplier), as updated from time to time in accordance with the Change Control Procedure;

Schedule 1 (Definitions)

[Subject to Contract]

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"Authority Materials"	the Government Data together with any materials, documentation, information, programs and codes supplied by the Authority to the Supplier, the IPRs in which: (a) are owned or used by or on behalf of the Authority; and (b) are or may be used in connection with the provision or receipt of the Services, but excluding any Project Specific IPRs, Specially Written Software, Supplier Software, Third Party Software and Documentation relating to Supplier Software or Third Party Software;
"Authority Premises"	premises owned, controlled or occupied by the Authority and/or any Crown Body which are made available for use by the Supplier or its Sub-contractors for provision of the Services (or any of them);
"Authority Representative"	the representative appointed by the Authority pursuant to Clause 11.4 (<i>Representatives</i>);
"Authority Requirements"	the requirements of the Authority set out in Schedule 2 (<i>Services Description</i>), Schedule 3 (<i>Performance Levels</i>), Schedule 4 (<i>Standards</i>), Schedule 5 (<i>Security Management</i>), Schedule 6 (<i>Insurance Requirements</i>), Schedule 9 (<i>Implementation Plan</i>), Schedule 20 (<i>Reports and Records Provisions</i>), Schedule 21 (<i>Exit Management</i>) and Schedule 22 (<i>Service Continuity Plan and Corporate Resolution Planning</i>);
"Authority Responsibilities"	the responsibilities of the Authority specified in Schedule 7 (<i>Authority Responsibilities</i>);
"Authority Software"	software which is owned by or licensed to the Authority (other than under or pursuant to this Contract) and which is or will be used by the Supplier for the purposes of providing the Services;
"Authority System"	the Authority's information and communications technology system, including any software or Authority Equipment, owned by the Authority or leased or licenced to it by a third party, that: (a) is used by the Authority or the Supplier in connection with this Contract; (b) interfaces with the Supplier System; and/or

Schedule 1 (Definitions)

[Subject to Contract]

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	(c) is necessary for the Authority to receive the Services.;
"Authority to Proceed" or "ATP"	the authorisation to the Supplier to commence the provision of the relevant Operational Services to the Authority, provided by the Authority in the form of a Milestone Achievement Certificate in respect of the ATP Milestone;
"Balanced Sustainability Report"	has the meaning given in Paragraph 1.1.2 of Part B of Schedule 3 (<i>Performance Levels</i>);
"Board"	the Supplier's board of directors;
"Board Confirmation"	the written confirmation from the Board in accordance with Paragraph 8 of Schedule 14 (<i>Financial Distress</i>);
"Breakage Costs Payment"	has the meaning given in Schedule 12 (<i>Payments on Termination</i>);
"Cabinet Office Markets and Suppliers Team"	the UK Government's team responsible for managing the relationship between government and its Strategic Suppliers, or any replacement or successor body carrying out the same function;
"Certificate of Costs"	has the meaning given in Schedule 11 (<i>Charges and Invoicing</i>);
"Change"	any change to this Contract;
"Change Authorisation Note"	a form setting out an agreed Contract Change which shall be substantially in the form of Annex 2 (<i>Change Authorisation Note</i>) of Schedule 18 (<i>Change Control Procedure</i>);
"Change Control Procedure"	the procedure for changing this Contract set out in Schedule 18 (<i>Change Control Procedure</i>);
"Change in Law"	any change in Law which impacts on the performance of the Services which comes into force after the Effective Date;
"Change Request"	a written request for a Contract Change substantially in the form of Annex 1 (<i>Change Request Form</i>) of Schedule 18 (<i>Change Control Procedure</i>);
"Charges"	the charges for the provision of the Services set out in or otherwise calculated in accordance with Schedule 11 (<i>Charges and Invoicing</i>), including any Milestone Payment or Service Charge;

Schedule 1 (Definitions)

[Subject to Contract]

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"Class 1 Transaction"	has the meaning set out in the listing rules issued by the UK Listing Authority;
"CNI"	Critical National Infrastructure;
"Code"	in respect of the Developed System: (a) the source code; (b) the object code; (c) third party components, including third party coding frameworks and libraries; and (d) all supporting documentation;
"Commercially Sensitive Information"	the information listed in Section 5 (<i>Commercially Sensitive Information</i>) of the Front Sheet comprising the information of a commercially sensitive nature relating to: (a) the pricing of the Services; (b) details of the Supplier's IPRs; and (c) the Supplier's business and investment plans; which the Supplier has indicated to the Authority that, if disclosed by the Authority, would cause the Supplier significant commercial disadvantage or material financial loss;
"Comparable Supply"	the supply of services to another customer of the Supplier that are the same or similar to any of the Services;
"Compensation for Unacceptable KPI Failure"	has the meaning given in Clause 7.4.1 (<i>Unacceptable KPI Failure</i>);
"Compensation Payment"	has the meaning given in Schedule 12 (<i>Payments on Termination</i>);
"Confidential Information"	(a) Information, including all Personal Data, which (however it is conveyed) is provided by the Disclosing Party pursuant to or in anticipation of this Contract that relates to: (i) the Disclosing Party Group; or (ii) the operations, business, affairs, developments, intellectual property rights, trade secrets, know-how and/or personnel of the Disclosing Party Group;

Schedule 1 (Definitions)

[Subject to Contract]

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- (b) other Information provided by the Disclosing Party pursuant to or in anticipation of this Contract that is clearly designated as being confidential or equivalent or that ought reasonably to be considered to be confidential (whether or not it is so marked) which comes (or has come) to the Recipient's attention or into the Recipient's possession in connection with this Contract;
- (c) discussions, negotiations, and correspondence between the Disclosing Party or any of its directors, officers, employees, consultants or professional advisers and the Recipient or any of its directors, officers, employees, consultants and professional advisers in connection with this Contract and all matters arising therefrom; and
- (d) Information derived from any of the above, but not including any Information which:
 - (i) was in the possession of the Recipient without obligation of confidentiality prior to its disclosure by the Disclosing Party;
 - (ii) the Recipient obtained on a non-confidential basis from a third party who is not, to the Recipient's knowledge or belief, bound by a confidentiality agreement with the Disclosing Party or otherwise prohibited from disclosing the information to the Recipient;
 - (iii) was already generally available and in the public domain at the time of disclosure otherwise than by a breach of this Contract or breach of a duty of confidentiality;
 - (iv) was independently developed without access to the Confidential Information; or
 - (v) relates to the Supplier's:
 - (1) performance under this Contract; or
 - (2) failure to pay any Sub-contractor as required pursuant to Clause 15.13.1 (*Supply Chain Protection*);

"Conflict of Interest"

a direct or indirect conflict between the financial, professional or personal interests of the Supplier or the Supplier Personnel and the duties owed to the Authority under the Contract, in the reasonable opinion of the Authority;

Schedule 1 (Definitions)

[Subject to Contract]

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"Contract"	the contract between the Authority and the Supplier;
"Contract Change"	any change to this Contract other than an Operational Change;
"Contract Inception Report"	the initial financial model in a form agreed by the Supplier and the Authority in writing on or before the Effective Date;
"Contract Year"	(a) a period of 12 months commencing on the Effective Date; or (b) thereafter a period of 12 months commencing on each anniversary of the Effective Date; provided that the final Contract Year shall end on the expiry or termination of the Term;
"Control"	the possession by person, directly or indirectly, of 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"	has the meaning given in the UK GDPR or the EU GDPR as the context requires;
"Corporate Change Event"	(a) any change of Control of the Supplier or a Parent Undertaking of the Supplier; (b) any change of Control of any member of the Supplier Group which, in the reasonable opinion of the Authority, could have a material adverse effect on the Services; (c) any change to the business of the Supplier or any member of the Supplier Group which, in the reasonable opinion of the Authority, could have a material adverse effect on the Services; (d) a Class 1 Transaction taking place in relation to the shares of the Supplier or any Parent Undertaking of the Supplier whose shares are listed on the main market of the London Stock Exchange plc; (e) an event that could reasonably be regarded as being equivalent to a Class 1 Transaction taking place in respect of the Supplier or any Parent Undertaking of the Supplier; (f) payment of dividends by the Supplier or the ultimate Parent Undertaking of the Supplier Group exceeding

Schedule 1 (Definitions)

[Subject to Contract]

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25% of the Net Asset Value of the Supplier or the ultimate Parent Undertaking of the Supplier Group respectively in any 12 month period;

- (g) an order is made or an effective resolution is passed for the winding up of any member of the Supplier Group;
- (h) any member of the Supplier Group stopping payment of its debts generally or becoming unable to pay its debts within the meaning of section 123(1) of the Insolvency Act 1986 or any member of the Supplier Group ceasing to carry on all or substantially all its business, or any compromise, composition, arrangement or agreement being made with creditors of any member of the Supplier Group;
- (i) the appointment of a receiver, administrative receiver or administrator in respect of or over all or a material part of the undertaking or assets of any member of the Supplier Group; and/or
- (j) any process or events with an effect analogous to those in Paragraphs (e) to (g) inclusive above occurring to a member of the Supplier Group in a jurisdiction outside England and Wales;

"Corporate Change Event Grace Period"

a grace period agreed to by the Relevant Authority for providing CRP Information and/or updates to Service Continuity Plan after a Corporate Change Event

"Corporate Resolvability Assessment (Structural Review)"

part of the CRP Information relating to the Supplier Group to be provided by the Supplier in accordance with Paragraphs 2 and Annex 2: Corporate Resolvability Assessment (Structural Review) of Schedule 22 (*Service Continuity Plan and Corporate Resolution Planning*);

"Costs"

has the meaning given in Schedule 11 (*Charges and Invoicing*);

"CPP Milestone"

a contract performance point as set out in the Implementation Plan, being the Milestone at which the Supplier has demonstrated that the Supplier Solution or relevant Service is working satisfactorily in its operating environment in accordance with Schedule 10 (*Testing Procedures*);

"Critical National Infrastructure"

those critical elements of UK national infrastructure (namely assets, facilities, systems, networks or processes and the essential workers that operate and facilitate them), the loss or compromise of which could result in:

Schedule 1 (Definitions)

[Subject to Contract]

Crown Copyright 2025

	(a) major detrimental impact on the availability, integrity or delivery of essential services – including those services whose integrity, if compromised, could result in significant loss of life or casualties – taking into account significant economic or social impacts; and/or (b) significant impact on the national security, national defence, or the functioning of the UK;
"Critical Performance Failure"	(a) the Supplier accruing in aggregate 10 or more Service Points (in terms of the number of points allocated) in any period of 1 month; or (b) the Supplier accruing Service Credits or Compensation for Unacceptable KPI Failure which meet or exceed the Service Credit Cap;
"Critical Service Contract"	the overall status of the Services provided under this Contract as determined by the Authority and specified in Section 9 (Corporate Resolution Planning) of the Front Sheet;
"Crown Body"	the government of the United Kingdom (including the Northern Ireland Assembly and Executive Committee, the Scottish Government and the Welsh Government), including government ministers and government departments and particular bodies, persons, commissions or agencies from time to time carrying out functions on its behalf;
"Crown Copyright"	has the meaning given in the Copyright, Designs and Patents Act 1988
"CRP Information"	the Corporate Resolution Planning Information, together being the: (a) Exposure Information (Contracts List); (c) Corporate Resolvability Assessment (Structural Review); and (d) Financial Information and Commentary;
"CRTPA"	the Contracts (Rights of Third Parties) Act 1999;
"Data Loss Event"	any event that results, or may result, in unauthorised access to Personal Data held by the Supplier under this Contract, and/or actual or potential loss and/or destruction of Personal Data in breach of this Contract, including any Personal Data Breach;

Schedule 1 (Definitions)

[Subject to Contract]

Crown Copyright 2025

"Data Protection Impact Assessment"	an assessment by the Controller of the impact of the envisaged Processing on the protection of Personal Data;
"Data Protection Legislation"	(a) the UK GDPR; (b) the DPA 2018 to the extent that it relates to Processing of personal data and privacy; (c) all applicable Law about the Processing of personal data and privacy; and (d) (to the extent that it applies) the EU GDPR;
"Data Subject"	has the meaning given to it in the UK GDPR or the EU GDPR as the context requires;
"Data Subject Request"	a request made by, or on behalf of, a Data Subject in accordance with rights granted pursuant to the Data Protection Legislation to their Personal Data;
"Deductions"	all Service Credits, Compensation for Unacceptable KPI Failure, Delay Payments or any other deduction which is paid or payable to the Authority under this Contract;
"Default"	any breach of the obligations of the relevant Party (including abandonment of this Contract in breach of its terms, repudiatory breach or breach of a fundamental term) or any other default, act, omission, negligence or statement: (a) in the case of the Authority, of its employees, servants, agents; or (b) in the case of the Supplier, of its Sub-contractors or any Supplier Personnel, in connection with or in relation to the subject-matter of this Contract and in respect of which such Party is liable to the other;
"Defect"	(a) any error, damage or defect in the manufacturing of a Deliverable; or (b) any error or failure of code within the Software which causes a Deliverable to malfunction or to produce unintelligible or incorrect results; or (c) any failure of any Deliverable to provide the performance, features and functionality specified in the Authority Requirements or the Documentation (including any adverse effect on response times) regardless of whether or not it prevents the relevant

Schedule 1 (Definitions)

[Subject to Contract]

Crown Copyright 2025

	Deliverable from meeting its associated Test Success Criteria; or
	(d) any failure of any Deliverable to operate in conjunction with or interface with any other Deliverable in order to provide the performance, features and functionality specified in the Authority Requirements or the Documentation (including any adverse effect on response times) regardless of whether or not it prevents the relevant Deliverable from meeting its associated Test Success Criteria;
"Delay"	(a) a delay in the Achievement of a Milestone by its Milestone Date; or (b) a delay in the design, development, testing or implementation of a Deliverable by the relevant date set out in the Implementation Plan;
"Delay Deduction Period"	the period of one hundred (100) days commencing on the relevant Milestone Date;
"Delay Payments"	the amounts payable by the Supplier to the Authority in respect of a Delay in Achieving a Key Milestone as specified in Schedule 11 (<i>Charges and Invoicing</i>);
"Deliverable"	an item, feature or software delivered or to be delivered by the Supplier at or before a Milestone Date or at any other stage during the performance of this Contract;
"Dependent Parent Undertaking"	any Parent Undertaking which provides any of its Subsidiary Undertakings and/or Associates, whether directly or indirectly, with any financial, trading, managerial or other assistance of whatever nature, without which the Supplier would be unable to continue the day to day conduct and operation of its business in the same manner as carried on at the time of entering into this Contract, including for the avoidance of doubt the provision of the Services in accordance with the terms of this Contract;
"Detailed Implementation Plan"	the plan developed and revised from time to time in accordance with Paragraphs 3 and 4 of Schedule 9 (<i>Implementation Plan</i>);
"Developed System"	any software or system that the Supplier is required to develop under this Contract either: (a) as part of the Services; or

Schedule 1 (Definitions)

[Subject to Contract]

Crown Copyright 2025

	(b) as a requirement or part of a requirement to create or modify Software to:
	(i) provide the Services; or
	(ii) Handle Government Data;
"Disclosing Party"	has the meaning given in Clause 19.1 (<i>Confidentiality</i>);
"Disclosing Party Group"	(a) where the Disclosing Party is the Supplier, the Supplier and any Affiliates of the Supplier; and
	(b) where the Disclosing Party is the Authority, the Authority and any Crown Body with which the Authority or the Supplier interacts in connection with this Contract;
"Dispute"	any dispute, difference or question of interpretation arising out of or in connection with this Contract, including any dispute, difference or question of interpretation relating to the Services, failure to agree in accordance with the Change Control Procedure or any matter where this Contract directs the Parties to resolve an issue by reference to the Dispute Resolution Procedure;
"Dispute Notice"	a written notice served by one Party on the other stating that the Party serving the notice believes that there is a Dispute;
"Dispute Resolution Procedure"	the dispute resolution procedure set out in Schedule 19 (<i>Dispute Resolution Procedure</i>);
"Documentation"	descriptions of the Services and Performance Indicators, details of the Supplier System (including (i) vendors and versions for off-the-shelf components and (ii) source code and build information for proprietary components), relevant design and development information, technical specifications of all functionality including those not included in standard manuals (such as those that modify system performance and access levels), configuration details, test scripts, user manuals, operating manuals, process definitions and procedures, and all such other documentation as:
	(a) is required to be supplied by the Supplier to the Authority under this Contract;
	(b) would reasonably be required by a competent third party capable of Good Industry Practice contracted by the Authority to develop, configure, build, deploy, run, maintain, upgrade and test the individual systems that provide Services;

Schedule 1 (Definitions)

[Subject to Contract]

Crown Copyright 2025

- (c) is required by the Supplier in order to provide the Services; and/or
- (d) has been or shall be generated for the purpose of providing the Services;

"DOTAS"

the Disclosure of Tax Avoidance Schemes rules which require a promoter 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 2004 and as extended to national insurance contributions by the National Insurance Contributions (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"

the Data Protection Act 2018;

"Due Diligence Information"

any information supplied to the Supplier by or on behalf of the Authority prior to the Effective Date;

"EEA"

European Economic Area

"Effective Date"

the later of:

- (a) the date on which this Contract is signed by both Parties; and
- (b) the date on which the Condition Precedent has been satisfied or waived in accordance with Clause 4.2 (*Condition Precedent*) (if Clause 4.2 applies pursuant to section 9 (*Optional Schedules*) of the Front Sheet);

"EIRs"

the Environmental Information Regulations 2004, together with any guidance and/or codes of practice issued by the Information Commissioner or any Crown Body in relation to such Regulations;

"Emergency Maintenance"

ad hoc and unplanned maintenance provided by the Supplier where:

- (a) the Authority reasonably suspects that the IT Environment or the Services, or any part of the IT Environment or the Services, has or may have developed a fault, and notifies the Supplier of the same; or
- (b) the Supplier reasonably suspects that the IT Environment or the Services, or any part the IT

Schedule 1 (Definitions)

[Subject to Contract]

Crown Copyright 2025

Environment or the Services, has or may have developed a fault;

"Employee Liabilities"

all claims, actions, proceedings, orders, demands, complaints, investigations (save for any claims for personal injury which are covered by insurance) and any award, compensation, damages, tribunal awards, fine, loss, order, penalty, disbursement, payment made by way of settlement and costs, expenses and legal costs reasonably incurred in connection with a claim or investigation related to employment including in relation to the following:

- (a) redundancy payments including contractual or enhanced redundancy costs, termination costs and notice payments;
- (b) unfair, wrongful or constructive dismissal compensation;
- (c) compensation for discrimination on grounds of sex, race, disability, age, religion or belief, gender reassignment, marriage or civil partnership, pregnancy and maternity or sexual orientation or claims for equal pay;
- (d) compensation for less favourable treatment of part-time workers or fixed term employees;
- (e) outstanding employment debts and unlawful deduction of wages including any PAYE and national insurance contributions;
- (f) employment claims whether in tort, contract or statute or otherwise;
- (g) any investigation relating to employment matters by the Equality and Human Rights Commission or other enforcement, regulatory or supervisory body and of implementing any requirements which may arise from such investigation;

"Employment Regulations"

the Transfer of Undertakings (Protection of Employment) Regulations 2006 (SI 2006/246) as amended or replaced;

"Estimated Year 1 Charges"

the estimated Charges payable by the Authority during the first Contract Year, as set out in the Financial Model;

"Estimated Initial Service Charges"

the estimated Service Charges payable by the Authority during the period of 12 months from the first Operational Service Commencement Date, as set out in the Financial Model;

"EU GDPR"	Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the Processing of personal data and on the free movement of such data (General Data Protection Regulation) as it has effect in EU law;
"EU"	European Union
"Exit Management"	services, activities, processes and procedures to ensure a smooth and orderly transition of all or part of the Services from the Supplier to the Authority and/or a Replacement Supplier, as set out or referred to in Schedule 21 (<i>Exit Management</i>);
"Exit Plan"	the plan produced and updated by the Supplier during the Term in accordance with Paragraph 4 of Schedule 21 (<i>Exit Management</i>);
"Expedited Dispute Timetable"	the reduced timetable for the resolution of Disputes set out in Paragraph 3 of Schedule 19 (<i>Dispute Resolution Procedure</i>);
"Expert"	has the meaning given in Schedule 19 (<i>Dispute Resolution Procedure</i>);
"Expert Determination"	the process described in Paragraph 6 of Schedule 19 (<i>Dispute Resolution Procedure</i>);
"Exposure Information (Contracts List)"	part of the CRP Information relating to the Supplier Group to be provided by the Supplier in accordance with Paragraphs 2 and Annex 1 of Part B of Schedule 22 (<i>Service Continuity Plan and Corporate Resolution Planning</i>);
"Extension Period"	has the meaning given in Section 3 (Contract Particulars) of the Front Sheet;
"Final Supplier Personnel List"	has the meaning given in Schedule 24 (<i>Staff Transfer</i>);
"Financial Distress Event"	the occurrence of one or more of the events listed in Paragraph 3.1 of Schedule 14 (<i>Financial Distress</i>);
"Financial Information and Commentary"	part of the CRP Information requirements set out in accordance with Paragraphs 2 and Annex 3 of Part B of Schedule 22 (<i>Service Continuity Plan and Corporate Resolution Planning</i>);
"Financial Distress Remediation Plan"	a plan setting out how the Supplier will ensure the continued performance and delivery of the Services in accordance with this Contract in the event that a Financial Distress Event

Schedule 1 (Definitions)

[Subject to Contract]

Crown Copyright 2025

occurs. This plan should include what the Authority would need to put in place to ensure performance and delivery of the Services in accordance with this Contract up to and including any Insolvency Event in respect of the relevant FDE Group entity and may refer to the Insolvency Continuity Plan in this regard;

"Financial Model" has the meaning given in Schedule 15 (*Financial Reports and Audit Rights*);

"Financial Reports" has the meaning given in Schedule 15 (*Financial Reports and Audit Rights*);

"Financial Transparency Objectives" has the meaning given in Schedule 15 (*Financial Reports and Audit Rights*);

"Find a Tender Service" the online government portal which allows suppliers to search for information about contracts as prescribed the Procurement Act 2023;

"FOIA" 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 any relevant Crown Body in relation to such Act;

"Force Majeure Event" any event outside the reasonable control of either Party affecting its performance of its obligations under this 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 riots, war or armed conflict, acts of terrorism, acts of government, local government or regulatory bodies, fire, flood, storm or earthquake, or other natural disaster but excluding any industrial dispute relating to the Supplier or the Supplier Personnel or any other failure in the Supplier's or a Sub-contractor's supply chain;

"Force Majeure Notice" a written notice served by the Affected Party on the other Party stating that the Affected Party believes that there is a Force Majeure Event;

"Former Supplier" has the meaning given in Schedule 24 (*Staff Transfer*);

"Front Sheet" means the 'front sheet' included at the front of this Contract containing certain particulars of the Contract;

Schedule 1 (Definitions)

[Subject to Contract]

Crown Copyright 2025

"General Anti-Abuse Rule"	(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 national insurance contributions;
"General Change in Law"	a Change in Law where the change is of a general legislative nature (including taxation or duties of any sort affecting the Supplier) or which affects or relates to a Comparable Supply;
"Good Industry Practice"	at any time the exercise of that degree of care, skill, diligence, prudence, efficiency, foresight and timeliness which would be reasonably expected at such time from a leading and expert supplier of services similar to the Services to a customer like the Authority, such supplier seeking to comply with its contractual obligations in full and complying with applicable Laws;
"Goods"	has the meaning given in Clause 9.7 (<i>Supply of Goods</i>);
"Government Data"	any: (a) 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; (b) Personal Data for which the Authority is a, or the, Data Controller; or (c) any meta-data relating to categories of data referred to in paragraphs (a) or (b); that: (i) is supplied to the Supplier by or on behalf of the Authority; or (ii) the Supplier is required to generate, Process, Handle, store or transmit under this Contract; and for the avoidance of doubt includes the Code and any meta-data relating to the Code;
"Guarantee"	where the Authority has selected Schedule 25 (<i>Guarantee</i>) in Section 3 of the Front Sheet, the deed of guarantee in favour of the Authority entered into by the Guarantor on or about the date of this Contract (which is in the form set out in Schedule 25 (<i>Guarantee</i>)), or any guarantee acceptable to the Authority that replaces it from time to time;

Schedule 1 (Definitions)

[Subject to Contract]

Crown Copyright 2025

"Guarantor"	Constellation Software Inc., a corporation registered in the Province of Ontario, Canada with number 1517581 whose principal office is at 66 Wellington Street West, Suite 5300, TD Bank Tower, Toronto, Ontario, M5K 1E6
"Halifax Abuse Principle"	the principle explained in the CJEU Case C-255/02 Halifax and others;
"Handle"	any operation performed on data, whether or not by automated means, including collection, recording, organisation, structuring, storage, adaptation or alteration, retrieval, consultation, use, disclosure by transmission, dissemination or otherwise making available, alignment or combination, restriction, erasure or destruction of that data;
"Health and Safety Policy"	the health and safety policy of the Authority and/or other relevant Crown Body as provided to the Supplier on or before the Effective Date and as subsequently provided to the Supplier from time to time except any provision of any such subsequently provided policy that cannot be reasonably reconciled to ensuring compliance with applicable Law regarding health and safety;
"HMRC"	HM Revenue & Customs;
"Impact Assessment"	has the meaning given in Schedule 18 (<i>Change Control Procedure</i>);
"Implementation Plan"	the Outline Implementation Plan or (if and when approved by the Authority pursuant to Paragraph 3 of Schedule 9 (<i>Implementation Plan</i>)) the Detailed Implementation Plan as updated in accordance with Paragraph 4 of Schedule 9 (<i>Implementation Plan</i>) from time to time;
"Implementation Services"	the implementation services described as such in the Services Description;
"Implementation Services Commencement Date"	the date on which the Supplier is to commence provision of the first of the Services, being 29/09/2025;
"Indemnified Person"	the Authority and each and every person to whom the Authority (or any direct or indirect sub-licensee of the Authority) sub-licenses, assigns or novates any Relevant IPRs or rights in Relevant IPRs in accordance with this Contract;

Schedule 1 (Definitions)

[Subject to Contract]

Crown Copyright 2025

"Independent Controller"	a party which is Controller of the same Personal Data as the other Party and there is no element of joint control with regards to that Personal Data;
"Information"	all information of whatever nature, however conveyed and in whatever form, including in writing, orally, by demonstration, electronically and in a tangible, visual or machine-readable medium (including CD-ROM, magnetic and digital form);
"Initial Term"	has the meaning given in Section 3 (<i>Contract Particulars</i>) of the Front Sheet;
"Initial Upload Date"	the occurrence of an event detailed in Schedule 20 (<i>Reports and Records Provisions</i>) Annex 2: (<i>Records To Upload To Virtual Library</i>) which requires the Supplier to provide its initial upload of the relevant information to the Virtual Library;
"Insolvency Event"	with respect to any person, means: (a) that person suspends, or threatens to suspend, payment of its debts, or is unable to pay its debts as they fall due or admits inability to pay its debts, or: (i) (being a company or a LLP) is deemed unable to pay its debts within the meaning of section 123 of the Insolvency Act 1986, or (ii) (being a partnership) is deemed unable to pay its debts within the meaning of section 222 of the Insolvency Act 1986; (b) that person commences negotiations with one or more of its creditors (using a voluntary arrangement, scheme of arrangement or otherwise) with a view to rescheduling any of its debts, or makes a proposal for or enters into any compromise or arrangement with one or more of its creditors or takes any step to obtain a moratorium pursuant to Section 1A and Schedule A1 of the Insolvency Act 1986 other than (in the case of a company, a LLP or a partnership) for the sole purpose of a scheme for a solvent amalgamation of that person with one or more other companies or the solvent reconstruction of that person; (c) another person becomes entitled to appoint a receiver over the assets of that person or a receiver is appointed over the assets of that person; (d) a creditor or encumbrancer of that person attaches or takes possession of, or a distress, execution or other such process is levied or enforced on or sued against,

Schedule 1 (Definitions)

[Subject to Contract]

Crown Copyright 2025

the whole or any part of that person's assets and such attachment or process is not discharged within fourteen (14) days;

- (e) that person suspends or ceases, or threatens to suspend or cease, carrying on all or a substantial part of its business;
- (f) where that person is a company, a LLP or a partnership:
 - (i) a petition is presented (which is not dismissed within fourteen (14) days of its service), a notice is given, a resolution is passed, or an order is made, for or in connection with the winding up of that person other than for the sole purpose of a scheme for a solvent amalgamation of that person with one or more other companies or the solvent reconstruction of that person;
 - (ii) an application is made to court, or an order is made, for the appointment of an administrator, or if a notice of intention to appoint an administrator is filed at Court or given or if an administrator is appointed, over that person;
 - (iii) (being a company or a LLP) the holder of a qualifying floating charge over the assets of that person has become entitled to appoint or has appointed an administrative receiver; or
 - (iv) (being a partnership) the holder of an agricultural floating charge over the assets of that person has become entitled to appoint or has appointed an agricultural receiver; or
- (g) any event occurs, or proceeding is taken, with respect to that person in any jurisdiction to which it is subject that has an effect equivalent or similar to any of the events mentioned above;

"Intellectual Property Rights" or "IPRs"

- (a) copyright, rights related to or affording protection similar to copyright, rights in databases, patents and rights in inventions, semi-conductor topography rights, trade marks, rights in Internet domain names and website addresses and other rights in trade names, designs, Know-How, trade secrets and other rights in Confidential Information;
- (b) applications for registration, and the right to apply for registration, for any of the rights listed at (a) that are

Schedule 1 (Definitions)

[Subject to Contract]

Crown Copyright 2025

	capable of being registered in any country or jurisdiction; and
	(c) all other rights having equivalent or similar effect in any country or jurisdiction;
"Intervention Cause"	has the meaning given in Clause 27.1 (<i>Remedial Adviser</i>);
"Intervention Notice"	has the meaning given in Clause 27.1 (<i>Remedial Adviser</i>);
"Intervention Period"	has the meaning given in Clause 27.2.3 (<i>Remedial Adviser</i>);
"Intervention Trigger Event"	(a) any event falling within limb (a), (b), (c), (e), (f) or (g) of the definition of a Supplier Termination Event; (b) a Default by the Supplier that is materially preventing or materially delaying the performance of the Services or any material part of the Services; (c) the Supplier accruing in aggregate 8 or more Service Points (in terms of the number of points allocated) in any period of 1 months; (d) the Supplier accruing Service Credits which meet or exceed 75% of the Service Credit Cap; and/or (e) the Supplier not Achieving a Key Milestone within seventy-five (75) days of its relevant Milestone Date;
"IP Completion Day"	has the meaning given to it in the European Union (Withdrawal Agreement) Act 2020;
"IPRs Claim"	any claim against any Indemnified Person of infringement or alleged infringement (including the defence of such infringement or alleged infringement) of any Relevant IPRs save for any such claim to the extent that it is caused by any use by or on behalf of that Indemnified Person of any Relevant IPRs, or the use of the Authority Software by or on behalf of the Supplier, in either case in combination with any item not supplied or recommended by the Supplier pursuant to this Contract or for a purpose not reasonably to be inferred from the Services Description or the provisions of this Contract;
"IR35"	means Chapter 8 and Chapter 10 of Part 2 of Income Tax (Earnings and Pensions) Act 2003 and the Social Security Contributions (Intermediaries) Regulations 2000;
"IT"	information and communications technology;

Schedule 1 (Definitions)

[Subject to Contract]

Crown Copyright 2025

"IT Environment"	the Authority System and the Supplier System;
"Joint Controllers"	has the meaning given in Article 26 of the UK GDPR, or EU GDPR, as the context requires;
"Key Milestone"	the Milestones identified in the Implementation Plan as key milestones and in respect of which Delay Payments may be payable in accordance with Paragraph 1 of Part C of Schedule 11 (<i>Charges and Invoicing</i>) if the Supplier fails to Achieve the Milestone Date in respect of such Milestone;
"Key Performance Indicator"	the key performance indicators set out in Table 1 of Part A of Annex 1 of Schedule 3 (<i>Performance Levels</i>);
"Key Personnel"	those persons appointed by the Supplier to fulfil the Key Roles, being the persons listed in Section 11 (<i>Key Personnel</i>) of the Front Sheet against each Key Role as at the Effective Date or as amended from time to time in accordance with Clauses 14.5 and 14.6 (<i>Key Personnel</i>);
"Key Roles"	a role described as a Key Role in Section 11 (<i>Key Personnel</i>) of the Front Sheet and any additional roles added from time to time in accordance with Clause 14.4 (<i>Key Personnel</i>);
"Key Sub-contract"	each Sub-contract with a Key Sub-contractor;
"Key Sub-contractor"	any Sub-contractor: (a) which, in the opinion of the Authority, performs (or would perform if appointed) a critical role in the provision of all or any part of the Services; and/or (b) with a Sub-contract with a contract value which at the time of appointment exceeds (or would exceed if appointed) 10% of the aggregate Charges forecast to be payable under this Contract (as set out in the Financial Model);
"Know-How"	all ideas, concepts, schemes, information, knowledge, techniques, methodology, and anything else in the nature of know how relating to the Services but excluding know how already in the other Party's possession before this Contract;
"KPI Failure"	a failure to meet the Target Performance Level in respect of a Key Performance Indicator;
"KPI Service Threshold"	shall be as set out against the relevant Key Performance Indicator in Table 1 of Part A of Annex 1 of Schedule 3 (<i>Performance Levels</i>);

Schedule 1 (Definitions)

[Subject to Contract]

Crown Copyright 2025

"Law"	any law, statute, subordinate legislation within the meaning of Section 21(1) of the Interpretation Act 1978, bye-law, right within the meaning of the European Union (Withdrawal) Act 2018 as amended by European Union (Withdrawal Agreement) Act 2020, regulation, order, regulatory policy, mandatory guidance or code of practice, judgment of a relevant court of law, or directives or requirements of any regulatory body with which the Supplier is bound to comply;
"LED"	Law Enforcement Directive (Directive (EU) 2016/680);
"Licensed Software"	all and any Software licensed by or through the Supplier, its Sub-contractors or any third party to the Authority for the purposes of or pursuant to this Contract, including any Supplier Software, Third Party Software and/or any Specially Written Software;
"Losses"	losses, liabilities, damages, costs and expenses (including legal fees on a solicitor/client basis) and disbursements and costs of investigation, litigation, settlement, judgment interest and penalties whether arising in contract, tort (including negligence), breach of statutory duty or otherwise;
"Maintenance Schedule"	shall have the meaning set out in Clause 9.4 (<i>Maintenance</i>);
"Malicious Software"	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;
"Management Information"	the management information specified in Schedule 3 (<i>Performance Levels</i>), Schedule 11 (<i>Charges and Invoicing</i>) and Schedule 17 (<i>Governance</i>) to be provided by the Supplier to the Authority;
"Material KPI Failure"	(a) a Serious KPI Failure; (b) a Severe KPI Failure; or (c) a failure by the Supplier to meet a KPI Service Threshold;
"Material PI Failure"	(a) a failure by the Supplier to meet the PI Service Threshold in respect of 25% or more of the Subsidiary Performance Indicators that are measured in that Service Period; and/or

Schedule 1 (Definitions)

[Subject to Contract]

Crown Copyright 2025

- (b) a failure by the Supplier to meet the Target Performance Level in respect of 50% or more of the Subsidiary Performance Indicators that are measured in that Service Period;

"Measurement Period"	in relation to a Key Performance Indicator or Subsidiary Performance Indicator, the period over which the Supplier's performance is measured (for example, a Service Period if measured monthly or a 12 month period if measured annually);
"Milestone"	an event or task described in the Implementation Plan which, if applicable, shall be completed by the relevant Milestone Date;
"Milestone Achievement Certificate"	the certificate to be granted by the Authority when the Supplier has Achieved a Milestone, which shall be in substantially the same form as that set out in Annex 3 of Schedule 10 (<i>Testing Procedures</i>);
"Milestone Adjustment Payment Amount"	in respect of each CPP Milestone that is the subject of a Milestone Adjustment Payment Notice, an amount determined in accordance with the formula: $A - B$ where: (a) A is an amount equal to the aggregate sum of all Milestone Payments paid to the Supplier in respect of the Milestones (or in the case of Partial Termination, the Milestones for the parts of the Services terminated) relating to that CPP Milestone; and (b) B is an amount equal to the aggregate Allowable Price for the Retained Deliverables relating to that CPP Milestone or, if there are no such Retained Deliverables, zero;
"Milestone Adjustment Payment Notice"	has the meaning given in Clause 32.8 (<i>Payments by the Supplier</i>);
"Milestone Date"	the target date set out against the relevant Milestone in the Implementation Plan by which the Milestone must be Achieved;
"Milestone Payment"	a payment identified in Schedule 11 (<i>Charges and Invoicing</i>) to be made following the issue of a Milestone Achievement Certificate;

Schedule 1 (Definitions)

[Subject to Contract]

Crown Copyright 2025

"Milestone Retention"	has the meaning given in Schedule 11 (<i>Charges and Invoicing</i>);
"Minor KPI Failure"	shall be as set out against the relevant Key Performance Indicator in Table 1 of Part A of Annex 1 of Schedule 3 (<i>Performance Levels</i>);
"Month"	a calendar month and "monthly" shall be interpreted accordingly;
"Multi-Party Dispute Resolution Procedure"	has the meaning given in Paragraph 9.1 of Schedule 19 (<i>Dispute Resolution Procedure</i>);
"Multi-Party Procedure Initiation Notice"	has the meaning given in Paragraph 9.2 of Schedule 19 (<i>Dispute Resolution Procedure</i>);
"National Insurance"	contributions required by the Social Security Contributions and Benefits Act 1992 and made in accordance with the Social Security (Contributions) Regulations 2001 (SI 2001/1004);
"New Releases"	an item produced primarily to extend, alter or improve the Software and/or any Deliverable by providing additional functionality or performance enhancement (whether or not defects in the Software and/or Deliverable are also corrected) while still retaining the original designated purpose of that item;
"Non-trivial Customer Base"	a significant customer base with respect to the date of first release and the relevant market but excluding Affiliates and other entities related to the licensor;
"Non-retained Deliverables"	in relation to a CPP Milestone Payment Notice and each CPP Milestone the subject of that CPP Milestone Payment Notice, Deliverables provided to the Authority which relate to the relevant CPP Milestone(s) and which are not Retained Deliverables;
"Notifiable Default"	shall have the meaning given in Clause 25.1 (<i>Rectification Plan Process</i>);
"Object Code"	software and/or data in machine-readable, compiled object code form;
"Open Book Data"	has the meaning given in Schedule 15 (<i>Financial Reports and Audit Rights</i>);

"Open Licence"	any material that is published for use, with rights to access, copy and modify and publish, by any person for free, under a generally recognised open licence including Open Government Licence as set out at http://www.nationalarchives.gov.uk/doc/open-government-licence/version/3/ and the Open Standards Principles documented at https://www.gov.uk/government/publications/open-standards-principles/open-standards-principles , and includes the Open Source publication of Software;
"Open Source"	computer Software that is released on the internet for use by any person, such release usually being made under a recognised open source licence and stating that it is released as open source;
"Operating Environment"	the Authority System and the Sites;
"Operational Change"	any change in the Supplier's operational procedures which in all respects, when implemented: (a) will not affect the Charges and will not result in any other costs to the Authority; (b) may change the way in which the Services are delivered but will not adversely affect the output of the Services or increase the risks in performing or receiving the Services; (c) will not adversely affect the interfaces or interoperability of the Services with any of the Authority's IT infrastructure; and (d) will not require a change to this Contract;
"Operational Service Commencement Date"	in relation to an Operational Service, the later of: (a) the date identified in the Operational Services Implementation Plan upon which the Operational Service is to commence; and (b) where the Implementation Plan states that the Supplier must have Achieved the relevant ATP Milestone before it can commence the provision of that Operational Service, the date upon which the Supplier Achieves the relevant ATP Milestone;
"Operational Services"	the operational services described as such in the Services Description;

"Optional Services"	the services described as such in Schedule 2 (<i>Services Description</i>) which are to be provided by the Supplier if required by the Authority in accordance with Clause 5.10 (<i>Optional Services</i>);
"Optional Services Implementation Plan"	the implementation plan to effect the Optional Services agreed between the Parties prior to the Effective Date and, if not agreed prior to the Effective Date, to be developed by the Supplier and approved by the Authority;
"Other Supplier"	any supplier to the Authority (other than the Supplier) which is notified to the Supplier from time to time;
"Outline Implementation Plan"	the outline plan set out at Annex 1 of Schedule 9 (<i>Implementation Plan</i>);
"Parent Undertaking"	has the meaning set out in section 1162 of the Companies Act 2006;
"Partial Termination"	the partial termination of this Contract to the extent that it relates to the provision of any part of the Services as further provided for in Clause 31.2.2 (<i>Termination by the Authority</i>) or 31.3.2 (<i>Termination by the Supplier</i>) or otherwise by mutual agreement by the Parties;
"Parties" and "Party"	have the meanings respectively given on page 1 of this Contract;
"Performance Failure"	a KPI Failure or a PI Failure;
"Performance Indicators"	the Key Performance Indicators and the Subsidiary Performance Indicators;
"Permitted Maintenance"	has the meaning given in Clause 9.4 (<i>Maintenance</i>);
"Performance Monitoring Report"	has the meaning given in Schedule 3 (<i>Performance Levels</i>);
"Personal Data"	has the meaning given in the UK GDPR or the EU GDPR as the context requires;
"Personal Data Breach"	has the meaning given in the UK GDPR or the EU GDPR as the context requires;
"PI Failure"	a failure to meet the Target Performance Level in respect of a Subsidiary Performance Indicator;

Schedule 1 (Definitions)

[Subject to Contract]

Crown Copyright 2025

"PI Service Threshold"	shall be as set out against the relevant Subsidiary Performance Indicator in Table 2 in Part A of Annex 1 of Schedule 3 (<i>Performance Levels</i>);
"Preceding Services"	has the meaning given in Clause 5.2.2(a) (<i>Standard of Services</i>);
"Prescribed Person"	a legal adviser, an MP, or an appropriate body which a whistle-blower may make a disclosure to as detailed in 'Whistleblowing: list of prescribed people and bodies', available online at: https://www.gov.uk/government/publications/blowing-the-whistle-list-of-prescribed-people-and-bodies--2/whistleblowing-list-of-prescribed-people-and-bodies , as updated from time to time;
"Processing"	has the meaning given to it in the UK GDPR or the EU GDPR as the context requires, and "Process" shall be construed accordingly;
"Processor"	has the meaning given to it under the UK GDPR or the EU GDPR as the context requires;
"Processor Personnel"	means all directors, officers, employees, agents, consultants and suppliers of the Processor and/or of any Sub-processor engaged in the performance of its obligations under this Contract;
"Programme Board"	the body described in Paragraph 5 of Schedule 17 (<i>Governance</i>);
"Protective Measures"	appropriate technical and organisational measures designed to ensure compliance with obligations of the Parties arising under Data Protection Legislation 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, including those outlined in Schedule 5 (<i>Security Management</i>) and Schedule 26 (<i>Processing Personal Data</i>);
"Project Specific IPRs"	(a) Intellectual Property Rights in items created by the Supplier (or by a third party on behalf of the Supplier) specifically for the purposes of this Contract and updates and amendments of these items including (but not limited to) database schema; and/or

Schedule 1 (Definitions)

[Subject to Contract]

Crown Copyright 2025

	(b) Intellectual Property Rights arising as a result of the performance of the Supplier's obligations under this Contract; but shall not include the Supplier Background IPRs or the Specially Written Software;
"Provisional Supplier Personnel List"	has the meaning given in Schedule 24 (<i>Staff Transfer</i>);
"Public Sector Dependent Supplier"	a supplier where that supplier, or that supplier's group has Annual Revenue of £50 million or more of which over 50% is generated from UK Public Sector Business;
"Publishable Performance Information"	any of the information that the Authority is permitted or required to publish by the Procurement Act 2023, any Regulations published under it and any Procurement Policy Notes, relating to the performance of the Supplier against any Performance Indicator and any information contained in any Performance Monitoring Report;
"Quality Plans"	has the meaning given in Clause 6.1 (<i>Quality Plans</i>);
"Quarter"	the first three Service Periods and each subsequent three Service Periods (save that the final Quarter shall end on the date of termination or expiry of this Contract);
"Recipient"	has the meaning given in Clause 19.1 (<i>Confidentiality</i>);
"Recall"	a request by the Supplier to return Goods to the Supplier or the manufacturer after the discovery of safety issues or defects (including defects in the IPR rights) that might endanger health or hinder performance;
"Records"	has the meaning given in Schedule 20 (<i>Reports and Records Provisions</i>);
"Rectification Plan"	a plan to address the impact of, and prevent the reoccurrence of, a Notifiable Default;
"Rectification Plan Failure"	(a) the Supplier failing to submit or resubmit a draft Rectification Plan to the Authority within the timescales specified in Clauses 25.4 (<i>Submission of the draft Rectification Plan</i>) or 25.8 (<i>Agreement of the Rectification Plan</i>); (b) the Authority, acting reasonably, rejecting a revised draft of the Rectification Plan submitted by the Supplier

Schedule 1 (Definitions)

[Subject to Contract]

Crown Copyright 2025

pursuant to Clause 25.7 (*Agreement of the Rectification Plan*);

- (c) the Supplier failing to rectify a material Default within the later of:
 - (i) 30 Working Days of a notification made pursuant to Clause 25.2 (*Notification*); and
 - (ii) where the Parties have agreed a Rectification Plan in respect of that material Default and the Supplier can demonstrate that it is implementing the Rectification Plan in good faith, the date specified in the Rectification Plan by which the Supplier must rectify the material Default;
- (d) a Material KPI Failure re-occurring in respect of the same Key Performance Indicator for the same (or substantially the same) root cause in any of the 3 Measurement Periods subsequent to the Measurement Period in which the initial Material KPI Failure occurred;
- (e) the Supplier not Achieving a Key Milestone by the expiry of the Delay Deduction Period; and/or
- (f) following the successful implementation of a Rectification Plan, the same Notifiable Default recurring within a period of 6 months for the same (or substantially the same) root cause as that of the original Notifiable Default;

"Rectification Plan Process"

the process set out in Clauses 25.4 (*Submission of the draft Rectification Plan*) to 25.9 (*Agreement of the Rectification Plan*);

"Registers"

has the meaning given in Schedule 21 (*Exit Management*);

"Reimbursable Expenses"

has the meaning given in Schedule 11 (*Charges and Invoicing*);

"Relevant Authority" or "Relevant Authorities"

the Authority and the Cabinet Office Markets and Suppliers Team or, where the Supplier is a Strategic Supplier, the Cabinet Office Markets and Suppliers Team;

"Relevant IPRs"

IPRs used to provide the Services or as otherwise provided and/or licensed by the Supplier (or to which the Supplier has provided access) to the Authority or a third party in the fulfilment of the Supplier's obligations under this Contract including IPRs in the Specially Written Software, the Supplier Non-COTS Software, the Supplier Non-COTS Background

Schedule 1 (Definitions)

[Subject to Contract]

Crown Copyright 2025

	IPRs, the Third Party Non-COTS Software and the Third Party Non-COTS IPRs but excluding any IPRs in the Authority Software, the Authority Background IPRs, the Supplier COTS Software, the Supplier COTS Background IPRs, the Third Party COTS Software and/or the Third Party COTS IPRs;
"Relevant Preceding Services"	has the meaning given in Clause 5.2.2(b) (<i>Standard of Services</i>);
"Relevant Requirements"	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"	HMRC, or, if applicable, a tax authority in the jurisdiction in which the Supplier is established;
"Relevant Transfer"	a transfer of employment to which the Employment Regulations applies;
"Relief Notice"	has the meaning given in Clause 29.2 (<i>Authority Cause</i>);
"Remedial Adviser"	the person appointed pursuant to Clause 27.2 (<i>Remedial Adviser</i>);
"Remedial Adviser Failure"	has the meaning given in Clause 27.6 (<i>Remedial Adviser</i>);
"Replacement Services"	any services which are the same as or substantially similar to any of the Services and which the Authority receives in substitution for any of the Services following the expiry or termination or Partial Termination of this Contract, whether those services are provided by the Authority internally and/or by any third party;
"Replacement Supplier"	any third party service provider of Replacement Services appointed by the Authority from time to time (or where the Authority is providing replacement Services for its own account, the Authority);
"Request For Information"	a Request for Information under the FOIA or the EIRs;
"Required Action"	has the meaning given in Clause 28.1.1 (<i>Step-In Rights</i>);
"Retained Deliverables"	has the meaning given in Clause 32.9.2 (<i>Payments by the Supplier</i>);

Schedule 1 (Definitions)

[Subject to Contract]

Crown Copyright 2025

"Risk Register"	the register of risks and contingencies that have been factored into any Costs due under this Contract, a copy of which is set out in Annex 4 of Schedule 11 (<i>Charges and Invoicing</i>);
"Security Management Plan"	has the meaning given in Schedule 5 (<i>Security Management</i>);
"Security Requirements"	the security requirements set out in Appendix 1 Error! Reference source not found. to Schedule 5 (<i>Security Management</i>);
"Security Requirements for Development"	the security requirements for development set out in Appendix 2 to Schedule 5 (<i>Security Management</i>);
"Serious KPI Failure"	shall be as set out against the relevant Key Performance Indicator in Table 1 of Part A of Annex 1 of Schedule 3 (<i>Performance Levels</i>);
"Service Charges"	the periodic payments made in accordance with Schedule 11 (<i>Charges and Invoicing</i>) in respect of the supply of the Operational Services;
"Service Continuity Plan"	any plan prepared pursuant to Paragraph 2 of Schedule 22 (<i>Service Continuity Plan and Corporate Resolution Planning</i>) as may be amended from time to time;
"Service Continuity Services"	the business continuity, disaster recovery and insolvency continuity services set out in Schedule 22 (<i>Service Continuity Plan and Corporate Resolution Planning</i>)
"Service Credit Cap"	(a) in the period of 12 months from the first Operational Service Commencement Date to occur after the Effective Date, 12% of the Estimated Initial Service Charges; and (b) during the remainder of the Term, 12% of the Service Charges paid and/or due to be paid to the Supplier under this Contract in the period of 12 months immediately preceding the Service Period in respect of which Service Credits are accrued;
"Service Credits"	credits payable by the Supplier due to the occurrence of 1 or more KPI Failures, calculated in accordance with Paragraph 3 of Part C of Schedule 11 (<i>Charges and Invoicing</i>);
"Service Period"	a calendar month, save that:

Schedule 1 (Definitions)

[Subject to Contract]

Crown Copyright 2025

- (a) the first service period shall begin on the first Operational Service Commencement Date and shall expire at the end of the calendar month in which the first Operational Service Commencement Date falls; and
- (b) the final service period shall commence on the first day of the calendar month in which the Term expires or terminates and shall end on the expiry or termination of the Term;

"Service Points" in relation to a KPI Failure, the points that are set out against the relevant Key Performance Indicator in the fifth column of the table in Annex 1 of Schedule 3 (*Performance Levels*);

"Services" any and all of the services to be provided by the Supplier under this Contract, including those set out in Schedule 2 (*Services Description*);

"Service Transfer Date" has the meaning given in Schedule 24 (*Staff Transfer*);

"Services Description" the services description set out in Schedule 2 (*Services Description*);

"Severe KPI Failure" shall be as set out against the relevant Key Performance Indicator in Table 1 of Part A of Annex 1 of Schedule 3 (*Performance Levels*);

"Sites" any premises (including the Authority Premises, the Supplier's premises or third party premises):

- (a) from, to or at which:
 - (i) the Services are (or are to be) provided; or
 - (ii) the Supplier manages, organises or otherwise directs the provision or the use of the Services; or
- (b) where:
 - (i) any part of the Supplier System is situated; or
 - (ii) any physical interface with the Authority System takes place;

"SME" an enterprise falling within the category of micro, small and medium-sized enterprises defined by the Commission Recommendation of 6 May 2003 concerning the definition of micro, small and medium-sized enterprises;

"Social Value"	the additional social benefits that can be achieved in the delivery of the Contract, set out in the Authority's Requirements;
"Social Value PI"	the Social Value performance indicators set out in Table 2 of Part A of Annex 1 of Schedule 3 (<i>Performance Levels</i>);
"Social Value KPI"	the Social Value key performance indicators set out in Table 1 of Part A of Annex 1 of Schedule 3 (<i>Performance Levels</i>);
"Software"	Specially Written Software, Supplier Software and Third Party Software;
"Software Supporting Materials"	has the meaning given in Paragraph 2.1(b) of Schedule 27 (<i>Intellectual Property Rights</i>) (Specially Written Software and Project Specific IPRs);
"Source Code"	computer programs and/or data in eye-readable form and in such form that it can be compiled or interpreted into equivalent binary code together with all related design comments, flow charts, technical information and documentation necessary for the use, reproduction, maintenance, modification and enhancement of such software;
"Specially Written Software"	any software (including database software, linking instructions, test scripts, compilation instructions and test instructions) created by the Supplier (or by a Sub-contractor or other third party on behalf of the Supplier) specifically for the purposes of this Contract, including any modifications or enhancements to Supplier Software or Third Party Software created specifically for the purposes of this Contract.
"Specific Change in Law"	a Change in Law that relates specifically to the business of the Authority and which would not affect a Comparable Supply;
"Staffing Information"	has the meaning given in Schedule 24 (<i>Staff Transfer</i>);
"Standards"	the standards, policies and/or procedures identified in Schedule 4 (<i>Standards</i>);
"Step-In Notice"	has the meaning given in Clause 28.1 (<i>Step-In Rights</i>);
"Step-In Trigger Event"	(a) any event falling within the definition of a Supplier Termination Event;

Schedule 1 (Definitions)

[Subject to Contract]

Crown Copyright 2025

- (a) a Default by the Supplier that is materially preventing or materially delaying the performance of the Services or any material part of the Services;
- (b) the Authority considers that the circumstances constitute an emergency despite the Supplier not being in breach of its obligations under this Contract;
- (c) the Authority being advised by a regulatory body that the exercise by the Authority of its rights under Clause 28 (*Step-In Rights*) is necessary;
- (d) the existence of a serious risk to the health or safety of persons, property or the environment in connection with the Services; and/or
- (e) a need by the Authority to take action to discharge a statutory duty;

"Step-Out Date" has the meaning given in Clause 28.5.2 (*Step-In Rights*);

"Step-Out Notice" has the meaning given in Clause 28.5 (*Step-In Rights*);

"Step-Out Plan" has the meaning given in Clause 28.6 (*Step-In Rights*);

"Strategic Supplier" means those suppliers to government listed at <https://www.gov.uk/government/publications/strategic-suppliers>;

"Sub-contract" any contract or agreement (or proposed contract or agreement) between the Supplier (or a Sub-contractor) and any third party whereby that third party agrees to provide to the Supplier (or the Sub-contractor) all or any part of the Services or facilities or services which are material for the provision of the Services or any part thereof or necessary for the management, direction or control of the Services or any part thereof;

"Sub-contractor" any third party with whom:

- (a) the Supplier enters into a Sub-contract; or
- (b) a third party under (a) above enters into a Sub-contract,

or the servants or agents of that third party;

"Sub-processor" any third party appointed to Process Personal Data on behalf of the Processor related to this Contract;

"Subsidiary Performance Indicator"	the performance indicators set out in Table 2 of Part A of Annex 1 of Schedule 3 (<i>Performance Levels</i>);
"Subsidiary Undertaking"	has the meaning set out in section 1162 of the Companies Act 2006;
"Successor Body"	has the meaning given in Clause 34.4 (<i>Assignment and Novation</i>);
"Supplier Background IPRs"	(a) Intellectual Property Rights owned by the Supplier before the Effective Date, for example those subsisting in the Supplier's standard development tools, program components or standard code used in computer programming or in physical or electronic media containing the Supplier's Know-How or generic business methodologies; and/or (b) Intellectual Property Rights created by the Supplier independently of this Contract, which in each case is or will be used before or during the Term for designing, testing implementing or providing the Services;
"Supplier COTS Background IPRs"	any embodiments of Supplier Background IPRs that: (a) the Supplier makes generally available commercially prior to the date of this Contract (whether by way of sale, lease or licence) on standard terms which are not typically negotiated by the Supplier save as to price; and (b) has a Non-trivial Customer Base;
"Supplier COTS Software"	Supplier Software (including open source software) that: (a) the Supplier makes generally available commercially prior to the date of this Contract (whether by way of sale, lease or licence) on standard terms which are not typically negotiated by the Supplier save as to price; and (b) has a Non-trivial Customer Base;
"Supplier Equipment"	the hardware, computer and telecoms devices and equipment used by the Supplier or its Sub-contractors (but not hired, leased or loaned from the Authority) for the provision of the Services;

Schedule 1 (Definitions)

[Subject to Contract]

Crown Copyright 2025

"Supplier Group"	the Supplier, its Dependent Parent Undertakings and all Subsidiary Undertakings and Associates of such Dependent Parent Undertakings;
"Supplier Non-COTS Background IPRs"	any embodiments of Supplier Background IPRs that have been delivered by the Supplier to the Authority and that are not Supplier COTS Background IPRs;
"Supplier Non-COTS Software"	Supplier Software that is not Supplier COTS Software;
"Supplier Non-Performance"	has the meaning given in Clause 29.1 (<i>Authority Cause</i>);
"Supplier Personnel"	any individual engaged, directly or indirectly, or employed by the Supplier or any Sub-contractor, in the management or performance of the Supplier's obligations under this Contract;
"Supplier Profit"	has the meaning given in Schedule 11 (<i>Charges and Invoicing</i>);
"Supplier Profit Margin"	has the meaning given in Schedule 11 (<i>Charges and Invoicing</i>);
"Supplier Representative"	the representative appointed by the Supplier pursuant to Clause 11.3 (<i>Representatives</i>);
"Supplier Software"	software which is proprietary to the Supplier (or an Affiliate of the Supplier) and which is or will be used by the Supplier for the purposes of providing the Services, including the software specified as such in Section 8 (<i>Software</i>) of the Front Sheet;
"Supplier Solution"	the Supplier's solution for the Services set out in Schedule 8 (<i>Supplier Solution</i>) including any Annexes of that Schedule;
"Supplier System"	the information and communications technology system used by the Supplier in implementing and performing the Services including the Software, the Supplier Equipment, configuration and management utilities, calibration and testing tools and related cabling (but excluding the Authority System);
"Supplier Termination Event"	(a) the Supplier's level of performance constituting a Critical Performance Failure in accordance with Clause 7.6; (b) the Supplier committing a material Default which is irremediable;

Schedule 1 (Definitions)

[Subject to Contract]

Crown Copyright 2025

- (c) as a result of the Supplier's Default, the Authority incurring Losses in any Contract Year which exceed 80% of the value of the aggregate annual liability cap for that Contract Year as set out in Clause 23.4.4 (*Financial and other Limits*);
- (d) a Remedial Adviser Failure;
- (e) a Rectification Plan Failure;
- (f) where a right of termination is expressly reserved in this Contract, including pursuant to:
 - (i) Clause 15 (*Supply chain protection*);
 - (ii) Clause 17 (*IPRs Indemnity*);
 - (iii) Clause 33 (*Compliance*);
 - (iv) Clause 37.4 (*Exclusions*); and/or
 - (v) Paragraph 6 of Schedule 14 (*Financial Distress*);
 - (vi) Paragraph 3 of Part B to Schedule 22 (*Service Continuity Plan and Corporate Resolution Planning*);
- (g) the representation and warranty given by the Supplier pursuant to Clause 3.2.8 (*Warranties*) being materially untrue or misleading;
- (h) the Supplier committing a material Default under any of the following Clauses:
 - (i) Clause 5.5.10 (*Services*);
 - (ii) Clause 21 (*Protection of Personal Data*);
 - (iii) Clause 20 (*Transparency and Freedom of Information*);
 - (iv) Clause 19 (*Confidentiality*); and
 - (v) Clause 33 (*Compliance*);
 - (vi) in respect of any Security Requirements or Cyber Essentials obligations set out in Schedule 2 (*Services Description*) or Schedule 5 (*Security Management*);
 - (vii) in respect of any requirements set out in Schedule 27 (*Intellectual Property Rights*); and/or

Schedule 1 (Definitions)

[Subject to Contract]

Crown Copyright 2025

- (viii) in respect of any requirements set out in Schedule 24 (*Staff Transfer*);
- (i) any failure by the Supplier to implement the changes set out in a Benchmark Report as referred to in Paragraph 5.9 of Schedule 13 (*Benchmarking*);
- (j) an Insolvency Event occurring in respect of the Supplier or the Guarantor;
- (k) the Guarantee ceasing to be valid or enforceable for any reason (without the Guarantee being replaced with a comparable guarantee to the satisfaction of the Authority with the Guarantor or with another guarantor which is acceptable to the Authority);
- (l) a change of Control of the Supplier or a Guarantor unless:
 - (i) the Authority has given its prior written consent to the particular change of Control, which subsequently takes place as proposed; or
 - (ii) the Authority has not served its notice of objection within 6 months of the later of the date on which the change of Control took place or the date on which the Authority was given notice of the change of Control;
- (m) a change of Control of a Key Sub-contractor unless, within 6 months of being notified by the Authority that it objects to such change of Control, the Supplier terminates the relevant Key Sub-contract and replaces it with a comparable Key Sub-contract which is approved by the Authority pursuant to Clause 15.6 (*Appointment of Key Sub-contractors*);
- (n) the Supplier committing a material Default under Paragraphs 7.1.1 or 7.1.2 of Part D (*Pensions*) of Schedule 24 (*Staff Transfer*);
- (o) a failure by the Supplier to comply in the performance of the Services with legal obligations in the fields of environmental, social or labour law;
- (p) in relation to Schedule 5 (*Security Management*):
 - (i) the Authority has issued two rejection notices in respect of the Security Management Plan;
 - (ii) the Supplier fails to implement a change required by the Required Changes Register in

Schedule 1 (Definitions)

[Subject to Contract]

Crown Copyright 2025

		accordance with the timescales set out in the Required Changes Register;
	(iii)	Supplier COTS Software and Third Party COTS Software is not within mainstream support unless the Authority has agreed in writing.
	(iv)	the Supplier fails to patch vulnerabilities in accordance with the Security Requirements set out in the Appendices to Schedule 5 (<i>Security Management</i>); and/or
	(v)	the Supplier fails to comply with the Incident Management Process;
	(q)	the Supplier is in material Default of any Joint Controller Agreement relating to the Contract;
	(r)	a Default that occurs and continues to occur on one or more occasions within 6 Months following the Authority serving a warning notice on the Supplier that it may terminate for persistent breach of the Contract; or
	(s)	the Supplier or its Affiliates embarrass or bring the Authority into disrepute or diminish the public trust in them;
"Supply Intermediary"	Chain	any entity (including any company or partnership) in an arrangement with a Worker, where the Worker performs or is under an obligation personally to perform, services for the Authority;
"Target Performance Level"		the minimum level of performance for a Performance Indicator which is required by the Authority, as set out against the relevant Performance Indicator in the tables in Annex 1 of Schedule 3 (<i>Performance Levels</i>);
"Term"		the period commencing on the Effective Date and ending on the expiry of the Initial Term or any Extension Period or on earlier termination of this Contract;
"Termination Assistance Notice"		has the meaning given in Paragraph 5 of Schedule 21 (<i>Exit Management</i>);
"Termination Assistance Period"		in relation to a Termination Assistance Notice, the period specified in the Termination Assistance Notice for which the Supplier is required to provide the Termination Services as such period may be extended pursuant to Paragraph 5.2 of Schedule 21 (<i>Exit Management</i>);

"Termination Date"	the date set out in a Termination Notice on which this Contract (or a part of it as the case may be) is to terminate;
"Termination Notice"	a written notice of termination given by one Party to the other, notifying the Party receiving the notice of the intention of the Party giving the notice to terminate this Contract (or any part thereof) on a specified date and setting out the grounds for termination;
"Termination Payment"	the payment determined in accordance with Schedule 12 (<i>Payments on Termination</i>);
"Termination Services"	the services and activities to be performed by the Supplier pursuant to the Exit Plan, including those activities listed in Annex 1 of Schedule 21 (<i>Exit Management</i>), and any other services required pursuant to the Termination Assistance Notice;
"Test Issues"	has the meaning given in Schedule 10 (<i>Testing Procedures</i>);
"Tests" and "Testing"	any tests required to be carried out under this Contract, as further described in Schedule 10 (<i>Testing Procedures</i>) and "Tested" shall be construed accordingly;
"Test Success Criteria"	has the meaning given in Schedule 10 (<i>Testing Procedures</i>);
"Third Party Auditor"	an independent third party auditor as appointed by the Authority from time to time to confirm the completeness and accuracy of information uploaded to the Virtual Library in accordance with the requirements outlined in Schedule 20 (<i>Reports and Records Provisions</i>);
"Third Party Beneficiary"	has the meaning given in Clause 41.1 (<i>Third Party Rights</i>);
"Third Party Contracts"	a contract with a third party entered into by the Supplier exclusively for the purpose of delivering the Services, as listed in Section 7 (<i>Third Party Contracts</i>) of the Front Sheet;
"Third Party COTS IPRs"	Third Party IPRs that: (a) the Supplier makes generally available commercially prior to the date of this Contract (whether by way of sale, lease or licence) on standard terms which are not typically negotiated by the Supplier save as to price; and (b) has a Non-trivial Customer Base;

Schedule 1 (Definitions)

[Subject to Contract]

Crown Copyright 2025

"Third Party COTS Software"	Third Party Software (including open source software) that: (a) the supplier makes generally available commercially prior to the date of this Contract (whether by way of sale, lease or licence) on standard terms which are not typically negotiated by the supplier save as to price; and (b) has a Non-trivial Customer base;
"Third Party IPRs"	Intellectual Property Rights owned by a third party, but excluding Intellectual Property Rights owned by the third party subsisting in any Third Party Software, which in any case is, will be or is proposed to be used by the Supplier for the purposes of providing the Services;
"Third Party Non-COTS IPRs"	Third Party IPRs that are not Third Party COTS IPRs;
"Third Party Non-COTS Software"	Third Party Software that is not Third Party COTS Software;
"Third Party Provisions"	has the meaning given in Clause 41.1 (<i>Third Party Rights</i>);
"Third Party Software"	Software which is proprietary to any third party (other than an Affiliate of the Supplier) or any Open Source Software which in any case is, will be or is proposed to be used by the Supplier for the purposes of providing the Services, including the software specified as such in Section 8 (<i>Software</i>) of the Front Sheet;
"Transferring Assets"	has the meaning given in Paragraph 6.2.1 of Schedule 21 (<i>Exit Management</i>);
"Transferring Authority Employees"	has the meaning given in Schedule 24 (<i>Staff Transfer</i>);
"Transferring Former Supplier Employees"	has the meaning given in Schedule 24 (<i>Staff Transfer</i>);
"Transferring Supplier Employees"	has the meaning given in Schedule 24 (<i>Staff Transfer</i>);
"Transparency Information"	means: (a) any information or notices, permitted or required to be published by the Procurement Act 2023, any Regulations published under it, and any PPNs, subject to any exemptions set out in sections 94 and 99 of the

Schedule 1 (Definitions)

[Subject to Contract]

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Procurement Act 2023, which shall be determined by the Authority taking into account Commercially Sensitive Information as set out in the Front Sheet;

- (b) any information about this Contract, including the content of this Contract requested and required to be disclosed under FOIA or the EIRs and any changes to this Contract agreed from time to time, subject to any exemptions, which shall be determined by the Authority taking into account Commercially Sensitive Information as set out in the Front Sheet;
- (c) the Publishable Performance Information, subject to any exemptions set out in sections 94 and 99 of the Procurement Act 2023, or under the provisions of FOIA, which shall be determined by the Authority taking into account Commercially Sensitive Information as set out in the Front Sheet; and
- (d) any information which is published in accordance with guidance issued by His Majesty's Government, from time to time.

"UK"

the United Kingdom;

"UK GDPR"

has the meaning as set out in section 3(10) of the DPA 2018, supplemented by section 205(4) of the DPA 2018;

"UK Public Sector Business"

any goods, service or works provision to UK public sector bodies, including Central Government Departments and their arm's length bodies and agencies, non-departmental public bodies, NHS bodies, local authorities, health bodies, police, fire and rescue, education bodies and devolved administrations;

"Unacceptable KPI Failure"

the Supplier failing to achieve the KPI Service Threshold in respect of more than 50% of the Key Performance Indicators that are measured in that Service Period;

"Unconnected Sub-contract"

any contract or agreement which is not a Sub-contract and is between the Supplier and a third party (which is not an Affiliate of the Supplier) and is a qualifying contract under regulation 6 of The Reporting on Payment Practices and Performance Regulations 2017;

"Unconnected Sub-contractor"

any third party with whom the Supplier enters into an Unconnected Sub-contract;

"Unrecovered Payment"

has the meaning given in Schedule 12 (*Payments on Termination*);

Schedule 1 (Definitions)

[Subject to Contract]

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"Updates"	in relation to any Software and/or any Deliverable means a version of such item which has been produced primarily to overcome Defects in, or to improve the operation of, that item;
"Update Requirement"	means the occurrence of an event detailed in Schedule 20 (<i>Reports and Records Provisions</i>) (Annex 2: <i>Records To Upload To Virtual Library</i>) which requires the Supplier to update the relevant information hosted on the Virtual Library;
"Upgrades"	any patch, New Release or upgrade of Software and/or a Deliverable, including standard upgrades, product enhancements, and any modifications, but excluding any Update which the Supplier or a third party software supplier (or any Affiliate of the Supplier or any third party) releases during the Term;
"US Data Privacy Framework"	as applicable: (a) the UK Extension to the EU-US Data Privacy Framework; and/or (b) the EU-US Data Privacy Framework;
"Valid"	in respect of an Assurance, has the meaning given to it in Paragraph 2.7 of Part B to Schedule 22 (<i>Service Continuity Plan and Corporate Resolution Planning</i>);
"VAT"	value added tax as provided for in the Value Added Tax Act 1994;
"VCSE"	a non-governmental organisation that is value-driven and which principally reinvests its surpluses to further social, environmental or cultural objectives;
"Virtual Library"	the data repository hosted by the Supplier containing the information about this Contract and the Services provided under it in accordance with Schedule 20 (<i>Reports and Records Provisions</i>);
"Worker"	any individual that personally performs, or is under an obligation personally to perform services for the Authority; and
"Working Day"	any day other than a Saturday, Sunday or public holiday in England and Wales.

Schedule 2

Services Description

[REDACTED]

Schedule 2 (Services Description)

[Subject to Contract]

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Schedule 3

Performance Levels

Schedule 3: Performance Levels

[REDACTED]

Schedule 4

Standards

Schedule 4 Standards

1 Definitions

1.1 In this Schedule, the following definitions shall apply:

“Standards Hub” the Government’s open and transparent standards adoption process as documented at <http://standards.data.gov.uk/>; and

“Suggested Challenge” a submission to suggest the adoption of new or emergent standards in the format specified on Standards Hub.

2 General

- 2.1 Throughout the term of this Contract, the Parties shall monitor and notify each other of any new or emergent standards which could affect the Supplier’s provision, or the Authority’s receipt, of the Services. Any changes to the Standards, including the adoption of any such new or emergent standard, shall be agreed in accordance with the Change Control Procedure.
- 2.2 Where a new or emergent standard is to be developed or introduced by the Authority, the Supplier shall be responsible for ensuring that the potential impact on the Supplier’s provision, or the Authority’s receipt, of the Services is explained to the Authority (in a reasonable timeframe), prior to the implementation of the new or emergent standard.
- 2.3 Where Standards referenced conflict with each other or with Good Industry Practice, then the later Standard or best practice shall be adopted by the Supplier. Any such alteration to any Standard(s) shall require the prior written agreement of the Authority and shall be implemented within an agreed timescale.

3 Technology and Digital Services Practice

- 3.1 The Supplier shall (when designing, implementing and delivering the Services) adopt the applicable elements of HM Government’s Technology Code of Practice as documented at <https://www.gov.uk/service-manual/technology/code-of-practice.html>.

4 Open Data Standards & Standards Hub

- 4.1 The Supplier shall comply to the extent within its control with UK Government’s Open Standards Principles as documented at <https://www.gov.uk/government/publications/open-standards-principles/open-standards-principles>, as they relate to the specification of standards for software interoperability, data and document formats in the IT Environment.
- 4.2 Without prejudice to the generality of Paragraph 2.2, the Supplier shall, when implementing or updating a technical component or part of the Software or

Schedule 4 (Standards)

[Subject to Contract]

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Supplier Solution where there is a requirement under this Contract or opportunity to use a new or emergent standard, submit a Suggested Challenge compliant with the UK Government's Open Standards Principles (using the process detailed on Standards Hub and documented at <http://standards.data.gov.uk/>). Each Suggested Challenge submitted by the Supplier shall detail, subject to the security and confidentiality provisions in this Contract, an illustration of such requirement or opportunity within the IT Environment, Supplier Solution and Government's IT infrastructure and the suggested open standard.

- 4.3 The Supplier shall ensure that all documentation published on behalf of the Authority pursuant to this Contract is provided in a non-proprietary format (such as PDF or Open Document Format (ISO 26300 or equivalent)) as well as any native file format documentation in accordance with the obligation under Paragraph 4.1 to comply with the UK Government's Open Standards Principles, unless the Authority otherwise agrees in writing.

5 Technology Architecture Standards

- 5.1 The Supplier shall produce full and detailed technical architecture documentation for the Supplier Solution in accordance with Good Industry Practice. If documentation exists that complies with the Open Group Architecture Framework 9.2 or its equivalent, then this shall be deemed acceptable.

6 Accessible Digital Standards

- 6.1 The Supplier shall comply with (or with equivalents to):
- 6.1.1 the World Wide Web Consortium (W3C) Web Accessibility Initiative (WAI) Web Content Accessibility Guidelines (WCAG) 2.2 Conformance Level AA and future versions as updated from time to time; and
 - 6.1.2 ISO/IEC 13066-1: 2011 Information Technology – Interoperability with assistive technology (AT) – Part 1: Requirements and recommendations for interoperability.

7 Service Management Software & Standards

- 7.1 Subject to Paragraphs 2 to 4 (inclusive), the Supplier shall reference relevant industry and HM Government standards and best practice guidelines in the management of the Services, including the following and/or their equivalents:
- 7.1.1 ITIL v4;
 - 7.1.2 ISO/IEC 20000-1 2018 "Information technology — Service management – Part 1";
 - 7.1.3 ISO/IEC 20000-2 2019 "Information technology — Service management – Part 2";
 - 7.1.4 ISO 10007: 2017 "Quality management systems – Guidelines for configuration management"; and

Schedule 4 (Standards)

[Subject to Contract]

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7.1.5 ISO 22313:2020 “Security and resilience. Business continuity management systems. Guidance on the use of ISO 22301” and, ISO/IEC 27031:2011 and ISO 22301:2019.

7.2 For the purposes of management of the Services and delivery performance the Supplier shall make use of Software that complies with Good Industry Practice including availability, change, incident, knowledge, problem, release & deployment, request fulfilment, service asset and configuration, service catalogue, service level and service portfolio management. If such Software has been assessed under the ITIL Software Scheme as being compliant to “Bronze Level”, then this shall be deemed acceptable.

8 Sustainability

8.1 The Supplier shall comply with the sustainability requirements set out in the Annex to this Schedule.

9 Hardware Safety Standards

9.1 The Supplier shall comply with those BS or other standards relevant to the provision of the Services, including the following or their equivalents:

9.1.1 any new hardware required for the delivery of the Services (including printers), shall conform to BS EN IEC 62368-1:2020+A11:2020 or subsequent replacements. In considering where to site any such hardware, the Supplier shall consider the future working user environment and shall position the hardware sympathetically, wherever possible;

9.1.2 any new audio, video and similar electronic apparatus required for the delivery of the Services, shall conform to the following standard: BS EN IEC 62368-1:2020+A11:2020 or any subsequent replacements;

9.1.3 any new laser printers or scanners using lasers, required for the delivery of the Services, shall conform to either of the following safety Standards: BS EN 60825-1:2014 or any subsequent replacements; and

9.1.4 any new apparatus for connection to any telecommunication network, and required for the delivery of the Services, shall conform to the following safety Standard: BS EN 62949:2017 or any subsequent replacements.

9.2 Where required to do so as part of the Services, the Supplier shall perform electrical safety checks in relation to all equipment supplied under this Contract in accordance with the relevant health and safety regulations.

Annex 1 – Sustainability

1 Definitions

1.1 In this Annex, the following definitions shall apply:

“Permitted Item”	those items which are permissible under this Contract to the extent set out in Table B of this Annex;
“Prohibited Items”	those items which are not permissible under this Contract as set out at Table A of this Annex;
“Sustainability Reports”	written reports to be completed by the Supplier containing the information outlined in Table C of this Annex; and
“Waste Hierarchy”	means prioritisation of waste management in the following order of preference as set out in the Waste (England and Wales) Regulation 2011: (a) Prevention; (a) Preparing for re-use; (b) Recycling; (c) Other Recovery; and (d) Disposal.

2 Public Sector Equality Duty

2.1 In addition to legal obligations, where the Supplier is providing a Service to which the Public Sector Equality duty applies, the Supplier shall support the Authority in fulfilling its Public Sector Equality duty under S149 of the Equality Act 2010 by ensuring that it fulfils its obligations under the Contract in a way that seeks to:

2.1.1 eliminate discrimination, harassment or victimisation and any other conduct prohibited by the Equality Act 2010; and

2.1.2 advance:

- (a) equality of opportunity; and
- (b) good relations,

between those with a protected characteristic (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation, and marriage and civil partnership) and those who do not share it.

3 Environmental Requirements

- 3.1 The Supplier must perform its obligations meeting in all material respects the requirements of all applicable Laws Contract regarding the environment.
- 3.2 The Supplier warrants that it has obtained relevant Environment Management System (EMS) certified to ISO 14001 or an equivalent certification from a UKAS accredited body and shall comply with and maintain certification requirements throughout the Term.
- 3.3 In performing its obligations under the Contract the Supplier shall, where applicable to the Contract, to the reasonable satisfaction of the Authority:
 - 3.3.1 demonstrate low carbon resource efficiency, including minimising the use of resources and responding promptly to the Authority's reasonable questions;
 - 3.3.2 prioritise waste management in accordance with the Waste Hierarchy as set out in Law;
 - 3.3.3 be responsible for ensuring that any waste generated by the Supplier and sent for recycling, disposal or other recovery as a consequence of this Contract is taken by a licensed waste carrier to an authorised site for treatment or disposal and that the disposal or treatment of waste complies with the law;
 - 3.3.4 ensure that it and any third parties used to undertake recycling disposal or other recovery as a consequence of this Contract do so in a legally compliant way, and can demonstrate that reasonable checks are undertaken to ensure this on a regular basis and provide relevant data and evidence of recycling, recovery and disposal;
 - 3.3.5 in circumstances that a permit, licence or exemption to carry or send waste generated under this Contract is revoked, the Supplier shall cease to carry or send waste or allow waste to be carried by any Subcontractor until authorisation is obtained from the Environment Agency; minimise the release of greenhouse gases (including carbon dioxide emissions), air pollutants, volatile organic compounds and other substances damaging to health and the environment; and
 - 3.3.6 reduce and minimise carbon emissions by taking into account factors including, but not limited to, the locations from which materials are sourced, the transport of materials, the locations from which the work force are recruited and emissions from offices and on-site equipment.
- 3.4 In performing its obligations under the Contract, the Supplier shall to the reasonable satisfaction of the Authority (where: (i) the anticipated Charges in any Contract Year are above £5 million per annum (excluding VAT); (ii) this is a public contract, other than a special regime contract under the Procurement Act 2023; and (iii) it is related to and proportionate to the contract in accordance with PPN 006), publish and maintain a credible Carbon Reduction Plan in accordance with PPN 006.

Schedule 4 (Standards)

[Subject to Contract]

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- 3.5 The Supplier shall not provide to the Authority Goods or Deliverables which comprise wholly or partly of Prohibited Items unless such item is a Permitted Item.
- 3.6 The Supplier shall not use anything which comprises wholly or partly of the Prohibited Items to provide the Services under this Contract unless:
- 3.6.1 it is a Permitted Item; or
- 3.6.2 the use is primarily related to the management of the Supplier's own facilities or internal operations as opposed to the provision of Services.
- 3.7 The Supplier shall meet the applicable Government Buying Standards applicable to Services which can be found online at:

<https://www.gov.uk/government/collections/sustainable-procurement-the-government-buying-standards-gbs>.

4 Supplier Code of Conduct

- 4.1 In February 2019, HM Government published a Supplier Code of Conduct setting out the standards and behaviours expected of suppliers who work with government which can be found online at:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1163536/Supplier_Code_of_Conduct_v3.pdf

The Authority expects to meet, and expects its suppliers and subcontractors to meet, the standards set out in that Code.

5 Reporting Requirements

- 5.1 The Supplier shall comply with reasonable requests by the Authority for information evidencing compliance:
- 5.1.1 with Paragraphs 1.1, 2.1 to 2.6, 2.13 and 3 of this Annex within fourteen (14) days of such request; and
- 5.1.2 With Paragraphs 1.2, 1.3 and 2.7 to 2.12 of this Annex within thirty (30) days of such request.
- 5.2 The Supplier shall complete the Sustainability Report in relation to its provision of the Services under this Contract and provide the Sustainability Report to the Authority on the date and frequency outlined in Table C of this Annex.

Table A – Prohibited Items

The following consumer single use plastics are Prohibited Items:	Catering (a) Single use sachets e.g. coffee pods, sauce sachets, milk sachets (b) Take away cutlery
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Schedule 4 (Standards)

[Subject to Contract]

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	(c) Take away boxes and plates (d) Cups made wholly or partially of plastic (e) Straws (f) Stirrers (g) Water bottles
	Facilities (a) Single use containers e.g. hand soap, cleaning products (b) Wipes containing plastic
	Office Supplies (a) Plastic envelopes (b) Plastic wrapping for brochures (c) Paper or card which is bleached with chlorine
	Packaging (a) Single use plastic packaging from deliveries where avoidable e.g. shrink wrapped packaging from office supplier or facilities products. (b) Single use carrier bags
Authority Specific Prohibitions	Not applicable
Project Specific Prohibitions	Not applicable

Table B – Permitted Items

Authority Permitted Items	IT Hardware required for the delivery of the contract services
Project Specific	IT Hardware required for the delivery of the contract services

Permitted Items	
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Table C – Sustainability Reports – Not Used

Sustainability Report Name	Content of Report	Frequency of Report
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Schedule 5

Security Management

[REDACTED]

Schedule 5: Security Management

Schedule 6

Insurance Requirements

[REDACTED]

Schedule 6 (Insurance Requirements)

[Subject to Contract]

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Schedule 7

Authority Responsibilities

Schedule 7: Authority Responsibilities

[REDACTED]

Schedule 8

[REDACTED]

Schedule 9

Implementation Plan

[REDACTED]

Schedule 9 (Implementation Plan)

[Subject to Contract]

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Schedule 10

Testing Procedures

Schedule 10: Testing Procedures

1 Definitions

1.1 In this Schedule, the following definitions shall apply:

“Component”	any constituent parts of the infrastructure for a Service, hardware or Software;
“Material Test Issue”	a Test Issue of Severity Level 1 or Severity Level 2;
“Severity Level”	the level of severity of a Test Issue, the criteria for which are described in Annex 1;
“Test Certificate”	a certificate materially in the form of the document contained in Annex 2 issued by the Authority when a Deliverable has satisfied its relevant Test Success Criteria;
“Test Issue”	any variance or non-conformity of a Deliverable from its requirements (such requirements being set out in the relevant Test Success Criteria);
“Test Issue Threshold”	in relation to the Tests applicable to a Milestone, a maximum number of Severity Level 3, Severity Level 4 and Severity Level 5 Test Issues as set out in the relevant Test Plan;
“Test Issue Management Log”	a log for the recording of Test Issues as described further in Paragraph 9.1;
“Test Plan”	a plan: (a) for the Testing of Deliverables; and (b) setting out other agreed criteria related to the achievement of Milestones, as described further in Paragraph 5;
“Test Reports”	the reports to be produced by the Supplier setting out the results of Tests;
“Test Specification”	the specification that sets out how Tests will demonstrate that the Test Success Criteria have been satisfied, as described in more detail in Paragraph 7;
“Test Strategy”	a strategy for the conduct of Testing as described further in Paragraph 4;

Schedule 10 (Testing Procedures)

[Subject to Contract]

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- “Test Success Criteria”** in relation to a Test, the test success criteria for that Test as referred to in Paragraph 6;
- “Test Witness”** any person appointed by the Authority pursuant to Paragraph 10.1; and
- “Testing Procedures”** the applicable testing procedures and Test Success Criteria set out in this Schedule.

2 Risk

- 2.1 The issue of a Test Certificate, a Milestone Achievement Certificate and/or a conditional Milestone Achievement Certificate shall not:
- 2.1.1 operate to transfer any risk that the relevant Deliverable or Milestone is complete or will meet and/or satisfy the Authority’s requirements for that Deliverable or Milestone; or
 - 2.1.2 affect the Authority’s right subsequently to reject:
 - (a) all or any element of the Deliverables to which a Test Certificate relates; or
 - (b) any Milestone to which the Milestone Achievement Certificate relates.
- 2.2 Notwithstanding the issuing of any Milestone Achievement Certificate (including the Milestone Achievement Certificate in respect of Authority to Proceed), the Supplier shall remain solely responsible for ensuring that:
- 2.2.1 the Supplier Solution as designed and developed is suitable for the delivery of the Services and meets the Authority Requirements;
 - 2.2.2 the Services are implemented in accordance with this Contract; and
 - 2.2.3 each Target Performance Level is met from the relevant Operational Service Commencement Date.

3 Testing Overview

- 3.1 All Tests conducted by the Supplier shall be conducted in accordance with the Test Strategy, the Test Plans and the Test Specifications.
- 3.2 The Supplier shall not submit any Deliverable for Testing:
- 3.2.1 unless the Supplier is reasonably confident that it will satisfy the relevant Test Success Criteria;
 - 3.2.2 until the Authority has issued a Test Certificate in respect of any prior, dependant Deliverable(s); and
 - 3.2.3 until the Parties have agreed the Test Plan and the Test Specification relating to the relevant Deliverable(s).

Schedule 10 (Testing Procedures)

[Subject to Contract]

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- 3.3 The Supplier shall use reasonable endeavours to submit each Deliverable for Testing or re-Testing by or before the date set out in the Implementation Plan for the commencement of Testing in respect of the relevant Deliverable.
- 3.4 Prior to the issue of a Test Certificate, the Authority shall be entitled to review the relevant Test Reports and the Test Issue Management Log.
- 3.5 Any Disputes between the Authority and the Supplier regarding Testing shall be referred to the Dispute Resolution Procedure using the Expedited Dispute Timetable.

4 Test Strategy

- 4.1 The Supplier shall develop the final Test Strategy as soon as practicable after the Effective Date but in any case no later than 20 Working Days (or such other period as the Parties may agree in writing) after the Effective Date.
- 4.2 The final Test Strategy shall include:
 - 4.2.1 an overview of how Testing will be conducted in accordance with the Implementation Plan;
 - 4.2.2 the process to be used to capture and record Test results and the categorisation of Test Issues;
 - 4.2.3 the method for mapping the expected Test results to the Test Success Criteria;
 - 4.2.4 the procedure to be followed if a Deliverable fails to satisfy the Test Success Criteria or produces unexpected results, including a procedure for the resolution of Test Issues;
 - 4.2.5 the procedure to be followed to sign off each Test;
 - 4.2.6 the process for the production and maintenance of Test Reports and reporting, including templates for the Test Reports and the Test Issue Management Log, and a sample plan for the resolution of Test Issues;
 - 4.2.7 the names and contact details of the Authority's and the Supplier's Test representatives;
 - 4.2.8 a high level identification of the resources required for Testing, including facilities, infrastructure, personnel and Authority and/or third party involvement in the conduct of the Tests;
 - 4.2.9 the technical environments required to support the Tests; and
 - 4.2.10 the procedure for managing the configuration of the Test environments.

5 Test Plans

- 5.1 The Supplier shall develop Test Plans and submit these for the approval of the Authority as soon as practicable but in any case no later than 20 Working Days (or such other period as the Parties may agree in the Test Strategy or otherwise agree in writing) prior to the start date for the relevant Testing (as specified in the Implementation Plan).
- 5.2 Each Test Plan shall include as a minimum:

Schedule 10 (Testing Procedures)

[Subject to Contract]

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- 5.2.1 the relevant Test definition and the purpose of the Test, the Milestone to which it relates, the requirements being tested and, for each Test, the specific Test Success Criteria to be satisfied;
- 5.2.2 a detailed procedure for the Tests to be carried out, including:
 - (a) the timetable for the Tests, including start and end dates;
 - (b) the Testing mechanism;
 - (c) dates and methods by which the Authority can inspect Test results or witness the Tests in order to establish that the Test Success Criteria have been met;
 - (d) the mechanism for ensuring the quality, completeness and relevance of the Tests;
 - (e) the format and an example of Test progress reports and the process with which the Authority accesses daily Test schedules;
 - (f) the process which the Authority will use to review Test Issues and the Supplier's progress in resolving these in a timely basis;
 - (g) the Test Schedule;
 - (h) the re-Test procedure, the timetable and the resources which would be required for re-Testing; and
- 5.2.3 the process for escalating Test Issues from a re-test situation to the taking of specific remedial action to resolve the Test Issue.
- 5.3 The Authority shall not unreasonably withhold or delay its approval of the Test Plans provided that the Supplier shall incorporate any reasonable requirements of the Authority in the Test Plans.

6 Test Success Criteria

- 6.1 The Test Success Criteria for:
 - 6.1.1 each Test that must be Achieved for the Supplier to Achieve either the ATP Milestone or a CPP Milestone are set out in Annex 4; and
 - 6.1.2 all other Tests shall be agreed between the Parties as part of the relevant Test Plan pursuant to Paragraph 5.

7 Test Specification

- 7.1 Following approval of a Test Plan, the Supplier shall develop the Test Specification for the relevant Deliverables as soon as reasonably practicable and in any event at least 10 Working Days (or such other period as the Parties may agree in the Test Strategy or otherwise agree in writing) prior to the start of the relevant Testing (as specified in the Implementation Plan).
- 7.2 Each Test Specification shall include as a minimum:

Schedule 10 (Testing Procedures)

[Subject to Contract]

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- 7.2.1 the specification of the Test data, including its source, scope, volume and management, a request (if applicable) for relevant Test data to be provided by the Authority and the extent to which it is equivalent to live operational data;
- 7.2.2 a plan to make the resources available for Testing;
- 7.2.3 Test scripts;
- 7.2.4 Test pre-requisites and the mechanism for measuring them; and
- 7.2.5 expected Test results, including:
 - (a) a mechanism to be used to capture and record Test results; and
 - (b) a method to process the Test results to establish their content.

8 Testing

- 8.1 Before submitting any Deliverables for Testing the Supplier shall subject the relevant Deliverables to its own internal quality control measures.
- 8.2 The Supplier shall manage the progress of Testing in accordance with the relevant Test Plan and shall carry out the Tests in accordance with the relevant Test Specification. Tests may be witnessed by the Test Witnesses in accordance with Paragraph 10.
- 8.3 The Supplier shall notify the Authority at least 10 Working Days (or such other period as the Parties may agree in writing) in advance of the date, time and location of the relevant Tests and the Authority shall ensure that the Test Witnesses attend the Tests, except where the Authority has specified in writing that such attendance is not necessary.
- 8.4 The Authority may raise and close Test Issues during the Test witnessing process.
- 8.5 The Supplier shall provide to the Authority in relation to each Test:
 - 8.5.1 a draft Test Report not less than 2 Working Days (or such other period as the Parties may agree in writing) prior to the date on which the Test is planned to end; and
 - 8.5.2 the final Test Report within 5 Working Days (or such other period as the Parties may agree in writing) of completion of Testing.
- 8.6 Each Test Report shall provide a full report on the Testing conducted in respect of the relevant Deliverables, including:
 - 8.6.1 an overview of the Testing conducted;
 - 8.6.2 identification of the relevant Test Success Criteria that have been satisfied;
 - 8.6.3 identification of the relevant Test Success Criteria that have not been satisfied together with the Supplier's explanation of why those criteria have not been met;
 - 8.6.4 the Tests that were not completed together with the Supplier's explanation of why those Tests were not completed;

Schedule 10 (Testing Procedures)

[Subject to Contract]

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- 8.6.5 the Test Success Criteria that were satisfied, not satisfied or which were not tested, and any other relevant categories, in each case grouped by Severity Level in accordance with Paragraph 9.1; and
- 8.6.6 the specification for any hardware and software used throughout Testing and any changes that were applied to that hardware and/or software during Testing.

9 Test Issues

- 9.1 Where a Test Report identifies a Test Issue, the Parties shall agree the classification of the Test Issue using the criteria specified in Annex 1 and the Test Issue Management Log maintained by the Supplier shall log Test Issues reflecting the Severity Level allocated to each Test Issue.
- 9.2 The Supplier shall be responsible for maintaining the Test Issue Management Log and for ensuring that its contents accurately represent the current status of each Test Issue at all relevant times. The Supplier shall make the Test Issue Management Log available to the Authority upon request.
- 9.3 The Authority shall confirm the classification of any Test Issue unresolved at the end of a Test in consultation with the Supplier. If the Parties are unable to agree the classification of any unresolved Test Issue, the Dispute shall be dealt with in accordance with the Dispute Resolution Procedure using the Expedited Dispute Timetable.

10 Test Witnessing

- 10.1 The Authority may, in its sole discretion, require the attendance at any Test of one or more Test Witnesses selected by the Authority, each of whom shall have appropriate skills to fulfil the role of a Test Witness.
- 10.2 The Supplier shall give the Test Witnesses access to any documentation and Testing environments reasonably necessary and requested by the Test Witnesses to perform their role as a Test Witness in respect of the relevant Tests.
- 10.3 The Test Witnesses:
 - 10.3.1 shall actively review the Test documentation;
 - 10.3.2 will attend and engage in the performance of the Tests on behalf of the Authority so as to enable the Authority to gain an informed view of whether a Test Issue may be closed or whether the relevant element of the Test should be re-Tested;
 - 10.3.3 shall not be involved in the execution of any Test;
 - 10.3.4 shall be required to verify that the Supplier conducted the Tests in accordance with the Test Success Criteria and the relevant Test Plan and Test Specification;
 - 10.3.5 may produce and deliver their own, independent reports on Testing, which may be used by the Authority to assess whether the Tests have been Achieved;

Schedule 10 (Testing Procedures)

[Subject to Contract]

Crown Copyright 2025

- 10.3.6 may raise Test Issues on the Test Issue Management Log in respect of any Testing; and
- 10.3.7 may require the Supplier to demonstrate the modifications made to any defective Deliverable before a Test Issue is closed.

11 Test Quality Audit

- 11.1 Without prejudice to its rights pursuant to Clause 12.2.2 (*Records, Reports, Audits & Open Book Data*), the Authority may perform on-going quality audits in respect of any part of the Testing (each a “**Testing Quality Audit**”) subject to the provisions set out in the agreed Quality Plan.
- 11.2 The focus of the Testing Quality Audits shall be on:
 - 11.2.1 adherence to an agreed methodology;
 - 11.2.2 adherence to the agreed Testing process;
 - 11.2.3 adherence to the Quality Plan;
 - 11.2.4 review of status and key development issues; and
 - 11.2.5 identification of key risk areas.
- 11.3 The Supplier shall allow sufficient time in the Test Plan to ensure that adequate responses to a Testing Quality Audit can be provided.
- 11.4 The Authority will give the Supplier at least 5 Working Days’ written notice of the Authority’s intention to undertake a Testing Quality Audit and the Supplier may request, following receipt of that notice, that any Testing Quality Audit be delayed by a reasonable time period if in the Supplier’s reasonable opinion, the carrying out of a Testing Quality Audit at the time specified by the Authority will materially and adversely impact the Implementation Plan.
- 11.5 A Testing Quality Audit may involve document reviews, interviews with the Supplier Personnel involved in or monitoring the activities being undertaken pursuant to this Schedule, the Authority witnessing Tests and demonstrations of the Deliverables to the Authority. Any Testing Quality Audit shall be limited in duration to a maximum time to be agreed between the Supplier and the Authority on a case by case basis (such agreement not to be unreasonably withheld or delayed). The Supplier shall provide all reasonable necessary assistance and access to all relevant documentation required by the Authority to enable it to carry out the Testing Quality Audit.
- 11.6 If the Testing Quality Audit gives the Authority concern in respect of the Testing Procedures or any Test, the Authority shall:
 - 11.6.1 discuss the outcome of the Testing Quality Audit with the Supplier, giving the Supplier the opportunity to provide feedback in relation to specific activities; and
 - 11.6.2 subsequently prepare a written report for the Supplier detailing its concerns, and the Supplier shall, within a reasonable timeframe, respond in writing to the Authority’s report.

Schedule 10 (Testing Procedures)

[Subject to Contract]

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- 11.7 In the event of an inadequate response to the Authority's report from the Supplier, the Authority (acting reasonably) may withhold a Test Certificate (and consequently delay the grant of a Milestone Achievement Certificate) until the issues in the report have been addressed to the reasonable satisfaction of the Authority.

12 Outcome of Testing

- 12.1 The Authority shall issue a Test Certificate as soon as reasonably practicable when the Deliverables satisfy the Test Success Criteria in respect of that Test without any Test Issues.
- 12.2 If the Deliverables (or any relevant part) do not satisfy the Test Success Criteria then the Authority shall notify the Supplier and:
- 12.2.1 the Authority may issue a Test Certificate conditional upon the remediation of the Test Issues;
 - 12.2.2 where the Parties agree that there is sufficient time prior to the relevant Milestone Date, the Authority may extend the Test Plan by such reasonable period or periods as the Parties may reasonably agree and require the Supplier to rectify the cause of the Test Issue and re-submit the Deliverables (or the relevant part) to Testing; or
 - 12.2.3 where the failure to satisfy the Test Success Criteria results, or is likely to result, in the failure (in whole or in part) by the Supplier to meet a Milestone, then without prejudice to the Authority's other rights and remedies, such failure shall constitute a Notifiable Default for the purposes of Clause 25.1 (*Rectification Plan Process*).
- 12.3 The Authority shall be entitled, without prejudice to any other rights and remedies that it has under this Contract, to recover from the Supplier any reasonable additional costs it may incur as a direct result of further review or re-Testing which is required for the Test Success Criteria for that Deliverable to be satisfied.

13 Issue of Milestone Achievement Certificate

- 13.1 The Authority shall issue a Milestone Achievement Certificate in respect of a given Milestone as soon as is reasonably practicable following:
- 13.1.1 the issuing by the Authority of Test Certificates and/or conditional Test Certificates in respect of all Deliverables related to that Milestone which are due to be Tested; and
 - 13.1.2 performance by the Supplier to the reasonable satisfaction of the Authority of any other tasks identified in the Implementation Plan as associated with that Milestone (which may include the submission of a Deliverable that is not due to be Tested, such as the production of Documentation).
- 13.2 The grant of a Milestone Achievement Certificate shall entitle the Supplier to the receipt of a payment in respect of that Milestone in accordance with the provisions of Schedule 11 (*Charges and Invoicing*).
- 13.3 If a Milestone is not Achieved, the Authority shall promptly issue a report to the Supplier setting out:

Schedule 10 (Testing Procedures)

[Subject to Contract]

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- 13.3.1 the applicable Test Issues; and
 - 13.3.2 any other reasons for the relevant Milestone not being Achieved.
- 13.4 If there are Test Issues but these do not exceed the Test Issues Threshold, then provided there are no Material Test Issues, the Authority shall issue a Milestone Achievement Certificate.
- 13.5 Without prejudice to the Authority's other remedies the following shall constitute a Notifiable Default for the purposes of Clause 25.1 (*Rectification Plan Process*) and the Authority shall refuse to issue a Milestone Achievement Certificate where:
 - 13.5.1 there is one or more Material Test Issue(s); or
 - 13.5.2 the information required under Schedule 20 (*Reports and Records Provisions*) (Annex 3: *Records To Upload To Virtual Library*) has not been uploaded to the Virtual Library in accordance with Paragraph 3 of that Schedule.
- 13.6 If there are Test Issues which exceed the Test Issues Threshold but there are no Material Test Issues, the Authority may at its discretion (without waiving any rights in relation to the other options) choose to issue a Milestone Achievement Certificate conditional on the remediation of the Test Issues in accordance with an agreed Rectification Plan provided that:
 - 13.6.1 any Rectification Plan shall be agreed before the issue of a conditional Milestone Achievement Certificate unless the Authority agrees otherwise (in which case the Supplier shall submit a Rectification Plan for approval by the Authority within 10 Working Days of receipt of the Authority's report pursuant to Paragraph 13.3); and
 - 13.6.2 where the Authority issues a conditional Milestone Achievement Certificate, it may (but shall not be obliged to) revise the failed Milestone Date and any subsequent Milestone Date.

Annex 1: Test Issues – Severity Levels

1 Severity Levels

- 1.2 **Severity Level 1 Test Issue:** a Test Issue that causes non-recoverable conditions, e.g. it is not possible to continue using a Component, a Component crashes, there is database or file corruption, or data loss;
- 1.3 **Severity Level 2 Test Issue:** a Test Issue for which, as reasonably determined by the Authority, there is no practicable workaround available, and which:
 - 1.3.1 causes a Component to become unusable;
 - 1.3.2 causes a lack of functionality, or unexpected functionality, that has an impact on the current Test; or
 - 1.3.3 has an adverse impact on any other Component(s) or any other area of the Services;
- 1.4 **Severity Level 3 Test Issue:** a Test Issue which:
 - 1.4.1 causes a Component to become unusable;
 - 1.4.2 causes a lack of functionality, or unexpected functionality, but which does not impact on the current Test; or
 - 1.4.3 has an impact on any other Component(s) or any other area of the Services;
but for which, as reasonably determined by the Authority, there is a practicable workaround available;
- 1.5 **Severity Level 4 Test Issue:** a Test Issue which causes incorrect functionality of a Component or process, but for which there is a simple, Component based, workaround, and which has no impact on the current Test, or other areas of the Services; and
- 1.6 **Severity Level 5 Test Issue:** a Test Issue that causes a minor problem, for which no workaround is required, and which has no impact on the current Test, or other areas of the Services.

Schedule 10 (Testing Procedures)

[Subject to Contract]

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Annex 2: Test Certificate

To: [Name of Supplier]

From: [Name of Authority]

[Date]

Dear Sirs,

TEST CERTIFICATE

Deliverables: [insert description of Deliverables]

We refer to the agreement (the “**Contract**”) relating to the provision of the Services between the [name of Authority] (the “**Authority**”) and [name of Supplier] (the “**Supplier**”) dated [date].

Capitalised terms used in this certificate have the meanings given to them in Schedule 1 (*Definitions*) or Schedule 10 (*Testing Procedures*) of the Contract.

[We confirm that the Deliverables listed above have been tested successfully in accordance with the Test Plan relevant to those Deliverables.]

OR

[This Test Certificate is issued pursuant to Paragraph 12.1 of Schedule 10 (*Testing Procedures*) of the Contract on the condition that any Test Issues are remedied in accordance with the Rectification Plan attached to this certificate.]*

**delete as appropriate*

Yours faithfully

[Name]

[Position]

acting on behalf of [name of Authority]

Annex 3: Milestone Achievement Certificate

To: [Name of Supplier]

From: [Name of Authority]

[Date]

Dear Sirs,

MILESTONE ACHIEVEMENT CERTIFICATE

Milestone: [insert description of Milestone]

We refer to the agreement (the “**Contract**”) relating to the provision of the Services between the [name of Authority] (the “**Authority**”) and [name of Supplier] (the “**Supplier**”) dated [date].

Capitalised terms used in this certificate have the meanings given to them in Schedule 1 (*Definitions*) or Schedule 10 (*Testing Procedures*) of the Contract.

[We confirm that all the Deliverables relating to Milestone [number] have been tested successfully in accordance with the Test Plan relevant to this Milestone [or that a conditional Test Certificate has been issued in respect of those Deliverables that have not satisfied the relevant Test Success Criteria.]]*

OR

[This Milestone Achievement Certificate is granted pursuant to Paragraph 13.1 of Schedule 10 (*Testing Procedures*) of the Contract on the condition that any Test Issues are remedied in accordance with the Rectification Plan attached to this certificate.]*

[You may now issue an invoice in respect of the Milestone Payment associated with this Milestone in accordance with the provisions of Schedule 11 (*Charges and Invoicing*)]*

**delete as appropriate*

Yours faithfully

[Name]

[Position]

acting on behalf of [Authority]

Annex 4: Test Success Criteria

1 Tests to be Achieved in order to Achieve the ATP Milestone

Test	Pre-conditions*	Test Success Criteria
[List all Tests relating to ATP Milestone]		

* Note: The Pre-Conditions are that e.g. the Success Criteria for the previous Tests must be satisfied before the ATP Milestone Tests are commenced

1 Tests to be Achieved in order to Achieve a CPP Milestone

CPP Milestone Charge No.	Test	Test Success Criteria
	[List all Tests relating to CPP Milestone Charge No.]	

Schedule 11

Charges and Invoicing

[REDACTED]

Schedule 11: Charges and Invoicing

[Subject to Contract]

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Annex 4: Risk Register

Schedule 11: Charges and Invoicing

[Subject to Contract]

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Annex 5: Allowable Assumptions

Schedule 12

Payments on Termination

[REDACTED]

Schedule 12: Payments on Termination

[Subject to Contract]

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Schedule 14

Financial Distress

Schedule 14: Financial Distress

1 Definitions

1.1 In this Schedule, the following definitions shall apply:

"Applicable Financial Indicators"	the financial indicators from Paragraph 5.1 of this Schedule which are to apply to the Monitored Suppliers as set out in Paragraph 5.2 of this Schedule;
"Authorised Financial Representative"	a statutory director of the Supplier or a sufficiently senior member of the Supplier's management team who has the authority to act on behalf of the Supplier in relation to financial matters;
"Board"	the Supplier's board of directors;
"Board Confirmation"	written confirmation from the Board in accordance with Paragraph 8 of this Schedule;
"Credit Rating Level"	a credit rating level as specified in Annex 1 of this Schedule;
"Credit Rating Threshold"	the minimum Credit Rating Level for each entity in the FDE Group as set out in Annex 2 of this Schedule;
"FDE Group"	the Supplier, Key Sub-contractors, the Guarantor and the Monitored Suppliers;
"Financial Indicators"	in respect of the Supplier, Key Sub-contractors and the Guarantor, means each of the financial indicators set out at Paragraph 5.1 of this Schedule; and in respect of each Monitored Supplier, means those Applicable Financial Indicators;
"Financial Target Thresholds"	the target thresholds for each of the Financial Indicators set out at Paragraph 5.1 of this Schedule;
"Monitored Suppliers"	those entities specified at Paragraph 5.2 of this Schedule; and
"Rating Agencies"	the rating agencies listed in Annex 1 of this Schedule.

2 Warranties and Duty to Notify

2.1 The Supplier warrants and represents to the Authority for the benefit of the Authority that as at the Effective Date:

- 2.1.1 the long term credit ratings issued for each entity in the FDE Group by each of the Rating Agencies are as set out in Annex 2 of this Schedule; and

Schedule 14 (Financial Distress)

[Subject to Contract]

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- 2.1.2 the financial position or, as appropriate, the financial performance of each of the Supplier, Guarantor and Key Sub-contractors satisfies the Financial Target Thresholds.
- 2.2 The Supplier shall promptly notify (or shall procure that its auditors promptly notify) the Authority in writing if there is any downgrade in the credit rating issued by any Rating Agency for any entity in the FDE Group (and in any event within 5 Working Days of the occurrence of the downgrade).
- 2.3 The Supplier shall:
 - 2.3.1 regularly monitor the credit ratings of each entity in the FDE Group with the Rating Agencies;
 - 2.3.2 monitor and report on the Financial Indicators for each entity in the FDE Group against the Financial Target Thresholds at least at the frequency set out for each at Paragraph 5.1 (where specified) and in any event, on a regular basis and no less than once a year within one hundred and twenty (120) days after the Accounting Reference Date; and
 - 2.3.3 promptly notify (or shall procure that its auditors promptly notify) the Authority in writing following the occurrence of a Financial Distress Event or any fact, circumstance or matter which could cause a Financial Distress Event (and in any event, ensure that such notification is made within 10 Working Days of the date on which the Supplier first becomes aware of the Financial Distress Event or the fact, circumstance or matter which could cause a Financial Distress Event).
- 2.4 For the purposes of determining whether a Financial Distress Event has occurred pursuant to the provisions of Paragraph 3.1.1, and for the purposes of determining relief under Paragraph 7.1, the credit rating of an FDE Group entity shall be deemed to have dropped below the applicable Credit Rating Threshold if:
 - 2.4.1 any of the Rating Agencies have given a Credit Rating Level for that entity which is below the applicable Credit Rating Threshold; or
 - 2.4.2 a Rating Agency that is specified as holding a Credit Rating for an entity as set out at Annex 2 of this Schedule ceases to hold a Credit Rating for that entity.
- 2.5 Each report submitted by the Supplier pursuant to Paragraph 2.3.2 shall:
 - 2.5.1 be a single report with separate sections for each of the FDE Group entities;
 - 2.5.2 contain a sufficient level of information to enable the Authority to verify the calculations that have been made in respect of the Financial Indicators;
 - 2.5.3 include key financial and other supporting information (including any accounts data that has been relied on) as separate annexes;
 - 2.5.4 be based on the audited accounts for the date or period on which the Financial Indicator is based or, where the Financial Indicator is not linked to an accounting period or an accounting reference date, on unaudited management accounts prepared in accordance with their normal timetable; and

Schedule 14 (Financial Distress)

[Subject to Contract]

Crown Copyright 2025

- 2.5.5 include a history of the Financial Indicators reported by the Supplier in graph form to enable the Authority to easily analyse and assess the trends in financial performance.

3 Financial Distress Events

3.1 The following shall be Financial Distress Events:

- 3.1.1 the credit rating of an FDE Group entity dropping below the applicable Credit Rating Threshold;
- 3.1.2 an FDE Group entity issuing a profits warning to a stock exchange or making any other public announcement, in each case about a material deterioration in its financial position or prospects;
- 3.1.3 there being a public investigation into improper financial accounting and reporting, suspected fraud or any other impropriety of an FDE Group entity;
- 3.1.4 an FDE Group entity committing a material breach of covenant to its lenders;
- 3.1.5 a Key Sub-contractor notifying the Authority that the Supplier has not satisfied any material sums properly due under a specified invoice and not subject to a genuine dispute;
- 3.1.6 any FDE Group entity extends the filing period for filing its accounts with the Registrar of Companies so that the filing period ends more than 9 months after its accounting reference date without an explanation to the Authority which the Authority (acting reasonably) considers to be adequate;
- 3.1.7 any FDE Group entity is late to file its annual accounts without a public notification or an explanation to the Authority which the Authority, acting reasonably, considers to be adequate;
- 3.1.8 the directors and/or external auditors of any FDE Group entity conclude that a material uncertainty exists in relation to that FDE Group entity's going concern in the annual report including in a reasonable but plausible downside scenario. This includes, but is not limited to, commentary about liquidity and trading prospects in the reports from directors or external auditors;
- 3.1.9 any of the following:
 - (a) any FDE Group entity makes a public announcement which contains adverse commentary with regards to that FDE Group entity's liquidity and trading and trading prospects, such as but not limited to, a profit warning or ability to trade as a going concern;
 - (b) commencement of any litigation against an FDE Group entity with respect to financial indebtedness greater than £5m or obligations under a service contract with a total contract value greater than £5m;
 - (c) non-payment by an FDE Group entity of any financial indebtedness;
 - (d) any financial indebtedness of an FDE Group entity becoming due as a result of an event of default;

Schedule 14 (Financial Distress)

[Subject to Contract]

Crown Copyright 2025

- (e) the cancellation or suspension of any financial indebtedness in respect of an FDE Group entity; or
- (f) the external auditor of an FDE Group entity expressing a qualified opinion on, or including an emphasis of matter in, its opinion on the statutory accounts of that FDE entity;

in each case which the Authority reasonably believes (or would be likely reasonably to believe) could directly impact on the continued performance and delivery of the Services in accordance with this Contract; and

- 3.1.10 any one of the Financial Indicators set out at Paragraph 5 for any of the FDE Group entities failing to meet the required Financial Target Threshold.

4 Consequences of Financial Distress Events

- 4.1 Immediately upon notification by the Supplier of a Financial Distress Event (or if the Authority becomes aware of a Financial Distress Event without notification and brings the event to the attention of the Supplier), the Supplier shall have the obligations and the Authority shall have the rights and remedies as set out in Paragraphs 4.3 to 4.5.
- 4.2 In the event of a late or non-payment of a Key Sub-contractor pursuant to Paragraph 3.1.5, the Authority shall not exercise any of its rights or remedies under Paragraph 4.3 without first giving the Supplier 10 Working Days to:
 - 4.2.1 rectify such late or non-payment; or
 - 4.2.2 demonstrate to the Authority's reasonable satisfaction that there is a valid reason for late or non-payment.
- 4.3 The Supplier shall (and shall procure that any Monitored Supplier, the Guarantor and/or any relevant Key Sub-contractor shall):
 - 4.3.1 at the request of the Authority, meet the Authority as soon as reasonably practicable (and in any event within 3 Working Days of the initial notification (or awareness) of the Financial Distress Event or such other period as the Authority may permit and notify to the Supplier in writing) to review the effect of the Financial Distress Event on the continued performance and delivery of the Services in accordance with this Contract; and
 - 4.3.2 where the Authority reasonably believes (taking into account the discussions and any representations made under Paragraph 4.3.1 that the Financial Distress Event could impact on the continued performance and delivery of the Services in accordance with this Contract:
 - (a) submit to the Authority for its approval, a draft Financial Distress Remediation Plan as soon as reasonably practicable (and in any event, within 10 Working Days of the initial notification (or awareness) of the Financial Distress Event or such other period as the Authority may permit and notify to the Supplier in writing); and
 - (b) to the extent that it is legally permitted to do so and subject to Paragraph 4.7, provide such information relating to the Supplier, any Monitored Supplier, Key Sub-contractors and/or the Guarantor as the

Schedule 14 (Financial Distress)

[Subject to Contract]

Crown Copyright 2025

Authority may reasonably require in order to understand the risk to the Services, which may include forecasts in relation to cash flow, orders and profits and details of financial measures being considered to mitigate the impact of the Financial Distress Event.

- 4.4 The Authority shall not withhold its approval of a draft Financial Distress Remediation Plan unreasonably. If the Authority does not approve the draft Financial Distress Remediation Plan, it shall inform the Supplier of its reasons and the Supplier shall take those reasons into account in the preparation of a further draft Financial Distress Remediation Plan, which shall be resubmitted to the Authority within 5 Working Days of the rejection of the first draft. This process shall be repeated until the Financial Distress Remediation Plan is either:
- 4.4.1 approved by the Authority;
 - 4.4.2 referred, by notice sent by either Party to the other Party explaining why it thinks the Financial Distress Remediation Plan has not been approved, to commercial negotiation led by senior representatives who have authority to agree the Financial Distress Remediation Plan to be held within 28 days of the date of the notice; or
 - 4.4.3 finally rejected by the Authority.
- 4.5 Following approval of the Financial Distress Remediation Plan by the Authority, the Supplier shall:
- 4.5.1 on a regular basis (which shall not be less than fortnightly):
 - (a) review and make any updates to the Financial Distress Remediation Plan as the Supplier may deem reasonably necessary and/or as may be reasonably requested by the Authority, so that the plan remains adequate, up to date and ensures the continued performance and delivery of the Services in accordance with this Contract; and
 - (b) provide a written report to the Authority setting out its progress against the Financial Distress Remediation Plan, the reasons for any changes made to the Financial Distress Remediation Plan by the Supplier and/or the reasons why the Supplier may have decided not to make any changes;
 - 4.5.2 where updates are made to the Financial Distress Remediation Plan in accordance with Paragraph 4.5.1, submit an updated Financial Distress Remediation Plan to the Authority for its approval, and the provisions of Paragraphs 4.4 and 4.5.1 shall apply to the review and approval process for the updated Financial Distress Remediation Plan; and
 - 4.5.3 comply with the Financial Distress Remediation Plan (including any updated Financial Distress Remediation Plan) and ensure that it achieves the financial and performance requirements set out in the Financial Distress Remediation Plan.
- 4.6 Where the Supplier reasonably believes that the relevant Financial Distress Event under Paragraph 4.1 (or the circumstance or matter which has caused or otherwise led to it) no

Schedule 14 (Financial Distress)

[Subject to Contract]

Crown Copyright 2025

longer exists, it shall notify the Authority and the Parties may agree that the Supplier shall be relieved of its obligations under Paragraph 4.5.

4.7 The Supplier shall use reasonable endeavours to put in place the necessary measures to ensure that the information specified at Paragraph 4.3.2(b) is available when required and on request from the Authority and within reasonable timescales. Such measures may include:

4.7.1 obtaining in advance written authority from Key Sub-contractors, the Guarantor and/or Monitored Suppliers authorising the disclosure of the information to the Authority and/or entering into confidentiality agreements which permit disclosure;

4.7.2 agreeing in advance with the Authority, Key Sub-contractors, the Guarantor and/or Monitored Suppliers a form of confidentiality agreement to be entered by the relevant parties to enable the disclosure of the information to the Authority;

4.7.3 putting in place any other reasonable arrangements to enable the information to be lawfully disclosed to the Authority (which may include making price sensitive information available to Authority nominated personnel through confidential arrangements, subject to their consent); and

4.7.4 disclosing the information to the fullest extent that it is lawfully entitled to do so, including through the use of redaction, anonymisation and any other techniques to permit disclosure of the information without breaching a duty of confidentiality.

5 Financial Indicators

5.1 Subject to the calculation methodology set out at Annex 3 of this Schedule, the Financial Indicators and the corresponding calculations and thresholds used to determine whether a Financial Distress Event has occurred in respect of those Financial Indicators, shall be as follows:

Financial Indicator	Calculation ¹	Financial Target Threshold:	Monitoring and Reporting Frequency
1 Operating Margin	Operating Margin = Operating Profit / Revenue	> 5%	Tested and reported yearly in arrears within 120 days of each accounting reference date based upon figures for the 12 months ending on the relevant accounting reference date
2 Net Debt to EBITDA Ratio	Net Debt to EBITDA ratio =	< 3.5 times	Tested and reported yearly in arrears within 120 days of each accounting reference date based upon EBITDA for

Schedule 14 (Financial Distress)

[Subject to Contract]

Crown Copyright 2025

Financial Indicator	Calculation ¹	Financial Target Threshold:	Monitoring and Reporting Frequency
	Net Debt / EBITDA		the 12 months ending on, and Net Debt at, the relevant accounting reference date
3 Net Debt + Net Pension Deficit to EBITDA ratio	Net Debt + Net Pension Deficit to EBITDA Ratio = (Net Debt + Net Pension Deficit) / EBITDA	< 5 times	Tested and reported yearly in arrears within 120 days of each accounting reference date based upon EBITDA for the 12 months ending on, and the Net Debt and Net Pension Deficit at, the relevant accounting reference date
4 Net Interest Paid Cover	[Net Interest Paid Cover = Earnings Before Interest and Tax / Net Interest Paid]	> 3 times	Tested and reported yearly in arrears within 120 days of each accounting reference date based upon figures for the 12 months ending on the relevant accounting reference date
5 Acid Ratio	Acid Ratio = (Current Assets – Inventories) / Current Liabilities	Less than 0.8	Tested and reported yearly in arrears within 120 days of each accounting reference date based upon figures at the relevant accounting reference date
6 Net Asset value	Net Asset Value = Net Assets	> £0	Tested and reported yearly in arrears within 120 days of each accounting reference date based upon figures at the relevant accounting reference date
7 Group Exposure Ratio	Group Exposure / Gross Assets	< 50%	Tested and reported yearly in arrears within 120 days of each accounting reference date based upon figures at the relevant accounting reference date

Schedule 14 (Financial Distress)

[Subject to Contract]

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Key:¹ – See Annex 3 of this Schedule which sets out the calculation methodology to be used in the calculation of each Financial Indicator.

5.2 Monitored Suppliers

Monitored Supplier	Applicable Financial Indicators (these are the Financial Indicators from the table in Paragraph 5.1 which are to apply to the Monitored Suppliers)
Relevant Parent Company	All financial indicators identified in the table at Paragraph 5.1

6 Termination Rights

6.1 The Authority shall be entitled to terminate this Contract under Clause 31.1.2 (*Termination by the Authority*) if:

- 6.1.1 the Supplier fails to notify the Authority of a Financial Distress Event in accordance with Paragraph 2.3.3;
- 6.1.2 the Supplier fails to comply with any part of Paragraph 4.3;
- 6.1.3 the Authority finally rejects a Financial Distress Remediation Plan (or any updated Financial Distress Remediation Plan) in accordance with Paragraphs 4.4 to 4.5.1; and/or
- 6.1.4 the Supplier fails to comply with the terms of the Financial Distress Remediation Plan (or any updated Financial Distress Remediation Plan) in accordance with Paragraph 4.5.3.

7 Primacy of Credit Ratings

7.1 Without prejudice to the Supplier's obligations and the Authority's rights and remedies under Paragraph 2, if, following the occurrence of a Financial Distress Event pursuant to any of Paragraphs 3.1.2 to 3.1.10, the Rating Agencies review and report subsequently that the credit ratings for the FDE Group entities do not drop below the relevant Credit Rating Thresholds specified for those entities in Annex 2 of this Schedule, then:

- 7.1.1 the Supplier shall be relieved automatically of its obligations under Paragraphs 4.3 to 4.5; and
- 7.1.2 the Authority shall not be entitled to require the Supplier to provide financial information in accordance with Paragraph 4.3.2(b).

8 Board Confirmation

8.1 If this Contract has been specified as a Critical Service Contract in section 9 (*Corporate*

Schedule 14 (Financial Distress)

[Subject to Contract]

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Resolution Planning) of the Front Sheet then, subject to Paragraph 8.4 of this Schedule, the Supplier shall within 120 days after each Accounting Reference Date or within 15 months of the previous Board Confirmation (whichever is the earlier) provide a Board Confirmation to the Authority in the form set out at Annex 4 of this Schedule, confirming that to the best of the Board's knowledge and belief, it is not aware of and has no knowledge:

- 8.1.1 that a Financial Distress Event has occurred since the later of the Effective Date or the previous Board Confirmation or is subsisting; or
- 8.1.2 of any matters which have occurred or are subsisting that could reasonably be expected to cause a Financial Distress Event.
- 8.2 The Supplier shall ensure that in its preparation of the Board Confirmation it exercises due care and diligence and has made reasonable enquiry of all relevant Supplier Personnel and other persons as is reasonably necessary to understand and confirm the position.
- 8.3 In respect of the first Board Confirmation to be provided under this Contract, the Supplier shall provide the Board Confirmation within 15 months of the Effective Date if earlier than the timescale for submission set out in Paragraph 8.1 of this Schedule.
- 8.4 Where the Supplier is unable to provide a Board Confirmation in accordance with Paragraphs 8.1 to 8.3 of this Schedule due to the occurrence of a Financial Distress Event or knowledge of subsisting matters which could reasonably be expected to cause a Financial Distress Event, it will be sufficient for the Supplier to submit in place of the Board Confirmation, a statement from an Authorised Financial Representative to the Authority (and where the Supplier is a Strategic Supplier, the Supplier shall send a copy of the statement to the Cabinet Office Markets and Suppliers Team) setting out full details of any Financial Distress Events that have occurred and/or the matters which could reasonably be expected to cause a Financial Distress Event.

Annex 1: Rating Agencies and their Standard Rating System

a. FitchRatings

Credit Rating Level: A minimum of BBB on their Fitch rating. (BB or below would be medium High risk (CCC or below is high)).

Score Range	Risk Class	Description
AAA	1	Low risk
AA - A	2	Low to medium risk
BBB	3	Medium risk
BB - B	4	Medium to high risk
CCC or lower	5	High risk

Annex 2: Credit Ratings and Credit Rating Thresholds

[REDACTED]

Annex 3: Calculation Methodology for Financial Indicators

The Supplier shall ensure that it uses the following general and specific methodologies for calculating the Financial Indicators against the Financial Target Thresholds:

General methodology

- 1 **Terminology:** The terms referred to in this Annex are those used by UK companies in their financial statements. Where the entity is not a UK company, the corresponding items should be used even if the terminology is slightly different (for example a charity would refer to a surplus or deficit rather than a profit or loss).
- 2 **Groups:** Where the entity is the holding company of a group and prepares consolidated financial statements, the consolidated figures should be used.
- 3 **Foreign currency conversion:** Figures denominated in foreign currencies should be converted at the exchange rate in force at the relevant date for which the Financial Indicator is being calculated.
- 4 **Treatment of non-underlying items:** Financial Indicators should be based on the figures in the financial statements before adjusting for non-underlying items.

Specific Methodology

Financial Indicator	Specific Methodology
1 Operating Margin	The elements used to calculate the Operating Margin should be shown on the face of the Income Statement in a standard set of financial statements. Figures for Operating Profit and Revenue should exclude the entity's share of the results of any joint ventures or Associates. Where an entity has an operating loss (i.e. where the operating profit is negative), Operating Profit should be taken to be zero.
2 Free Cash Flow to Net Debt Ratio	"Free Cash Flow" = Net Cash Flow from Operating Activities – Capital Expenditure "Capital Expenditure" = Purchase of property, plant & equipment + purchase of intangible assets "Net Debt" = Bank overdrafts + Loans and borrowings + Finance Leases + Deferred consideration payable – Cash and cash equivalents The majority of the elements used to calculate the Free Cash Flow to Net Debt Ratio should be shown on the face of the Statement of Cash Flows and the Balance Sheet in a standard set of financial statements.

Schedule 14 (Financial Distress)

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Financial Indicator	Specific Methodology
	Net Cash Flow from Operating Activities: This should be stated after deduction of interest and tax paid. Capital expenditure: The elements of capital expenditure may be described slightly differently but will be found under 'Cash flows from investing activities' in the Statement of Cash Flows; they should be limited to the purchase of fixed assets (including intangible assets) for the business and exclude acquisitions. The figure should be shown gross without any deduction for any proceeds of sale of fixed assets. Net Debt: The elements of Net Debt may also be described slightly differently and should be found either on the face of the Balance Sheet or in the relevant note to the financial statements. All interest bearing liabilities (other than retirement benefit obligations) should be treated as borrowings as should, where disclosed, any liabilities (less any assets) in respect of any hedges designated as linked to borrowings (but not non-designated hedges). Borrowings should also include balances owed to other group members. Deferred consideration payable should be included in Net Debt despite typically being non-interest bearing. Cash and cash equivalents should include short-term financial investments shown in current assets. Where Net debt is negative (i.e. an entity has net cash), the relevant Financial Target Threshold should be treated as having been met.
OR Net Debt to EBITDA Ratio	OR ["Net Debt" = Bank overdrafts + Loans and borrowings + Finance leases + Deferred consideration payable – Cash and cash equivalents "EBITDA" = Operating profit + Depreciation charge + Amortisation charge The majority of the elements used to calculate the Net Debt to EBITDA Ratio should be shown on the face of the Balance sheet, Income statement and Statement of Cash Flows in a standard set of financial statements but will otherwise be found in the notes to the financial statements. Net Debt: The elements of Net Debt may be described slightly differently and should be found either on the face of the Balance Sheet or in the relevant note to the financial statements. All interest bearing liabilities (other than retirement benefit obligations) should be included as borrowings as should, where disclosed, any liabilities (less any assets) in respect of any hedges designated as linked to borrowings (but not non-

Schedule 14 (Financial Distress)

[Subject to Contract]

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Financial Indicator	Specific Methodology
	designated hedges). Borrowings should also include balances owed to other group members. Deferred consideration payable should be included in Net Debt despite typically being non-interest bearing. Cash and cash equivalents should include short-term financial investments shown in current assets. Where Net debt is negative (i.e. an entity has net cash), the relevant Financial Target Threshold should be treated as having been met. EBITDA: Operating profit should be shown on the face of the Income Statement and, for the purposes of calculating this Financial Indicator, should include the entity's share of the results of any joint ventures or Associates. The depreciation and amortisation charges for the period may be found on the face of the Statement of Cash Flows or in a Note to the Accounts. Where EBITDA is negative, the relevant Financial Target Threshold should be treated as not having been met (unless Net Debt is also negative, in which case the relevant Financial Target Threshold should be treated as having been met).
3 Net Debt + Net Pension Deficit to EBITDA ratio	"Net Debt" = Bank overdrafts + Loans and borrowings + Finance leases + Deferred consideration payable – Cash and cash equivalents "Net Pension Deficit" = Retirement Benefit Obligations – Retirement Benefit Assets "EBITDA" = Operating profit + Depreciation charge + Amortisation charge The majority of the elements used to calculate the Net Debt + Net Pension Deficit to EBITDA Ratio should be shown on the face of the Balance sheet, Income statement and Statement of Cash Flows in a standard set of financial statements but will otherwise be found in the notes to the financial statements. Net Debt: The elements of Net Debt may be described slightly differently and should be found either on the face of the Balance Sheet or in the relevant note to the financial statements. All interest bearing liabilities (other than retirement benefit obligations) should be included as borrowings as should, where disclosed, any liabilities (less any assets) in respect of any hedges designated as linked to borrowings (but not non-designated hedges). Borrowings should also include balances owed to other group members. Deferred consideration payable should be included in Net Debt despite typically being non-interest bearing.

Schedule 14 (Financial Distress)

[Subject to Contract]

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Financial Indicator	Specific Methodology
	Cash and cash equivalents should include short-term financial investments shown in current assets. Net Pension Deficit: Retirement Benefit Obligations and Retirement Benefit Assets may be shown on the face of the Balance Sheet or in the notes to the financial statements. They may also be described as pension benefits / obligations, post-employment obligations or other similar terms. Where 'Net Debt + Net Pension Deficit' is negative, the relevant Financial Target Threshold should be treated as having been met. EBITDA: Operating profit should be shown on the face of the Income Statement and, for the purposes of calculating this Financial Indicator, should include the entity's share of the results of any joint ventures or Associates. The depreciation and amortisation charges for the period may be found on the face of the Statement of Cash Flows or in a Note to the Accounts. Where EBITDA is negative, the relevant Financial Target Threshold should be treated as not having been met (unless 'Net Debt + Net Pension Deficit' is also negative, in which case the relevant Financial Target Threshold should be regarded as having been met).
4 Net Interest Paid Cover	"Earnings Before Interest and Tax" = Operating profit "Net Interest Paid" = Interest paid – Interest received Operating profit should be shown on the face of the Income Statement in a standard set of financial statements and, for the purposes of calculating this Financial Indicator, should include the entity's share of the results of any joint ventures or Associates. Interest received and interest paid should be shown on the face of the Cash Flow statement. Where Net interest paid is negative (i.e. the entity has net interest received), the relevant Financial Target Threshold should be treated as having been met.
5 Acid Ratio	All elements that are used to calculate the Acid Ratio are available on the face of the Balance Sheet in a standard set of financial statements.

Schedule 14 (Financial Distress)

[Subject to Contract]

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Financial Indicator	Specific Methodology
6 Net Asset value	[Net Assets are shown (but sometimes not labelled) on the face of the Balance Sheet of a standard set of financial statements. Net Assets are sometimes called net worth or 'Shareholders' Funds'. They represent the net assets available to the shareholders. Where an entity has a majority interest in another entity in which there are also minority or non-controlling interests (i.e. where it has a subsidiary partially owned by outside investors), Net Assets should be taken inclusive of minority or non-controlling interests (as if the entity owned 100% of such entity).
7 Group Exposure Ratio	"Group Exposure" = Balances owed by Group Undertakings + Contingent liabilities assumed in support of Group Undertakings "Gross Assets" = Fixed Assets + Current Assets Group Exposure: Balances owed by (i.e. receivable from) Group Undertakings are shown within Fixed assets or Current assets either on the face of the Balance Sheet or in the relevant notes to the financial statements. In many cases there may be no such balances, in particular where an entity is not a member of a group or is itself the ultimate holding company of the group. Contingent liabilities assumed in support of Group Undertakings are shown in the Contingent Liabilities note in a standard set of financial statements. They include guarantees and security given in support of the borrowings of other group companies, often as part of group borrowing arrangements. Where the contingent liabilities are capped, the capped figure should be taken as their value. Where no cap or maximum is specified, the relevant Financial Target Threshold should automatically be regarded as not having been met. In many cases an entity may not have assumed any contingent liabilities in support of Group Undertakings, in particular where an entity is not a member of a group or is itself the ultimate holding company of the group. Gross Assets: Both Fixed assets and Current assets are shown on the face of the Balance Sheet

Annex 4: Board Confirmation

Supplier Name:

Contract Reference Number:

The Board of Directors acknowledge the requirements set out at paragraph 8 of Schedule 14 (*Financial Distress*) and confirm that the Supplier has exercised due care and diligence and made reasonable enquiry of all relevant Supplier Personnel and other persons as is reasonably necessary to enable the Board to prepare this statement.

The Board of Directors confirms, to the best of its knowledge and belief, that as at the date of this Board Confirmation it is not aware of and has no knowledge:

- (a) that a Financial Distress Event has occurred since the later of the previous Board Confirmation and the Effective Date or is subsisting; or
- (b) of any matters which have occurred or are subsisting that could reasonably be expected to cause a Financial Distress Event

On behalf of the Board of Directors:

Chair

Signed

Date

Director

Signed

Date

Schedule 15

Financial Reports and Audit Rights

Schedule 15: Financial Reports and Audit Rights

1. Definitions

1.1 In this Schedule, the following definitions shall apply:

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

"Audit Agents"

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

"Contract Amendment Report" the contract amendment report to be provided by the Supplier to the Authority pursuant to Paragraph 1 of Part B;

"Final Reconciliation Report" the final reconciliation report to be provided by the Supplier to the Authority pursuant to Paragraph 1 of Part B;

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

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

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

"Financial Transparency Objectives"	has the meaning given in Paragraph 1 of Part A;
"Material Change"	a Change which: (a) materially changes the profile of the Charges; or (b) varies the total Charges payable during the Term (as forecast in the latest Financial Model) by: (i) 5% or more; or (ii) £1m or more;
"Onerous Contract"	a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it, as defined under International Accounting Standard 37;
"Onerous Contract Report"	a report provided by the Supplier pursuant to Paragraph 3 of Part A to this Schedule; and
"Open Book Data"	complete and accurate financial and non-financial information which is sufficient to enable the Authority to verify the Charges already paid or payable and Charges forecast to be paid during the remainder of the Term, including details and all assumptions relating to: (a) the Supplier's Costs broken down against each Service and/or Deliverable, including actual capital expenditure (including capital replacement costs) and the unit cost and total actual costs of all hardware and software; (b) operating expenditure relating to the provision of the Services including an analysis showing: (i) the unit costs and quantity of consumables and bought-in services; (ii) manpower resources broken down into the number and grade/role of all Supplier Personnel (free of any contingency) together with a list of agreed rates against each manpower grade; (iii) a list of Costs underpinning those rates for each manpower grade, being the agreed rate less the Supplier's Profit Margin; and

Schedule 15 (Financial Reports and Audit Rights)

[Subject to Contract]

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

Part A: Financial Transparency Objectives and Open Book Data – Not Used

Part B: Financial Reports

1. Provision of the Financial Reports

1.1 The Supplier shall provide

1.1.1 the Contract Inception Report on or before the Effective Date; and

1.1.2 during the Term the following financial reports to the Authority, in the frequency specified below:

Financial Report	When to be provided
Contract Amendment Report	Within 1 month of a Material Change being agreed between the Supplier and the Authority
Quarterly Contract Report	Within 1 month of the end of each Quarter
Annual Contract Report	Within 1 month of the end of the Contract Year to which that report relates
Final Reconciliation Report	Within 6 months after the end of the Term

1.2 The Supplier shall provide to the Authority the Financial Reports in the same software package (Microsoft Excel or Microsoft Word), layout and format as the blank templates which have been issued by the Authority to the Supplier on or before the Effective Date for the purposes of this Contract. The Authority shall be entitled to modify the template for any Financial Report by giving written notice to the Supplier, including a copy of the updated template.

1.3 A copy of each Financial Report shall be held by both the Authority and the Supplier. If there is a Dispute regarding a Financial Report, the Authority's copy of the relevant Financial Report shall be authoritative.

1.4 Each Financial Report shall:

1.4.1 be completed by the Supplier using reasonable skill and care;

1.4.2 incorporate and use the same defined terms as are used in this Contract;

1.4.3 quote all monetary values in pounds sterling;

1.4.4 quote all Costs as exclusive of any VAT; and

1.4.5 quote all Costs and Charges based on current prices.

1.5 Each Annual Contract Report and the Final Reconciliation Report shall be certified by the Supplier's Chief Financial Officer or Director of Finance (or equivalent as agreed in

Schedule 15 (Financial Reports and Audit Rights)

[Subject to Contract]

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writing by the Authority in advance of issue of the relevant Financial Report), acting with express authority, as:

- 1.5.1 being accurate and not misleading;
- 1.5.2 having been prepared in conformity with generally accepted accounting principles within the United Kingdom;
- 1.5.3 being a true and fair reflection of the information included within the Supplier's management and statutory accounts; and
- 1.5.4 compliant with the requirements of Paragraph 1.6.

1.6 The Supplier shall:

- 1.6.1 prepare each Financial Report using the same methodology as that used for the Contract Inception Report;
- 1.6.2 to the extent permitted by Law, ensure that each Annual Contract Report and each Contract Amendment Report (if any) is a true and fair reflection of the Costs and Supplier Profit Margin forecast by the Supplier;
- 1.6.3 to the extent permitted by Law, ensure that the Final Reconciliation Report is a true and fair reflection of the Costs; and
- 1.6.4 not have any other internal financial model in relation to the Services inconsistent with the Financial Model.

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

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

- 1.8.1 the Costs incurred (or those forecast to be incurred) by the Supplier; and/or
- 1.8.2 the forecast Charges for the remainder of the Term,

the Supplier shall, as soon as practicable, notify the Authority in writing of the event in question detailing the actual or anticipated effect. For the avoidance of doubt, notifications provided in accordance with this Paragraph 1.8 shall not have the effect of amending any provisions of this Contract.

2. Financial Model

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

- 2.1.1 the Parties shall meet to discuss its contents within 10 Working Days of receipt (or such other period as the Parties shall agree). The Financial Representative shall attend the meeting;

Schedule 15 (Financial Reports and Audit Rights)

[Subject to Contract]

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- 2.1.2 the Supplier shall make appropriate Supplier Personnel and advisers available to discuss any variations between the relevant Financial Report and the Contract Inception Report or immediately preceding Annual Contract Report or Contract Amendment Report (as the case may be) and to explain such variations (with reference to supporting evidence) to the satisfaction of the Authority; and
- 2.1.3 the Authority shall either within 10 Working Days of the meeting referred to in Paragraph 2.1.1 notify the Supplier that:
 - (a) the relevant Financial Report contains errors or omissions or that further explanations or supporting information is required, in which event the Supplier shall make any necessary modifications to the Financial Report and/or supply the Authority with such supporting evidence as is required to address the Authority's concerns within 10 Working Days of such notification and the Authority shall following receipt of such amended Financial Report and/or supporting information, approve or reject such Financial Report; or
 - (b) the Authority has approved the relevant Financial Report.
- 2.2 Following approval by the Authority of the relevant Financial Report in accordance with Paragraph 2.1.3, that version shall become, with effect from the date of such approval, the current approved version of the Financial Model for the purposes of this Contract, a version of which shall be held by both the Authority and the Supplier. If there is a Dispute regarding a Financial Report, the Authority's copy of the relevant Financial Report shall be authoritative.
- 2.3 If the Parties are unable to reach agreement on any Financial Report within 30 Working Days of its receipt by the Authority, the matter shall be referred for determination in accordance with Schedule 19 (*Dispute Resolution Procedure*).

3. Discussion of Quarterly Contract Reports and Final Reconciliation Report

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

4. Key Sub-contractors

- 4.1 The Supplier shall, if requested by the Authority, provide (or procure the provision of) a report or reports including the level of information set out in the Financial Reports in relation to the costs and expenses to be incurred by any of its Key Sub-contractors.
- 4.2 Without prejudice to Paragraph 1.1 of Part C, the Supplier shall:

Schedule 15 (Financial Reports and Audit Rights)

[Subject to Contract]

Crown Copyright 2025

- 4.2.1 be responsible for auditing the financial models/reports of its Key Sub-contractors and for any associated costs and expenses incurred or forecast to be incurred; and
- 4.2.2 on written request by the Authority, provide the Authority or procure that the Authority is provided with:
 - (a) full copies of audit reports for the Key Sub-contractors. The Authority shall be entitled to rely on such audit reports; and
 - (b) further explanation of, and supporting information in relation to, any audit reports provided.

Part C: Audit Rights

1. Audit Rights

- 1.1 The Authority, acting by itself or through its Audit Agents, shall have the right during the Term and for a period of 18 months thereafter, to assess compliance by the Supplier and/or its Key Sub-contractors of the Supplier's obligations under this Contract, including for the following purposes:
 - 1.1.1 to verify the integrity and content of any Financial Report;
 - 1.1.2 to verify the accuracy of the Charges and any other amounts payable by the Authority under this Contract (and proposed or actual variations to such Charges and payments);
 - 1.1.3 to verify the Costs (including the amounts paid to all Sub-contractors and any third party suppliers);
 - 1.1.4 to verify the Certificate of Costs and/or the Open Book Data;
 - 1.1.5 to verify the Supplier's and each Key Sub-contractor's compliance with this Contract and applicable Law;
 - 1.1.6 to identify or investigate actual or suspected fraud, impropriety or accounting mistakes or any breach or threatened breach of security and in these circumstances the Authority shall have no obligation to inform the Supplier of the purpose or objective of its investigations;
 - 1.1.7 to identify or investigate any circumstances which may impact upon the financial stability of the Supplier, the Guarantor and/or any Key Sub-contractors or their ability to perform the Services;
 - 1.1.8 to obtain such information as is necessary to fulfil the Authority's obligations to supply information for parliamentary, ministerial, judicial or administrative purposes including the supply of information to the Comptroller and Auditor General;
 - 1.1.9 to review any books of account and the internal contract management accounts kept by the Supplier in connection with this Contract;
 - 1.1.10 to carry out the Authority's internal and statutory audits and to prepare, examine and/or certify the Authority's annual and interim reports and accounts;
 - 1.1.11 to enable the National Audit Office to carry out an examination pursuant to Section 6(1) of the National Audit Act 1983 of the economy, efficiency and effectiveness with which the Authority has used its resources;
 - 1.1.12 to verify the accuracy and completeness of any Management Information delivered or required by this Contract;
 - 1.1.13 to review any Performance Monitoring Reports and/or other records relating to the Supplier's performance of the Services and to verify that these reflect the Supplier's own internal reports and records;

Schedule 15 (Financial Reports and Audit Rights)

[Subject to Contract]

Crown Copyright 2025

- 1.1.14 to inspect the IT Environment (or any part of it) and the wider service delivery environment (or any part of it);
 - 1.1.15 to review the accuracy and completeness of the Registers;
 - 1.1.16 to review any records created during the design and development of the Supplier System and pre-operational environment such as information relating to Testing;
 - 1.1.17 to review the Supplier's quality management systems (including all relevant Quality Plans and any quality manuals and procedures);
 - 1.1.18 to review the Supplier's compliance with the Standards;
 - 1.1.19 to inspect the Authority Assets, including the Authority's IPRs, equipment and facilities, for the purposes of ensuring that the Authority Assets are secure and that any register of assets is up to date; and/or
 - 1.1.20 to review the integrity, confidentiality and security of the Government Data.
- 1.2 Except where an audit is imposed on the Authority by a regulatory body or where the Authority has reasonable grounds for believing that the Supplier has not complied with its obligations under this Contract, the Authority may not conduct an audit of the Supplier or of the same Key Sub-contractor more than twice in any Contract Year.
- 1.3 Nothing in this Contract shall prevent or restrict the rights of the Comptroller and/or Auditor General and/or their representatives from carrying out an audit, examination or investigation of the Supplier and/or any of the Key Sub-contractors for the purposes of and pursuant to applicable Law.

2. Conduct of Audits

- 2.1 The Authority shall during each audit comply with those security, sites, systems and facilities operating procedures of the Supplier that the Authority deems reasonable and use its reasonable endeavours to ensure that the conduct of each audit does not unreasonably disrupt the Supplier or delay the provision of the Services.
- 2.2 Subject to the Authority's obligations of confidentiality, the Supplier shall on demand provide the Authority and the Audit Agents with all reasonable co-operation and assistance (and shall procure such co-operation and assistance from its Sub-contractors) in relation to each audit, including:
- 2.2.1 all information requested by the Authority within the permitted scope of the audit;
 - 2.2.2 reasonable access to any Sites and to any equipment used (whether exclusively or non-exclusively) in the performance of the Services;
 - 2.2.3 access to the Supplier System; and
 - 2.2.4 access to Supplier Personnel.
- 2.3 The Supplier shall implement all measurement and monitoring tools and procedures necessary to measure and report on the Supplier's performance of the Services against

the applicable Performance Indicators at a level of detail sufficient to verify compliance with the Performance Indicators.

- 2.4 The Authority shall endeavour to (but is not obliged to) provide at least 15 Working Days' notice of its intention to conduct an audit.
- 2.5 The Parties agree that they shall bear their own respective costs and expenses incurred in respect of compliance with their obligations under this Paragraph 2, unless the audit identifies a material Default by the Supplier in which case the Supplier shall reimburse the Authority for all the Authority's reasonable costs incurred in connection with the audit.

3. Use of Supplier's Internal Audit Team

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

4. Response to Audits

- 4.1 If an audit undertaken pursuant to Paragraphs 1 or 3 identifies that:
 - 4.1.1 the Supplier has committed a Default, the Authority may (without prejudice to any rights and remedies the Authority may have) require the Supplier to correct such Default as soon as reasonably practicable and, if such Default constitutes a Notifiable Default, to comply with the Rectification Plan Process;
 - 4.1.2 there is an error in a Financial Report, the Supplier shall promptly rectify the error;
 - 4.1.3 the Authority has overpaid any Charges, the Supplier shall pay to the Authority:
 - (a) the amount overpaid;
 - (b) interest on the amount overpaid at the applicable rate under the *Late Payment of Commercial Debts (Interest) Act 1998*, accruing on a daily basis from the date of overpayment by the Authority up to the date of repayment by the Supplier; and
 - (c) the reasonable costs incurred by the Authority in undertaking the audit,

the Authority may exercise its right to deduct such amount from the Charges if it prefers; and