



<b>Agreement Type</b>	Contract for Services
<b>Funding Period</b>	1 <sup>st</sup> August 2023 to 31 <sup>st</sup> July 2024
<b>Between</b>	the Secretary of State for Education
<b>And</b>	«ProviderName»
<b>Funding for</b>	ESFA Adult Education Budget (Contract for Services)
<b>Master Contract Number</b>	«MasterContractRef»

#### **ACCEPTANCE BY THE CONTRACTOR**

BY ACCEPTING THIS CONTRACT VIA THE MANAGE YOUR EDUCATION & SKILLS FUNDING SERVICE THE PERSON TAKING THIS ACTION ON BEHALF OF THE CONTRACTOR REPRESENTS AND WARRANTS THAT THE CONTRACTOR HAS READ AND UNDERSTOOD THIS CONTRACT, THE CONTRACTOR AGREES TO BE BOUND BY THIS CONTRACT AND THAT HE/SHE IS DULY AUTHORISED TO ACCEPT THIS CONTRACT AND LEGALLY BIND THE CONTRACTOR.

#### **SIGNED FOR AND ON BEHALF OF THE SECRETARY OF STATE FOR EDUCATION**

by David Withey, Chief Executive of the Education and Skills Funding Agency

**This Contract is made on the date the Contract is digitally signed by the Contractor on the Manage Your Education & Skills Funding Service between:**

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«ProviderName»  
«ProviderAddress»

«ProviderCompanyNo»

AND

THE SECRETARY OF STATE FOR  
EDUCATION  
DEPARTMENT FOR EDUCATION  
20 GREAT SMITH STREET  
LONDON  
SW1P 3BT

Hereinafter called  
the “**Contractor**”

Hereinafter called the  
“**Department**”

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## PART 1 - PRELIMINIARIES

### 1 DEFINITIONS

<b>“Account Manager”</b>	means the person appointed by the Contractor in accordance with Clause 18.2 (Account Manager);
<b>“AEB Funding”</b>	means adult education budget funding as further described at <a href="https://www.gov.uk/government/publications/adult-education-budget-aeb-funding-rules-2022-to-2023">https://www.gov.uk/government/publications/adult-education-budget-aeb-funding-rules-2022-to-2023</a> (as may be updated from time to time);
<b>“AEB Funding Rules”</b>	means the adult education budget funding rules as set out in <a href="https://www.gov.uk/government/publications/adult-education-budget-aeb-funding-rules-2022-to-2023">https://www.gov.uk/government/publications/adult-education-budget-aeb-funding-rules-2022-to-2023</a> (as may be updated from time to time);
<b>“Agreement Date”</b>	means the date of this Contract;
<b>“ASBO”</b>	means an anti-social behaviour order as defined in the Crime and Disorder Act 1998;
<b>“Awarding Organisation”</b>	means an organisation that is regulated by Ofqual or is recognised by QAA as an access validating agency;
<b>“Background Intellectual Property”</b>	means any intellectual property, other than Foreground Intellectual Property, which is used in performing the Services or comprises part of the Work;
<b>“Barred List”</b>	means the list of individuals who are barred from engaging in regulated activity with children, adults or both in England and Wales maintained by the Disclosure and Barring Service;
<b>“Brokerage”</b>	means the provision by a third party of services, for a fee, to source Sub-Contractors to provide the Services on behalf of the Contractor;
<b>“Business Continuity Plan”</b>	means any plan prepared pursuant to Clause 5.1, as may be amended from time to time;
<b>“Change”</b>	means any change to the Services which will then be progressed through the Change Control Procedure (for the avoidance of doubt excluding a change to this Contract which will be dealt with in accordance with Clause 51 (Amendments to this Contract));
<b>“Change Control Procedure”</b>	means the procedure as set out in Schedule 3 (Change Control Procedure);
<b>“Change in Control”</b>	means (1) any event where any single person or group of persons acting in concert (within the meaning of The City Code on Takeovers and Mergers) acquires any direct or indirect legal and/or beneficial interest in the share capital (as defined in Section 545 of the Companies Act 2006) of the Contractor as a result of which that person or group of persons has a direct or indirect interest in more

	than 25% of the share capital of the Contractor; and/or (2) a change in the top two tiers of the management team of the Contractor;
<b>“Child” or “Children”</b>	shall have the meaning given to it in Section 60 of the Safeguarding Vulnerable Groups Act 2006;
<b>“Combined Authority”</b>	means an authority established under section 103(1) of the Local Democracy, Economic Development and Construction Act 2009 or an authority to which a delegation of the Secretary of State’s functions has been made under section 39A of the Greater London Authority Act 1999;
<b>“Confidential Information”</b>	means any information, including Personal Data as defined by the Data Protection Legislation, and any information, however it is conveyed, that relates to the business, affairs, developments, trade secrets, know-how, personnel, and suppliers of the Parties including all IPRs, together with all information derived from any of the above, and any other information clearly designated as being confidential or which ought reasonably be considered to be confidential (whether or not it is marked "confidential");
<b>“Contract”</b>	means this Contract between the above named Parties consisting of these Terms and Conditions, all Schedules to this Contract any other documents (or parts thereof) specified in the Contract and any amendments to the Contract agreed in writing by both Parties in accordance with Clause 51;
<b>“Contract Allocation”</b>	means the value of funding allocated to a successful contractor under a Contract resulting from the Procurement in a single Funding Year. The Contract Allocation is the specific amount allocated to the Contractor as a consequence of the Contract Allocation Process as set out in the Funding Agreement contained in Schedule 2 (Payment) and as set out in the Volumes and Values Spreadsheet as may be varied from time to time in accordance with Clause 6.4;
<b>“Contract Allocation Process”</b>	means the process which the Department followed during the Procurement in order to determine the Contract Allocation to be awarded to each eligible contractor as further described in the Procurement Documents;
<b>“Contract Manager”</b>	the person appointed by the Department in accordance with Clause 18.1 (Contract Manager);
<b>“Contract Period”</b>	means the period between the Agreement Date and the Expiry Date or (in the case of early termination of the Contract) the Termination Date;
<b>“Contract Year”</b>	a consecutive period of twelve (12) months commencing on the Agreement Date or each anniversary thereof;
<b>“Contractor Personnel”</b>	means all persons employed or engaged by the Contractor together with the Contractor’s servants, agents, consultants and Sub-Contractors (and all persons employed by any Sub-Contractor together with the Sub-Contractor’s servants, consultants, agents, and contractors) used in the performance of its obligations under this Contract;



<b>“Contractor Related Party”</b>	means any officer, agent, employee of the Contractor acting in the course of their office or employment including any Sub-Contractors supplied by the Contractor in relation to the Services;
<b>“Contractor System”</b>	means the information and communications technology system used by the Contractor in performing the Services including the Contractor’s equipment and related cabling (but excluding the Department System);
<b>“Contracts Finder”</b>	means the Government’s publishing portal for public sector procurement opportunities;
<b>“Convictions”</b>	means, other than for minor road traffic offences, any previous or pending prosecutions, convictions, cautions and binding over orders (including any spent convictions as contemplated by section 1(1) of the Rehabilitation of Offenders Act 1974 by virtue of the exemptions specified in Part II of Schedule 1 of the Rehabilitation of Offenders Act 1974 (Exemptions) Order 1975 (SI 1975/1023) or any replacement or amendment to that Order, or is a Barred person in accordance with section 3 of the Safeguarding Vulnerable Groups Act 2006;
<b>“Crown Body”</b>	means any department, office or agency of the Crown, including Ofsted, the Care Quality Commission, the Charity Commission, the Office for Students, Ofqual, any and all local authority or Combined Authority bodies;
<b>“Data”</b>	takes the meaning given in the UK GDPR;
<b>“Database”</b>	means the rights in or to the data held in the Contractor’s system in accordance with the Specification;
<b>“Data Controller”</b>	takes the meaning given to the term controller in the UK GDPR;
<b>“Data Loss Event”</b>	means any event that results, or may result, in unauthorised access to Personal Data held by the Data Processor 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;
<b>“Data Processor”</b>	takes the meaning given to the term processor in the UK GDPR;
<b>“Data Processor Personnel”</b>	means all directors, officers, employees, agents, consultants and contractors of the Data Processor and/or of any Data Sub-Processor engaged in the performance of its obligations under this Contract;
<b>“Data Protection Impact Assessment”</b>	means an assessment by the Data Controller of the impact of the envisaged processing on the protection of Personal Data;
<b>“Data Protection Legislation”</b>	means (i) the UK GDPR as amended from time to time; (ii) the Data Protection Act 2018 as amended from time to time; (iii) Regulations made under the Data Protection Act 2018; and (iv) all applicable Law about the Processing of Personal Data;

<b>“Data Protection Officer”</b>	takes the meaning given in the UK GDPR;
<b>“Data Subject” “Process” and “Processing”</b>	takes the meaning given in the UK GDPR;
<b>“Data Subject Access Request” (SAR or DSAR)</b>	means a request made by, or on behalf of, a Data Subject in accordance with rights granted pursuant to the Data Protection Legislation to access their Personal Data;
<b>“Data Sub-Processor”</b>	means any third party appointed to process Personal Data on behalf of that Data Processor related to this Contract;
<b>“Default”</b>	means any breach of the obligations of the Contractor (including abandonment of the Contract in breach of its terms) or any other default (including material default), act, omission, negligence or statement of the Contractor, of its Sub-contractors or any Contractor Related Party howsoever arising in connection with or in relation to the subject-matter of the Contract and in respect of which the Contractor is liable to the Department;
<b>“Department”</b>	means the Secretary of State for Education acting through the Department for Education and / or Education and Skills Funding Agency (ESFA);
<b>“Department Data”</b>	means any data (including metadata), record, document or information howsoever stored which is either:  (a) communicated by the Department, its staff, sub-contractors and agents to the Contractor in writing, orally, electronically or by any other means relating to the Learners and/or Services provided to the Learners; or  (b) obtained, gleaned, compiled or processed by the Contractor during the course of the Contractor providing the Services relating to or provided to the Learners, including Personal Data for which the Department is the Data Controller including but not limited to ILR Data, e-portfolios and learner files;
<b>“Department Policies”</b>	means the policies referred to in Schedule 6 (Security & Department Policies) and any other policies of the Department including but not limited to the Department’s policy on funding higher risk organisations and Sub-Contractors in force as at the Agreement Date and as may be amended from time to time;
<b>“Department Related Party”</b>	means any officer, agent, worker, employee of the Department acting in the course of their office, engagement or employment in relation to the Services;
<b>“Department System”</b>	means the Department’s computing environment (consisting of hardware, software and/or telecommunications networks or equipment) used by the Department or the Contractor in connection with this Contract which is owned by or licensed to the Department

	by a third party and which interfaces with the Contractor System or which is necessary for the Department to receive the Services;
<b>“Disclosure and Barring Service” or “DBS”</b>	means the non-departmental public body established pursuant to the Protection of Freedoms Act 2012;
<b>“Dispute Resolution Procedure”</b>	means the procedure for resolving disputes as set out in Clause 19 (Dispute Resolution Procedure);
<b>“DPA 2018”</b>	means the Data Protection Act 2018;
<b>“Earnings Adjustment Statement”</b>	means <a href="https://www.gov.uk/government/publications/earnings-adjustment-statement">Earnings adjustment statement (EAS) - GOV.UK (www.gov.uk)</a> ;
<b>“EIR”</b>	means the Environmental Information Regulations 2004;
<b>“Escalation Meeting”</b>	means a meeting between a suitably authorised representative of the Department and a suitably authorised representative of the Contractor to address issues that have arisen during the Rectification Plan Process;
<b>“Exempt Information”</b>	means any information or class of information (including but not limited to any document, report, contract or other material containing information) relating to this Contract or otherwise relating to the Contractor, which potentially falls within an exemption to FOIA (as set out therein) or the EIR (as set out therein) (as relevant);
<b>“Exemption Case”</b>	means the case submitted by the Contractor to the Department in accordance with paragraphs 29 - 31 of the Sub-Contracting Funding Rules for permission to exceed the Sub-Contracting Threshold
<b>“Expiry Date”</b>	means 31 July 2024 or, if the Contract Period is extended by the Department under Clause 2.5, such other later date as is notified in writing to the Contractor by the Department in accordance with Clause 2.6;
<b>“FCFJ Funding”</b>	means ‘free courses for jobs’, funding which is available to learners who wish to enrol on a level 3 qualification as further described at <a href="https://www.gov.uk/government/publications/adult-education-budget-aeb-funding-rules-2022-to-2023/adult-education-budget-level-3-qualifications-flow-charts">https://www.gov.uk/government/publications/adult-education-budget-aeb-funding-rules-2022-to-2023/adult-education-budget-level-3-qualifications-flow-charts</a> (as may be updated from time to time);
<b>“Financial Year”</b>	means a period of twelve (12) months starting on 1 April and ending on 31 March;
<b>“FOIA”</b>	means the Freedom of Information Act 2000 and all regulations made thereunder from time to time or any superseding or amending enactment and regulations, and words and expressions defined in the FOIA shall have the same meaning in Clause 26 (Freedom of Information and Confidentiality);
<b>“FOIA Notice”</b>	means a decision notice, enforcement notice and/or an information notice under the FOIA and/or the EIR (as relevant);

<b>“Foreground Intellectual Property”</b>	means any intellectual property that arises or is obtained or developed by, or on behalf of, the Contractor in respect of the Work in the course of or in connection with the provision of the Services excluding Learner Files;
<b>“Funding”</b>	means the funding paid to the Contractor by the Department in accordance with this Contract and the Funding Rules for the delivery of the Services;
<b>“Funding Agreement”</b>	means the table as set out in Schedule 2 (Payment);
<b>“Funding Rules”</b>	means the documents produced by the Department which set out the detailed requirements with which the Contractor must comply in respect of the Services delivered under this Contract as may be amended by the Department from time to time and as referred to in the Specification (Schedule 1 (Specification & Monitoring)) as AEB Funding Rules;
<b>“Funding Year”</b>	means a period of twelve (12) months starting on 1 August and ending on 31 July;
<b>“Funding Stream”</b>	means each stream of Funding as set out in Schedule 2 (Payment);
<b>“Good Industry Practice”</b>	means the exercise of that degree of skill, care, prudence, efficiency, foresight and timeliness as would be expected from a leading company within the relevant industry or business sector;
<b>“High Needs Learner”</b>	means a Learner aged sixteen (16) to eighteen (18) with high levels of Special Educational Needs and Disability (SEND), supported with top-up funding from the high needs budget, or any young person aged up to twenty-five (25) subject to an Education Health and Care Plan, who requires additional support costing over six thousand pounds (£6,000);
<b>“ICT Environment”</b>	means the Department System and the Contractor System;
<b>“ILR” or “Individualised Learner Record”</b>	means the on-going collection of Learner data undertaken by training providers including the Contractor in the Further Education (FE) and Skills sector as set out at <a href="http://www.gov.uk">Individualised Learner Record (ILR) - GOV.UK (www.gov.uk)</a> ;
<b>“ILR Data”</b>	means Individualised Learner Record data;
<b>“Incident Response Plan”</b>	means each Party’s operational plan for response to and recovery from Significant Incidents or Emergencies as identified in national, local and community risk registers and in accordance with the requirements of the Civil Contingencies Act 2004;
<b>“Indirect Losses”</b>	means loss of profits, loss of production, loss of business, loss of business opportunity, or any claim for consequential loss or for indirect loss of any nature;

<b>“Initial Contract Period”</b>	means 1 <sup>st</sup> August 2023 to 31 <sup>st</sup> July 2024;
<b>“Insolvency Event”</b>	<p>means, in respect of the Contractor:</p> <ul style="list-style-type: none"> <li>(a) a proposal is made for a voluntary arrangement within Part I of the Insolvency Act 1986 or of any other composition scheme or arrangement with, or assignment for the benefit of, its creditors; or</li> <li>(b) a shareholders' meeting is convened for the purpose of considering a resolution that it be wound up or a resolution for its winding-up is passed (other than as part of, and exclusively for the purpose of, a bona fide reconstruction or amalgamation); or</li> <li>(c) a petition is presented for its winding up (which is not dismissed within fourteen (14) Working Days of its service) or an application is made for the appointment of a provisional liquidator or any decision is made by a creditor(s) pursuant to the Insolvency Act 1986; or</li> <li>(d) a receiver, administrative receiver or similar officer is appointed over the whole or any part of its business or assets; or</li> <li>(e) an application order is made either for the appointment of an administrator or for an administration order, an administrator is appointed, or notice of intention to appoint an administrator is given; or</li> <li>(f) it is or becomes insolvent within the meaning of section 123 of the Insolvency Act 1986; or</li> <li>(g) being a "small company" within the meaning of section 382(3) of the Companies Act 2006, a moratorium comes into force pursuant to Schedule A1 of the Insolvency Act 1986;</li> </ul>
<b>“Inspectorates”</b>	means one, any or all of the inspectorates: Office for Standards in Education, Children’s Services and Skills (Ofsted), His Majesty’s Inspectorate for Education and Training in Wales (Estyn), the Quality Assurance Agency for Higher Education, the Office for Students, the Care Quality Commission (CQC) and the Local Government Ombudsman;
<b>“Intellectual Property Rights”</b>	<p>means any patent, registered design, copyright, database right, design right, topography right, trademark, trade name, application to register any of the aforementioned rights, trade secret, inventions, right in unpatented knowhow, right of confidence and any other intellectual or industrial property right of any nature whatsoever in any part of the world including, without limitation:</p> <ul style="list-style-type: none"> <li>(a) any renewals, revisions and extensions created or provided by the laws of any country;</li> </ul>

	<p>(b) all rights of action and remedies (including but not limited to an injunction, damages and/or an account of profits) in relation to past infringements; and</p> <p>(c) the right to apply for registration of any such rights in any country of the world;</p>
<b>“Key Performance Indicators” or “KPIs”</b>	means the key performance indicators as described in Schedule 1C (Key Performance Indicators)
<b>“Law” and “Laws”</b>	means any law, statute, subordinate legislation within the meaning of Section 21(1) of the Interpretation Act 1978, bye-law, right within the meaning of Section 4(1) EU Withdrawal Act 2018 as amended by EU (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 Contractor is bound to comply;
<b>“Learner”</b>	means any third party including any student, apprentice (under an Apprenticeship), trainee or similar to whom the Contractor is required to deliver any of the Services;
<b>“Learner Completion”</b>	where the Learner has completed their learning activities leading to the learning aim (as further described at <a href="https://www.gov.uk/government/publications/sfa-ilr-standard-file-specifications-and-reference-data">https://www.gov.uk/government/publications/sfa-ilr-standard-file-specifications-and-reference-data</a> as may be updated from time to time);
<b>“Learner Files” / “Learner Records” / “Evidence Packs”</b>	means any information relating to a Learner generated by the Contractor, the Learner or a third party for the purpose of the delivery of the Learning Programme;
<b>“Learner Start”</b>	means when any Learner starts any learning aim. This would not include enrolment, induction, prior assessment, diagnostic testing, or similar learning, and <b>“Learner Starts”</b> shall be construed accordingly;
<b>“Learning Programme”</b>	means a programme of education and/or training delivered by the Contractor under this Contract;
<b>“Local Enterprise Partnership (LEP)”</b>	means a legal relationship between two (2) or more local authorities by way of partnership or otherwise, created for the purposes of identifying, determining and facilitating economic opportunities that generate economic growth, prosperity and job creation in a particular area;
<b>“Longstop Date”</b>	means the date on which an extension to the Contract Period which has been granted by the Department under Clause 2.3 solely to give Learners recruited prior to the Expiry Date an opportunity to complete their Learning Programmes, comes to an end;
<b>“Malicious Software”</b>	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;
<b>“Material Change”</b>	means a Change that leads to a demonstrable material increase to the Contractor’s costs and/or requires a significant Change to the Contract;
<b>“Modern Slavery Assessment Tool”</b>	means the modern slavery risk identification and management tool which can be found online at: <a href="https://supplierregistration.cabinetoffice.gov.uk/msat">https://supplierregistration.cabinetoffice.gov.uk/msat</a> ;
<b>“New Provider Monitoring Visit”</b>	means a type of visit carried out by Ofsted, which explores one or more specific themes, with the purpose of assessing progress against these themes, promoting improvement and assessing risk. Such inspections may apply to [Contractors that are newly providing Provision funded by the Department;
<b>“Notifiable Default”</b>	means: (a) the Contractor commits a Default; and/or (b) the circumstances described in Schedule 1C (KPIs);
<b>“Occasion of Tax Non-Compliance”</b>	(a) any tax return of the Contractor submitted to a Relevant Tax Authority on or after 1 October 2012 is found on or after 1 April 2013 to be incorrect as a result of:  (i) a Relevant Tax Authority successfully challenging the Contractor under the General Anti-Abuse Rule or the Halifax Abuse Principle or under any tax rules or legislation that have an effect equivalent or similar to the General Anti-Abuse Rule or the Halifax Abuse Principle;  (ii) the failure of an avoidance scheme which the Contractor was involved in, and which was, or should have been, notified to a Relevant Tax Authority under the DOTAS or any equivalent or similar regime; and/or  (b) any tax return of the Contractor submitted to a Relevant Tax Authority on or after 1 October 2012 gives rise on or after 1 April 2013 to a criminal conviction in any jurisdiction for tax related offences which is not spent at the Agreement Date or to a civil penalty for fraud or evasion;
<b>“Offender Manager”</b>	means an officer from His Majesty’s Prison and Probation Service who is working directly with an offender serving their sentence in the community;
<b>“Ofqual”</b>	means the Office of Qualifications and Examinations Regulation;
<b>“Ofsted”</b>	means the Office for Standards in Education, Children’s Services and Skills;

<b>“Parties”</b>	means the Department (acting on behalf of the Crown) and the Contractor;
<b>“Performance Conversation”</b>	means a discussion between representatives of the Department and the Contractor as described in paragraphs 2.1 to 2.6 (inclusive) of Schedule 1C (KPIs);
<b>“Performance Data”</b>	means the data required in order for the Department to monitor the Contractor’s performance against the KPIs, as further described in Annex 1 of Schedule 1C (KPIs);
<b>“Personal Data”</b>	takes the meaning given in the UK GDPR;
<b>“Personal Data Breach”</b>	takes the meaning given in the UK GDPR;
<b>“Personal Data Requiring Sensitive Processing”</b>	takes the meaning given in the UK GDPR;
<b>“Premises”</b>	means the location(s) where the Services are to be performed;
<b>“Procurement”</b>	means the procurement process undertaken by the Department, which commenced in February 2023 with FTS reference 2023/S 000-003507 to award contracts for the provision of adult education services;
<b>“Procurement Documents”</b>	means the documentation issued by the Department in respect of the Procurement;
<b>“Prohibited Acts”</b>	means the acts specified in Clause 39 (Prohibited Acts);
<b>“Protective Measures”</b>	means appropriate technical and organisational measures which may include: pseudonymising and encrypting Personal Data, ensuring confidentiality, integrity, availability and resilience of systems and services, ensuring that availability of and access to Personal Data can be restored in a timely manner after an incident, and regularly assessing and evaluating the effectiveness of the such measures adopted by it including those outlined in this Contract;
<b>“Provision”</b>	means the Services that the Contractor is under an obligation under this Contract to deliver in accordance with the Specification (Schedule 1 (Specification & Monitoring)) and as defined more fully in the Specification (Schedule 1 (Specification & Monitoring));
<b>“QAA”</b>	means the Quality Assurance Agency for Higher Education;
<b>“Quarter”</b>	means in respect of each Funding Year: (a) Quarter 1: August to October; (b) Quarter 2: November to January; (c) Quarter 3: February to April; and (d) Quarter 4: May to July;  and <b>“Quarterly”</b> means in each of Quarter 1, Quarter 2, Quarter 3 and Quarter 4;
<b>“Rectification Plan”</b>	means the Contractor’s plan (or revised plan) to rectify a Notifiable Default using the template in Schedule 10 (Rectification Plan);



<b>“Rectification Plan Process”</b>	means the process set out in clauses 16.1 to 16.3;
<b>“Regulated Qualification Framework” or “RQF”</b>	means a system for cataloguing all qualifications regulated by Ofqual;
<b>“Regulatory Body”</b>	means those government departments and regulatory, statutory and other entities, committees, ombudsmen and bodies which, whether under statute, rules, regulations, codes of practice or otherwise, are entitled to regulate or investigate the matters dealt with in this Contract or any other affairs of the Contractor or the Department, including, without limitation, Ofsted;
<b>“Relevant Authority”</b>	means any court with the relevant jurisdiction and any local, national or supra-national agency, inspectorate, minister, ministry, officer or public or statutory person of the Government of the United Kingdom;
<b>“Reporting Period”</b>	means the reporting periods as further described in Schedule 11 (Growth and adjustment of allocations);
<b>“Restricted Transfer”</b>	means a transfer of Personal Data which is undergoing processing or which is intended to be processed after transfer, to a country or territory to which such transfer is prohibited or subject to any requirement to take additional steps to adequately protect the Personal Data processed under this Contract for the transfer to be lawful under the Data Protection Legislation;
<b>“Restricted Share Transfer”</b>	means any transfer of shares or ownership in the Contractor or its holding company or in the senior management (including shadow directors) of the Contractor or its holding company to a person who had a significant influence as a director and/or a shareholder over another training provider and in respect of which within the last three (3) years the Department has terminated one or more contracts for similar Services as are being delivered under this Contract or the Department would have terminated the Contract had the training provider not pre-emptively terminated the relevant agreement;
<b>“Services”</b>	means the services to be provided in accordance with the Specification (Schedule 1 (Specification & Monitoring));
<b>“Services Start Date”</b>	means 1 August 2023;
<b>“Significant Incident or Emergency”</b>	means an event or occurrence which: <ul style="list-style-type: none"> <li>(i) constitutes an emergency for the purposes of the Civil Contingencies Act 2004; and/or</li> <li>(ii) constitutes an emergency under local and/or community risk registers; and/or</li> <li>(iii) is designated as a significant or emergency incident under the Incident Response Plan;</li> </ul>

<b>“SME”</b>	means 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;
<b>“Specification”</b>	means the documents contained in Schedule 1 (Specification & Monitoring) setting out the Department’s requirements for the Services to be provided under this Contract;
<b>“Staffing Information”</b>	has the meaning set out in paragraph 1 (Definitions) in Schedule 4 (TUPE);
<b>“Standard National Profile”</b>	shall have the meaning given to it in paragraph 1.4(a) of Schedule 1C (KPIs);
<b>“Sub-Contract”</b>	means an agreement entered into between the Contractor and a Sub-Contractor for the purposes of engaging the Sub-Contractor to deliver some or all of the Services on behalf of the Contractor;
<b>“Sub-Contracting”</b>	means any delivery to a Learner’s programme of learning by a separate legal entity or an individual under a Sub-Contract;.
<b>“Sub-Contracting Funding Rules”</b>	means the <i>Subcontracting funding rules for ESFA funded post-16 funding (excluding apprenticeships) 2021 to 2022</i> set out in the link contained in paragraph 1.1 (c) of Schedule 8 (Sub-Contracting) (as may be amended or replaced from time to time);
<b>“Sub-Contracting Threshold”</b>	means 25% of the total number of Learners across each Funding Stream under this Contract in any given Funding Year;
<b>“Sub-Contractor”</b>	means a person or organisation that has entered into a Sub-Contract with the Contractor;
<b>“Sub-Contractor Declaration”</b>	means the declaration that the Department requires a Contractor to complete specifying whether or not the Contractor is Sub-Contracting any of the Services and if so, what Services and the amount of Funding that represents;
<b>“Sub-Contractor Policy”</b>	means the Department’s policy that applies to sub-contracting and sub-contractors as set out at <a href="https://www.gov.uk/government/collections/post-16-education-subcontracting-using-funding-to-offer-education-and-training">https://www.gov.uk/government/collections/post-16-education-subcontracting-using-funding-to-offer-education-and-training</a>
<b>“Subsidy Control”</b>	means the UK Government’s rules on the provision of subsidies.
<b>“Successor Contractor”</b>	means the person or organisation nominated by the Department to undertake the services substantially the same as the Services after the termination of this Contract;
<b>“Tender Response”</b>	means the Contractor’s response submitted as part of the Procurement and as set out in Schedule 14 (Contractor’s response/proposals);
<b>“Termination Date”</b>	means any date on which this Contract terminates in accordance with Clause 42 (Termination);

<b>“Terms and Conditions”</b>	means the terms and conditions set out in the Preliminaries (Part 1) and Clauses 1 to 59 (inclusive) of this Contract;
<b>“Transferring Former Supplier Employees”</b>	is as defined in Schedule 4 (TUPE);
<b>“TUPE”</b>	means The Transfer of Undertakings (Protection of Employment) Regulations 2006 (as amended);
<b>“Unique Funded Start”</b>	means where a Learner is in learning for at least the qualifying period. The qualifying period varies depending on the length of the course the Learner is enrolled in, as further described at <a href="https://www.gov.uk/government/publications/adult-education-budget-aeb-funding-rates-and-formula-2022-to-2023/esfa-funded-adult-education-budget-funding-rates-and-formula-2022-to-2023#our-earnings-method">https://www.gov.uk/government/publications/adult-education-budget-aeb-funding-rates-and-formula-2022-to-2023/esfa-funded-adult-education-budget-funding-rates-and-formula-2022-to-2023#our-earnings-method</a> ;
<b>“UK GDPR”</b>	means the General Data Protection Regulation (Regulation (EU) 2016/679) as transposed into United Kingdom national law by operation of section 3 of the European Union (Withdrawal) Act 2018, together with the Data Protection, Privacy and Electronic Communications (Amendments etc.) (EU Exit) Regulations 2019;
<b>“Volumes and Values Spreadsheet”</b>	means the spreadsheet embedded in Schedule 15 (Volumes & Values)
<b>“Voluntary Community and Social Enterprise” or “VCSE”</b>	means a non-governmental organisation that is value driven and which principally reinvests its surpluses to further social, environmental or cultural objectives;
<b>“Work”</b>	means all materials created by the Contractor as a result of the provision of the Services including Confidential Information and all designs, drawings, data, specifications and all other technical business and similar information relating to the Services including all readable or computer or other machine-readable data or material and any material relating to or comprising software which may be part of the provision of the Services;
<b>“Working Day”</b>	means a day (other than a Saturday or Sunday) on which banks are open for domestic business in the City of London.

1.1 In this Contract, unless the context otherwise requires, capitalised expressions shall have the meanings set out in Clause 1 above or the relevant Schedule in which that capitalised expression appears. If a capitalised expression does not have an interpretation in Clause 1 or the relevant Schedule, it shall have the meaning given to it in this Contract.

1.2 In this Contract except where the context otherwise requires: -

1.2.1 the masculine includes the feminine and vice-versa;

1.2.2 the singular includes the plural and vice-versa;

- 1.2.3 a reference to any clause, sub-clause, paragraph, schedule or annex is, except where it is expressly stated to the contrary, a reference to such clause, sub-clause, paragraph, schedule or annex of this Contract;
  - 1.2.4 any reference to this Contract or to any other document will include any permitted variation, amendment or supplement to such document;
  - 1.2.5 any reference to any enactment, order, regulation, code, guidance or other similar instrument will be construed as a reference to the enactment, order, regulation, code, guidance or instrument (including any EU instrument) as amended, replaced, consolidated or re-enacted;
  - 1.2.6 references to any documents being "in the agreed form" means such documents have been initialled by or on behalf of each of the Parties for the purpose of identification;
  - 1.2.7 a reference to a person includes firms, partnerships and corporations and their successors and permitted assignees or transferees;
  - 1.2.8 headings are for reference only;
  - 1.2.9 words preceding "include", "includes", "including" and "included" will be construed without limitation by the words which follow those words;
  - 1.2.10 the Schedules to this Contract form part of this Contract;
  - 1.2.11 references to the Parties shall be to the parties to this Contract; and
  - 1.2.12 references to months shall mean calendar months.
- 1.3 No review, comment or approval by the Department under the provisions of this Contract will operate to exclude or limit the Contractor's obligations or liabilities under this Contract or the Department's rights under this Contract.
- 1.4 Precedence of Documentation
- In the event of any inconsistency between the provisions of the Terms and Conditions and the Schedules, or between any of the Schedules, the conflict will be resolved according to the following descending order of priority:
- 1.4.1 the Terms and Conditions;
  - 1.4.2 Schedule 1 (Specification & Monitoring);
  - 1.4.3 The remaining Schedules (other than Schedule 14 (Contractor's Response/Proposals));
  - 1.4.4 Schedule 14 (Contractor's Response/Proposals).
- For the avoidance of doubt, in the event of any inconsistency between this Contract and the Funding Rules, this Contract will take precedence.
- 1.5 In relation to any provision in the Contract, the Secretary of State may act through the Department for Education and / or its executive agency, ESFA. As such, where the Contract refers to the Department, both the Department for Education and the ESFA

are entitled to act in accordance with, and / or benefit from, and / or enforce, the relevant provision.

- 1.6 Without prejudice to the provisions set out in Clause 1.5, the Department for Education will principally manage provider registers, the relationship with the Contractor and any intervention; and the ESFA will principally be responsible for allocations, payments, Contract administration and assurance.

## **PART 2 - THE SERVICES**

### **2 COMMENCEMENT AND DURATION**

- 2.1 The Contract Period will commence on the Agreement Date and expire or terminate on the earlier of:
  - 2.1.1 the Expiry Date; or
  - 2.1.2 the Termination Date.
- 2.2 The Contractor must not recruit new Learners onto any Learning Programme after the Expiry Date (including any revised Expiry Date to reflect an extended Contract Period under Clause 2.5 and in respect of which the definition of Expiry Date has been updated in accordance with Clause 2.6) and in any event all Learners must complete their Learning Programme by the relevant Longstop Date in accordance with Clause 2.3. The Department will not be liable to make payments to the Contractor in respect of any Learners recruited in breach of this Clause 2.2.
- 2.3 In order to give Learners recruited prior to the relevant Expiry Date an opportunity to complete their Learning Programmes, the Department may extend the Contract Period for the relevant period necessary to achieve this, subject to a Longstop Date. In the case of the original Expiry Date the Longstop Date will be the 12-month anniversary of the date when the last Learner was recruited before the original Expiry Date or 31 July 2025, whichever is the earlier. Where the Contract Period has been extended in accordance with Clause 2.5 and the Expiry Date has been updated in accordance with Clause 2.5, the Longstop Date will be the 12 month anniversary of the relevant revised Expiry Date.
- 2.4 During any extension to the Contract Period under Clause 2.3 the Contractor must not recruit new Learners after the relevant Expiry Date and the Department will not be liable to make any payments in relation to any Learners recruited after the relevant Expiry Date or be liable to make any further payments at all after the relevant Longstop Date. For the avoidance of doubt an extension under Clause 2.3 will not have the effect of updating the definition of Expiry Date.
- 2.5 Without prejudice to Clause 2.3 the Department may, by giving written notice to the Contractor, extend the Contract for such period or periods and on as many occasions as the Department deems appropriate up to an overall total of three (3) years from the original Expiry Date, subject to affordability and Government skills priorities. **The decision regarding any such extension or extensions is at the Department's sole discretion.**
- 2.6 On each occasion that the Contract Period is extended in accordance with Clause 2.5, the Department shall notify the Contractor in writing of the new Expiry Date and the definition of Expiry Date shall be updated accordingly. The Department shall also notify the Contractor of the Longstop Date that applies to that Expiry Date.

2.7 Where the Department extends the Contract pursuant to Clause 2.5, the Department shall notify the Contractor in writing of the new Expiry Date.

2.8 In advance of the Department implementing:

2.8.1 any extension to the Contract pursuant to Clause 2.5;

2.8.2 any adjustment to the Contract Allocation part way through a Funding Year in accordance with Parts A to C of Schedule 11 (Growth and Adjustment of Allocations); and

2.8.3 the award of Additional FCFJ Funding in accordance with Part D of Schedule 11 (Growth and Adjustment of Allocations),

the following process (or a process specified by the Department similar to the provisions set out below) shall apply:

2.8.4 the Department may request an updated Volumes and Values Spreadsheet in order to determine the number and subject of Programmes which the Contractor intends to deliver in for the remainder of the Funding Year or the next Funding Year (as applicable);

2.8.5 the Contractor shall return the updated Volumes and Values Spreadsheet via the method stipulated by the Department within 30 calendar days of the date of the Department's request;

2.8.6 the Department may review the updated Volumes and Values Spreadsheet to determine whether this represents a fundamental change to the Contractor's existing delivery programme (including the subject-matter of courses). Where the Department has concerns in this regard, it may approach the Contractor to discuss the rationale for the Contractor's change in approach and may request further changes to the updated Volumes and Values Spreadsheet;

2.8.7 where a further update to the Volumes and Values Spreadsheet is required, the Contractor shall implement the changes requested by the Department and submit such further update to the Department within 14 calendar days of the Department's request;

2.8.8 where the Parties are still unable to agree the approach for the remainder of the Funding Year/next Funding Year (as applicable), the Parties shall follow the Dispute Resolution Procedure.

### **3 SERVICE DELIVERY**

3.1 The Services to be delivered under this Contract are those as set out in Schedule 1 (Specification & Monitoring). The detailed requirements in respect of the Services are also set out in the Funding Rules as amended from time to time by the Department and which form part of the terms and conditions of this Contract.

3.2 The Contractor shall commence the Services on the Services Start Date. Time shall be of the essence in relation to this Clause 3.2.

3.3 The Services are to be delivered at all times and in all respects in accordance with the terms and conditions set out in this Contract.

- 3.4 The Contractor will comply (and will ensure that any Sub-Contractor complies) at all times and in all respects with the Department Policies.
- 3.5 The Contractor will ensure that data relating to Learners including Learner Records is held and saved in a format that can be reasonably accessed by the Department on request.
- 3.6 The Contractor will comply in all respects with all relevant Laws to which it may be subject.

#### **4 DEPARTMENT OBLIGATIONS**

- 4.1 The Department will not wilfully impede the Contractor in the performance of its obligations under this Contract (having regard always to the interactive nature of the activities of the Department and of the Contractor).

#### **5 SIGNIFICANT INCIDENTS OR EMERGENCIES**

- 5.1 The Contractor must have and maintain an up-to-date Business Continuity Plan. [Expecting the unexpected - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/expecting-the-unexpected)
- 5.2 The Contractor must at the request of the Department provide whatever support and assistance may reasonably be required by the Department in response to any national, regional or local emergency or incident (including Significant Incident or Emergency) including at any premises identified by the Department.
- 5.3 The Contractor will ensure that Learners have access to portfolios, e-portfolios, learning materials, and other evidence, at all times.

#### **6 CHANGE IN SERVICE**

- 6.1 Any Change must be dealt with in accordance with the Change Control Procedure in Schedule 3 (Change Control Procedure).
- 6.2 Any dispute arising from the operation of the Change Control Procedure must be resolved in accordance with the Dispute Resolution Procedure. Notwithstanding any referral to the Dispute Resolution Procedure the Contractor must nevertheless proceed to implement any Change requested by the Department which is required:
  - 6.2.1 to implement or comply with the orders, directions, guidance, recommendations or advice of a Relevant Authority or the Department's auditors (whether internal or external) or the outcome of a statutory inspection;
  - 6.2.2 to discharge a statutory duty;
  - 6.2.3 to protect the health and safety of or prevent damage to persons, property or the environment;
  - 6.2.4 to prevent acts of fraud or loss of revenue or income to the Department;
  - 6.2.5 to rectify issues identified and actions agreed with the Contractor in a Rectification Plan; and
  - 6.2.6 in a Significant Incident or Emergency in accordance with Clause 5 (Significant Incidents and Emergencies) of the Contract.

- 6.3 If a Change requires the Contract to be amended, the Parties must follow the procedure set out in Clause 51 (Amendments to this Contract).

### **Changes to the Contract Allocation**

- 6.4 The Department reserves the right to vary the Contractor's Contract Allocation as further described in Schedule 11 (Growth and Adjustment of Allocations).

## **7 PERFORMANCE MONITORING**

### **7.1 Contractor Monitoring**

- 7.1.1 The Contractor must put in place the necessary internal control framework, including an internal audit function if appropriate, to ensure that it meets its obligations and those of its Sub-Contractors under this Contract, including monitoring its performance against the KPIs.

### **7.2 Department Monitoring**

- 7.2.1 The Department will undertake its own performance monitoring, as set out in Schedule 1 (Specification & Monitoring) and may elect, at its own cost, to undertake further monitoring at any stage during the Contract Period for any purpose, including ensuring that the Services are being provided in accordance with this Contract.

- 7.2.2 The Contractor must use its reasonable endeavours to assist the Department in any performance monitoring exercise under Clause 7.2.1. The Department may notify the Contractor of the outcome of the performance monitoring exercise and the Contractor must have due regard to the Department's comments in relation to the future provision of the Services.

- 7.2.3 Without prejudice to the Department's rights under Clauses 40 (Withholding, Suspension and Repayment of Funding) and 42.3 (Termination) and to any other express rights under this Contract, where the Contractor has been found to be fraudulent or have recklessly submitted erroneous reports, claims and/or Learner data, or the Department reasonably believes such reports to be fraudulent or erroneous the Department may, by notice to the Contractor, increase the level of its monitoring of the Contractor, or (at the Department's option) require the Contractor to increase the level of the Contractor's monitoring of its own performance of its obligations under this Contract in respect of the relevant Services which are the subject of such fraudulent, erroneous or misleading reporting, until such time as the Contractor has demonstrated to the reasonable satisfaction of the Department that it will perform (and is capable of performing) its obligations under this Contract, in which case, the following provisions will apply:

- (a) any such notice to the Contractor will specify in reasonable detail the additional measures to be taken by the Department or by the Contractor (as the case may be) in monitoring the performance of the Contractor;
- (b) if the Contractor (acting reasonably) objects to any of the specified measures on the grounds that they are excessive it will notify the



Department in writing within five (5) Working Days of the receipt of the notice of the measures objected to (and of any Changes necessary in order to prevent prejudice to the Contractor's performance of its obligations under this Contract);

- (c) the measures to be taken by the Department and the Contractor (as the case may be) will be agreed between the Parties or, in the absence of agreement within ten (10) Working Days of the Department's receipt of the Contractor's objection, determined pursuant to the Dispute Resolution Procedure; and
- (d) the Contractor will bear its own costs and indemnify and keep the Department indemnified at all times from and against all costs and expenses reasonably and properly incurred by or on behalf of the Department in relation to such increased level of monitoring].

### **7.3 Contractor Responsible**

7.3.1 The Contractor acknowledges and agrees that, notwithstanding any provision of this Contract which contemplates that the Department will or may from time to time:

- (a) monitor or inspect any performance of the Services;
- (b) check compliance by the Contractor with its obligations;
- (c) confirm or indicate approval of or non-objection to proposals made by the Contractor; or
- (d) request that the Contractor makes a Change to the Services,

it will always be fully the responsibility of the Contractor, and not the responsibility of the Department, to ensure that the Services are performed in all respects in accordance with the Contractor's obligations under this Contract and no such action by or on behalf of the Department will in any way limit or affect such obligations.

### **7.4 Quality Management Systems**

7.4.1 The Department will have the right upon reasonable notice and at reasonable times to audit the Contractor's quality management systems (for example ISO 9000 or equivalent standard) and/or any other quality management system to which the Specification refers, including examining and inspecting services and activities on or off the premises owned or occupied by the Contractor to establish the adequacy or accuracy of the quality management system documentation. The Contractor will use all reasonable endeavours to assist the Department in such exercise.

## **8 HEALTH & SAFETY**

8.1 The Contractor must comply with all health and safety legislation and Health and Safety Executive working regulations, adopt and maintain safe operating systems of work and appropriate safety policies in order to protect the health and safety of Contractor Personnel, Learners and all other persons including members of the public.

- 8.2 Where part of the Services are provided in an environment outside the direct control of the Contractor, the Contractor must take all reasonable steps to ensure that adequate arrangements are in place to ensure the health and safety of Learners. This shall include but not be limited to, coordinating and co-operating with other organisations/bodies with responsibilities being clearly identified and documented as appropriate, to ensure understanding between the relevant parties.
- 8.3 The Contractor must report all incidents that are reportable under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013 (“RIDDOR”) in accordance with those regulations and must investigate or assess the circumstances of all Learner incidents within the scope of RIDDOR and follow HSE guidance ‘Investigating accidents and incidents: A workbook for employers, unions, safety representatives and safety professionals’ (HSG245) ISBN 0717628272. The Contractor must only use persons competent to investigate/assess Learner incidents with a view to identifying the causes of any incident and lessons to be learned.
- 8.4 The Contractor must inform the Department of the death of any Learner during the provision of the Services. This will be done by informing the Department’s representative by telephone or email immediately upon the Contractor becoming aware of the death.
- 8.5 The Contractor will, in circumstances where it Sub-Contracts the management and/or delivery of the Services under this Contract, ensure that all the provisions in respect of health and safety in this Clause 8 are included in the Sub-Contract with each Sub-Contractor.

## **9 LEARNER WELFARE**

- 9.1 In addition to its statutory health and safety responsibilities as referred to in Clause 8 (Health & Safety) above, the Contractor must ensure that the Services are delivered in safe, healthy and supportive environments, which meet the needs of Learners in accordance with this Clause 9 and Clause 27 (Employees).
- 9.2 In providing the Services, the Contractor must ensure it actively promotes the fundamental British values of democracy, the rule of law, individual liberty, and mutual respect and tolerance of those with different faiths and beliefs, and promote principles that support equality of opportunity for all.
- 9.3 In providing the Services, the Contractor must comply with the general duty on specified authorities in section 26 of the Counter-Terrorism and Security Act 2015 (the Prevent duty) and must have regard to statutory guidance issued under section 29 of the Counter-Terrorism and Security Act 2015 [Prevent duty guidance: for further education institutions in England and Wales - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/guidance/prevent-duty-guidance-for-further-education-institutions-in-england-and-wales).
- 9.4 In providing the Services, the Contractor must comply with the duty on partners of a panel in section 38 of the Counter-Terrorism and Security Act 2015 (the Channel co-operation duty).
- 9.5 The Contractor will monitor, and act on, any other harm to Learners to the extent that the Contractor could reasonably be expected to do so and/or where the harm could affect the quality of the learning experience. Harm includes (but is not limited to) incidents that cause absence from learning, any loss to the Learner of any physical or mental faculty or any disfigurement and incidents of bullying and harassment.

- 9.6 The Contractor will co-operate with the Department and Department for Work and Pensions for the purposes of the Industrial Injuries Disablement Benefit (IIDB) in respect of those Learners to which it applies.
- 9.7 The Contractor and/or the Contractor Related Parties must be able to demonstrate that they have robust record-keeping procedures in respect of health, safety and safeguarding through checks on record keeping undertaken.
- 9.8 The Contractor will ensure it notifies the Department via the Contact Form: General Enquiries at [Education and Skills Funding Agency - GOV.UK \(www.gov.uk\)](http://www.gov.uk) where a referral has been made by the Contractor or one of the Contractor Related Parties in either of the following circumstances (such notification must include the name of the institution, a high level summary of the nature of the incident (without sharing personal information about victims or alleged perpetrators) and confirmation of whether it is, or is scheduled to be, investigated by the local authority and/or the police):
- 9.8.1 a safeguarding concern related to sexual violence to Local Authority children's social care/adult social care and/or the police, or
  - 9.8.2 an allegation of abuse made against a teacher, lecturer or other member of staff to the designated officer(s) (at the local authority).
- 9.9 The Contractor will ensure it notifies the Department via the Contact Form: General Enquiries at [Education and Skills Funding Agency - GOV.UK \(www.gov.uk\)](http://www.gov.uk) of incident(s) and/or where a referral has been made, where the Contractor or one of the Contractor Related Parties:
- 9.9.1 is aware of an incident, or pattern of incidents, which undermines the promotion of British fundamental values as referred to in Clause 9.2 above or the ability of the Contractor or the Contractor Related Parties to comply with the Prevent duty, or
  - 9.9.2 makes a referral of an individual member of Contractor Personnel for the purposes of determining whether that member of Contractor Personnel should be referred to a panel for the carrying out of an assessment under section 36 of the Counter Terrorism and Security Act 2015 of the extent to which that individual is vulnerable to being drawn into terrorism,
- 9.10 The Contractor will, in circumstances where it Sub-Contracts the management and/or delivery of the Services under this Contract, ensure that all the provisions in respect of Learner welfare in this Clause 9 (Learner Welfare) are included in the Sub-Contract with each Sub-Contractor.

## **10 EQUALITY OF OPPORTUNITY**

- 10.1 The Contractor must not unlawfully discriminate within the meaning and scope of the provisions of the Equality Act 2010 or any statutory modification or re-enactment thereof or any other statutory provision relating to discrimination in employment or the provision of services. The Contractor must take all reasonable steps to ensure the observance of these provisions by all servants, employees or agents of the Contractor and all Sub-Contractors employed in the execution of the Contract. The Contractor will comply with the detailed requirements in relation to equality of opportunity set out in Clauses 10.2 to 10.4.

- 10.2 The Contractor will, in delivering the Services under this Contract, demonstrate that it has had regard to the duties placed on the Department and the Contractor by the Equality Act 2010. The Contractor will take all reasonable steps to ensure the observance of these provisions by all servants, employees or agents of the Contractor and all Sub-Contractors engaged in the delivery of the Services.
- 10.3 The Contractor must ensure that equality of opportunity is built into all aspects of Services, the business planning process, and the self assessment process. The Contractor must use analysis of data to inform future planning to improve the representation, participation and success of underrepresented and underachieving groups and challenge stereotyping. The Contractor must use appropriate, specific and measurable objectives. These will be proportionate, relevant and aligned to the Services the Contractor is funded to deliver.
- 10.4 The Department may use a variety of equality information and data to support judgements about quality and eligibility for funding. These may include, but are not limited to, inspection judgements for equality and diversity, judgements from the Equality and Human Rights Commission, and the success and participation rates of different groups of Learners.

## **11 QUALITY ASSURANCE AND RAISING STANDARDS**

- 11.1 The Contractor warrants and undertakes to the Department that it and any Contractor Related Party has and will continue to have the resources and skills necessary to carry out the Contractor's obligations pursuant to this Contract, including but not limited to in accordance with Good Industry Practice.
- 11.2 The Contractor must comply with the Funding Rules published by the Department as amended from time to time and any other requirements, which may from time to time be issued by the Department, Inspectorates, the Awarding Organisations and other Regulatory Bodies and of which the Contractor is made aware.
- 11.3 The Contractor must ensure that all activities carried out pursuant to this Contract will be documented in accordance with any requirements of the Department and must provide such documentation as the Department may request from time to time to ensure compliance with this Clause 11.3.
- 11.4 The Contractor will continuously seek to improve the Services and raise standards to benefit the Learner. The Contractor will have the primary responsibility for improving standards and will need to demonstrate to the Department's satisfaction that it has an effective quality assurance system based on the implementation of its own quality improvement process. The Department reserves the right to require the Contractor to provide the Department or Ofsted with evidence to support the quality improvement processes.
- 11.5 The Contractor must use all reasonable endeavours to:
- 11.5.1 minimise dropout rates and deliver high Learner Completion and achievement rates and appropriate progression;
  - 11.5.2 offer equality of access to learning opportunities and close equality gaps in learning and outcomes;
  - 11.5.3 provide good management and leadership of the learning process;

- 11.5.4 deliver value for money and financial probity; and
  - 11.5.5 ensure all Sub-Contractors delivering Services under the Contract on behalf of the Contractor comply with the requirements set out in Clauses 11.5.1 to 11.5.4 above.
- 11.6 Failure to meet the requirements set out in Clauses 11.5.1 to 11.5.5 may result in the Department assessing the Contractor to be in breach of the Contract under Clause 40 (Withholding, Suspension and Repayment of Funding) of the Contract.
- 11.7 The Contractor must take all reasonable steps to meet the relevant requirements for data gathering for the Learner and employer satisfaction data in line with the Departments requirements that are in place at the relevant time. Contractors should note that the Department is currently considering the most useful information to collect from Learners. Information will be updated when it becomes available at [Learner and employer satisfaction data: information for providers - GOV.UK \(www.gov.uk\)](http://www.gov.uk) and in any subsequent updates to these web pages.
- 11.8 Where appropriate, the Contractor must confirm in writing to the Department that their (and their Contractor Related Parties') Centre Approval Status for the relevant Services is still current throughout the duration of the Contract. The written statement will need to confirm Centre Approval Status for the specific Regulated Qualification Framework ("RQF") titles and levels, including Awarding Organisation name(s). The Contractor must notify the Department immediately in writing via the Contact Form: General Enquires at [Education and Skills Funding Agency - GOV.UK](http://www.gov.uk) if it receives any sanction from an Awarding Organisation including but not limited to the suspension and/or removal of Centre Approval Status and/or the removal of the ability to register or certificate earners.
- 11.9 The Contractor shall promptly provide any Awarding Organisation reports, assessments and notices to the Department as may be requested from time to time.
- 11.10 The Department may assess the quality and delivery of the Services and the Contractor's compliance with the requirements in Clauses 11.5.1 to 11.5.5 during the Contract Period. The Contractor will be informed of the outcome of that process. Where the Department assesses the Contractor to be in breach of the Contract following such assessment the Department will issue a notice in which, where the Department is not terminating the Contract, it may:
- 11.10.1 require the Contractor to meet improvement indicators to improve the quality of its Services. The Department will meet with the Contractor to discuss and reach agreement on implementation of these actions and improvement indicators and to agree arrangements for monitoring and reviewing progress. In such cases reviews will take place at the frequency specified by the Department and in agreement with the Contractor;
  - 11.10.2 agree detailed improvement plans and measures that set out clearly the expected timescale for improvement;
  - 11.10.3 agree arrangements for more frequent monitoring of quality improvement plans.

## 12 FINANCIAL HEALTH

- 12.1 The Department will undertake an assessment of the Contractor's financial health and control ([ESFA financial health assessment - GOV.UK \(www.gov.uk\)](https://www.gov.uk/guidance/esfa-financial-health-assessment)). Where the Contractor is a college, the financial assessment will be undertaken in accordance with the formal intervention – financial provisions in the Contractor's grant funding agreement with the Department.
- 12.2 Should the Department, at its absolute discretion, consider that the outcome of any financial health and/or control assessment is inadequate the Department may, in its absolute discretion take one or more of the following actions:
- 12.2.1 require the Contractor to, and the Contractor will, accept and comply with additional Contract obligations relating to the improvement of financial health and/or control arrangements;
  - 12.2.2 require the Contractor to suspend the recruitment of Learners to the Services and/or cap any growth in Learner numbers;
  - 12.2.3 give consideration as to what changes, if any, are required in its allocations when finalising the amount of funding in any subsequent contract between the Parties; and/or
  - 12.2.4 terminate the Contract in accordance with Clause 42.4.2 (Termination).
- 12.3 Where the Contractor fails to comply with requirements imposed under Clauses 12.2.1 and/or 12.2.2 the Department will consider termination of the Contract under Clause 42.4.2 (Termination).
- 12.4 Failure to submit accounts for assessment when requested will automatically deem the assessment under clause 12.2 as 'inadequate' and Clauses 12.2.1 to 12.2.4 will apply.
- 12.5 Where the outcome of a financial assessment illustrates a deterioration from the previous assessment the Department may in its absolute discretion (and without prejudice to its rights under Clause 12.2) request such further assurance or information from the Contractor as it deems necessary.
- 12.6 The Contractor must notify the Department immediately if it, or any Contractor Related Party, is experiencing or forecasting any financial difficulties and the Department may ask for additional financial information to obtain assurance of continuity of delivery of the Services.
- 12.7 The Department may require the Contractor to procure an independent business review of the Contractor's financial health at the Contractor's cost (or the Department may procure such a review and recharge the costs to the Contractor, at its sole discretion) if the Department has concerns over the financial health of the Contractor.
- 12.8 The Department can at any time require the Contractor at its own cost to provide a copy of the Contractor's latest accounts, any historic accounts as requested, and submit further copies of the accounts as soon as they become available and to provide, upon request:
- 12.8.1 the Contractor's up to date management accounts, including financial performance against delivery;

- 12.8.2 financial forecasts of the Contractor's financial position for the next twelve (12) months;
  - 12.8.3 cash flow forecasts for the next twelve (12) months;
  - 12.8.4 any additional financial information the Department deems necessary.
- 12.9 Where the further information required from the Contractor under Clauses 12.5, 12.6, 12.7, and 12.8 does not provide adequate assurance to the Department then the Department may in its absolute discretion take one or more of the actions set out in Clauses 12.2.1 to 12.2.4.
- 12.10 The Department reserves the right to request that the Contractor provide a guarantee or other form of security on terms that will be notified to the Contractor.

### **13 INSPECTIONS**

- 13.1 When the Contractor receives notification from an Inspectorate that the Services are to be inspected, the Contractor will, on request, provide the Department with details of its quality improvement activity, and any other relevant information in accordance with the required timescale of the Inspectorate. The Contractor must promptly notify the Department via the Contact Form: General Enquires at [Education and Skills Funding Agency - GOV.UK \(www.gov.uk\)](https://www.gov.uk) of the date of the meeting at which an Inspectorate gives feedback on the inspection and allow the Department's nominated representative to attend the meeting. The Contractor must confirm to the Department in writing the outcome of the inspection within five (5) Working Days of receiving the feedback from the Inspectorate.
- 13.2 Where the Contractor is a college, matters arising under this Contract shall be dealt with under this Contract. If such matters also raise issues under the Contractor's grant funding agreement with the Department, including but not limited to the grant funding agreement being breached, such matters shall also be dealt with under the grant funding agreement.
- 13.3 Ofsted may, at any time during the Contract Period, undertake an inspection of the Contractor. The Department will consider the outcome of any such inspection in the manner set out in Clauses 13.4 to 13.9.

#### **Inadequate in part**

- 13.4 Where Ofsted has assessed the Services to be inadequate in any graded sub-judgement, the Department may, in its absolute discretion take one or more of the following actions:
- 13.4.1 require the Contractor to accept and comply with additional Contract obligations relating to the improvement of the Services assessed as inadequate; and/or
  - 13.4.2 require the Contractor to suspend the recruitment of Learners to, and/or to cap any growth in, the Services which are assessed as inadequate; and/or
  - 13.4.3 give consideration to the Services which are assessed as inadequate in its allocations when finalising the amount of Funding in any subsequent contracts between the Parties; and/or

- 13.4.4 reduce, suspend or recover payment to the Contractor in respect of that part of the Services assessed as inadequate in accordance with the provisions of this Contract; and/or
- 13.4.5 terminate the Contract in accordance with Clause 42.4.5 (Termination).

### **Inadequate overall**

- 13.5 Where the Department is made aware that Ofsted has provisionally assessed the Services to be inadequate overall, the Department may, in its absolute discretion commence discussions with the Contractor and other relevant co-funding Regulatory Bodies where appropriate as part of considering what actions as specified in Clauses 13.6.1 to 13.6.5 inclusive may be taken.
- 13.6 Where Ofsted has published its assessment that the Services are inadequate overall, the Department may, in its absolute discretion take one or more of the following actions:
  - 13.6.1 require the Contractor to accept and comply with additional Contract obligations relating to the improvement of the overall Services; and/or
  - 13.6.2 require the Contractor to suspend the recruitment of Learners to, and/or to cap any growth in, those Learning Programmes which are assessed as inadequate; and/or
  - 13.6.3 give consideration to the Services which are assessed as inadequate in its allocations when finalising the amount of Funding in any subsequent contracts between the Parties; and/or
  - 13.6.4 reduce, suspend or recover payment to the Contractor in accordance with the provisions of this Contract; and/or
  - 13.6.5 terminate this Contract in accordance with Clause 42.4.5 (Termination).
- 13.7 The failure of the Contractor, as assessed by the Department, to comply with any requirements of Clauses 13.6.1 to 13.6.2 inclusive within such time as the Department may deem reasonable may lead to the Department taking such actions as it deems appropriate which may include, but is not limited to, terminating the Contract in accordance with Clause 42.4.4 (Termination).
- 13.8 The Department will take action based on the Inspectorate's provisional and confirmed outcomes as in Clauses 13.5 to 13.6 above. Where the Department is made aware that the Contractor has made a complaint about the graded outcome of the overall assessment by Ofsted, the Department will continue to progress action under Clauses 13.5 to 13.6 but will be mindful of the implications arising from the outcome of a complaint. The Department will review any decisions made at such time as outcomes of any complaint are made known.
- 13.9 If an Inspectorate rating is given based on incorrect or fraudulent information or data from the Contractor this will constitute breach of this Contract and the Department may, at its sole discretion, terminate the Contract.

### **Ofsted New Provider Monitoring Visits**



- 13.10 Where Ofsted has published its assessment that the Contractor is making “insufficient progress” on any of the New Provider Monitoring Visit inspection themes, the Department may, in its absolute discretion take the following actions:
- 13.10.1 require the Contractor to, and the Contractor shall, accept and comply with additional Contract obligations relating to the improvement of the overall Provision. Such conditions will include complying with the published recommendations of Ofsted. These conditions will apply until a full Ofsted inspection of the Contractor has taken place; and/or
  - 13.10.2 require the Contractor to temporarily suspend the recruitment of Learners; and/or
  - 13.10.3 require the Contractor to stop working with new Learners via a Sub-Contracting arrangement with another main provider or employer-provider; and/or
  - 13.10.4 require the Contractor to inform all of their existing main providers or employer-providers about the outcome of the Ofsted visit; and/or
  - 13.10.5 terminate this Contract in accordance with Clause 42.4.6 (Termination) where Learners may be at immediate risk on the grounds of safeguarding issues and/or the quality of leadership and/or training provision is such that one or more Learner has no reasonable prospect of achieving their training objective; and/or
  - 13.10.6 terminate this Contract in accordance with Clause 42.4.7 (Termination) if the Contractor has two (2) consecutive New Provider Monitoring visits each resulting in one or more “insufficient progress” judgements in relation to one or more themes.
- 13.11 In addition to the actions in Clauses 13.10.1 to 13.10.4 the Department may, in its absolute discretion take the following actions:
- 13.11.1 require the Contractor to inform all of their existing employers about the outcome of the Ofsted visit;
  - 13.11.2 where the Department is made aware that Ofsted has assessed a Sub-Contractor to the Contractor as having made “insufficient progress” during their programme of New Provider Monitoring Visits, the Contractor is required to ensure that the Sub-Contractor suspends the recruitment of Learners until further notice.

### **Other Ofsted Visits**

- 13.12 Ofsted may undertake other visits in addition to inspections and New Provider Monitoring Visits. Where these visits result in a published report, the Department may require the Contractor to take actions within a specified timescale to address the identified weaknesses in the published report.
- 13.13 A failure by the Contractor to take the action required under Clause 13.12 within the timescale specified by the Department will be considered a material breach under Clause 40 (Withholding, Suspension and Repayment of Funding) of this Contract.

**14 NOT USED**

**15 FRAUD AND IRREGULARITY**

15.1 The Contractor must notify the Department immediately where it becomes aware of any instance of suspected fraud or financial irregularity in the delivery of the Contract including, but not limited to, cases of:

15.1.1 collusion with members of staff of the Department or employees of the Department for Education;

15.1.2 computer fraud;

15.1.3 the submission to the Department of inaccurate, incomplete, misleading or falsified information for the purpose of a claim for funding;

15.1.4 fraud involving Awarding Organisations;

15.1.5 fraud involving Sub-Contractors,

provided that nothing in this Clause 15 will require the Contractor to do anything, which may cause it to infringe any Law.

15.2 Where the Department has reasonable cause to suspect that fraud or irregularity has occurred in relation to the delivery of the Contract and payments made hereunder, the Department and /or its agents will have:

15.2.1 a right of access to the Contractor's Premises (or that of any of its Sub-Contractors) at any reasonable time, with or without notice, to examine and remove or copy all relevant documents and records including electronic records;

15.2.2 the right to require the Contractor to provide written authority to enable the Department to obtain such documents, records and/or information directly from third parties; and

15.2.3 the right to interview the Contractor's servants or agents engaged with the delivery of the Contract.

Failure to comply with this Clause 15.2 will constitute a breach of this Contract.

15.3 Where the Department has reasonable cause to suspect that fraud or irregularity has occurred in relation to the delivery of the Contract and payments made hereunder, the Department may require the Contractor to procure the services of an independent accountant (or other equivalent/appropriate professional) to investigate at the Contractor's cost (or the Department will procure such an independent accountant and recharge the costs to the Contractor at its sole discretion).

15.4 Where the Department has reasonable cause to suspect that fraud or irregularity has occurred in relation to:

15.4.1 the delivery of this Contract; or

15.4.2 the delivery of any other contract between the Department and the Contractor, or

- 15.4.3 the payments made under this Contract or any other contract between the Department and the Contractor,

the Department will have the right to suspend payments and/or require the Contractor to suspend recruitment of Learners under this Contract and any other contract between the Parties.

- 15.5 Where the Contractor is a registered or exempt charity, the Contractor will inform the Department of any schemes, orders or official warnings issued to them by the Charity Commission. Failure to inform the Department will constitute a breach of this Contract.
- 15.6 The Parties will co-operate in the identification of Learners who may be unlawfully claiming benefits. The Department may from time to time brief the Contractor as to the co-operation and assistance it reasonably requires including the provision of information regarding fraud by Learners. The Department will provide a named contact or telephone answering machine for receiving such information.

## **16 RECTIFICATION**

### **Rectifying issues**

- 16.1 If there is a Notifiable Default:

- 16.1.1 identified by the Contractor, the Contractor must notify the Department within 3 Working Days of the Contractor becoming aware of the Notifiable Default; or
- 16.1.2 identified by the Department, the Department shall notify the Contractor as soon as reasonably practicable; and

the Department may request that the Contractor provides a Rectification Plan within 10 Working Days of the Department's request alongside any additional documentation that the Department requires.

- 16.2 When the Department receives a requested Rectification Plan it can either:

- 16.2.1 reject the Rectification Plan or revised Rectification Plan giving reasons; or
- 16.2.2 accept the Rectification Plan or revised Rectification Plan (without limiting its rights) in which case the Contractor must immediately start work on the actions in the Rectification Plan at its own cost.

- 16.3 Where the Rectification Plan or revised Rectification Plan is rejected, the Department:

- 16.3.1 will give reasonable grounds for its decision; and
- 16.3.2 may request that the Contractor provides a revised Rectification Plan within 5 Working Days.

### **Escalating issues**

- 16.4 If:

- 16.4.1 the Contractor fails to submit a Rectification Plan or a revised Rectification Plan within the timescales set out in Clauses 16.1 or 16.3; or

- 16.4.2 the Contractor fails to adhere to the timescales set out in an accepted Rectification Plan to resolve a Notifiable Default; or
- 16.4.3 the Department otherwise rejects a Rectification Plan,

the Department can require the Contractor to attend an Escalation Meeting on not less than 5 Working Days' notice. The Department will determine the location, time and duration of the Escalation Meeting(s) and the Contractor must ensure that a suitably authorised representative of the Contractor is available to attend.

- 16.5 The Escalation Meeting(s) will continue until the Department is satisfied that the Notifiable Default has been resolved, however, where an Escalation Meeting(s) has continued for more than 5 Working Days, either Party may treat the matter as a dispute to be handled through the Dispute Resolution Procedure.
- 16.6 If the Contractor is in Default of any of its obligations under Clauses 16.4 to 16.6, the Department shall be entitled to terminate this Contract and the consequences of termination set out in Clause 43 shall apply as if the contract were terminated under Clause 42.4.

### **PART 3 - CONTRACT GOVERNANCE**

#### **17 RELATIONSHIPS**

##### **17.1 Co-operate and Liaise**

- 17.1.1 Subject to any express provisions in this Contract to the contrary each Party agrees to co-operate with the other in good faith with the intent that there shall be a seamless interface between the provision of the Services and the Department's other operations and services. For the purposes of this Clause 17.1.1 "good faith" shall include using reasonable endeavours to avoid unnecessary disputes and claims against the other Party.

##### **17.2 Information and Assistance**

- 17.2.1 Subject to any obligation in respect of confidentiality, Data Protection Legislation and Confidential Information, the Parties will use all reasonable endeavours to provide and share information and data reasonably required by the other:
  - (a) to enable it to perform its obligations under this Contract; and/or
  - (b) (in the case of the Contractor) which is reasonably necessary to enable the Department to perform its statutory obligations and other functions insofar as they relate to the Services.
- 17.2.2 Neither Party will hinder, delay or prevent the other Party in the performance of the other Party's obligations under this Contract.

##### **17.3 Enquiries, Investigations and Inspections**

- 17.3.1 The Contractor shall and shall ensure that its Sub-Contractors will at all times during the Contract Period and for a period of six (6) years thereafter, or such other time period as stated in the Specification (Schedule 1 (Specification & Monitoring)), at its own cost, fully cooperate with any

enquiry, investigation or inspection (whether routine or specific) which in any way concerns, affects or relates to the Services, or any sum claimed or charged in relation to this Contract or to any other contract of the Department. Such enquiry, investigation or inspection may be by, inter alia:-

- (a) the Department;
- (b) the Department's auditors (whether internal or external);
- (c) Regulatory Bodies; and/or
- (d) the Inspectorates.

17.3.2 Such co-operation will include (but not be limited to) the following: -

- (a) providing access to or copies of such files, documents, letters, emails, notes, minutes, records, accounts or any other information (whether held or stored electronically, in hard copy format or otherwise) which relate to the subject or Service (in whole or in part) under investigation;
- (b) providing access to the premises, equipment (including IT hardware and software) or other assets used by the Contractor and/or its Sub-Contractors in the performance of this Contract, such access to be supervised at all times unless the nature of the investigation requires the parties defined at Clause 17.3.1 to be unsupervised, such parties acting reasonably in making such assessment;
- (c) providing access to Contractor Personnel (of whatever seniority) involved in this Contract (including managerial or supervisory staff) or who may be the subject of, or be named in, any enquiry or investigation by the auditors or the ombudsmen (including providing suitable facilities for interviewing such staff);
- (d) maintaining the confidentiality of the enquiry or investigation when requested to do so;
- (e) making such explanations (whether written or oral) as may be necessary for the enquiry or investigation to be satisfied that the terms and conditions of this Contract, the Funding Rules and the Law are being complied with;
- (f) at all times and without notice allowing access by the Inspectorates, in connection with any complaint, investigation or inspection relating to this Contract or the Services, to the Contractor's premises, and to all documentation and information relating to this Contract to which the Contractor has (and/or is required under this Contract to have) access, and to the Contractor's agents, employees and Sub-Contractors.

17.3.3 Where the Department has undertaken an investigation or received a report from an independent accountant or otherwise, in relation to the Contractor it may, as a consequence of that investigation or report, require the Contractor to, and the Contractor will, accept and comply with additional Contract obligations and will meet the cost of such investigation.

- 17.3.4 Where the Contractor fails to comply with the contractual obligations imposed under Clause 17.3.3, within such time as the Department deems reasonable, the Department may take such actions as it deems appropriate which may include, but is not limited to terminating the Contract in accordance with Clause 42 (Termination)
- 17.3.5 The Contractor will in performing the Services comply fully with all relevant rules and regulations of the Department in force from time to time.
- 17.3.6 The Contractor will, if requested by the Department, co-operate with the Department, at the Contractor's expense, in connection with any legal proceedings, adjudication, arbitration, court proceedings or ombudsmen enquiries in which the Department may become involved, arising from breaches of the Department's duties under the Equalities Legislation due to the alleged acts or omissions of the Contractor, its employees, Sub-Contractors or agents.
- 17.3.7 The Contractor will ensure that the terms of any Sub-Contract include identical provisions to this Clause 17 (Relationships) and will indemnify the Department against any losses, damages or claims it suffers in consequence of a failure to ensure the inclusion of such identical provisions.

#### **17.4 Complaints and Feedback**

- 17.4.1 The primary responsibility for receiving feedback and investigating complaints promptly and thoroughly in respect of the Services will rest with the Contractor. The Contractor will have procedures in place including but not limited to a complaints framework, which are acceptable to the Department, to gather and act upon feedback and complaints from Learners and/or their representatives and employers and the wider community. The Contractor must also keep a log of the complaints received which will be accessible to the Department upon request.
- 17.4.2 The Contractor must ensure that Learners are made aware of its procedure for dealing with complaints and that the procedure is clear and accessible to Learners who wish to complain. The complaints procedure must be published on the Contractor's website and be provided to the relevant parties as part of the Contractor's on-boarding process.
- 17.4.3 The Contractor will be responsible for resolving complaints in accordance with its own procedures and any guidance issued by the Department. Once the Contractor has concluded its investigations, including any appeal, it must inform the complainant in writing of the outcome.
- 17.4.4 Where a complaint has not been resolved to the satisfaction of the complainant the Contractor will advise the complainant of their right to complain to the Department ([Complaints procedure - Education and Skills Funding Agency - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/101221/complaints-procedure-education-and-skills-funding-agency.pdf)) and co-operate with any investigation carried out by the Department and act on any recommendations made by the Department following the investigation.

## **18 REPRESENTATIVE**

### **18.1 Contract Manager**

- 18.1.1 Without limiting the Department's obligations or rights in respect of such matters the Department will appoint a Contract Manager who may, subject to Clause 18.1.2, exercise the rights and powers conferred by this Contract upon the Department.
- 18.1.2 Except pursuant to Clause 51 (Amendments to this Contract), or unless specifically authorised for that purpose, the Contract Manager does not have authority to amend the Contract or to relieve the Contractor of any express obligations under the Contract.

### **18.2 Account Manager**

- 18.2.1 The Contractor will notify the Department in writing of the name, telephone number, e-mail address and the postal address of the person appointed as the Account Manager.
- 18.2.2 The Account Manager may exercise the functions, rights and powers conferred by this Contract upon the Contractor.
- 18.2.3 In the event that the Contractor wishes to change the identity of the Account Manager, it will, subject to Clause 18.2.4, give to the Department not less than five (5) Working Days' notice in writing of such change. Such written notice will inform the Department of the name, telephone number e-mail address and postal address of the new Account Manager.
- 18.2.4 In the event that it is not possible or practical for any reason for the Contractor to give notice to the Department in accordance with Clause 18.2.3 the Contractor will notify the Department by whatever means the Contractor considers appropriate and will confirm such notification in writing within five (5) Working Days.

### **18.3 User Role Management System**

- 18.3.1 The Contractor must ensure that those senior members of staff who are authorised to agree and sign contracts on behalf of the Contractor, submit Funding claims and return data are registered as users of the user role management system at [Skills Funding Agency: Login \(fasst.org.uk\)](https://fasst.org.uk). It is the Contractor's responsibility to maintain appropriate user roles on an on-going basis.

## **19 DISPUTE RESOLUTION PROCEDURE**

- 19.1 Any dispute will be dealt with in accordance with this Clause 19 (Dispute Resolution Procedure).
- 19.2 In the first instance, a representative of each Party will each use their reasonable endeavours to resolve the dispute. If the dispute cannot be resolved by such representatives within fifteen (15) days of the dispute arising, it will be referred to a senior representative of each Party, who will each use their reasonable endeavours to resolve the dispute.

- 19.3 If a dispute cannot be resolved by negotiation as referred to in Clause 19.2 within thirty (30) days of the dispute arising, either Party may refer the dispute for determination in accordance with the mediation procedure administered by the Centre for Effective Dispute Resolution, the costs of the mediator being split equally between the Parties, who will otherwise bear their own costs.
- 19.4 For the avoidance of doubt, the Department shall not be obliged to follow the Dispute Resolution Procedure in circumstances where it wishes to terminate this Contract in any circumstances described in Clause 42 (Termination).

#### **PART 4 - IPR DATA AND CONFIDENTIALITY**

##### **20 INTELLECTUAL PROPERTY RIGHTS**

- 20.1 The Parties retain the ownership of each of their Background Intellectual Property. The Contractor will give the Department a non-exclusive royalty free licence in perpetuity to use its Background Intellectual Property in respect of the Work.
- 20.2 Subject to Clause 20.3, the Parties agree that all rights, title and interest in any Foreground Intellectual Property Rights shall remain the property of Contractor.
- 20.3 In consideration of the Department making the payments to the Contractor in connection with the Services the Contractor hereby grants (and, where relevant, shall procure from any necessary third parties the grant) to the Department a non-exclusive, irrevocable, worldwide, royalty-free licence (with the right to license others) of any of the Contractor's Foreground Intellectual Property that the Department may reasonably require to be able fully to exploit, develop and commercialise the results of the Services, including, without limitation, the Work.
- 20.4 The provisions of this Clause 20 (Intellectual Property Rights) will apply during the continuance of this Contract and after its termination howsoever arising.

##### **21 ASSIGNMENT OF IPR IN DATABASES**

- 21.1 The Contractor hereby assigns to the Department, with full title guarantee, title to and all rights and interest in the information contained in or stored on the Database or shall procure that the first owner of the Database assigns it to the Department on the same basis.
- 21.2 The assignment under Clause 21.1 will either take effect on the Agreement Date or as a present assignment of future rights that will take effect immediately on the coming into existence of the Database, as appropriate.
- 21.3 The Contractor will waive or procure a waiver of any moral rights in the Database assigned to the Department under this Contract.
- 21.4 To the extent that it is necessary for the Department to obtain the full benefits of ownership of the Database, the Contractor hereby grants to the Department and shall procure that any relevant third party licensor will grant to the Department an irrevocable, non-exclusive and global licence to use the Database.



## **22 DEPARTMENT DATA**

- 22.1 The Contractor acknowledges that the Department Data is the property of the Department and the Department hereby reserve all Intellectual Property Rights which may subsist in the Department Data.
- 22.2 The Contractor must perform secure back-ups of all the Department Data and must ensure that up-to-date back-ups, where not in the cloud, are stored off-site in accordance with the Business Continuity Plan. Back-ups stored in the cloud must comply with Data Protection Legislation. The Contractor must ensure that such back-ups are available to the Department at all times upon request.
- 22.3 The Contractor must take all necessary steps to ensure that any Department Data which comes into its possession or control is protected in accordance with Data Protection Legislation and appropriate security procedures as set out in Schedule 6 (Security & Department Policies) and in compliance with Good Industry Practice (having regard to the nature of its other obligations under this Contract and under Data Protection Legislation).
- 22.4 In the event that the Department Data used in the provision of the Services is corrupted or lost by the Contractor as a result of a breach by the Contractor of Clause 25 (Security), the Department will have the option, in addition to any other remedies that may be available to them either under this Contract or otherwise, to elect either of the following remedies:-
- 22.4.1 the Department may require the Contractor at its own expense to restore or procure the restoration of such the Department Data using the back-up copy referred to in Clause 22.2; or
- 22.4.2 the Department may itself restore or procure restoration of such the Department Data using the back-up copy referred to in Clause 22.2 and will be repaid by the Contractor any reasonable expenses so incurred.
- 22.5 In the event that the Department Data used in the provision of the Services is corrupted or lost solely as a result of an act or omission by the Department the Department will, at its own expense,
- 22.5.1 require the Contractor to restore or procure the restoration of the Department Data using the back-up copy referred to in Clause 22.2; or
- 22.5.2 the Department may itself restore or procure the restoration of the Department Data.
- 22.6 The Contractor must: -
- 22.6.1 not use the Department Data, except as may be required to provide the Services or as instructed by the Department;
- 22.6.2 not disclose the Department Data to any third party, other than in accordance with the requirements of Data Protection Legislation for the purposes of fulfilling its obligations under this Contract, except with the prior written consent of the Department or as required by this Contract;
- 22.6.3 undertake its obligations under this Contract in such a manner as to preserve so far as reasonably possible the integrity and prevent any loss,

disclosure, theft, manipulation or interception of the Department Data; and/or

- 22.6.4 upon request provide the Department with full access to the relevant area of any systems of the Contractor or its Sub-Contractors where the Department Data is stored or held for the purpose of viewing, retrieving, copying or otherwise dealing with the Department Data.

## **23 DATA PROTECTION AND PROTECTION OF PERSONAL DATA**

- 23.1 The Parties acknowledge that for the purposes of Data Protection Legislation, the Department on behalf of the Secretary of State for Education is the Data Controller and the Contractor is the Data Processor only for the processing set out in Schedule 5 (UK GDPR and Data Protection) (i.e. submission of Learner data to the Department). Any other processing of Personal Data undertaken by the Contractor (i.e. Learner enrolment or delivering education & training, e.g. e-portfolios) will be as a Data Controller and not on behalf of the Department. Clauses 23.2 to 23.14 below apply only in relation to the processing of Personal Data on behalf of the Department as set out in Schedule 5 (UK GDPR and Data Protection), and the only processing that the Data Processor is authorised to do on behalf of the Department is listed in Schedule 5 (UK GDPR and Data Protection) by the Department and may not be determined by the Data Processor.
- 23.2 The Data Processor must notify the Data Controller immediately if it considers that any of the Data Controller's instructions infringe Data Protection Legislation.
- 23.3 The Data Processor must provide all reasonable assistance to the Data Controller in the preparation of any Data Protection Impact Assessment prior to commencing any processing. Such assistance may, at the discretion of the Data Controller, include:
- 23.3.1 a systematic description of the envisaged processing operations and the purpose of the processing;
  - 23.3.2 an assessment of the necessity and proportionality of the processing operations in relation to the Services;
  - 23.3.3 an assessment of the risks to the rights and freedoms of Data Subjects; and
  - 23.3.4 the measures envisaged to address the risks, including safeguards, security measures and mechanisms to ensure the protection of Personal Data.
- 23.4 If requested by the Department's Contract Manager, the Data Processor must, in relation to any Personal Data processed in connection with its obligations under this Contract:
- 23.4.1 process that Personal Data only in accordance with Schedule 5 (UK GDPR and Data Protection), unless the Data Processor is required to do otherwise by Law. If it is so required, the Data Processor will promptly notify the Data Controller before processing the Personal Data unless prohibited by Law;
  - 23.4.2 ensure that it has in place Protective Measures, which are appropriate to protect against a Data Loss Event, which the Data Controller may reasonably reject (but failure to reject shall not amount to approval by the

Data Controller of the adequacy of the Protective Measures), having taken account of the:

- (a) nature of the data to be protected;
- (b) harm that might result from a Data Loss Event;
- (c) state of technological development; and
- (d) cost of implementing any measures;

23.4.3 ensure that:

- (a) the Data Processor Personnel do not process Personal Data except in accordance with this Contract (and in particular Schedule 5 (UK GDPR and Data Protection));
- (b) it takes all reasonable steps to ensure the reliability and integrity of any Data Processor Personnel who have access to the Personal Data and ensure that they:
  - (i) are aware of and comply with the Data Processor's duties under this Clause 23 (Data Protection and Protection of Personal Data);
  - (ii) are subject to appropriate confidentiality undertakings with the Data Processor or any Data Sub-Processor; (iii) are informed of the confidential nature of the Personal Data and do not publish, disclose or divulge any of the Personal Data to any third party unless directed in writing to do so by the Data Controller or as otherwise permitted by this Contract; and
  - (iii) have undergone adequate training in the use, care, protection and handling of Personal Data; and

23.4.4 not make a Restricted Transfer unless the prior written consent of the Data Controller has been obtained and the following conditions are fulfilled:

- (a) the destination country has been recognised as adequate by the UK government in accordance with Article 45 UK GDPR or section 74 of the DPA 2018;
- (b) the Data Controller or the Data Processor has provided appropriate safeguards in relation to the transfer (whether in accordance with UK GDPR Article 46 or section 75 of the DPA 2018) Data Protection Legislation as determined by the Data Controller;
- (c) the Data Subject has enforceable rights and effective legal remedies;
- (d) the Data Processor complies with its obligations under the Data Protection Legislation by providing an adequate level of protection to any Personal Data that is transferred (or, if it is not so bound, uses its best endeavours to assist the Data Controller in meeting its obligations); and

- (e) the Data Processor complies with any reasonable instructions notified to it in advance by the Data Controller with respect to the processing of the Personal Data;
- 23.4.5 at the written direction of the Data Controller, delete or return Personal Data (and any copies of it) to the Data Controller on termination of the Contract unless the Data Processor is required by Law to retain the Personal Data.
- 23.5 Subject to Clause 23.6, the Data Processor must notify the Data Controller immediately if it:
  - 23.5.1 receives a Data Subject Request (or purported Data Subject Request) in relation to processing their data under this Contract only (submission of learner data);
  - 23.5.2 receives a request to rectify, block or erase any Personal Data processed through the submission of learner data. Notification in such cases should be given via the Contract Manager;
  - 23.5.3 receives any other request, complaint or communication relating to either Party's obligations under the Data Protection Legislation;
  - 23.5.4 receives any communication from the Information Commissioner or any other Regulatory Body in connection with Personal Data processed under this Contract;
  - 23.5.5 receives a request from any third party for disclosure of Personal Data where compliance with such request is required or purported to be required by Law; or
  - 23.5.6 becomes aware of a Data Loss Event.
- 23.6 The Data Processor's obligation to notify under Clause 23.5 will include the provision of further information to the Data Controller in phases, as details become available.
- 23.7 Taking into account the nature of the processing, the Data Processor will provide the Data Controller with full assistance in relation to either Party's obligations under Data Protection Legislation and any complaint, communication or request made under Clause 23.5 (and insofar as possible within the timescales reasonably required by the Data Controller) including by promptly providing:
  - 23.7.1 the Data Controller with full details and copies of the complaint, communication or request;
  - 23.7.2 such assistance as is reasonably requested by the Data Controller to enable the Data Controller to comply with a Data Subject Request within the relevant timescales set out in the Data Protection Legislation;
  - 23.7.3 the Data Controller, at its request, with any Personal Data it holds in relation to a Data Subject;
  - 23.7.4 assistance as requested by the Data Controller following any Data Loss Event;

- 23.7.5 assistance as requested by the Data Controller with respect to any request from the Information Commissioner's Office, or any consultation by the Data Controller with the Information Commissioner's Office.
- 23.8 The Data Processor must maintain complete and accurate records and information to demonstrate its compliance with this Clause 23 (Data Protection and Protection of Personal Data). This requirement does not apply where the Data Processor employs fewer than two hundred and fifty (250) staff, unless:
- 23.8.1 the Data Controller determines that the processing is not occasional;
- 23.8.2 the Data Controller determines the processing includes special categories of data as referred to in Article 9(1) of the UK GDPR or Personal Data relating to criminal convictions and offences referred to in Article 10 of the UK GDPR; or
- 23.8.3 the Data Controller determines that the processing is likely to result in a risk to the rights and freedoms of Data Subjects.
- 23.9 The Data Processor will allow for audits of its Data Processing activity by the Data Controller or the Data Controller's designated auditor.
- 23.10 Each Party will designate its own data protection officer if required by the Data Protection Legislation.
- 23.11 Before allowing any Data Sub-Processor to process any Personal Data related to this Contract (submission of Learner data), the Data Processor must:
- 23.11.1 notify the Data Controller's Contract Manager in writing of the intended Data Sub-Processor and processing;
- 23.11.2 obtain the written consent of the Data Controller's Contract Manager;
- 23.11.3 enter into a written agreement with the Data Sub-Processor which give effect to the terms set out in this Clause 23 (Data Protection and Protection of Personal Data) such that they apply to the Data Sub-Processor; and
- 23.11.4 provide the Data Controller with such information regarding the Data Sub-Processor as the Data Controller may reasonably require.
- 23.12 The Data Processor will remain fully liable for all acts or omissions of any of its Data Sub-Processors.
- 23.13 The Data Controller may, at any time on not less than thirty (30) Working Days' notice, revise this Clause 23 (Data Protection and Protection of Personal Data) by replacing it with any applicable Data Controller to Data Processor standard clauses or similar terms forming part of an applicable certification scheme (which shall apply when incorporated by attachment to this Contract).
- 23.14 The Parties agree to take account of any guidance issued by the Information Commissioner's Office. The Data Controller may on not less than thirty (30) Working Days' notice to the Data Processor amend this Contract to ensure that it complies with any guidance issued by the Information Commissioner's Office.

- 23.15 Where the Contractor is providing the Services to Learners claiming out of work benefits, the Secretary of State for Work and Pensions (or their successor) is the Data Controller in relation to Personal Data which the Contractor is required to provide to the Secretary of State for Work and Pensions. This Clause 23 (Data Protection and Protection of Personal Data) will be enforceable by the Secretary of State for Work and Pensions in relation to any Personal Data processed by the Contractor on its behalf.
- 23.16 Where the Contractor is providing the Service to Learners who are subject to active management by the Offender Manager in respect of an order or licence, the Secretary of State for Justice (or their successor) is the Data Controller in relation to Personal Data, which the Contractor is required to provide to the Secretary of State for Education.
- 23.17 Where the Contractor is providing the Services to Learners who are subject to claiming Industrial Injuries Disablement Benefit (IIDB), the Department for Work and Pensions (or their successor) is the Data Controller in relation to Personal Data, which the Contractor is required to provide to the Secretary of State for Education. This Clause 23 (Data Protection and Protection of Personal Data) will be enforceable by the Secretary of State for Work and Pensions in relation to any Personal Data processed by the Contractor on its behalf.
- 23.18 The Data Processor will comply with any further written instructions or additional conditions from the Department's Data Controller in relation to the data processing.
- 23.19 In the circumstances set out in Clause 43.1.6, the Department may elect to take the role of Data Controller.

## **24 SUBMISSION OF LEARNER DATA**

### **24.1 General**

- 24.1.1 The Contractor must supply the Department with data in accordance with the following:
- (a) in line with agreed audit arrangements;
  - (b) in adherence with Data Protection Legislation;
  - (c) to support payments to be made;
  - (d) to enable reconciliation to take place;
  - (e) to support the contract management process; and (f) any written request from the Department.
- 24.1.2 The Contractor undertakes to the Department to submit accurate data.
- 24.1.3 Where the Department is concerned about the quality of the data, including the completeness or accuracy of the data, provided by the Contractor, the Department may require the Contractor to supply data more frequently for such a period as the Department will require and the Department may audit, or instruct a third party to audit, at the Contractor's cost, the Contractor's data and controls to gain assurance that the quality improvements have been made.

- 24.1.4 The Department reserves the right to require the Contractor, at its own cost, to carry out such work as the Department deems necessary to improve the quality of data.
- 24.1.5 The Department reserves the right to suspend payments to the Contractor under the Contract where data quality gives rise to concern about the accuracy of the data provided by the Contractor.
- 24.1.6 Where the Contractor is providing the Services to Learners claiming out of work benefits, it must provide data to the Secretary of State with responsibility for unemployment or their nominated representative in accordance with the requirements notified to the Contractor. Failure to transmit complete and accurate data under this Clause 24 (Submission of Learner Data) will constitute a breach of this Contract and may result in payments for this part of the Services being suspended and / or withdrawn in accordance with Clause 40 (Withholding, Suspension and Repayment of Funding) and / or termination under Clause 42 (Termination).
- 24.1.7 The Contractor must update the course information with details of all of the Services funded by the Department to the course directory ([Publish to the course directory \(nationalcareers.service.gov.uk\)](https://nationalcareers.service.gov.uk)). The Contractor must regularly review this information and keep it updated.
- 24.1.8 The Contractor must register with UKRLP ([UK Register of Learning Providers \(ukrlp.co.uk\)](https://ukrlp.co.uk)) and Get Information About Schools ([Get information about schools - GOV.UK \(get-information-schools.service.gov.uk\)](https://get-information-schools.service.gov.uk)) and maintain contact details on an on-going basis.
- 24.1.9 The Contractor must publish online the set of information as set out at [What academies, free schools and colleges should publish online - GOV.UK \(www.gov.uk\)](https://www.gov.uk).
- 24.1.10 The Contractor must submit data about any member of its Contractor Personnel in the format and to the timescales as required by the Department.
- 24.1.11 Failure to transmit complete and accurate data to the Department in accordance with this Clause 24 (Submission of Learner Data) will constitute a breach of Contract in accordance with Clause 40 (Withholding, Suspension and Repayment of Funding) of this Contract.

## **24.2 FE Data Submission**

- 24.2.1 Where required, the Contractor must supply the Department data on each individual Learner, in accordance with the data collections framework set out in the 'ILR specification validation rules and appendices' as amended and updated, which is published on the Department's website [Individualised Learner Record \(ILR\) technical documents, guidance and requirements \(submit-learner-data.service.gov.uk\)](https://submit-learner-data.service.gov.uk) and in accordance with the '*Provider Support Manual*' as amended and updated.
- 24.2.2 The Contractor must report new Learner starts within two (2) months of the Learner starting, or within three (3) months of the Learner finishing all withdrawals and achievements. The Contractor must report all changes by the final collection of the Funding Year.

- 24.2.3 ILR Data, supplementary data and Earnings Adjustment Statements must be transmitted to the Department through the Department's web portal [Submit learner data \(submit-learnerdata.service.gov.uk\)](https://submit-learnerdata.service.gov.uk). Access to the Department's web portal is restricted and the Contractor agrees to comply with the conditions of use regarding the supply of data to the Department set out in this Clause 24.2.3 and in the 'Individualised Learner Record Specification' and relevant Provider Support Manual (as amended and updated) available on the Department's web site [Individualised Learner Record \(ILR\) technical documents, guidance and requirements \(submit-learner-data.service.gov.uk\)](https://submit-learner-data.service.gov.uk).
- 24.2.4 The Department will confirm the data successfully submitted through Funding Reports [Individualised Learner Record \(ILR\) - GOV.UK \(www.gov.uk\)](https://www.gov.uk) posted on the Department's web portal after the data has been submitted. The Contractor must correct or remove data that fails the validation rules as set out in the ILR specification [Individualised Learner Record \(ILR\) technical documents, guidance and requirements \(submit-learnerdata.service.gov.uk\)](https://submit-learnerdata.service.gov.uk).
- 24.2.5 Where required, the Contractor must use the Earnings Adjustment Statement ("EAS") to claim funding that cannot be recorded through the ILR. The funding claim must be submitted as detailed in the guidance [Individualised Learner Record \(ILR\) technical documents, guidance and requirements \(submitlearner-data.service.gov.uk\)](https://submitlearner-data.service.gov.uk). The Contractor must check the accuracy of the submissions on the EAS via the Submit Learner Data service and any errors must be corrected immediately. All submissions must be supported by evidence.

## **25 SECURITY**

- 25.1 The Contractor must comply, and will ensure compliance by the Contractor Personnel, at all times and in all respects with the provisions of Schedule 6 (Security & Department Policies).

## **26 FREEDOM OF INFORMATION AND CONFIDENTIALITY**

### **26.1 Freedom of Information**

- 26.1.1 The Contractor acknowledges that the Department is subject to legal duties under the FOIA and the EIR, which may require the Department to disclose on request information relating to this Contract or otherwise relating to the Contractor.
- 26.1.2 The Contractor acknowledges and agrees that the Department is required by Law to consider each and every request made under the FOIA and/or the EIR.
- 26.1.3 The Contractor acknowledges and agrees that all decisions made by the Department pursuant to a request under the FOIA and/or the EIR are solely a matter for and are at the discretion of the Department.
- 26.1.4 Notwithstanding anything in this Contract to the contrary (including without limitation any obligations of confidentiality), the Department will be entitled to disclose information in whatever form pursuant to a request made under the FOIA and/or the EIR, save that in relation to any information that is



Exempt Information the Department will use reasonable endeavours (but will not be obliged) to consult the Contractor and will not:

- (a) confirm or deny that information is held by the Department; or
- (b) disclose information requested to the extent that in the Department's opinion the information is eligible in the circumstances for an exemption and therefore the Department may lawfully refrain from disclosing such information.

26.1.5 In relation to information relating to the Contractor or the Contract which the Contractor requests should be exempt under the FOIA and/or the EIR, the Contractor will indemnify the Department for any and all costs (including legal fees) incurred by the Department in:

- (a) assessing the application of any exemption under the FOIA and/or the EIR; and/or
- (b) responding to any FOIA Notice; and/or
- (c) lodging any appeal against a decision of the Information Commissioner in relation to disclosure where such costs are incurred pursuant to efforts by the Department to withhold Exempt Information.

26.1.6 The Department will on no account be liable for any loss, damage, harm or detriment, howsoever caused, arising from or in connection with the disclosure under the FOIA and/or the EIR of any Exempt Information or other information whether relating to this Contract or otherwise relating to the Contractor.

26.1.7 The Contractor will assist the Department as reasonably necessary to enable the Department to comply with its obligations under the FOIA and/or the EIR.

26.1.8 Where the Contractor is a public authority (as defined in FOIA) this Clause 26.1 will apply to both Parties.

## **26.2 Confidentiality**

26.2.1 The Contractor hereby warrants and undertakes that:

- (a) any person employed or engaged by it (in connection with this Contract in the course of such employment or engagement) will treat all Confidential Information belonging to the Department as confidential, safeguard it accordingly and only use such Confidential Information for the purposes of this Contract; and
- (b) any person employed or engaged by it (in connection with this Contract in the course of such employment or engagement) will not disclose any Confidential Information to any third party without prior written consent of the Department, except where disclosure is otherwise expressly permitted by the provisions of this Contract.

- 26.2.2 The Contractor must take all necessary precautions to ensure that all Confidential Information obtained from the Department is treated as confidential and not disclosed (without prior written approval from the Department's Contract Manager) or used other than for the purposes of this Contract by any of its employees, servants, agents or Sub-Contractors.
- 26.2.3 The provisions of Clauses 26.2.1 and 26.2.2 will not apply to any information:
- (a) which is or becomes public knowledge (other than by breach of Clauses 26.2.1 and 26.2.2 or any other duty of confidentiality);
  - (b) which was in the possession of the receiving party, without restriction as to its disclosure, before the date of receipt from the disclosing party;
  - (c) which must be disclosed pursuant to a statutory, legal or parliamentary obligation placed upon the party making the disclosure, including any requirements for disclosure under the FOIA or the EIR.
- 26.2.4 Nothing in this Clause 26.2.4 will be deemed or construed to prevent the Department from disclosing any Confidential Information obtained from the Contractor:
- (a) to any other Central Government Body, Non-Departmental or Quasi Government Body or agency, central or local;
  - (b) to Parliament and Parliamentary Committees or if required by any Parliamentary reporting requirement;
  - (c) to any professional adviser, consultant, contractor or other person engaged by the Department directly in connection with this Contract, provided that such information is treated as confidential by the receiving consultant, contractor or any other person;
  - (d) on a confidential basis to any proposed successor body in connection with any assignment disposal of its rights, obligations or liabilities under this Contract.
- 26.2.5 In order to ensure that no unauthorised person gains access to any Confidential Information or any data obtained in the course of the Services, the Contractor undertakes to maintain adequate security arrangements that meet the requirements of professional standards and best practice.
- 26.2.6 The Contractor will immediately notify the Department of any breach of security in relation to Confidential Information and all data obtained in the course of the Services and will keep a record of such breaches. The Contractor will use its best endeavours to recover such Confidential Information or data however it may be recorded. The Contractor will cooperate with the Department in any investigation that the Department considers necessary to undertake as a result of any breach of security in relation to Confidential Information or data.

- 26.2.7 The Contractor must, at its own expense, alter any security systems at any time during the Contract Period at the Department's request if the Department reasonably believes the Contractor has failed to comply with Clause 26.2.6.
- 26.2.8 The Contractor shall at all times comply with the provisions of Schedule 13 (Transparency Reports).
- 26.2.9 The provisions of this Clause 26 (Freedom of Information and Confidentiality) will apply for the Contract Period and after its termination.

## **PART 5 - WORKFORCE**

### **27 EMPLOYEES**

- 27.1 When employing or engaging a person to carry out teaching work (as defined in regulation 3 of the Teachers' Disciplinary (England) Regulation 2012), in respect of any Learners under the age of 19 and High Needs Learners aged up to 25 (as if those Learners were pupils for the purposes of the definition of teaching work in regulation 3 of the Teachers' Disciplinary (England) Regulations 2012) the Contractor must comply with Part 3 (Safer Recruitment) of Keeping Children Safe in Education.
- 27.2 The Contractor will comply with Part 2 (The Management of Safeguarding) and Part 3 (Safer Recruitment) of Keeping Children Safe in Education in order to ensure the Provision is provided with a view to safeguarding and promoting the welfare of Children whether at the institution or in an environment outside the direct control, but under the auspices of, the Contractor. In doing so, the Contractor will have regard to any guidance published, from time to time, by the Secretary of State for Education which sets out the expectations in relation to safeguarding practice within further education institutions. References to 'must' in any such guidance will be treated as 'should' for the purposes of this Contract, save for any references to legal requirements arising from the Safeguarding Vulnerable Groups Act 2006 in respect of referrals to the Disclosure and Barring Service.
- 27.3 The Contractor will comply with Part 2 (The Management of Safeguarding) of Keeping Children Safe in Education in order to ensure the Provision is delivered with a view to safeguarding and promoting the welfare of High Needs Learners aged up to 25 receiving education or training at their institution or under the auspices of the Contractor in an environment outside the direct control of the Contractor. This must include the adoption of safer recruitment procedures, as set out in Part 3 (Safer Recruitment) of Keeping Children Safe in Education. In doing so, the Contractor will make those arrangements as if such Learners were Children and the Contractor will have regard to any guidance published, from time to time, by the Secretary of State for Education, which sets out the expectations in relation to safeguarding practice within further education institutions as if it applied to those Learners as if they were Children. References to 'must' in any such guidance will be treated as 'should' for the purposes of this Contract, save for any references to legal requirements arising from the Safeguarding Vulnerable Groups Act 2006 in respect of referrals to the Disclosure and Barring Service.
- 27.4 The Contractor must ensure it takes the following action in respect of all Contractor Personnel and potential Contractor Personnel who, in connection with the Contractor's

provision of the Services, will or is likely to be in contact with Learners or who will have access to Learners information (other than the Department's employees):

- 27.4.1 they are questioned as to whether they have any Convictions or ASBOs or any other punishment for antisocial behaviour order (such as a civil injunction, community protection notice or criminal behaviour order);
  - 27.4.2 the results are obtained of a background check with the DBS of the most extensive kind permitted by Law;
  - 27.4.3 to the extent permitted by Law, a copy of the results of such a background check as is referred to in Clause 27.4.2 are provided to the Department on request;
  - 27.4.4 in respect of potential Contractor Personnel from overseas the Contractor must comply with the following guidance [Criminal records checks for overseas applicants - GOV.UK \(www.gov.uk\)](https://www.gov.uk/guidance/criminal-records-checks-for-overseas-applicants);
  - 27.4.5 the Contractor must take the above action before the relevant Contractor Personnel or potential Contractor Personnel commences any activities in relation to the Services.
- 27.5 The Contractor must also ensure that:
- 27.5.1 no person who appears on a Barred List following the results of a DBS background check shall be employed or engaged in the performance of the Services; and
  - 27.5.2 all its Sub-Contractors will comply with all reporting requirements to the DBS including those who will have access to Learners' information (other than the Department's employees).
- 27.6 In so far as permitted by Law, where the Contractor has made a referral or provided information to the Disclosure and Barring Service in compliance with any duties of the Contractor under the Safeguarding Vulnerable Groups Act 2006, the Contractor will ensure that it informs the Department via the Contact Form: General Enquires at [Education and Skills Funding Agency - GOV.UK \(www.gov.uk\)](https://www.gov.uk/guidance/education-and-skills-funding-agency) that a referral has been made/information has been provided.
- 27.7 In the event that any Contractor Personnel or any employee of any Sub-Contractor is added to a Barred List, the Contractor must ensure that such member of staff shall cease to be engaged in the Provision or any activities connected with the Provision.
- 27.8 The Contractor will require Contractor Personnel, including those handling Learner information, to declare annually whether there has been a change in their circumstances relating to the background checks referred to in this Clause 27. Where the self-declaration indicates a change in circumstances relating to those background checks, the Contractor will:
- 27.8.1 assess the risk of continuing to engage such member of Contractor Personnel in the delivery of the Provision;
  - 27.8.2 request new background checks of such member of Contractor Personnel as required by this Clause 27;

- 27.8.3 without prejudice to Clause 27.9, put in place appropriate actions to ensure Learners are safeguarded, including, but not limited to, extra supervision of the member of Contractor Personnel, re-assignment to an area of the delivery of the Services that does not bring the member of Contractor Personnel into regular contact with Learners and / or Learner information, or removal from the delivery of the Services of the member of Contractor Personnel, until such time as the Contractor has received the outcome of the background checks required under Clause 27.8.2 and has taken any action required as a result of the outcome of such background checks.
- 27.9 Pending the receipt by the Contractor of the results of the background checks referred to in this Clause 27, Contractor Personnel will not be used in the provision of the Services.
- 27.10 Failure by the Contractor to comply with Clauses 27.4 to 27.9 will constitute a material breach.
- 27.11 The Contractor will provide details of its policies and procedures for recruitment, training, development, supervision and other employment related policies when requested to do so.
- 27.12 The Contractor will ensure that it has in place and complies with an effective whistleblowing procedure, approved by the body responsible for the management of the Contractor, whereby staff may raise in confidence concerns about possible malpractice without fear of victimisation, subsequent discrimination or disadvantage. The procedure must be published on the Contractor's public-facing website. The Contractor will regularly review the procedure, including securing approval from the body responsible for the management of the Contractor of any amended procedure.
- 27.13 Unless Contractor Personnel transfer to the Department and/or a Successor Contractor under TUPE at expiry or termination of the Contract, the Contractor will retain employment records (or retain the right to access employment records) for seven (7) years following the last day such Contractor Personnel were engaged in providing Services save for Contractor Personnel in contact with Children and/or with access to information about Children where such records will be retained for fifteen (15) years following such date.
- 27.14 When requested by the Department on reasonable grounds, the Contractor will cease to use any Contractor Personnel specified by the Department in the provision of the Services. For the purposes of this Clause, Contractor Personnel will include non-executive directors.
- 27.15 The Contractor must ensure that:
- 27.15.1 there will be at all times a sufficient number of staff (including all relevant grades of supervisory staff) engaged in the provision of the Services with the requisite level of skill and experience. This obligation will include ensuring that there are sufficient staff to cover periods of holiday, sickness, other absences and anticipated and actual peaks in demand for each of the Services; and
- 27.15.2 all Contractor Personnel receive such training and supervision as is necessary to ensure the proper performance of the Services under this Contract.

- 27.16 The Contractor must inform the Department if directors, or any other person who has powers of representation, decision or control, meet the characteristics set out in the Funding Higher-Risk Organisations and Sub-Contractors document. [ESFA policy on funding higher risk organisations and subcontractors - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/policies/esfa-policy-on-funding-higher-risk-organisations-and-subcontractors). Failure to inform the Department will be a material breach of the Contract.
- 27.17 Where the contract value is greater than £10,000,000, the Contractor will consider the use of Apprenticeships in the delivery of the Services.
- 27.18 The Contractor must ensure that there are set up and maintained by it and by all Sub-Contractors involved in the provision of the Services, personnel policies and procedures covering all relevant matters (including discipline, grievance, equal opportunities and health and safety). The Contractor must ensure that the terms and implementation of such policies and procedures comply with Law and Good Industry Practice and that they are published in written form. The Contractor must provide copies of such policies to the Department, on the Department's request.

## **28 KEY STAFF**

- 28.1 The Contractor will use its reasonable endeavours to ensure continuity of staff, knowledge and skills and inform the Department immediately of any change to the top two tiers in its senior leadership team.

## **29 TUPE**

- 29.1 Where there are Transferring Former Supplier Employees (as defined in Schedule 4 (TUPE)) between the Previous Contractor and the Contractor, the provisions set out in Schedule 4 (TUPE) to this Contract will apply.

## **30 NOT USED**

## **PART 6 - PAYMENT AND AUDIT**

### **31 PAYMENT, FUNDING AND AUDIT**

#### **31.1 Payment, Funding and Audit provisions**

- 31.1.1 In consideration of the Services to be provided by the Contractor, the Department agrees to pay the Contractor the amounts set out in Schedule 2 (Payment) of this Contract on condition that the Contractor delivers the Services in accordance with the terms and conditions of this Contract.
- 31.1.2 The Contractor must use the Funding solely for the purpose of delivering the Services as set out in this Contract.
- 31.1.3 The Contractor will comply with the Funding Rules published by the Department as amended from time to time.
- 31.1.4 The Department reserves the right to impose additional Contract obligations where it considers it is necessary to do so to secure the delivery of education and training of a reasonable quality by the Contractor, or to ensure that the resources provided by the Department are being used effectively and efficiently or to require the Contractor to address concerns about its financial viability.

- 31.1.5 The payment of Funding by the Department will be without prejudice to any claims or rights, which the Department may have against the Contractor and will not constitute any admission by the Department as to the performance by the Contractor of its obligations under this Contract. Prior to any such payment of Funding, the Department shall be entitled to make deductions or deferrals in respect of any disputes or claims whatsoever with or against the Contractor, arising from this Contract or any other agreement between the Contractor and the Department.
- 31.1.6 The Department shall be entitled to terminate, pursuant to Clause 42.4.10 (Termination) of this Contract, on written notice if the Contractor does not recruit and/or data returns reveal that no Learners have been enrolled for the Funding Year to which this Contract relates. Where the Department terminates the Contract under this Clause 31.1.6, the Department will withdraw the allocation of Funding for the Funding Year and will take action to recover Funds where payments have already occurred.
- 31.1.7 Where the Department identifies errors which it deems to be material in the data that the Contractor is required to provide under the Contract to support the payment of Funding, the Department reserves the right at its absolute discretion to require the Contractor, at the Contractor's cost, to procure an independent 100% audit of all or part of the Services by a deadline specified by the Department and / or to require the Contractor to repay Funding equivalent to the full amount of the Funding that has been wrongly claimed or paid. If only a sample of the Services has been audited, the Department reserves the right to calculate an error rate based on the said sample and claim repayment from the Contractor of an extrapolated amount based on the error rate identified and the total value of the Funding paid to the Contractor under this Contract.
- 31.1.8 Without prejudice to any other provisions in this Contract, at the Department's discretion, such amounts as are identified as being recoverable under Clause 31.1.7, may be recovered by making adjustments to data submitted by the Contractor under the Contract, or by raising an invoice for payment by the Contractor, or by making deductions from future payments due to the Contractor under the Contract. Failure to settle such amounts by the Contractor will constitute a breach of this Contract. The decision of the Department as to the amount of recovery under this Clause 31.1 (Payment, Funding and Audit provisions) is final.
- 31.1.9 Where the Department, in accordance with Clause 31.1.7, identifies errors it may at its discretion review the Contractor's controls and processes to gain assurance the errors will not occur again. Where further assurance work is required this will be at the Contractor's cost (or the Department will procure and recharge to the Contractor at its sole discretion). Where a full Funding audit results in a "qualified" rating this will constitute a breach of this Contract.
- 31.1.10 All payments by the Department will be made via BACS.

### **Tax Compliance**

- 31.1.11 The Department may ask the Contractor to provide information which demonstrates how the Contractor complies with the Income Tax (Earnings

and Pensions) Act 2003 and all other statutes and regulations relating to income tax in respect of that consideration.

31.1.12 The Department may terminate this Contract if, in the case of a request mentioned in Clause 31.1.11, the Contractor:

- (a) fails to provide information in response to the request within a reasonable time; or
- (b) provides information which does not demonstrate either how the Contractor complies with Clauses 31.1.11 and 31.1.14 or why those clauses do not apply to it; or
- (c) it receives information which demonstrates that is not complying with its obligations under the Income Tax (Earnings and Pensions) Act 2003 and all other statutes and regulations relating to income tax.

31.1.13 The Department may supply any information which it receives under Clause 31.1.11 to HMRC.

31.1.14 If, during the Contract Period, an Occasion of Tax Non Compliance occurs, the Contractor will:

- (a) notify the Department in writing of such fact within five (5) Working Days of its occurrence; and
- (b) promptly give the Department:
  - (i) details of the steps it is taking to address the Occasion of Tax Non-Compliance and to prevent the same from recurring, together with any mitigating factors it considers relevant; and
  - (ii) such other information in relation to the Occasion of Tax Non-Compliance as the Department may reasonably require.

## **32 REVIEW OF CONTRACTUAL PERFORMANCE AND RECONCILIATION OF CONTRACTS**

### **32.1 In-Year Reconciliation**

32.1.1 Reviews of contractual performance and reconciliation will be carried out in accordance with part 1B of Schedule 1 (Specification & Monitoring) and Schedule 1C (KPIs).

32.1.2 The evidence required in respect of each Learning Programme is set out in the Funding Rules and the Contractor must retain such evidence for inspection on demand.

### **32.2 Performance**

32.2.1 Performance will be monitored in accordance with the provisions of Schedule 1C (KPIs) and part 1B of Schedule 1 (Specification & Monitoring).



32.2.2 The Department will be able to share allocations and performance information with Combined Authorities, Crown Bodies and LEPs.

### **33 CONTRACTOR'S RECORDS AND AUDIT**

#### **33.1 Maintenance of Records**

33.1.1 The Contractor must, and will procure that any Contractor Related Parties, maintain a full record of all incidents relating to data protection, health, safety and security, including CCTV, which occur during the Contract Period. The Contractor will make the aforementioned records available for inspection by the Department upon reasonable notice and will present a report of them to the Department as and when requested.

#### **33.2 Auditor**

33.2.1 The Department (in accordance with [Post-16 audit code of practice - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/publications/post-16-audit-code-of-practice)) and/or a Crown Body may at any time conduct (whether itself or by its agents, consultants or advisers) audits for the following purposes:-

- (a) to establish that the Contractor has used the Funding (and proposed or actual variations to the Funding in accordance with this Contract) in the delivery of the Services and/or the costs of all suppliers (including Sub-Contractors) of the Services;
- (b) to verify the Contractor's claims for Funding;
- (c) to review the integrity, confidentiality and security of the Department Data as well as the Department's access to the Department Data;
- (d) to review the Contractor's and/or a Contractor Related Party's compliance with the DPA 2018, the FOIA and EIR in accordance with Clauses 22 (Department Data) and 26 (Freedom of Information and Confidentiality) and any other Law applicable to the Services;
- (e) to carry out the audit and certification of the Department's accounts;
- (f) to verify the accuracy and completeness of any management information delivered or required by this Contract including performance against the KPIs;
- (g) to ensure that the Contractor and/or a Contractor Related Party is complying with the Department Policies and any British or equivalent European standards and any other audit that may be required by any Relevant Authority

such audits may be based on current or preceding years or preceding contracts.

33.2.2 The Department will use its reasonable endeavours to ensure that the conduct of each audit does not unreasonably disrupt the Contractor or delay the provision of the Services.

- 33.2.3 Subject to the Department's obligations of confidentiality, the Contractor and/or a Contractor Related Party must on demand provide the Department (and/or its agents or representatives) with all reasonable co-operation and assistance in relation to each audit, including:-
- (a) all information requested by the Department within the permitted scope of the audit;
  - (b) reasonable access to any premises and any equipment used (whether exclusively or non-exclusively) in the performance of the Services;
  - (c) access to the Contractor's and/or a Contractor Related Party's systems;
  - (d) access to Contractor Personnel; and
  - (e) provision of any accounting records as referred to in Section 386 of the Companies Act 2006 and/or financial records as the Department may require which, if the Contractor is not a company, may include similar accounting records as are referred to in Section 386 of the Companies Act 2006.
- 33.2.4 The Contractor will implement all measurement and monitoring tools and procedures necessary to measure and report on the Contractor's (including for the avoidance of doubt a Contractor Related Party's) performance of the Services.
- 33.2.5 The Department will endeavour to (but is not obliged to) provide at least ten (10) Working Days' notice of its intention to conduct an audit. The Department may carry out audit visits with or without prior notice at its discretion.
- 33.2.6 The Parties agree that they will bear their own respective costs and expenses incurred in respect of compliance with their obligations under this Clause 33 (Contractor's Records and Audit), unless the audit identifies a material breach or malpractice by the Contractor and/or a Contractor Related Party in which case the Contractor will reimburse the Department for all the Department's reasonable costs incurred in the course of the audit.
- 33.2.7 If the findings of an audit conducted pursuant to this Clause 33 (Contractor's Records and Audit) results in the requirement for ILR data to be corrected and re-submitted the Contractor must resubmit the data to the Department, as set out in Clause 24 (Submission of Learner Data), within two (2) months. Failure to do so will be a breach of this Contract.
- 33.2.8 If the Department identifies that:-
- (a) the Contractor has failed to perform its obligations under this Contract in any material manner, without prejudice to any other remedy that the Department has, the Parties will agree and the Contractor will implement and comply with a remedial plan. If the Contractor's failure relates to a failure to provide any information to the Department about the Funding, proposed Funding or the

Contractor's costs, then the remedial plan will include a requirement for the provision by the Contractor of all such information;

- (b) there has been any under or over payment it will be dealt with in accordance with Clause 31.1 (Funding and Payment).

33.2.9 The Contractor must permit records referred to in this Clause 33 (Contractor's Records and Audit) to be examined and copied from time to time by the Department's auditor and inspectors and their representatives and other representatives of the Department.

### **33.3 Retention**

33.3.1 The records referred to in this Clause 33 (Contractor's Records and Audit) will be retained for a period of at least six (6) years after the end of the Contract Period, subject to any requirements for a longer retention period set out in the Funding Rules..

### **33.4 Information on Termination or Expiry**

33.4.1 Upon termination or expiry of this Contract the Contractor will (and will ensure that the Sub-Contractors will) comply with all reasonable requests of the Department to provide information relating to the Contractor's costs of providing the Services.

### **33.5 Confidentiality of Information**

33.5.1 All information referred to in this Clause 33 (Contractor's Records and Audit) is subject to the obligations set out in Clause 26.2 (Confidentiality) and Clause 26.1 (Freedom of Information).

33.5.2 For the purposes of the examination and certification of the Department's accounts and/or any examination of the economy, efficiency and effectiveness with which the Department has used its resources, the National Audit Office and/or the Department's internal or external auditor may examine such documents premises, systems and staff as they may reasonably require which are owned, held or otherwise within the control or employ of the Contractor or Sub-Contractors (who must ensure that any person acting on its behalf who has such documents and/or other information will also provide access) and may require the Contractor to produce such oral or written explanation as they considers necessary.

33.6 In addition to the provisions set out in this Clause 33, the Contractor shall also comply with Schedule 12 (Open book contract management).

## **34 SUBSIDY CONTROL**

34.1 The Contractor should obtain its own advice as to whether the Subsidy Control Rules apply to the Funding received in relation to the Services delivered under this Contract. Guidance on this can be found at [Complying with the UK's international obligations on subsidy control: guidance for public authorities - GOV.UK \(www.gov.uk\)](https://www.gov.uk/guidance/complying-with-the-uk-s-international-obligations-on-subsidy-control).

34.2 Where the rules on Subsidy Control apply, the Contractor must:

34.2.1 comply with the relevant notification requirements; and

- 34.2.2 collect and retain appropriate records and will supply those records to the Department on its request.
- 34.3 The Department reserves the right to require the Contractor to obtain a contribution towards the cost of the Services delivered under this Contract from the employer of any Learner. Where a contribution is required, the Department will confirm to the Contractor in writing the exact percentage of the contribution.
- 34.4 Where the Department requires the Contractor to obtain a contribution towards the cost of the Services under Clause 34.3 above, the Contractor must provide evidence that the contribution has been received.
- 34.5 If a recovery order or any other enforcement measure is taken under the Subsidy Control Act 2022, the Contractor will repay the relevant subsidy to the Department within 28 days or such other timescale that the Department agrees with the Contractor.

## **PART 7 - CORPORATE GENERAL**

### **35 SUB-CONTRACTING**

- 35.1 The Contractor may enter into Sub-Contracts provided it does so in compliance with Schedule 1 (Specification and Monitoring) and Schedule 8 (Sub-Contracting).
- 35.2 Notwithstanding any arrangements the Contractor has entered into with any Sub-Contractor, the Contractor shall not be relieved or excused of responsibility or liability under this Agreement nor shall performance of its obligations be affected by the appointment of any Sub-Contractor.
- 35.3 If the Contractor does not Sub-Contract any of the Services, the Contractor must still provide a nil return via the Sub-Contractor Declaration to confirm this.
- 35.4 Failure to comply with any of the requirements under Clauses 35.1 to 35.3 may result in the Department taking such actions as it deems appropriate, which may include, but is not limited to, action under Clause 40 (Withholding, Suspension and Repayment of Funding) and/or termination under Clause 42 (Termination).

### **36 INDEMNITIES AND LIABILITY**

#### **36.1 Contractor Indemnity**

- 36.1.1 The Contractor will be responsible for, and will release and indemnify the Department, its employees and agents on demand from and against all liability from:
- (a) death or personal injury caused by its negligence or that of its employees, agents or Sub-Contractors (as applicable);
  - (b) breach of statutory duty;
  - (c) third party actions, claims or demands brought against the Department as a direct consequence of the Contractor's breach of this Contract;
  - (d) fraud or fraudulent misrepresentation by it, its employees, agents or Sub-Contractors (as applicable);

- (e) loss of or damage to property, to the extent which the same may arise out of, or in consequence of the performance or non-performance by the Contractor of its obligations under this Contract; and
- (f) in all other respects, any negligent act, default or breach of statutory duty in connection with the performance or non-performance by the Contractor of its obligations under this Contract or of any Contractor Personnel in the performance or non-performance of the Services.

### **36.2 Contractor Not Responsible**

36.2.1 The Contractor will not be responsible for or obliged to indemnify the Department for any injury, loss, damage, cost and expense caused by the negligence or wilful misconduct of the Department or by the breach by the Department of its obligations under this Contract.

### **36.3 Limitation of Indemnity**

36.3.1 An indemnity by either Party under any provision of this Contract will be without limitation to any indemnity by that Party under any other provision of this Contract.

### **36.4 Responsibility for Related Parties**

36.4.1 The Contractor will be responsible as against the Department for the acts or omissions of the Contractor Related Parties as if they were the acts or omissions of the Contractor and the Department will be responsible as against the Contractor for the acts or omissions of Department Related Parties as if they were the acts or omissions of the Department.

### **36.5 Notification of Claims**

36.5.1 Where either Party (the “Indemnified Party”) wishes to make a claim under this Clause 36 (Indemnities and Liability) against the other (the “Indemnifying Party”) in relation to a claim made against it by a third party (a “Third Party Claim”), the Indemnified Party will give notice of the relevant claim as soon as reasonably practicable setting out full particulars of the claim.

### **36.6 Conduct of Claims**

36.6.1 The Indemnifying Party may at its own expense and with the assistance and co-operation of the Indemnified Party have the conduct of the Third Party Claim including its settlement and the Indemnified Party will not, unless the Indemnifying Party has failed to resolve the Third Party Claim within a reasonable period (and the Indemnified Party has notified the Indemnifying Party in writing that it is of the opinion that such reasonable period has expired), take any action to settle or pursue the Third Party Claim.

### **36.7 Costs of Claims**

36.7.1 The Indemnifying Party may, if it wishes to have conduct of any claim, give reasonable security to the Indemnified Party for any cost or liability arising out of the conduct of the claim by the Indemnifying Party.

36.7.2 The Contractor's liability to the Department pursuant to this Clause 36 (Indemnities and Liability) will be, for the avoidance of doubt, without prejudice to any other right or remedy available to the Department under this Contract.

### **36.8 No Limit on Liability**

36.8.1 Neither Party excludes or limits its liability to the other Party for:

- (a) death or personal injury caused by its negligence, or that of its employees, agents or Sub-Contractors (as applicable); or
- (b) any breach of any obligations implied by Section 12 of the Sale of Goods Act 1979 or Section 2 of the Supply of Goods and Services Act 1982; or
- (c) fraud by it, fraud by its employees, fraud by its agents or Sub-Contractors (as applicable); or
- (d) the matters covered by the indemnities in Clause 20 (Intellectual Property Rights); or
- (e) sums due under Clause 29 (TUPE) and/or Clause 30 (Re-Provision of the Services); or
- (f) any breach of the DPA 2018.

### **36.9 Contractor Limit on Liability**

36.9.1 Subject to Clause 36.2 (Contractor Not Responsible), Clause 36.8 (No Limit on Liability) and Clause 36.12 (Indirect Loss), the liability of the Contractor for the Contract Period will be ten million pounds (£10,000,000) in aggregate in respect of all claims, losses or damages, whether arising under any indemnity from tort (including negligence), breach of contract or otherwise under or in connection with this Contract.

### **36.10 Contractor Aggregate Liability**

36.10.1 If the aggregate liability of the Contractor under Clause 36.9 (Contractor Limit on Liability) is equalled or exceeded at any time during the Contract Period, it will entitle the Department at its discretion to terminate this Contract pursuant to Clause 42.5 (Termination).

### **36.11 Department Limit on Liability**

36.11.1 Subject to Clause 36.8 (No Limit on Liability) and Clause 36.12 (Indirect Loss), the liability of the Department, for the Contract Period will be one million pounds (£1,000,000) in aggregate in respect of all claims, losses or damages, whether arising under any indemnity from tort (including

negligence), breach of contract or otherwise under or in connection with this Contract and for the avoidance of doubt, this will be in addition to

its obligation to pay the Funding as and when it falls due in accordance with this Contract.

### **36.12 Indirect Loss**

36.12.1 Neither Party will be liable to the other Party for any Indirect Losses or indirect damage.

### **36.13 Additional Clauses**

36.13.1 The Parties expressly agree that if any limitation or provision contained or expressly referred to in this Clause 36 (Indemnities and Liability) is held to be invalid under any Law, it will be deemed omitted to that extent, and if either Party becomes liable for loss or damage to which that limitation or provision applied, that liability will be subject to the remaining limitations and provisions set out in this Clause 36 (Indemnities and Liability).

36.13.2 Nothing in this Clause 36 (Indemnities and Liability) will act to reduce or affect a Party's general duty to mitigate its loss and for the avoidance of doubt including any circumstances under which a Party has the benefit of an indemnity under this Contract.

### **36.14 No Double Recovery**

36.14.1 Neither the Department nor the Contractor will be entitled to recover compensation or make a claim under this Contract in respect of any loss that it or they has or have incurred to the extent that the Party has already been compensated in respect of that loss pursuant to this Contract or otherwise.

## **37 INSURANCE**

### **37.1 Requirement to Maintain**

37.1.1 Without prejudice to its liability to indemnify the Department under Clause 36 (Indemnities and Liability) the Contractor must take out and maintain in force or procure the taking out and maintenance of the Required Insurances as set out in Clause 37.1.2 and any other insurances as may be required by Law. The insurances will be effective in each case no later than the date on which the relevant risk commences.

37.1.2 The Required Insurances as referred to in Clause 37.1.1 are:

- (a) ten million pounds (£10,000,000) in respect of public liability cover in respect of each and every occurrence;
- (b) ten million pounds (£10,000,000) in respect of employer's liability cover in respect of each and every occurrence; and
- (c) five million pounds (£5,000,000) in respect of professional indemnity cover in respect of each and every claim.

- 37.1.3 The Department reserves the right, at any time, to request evidence that the Required Insurances are in force.

## **38 CHANGE IN CONTROL**

- 38.1 The Contractor represents and warrants to the Department that at the Agreement Date the legal and beneficial ownership of the Contractor is as set out in any tender information or register information supplied by the Contractor and that no arrangements are in place that have or may result in any sale, transfer or disposal of any legal, beneficial, equitable or other interest in any or all of the shares in the Contractor.
- 38.2 The Contractor will inform the Department in writing if there is a change in its name at least one month prior to the change taking effect unless to do so would put the Contractor in breach of the Law. If that is the case the Contractor will inform the Department of the change in name within ten (10) Working Days of it becoming lawful to do so.
- 38.3 The Contractor will inform the Department as soon as reasonably practicable and, in any event twelve (12) weeks before any Change in Control of the Contractor takes effect unless to do so would put the Contractor in breach of the Law. If that is the case the Contractor will inform the Department of the Change in Control within ten (10) Working Days of it becoming lawful to do so.
- 38.4 For the avoidance of doubt, if there is a Change in Control in the Contractor, this will be considered by the Department under Regulation 72 of the Public Contracts Regulations 2015 as it could potentially constitute a contract modification. The Department will, upon receipt of a notification under Clause 38.3 consider if the requested change is permissible under Regulation 72 of the Public Contracts Regulations 2015. The Department may terminate this Contract under Clause 42.4.9 (Termination) where the Change in Control is not permissible.
- 38.5 The Department may, at any time, request that the Contractor informs them of details of any Change in Control and the Contractor will comply with such a request as soon as reasonably practicable and in any event within twenty (20) Working Days of receipt of the Department's request.
- 38.6 The Department will consider any Change in Control in the context of all available information including that provided by the Contractor. The Department will consider the criteria set out in the Funding higher-risk organisations and sub-contractors document which is published on the Department's website [ESFA policy on funding higher risk organisations and subcontractors - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/100000/esfa_policy_on_funding_higher_risk_organisations_and_subcontractors_-_gov.uk).
- 38.7 If the Change in Control or change in name breaches this Contract or any policies referred to in this Contract, without prejudice to its other rights under this Contract or otherwise, the Department reserves the right to take action against the Contractor in accordance with Part 8 of this Contract (Termination and Exit Management).
- 38.8 If there is a Restricted Share Transfer of the Contractor:
- 38.8.1 the Contractor will give the Department notice of such Restricted Share Transfer at the earliest possible time that it is lawful for the Contractor to do so;



38.8.2 the Department reserves the right to take whatever actions it deems necessary; and

38.8.3 the Department may terminate this Contract under Clause 42.4.9 (Termination) within three (3) months of the Restricted Share Transfer taking place.

## **39 PROHIBITED ACTS**

39.1 The Contractor will not offer or give, or agree to give, to any member, employee or representative of the Secretary of State for Education any gift or consideration of any kind as an inducement or reward for doing or refraining from doing, or for having done or refrained from doing, any act in relation to the obtaining or execution of this Contract or any other contract with the Department or for showing or refraining from showing favour or disfavour to any person in relation to this Contract or any such contract.

39.2 The Contractor's attention is drawn to the criminal offences created by the Bribery Act 2010. Any offence by the Contractor or its employees or by anyone acting on its behalf under the Bribery Act 2010 in relation to this Contract or any contract with the Department or His Majesty's Government will entitle the Department to terminate the Contract and recover from the Contractor the amount of any loss resulting from such termination and/or to recover from the Contractor the amount of value of any gift, consideration or commission.

39.3 The Contractor will not enter into any contract with any political or religious organisation using any Funding provided by the Department under this Contract if the effect of that contract would be to promote a particular political or religious point of view.

39.4 The Contractor will not hold itself out as acting on behalf of the Department.

## **PART 8 - TERMINATION AND EXIT MANAGEMENT**

### **40 WITHHOLDING, SUSPENSION AND REPAYMENT OF FUNDING**

40.1 Without prejudice to the Department's other rights and remedies under this Contract or otherwise, the Department may at its discretion withhold or suspend payment of Funding if one or more of the following applies:

40.1.1 the Contractor materially breaches any of the terms or conditions of this Contract;

40.1.2 the Department, acting reasonably, has concerns:

(a) about the standard of Services that the Contractor is delivering or has delivered including in respect of one or more standard or framework; and/or

(b) that the quality of leadership at the Contractor is such that one or more Learner has no reasonable prospect of achieving their training objective; and/or

(c) that Learners may be at risk on safeguarding grounds;

40.1.3 an Awarding Organisation is taking remedial and/or enforcement action against the Contractor;

- 40.1.4 the Department has reasonable grounds to suspect fraud, financial irregularity, dishonesty, negligence or practice by any of the Contractor and/or one or more Contractor Related Party;
  - 40.1.5 the Department has concerns about the completeness, accuracy or promptness of the data submitted by the Contractor on the ILR in relation to this Contract or, subject to Clause 40.4 any other agreement;
  - 40.1.6 any employee of the Contractor or any other Contractor Related Party has acted or failed to act in a way which, as a result, in the reasonable opinion of the Department, brings or is likely to bring the Department's name, brand or reputation or the Apprenticeships brand into disrepute;
  - 40.1.7 the Contractor was not entitled to Funding under the Funding Rules in relation to one or more Learner;
  - 40.1.8 there occurs, in respect of the Contractor, any Insolvency Event or Change in Control which, in the reasonable opinion of the Department, may affect the Contractor's ability to comply with its obligations under this Contract; and/or
  - 40.1.9 the Contractor fails to comply with any of the provisions set out in this Contract (including the provisions in the Funding Rules and/or any requirements under the Accountability Framework) and fails to rectify any such failure within 30 days of receiving written notice from the Department (or such other timescale specified in the notice) detailing the failure and requiring it to rectify the failure;
  - 40.1.10 the Department is entitled to withhold or suspend payment of Funding under any other provisions in this Contract.
- 40.2 Without prejudice to or limiting the provisions of Clause 40.1.1, where more than one breach (which are not material breaches) have occurred, those breaches (taken together) may be regarded as a material breach.
- 40.3 A right to withhold, suspend and/or require repayment of the Funding is set out in Clauses 31.1.7 and 34.5 of this Contract and as may be described in the Funding Rules (as updated from time to time).
- 40.4 If under Clause 40.1.5 some or all of the Department's concerns about the completeness, accuracy or promptness of data relate to data submitted under an agreement other than this Contract, then such concerns are relevant to the extent that they undermine the Department's confidence in the Contractor's ability to comply with its obligations to submit complete or accurate or prompt data in relation to this Contract.
- 40.5 The right to suspend Funding in accordance with Clause 40.1 includes the right to:
- 40.5.1 suspend the payment of Funding to the Contractor in relation to current Learners for a specified period; and/or
  - 40.5.2 not consider any applications or pay any Funding for new Learners for a specified period.
- 40.6 Where the Department suspends Funding in accordance with the terms of this Contract, it shall notify the Contractor in writing of the suspension and its duration as

well as the intervals at which the suspension will be reviewed for the Department to determine whether the suspension should be withdrawn or extended.

- 40.7 The Department reserves the right to recover from the Contractor any Funding paid to a Contractor where the payment of Funding or any arrangement between the employer of apprentices under an Apprenticeship and the Contractor breaches the Funding Rules or the entitlement to Funding was based on wrong, inaccurate or misleading information.

## **41 SUSTAINABILITY**

- 41.1 The Contractor shall comply with Schedule 9 (Sustainability).

## **42 TERMINATION**

- 42.1 On the occurrence of any of the events described in this Clause 42 (Termination) the Department will be entitled to terminate this Contract by notice to the Contractor with immediate effect.

- 42.2 Where the Contractor is an individual, if they shall die or be adjudged incapable of managing their affairs within the meaning of Part VII of the Mental Health Act 1983 the Department will be entitled to terminate this Contract by notice to the Contractor or its representatives with immediate effect.

- 42.3 Either Party may terminate this Contract with immediate effect by giving notice in writing in the event that in the reasonable opinion of the Party wishing to terminate this Contract, the conduct of the other in performing its obligations under this Contract amounts to a material breach of the Contract, which is incapable of remedy or which is capable of remedy but is not remedied by the defaulting Party within a reasonable period.

- 42.4 The Department reserves the right to terminate this Contract with immediate effect by giving notice in writing in the following circumstances:

42.4.1 if Regulation 73(1)(b) of the Public Contracts Regulations 2015 applies; and/or

42.4.2 if the outcome of any financial health and/or control assessment undertaken in relation to the Contractor is inadequate; and/or

42.4.3 if the Contractor fails to comply with requirements imposed under Clauses 11.10.1 and/or 11.10.2 (Quality Assurance and Raising Standards); and/or

42.4.4 if the Contractor fails to comply with requirements imposed under Clauses 13.4 (Inadequate in part), 13.5 or 13.6 (Inadequate overall) and/or in accordance with any of the rights set out in Clauses 13.4.5 (Inadequate in part), 13.6.5 (Inadequate overall), 16.6 (Escalating issues), 17.3.4 (Enquiries, Investigations and Inspections), or 24.1.6 (Submission of Learner Data); and/or

42.4.5 if an inspection results in the Services in part or overall thereof being assessed as inadequate; and/or

42.4.6 in accordance with Clause 13.10.5 (Inadequate overall - Ofsted New Provider Monitoring Visits); and/or

- 42.4.7 in accordance with Clause 13.10.6 (Inadequate overall - Ofsted New Provider Monitoring Visits),; and/or
  - 42.4.8 the Contractor receives a “qualified” rating in two (2) consecutive full funding audits; and/or
  - 42.4.9 a Change in Control is proposed by the Contractor or has taken place which is not permissible under Regulation 72 of the Public Contracts Regulations 2015; and/or
  - 42.4.10 in accordance with Clause 31.1.6 (Funding and Payment); and/or
  - 42.4.11 in any of the circumstances set out in Clause 31.1.12 (Funding and Payment) and/or the Department receives information which demonstrates that the Contractor is not complying with its obligations under the Income Tax (Earnings and Pensions) Act 2003 and all other statutes and regulations relating to income tax; and/or
  - 42.4.12 in accordance with Clause 35.4; and/or
  - 42.4.13 the Contractor commits one or more Prohibited Acts; and/or
  - 42.4.14 where any of the circumstances set out in Clause 40 (Withholding, Suspension and Repayment of Funding) occur which amount to a material breach of this Contract; and/or
  - 42.4.15 there is a Notifiable Default that is not corrected by the Contractor in line with an accepted Rectification Plan; and/or
  - 42.4.16 the Department rejects a Rectification Plan or the Contractor does not provide it within 10 Working Days of the request; and/or
  - 42.4.17 the Contractor repeatedly breaches any of the terms of this Contract in such a manner as to reasonably justify the opinion that its conduct is inconsistent with it having the intention or ability to give full effect to the terms of this Contract; and/or
  - 42.4.18 an Insolvency Event affecting the Contractor occurs.
- 42.5 The Department will be entitled to terminate this Contract immediately on the grounds set out in Clause 36.10 (Contractor Aggregate Liability). In the event of any termination in accordance with Clause 36.10 (Contractor Aggregate Liability), the Exit Arrangements set out in Clause 44 (Exit Arrangements) and Schedule 7 (Exit Arrangements) will apply.
- 42.6 This Contract will be voidable where, following an evaluation of the last three (3) years’ Data Submissions relating to any other contract with the Department, the Department concludes that the Contractor was in material breach of that contract or contracts and if the Department had known at the time of awarding and/or entering into this Contract that the Contractor had committed a material breach, it would not have awarded and/or entered into this Contract.
- 42.7 If the circumstances set out in Clause 42.6 arise and the Contract is declared void, the Parties will be deemed to have subsequently entered into a new legally binding

agreement that includes the provisions set out in the table at Clause 59.1.2 (Continuing Obligations).

- 42.8 If the Department terminates another contract with the Contractor on fault grounds where a similar right of termination also exists in this Contract in relation to similar provisions, the Department, acting reasonably, may immediately give notice of termination of this Contract in writing to the Contractor.
- 42.9 In addition to the rights of termination under any other clauses of this Contract, either Party will be entitled to terminate this Contract in respect of all or part of the Service provided under the Contract by giving to the other not less than three (3) months' notice to that effect.
- 42.10 Termination under this Clause 42 (Termination) will not prejudice or affect any right of action or remedy, which shall have accrued or shall thereupon accrue to the Parties under this Contract.
- 42.11 Where the Contractor goes into administration or liquidation, the Department must be assumed to be a creditor of the Contractor. The Contractor must take steps to ensure that the Department is provided with details of the administrator or liquidator and receives notification of any creditors meetings. The Department will confirm whether in fact it is a creditor within twelve (12) weeks of being notified that the Contractor is in administration or liquidation.
- 42.12 The Contractor must (at its own cost) upon notice of termination of the Contract make available to the Department upon request all Learner files (including but not limited to e-portfolios), correspondence, documents, specification papers and other property belonging to the Department, which may be in its possession or under its control.
- 42.13 NOT USED
- 42.14 The Contractor must not recruit new Learners including Learners that have transferred from another provider after notice of termination of the Contract has been given. The Department will not be liable to make payments in respect of any Learners recruited in breach of this Clause 42.14.

## **43 CONSEQUENCES OF TERMINATION AND EXPIRY**

### **43.1 Accrued Rights**

- 43.1.1 The termination of this Contract howsoever arising is without prejudice to the rights, duties and liabilities of either Party accrued prior to termination. For the avoidance of doubt, the termination of this Contract howsoever arising shall not entitle the Contractor to any compensation. The clauses of this Contract which expressly or impliedly have effect after termination or expiry will continue to be enforceable notwithstanding termination in accordance with Clause 59 (Continuing Obligations).
- 43.1.2 On or before the Expiry Date or Termination Date, the Contractor must ensure that all documents or computer records in its possession, custody or control including but not limited to eportfolios, which contain information relating to the Services including any documents in the possession, custody or control of a Sub-Contractor are made available upon request to the Department.

- 43.1.3 For the avoidance of doubt, after notice of termination and/or an Insolvency Event affecting the Contractor, the Contractor must not share any information about Learners, including but not limited to

Department Data, with another organisation unless the Department provides written authorisation for the Contractor to do so. In addition, the Contractor shall not recruit Learners from another contractor that has been issued with a notice of termination and/or in relation to whom an Insolvency Event has occurred, without the permission of the Department.

- 43.1.4 The Contractor hereby grants the Department a non-exclusive licence to access the Contractor's Premises from the date of a notice of termination for such periods as may be reasonably necessary to enable the Department to retrieve the information referred to in Clause 43.1.2. The Department will exercise the rights provided under this Clause 43.1.4 where the Contractor has failed to comply with Clause 43.1.2 and the obligations set out in Schedule 7 (Exit Arrangements).

- 43.1.5 The Department reserves the right to hold back an amount that would otherwise be paid to the Contractor prior to the Expiry Date or Termination Date, as relevant, in order to reconcile what has already been paid to the Contractor under Schedule 2 (Payments) with the amount the Contractor is entitled to under this Contract (including the Funding Rules).

- 43.1.6 Where this Contract is terminated or expires, the Department may elect to take the role of Data Controller to secure and protect Learner Files, Learner Records and/or Evidence Packs, including e-portfolios until the Learner information can be transferred to a new Contractor, the Learner, or destroyed in accordance with defined retention periods. If the Department elects to assume this role, the Contractor shall co-operate fully to facilitate this.

#### **44 EXIT ARRANGEMENTS**

- 44.1 The Department and the Contractor shall comply with their respective obligations in relation to the exit arrangements set out in Schedule 7 (Exit Arrangements) and any current Exit Plan.

- 44.2 On expiry or termination of this Contract for any reason, the Contractor shall do its utmost to minimise any disruption to Learners and shall cooperate fully with any reasonable requests made by the Department relating to this. For the avoidance of doubt the Department will be entitled to request that where the Contractor cannot complete Learners that it will co-operate in transferring the Learners to a new provider even if this is prior to the Termination Date or Expiry Date of this Contract and the Contractor's Exit Plan should reflect this. The Department will not be liable for any costs prior to or after the Termination Date or Expiry Date incurred by the Contractor in complying with this Clause 44.2.

- 44.3 Unless the Department otherwise requires, during the time between service of a notice of termination of this Contract in whole or in part and such termination taking effect, the Contractor must take all steps, which are necessary and consistent with its

continuing obligations, to mitigate any losses, costs, liabilities and expenses which the Contractor may incur as a result of the termination, including to:

- 44.3.1 cancel all capital and recurring cost commitments in connection with the provision of the Services on the most cost-effective terms without fettering the Department's access to Department Data and the Database;
  - 44.3.2 terminate all relevant contracts or the relevant parts of relevant contracts with its Sub-Contractors in connection with the provision of Services on the most favourable terms as can be achieved in the particular circumstances, having first ascertained from the Department whether such contracts are required to be transferred to the Department or any Successor Contractor instead; and
  - 44.3.3 reduce labour costs by the redeployment or release of Contractor's Personnel to the extent possible in the circumstances.
- 44.4 If the Contractor does not fulfil its obligations in accordance with this Clause 44.3, the Department will not pay any sums in excess of those which the Department would have paid had such action been taken.
- 44.5 If the Contractor does not co-operate with the Department in relation to exit in accordance with this Clause 44 and the Department incurs additional expenditure of any description as a result, the Department reserves the right to require the Contractor to reimburse the Department for this additional expenditure.

## **PART 9 - GENERAL PROVISIONS**

### **45 PROVISION OF INFORMATION**

- 45.1 The Department may share information provided by the Contractor under this Contract and information about the Contractor or Contract, with other Government departments, Crown Bodies, Inspectorates, Combined Authorities and local authorities.
- 45.2 In addition to the other requirements to provide information set out in this Contract, the Department reserves the right to request information from the Contractor in order to exercise its responsibilities and/or to fulfil requirements to provide information to the Secretary of State and to account to Parliament. On occasion, the Department will require urgent information from the Contractor.
- 45.3 The Contractor must provide the Department or agents acting on its behalf with the information it requires under Clause 45.2 at the times and in the formats specified by the Department. This information will be of sufficient quality to meet the purposes for which it has been requested.
- 45.4 Failure to comply with any request for information under this Clause 45 (Provision of Information), at all or in the required timescales, will constitute a breach of this Contract.

### **46 SERVICE OF NOTICES**

- 46.1 Any notice or other document to be given under this Contract must be in writing and personally delivered, emailed, sent through the Department's electronic portal or sent by first class post to the address of the relevant party, as referred to above or in the case of an email address or correspondence address, as notified by the relevant party

in writing from time to time. The notice or communication will be considered delivered as follows:

- 46.1.1 if personally delivered, when handed over to the addressee;
- 46.1.2 if sent by email or through the Department's electronic portal, on the day the email is sent if sent on a Working Day and before 5.00 pm, otherwise the email will be deemed delivered at 9.00 am on the next Working Day;
- 46.1.3 if sent by first class post, on the second Working Day after the day on which it is posted.

46.2 All such notices and communications must be in the English language. To prove the giving of a notice or other document it will be sufficient to show that it was despatched.

## **47 ENTIRE CONTRACT**

### **47.1 Prior Representations Superseded**

47.1.1 Except where expressly provided in this Contract, this Contract constitutes the entire agreement between the Parties in connection with its subject matter and supersedes all prior representations, communications, negotiations and understandings concerning the subject matter of this Contract.

### **47.2 Acknowledgements**

47.2.1 Each of the Parties acknowledges that:

- (a) it does not enter into this Contract on the basis of and does not rely, and has not relied, upon any statement or representation (whether negligent or innocent) or warranty or other provision (in any case whether oral, written, express or implied) made or agreed to by any person (whether a Party to this Contract or not) except those expressly repeated or referred to in this Contract and the only remedy or remedies available in respect of any misrepresentation or untrue statement made to it will be any remedy available under this Contract; and
- (b) this Clause 47.2 (Acknowledgements) will not apply to any statement, representation or warranty made fraudulently, or to any provisions of this Contract which was induced by fraud, for which the remedies available will be all those available under this Contract and under the Law governing this Contract.

## **48 NO AGENCY**

### **48.1 No Partnership, Joint Venture or Employment**

48.1.1 Nothing in this Contract will be construed as creating a partnership or joint venture or a contract of employment between the Department and the Contractor.



## **48.2 No Agency or Power to Bind**

- 48.2.1 Save as expressly provided otherwise in this Contract, the Contractor shall not be, or be deemed to be, an agent of the Department and the Contractor shall not hold itself out as having authority or power to bind the Department in any way.

## **49 EXERCISE OF STATUTORY AUTHORITY**

- 49.1 Nothing in this Contract will be construed as a fetter or restriction on the exercise by the Department of its statutory functions.

## **50 PUBLIC RELATIONS AND PUBLICITY**

- 50.1 The Contractor shall not by itself, its employees or agents and shall procure that Contractor Personnel shall not:

50.1.1 take part in any communications with representatives of the press, television, radio or other communications media on any matter concerning this Contract; and/or

50.1.2 use or make use of the Department's name, logo or other branding without the prior written approval of the Department.

without the prior written consent of the Department.

## **51 AMENDMENTS TO THIS CONTRACT**

- 51.1 This Contract will not be amended unless such amendment has been previously agreed in writing. For the avoidance of doubt this will include any amendments required to effect a Change agreed in accordance with Clause 6 (Change in Service) and the Change Control Procedure (Schedule 3 (Change Control Procedure)).

## **52 WAIVER**

- 52.1 No term or provision of this Contract will be considered as waived by any Party to this Contract unless a waiver is given in writing by that Party. No act or omission of either Party shall by itself amount to a waiver of any right or remedy unless expressly stated by that Party in writing. In particular, no reasonable delay in exercising any right or remedy shall by itself constitute a waiver of that right or remedy.

- 52.2 No waiver under Clause 52.1 shall be a waiver of a past or future default or breach, nor shall it amend, delete or add to the terms, conditions or provisions of this Contract unless (and then only to the extent) expressly stated in that waiver.

## **53 SEVERABILITY**

- 53.1 If any term, condition or provision contained in this Contract is held to be invalid, unlawful or unenforceable to any extent, such term, condition or provision shall not affect the validity, legality or enforceability of the remaining parts of this Contract.

## **54 LAW AND JURISDICTION**

- 54.1 This Contract is governed by the Laws of England and Wales and, subject to disputes which are properly referred to and resolved in accordance with the Dispute Resolution

Procedure, the Parties submit to the exclusive jurisdiction of the courts of England and Wales.

## **55 INTEREST ON LATE PAYMENTS**

- 55.1 The Parties will pay interest on any amount payable under this Contract not paid by the required date, from that date to the date of payment at the rate of 4% above the base lending rate published by the Bank of England. The Parties agree that this Clause 55.1 constitutes a substantial remedy for the purposes of the Late Payments of Commercial Debts (Interest) Act 1998. For the avoidance of doubt, the Contractor will have no right to claim interest on corrections issued by the Department.

## **56 MITIGATION**

- 56.1 The Department and the Contractor will at all times take all reasonable steps to minimise and mitigate any loss for which the relevant Party is entitled to bring a claim against the other Party pursuant to this Contract and to take all reasonable steps to minimise and mitigate any effects or circumstances and/or events adversely affecting the performance of its obligations under this Contract which would otherwise entitle that Party to relief and/or to claim compensation hereunder.

## **57 FURTHER ASSURANCE**

- 57.1 Each Party must do all things and execute all further documents necessary to give full effect to this Contract.

## **58 THIRD PARTY RIGHTS**

- 58.1 No term of this Contract is enforceable under the Contracts (Rights of Third Parties) Act 1999 by a person who is not a party to this Contract.

## **59 CONTINUING OBLIGATIONS**

- 59.1 Save as otherwise expressly provided in this Contract:-

59.1.1 the termination or expiry of this Contract will be without prejudice to any accrued rights and obligations under this Contract as at the Expiry Date or the Termination Date; and

59.1.2 the termination or expiry of this Contract will not affect the continuing rights or obligations of the Department and the Contractor under the Clauses in the table below and/or under any other provision of this Contract which is expressed to survive expiry or termination or which is required to give effect to such expiry or termination or the consequences of such expiry or termination for a period of six (6) years (or such longer term as may be specified in this Contract), after such expiry or termination:

Clause	Description
2	Commencement and Duration
15	Fraud and Irregularity

17.4	Complaints and Feedback
19	Dispute Resolution Procedure
20	Intellectual Property Rights
21	Assignment of IPR in Databases
22	Department Data
23	Data Protection and Protection of Personal Data
26	Freedom of Information and Confidentiality
27	Employees
31	Payment Funding and Audit
33	Contractor's Records and Audit
36	Indemnities and Liability
37	Insurance
43	Consequences of Termination and Expiry
44	Exit Arrangements
50	Public Relations and Publicity
Schedule 4	TUPE
Schedule 5	UK GDPR and Data Protection
Schedule 6	Security & Department Policies
Schedule 7	Exit Arrangements
Schedule 12	Open Book Contract Management
Schedule 13	Transparency Reports

## Schedule 1

### SPECIFICATION & MONITORING

#### ESFA ADULT EDUCATION BUDGET CONTRACT FOR SERVICES 2023/24 – 2026/27 SPECIFICATION

In addition to the Definitions contained in Clause 1 (Definitions) of this Contract, in this Schedule 1 (Specification & Monitoring) the following words shall have the following meanings:

<b>“AEB”</b>	means Adult Education Budget, means adult education budget funding as further described at <a href="http://www.gov.uk/government/uploads/system/uploads/attachment_data/file/114147/adult_education_budget_funding_rules_2023_to_2024.pdf">Adult education budget (AEB) funding rules 2023 to 2024 - GOV.UK (www.gov.uk)</a> (as may be updated from time to time);
<b>“Exceptional Learning Support”</b>	means learning support funding to meet the costs of putting in place a reasonable adjustment for a Learner who requires more than £19,000 in a Funding Year. The Contractor must submit a claim form for Exceptional Learning Support as detailed at <a href="http://www.gov.uk/government/uploads/system/uploads/attachment_data/file/114147/adult_education_budget_funding_rules_2023_to_2024.pdf">Exceptional learning support - cost form - GOV.UK (www.gov.uk)</a> ;
<b>“LDD”</b>	means learning difficulties and disabilities;
<b>“Learning Aims Reference Service”</b>	means as detailed <a href="http://www.gov.uk/government/uploads/system/uploads/attachment_data/file/114147/adult_education_budget_funding_rules_2023_to_2024.pdf">Learning aim reference service (LARS) - GOV.UK (www.gov.uk)</a> ;
<b>“NCS”</b>	means National Careers Service <a href="http://www.gov.uk/government/uploads/system/uploads/attachment_data/file/114147/adult_education_budget_funding_rules_2023_to_2024.pdf">Careers advice - job profiles, information and resources   National Careers Service</a> ;
<b>“NEET”</b>	means those individuals who are not in education, employment or training;
<b>“Programme”</b>	means the programme of adult education courses to be delivered by the Contractor in accordance with the requirements of this Contract;
<b>“Provision”</b>	means general, technical, and non-regulated learning as defined in the Funding Rules;
<b>“Qualifications”</b>	means either those from the Regulated Qualifications Framework (“RQF”) or an Access to Higher Education Diploma recognised and regulated by the Quality Assurance Agency (“QAA”);
<b>“SEND”</b>	means special educational needs and disabilities;
<b>“Supporting funding”</b>	The ESFA funded AEB’s overarching aim is to support as many eligible adult learners as possible to access learning. Some learners will need additional support to start or stay in learning.

	Where you identify that a learner has a learning difficulty and/or disability, or a financial barrier, your ESFA funded AEB allocation enables you to claim learning support and/or learner support funding to meet the additional needs of learners.
<b>“Volumes and Values Spreadsheet”</b>	Means the volumes/values of the Services to be delivered by the Contractor as agreed between the Department and the Contractor and as set out in Schedule 15 (Volumes and Values).

## 1 INTRODUCTION/CONTEXT

- 1.1 The purpose of the Contract is for the Department to provide funding for adult education provision for adults aged 19 and over. This provision aims to engage adults in learning which provides the skills and knowledge they need for work, progression in work, an apprenticeship or further learning.
- 1.2 The scope of Services to be provided by the Contractor shall be as set out in this Schedule 1 (Specification & Monitoring) below depending on:
- (a) the Programmes proposed by the Contractor in its Tender Response and/or otherwise in agreed in writing by the Department; and
  - (b) whether the Contractor has been successful in the award of AEB and/or FCFJ funding as set out in the Volumes and Values Spreadsheet.
- 1.3 During the Contract Period, the Contractor must provide **qualifications based provision and / or their components described in and in accordance with the AEB Funding Rules and/or the Level 3 Free Courses for Jobs offer (as relevant)** as further described below.

### AEB

- 1.4 **Qualifications based provision as described in the AEB Funding Rules** which includes:
- (a) Statutory entitlements:
    - (i) English and maths, up to and including level 2, for individuals aged 19 and over, who have not previously attained a GCSE grade A\* - C or grade 4, or higher;
    - (ii) first full qualification at level 2 for individuals aged 19 to 23;
    - (iii) first full qualification at level 3 for individuals aged 19 to 23;
    - (iv) digital skills, up to and including level 1, for individuals aged 19+, who have digital skills assessed at below level 1.
  - (b) Local flexibility:
    - (i) delivering flexible tailored provision for adults, including qualifications and components of these up to Level 2.

## FCFJ

- 1.5 **Level 3 Free Courses for Jobs (FCFJ)** provides free qualifications in high value sectors to adults who do not yet have a full level 3, and adults who are unemployed or earning low wages (currently under the National Living Wage annually), even if they already hold a level 3 or higher. Eligibility for the offer is outlined in the Funding Rules.
- 1.6 The lists of qualifications and sector subject areas may be subject to change. The Contractor should regularly check [here](#) for updates. Additional sector subject areas may be added to the offer to meet economic need during the contracted period.
- 1.7 Any funding allocated for the delivery of FCFJ Programmes must be utilised to deliver FCFJ Programmes only. Such funding cannot be utilised for any other purpose, including any other statutory entitlements and/or qualifications based provision.

## Supporting Funding

- 1.8 In addition to the AEB and FCFJ as described above, the Contractor may utilise **supporting funding** (as further described below) if this has been approved in the Contractor's Volumes and Values Spreadsheet as depicted in Schedule 15 (Volumes and Values) ("**Supporting Funding**").
- 1.9 If the Contractor has been awarded Supporting Funding (i.e. this has been confirmed in its Volumes and Values Spreadsheet as depicted in Schedule 15 (Volumes and Values), this can only be used alongside the delivery of **qualifications based provision described in the AEB funding rules** and/or the **Level 3 Free Courses for Jobs offer**.
- 1.10 **Supporting Funding** may be utilised to provide support to individuals who are furthest from learning and/or work and may need extra support to address certain barriers that prevent them engaging or continuing learning. This support is funded through the AEB as follows:
  - (a) Learning support (including but not limited to Exceptional Learning Support where applicable, as set out in the Funding Rules) - available to Contractors to meet the cost of making reasonable adjustments, as part of the Equality Act 2010, for learners who have an identified learning difficulty or disability, to achieve their learning goal, and/or
  - (b) Learner support – available to Contractors to support learners with a specific financial hardship, such as childcare or residential costs associated with learning.

## Additional Flexibility

- 1.11 At the discretion of the Department, the Contractor may be able to utilise its funding in respect of other initiatives, for example this may include, but would not be limited to, work experience and provision around HGV Driver Licences and Medicals. The Contractor should refer to the AEB Funding Rules for clarification of what funding is available in a given year. The Department may require further changes to this Contract to reflect any differing obligations which apply to the Contractor as a result of any change to the utilisation of its funding and any such changes will be agreed in accordance with the Change Control Procedure.

## General

- 1.12 The Contractor shall provide the Services in accordance with:
- (a) the KPIs (as further described in Schedule 1C of the Contract);
  - (b) the ESFA policies, methodologies and other reforms that are in force (as may be updated from time to time); and
  - (c) the Funding Rules.

## **2 SERVICES/REQUIREMENTS**

- 2.1 The Contractor shall deliver the Services in accordance with the Contract, including but not limited to this Schedule 1 (Specification & Monitoring), and as set out in the Funding Rules.
- 2.2 The Contractor must be ready to deliver on the Services from the Services Start Date of 1 August 2023. Time shall be of the essence in relation to this paragraph 2.2.
- 2.3 The Contractor shall ensure equality of opportunity throughout the Contract Period for those who may be from more disadvantaged backgrounds and/or who are long term NEET. This shall be in accordance with the [Equality Act 2010](#) and may include, but not be limited to those with special educational needs and/or disabilities (SEND/LDD), those from Black, Asian and minority ethnic backgrounds (BAME), those who are lesbian, gay, bisexual, transgender or queer (LGBTQ) and care leavers.
- 2.4 Aside from circumstances set out in paragraph 1.11, where the Contractor wishes to deliver AEB and FCFJ qualifications and / or their components, the Contractor must only deliver qualifications as described within the Department for Education's [list of approved qualifications](#), which may be subject to updates throughout the Contract Period. This will include qualifications which are on Ofqual's [Regulated Qualifications Framework](#) (RQF) and/or are Access to Higher Education Diplomas which are regulated by the [Quality Assurance Agency](#) and are available [here](#). Qualifications and components confirmed as eligible for local delivery are in the 'local flexibility' category.
- 2.5 If the Contract is extended beyond the Initial Contract Period, the Contractor should be aware that from the 2025 to 2026 Funding Year, the first level 3 alternative academic qualifications (AAQs) and level 2 and level 3 technical qualifications will be available to be taught. The Department will publish a list of the level 3 AAQs and level 2 and level 3 technical qualifications that are available for teaching in 2025 to 2026 in the summer of 2024. Existing qualifications will not be approved for funding from 2025 to 2026 unless they meet the funding approval criteria for AAQs or technical qualifications. The Contractor must only deliver Programmes which are listed within the Department for Education's [list of approved qualifications](#). Further information about the qualifications reforms can be found as part of the government's post 16 review of qualifications at level 3 and below in England ([Review of post-16 qualifications at level 3 in England - GOV.UK \(www.gov.uk\)](#)).
- 2.6 The Contractor shall support eligible Learners as set out in the Funding Rules.
- 2.7 The legal basis for this Service is Section 2 of the [Employment and Training Act 1973](#).

## **3 QUALITY OF DELIVERY**

- 3.1 The Contractor shall deliver eligible provision as set out in the Funding Rules.

3.2 The Contractor shall ensure effective referrals into and transitions out of the Programme working with local partners, including Jobcentres and NCS to support Learners.

3.3 The Contractor will be subject to key performance indicator monitoring as further described in Schedule 1C (KPIs).

#### **4 DELIVERY TO LEARNERS IN GREATEST NEED**

4.1 The Contractor shall stimulate interest from Learners who are in greatest need of adult education opportunities, giving due consideration to those Learners who are most remote from employment opportunities.

4.2 Where identified, the Contractor will put in place reasonable adjustments to support eligible Learners with identified learning difficulties and/or disabilities by using “Learning Support” funding (see “Supporting Funding” above) and Exceptional Learning Support where applicable, as set out in the Funding Rules.

4.3 The Contractor shall be aware that some individuals may need extra financial support to address certain barriers that prevent them engaging or continuing learning. This support can be funded through “Learner Support” funding (see “Supporting Funding” above) as set out in the Funding Rules.

#### **5 INFORMATION, ADVICE AND GUIDANCE FOR LEARNERS**

5.1 The Contractor shall provide information, advice and guidance that is clear and easily accessible to Learners and will help Learners to understand the opportunities and support available to them about education, training and connected matters (including employment) so that Learners are clear what opportunities the training will provide for them (“**Information and Advice**”).

5.2 The **matrix** standard aims to ensure that Learners are able to access high quality information, advice and guidance to help them make informed choices about learning and work. This helps to reduce dropout rates from training and education and achieve a positive outcome for both the Contractor and the Learner.

5.3 Where one of the main objectives of the Provision is to deliver Information and Advice, the Contractor must achieve the [matrix Standard accreditation](#) within six (6) months of the Agreement Date and maintain such accreditation for the Contract Period. In terms of determining whether Information and Advice is one of the main objectives of the Provision, this shall be determined by the Contractor based on the type of service it mostly provides to Learners. For example, if the Contractor’s primary purpose is to provide information, advice and guidance to Learners (e.g. career advice rather than the provision of training courses), then the [matrix Standard accreditation](#) shall be obtained within six (6) months of the Agreement Date and shall be maintained for the Contract Period.

5.4 Where the Information and Advice is embedded as part of the delivery of the Provision, and is not a main objective, **it is recommended** that the Contractor shall work towards achieving the matrix Standard accreditation within six (6) months of the Agreement Date. For example, if the Contractor’s primary purpose is to provide education and training, but the Contractor also offers complementary support alongside its training programmes to Learners such as offering advice concerning what training support or course might best suit their goals and needs, then the provision of Information and Advice will be ‘embedded’ as part of the delivery of the Provision, and therefore it is



recommended that the [matrix Standard accreditation](#) should be obtained within six (6) months of the Agreement Date.

- 5.5 Where the Provision is delivered by a Sub-Contractor on behalf of the Contractor, the Contractor should ensure that any Sub-Contract entered into with such Sub-Contractor includes obligations on the Sub-Contractor equivalent to those set out in paragraphs 5.3 and 5.4 above. This will not be required where the Contractor retains responsibility for the delivery of information, advice and guidance to the Learners.
- 5.6 It is the responsibility of the Contractor to ensure any Sub-Contractor delivering the Services on its behalf has [matrix Standard accreditation](#).
- 5.7 The Contractor shall be aware that, once achieved, **matrix** Standard accreditation is valid for three (3) years. The Contractor shall demonstrate its continuous improvement via annual continuous improvement checks with the matrix Standard assessor.

## **6 OUTPUTS**

- 6.1 The Contractor shall:
- (a) recruit the number of eligible Learners in each area specified in the Volumes and Values Spreadsheet;
  - (b) deliver the eligible Provision at volumes commensurate with the FCFJ and/or AEB funding as set out in the Volumes and Values Spreadsheet;
  - (c) deliver the eligible Provision from the Learning Aims Reference Service as set out in the Funding Rules and, where appropriate, to the requirements set by the Awarding Organisations;
  - (d) ensure all qualifications are approved for funding on [Find a Learning Aim](#);
  - (e) ensure that any funding awarded to the Contractor is utilised within the relevant Funding Year to which it applies (as per the Funding Rules); and
  - (f) at all times comply with the Funding Rules in delivering the Provision.
- 6.2 The Contractor shall deliver the Services in a way that ensures:
- (a) value for money;
  - (b) the protection of public funds;
  - (c) the effective delivery of a high-quality service for Learners appropriate to their needs;
  - (d) meets the public benefit test; and
  - (e) meets the KPIs as described in Schedule 1C (KPIs).

## **7 ADMINISTRATION**

- 7.1 The Contractor shall submit Learner data to the Department to comply with Clause 24 of the Contract (Submission of Learner Data).

- 7.2 The Contractor shall complete the Learner's qualification on or before the planned end date in the data submitted in the ILR. Where the Contractor misses this date, the Department may consider this a Notifiable Default.
- 7.3 The Contractor shall conduct a quarterly survey of at least 60% of its Learners to measure Learner satisfaction. The results of this survey must be shared with the Department, along with any relevant details on how the Contractor will seek to improve Learner satisfaction.
- 7.4 The Contractor shall keep the Department informed of any changes to their bank details.
- 7.5 The Contractor shall comply with the minimum industry recognised standards on good governance. This may be demonstrated by adherence to AELP Code of Good Governance, [Charity Governance Code](#), [Code of Good Governance for English Colleges](#) or equivalent relevant industry standard. It is good practice to aim to exceed governance code standards where appropriate.
- 7.6 The Contractor is not required to register with Ofsted, but the Department will share funding allocations and other relevant information with Ofsted to help Ofsted identify whether the Contractor is in scope for the Ofsted inspection regime.

## **8 THE DEPARTMENT**

- 8.1 The Department will pay the Contractor for the satisfactory performance and eligible activity of the Provision as set out in Schedule 2 (Payments).
- 8.2 The Department will monitor the Contractor's performance as set out in Schedule 1B (Monitoring).
- 8.3 The Department will monitor the recruitment of eligible Learners onto this Service by volume and location.
- 8.4 The Department reserves the right to:
- (a) make additional funding allocations to the Contractor as budget becomes available at Performance Management Review Points;
  - (b) make additional funding allocations to the Contractor to address gaps in provision of starts for eligible Learners in regions or local areas;
  - (c) modify future years' allocations to address new priorities and subject to budget availability; and/or
  - (d) modify in year and future years' allocations if the Contractor cannot deliver the full value of their Contract, or the Contractor is significantly underperforming,

as further described in Schedule 11 (Growth and Adjustment of Allocations) of the Contract.

## **SCHEDULE 1B: MONITORING**

### **PROCURED ADULT EDUCATION BUDGET**

#### **9 MONITORING OF ILR SUBMISSION**

- 9.1 The Department will monitor and review the data submitted under Clause 24 (Submission of Learner Data) of this Contract to ensure that payments are made in accordance with the requirements set out in [Financial assurance: monitoring post-16 funding - GOV.UK \(www.gov.uk\)](#).
- 9.2 The Department will publish monitoring reports via [View your education data](#). The Contractor must review the monitoring reports every month and amend any errors within the subsequent submission by taking the actions specified in the report user guide. Failure to amend the data as required will constitute a Notifiable Default as defined in the Contract.
- 9.3 If served with notice of a breach of paragraph 9.2, the Contractor must correct data or supply the Department with evidence within the period specified in the notice. This evidence can include digital copies of documents such as Learner files, commitment statements or employer declarations. The Contractor acknowledges and agrees that annotated spreadsheets or notes are not acceptable as evidence.
- 9.4 Where data is incorrect in the final data submission of the academic year, the Department will recover the payments associated with the incorrect data in accordance with Clause 40 of the Contract (Withholding, Suspension and Repayment of Funding).

## SCHEDULE 1C: KPIs

### **1 PERFORMANCE MONITORING APPROACH**

- 1.1 In addition to monitoring the Contractor's performance pursuant to the mechanisms described within the Funding Rules, the Contractor shall also be monitored in respect of its performance against the KPIs described in Annex 1 of this Schedule 1C (KPIs).
- 1.2 The Contractor shall make available the Performance Data to the Authority as follows:
  - (a) in respect of the Performance Data required for KPIs 1, 2, 3 and 4, the Department shall extract such Performance Data via the Contractor's ILR Data submission (and such data should be uploaded in accordance with the requirements and deadlines stipulated in the Funding Rules); and
  - (b) in respect of the Performance Data required for KPIs 5 and 6, within 10 Working Days of the end of each Quarter, the Contractor shall provide the relevant Performance Data in such format as requested by the Department. Any Performance Data which is not provided prior to such deadline shall be addressed in accordance with the procedure outlined in Schedule 1B (Monitoring).
- 1.3 The Department reserves the right (acting reasonably) to request that the Performance Data is provided to the Department via an alternative method(s) on providing reasonable written notice to the Contractor and the Contractor shall comply with such request from the date on which it has received such notice.
- 1.4 Notwithstanding the deadline by which Performance Data must be made available, the Department intends to monitor the Contractor's performance against the KPIs on a Quarterly basis as follows:
  - (a) in respect of KPIs 1, 2 and 3, the Department will consider the Contractor's performance (utilising the data uploaded by the Contractor within its ILR Data submissions) against the standard national profile (as further described in [Annex E](#) of the Funding Rules (the "**Standard National Profile**")) to calculate its cumulative performance up to and including that Quarter from the commencement of the Funding Year, as illustrated in the following example:

**Example** – a contractor has proposed 400 Unique Funded Starts within its Volumes and Values Spreadsheet for the Funding Year in question.

<b>KP3.1 (Unique Funded Starts – AEB Funding only)</b>	<b>Aug</b>	<b>Sep</b>	<b>Oct</b>
Unique Funded Starts recorded in ILR Data (cumulative)	30	60	100
Unique Funded Starts (as stated in the Standard National Profile) (cumulative)	7.93%	17.07%	26.51%
Expected performance against Standard National Profile (cumulative)	31.72 (400 x 7.93%)	68.28 (400 x 17.07%)	106.04 (400 x 26.51%)
<b>KPI%</b>	94.6 (30 ÷ 31.72 x 100)	87.9 (60 ÷ 68.28 x 100)	94.3 (100 ÷ 106.04 x 100)
<b>KPI score</b>	On Target (90%+)	Approaching Target (70-89%)	On Target (90%+)
			The score for this Quarter would be 'On Target'

- (b) in respect of KPI4, the Department will consider the Contractor's performance by calculating the percentage of Learner Completions as a proportion of Learner Starts recorded in the Contractor's ILR Data. This will be calculated on a cumulative basis and will be measured Quarterly;
- (c) in respect of KPI 5, the Department intends to implement a standardised process for the collection and measurement of learner satisfaction data during the Contract Period. Further detail of how the Contractor's KPIs will be set and monitored will be provided by the Department during the Contract Period. It is intended that such data will be monitored on a Quarterly basis. In entering into this Contract, the Contractor agrees that it shall comply with any requirements in this regard;
- (d) in respect of KPI6, the Department will consider the Contractor's target level of performance as depicted in its Tender Response (as depicted in Schedule 16 (KPI6 – Social Value)), and will apply the method of measurement as described therein to determine whether the Contractor's performance is 'On Target', 'Approaching Target', 'Requires Improvement' or is 'Inadequate'. Again, the Department intends to monitor performance on a Quarterly basis.

1.5 Figures will be rounded to the nearest decimal point.

## **2 OUTCOME OF PERFORMANCE MONITORING**

2.1 Without prejudice to any other right or remedy available to the Department in the Contract concerning the Contractor's performance against the KPIs, the Department intends to review performance against the KPIs for the purposes of:

- (a) deciding whether to implement changes to the Contractor's Contract Allocation as further described in Schedule 11 (Growth and adjustment of allocations); and

- (b) to determine whether to enforce any remedy described in the Contract (e.g. to request a Performance Conversation, require a Rectification Plan and/or any other remedy described in the Contract).
- 2.2 The Department may request a Performance Conversation at any time for any reason and in particular, in circumstances where the Contractor's performance against any KPI is 'Inadequate' or 'Requires Improvement' in any Quarter.
- 2.3 In the event the Department requires a Performance Conversation, the Department will notify the Contractor in writing of the time and date upon which the Performance Conversation will be held. The Department will nominate an authorised representative to chair the discussion and the Contractor shall:
  - (a) use all reasonable endeavours to accommodate the time and date nominated by the Department; and
  - (b) shall ensure that a suitably experienced representative with requisite knowledge of the Services will attend on behalf of the Contractor.
- 2.4 The purpose of the Performance Conversation will be to ascertain the reasons why the Contractor's performance is 'Inadequate' or 'Requires Improvement' in respect of the relevant KPI(s) with a view to agreeing a plan, with the aim that the Contractor improves performance during the next Quarter.
- 2.5 In the event the Contractor's level of performance does not suitably improve in the next Quarter, the Department may consider this to constitute a Notifiable Default and the Department may request a Rectification Plan as further described in Clause 16 of the Contract.
- 2.6 Following a Performance Conversation, in the event that the Contractor's level of performance in respect of any KPI is deemed 'Inadequate' or 'Requires Improvement' within a 12 month period following the date of that Performance Conversation, the Department may consider this to constitute a Notifiable Default and in such circumstances, the Department may request a Rectification Plan as further described in Clause 16 of the Contract.

### **3 PERFORMANCE RECORDS**

- 3.1 The Contractor shall provide to the Department such supporting documentation as the Department may reasonably require in order to verify the level of the performance of the Contractor against the KPIs and any other requirements described in the Funding Rules.

## ANNEX 1: KEY PERFORMANCE INDICATORS

Number	KPI name and method of measurement	Context	Inadequate	Requires Improvement	Approaching Target	On Target
KPI1.1	<p><b>Delivery performance - expenditure (AEB Funding only)</b></p> <p>Percentage delivered against the Standard National Profile.</p>	<p>The purpose of this KPI is to measure the Contractor's delivery against the Standard National Profile. For example, if the cumulative profile at the end of Quarter 2 within a Funding Year is 26.51%, and the Contractor's level of performance is 25.01%, this will be considered as 'On Target', as the Contractor is delivering 94.34% of the Standard National Profile at that point in time. AEB and FCFJ expenditure/funding shall be measured separately.</p>	<40%	40% - <70%	70% - <90%	≥90%
KPI1.2	<p><b>Delivery performance – expenditure (FCFJ Funding only)</b></p> <p>Percentage delivered against the Standard National Profile.</p>		<40%	40% - <70%	70% - <90%	≥90%
KPI2.1	<p><b>Delivery performance – courses (AEB Funding Only)</b></p> <p>Percentage of courses delivered vs the courses listed in the Contractor's Volumes and Values Spreadsheet (or where a Change has been agreed with the Department in respect</p>	<p>The purpose of this KPI is to ensure that delivery meets local need.</p> <p>The Volumes and Values Spreadsheet indicates the Contractor's anticipated number of individual learning aims starts in respect of its planned Tier 1 Sector Subject Area(s) ("SSA").</p> <p>The Department will utilise the ILR Data submission to compare the Contractor's individual learning aims starts recorded in its ILR Data for each SSA against the Standard National Profile for each SSA.</p>	<25%	25% - <50%	50% - <75%	≥75%

Number	KPI name and method of measurement	Context	Inadequate	Requires Improvement	Approaching Target	On Target
	of those courses, percentage of courses delivered vs the latest agreed list in the Volumes and Values Spreadsheet) against the Standard National Profile.	<p>A worked example of how this KPI will be applied is set out as 'Example 1' below.</p> <p>The overall KPI score will be determined by identifying the 'lowest' score achieved in respect of all SSAs. Therefore, as identified in Example 1 below, notwithstanding that many SSAs were 'On Target', there are also a number of SSAs which were 'Approaching Target' and therefore, the lowest score achieved is applied, i.e. 'Approaching Target'. The same approach would apply if at least one SSA was scored 'Inadequate', notwithstanding the scores obtained for the remaining SSAs (and therefore the overall score would be 'Inadequate').</p>				
<b>KPI2.2</b>	<p><b>Delivery performance – courses (FCFJ Funding Only)</b></p> <p>Percentage of courses delivered vs the courses listed in the Contractor's Volumes and Values Spreadsheet (or where a Change has been agreed with the Department in respect of those courses, percentage of courses delivered vs the latest agreed list in the Volumes and Values Spreadsheet) against the Standard National Profile.</p>	<p>Where a Contractor has not proposed any learning aim starts for a particular SSA within its Volumes and Values Spreadsheet, the Contractor will not be measured against that particular SSA for the purposes of ascertaining its performance against this KPI.</p> <p>Contractors are encouraged to seek early engagement with the Department to discuss any envisaged changes to the courses they intend to deliver in order to agree, and formally document any such changes via the Change Control Procedure. It is then this agreed/amended figure which will be used to monitor the Contractor's performance against KPI2.</p> <p>AEB and FCFJ delivery shall be measured separately.</p>	<25%	25% - <50%	50% - <75%	≥75%



Number	KPI name and method of measurement	Context	Inadequate	Requires Improvement	Approaching Target	On Target
KPI3.1	<b>Unique Funded Starts (AEB Funding only)</b> Percentage of Unique Funded Starts vs the Standard National Profile.	<p>The purpose of this KPI is to measure the number of Unique Funded Starts against the Standard National Profile.</p> <p>Firstly, the Department will consider the number of Unique Funded Starts proposed by the Contractor in its Volumes and Values Spreadsheet (e.g. in the example at paragraph 1.4(a) above, the contractor in question proposed 400 Unique Learner Starts for that particular Funding Year).</p>	<40%	40% - <70%	70% - <90%	≥90%
KPI3.2	<b>Unique Funded Starts (FCFJ Funding only)</b> Percentage of Unique Funded Starts vs the Standard National Profile.	<p>The Contractor will then record each Learner Start via its ILR Data submission.</p> <p>The Department will then calculate the expected performance against the Standard National Profile. Again, using the example provided at paragraph 1.4(a) above, the Standard National Profile as of August is 7.93. The Department will then calculate 7.93% of 400, i.e. 31.72.</p> <p>The Department will then consider the Contractor's actual performance against its expected performance. Again, using the example provided at paragraph 1.4(a) above, this would equate to <math>30 \div 31.72</math>, which results in a KPI score of 94.6%. Therefore, in this example, the contractor would be deemed 'On Target'.</p> <p>AEB and FCFJ expenditure/funding shall be measured separately.</p>	<40%	40% - <70%	70% - <90%	≥90%

Number	KPI name and method of measurement	Context	Inadequate	Requires Improvement	Approaching Target	On Target
KPI4.1	<b>Learner Completion rate (AEB Funding only)</b> Percentage of Learner Completions vs number of Learner Starts	The purpose of this KPI is to measure the cumulative percentage of learners who complete the courses they have started. The Department will consider the Learner Completions recorded against the number of Learner Starts recorded in the Contractor's ILR Data submission, within a Funding Year.	<25%	25% - <50%	50% - <75%	≥75%
KPI4.2	<b>Learner Completion rate (FCFJ Funding only)</b> Percentage of Learner Completions vs number of Learner Starts	<p><b>Note:</b> This data will not be compared with the Standard National Profile.</p> <p>Where a Contractor records a Learner Start within its ILR Data, the progress of the Learner is tracked via the ILR and the status of their progress will fall into one of the following categories:</p> <p>Continuing = the Learner is continuing or intending to continue the learning activities leading to the learning aim;</p> <p>Completed = the Learner has completed the learning activities leading to the learning aim (i.e. this constitutes a 'Learner Completion');</p> <p>Withdrawn = the Learner has withdrawn from the learning activities leading to the learning aim;</p> <p>Transfer to new aim = the Learner has transferred to a new learning aim; or</p> <p>Break in learning = the Learner has temporarily withdrawn from the aim due to an agreed break in learning.</p>	<25%	25% - <50%	50% - <75%	≥75%

Number	KPI name and method of measurement	Context	Inadequate	Requires Improvement	Approaching Target	On Target
		<p>(further details of the above can be found at <a href="https://www.gov.uk/government/publications/sfa-ilr-standard-file-specifications-and-reference-data">https://www.gov.uk/government/publications/sfa-ilr-standard-file-specifications-and-reference-data</a> (as may be updated from time to time)).</p> <p>The Contractor should note that for the purposes of tracking performance against this KPI:</p> <ul style="list-style-type: none"> <li>only 'Learner Completions' will be counted. The remaining categories referenced above will not constitute a 'Learner Completion';</li> <li>the Learner must have completed the course they started. Therefore, once the 'Learner Start' is recorded against a particular course, 'Learner Completion' will only occur at the point the Learner completes that same course; and</li> <li>where a Learner enrolls on several courses, each 'enrolment' will constitute a separate 'Learner Start' and therefore a 'Learner Completion' would need to be recorded against each separate 'Learner Start' (e.g. if a Learner enrolls on four courses, however only completes one of those courses, the three remaining courses will not be counted as a 'Learner Completion'.</li> </ul>				
KPI5	Learner satisfaction	As described in paragraph 1.4(b) of this Schedule 1C (KPIs), the Department intends to implement a standardised process for the collection and measurement of learner satisfaction data during the Contract Period. Further detail of how the Contractor's targets will be set and monitored will be provided by the	<40%	40% - <70%	70% - <80%	≥80%

Number	KPI name and method of measurement	Context	Inadequate	Requires Improvement	Approaching Target	On Target
		Department in due course. Until such information is provided, the Contractor's performance against this KPI will not be monitored and therefore the Contractor shall not be required to take any action unless and until instructed by the Department.				
<b>KPI6</b>	<b>Social Value</b>	As described in Schedule 16 (KPI6 – Social Value)	<40%	40% - <70%	70% - <90%	≥90%

**Example 1 (worked example in respect of KPIs2.1 and 2.2 above):**

	Declared in V&V		Actual		Adjusted for Standard national profile		KPI score			
	Number of individual learning aim starts for AEB	Number of individual learning aim starts for FCFJ	Number of individual learning aim starts for AEB	Number of individual learning aim starts for FCFJ	AEB	FCFJ	AEB KPI		FCFJ KPI	
SSA Tier 1										
1 Health, public services and care	100	50	14	10	26.51	13.255	53%	Approaching Target	75%	On Target
2. Science and mathematics	100	50	20	14	26.51	13.255	75%	On Target	106%	On Target
3. Agriculture, horticulture and animal care	100	50	20	12	26.51	13.255	75%	On Target	91%	On Target
4. Engineering and manufacturing technologies	100	50	20	15	26.51	13.255	75%	On Target	113%	On Target

5. Construction, planning and the built environment	100	50	14	17	26.51	13.255	53%	Approaching Target	128%	On Target
6. Information and communication technology	100	50	19	10	26.51	13.255	72%	Approaching Target	75%	On Target
7. Retail and commercial enterprise	100	50	21	14	26.51	13.255	79%	On Target	106%	On Target
8. Leisure, travel and tourism	100	50	21	12	26.51	13.255	79%	On Target	91%	On Target
9. Arts, media and publishing	100	50	17	15	26.51	13.255	64%	Approaching Target	113%	On Target
10. History, philosophy and theology	100	50	16	17	26.51	13.255	60%	Approaching Target	128%	On Target
11. Social Sciences	100	50	16	10	26.51	13.255	60%	Approaching Target	75%	On Target
12. Languages, literature and culture	100	50	21	14	26.51	13.255	79%	On Target	106%	On Target
13. Education and training	100	50	23	12	26.51	13.255	87%	On Target	91%	On Target
14. Preparation for Life and Work	100	50	25	15	26.51	13.255	94%	On Target	113%	On Target
15. Business, administration and law	100	50	22	17	26.51	13.255	83%	On Target	128%	On Target
							Overall	Approaching Target	Overall	On Target

## **Schedule 2**

### **PAYMENT**

#### **ESFA ADULT EDUCATION BUDGET (CONTRACT FOR SERVICES)**

- 1 The Contractor will submit ILR Data monthly, and, where appropriate, the Earnings Adjustment Statements monthly, as set out in Clause 24 (Submission of Learner Data), of the Contract.
- 2 Using validated ILR Data and Earnings Adjustment Statement data, the Department will calculate the value of the Contractor's earnings for the Funding Year to-date by the methods set out in the Funding Rates and Formula Rules. The Department will pay any unpaid earnings where the cumulative earnings do not exceed the Funding Year or Financial Year allocations, as set out in the relevant Funding Agreement below.
- 3 Under Item 5A to Group 6 of Schedule 9 of the VAT Act 1994, the supply of education or vocational training funded by the Department and the supply by the person providing that education or vocational training, of any goods or services essential to that provision, is considered to be an exempt supply for VAT purposes. The Department is generally unable to recover any VAT charged. The maximum Funding payable under this Contract, as set out in the Funding Agreement of this Schedule 2 (Payment) is inclusive of all of the costs of the Service including, but not limited to, and any other VAT or taxes to be charged, where they apply.
- 4 The Department will pay the Contractor on the 16th Working Day of each month.

#### **Adult Exceptional Learning Support**

- 5 If a Learner needs significant levels of support to start or continue learning and has support costs of more than £19,000 in a funding year, the Contractor can claim Exceptional Learning Support.
- 6 The Contractor must submit Exceptional Learning Support claims at the beginning of the Learner's programme, or when the Contractor identifies the Learner requires support costs more than £19,000 in a funding year, by completing and sending the [ELS claims document](#).
- 7 Such funding can be used to meet the costs of putting in place a reasonable adjustment where a Learner requires more than £19,000 in a Funding Year as further described in the Funding Rules under the section headed: 'Exceptional learning support claims above £19,000'. The Contractor must not incur costs until the planned claim for support has been approved by the Department.
- 8 To claim Exceptional Learning Support for a Learner aged 19 to 24, the Contractor must confirm why the Learner does not have an Education Health and Care Plan (as further described in the section headed 'Exceptional learning support claims above £19,000' in the Funding Rules).
- 9 The Department will only fund planned claims agreed before the end of the final Funding Year of the Contract.

- 10 The Department will only pay final claims that meet the eligibility requirements in the relevant Funding Rules and are received by the Department before the claim deadline of 31<sup>st</sup> October immediately following the contract's Expiry Date.
- 11 The Department will pay final claims on the 16<sup>th</sup> Working Day of the December immediately following the contract's Expiry Date.

**Funding Agreement**

- 12 The following Funding Agreement(s) sets/set out the Funding available for this Service (see following page(s)):

### **Schedule 3**

#### **CHANGE CONTROL PROCEDURE**

- 1 The Parties acknowledge that Changes to the Contract may be necessary to reflect operational and administrative procedures during the Contract Period and that such Changes will be notified to the Contractor.
- 2 The Contractor will use reasonable endeavours to incorporate Changes implemented by the Department within the current Funding.
- 3 The Department may implement a Change on giving the Contractor reasonable notice provided that such Change does not amount to a Material Change that extends the scope of the Service(s).
- 4 If a Change amounts to a Material Change, the Department will give the Contractor written notice of the proposed Material Change and will give the Contractor 10 Working Days to respond to the Department with any comments including on the scope of the proposed Material Change and any impact on the Funding.
- 5 The Department will consider any comments made by the Contractor under paragraph 4 and will notify the Contractor of whether or not it intends to implement the Material Change and if it does, of the terms of the Material Change. The Department's decision in relation to a Change is final.
- 6 The Department may implement a Change by communicating the Change through the Department's publications, Update or Inform, or through updates to Funding Rules and other related documents on GOV.UK. The Contractor will subscribe to alerts from GOV.UK so they are made aware of Changes.
- 7 For the avoidance of doubt, the Department may implement a reduction in Funding as set out in the Funding Rules through a notification and not a Change or deed of variation, such a notification will be deemed to be an amendment under Clause 51 (Amendments to this Contract).



## Schedule 4

### TUPE

## TRANSFER OF UNDERTAKINGS (PROTECTION OF EMPLOYMENT) REGULATIONS 2006 AND PENSIONS ASPECTS

### Staff Transfer

#### 1 DEFINITIONS

In addition to the Definitions contained in Clause 1 (Definitions) of this Contract, in this Schedule 4 (TUPE), the following definitions will apply:

<b>“Contractor’s Final Contractor Personnel List”</b>	a list provided by the Contractor of all Contractor Personnel who will transfer under the Employment Regulations on the Service Transfer Date;
<b>“Contractor’s Provisional Contractor Personnel List”</b>	a list prepared and updated by the Contractor of all Contractor Personnel who are at the date of the list wholly or mainly engaged in or assigned to the provision of the Services or any relevant part of the Services which it is envisaged as at the date of such list will no longer be provided by the Contractor;
<b>“Employee Liabilities”</b>	<p>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 costs, expenses, legal costs, accountancy costs and all other costs reasonably incurred in connection with a claim or investigation related to employment including in relation to the following:</p> <ul style="list-style-type: none"><li>(i) redundancy payments including contractual or enhanced redundancy costs, termination costs and notice pay;</li><li>(ii) unfair, wrongful or constructive dismissal compensation;</li><li>(iii) compensation for discrimination because 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;</li><li>(iv) compensation for less favourable treatment of part-time workers or fixed term employees;</li><li>(v) outstanding employment debts and unlawful deduction from wages including any PAYE and national insurance contributions;</li></ul>

	<p>(vi) employment claims whether in tort, contract or statute or otherwise;</p> <p>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;</p>
<b>“Employment Regulations”</b>	means the Transfer of Undertakings (Protection of Employment) Regulations 2006 (SI 2006/246) as amended or replaced or any other Regulation implementing the Acquired Rights Directive 77/187/EC
<b>“Former Contractor”</b>	a Contractor supplying services to the Department before the Relevant Transfer Date that are the same as or substantially similar to the Services (or any part of the Services) and will include any Sub-Contractor of such Contractor (or any Sub-Contractor of any such Sub-Contractor);
<b>New Fair Deal”</b>	<p>the revised Fair Deal position set out in the HM Treasury guidance: “Fair Deal for staff pensions: staff transfer from central government” issued in October 2013 including:</p> <p>(a) any amendments to that document immediately prior to the Relevant Transfer Date;</p> <p>(b) any similar pension protection in accordance with the Annexes to Parts A, B, C and D of this Schedule as notified to the Contractor by the Department.</p>
<b>“Notified Sub-Contractor”</b>	a Sub-Contractor identified in the Annex to this Schedule to whom Transferring Former Contractor Employees will transfer on a Relevant Transfer Date;
<b>“Old Fair Deal”</b>	HM Treasury Guidance “Staff Transfers from Central Government: A Fair Deal for Staff Pensions” issued in June 1999 including the supplementary guidance “Fair Deal for Staff pensions: Procurement of Bulk Transfer Agreements and Related Issues” issued in June 2004;
<b>“Replacement Sub-Contractor”</b>	a Sub-Contractor of the Successor Contractor to whom Transferring Contractor Employees will transfer on a Service Transfer Date (or any Sub-Contractor of any such Sub-Contractor);
<b>“Relevant Transfer”</b>	a transfer of employment to which the Employment Regulations applies;
<b>“Relevant Transfer Date”</b>	in relation to a Relevant Transfer, the date upon which the Relevant Transfer takes place. For the purposes of Part D and its Annexes, where the Contractor or a Sub-Contractor was the Former Supplier and there is no Relevant Transfer of the Fair Deal Employees because they remain continuously employed by the Contractor (or Subcontractor), references to the Relevant Transfer Date shall become references to the Operational Service Commencement Date;

<b>“Service Transfer”</b>	any transfer of the Services (or any part of the Services), for whatever reason, from the Contractor or any Sub-Contractor to a Successor Contractor or a Replacement Sub-Contractor;
<b>“Service Transfer Date”</b>	the date of a Service Transfer or, if more than one, the date of the relevant Service Transfer as the context requires;
<b>“Staffing Information”</b>	<p>in relation to all persons identified on the Contractor’s Provisional Contractor Personnel List or Contractor’s Final Contractor Personnel List, as the case may be, such information as the Department may reasonably request (subject to all applicable provisions of the DPA 2018), but including in an anonymised format:</p> <ul style="list-style-type: none"> <li>(a) their ages, dates of commencement of employment or engagement, gender and place of work;</li> <li>(b) details of whether they are employed, self employed contractors or consultants, agency workers or otherwise;</li> <li>(c) the identity of the employer or relevant contracting Party;</li> <li>(d) their relevant contractual notice periods and any other terms relating to termination of employment, including redundancy procedures, and redundancy payments;</li> <li>(e) their wages, salaries, bonuses and profit sharing arrangements as applicable;</li> <li>(f) details of other employment-related benefits, including (without limitation) medical insurance, life assurance, pension or other retirement benefit schemes, share option schemes and company car schedules applicable to them;</li> <li>(g) any outstanding or potential contractual, statutory or other liabilities in respect of such individuals (including in respect of personal injury claims);</li> <li>(h) details of any such individuals on long term sickness absence, parental leave, maternity leave or other authorised long term absence;</li> <li>(i) copies of all relevant documents and materials relating to such information, including copies of relevant contracts of employment (or relevant standard contracts if applied generally in respect of such employees); and</li> <li>(j) any other “employee liability information” as such term is defined in regulation 11 of the Employment Regulations;</li> </ul>
<b>“Transferring Former Contractor Employees”</b>	in relation to a Former Contractor, those employees of the Former Contractor to whom the Employment Regulations will apply on the Relevant Transfer Date; and

<b>“Transferring Contractor Employees”</b>	those employees of the Contractor and/or the Contractor’s Sub-Contractors to whom the Employment Regulations will apply on the Service Transfer Date.
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**2 INTERPRETATION**

Where a provision in this Schedule imposes an obligation on the Contractor to provide an indemnity, undertaking or warranty, the Contractor will procure that each of its Sub-Contractors will comply with such obligation and provide such indemnity, undertaking or warranty to the Department, Former Contractor, Successor Contractor or Replacement Sub-Contractor, as the case may be.

**PART A: NOT USED**

**ANNEX TO PART A: NOT USED**

**PART B: NOT USED**

**ANNEX TO PART B – NOT USED**

## **PART C: No transfer of employees at commencement of Services**

### **1 PROCEDURE IN THE EVENT OF TRANSFER**

- 1.1 The Department and the Contractor agree that the commencement of the provision of the Services or of any part of the Services will not be a Relevant Transfer in relation to any employees of the Department and/or any Former Contractor.
- 1.2 If any employee of the Department and/or a Former Contractor claims, or it is determined in relation to any employee of the Department and/or a Former Contractor, that their contract of employment has been transferred from the Department and/or the Former Contractor to the Contractor and/or any Sub-Contractor pursuant to the Employment Regulations or the Acquired Rights Directive then:
- (a) the Contractor will, and will procure that the relevant Sub-Contractor will, within five (5) Working Days of becoming aware of that fact, give notice in writing to the Department and, where required by the Department, give notice to the Former Contractor; and
  - (b) the Department and/or the Former Contractor may offer (or may procure that a third party may offer) employment to such person within fifteen (15) Working Days of the notification by the Contractor or the Sub-Contractor (as appropriate) or take such other reasonable steps as the Department or Former Contractor (as the case may be) considers appropriate to deal with the matter provided always that such steps are in compliance with applicable Law.
- 1.3 If an offer referred to in Paragraph 1.2(b) is accepted (or if the situation has otherwise been resolved by the Department and/or the Former Contractor), the Contractor will, or will procure that the Sub-Contractor will, immediately release the person from their employment or alleged employment.
- 1.4 If by the end of the fifteen (15) Working Day period specified in Paragraph 1.2(b):
- (a) no such offer of employment has been made;
  - (b) such offer has been made but not accepted; or
  - (c) the situation has not otherwise been resolved,
- the Contractor and/or the Sub-Contractor may within five (5) Working Days give notice to terminate the employment or alleged employment of such person.

### **2 INDEMNITIES**

- 2.1 Subject to the Contractor and/or the relevant Sub-Contractor acting in accordance with the provisions of Paragraphs 1.2 to 1.4 and in accordance with all applicable employment procedures set out in applicable Law and subject also to Paragraph 2.4, the Department will:
- (a) indemnify the Contractor and/or the relevant Sub-Contractor against all Employee Liabilities arising out of the termination of the employment of any employees of the Department referred to in Paragraph 1.2 made pursuant to

the provisions of Paragraph 1.4 provided that the Contractor takes, or will procure that the Notified Sub-Contractor takes, all reasonable steps to minimise any such Employee Liabilities; and

- (b) procure that the Former Contractor indemnifies the Contractor and/or any Notified Sub-Contractor against all Employee Liabilities arising out of termination of the employment of the employees of the Former Contractor referred to in Paragraph 1.2 made pursuant to the provisions of Paragraph 1.4 provided that the Contractor takes, or will procure that the relevant Sub-Contractor takes, all reasonable steps to minimise any such Employee Liabilities.

2.2 If any such person as is described in Paragraph 1.2 is neither re employed by the Department and/or the Former Contractor as appropriate nor dismissed by the Contractor and/or any Sub-Contractor within the fifteen (15) Working Day period referred to in Paragraph 1.4 such person will be treated as having transferred to the Contractor and/or the Sub-Contractor (as appropriate) and the Contractor will, or will procure that the Sub-Contractor will, comply with such obligations as may be imposed upon it under Law.

2.3 Where any person remains employed by the Contractor and/or any Sub-Contractor pursuant to Paragraph 2.2, all Employee Liabilities in relation to such employee will remain with the Contractor and/or the Sub-Contractor and the Contractor will indemnify the Department and any Former Contractor, and will procure that the Sub-Contractor will indemnify the Department and any Former Contractor, against any Employee Liabilities that either of them may incur in respect of any such employees of the Contractor and/or employees of the Sub-Contractor.

2.4 The indemnities in Paragraph 2.1:

- (a) will not apply to:

- (i) any claim for:

- (A) discrimination, including on the grounds of sex, race, disability, age, gender reassignment, marriage or civil partnership, pregnancy and maternity or sexual orientation, religion or belief; or
- (B) equal pay or compensation for less favourable treatment of part-time workers or fixed-term employees,

in any case in relation to any alleged act or omission of the Contractor and/or any Sub-Contractor; or

- (ii) any claim that the termination of employment was unfair because the Contractor and/or any Sub-Contractor neglected to follow a fair dismissal procedure; and

- (b) will apply only where the notification referred to in Paragraph 1.2(a) is made by the Contractor and/or any Sub-Contractor to the Department and, if applicable, Former Contractor within 6 months of the Effective Date.



### **3 PROCUREMENT OBLIGATIONS**

Where in this Part C the Department accepts an obligation to procure that a Former Contractor does or does not do something, such obligation will be limited so that it extends only to the extent that the Department's contract with the Former Contractor contains a contractual right in that regard which the Department may enforce, or otherwise so that it requires only that the Department must use reasonable endeavours to procure that the Former Contractor does or does not act accordingly.

#### **PART D: Employment Exit Provisions**

##### **1 PRE-SERVICE TRANSFER OBLIGATIONS**

- 1.1 The Contractor agrees that within twenty (20) Working Days of the earliest of:
- (a) receipt of a notification from the Department of a Service Transfer or intended Service Transfer;
  - (b) receipt of the giving of notice of early termination or any Partial Termination of this Contract;
  - (c) the date which is twelve (12) months before the end of the Contract Period; or
  - (d) receipt of a written request of the Department at any time (provided that the Department will only be entitled to make one such request in any six (6) month period),

it will provide in a suitably anonymised format so as to comply with the DPA 2018, the Contractor's Provisional Contractor Personnel List, together with the Staffing Information in relation to the Contractor's Provisional Contractor Personnel List and it will provide an updated Contractor's Provisional Contractor Personnel List at such intervals as are reasonably requested by the Department.

- 1.2 At least twenty (20) Working Days prior to the Service Transfer Date, the Contractor will provide to the Department or at the direction of the Department to any Successor Contractor and/or any Replacement Sub-Contractor:
- (a) the Contractor's Final Contractor Personnel List, which will identify which of the Contractor Personnel are Transferring Contractor Employees; and
  - (b) the Staffing Information in relation to the Contractor's Final Contractor Personnel List (insofar as such information has not previously been provided).
- 1.3 The Department will be permitted to use and disclose information provided by the Contractor under Paragraphs 1.1 and 1.2 for the purpose of informing any prospective Successor Contractor and/or Replacement Sub-Contractor.
- 1.4 The Contractor warrants, for the benefit of the Department, any Successor Contractor, and any Replacement Sub-Contractor that all information provided pursuant to Paragraphs 1.1 and 1.2 will be true and accurate in all material respects at the time of providing the information and the Contractor will indemnify and keep the Department indemnified fully now and in the future in respect of all or any costs whether arising in contract or under any relevant Law suffered or incurred by the Department, the

Successor Contractor and/or any Replacement Sub-Contractor by reason of any proceedings, claim or demand arising from or in connection with the provision of information and/or failure to provide complete and accurate information under Paragraphs 1.1 and 1.2.

1.5 From the date of the earliest event referred to in Paragraphs 1.1(a), 1.1(b) and 1.1(c), the Contractor agrees, that it will not, and agrees to procure that each Sub-Contractor will not, assign any person to the provision of the Services who is not listed on the Contractor's Provisional Contractor Personnel List and will not without the approval of the Department (not to be unreasonably withheld or delayed):

- (a) replace or re-deploy any Contractor Personnel listed on the Contractor Provisional Contractor Personnel List other than where any replacement is of equivalent grade, skills, experience and expertise and is employed on the same terms and conditions of employment as the person they replace;
- (b) make, promise, propose, permit or implement any Material Changes to the terms and conditions of employment of the Contractor Personnel (including any payments connected with the termination of employment);
- (c) increase the proportion of working time spent on the Services (or the relevant part of the Services) by any of the Contractor Personnel save for fulfilling assignments and projects previously scheduled and agreed;
- (d) introduce any new contractual or customary practice concerning the making of any lump sum payment on the termination of employment of any employees listed on the Contractor's Provisional Contractor Personnel List;
- (e) increase or reduce the total number of employees so engaged, or deploy any other person to perform the Services (or the relevant part of the Services); or
- (f) terminate or give notice to terminate the employment or contracts of any persons on the Contractor's Provisional Contractor Personnel List save by due disciplinary process,

and will promptly notify, and procure that each Sub-Contractor will promptly notify, the Department or, at the direction of the Department, any Successor Contractor and any Replacement Sub-Contractor of any notice to terminate employment given by the Contractor or relevant Sub-Contractor or received from any persons listed on the Contractor's Provisional Contractor Personnel List regardless of when such notice takes effect.

1.6 During the Contract Period, the Contractor will provide, and will procure that each Sub-Contractor will provide, to the Department any information the Department may reasonably require relating to the manner in which the Services are organised, which will include:

- (a) the numbers of employees engaged in providing the Services;
- (b) the percentage of time spent by each employee engaged in providing the Services;
- (c) the extent to which each employee qualifies for membership of any occupational pension scheme (within the meaning provided for in section 1 of the Pension Schemes Act 1993); and

- (d) a description of the nature of the work undertaken by each employee by location.

1.7 The Contractor will provide, and will procure that each Sub-Contractor will provide, all reasonable cooperation and assistance to the Department, any Successor Contractor and/or any Replacement Sub-Contractor to ensure the smooth transfer of the Transferring Contractor Employees on the Service Transfer Date including providing sufficient information in advance of the Service Transfer Date to ensure that all necessary payroll arrangements can be made to enable the Transferring Contractor Employees to be paid as appropriate. Without prejudice to the generality of the foregoing, within five (5) Working Days following the Service Transfer Date, the Contractor will provide, and will procure that each Sub-Contractor will provide, to the Department or, at the direction of the Department, to any Successor Contractor and/or any Replacement Sub-Contractor (as appropriate), in respect of each person on the Contractor's Final Contractor Personnel List who is a Transferring Contractor Employee:

- (a) the most recent month's copy pay slip data;
- (b) details of cumulative pay for tax and pension purposes;
- (c) details of cumulative tax paid;
- (d) tax code;
- (e) details of any voluntary deductions from pay; and
- (f) bank/building society account details for payroll purposes.

## **2 EMPLOYMENT REGULATIONS EXIT PROVISIONS**

2.1 The Department and the Contractor acknowledge that subsequent to the commencement of the provision of the Services, the identity of the provider of the Services (or any part of the Services) may change (whether as a result of termination or partial termination of this Contract or otherwise) resulting in the Services being undertaken by a Successor Contractor and/or a Replacement Sub-Contractor. Such change in the identity of the supplier of such services may constitute a Relevant Transfer to which the Employment Regulations and/or the Acquired Rights Directive will apply. The Department and the Contractor further agree that, as a result of the operation of the Employment Regulations, where a Relevant Transfer occurs, the contracts of employment between the Contractor and the Transferring Contractor Employees (except in relation to any contract terms dis-applied through operation of regulation 10(2) of the Employment Regulations) will have effect on and from the Service Transfer Date as if originally made between the Successor Contractor and/or a Replacement Sub-Contractor (as the case may be) and each such Transferring Contractor Employee.

2.2 The Contractor will, and will procure that each Sub-Contractor will, comply with all its obligations in respect of the Transferring Contractor Employees arising under the Employment Regulations in respect of the period up to (and including) the Service Transfer Date and will perform and discharge, and procure that each Sub-Contractor will perform and discharge, all its obligations in respect of all the Transferring Contractor Employees arising in respect of the period up to (and including) the Service Transfer Date (including the payment of all remuneration, benefits, entitlements and outgoings, all wages, accrued but untaken holiday pay, bonuses, commissions,

payments of PAYE, national insurance contributions and pension contributions which in any case are attributable in whole or in part to the period ending on (and including) the Service Transfer Date) and any necessary apportionments in respect of any periodic payments will be made between: (i) the Contractor and/or the Sub-Contractor (as appropriate); and (ii) the Successor Contractor and/or Replacement Sub-Contractor.

2.3 Subject to Paragraph 2.4, the Contractor will indemnify the Department and/or the Successor Contractor and/or any Replacement Sub-Contractor against any Employee Liabilities arising from or as a result of:

- (a) any act or omission of the Contractor or any Sub-Contractor in respect of any Transferring Contractor Employee or any appropriate employee representative (as defined in the Employment Regulations) of any Transferring Contractor Employee whether occurring before, on or after the Service Transfer Date;
- (b) the breach or non-observance by the Contractor or any Sub-Contractor occurring on or before the Service Transfer Date of:
  - (i) any collective agreement applicable to the Transferring Contractor Employees; and/or
  - (ii) any other custom or practice with a trade union or staff association in respect of any Transferring Contractor Employees which the Contractor or any Sub-Contractor is contractually bound to honour;
- (c) any claim by any trade union or other body or person representing any Transferring Contractor Employees arising from or connected with any failure by the Contractor or a Sub-Contractor to comply with any legal obligation to such trade union, body or person arising on or before the Service Transfer Date;
- (d) any proceeding, claim or demand by HMRC or other statutory Department in respect of any financial obligation including, but not limited to, PAYE and primary and secondary national insurance contributions:
  - (i) in relation to any Transferring Contractor Employee, to the extent that the proceeding, claim or demand by HMRC or other statutory Department relates to financial obligations arising on and before the Service Transfer Date; and
  - (ii) in relation to any employee who is not identified in the Contractor's Final Contractor Personnel List, and in respect of whom it is later alleged or determined that the Employment Regulations applied so as to transfer their employment from the Contractor to the Department and/or Successor Contractor and/or any Replacement Sub-Contractor, to the extent that the proceeding, claim or demand by HMRC or other statutory Department relates to financial obligations arising on or before the Service Transfer Date;
- (e) a failure of the Contractor or any Sub-Contractor to discharge or procure the discharge of all wages, salaries and all other benefits and all PAYE tax deductions and national insurance contributions relating to the Transferring

Contractor Employees in respect of the period up to (and including) the Service Transfer Date);

- (f) any claim made by or in respect of any person employed or formerly employed by the Contractor or any Sub-Contractor other than a Transferring Contractor Employee identified in the Contractor's Final Contractor Personnel List for whom it is alleged the Department and/or the Successor Contractor and/or any Replacement Sub-Contractor may be liable by virtue of this Contract and/or the Employment Regulations and/or the Acquired Rights Directive; and
- (g) any claim made by or in respect of a Transferring Contractor Employee or any appropriate employee representative (as defined in the Employment Regulations) of any Transferring Contractor Employee relating to any act or omission of the Contractor or any Sub-Contractor in relation to its obligations under regulation 13 of the Employment Regulations, except to the extent that the liability arises from the failure by the Department and/or Successor Contractor to comply with regulation 13(4) of the Employment Regulations.

2.4 The indemnities in Paragraph 2.3 will not apply to the extent that the Employee Liabilities arise or are attributable to an act or omission of the Successor Contractor and/or any Replacement Sub-Contractor whether occurring or having its origin before, on or after the Service Transfer Date, including any Employee Liabilities:

- (a) arising out of the resignation of any Transferring Contractor Employee before the Service Transfer Date on account of substantial detrimental changes to their working conditions proposed by the Successor Contractor and/or any Replacement Sub-Contractor to occur in the period on or after the Service Transfer Date); or
- (b) arising from the Successor Contractor's failure, and/or Replacement Sub-Contractor's failure, to comply with its obligations under the Employment Regulations.

2.5 If any person who is not identified in the Contractor's Final Contractor Personnel List claims, or it is determined in relation to any person who is not identified in the Contractor's Final Contractor Personnel List a Transferring Contractor Employee, that their contract of employment has been transferred from the Contractor or any Sub-Contractor to the Successor Contractor and/or Replacement Sub-Contractor pursuant to the Employment Regulations or the Acquired Rights Directive, then:

- (a) the Department will procure that the Successor Contractor will, or any Replacement Sub-Contractor will, within five (5) Working Days of becoming aware of that fact, give notice in writing to the Contractor; and
- (b) the Contractor may offer (or may procure that a Sub-Contractor may offer) employment to such person within fifteen (15) Working Days of the notification by the Successor Contractor and/or any Replacement Sub-Contractor or take such other reasonable steps as it considers appropriate to deal with the matter provided always that such steps are in compliance with Law.

2.6 If such offer is accepted, or if the situation has otherwise been resolved by the Contractor or a Sub-Contractor, the Department will procure that the Successor Contractor will, or procure that the Replacement Sub-Contractor will, immediately

release or procure the release of the person from their employment or alleged employment.

2.7 If after the fifteen (15) Working Day period specified in Paragraph 2.5(b) has elapsed:

- (a) no such offer of employment has been made;
- (b) such offer has been made but not accepted; or
- (c) the situation has not otherwise been resolved

the Department will advise the Successor Contractor and/or Replacement Sub-Contractor, as appropriate that it may within five (5) Working Days give notice to terminate the employment or alleged employment of such person.

2.8 Subject to the Successor Contractor and/or Replacement Sub-Contractor acting in accordance with the provisions of Paragraphs 2.5 to 2.7, and in accordance with all applicable proper employment procedures set out in applicable Law, the Contractor will indemnify the Successor Contractor and/or Replacement Sub-Contractor against all Employee Liabilities arising out of the termination of employment pursuant to the provisions of Paragraph 2.7 provided that the Successor Contractor takes, or will procure that the Replacement Sub-Contractor takes, all reasonable steps to minimise any such Employee Liabilities.

2.9 The indemnity in Paragraph 2.8:

- (a) will not apply to:
  - (i) any claim for:
    - (A) discrimination, including on the grounds of sex, race, disability, age, gender reassignment, marriage or civil partnership, pregnancy and maternity or sexual orientation, religion or belief; or
    - (B) equal pay or compensation for less favourable treatment of part-time workers or fixed-term employees,  
  
in any case in relation to any alleged act or omission of the Successor Contractor and/or Replacement Sub-Contractor; or
  - (ii) any claim that the termination of employment was unfair because the Successor Contractor and/or Replacement Sub-Contractor neglected to follow a fair dismissal procedure; and
- (b) will apply only where the notification referred to in Paragraph 2.5(a) is made by the Successor Contractor and/or Replacement Sub-Contractor to the Contractor within six (6) months of the Service Transfer Date.

2.10 If any such person as is described in Paragraph 2.5 is neither re-employed by the Contractor or any Sub-Contractor nor dismissed by the Successor Contractor and/or Replacement Sub-Contractor within the time scales set out in Paragraphs 2.5 to 2.7, such person will be treated as a Transferring Contractor Employee.

- 2.11 The Contractor will comply, and will procure that each Sub-Contractor will comply, with all its obligations under the Employment Regulations and will perform and discharge, and will procure that each Sub-Contractor will perform and discharge, all its obligations in respect of any person identified in the Contractor's Final Contractor Personnel List before and on the Service Transfer Date (including the payment of all remuneration, benefits, entitlements and outgoings, all wages, accrued but untaken holiday pay, bonuses, commissions, payments of PAYE, national insurance contributions and pension contributions which in any case are attributable in whole or in part in respect of the period up to (and including) the Service Transfer Date) and any necessary apportionments in respect of any periodic payments will be made between:
- (a) the Contractor and/or any Sub-Contractor; and
  - (b) the Successor Contractor and/or the Replacement Sub-Contractor.
- 2.12 The Contractor will, and will procure that each Sub-Contractor will, promptly provide to the Department and any Successor Contractor and/or Replacement Sub-Contractor, in writing such information as is necessary to enable the Department, the Successor Contractor and/or Replacement Sub-Contractor to carry out their respective duties under regulation 13 of the Employment Regulations. The Department will procure that the Successor Contractor and/or Replacement Sub-Contractor, will promptly provide to the Contractor and each Sub-Contractor in writing such information as is necessary to enable the Contractor and each Sub-Contractor to carry out their respective duties under regulation 13 of the Employment Regulations.
- 2.13 Subject to Paragraph 2.14, the Department will procure that the Successor Contractor indemnifies the Contractor on its own behalf and on behalf of any Replacement Sub-Contractor and its Sub-Contractors against any Employee Liabilities arising from or as a result of:
- (a) any act or omission of the Successor Contractor and/or Replacement Sub-Contractor in respect of any Transferring Contractor Employee identified in the Contractor's Final Contractor Personnel List or any appropriate employee representative (as defined in the Employment Regulations) of any such Transferring Contractor Employee;
  - (b) the breach or non-observance by the Successor Contractor and/or Replacement Sub-Contractor on or after the Service Transfer Date of:
    - (i) any collective agreement applicable to the Transferring Contractor Employees identified in the Contractor's Final Contractor Personnel List; and/or
    - (ii) any custom or practice in respect of any Transferring Contractor Employees identified in the Contractor's Final Contractor Personnel List which the Successor Contractor and/or Replacement Sub-Contractor is contractually bound to honour;
  - (c) any claim by any trade union or other body or person representing any Transferring Contractor Employees identified in the Contractor's Final Contractor Personnel List arising from or connected with any failure by the Successor Contractor and/or Replacement Sub-Contractor to comply with any legal obligation to such trade union, body or person arising on or after the Service Transfer Date;

- (d) any proposal by the Successor Contractor and/or Replacement Sub-Contractor to change the terms and conditions of employment or working conditions of any Transferring Contractor Employees identified in the Contractor's Final Contractor Personnel List on or after their transfer to the Successor Contractor or Replacement Sub-Contractor (as the case may be) on the Service Transfer Date, or to change the terms and conditions of employment or working conditions of any person identified in the Contractor's Final Contractor Personnel List who would have been a Transferring Contractor Employee but for their resignation (or decision to treat their employment as terminated under regulation 4(9) of the Employment Regulations) before the Service Transfer Date as a result of or for a reason connected to such proposed changes;
- (e) any statement communicated to or action undertaken by the Successor Contractor or Replacement Sub-Contractor to, or in respect of, any Transferring Contractor Employee identified in the Contractor's Final Contractor Personnel List on or before the Service Transfer Date regarding the Relevant Transfer which has not been agreed in advance with the Contractor in writing;
- (f) any proceeding, claim or demand by HMRC or other statutory Department in respect of any financial obligation including, but not limited to, PAYE and primary and secondary national insurance contributions:
  - (i) in relation to any Transferring Contractor Employee identified in the Contractor's Final Contractor Personnel List, to the extent that the proceeding, claim or demand by HMRC or other statutory Department relates to financial obligations arising after the Service Transfer Date; and
  - (ii) in relation to any employee who is not a Transferring Contractor Employee identified in the Contractor's Final Contractor Personnel List, and in respect of whom it is later alleged or determined that the Employment Regulations applied so as to transfer their employment from the Contractor or Sub-Contractor, to the Successor Contractor or Replacement Sub-Contractor to the extent that the proceeding, claim or demand by HMRC or other statutory Department relates to financial obligations arising after the Service Transfer Date;
- (g) a failure of the Successor Contractor or Replacement Sub-Contractor to discharge or procure the discharge of all wages, salaries and all other benefits and all PAYE tax deductions and national insurance contributions relating to the Transferring Contractor Employees identified in the Contractor's Final Contractor Personnel List in respect of the period from (and including) the Service Transfer Date; and
- (h) any claim made by or in respect of a Transferring Contractor Employee identified in the Contractor's Final Contractor Personnel List or any appropriate employee representative (as defined in the Employment Regulations) of any such Transferring Contractor Employee relating to any act or omission of the Successor Contractor or Replacement Sub-Contractor in relation to obligations under regulation 13 of the Employment Regulations.

2.14 The indemnities in Paragraph 2.13 will not apply to the extent that the Employee Liabilities arise or are attributable to an act or omission of the Contractor and/or any



Sub-Contractor (as applicable) whether occurring or having its origin before, on or after the Service Transfer Date, including any Employee Liabilities arising from the failure by the Contractor and/or any Sub-Contractor (as applicable) to comply with its obligations under the Employment Regulations.

**ANNEX: LIST OF NOTIFIED SUB-CONTRACTORS**

## Schedule 5

### UK GDPR AND DATA PROTECTION

#### **PROCESSING, PERSONAL DATA AND DATA SUBJECTS**

<b>Description</b>	<b>Details</b>
Subject matter of the Processing	<p>The subject matter is the Personal Data of Learners on education or training programmes administered by the Department that are subject to this Contract as defined in the Department Personal Information Charter, the ESFA privacy notice and the ILR privacy notice and documentation.</p> <p><a href="https://www.gov.uk/government/publications/personal-information-charter-department-for-education">Personal information charter - Department for Education - GOV.UK (www.gov.uk)</a></p> <p><a href="https://www.gov.uk/government/publications/esfa-privacy-notice">ESFA: privacy notice - GOV.UK (www.gov.uk)</a></p> <p><a href="https://submit-learner-data.service.gov.uk">ILR Privacy Notice 2023 to 2024 version 1 May 2023 (submit-learner-data.service.gov.uk)</a></p>
Duration of the Processing	<p>The duration of the Processing covers the Contract Period.</p>
Nature and purposes of the Processing	<p>The Contractor will be required to submit the data to the Department for the purposes as set out in Clause 24 (Submission of Learner Data) of this Contract.</p> <p>The processing of data in the agreement refers to the submission of ILR data to the Department only. The processing does not include the processing of Personal Data collected from the Learners by the body for the purposes of enrolling Learners onto programmes or delivering education or training.</p>
Type of personal data	<p>The Personal Data to be processed is defined in the ILR specification:</p> <p><a href="https://submit-learnerdata.service.gov.uk">Individualised Learner Record (ILR) technical documents, guidance and requirements (submit-learnerdata.service.gov.uk)</a></p>
Categories of data subject	<p>The data subjects are Learners on education or training programmes administered by the Department that are subject to this Contract.</p>

Description	Details
<p>Retention and destruction of the data once the processing is complete</p> <p>UNLESS requirement by UK Law to preserve that type of data</p>	<p>The Contractor is required to retain ILR data for 3 years for business operational purposes.</p> <p>For the purposes of the Department as a Data Controller of the data, the Contractor is required to retain the Learner Records data for the funding and audit purposes set out in this Contract for six (6) years from the end of the Financial Year in which the last payment is made under this Contract.</p> <p>The Contractor (and any other Data Controller) is responsible for determining any further need to process the data, including its retention, prior to secure destruction.</p> <p>Upon termination or expiry, see Clause 43.1.6</p> <p>(Consequences of Termination and Expiry) for additional information about the retention of Learner Records.</p>

## Schedule 6

### SECURITY & DEPARTMENT POLICIES

#### Part A: Security

<p>“BPSS”</p> <p>“Baseline Personnel Security Standard”</p>	<p>means the Government’s HMG Baseline Personal Security Standard. Further information can be found at: <a href="http://www.gov.uk/government/baseline-personnel-security-standard">Government baseline personnel security standard - GOV.UK (www.gov.uk)</a></p>
<p>“CCSC”</p> <p>“Certified Cyber Security Consultancy”</p>	<p>is the National Cyber Security Centre’s (NCSC) approach to assessing the services provided by consultancies and confirming that they meet NCSC’s standards.</p> <p>See website:</p> <p><a href="http://www.ncsc.gov.uk/cyber-security-consultancy">Certified Cyber Security Consultancy - NCSC.GOV.UK</a></p>
<p>“CCP”</p> <p>“Certified Professional”</p>	<p>is a NCSC scheme in consultation with government, industry and academia to address the growing need for specialists in the cyber security profession. See website:</p> <p><a href="http://www.ncsc.gov.uk/certified-professional">Certified Professional scheme - NCSC.GOV.UK</a></p>
<p>“CPA”</p> <p>“Commercial Product Assurance” (formerly called “CESG Product Assurance”)</p>	<p>is an ‘information assurance scheme’ which evaluates commercial off the shelf (COTS) products and their developers against published security and development standards. See website: <a href="http://www.ncsc.gov.uk/commercial-product-assurance">Commercial Product Assurance (CPA) - NCSC.GOV.UK</a></p>

<p>“Cyber Essentials”</p> <p>“Cyber Essentials Plus”</p>	<p>Cyber Essentials is the government backed, industry supported scheme to help organisations protect themselves against common cyber-attacks. Cyber Essentials and Cyber Essentials Plus are levels within the scheme.</p> <p>there are a number of certification bodies that can be approached for further advice on the scheme; the link below points to one of these providers:</p> <p><a href="https://www.iasme.org.uk/apply-now">IASME Governance Self Assessed Apply Now - lasme</a></p>
<p>“Department Data”</p> <p>“Department’s Information”</p>	<p>as defined in Clause 1 (Definitions) of the Contract</p>
<p>“Department”</p>	<p>as defined in Clause 1 (Definitions) of the Contract.</p>
<p>“Departmental Security Standards”</p>	<p>means the Department’s security policy or any standards, procedures, process or specification for security that the Contractor is required to deliver.</p>
<p>“Digital Marketplace / GCloud”</p>	<p>means the online framework for identifying and procuring cloud technology and people for digital projects.</p>
<p>“End User Devices”</p>	<p>means the personal computer or consumer devices that store or process information.</p>
<p>“Good Industry Practice”</p>	<p>as defined in Clause 1 (Definitions) of the Contract.</p>
<p>“Good Industry Standard”</p>	<p>means the implementation of products and solutions, and the exercise of that degree of skill, care, prudence, efficiency, foresight and timeliness as would be expected from a leading company within the relevant industry or business sector.</p>

<p>“GSC”</p> <p>“GSCP” “Government Security Classifications Policy”</p>	<p>means the Government Security Classification Policy which establishes the rules for classifying HMG information. The policy is available at:</p> <p><a href="http://www.gov.uk">Government Security Classifications - GOV.UK (www.gov.uk)</a></p>
<p>“HMG”</p>	<p>means His Majesty’s Government</p>
<p>“ICT”</p>	<p>means Information and Communications Technology (ICT) is used as an extended synonym for information technology (IT), used to describe the bringing together of enabling technologies used to deliver the end-to-end solution</p>
<p>“ISO/IEC 27001” “ISO 27001”</p>	<p>is the International Standard for Information Security Management Systems Requirements</p>
<p>“ISO/IEC 27002” “ISO 27002”</p>	<p>is the International Standard describing the Code of Practice for Information Security Controls.</p>
<p>“ISO 22301”</p>	<p>is the International Standard describing for Business Continuity</p>
<p>“IT Security Health Check (ITSHC)”</p> <p>“IT Health Check (ITHC)”</p> <p>“Penetration Testing”</p>	<p>means an assessment to identify risks and vulnerabilities in systems, applications and networks which may compromise the confidentiality, integrity or availability of information held on that IT system.</p>
<p>“Need-to-Know”</p>	<p>the Need-to-Know principle is employed within HMG to limit the distribution of classified information to those people with a clear ‘need to know’ in order to carry out their duties.</p>
<p>“NCSC”</p>	<p>The National Cyber Security Centre (NCSC) formerly CESG is the UK government’s National Technical Authority for Information Assurance. The NCSC website is</p> <p><a href="http://www.ncsc.gov.uk">National Cyber Security Centre - NCSC.GOV.UK</a></p>

<p>“OFFICIAL”</p> <p>“OFFICIAL-SENSITIVE”</p>	<p>the term ‘OFFICIAL’ is used to describe the baseline level of ‘security classification’ described within the Government Security Classification Policy (GSCP). the term ‘OFFICIAL–SENSITIVE’ is used to identify a limited subset of OFFICIAL information that could have more damaging consequences (for individuals, an organisation or government generally) if it were lost, stolen or published in the media, as described in the GSCP.</p>
<p>“RBAC”</p> <p>“Role Based Access Control”</p>	<p>means Role Based Access Control. A method of restricting a person’s or process’ access to information depending on the role or functions assigned to them.</p>
<p>“Secure Sanitisation”</p>	<p>means the process of treating data held on storage media to reduce the likelihood of retrieval and reconstruction to an acceptable level.</p> <p>NCSC Guidance can be found at: <a href="#">Secure sanitisation of storage media - NCSC.GOV.UK</a></p> <p>the disposal of physical documents and hardcopy materials advice can be found at:</p> <p><a href="#">Secure Destruction   Public Website (cpni.gov.uk)</a></p>
<p>“Security and Information Risk Advisor”</p> <p>“CCP SIRA”</p> <p>“SIRA”</p>	<p>means the Security and Information Risk Advisor (SIRA) is a role defined under the NCSC Certified Professional (CCP) Scheme. See also:</p> <p><a href="#">Certified Professional scheme - NCSC.GOV.UK</a></p>

<p>“SPF”</p> <p>“HMG Security Policy Framework”</p>	<p>means the definitive HMG Security Policy which describes the expectations of the Cabinet Secretary and Government’s Official Committee on Security on how HMG organisations and third parties handling HMG information and other assets will apply protective security to ensure HMG can function effectively, efficiently and securely.</p> <p><a href="https://www.gov.uk/government/policies/security-policy-framework-protecting-government-assets">Security policy framework: protecting government assets - GOV.UK (www.gov.uk)</a></p>
<p>“Storage Area Network”</p> <p>“SAN”</p>	<p>means an information storage system typically presenting block based storage (i.e. disks or virtual disks) over a network interface rather than using physically connected storage.</p>

- 1 The Contractor will be aware of and comply with the relevant [HMG security policy framework](#), [NCSC guidelines](#) and where applicable Security and Departmental policies which include but are not constrained to the following paragraphs.
- 2 In the collection and processing of the data set out in Schedule 5: UK GDPR and Data Protection, the requirements of Cabinet Office [Procurement Policy Note 09/14: Cyber Essentials scheme certification - GOV.UK \(www.gov.uk\)](#) dated 25 May 2016, or any subsequent updated document, are mandated, and the Contractor will work towards meeting the requirements of Cyber Essentials during the 2023/24 Funding Year and present the evidence to the Department on request. The scope must be relevant to the submission of data to the Department, including an allowance for a sub-set scope if appropriate.
- 3 The Contractor will follow the Cabinet Office guidance on Government Security Classifications (GCSP) in respect of any Department Data being handled in the course of providing this Service and will handle this data in accordance with its security classification. (In the event where the Contractor has an existing Protective Marking Scheme then the Contractor may continue to use this but must map the HMG security classifications against it to ensure the correct controls are applied to the Department Data).
- 4 The Contractor will have in place and maintain physical security to premises and sensitive areas, in line with those outlined in ISO/IEC 27002 including, but not limited to, entry control mechanisms (e.g. door access), CCTV, alarm systems etc.
- 5 The Contractor will have in place and maintain an appropriate user access control policy for all ICT systems to ensure only authorised personnel have access to Departmental Data. This policy should include appropriate segregation of duties and if applicable Role Based Access Controls (RBAC). User credentials that give access to Departmental Data or systems shall be considered to be sensitive data and must be protected accordingly.



- 6 The Contractor will have in place and will maintain procedural, personnel, physical and technical safeguards to protect Department Data, including but not limited to:
- 6.1 physical security controls;
  - 6.2 Good Industry Standard policies and processes;
  - 6.3 malware protection;
  - 6.4 boundary access controls including firewalls, application gateways, etc;
  - 6.5 maintenance and use of fully supported software packages in accordance with vendor recommendations;
  - 6.6 use of secure device configuration and builds;
  - 6.7 software updates and patching regimes including malware signatures, for operating systems, network devices, applications and services;
  - 6.8 user identity and access controls, including the use of multi-factor authentication for sensitive data and privileged account accesses;
  - 6.9 any services provided to the Department must capture audit logs for security events in an electronic format at the application, service and system level to meet the Department's logging and auditing requirements, plus logs shall be:
    - (i) retained and protected from tampering for a minimum period of six months; and
    - (ii) made available to the Department on request.
  - 6.10 The Contractor will ensure that any Department Data (including email) transmitted over any public network (including the Internet, mobile networks, or un-protected enterprise network) or to a mobile device shall be encrypted when transmitted.
  - 6.11 The Contractor will ensure that any Department Data which resides on a mobile, removable or physically uncontrolled device is stored encrypted using a product or system component which has been formally assured through a recognised certification process agreed with the Department except where the department has given its prior written consent to an alternative arrangement.
  - 6.12 The Contractor will ensure that any device which is used to process Department Data meets all of the security requirements set out in the NCSC End User Devices Platform Security Guidance, a copy of which can be found at: [End user device \(EUD\) security guidance - NCSC.GOV.UK](#) and [EUD Security principles - NCSC.GOV.UK](#).
  - 6.13 Whilst in the Contractor's care all removable media and hardcopy paper documents containing Department Data must be handled securely and secured under lock and key when not in use and shall be securely destroyed when no longer required, using either a cross-cut shredder or a professional secure disposal organisation. The term 'lock and key' is defined as: "securing information in a lockable desk drawer, cupboard or filing cabinet which is under the user's sole control and to which they hold the keys".

- 6.14 When necessary to hand carry removable media and/or hardcopy paper documents containing Department Data, the media or documents being carried shall be kept under cover and transported in such a way as to ensure that no unauthorised person has either visual or physical access to the material being carried. This Paragraph 6.14 will apply equally regardless of whether the material is being carried inside or outside of company premises. The term 'under cover' means that the information is carried within an opaque folder or envelope within official premises and buildings and within a closed briefcase or other similar bag or container when outside official premises or buildings.
- 6.15 In the event of termination, equipment failure or obsolescence, all Department Data, in either hardcopy or electronic format, that is physically held or logically stored by the Contractor must be accounted for and either physically returned or securely sanitised or destroyed in accordance with the current HMG policy using an NCSC approved product or method. Where sanitisation or destruction is not possible for legal, regulatory or technical reasons, such as data stored in a cloud system, Storage Area Network (SAN) or on shared backup tapes, then the Contractor or Sub-Contractor will protect the Department's information and data until such time, which may be long after the end of the contract, when it can be securely cleansed or destroyed. Evidence of secure destruction will be required in all cases.
- 6.16 Access by Contractor or Sub-Contractor staff to Department Data, including user credentials, shall be confined to those individuals who have a "Need-to-Know" in order to carry out their role; and have undergone mandatory pre-employment screening, to a minimum of HMG Baseline Personnel Security Standard (BPSS); or hold an appropriate National Security Vetting clearance as required by the Department. All Contractor or Sub-Contractor staff must complete this process before access to Department Data is permitted. Any Contractor or Sub-Contractor staff who will be in contact with children or vulnerable adults must, in addition to any security clearance, have successfully undergone an Enhanced DBS (Disclosure and Barring Service) check prior to any contact.
- 6.17 All Contractor or sub-contractor employees who handle Department Data must have annual awareness training in protecting information.
- 6.18 Notwithstanding any other provisions as to business continuity and disaster recovery in the Contract, the Contractor will, as a minimum, have in place robust Business Continuity arrangements and processes including IT disaster recovery plans and procedures that conform to ISO 22301 to ensure that the delivery of the Contract is not adversely affected in the event of an incident. An incident will be defined as any situation that might, or could lead to, a disruption, loss, emergency or crisis to the Services delivered. If an ISO 22301 certificate is not available, the Contractor will provide evidence of the effectiveness of their ISO 22301 conformant Business Continuity arrangements and processes including IT disaster recovery plans and procedures. This should include evidence that the Contractor has tested or exercised these plans within the last twelve (12) months and produced a written report of the outcome, including required actions.
- 6.19 Any suspected or actual breach of the confidentiality, integrity or availability of Department Data, including user credentials, used or handled in the course of providing this service shall be recorded as an incident. This includes any noncompliance with these Departmental Security Standards for Contractors, or

other Security Standards pertaining to the solution. Incidents shall be reported to the department immediately, wherever practical, even if unconfirmed or when full details are not known, but always within 24 hours of discovery. If incident reporting has been delayed by more than 24 hours, the Contractor should provide an explanation about the delay. The Contractor will inform their Contract Manager in writing. Incidents will be investigated by the Contractor with outcomes being notified to the Department.

- 6.20 The Contractor will ensure that any IT systems and hosting environments that are used to handle, store or process Department Data will be subject to independent IT Health Checks (ITHC) using a NCSC approved ITHC provider before go-live and periodically (at least annually) thereafter. The findings of the ITHC relevant to the Service being provided are to be shared with the Department and all necessary remedial work carried out. In the event of significant security issues being identified, a follow up remediation test may be required.
- 6.21 The Contractor or sub-contractors providing the service will provide the Department with full details of any actual or future intent to develop, manage, support, process or store Department Data outside of the UK mainland. The Contractor or Sub-Contractor will not go ahead with any such proposal without the prior written agreement from the Department.
- 6.22 The Department reserves the right to audit the Contractor or sub-contractors providing the Service within a mutually agreed timeframe but always within seven (7) days of notice of a request to audit being given. The audit will cover the overall scope of the Service being supplied and the Contractor's, and any Sub-Contractors, compliance with this Schedule 6 (Security and Department Policies).
- 6.23 The Contractor and Sub-Contractors will undergo appropriate security assurance activities and will provide appropriate evidence including the production of the necessary security documentation as determined by the Department. This will include obtaining any necessary professional security resources required to support the Contractor's and Sub-Contractor's security assurance activities such as: a Security and Information Risk Advisor (SIRA) certified to NCSC Certified Cyber Security Consultancy (CCSC) or NCSC Certified Cyber Professional.
- 6.24 The Contractor will contractually enforce all this Schedule 6 (Security and Department Policies) onto any third-party suppliers, Sub-Contractors or partners who could potentially access Department Data in the course of providing this Service.

## **Part B: Department Policies**

The following code outlines the standards and behaviours expected from suppliers and grant recipients, and reiterate the government's approach to working with suppliers.

[Codes of conduct for suppliers and grant recipients - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/codes-of-conduct/suppliers-and-grant-recipients)

## Schedule 7

### EXIT ARRANGEMENTS

#### 1 DEFINITIONS

**"Exit Manager"** the person appointed by each Party pursuant to Paragraph 3.3 of this Schedule 7 (Exit Arrangements) for managing the Contractor's obligations under Schedule 7 (Exit Arrangements);

**"Exit Plan"** the plan produced and updated by the Contractor during the Contract Period in accordance with Paragraph 5 of this Schedule 7 (Exit Arrangements);

#### 2 OVERVIEW

- 2.1 The Contractor is required to ensure it performs its obligations to assist in the orderly transition of the Services from the Contractor to the Department and/or any Successor Contractor in the event of termination (including partial termination) or expiry of this Contract. This will include the transition of the Services to a follow-on contract with the same Contractor if applicable. This Schedule 7 (Exit Arrangements) sets out the principles of the exit and service transfer arrangements that are intended to achieve such orderly transition. For the avoidance of doubt, the Contractor will be responsible for the overall management of the exit and service transfer arrangements.

#### 3 CONTRACT LIFE OBLIGATIONS

- 3.1 The Contractor will draw up an Exit Plan in accordance with Paragraph 5.1.
- 3.2 The Contractor will (unless otherwise agreed by the Department in writing) procure that all Sub-Contracts and other agreements with third parties used exclusively to deliver the Services to the Department, which are necessary to enable the Department and/or any Successor Contractor to perform the Services in accordance with this Contract or to enable reprovision of the Services, will be assignable and/or capable of novation at the request of the Department to the Department (and/or its nominee) and/or any Successor Contractor upon the Contractor ceasing to provide the Services (or part of them) without restriction (including any need to obtain any consent or approval) or payment by the Department. Where the Contractor uses Sub-Contracts and other agreements to deliver the Services and these agreements are part of framework agreements that the Contractor has with its third party suppliers, the Contractor will provide sufficient information and assistance to enable the Successor Contractor or the Department to enter into an agreement with such supplier directly.
- 3.3 The Contractor will appoint an Exit Manager. The Contractor's Exit Manager will be responsible for ensuring that the Contractor and its personnel, agents and Sub-Contractors comply with this Schedule 7 (Exit Arrangements). The Contractor will ensure that its Exit Manager has the requisite authority to arrange and procure any

resources of the Contractor as are reasonably necessary to enable the Contractor to comply with the requirements set out in this Schedule 7 (Exit Arrangements).

#### **4 OBLIGATIONS TO ASSIST ON RE-PROVISION OF SERVICES OR TRANSFER BACK TO THE DEPARTMENT**

4.1 On reasonable notice, the Contractor will on request provide to the Department and/or to its potential Successor Contractor, the following material and information in order to facilitate the preparation by the Department of any invitation to tender and/or to facilitate any potential Successor Contractor undertaking due diligence:

- (a) details of the Services;
- (b) an inventory of Department Data (including but not limited to eportfolios and any other Learner Files) in the Contractor's possession or control; and
- (c) all information relating to Transferring Employees required to be provided by the Contractor under this Contract.

#### **5 EXIT PLAN**

5.1 The Contractor will within six (6) months after the Services Start Date produce and maintain an Exit Plan which sets out the Contractor's proposed methodology for achieving an orderly transition of Services from the Contractor to the Department and/or its Successor Contractor on the expiry or termination of this Contract and which complies with the requirements set out in Paragraphs 5.2 and 5.3 below.

5.2 The Exit Plan will:

- (a) document how the Services will transfer to the Successor Contractor (which will need to be agreed between the Contractor and the Successor Contractor) and/or the Department, including details of the processes to transfer documentation, Department Data (including e-portfolios and other Learner records), systems migration, security and the segregation of the Department's technology components from any technology components operated by the Contractor or its Sub-Contractors (where applicable);
- (b) follow the procedures as set out in Schedule 4 (TUPE);
- (c) address each of the issues set out in this Schedule 7(Exit Arrangements) to facilitate the transition of the Services from the Contractor to the Successor Contractor and/or the Department with the aim of ensuring that there is no disruption to or degradation of the Services;
- (d) list software agreements and licence agreements required to deliver the Services.

5.3 The Contractor will review and (if appropriate) update the Exit Plan each year to reflect changes in the Services.

## 6 TERMINATION OBLIGATIONS

- 6.1 In addition to the obligations as set out in Clauses 42 (Termination) and 43 (Consequences of Termination and Expiry) of the Contract, the Contractor will comply with all of its obligations contained in the Exit Plan.
- 6.2 Within six (6) months of the Expiry Date or Termination Date:
- (a) the Contractor will, subject to the requirement to retain one copy for the purpose of compliance with Clause 59 (Continuing Obligations) and the retention requirements of this Contract, erase from any computers, storage devices and storage media that are to be retained by the Contractor, all Department Data;
  - (b) the Contractor will return or make available for the Successor Contractor or the Department to use such of the following as is in the Contractor's possession or control:
    - (i) all materials created by the Contractor under this Contract, the IPRs in which are owned by the Department;
    - (ii) details of work volumes and staffing requirements over the twelve (12) month period immediately prior;
  - (c) the Contractor will:
    - (i) with respect to learning or training in progress, document the current status and stabilising for continuity during transition;
    - (ii) provide assistance and expertise as necessary to examine all governance and reports in place for the provision of the Services;
    - (iii) answer all reasonable questions from the Department and/or its Successor Contractor regarding the Services;
    - (iv) agree with the Department and/or the Successor Contractor a plan for the migration of the Department Data to the Department and/or the Successor Contractor. The Contractor will fully co-operate in the execution of the agreed plan, providing skills and expertise of a reasonably acceptable standard; and
  - (d) each Party will return to the other Party all Confidential Information of the other Party and will certify that it does not retain the other Party's Confidential Information save to the extent (and for the limited period) that such information needs to be retained by the Party in question for the purposes of providing or receiving any Services.
- 6.3 Except where this Contract provides otherwise, all licences, leases and authorisations granted by one Party to the other in relation to the Services will be terminated with effect from the Expiry Date or Termination Date.

## **7 KNOWLEDGE TRANSFER**

- 7.1 Three (3) months prior to the Expiry Date of the Contract (or where the Contract is terminated within the timescale notified by the Department) the Contractor will upon request:
- (a) provide for transfer to the Department and/or the Successor Contractor of all knowledge reasonably required for the provision of the Services which may, as appropriate, include information, records and documents including that relating to configuration of software; and
  - (b) provide the Department and/or Successor Contractor with reasonable access to such members of the Contractor's or its Sub-Contractors' personnel as have been involved in the, development, provision or management of the Services and who are still employed or engaged by the Contractor or its Sub-Contractors.
- 7.2 To facilitate the transfer of knowledge from the Contractor to the Department and/or its Successor Contractor, the Contractor will provide, upon request, a detailed written explanation of the procedures and operations used to provide the Services, the change management process and other standards and procedures to the operations personnel of the Department and/or the Successor Contractor.
- 7.3 The information which the Contractor will provide, at its own cost, to the Department and/or its Successor Contractor pursuant to Paragraph 7.1 above will include:
- (a) copies of up-to-date procedures and manuals;
  - (b) agreements with third party suppliers of goods and services which are to be transferred to the Department/Successor Contractor;
  - (c) key support contact details for third party supplier personnel under contracts which are to be assigned or novated to the Department/Successor Contractor pursuant to this Schedule 7(Exit Arrangements);
  - (d) any relevant interface information.

## **8 ASSETS, SUB-CONTRACTS AND SOFTWARE**

- 8.1 Following notice of termination of this Contract, the Contractor will not, without the Department's prior written consent:
- (a) enter into or vary any Sub-Contract;
  - (b) enter into or vary any licence for software in connection with the Services.

## **9 CONTRACTOR PERSONNEL**

- 9.1 The Department and Contractor agree and acknowledge that in the event of the Contractor ceasing to provide the Services or part of them for any reason, Clause 29 (TUPE) of the Contract will apply.

**10 PAYMENT**

- 10.1 The provisions of Clause 43 (Consequences of Termination and Expiry) of the Contract apply.



## Schedule 8

### SUB-CONTRACTING

#### **1 General**

- 1.1 The Contractor must comply with;
- (a) [the Funding Rules](#); and
  - (b) [the Sub-Contractor Policies](#); and
  - (c) [the Sub-Contracting Funding Rules](#); and
  - (d) [the Funding Higher Risk Organisations and Subcontractors Policy](#) (hereafter referred to as the “**Funding Higher Risk Organisations Policy**”).
- 1.2 The Contractor must select its Sub-Contractors fairly and without discrimination and must comply with any procurement rules that apply when doing so, including the Public Contracts Regulations 2015 (as may be amended from time to time) where the Contractor is a contracting authority under those regulations.
- 1.3 The Contractor must ensure that proposed Sub-Contractors are of adequate financial standing and have sufficient capacity and capability to deliver the Services that are to be Sub-Contracted.
- 1.4 When appointing and working with Sub-Contractors the Contractor must have regard to the section headed ‘Selection and procurement of your subcontractors’ within the Sub-Contracting Funding Rules in relation to conflicts of interest.
- 1.5 The Contractor must have a direct contractual relationship by way of a Sub-Contract with all of its Sub-Contractors. The Contractor must ensure that its Sub-Contractors do not sub-contract any of the Services further to other suppliers.
- 1.6 The Contractor must not enter into any agreement for Brokerage in relation to the Services under this Contract.

#### **Requirements for Sub-Contracts**

- 1.7 The Contractor must enter into a written Sub-Contract with any supplier that the Contractor is proposing to use as a Sub-Contractor. The Contractor and the Sub-Contractor must enter into the Sub-Contract before the Sub-Contractor commences the delivery of the proposed sub-contracted Services.
- 1.8 The Sub-Contract must include:
- (a) terms and conditions substantially the same as those set out in this Contract, including but not limited to the right for the Contractor to terminate the Sub-Contract if the Sub-Contractor does not pass the annual due diligence checks and such other matters as are set out in the section headed ‘Due diligence requirements’ within the Sub-Contracting Funding Rules;

- (b) payment provisions such that the Contractor must pay the Sub-Contractor within 30 days of receiving a valid invoice;
- (c) an obligation on the Sub-Contractor to obtain express written permission from the Contractor before enrolling any Learners;
- (d) an obligation on the Sub-Contractor to fund and support enrolled Learners for the duration of their Learning Programme;
- (e) an obligation on the Sub-Contractor to participate in any rectification plan as appropriate in the event that the Sub-Contractor has committed an act which would constitute a material breach of this Contract (whether or not it is also a breach of the Sub-Contract); and
- (f) sanctions on the Sub-Contractor for material breach of the Sub-Contract substantially the same as those set out in this Contract.

1.9 Sub-Contracts must be available at all times for the Department to inspect on request.

### **Contractor Obligations**

- 1.10 The Contractor must make payment to any Sub-Contractor within 30 days of receiving a valid invoice in accordance with the required provisions of the Sub-Contract set out at paragraph 1.8(b) of this Schedule.
- 1.11 The Contractor must provide a fully completed Sub-Contractor Declaration via Manage your Education and Skills Funding (MYESF) on at least two occasions per Funding Year by the dates notified to it by the Department. If the Contractor does not have any Sub-Contractors at the specified date it must submit a nil return. If after submission of its most recent Sub-Contractor declaration the Contractor enters into any Sub-Contract within the Funding Year, it must submit an updated Sub-Contractor Declaration to the Department.
- 1.12 The Contractor must publish a policy statement on its public facing website by 31 October in each Funding Year. The policy statement must accord with the provisions of the section headed 'Your policies for subcontracting and fees and charges' within the Sub-Contracting Funding Rules.
- 1.13 The Contractor must manage and monitor its Sub-Contractors in accordance with the relevant Sub-Contract to ensure that the Sub-Contractors deliver the sub-contracted Services to the standard set out in Clause 3 (Service Delivery) of this Contract.
- 1.14 The Contractor must inform the Department whenever a Sub-Contractor goes into administration or liquidation.
- 1.15 The Contractor must have a contingency plan in place to ensure that there is continuity of Services for existing Learners in the event of any circumstances that may arise that render a Sub-Contractor unable to deliver the sub-contracted Services including but not limited to the expiry or termination of the Sub-Contract.
- 1.16 The Contractor must ensure that a Sub-Contractor that has committed an act which constitutes a material breach of this Contract (whether or not it is also a breach of its Sub-Contract) participates in any rectification plan as appropriate.

- 1.17 The Contractor must carry out an investigation at its own cost if there is any evidence of a Sub-Contractor having irregular financial or delivery activity and notify the Department of this and of the outcome of any such investigation.
- 1.18 The Contractor must not enter new Sub-Contracting arrangements or increase the value of existing arrangements if any of the following circumstances apply:
- (a) Ofsted has rated the Contractor's management and leadership as inadequate;
  - (b) the outcome of the Contractor's annual financial health assessment is inadequate, unless the Department has provided its written consent to the proposed Sub-Contracting arrangement in advance of a Sub-Contract being entered into;
  - (c) a Sub-Contractor has been inspected and judged to be inadequate by Ofsted; or
  - (d) a Sub-Contractor is subject to ongoing intervention or investigation by the Department.

### **Due Diligence**

- 1.19 The Contractor must carry out its own due diligence checks when appointing Sub-Contractors and must take account of the criteria set out in the Funding Higher Risk Organisations Policy.
- 1.20 The Contractor must ensure it refreshes the due diligence checks on its Sub-Contracting arrangements on at least an annual basis, including but not limited to reviewing its Sub-Contracts and the rationale for entering into each Sub-Contract, any fees and charges involved in the delivery of its sub-contracted Services and whether each cost is reasonable and proportionate in accordance with the section headed 'Due diligence requirements' within the Sub-Contracting Funding Rules.
- 1.21 If a Sub-Contractor does not pass the due diligence requirements set out in the section headed 'Due diligence requirements' within the Subcontracting Funding Rules, the Contractor must take action in accordance with that section of the Sub-Contracting Funding Rules.

### **Sub-Contracting Thresholds**

- 1.22 The Contractor must continuously review the size of its sub-contracted Services and ensure this does not exceed the Sub-Contracting Threshold of 25%.
- 1.23 The Contractor must promptly submit an Exemption Case (as defined in the Sub-Contracting Funding Rules) if it anticipates that its Sub-Contracting will exceed the Sub-Contracting Threshold. The Contractor must submit such Exemption Case no less than twelve (12) weeks prior to exceeding the Sub-Contracting Threshold. The Department may consider Exemption Cases that are submitted later if the Contractor provides evidence of exceptional circumstances. The Department reserves the right to decline the Contractor's Exemption Case.
- 1.24 If the Contractor has previously submitted an Exemption Case, it should continue to seek permission to exceed the Sub-Contracting Threshold and must submit an Exemption Case to the Department by no later than 11.59pm on 31 March in each

Funding Year. The Department may consider Exemption Cases that are submitted later if the Contractor provides evidence of exceptional circumstances. The Department reserves the right to decline the Contractor's Exemption Case.

- 1.25 The Exemption Case and the Contractor's submission of it must comply with the section headed 'Subcontracting threshold and exemption cases' within the Sub-Contracting Funding Rules.
- 1.26 The Department will consider any submitted Exemption Case in accordance with the provisions of the section headed 'Subcontracting threshold and exemption cases' within the Sub-Contracting Funding Rules and will notify the Contractor as to whether or not the Exemption Case is accepted.
- 1.27 The Department expects that any fee retained by the Contractor as a management fee for a Sub-Contract will not exceed 20% of the overall value of the Sub-Contract. In the event that the management fee is in excess of 20% of the overall value of the Sub-Contract the Department reserves the right to require the Contractor to provide further information in relation to the rationale for the management fee and why it represents good value for money.

### **Financial Thresholds**

- 1.28 Where the annual value in any Funding Year of this Contract exceeds £5 million and the Contractor wants to sub-contract one or more of the Services the following provisions apply:
  - (a) The Contractor will advertise on Contracts Finder all Sub-Contract opportunities arising from or in connection with the provision of the Services above a minimum threshold of £25,000 that arise during the Contract Period.
  - (b) Once a Sub-Contract has been awarded, the Contractor will update the notice on Contracts Finder with the details of the successful Sub-Contractor.
  - (c) In addition to any other management information requirements set out in this Contract, the Contractor agrees and acknowledges that it will, at no charge, provide timely, full, accurate and complete SME Management Information ("MI) Reports to the Department which incorporate the following:
    - (i) The total revenue received directly from the Contract
    - (ii) The total value of Services under the Contract that have been sub-contracted (including revenues for non-SMEs/non-VCSEs);and
    - (iii) The total value of sub-contracted revenues to SMEs and VCSEs.
  - (d) The SME Management Information Reports will be provided in the correct format as required by the Department and any guidance issued by the Department from time to time.
- 1.29 The Contractor must comply with all requirements including the reporting and external audit requirements in the Sub-Contracting Funding Rules. The Contractor must obtain an annual report from an external auditor if the aggregate total of all its Sub-Contracts exceeds or is anticipated to exceed £100,000 in any single Funding Year. The calculation of aggregate total of Sub-Contractor delivery must include delivery of Apprenticeships.

## **Departmental Rights**

- 1.30 In the event that the Contractor fails to comply with any of the requirements set out in this Schedule the Department reserves the right to take such remedial action under this Contract as it considers appropriate in the circumstances, which may include but is not limited to requiring the Contractor to terminate an existing Sub-Contract and/ or prohibiting the Contractor from entering enter into any new Sub-Contract to deliver the Services under this Contract.

## Schedule 9

### SUSTAINABILITY

#### **1 Public Sector Equality Duty**

1.1 In addition to legal obligations, where the Contractor is providing a Service to which the Public Sector Equality duty applies, the Contractor shall support the Department 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:

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

(b) advance:

(i) equality of opportunity; and

(ii) 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.

#### **2 Employment Law**

2.1 The Contractor must perform its obligations meeting the requirements of all applicable Law regarding employment.

#### **3 Modern Slavery**

3.1 The Contractor must perform its obligations meeting the requirements of all applicable Law regarding employment.

3.2 The Contractor:

(a) shall not use, nor allow its Sub-Contractors to use forced, bonded or involuntary prison labour;

(b) shall not require any Contractor or Sub-Contractor staff to lodge deposits or identity papers with the employer and shall be free to leave their employer after reasonable notice;

(c) warrants and represents that it has not been convicted of any slavery or human trafficking offences anywhere around the world;

(d) warrants that to the best of its knowledge it is not currently under investigation, inquiry or enforcement proceedings in relation to any allegation of slavery or human trafficking offences anywhere around the world;

(e) shall make reasonable enquires to ensure that its officers, employees and Sub-Contractors have not been convicted of slavery or human trafficking offences anywhere around the world;

- (f) shall have and maintain throughout the Contract Period its own policies and procedures to ensure its compliance with the Modern Slavery Act 2015 and include in its contracts with its Sub-Contractors anti-slavery and human trafficking provisions;
- (g) shall implement due diligence procedures to ensure that there is no slavery or human trafficking in any part of its supply chain performing obligations under the Contract;
- (h) shall prepare and deliver to the Department, an annual slavery and human trafficking report setting out the steps it has taken to ensure that slavery and human trafficking is not taking place in any of its supply chains or in any part of its business with its annual certification of compliance with this paragraph (h);
- (i) shall not use, nor allow its employees or Sub-Contractors to use physical abuse or discipline, the threat of physical abuse, sexual or other harassment and verbal abuse or other forms of intimidation of its employees or Sub-Contractors;
- (j) shall not use or allow child or slave labour to be used by its Sub-Contractors; and
- (k) shall report the discovery or suspicion of any slavery or trafficking by it or its Sub-Contractors to the Department and Modern Slavery Helpline.

#### **4 Equality, Diversity and Inclusion**

- 4.1 The Contractor shall ensure that it fulfils its obligations under the Contract in a way that does not discriminate against individuals because of socio-economic background, working pattern or having parental or other caring responsibilities.

#### **5 Supplier Code of Conduct**

- 5.1 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/attachm ent\\_data/file/779660/20190220-Supplier\\_Code\\_of\\_Conduct.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachm ent_data/file/779660/20190220-Supplier_Code_of_Conduct.pdf)

The Department expects to meet, and expects its suppliers (including the Contractor and Contractor Personnel) and sub-contractors to meet, the standards set out in that Code.

#### **6 Reporting**

- 6.1 The Contractor shall comply with reasonable requests by the Department for information evidencing compliance with any of the requirements in paragraphs 1-5 of this Part A above within fourteen (14) days of such request, provided that such requests are limited to two per requirement per Contract Year].

**Schedule 10**

**RECTIFICATION PLAN**

Request for <b>[Revised]</b> Rectification Plan			
Details of the Notifiable Default:	<b>[Guidance: Explain the Notifiable Default, with clear schedule and clause references as appropriate]</b>		
Deadline for receiving the <b>[Revised]</b> Rectification Plan:	<b>[add]</b> date (minimum 10 Working Days from request)		
Signed by Department:		Date:	
Contractor <b>[Revised]</b> Rectification Plan			
Cause of the Notifiable Default	<b>[add]</b> cause]		
Anticipated impact assessment:	<b>[add]</b> impact]		
Actual effect of Notifiable Default:	<b>[add]</b> effect]		
Steps to be taken to rectification:	<b>Steps</b>	<b>Timescale</b>	
	1.	<b>[date]</b>	
	2.	<b>[date]</b>	
	3.	<b>[date]</b>	
	4.	<b>[date]</b>	
	<b>[...]</b>	<b>[date]</b>	
Timescale for complete Rectification of Notifiable Default	<input checked="" type="checkbox"/> Working Days		
Steps taken to prevent recurrence of Notifiable Default	<b>Steps</b>	<b>Timescale</b>	
	1.	<b>[date]</b>	
	2.	<b>[date]</b>	
	3.	<b>[date]</b>	



	4.	[date]	
	[...]	[date]	
Signed by the Contractor:		Date:	
<b>Review of Rectification Plan</b> Department			
Outcome of review	[Plan Accepted] [Plan Rejected] [Revised Plan Requested]		
Reasons for rejection (if applicable)	[add reasons]		
Signed by Department		Date:	

## Schedule 11

### GROWTH AND ADJUSTMENT OF ALLOCATIONS

#### **1 INTRODUCTION**

1.1 Without prejudice to any other right or remedy available to the Department in the Contract in respect of:

- (a) the consequences of poor performance;
- (b) the right not to extend this Contract pursuant to Clause 2.5 of the Contract; and
- (c) subject to paragraph 1.2,

this Schedule 11 (Growth and Adjustment of Allocations) explains how the Department may:

- (d) utilise the Performance Data to inform whether:
  - (i) a contractor is eligible for additional funding during the Contract Period (to recognise and reward strong performance);
  - (ii) a contractor's existing level of funding should be maintained; and
  - (iii) a contractor's funding should be reduced (resulting from poor performance); and
- (e) in respect of those contractors who originally requested FCFJ funding, but were not allocated any FCFJ funding (i.e. due to limitations in FCFJ funding at the time of completion of the Procurement), allocate FCFJ funding in the event that any further FCFJ funding becomes available during the Contract Period.

1.2 For the avoidance of doubt, the Department shall not be obliged to distribute any funding and/or take any other action as described in this Schedule 11 (Growth and adjustment of allocations), however may do so at any time in its absolute discretion.

1.3 For the purposes of the above, Each Funding Year shall be divided into the following Quarters/Reporting Periods:

<b>Quarter</b>	<b>Month</b>	<b>Reporting Period</b>	<b>Quarter</b>	<b>Month</b>	<b>Reporting Period</b>
1	August	R01	3	February	R07
	September	R02		March	R08
	October	R03		April	R09
2	November	R04	4	May	R10
	December	R05		June	R11
	January	R06		July	R12

1.4 This Schedule 11 (Growth and adjustment of allocations) is divided into the following sections:

- (a) **Part A** – adjustment of allocations (in circumstances where a Contractor has been awarded AEB funding only);
  - (b) **Part B** – adjustment of allocations (in circumstances where a Contractor has been awarded FCFJ funding only);
  - (c) **Part C** – adjustment of allocations (in circumstances where a Contractor has been awarded both AEB and FCFJ funding); and
  - (d) **Part D** – adjustment of allocations (in circumstances where a Contractor has been awarded AEB funding, and originally requested FCFJ funding, but was not allocated any FCFJ funding (i.e. due to limitations in FCFJ funding at the time of completion of the Procurement)).
- 1.5 For the purposes of interpreting this Schedule 11 (Growth and adjustment of allocations), the Contractor should note that its Volumes and Values Spreadsheet will be subject to review and potential amendment each year as further described in Clause 2.8 of the Contract.
- 1.6 The Contractor acknowledges that the AEB Annual Allocation and the FCFJ Annual Allocation for the 2024/25 Funding Year will be communicated to providers in June 2024 (as opposed to the date set out in the Funding Rules) and will be based on the latest available ILR data.”

## **PART A – ADJUSTMENT OF ALLOCATIONS – AEB ONLY**

### **2 DIAGRAM 1**

- 2.1 Within each Funding Year, the Department will review the Contractor’s performance in order to consider: an increase the Contractor’s Contract Allocation; maintain the Contractor’s current Contract Allocation; or reduce the Contractor’s Contract Allocation as further described in this Part A (adjustment of allocations – AEB only).
- 2.2 The Department may undertake this task for the purposes of determining whether to:
- (a) maintain, increase or reduce the Contractor’s Contract Allocation in respect of the current Funding Year (“**AEB In-Year Growth**”);  
or
  - (b) increase, maintain or reduce the Contractor’s Allocation in respect of the forthcoming Funding Year (“**AEB Annual Allocation**”).
- 2.3 The Contractor should note that the Department does not intend to award any AEB In-Year Growth during the first Funding Year, therefore this process shall only apply during the second, third and fourth Funding Years.
- 2.4 The same process will be applied in respect of both AEB In-Year Growth and AEB Annual Allocation, save as indicated otherwise in Diagram 1 below:

## Step 1:

### AEB In-Year Growth

- The Department shall first review the Contractor's performance on or around the date set out in the Funding Rules by considering the Performance Data uploaded for that Funding Year as at the date identified in the Funding Rules\* (which, for the avoidance of doubt, will include all data extracted from the Contractor's ILR Data submissions to date for that particular Funding Year).
- This shall be determined by applying the process and formula described in 'Adult education budget: funding and performance management rules 2022 to 2023 – GOV.UK (www.gov.uk)' in particular, the section concerning AEB allocations (as updated in this document from time to time) which will recommend one of the three following outcomes:
  - increase Contract Allocation;
  - maintain existing Contract Allocation; or
  - reduce Contract Allocation.
- If the application of this process determines that the Contract Allocation should be increased or reduced, this shall also determine the amount by which the Contract Allocation may be increased (the "**Increased Allocation**") or reduced ("**Reduced Allocation**") (as applicable) (noting that any Increased Allocation shall not exceed 50% of the Contractor's current Contract Allocation).

### AEB Annual Allocation

- The Department shall first review the Contractor's performance on or around the date set out in the Funding Rules by considering the Performance Data uploaded for that Funding Year as at the date identified in the Funding Rules\* (which, for the avoidance of doubt, will include all data extracted from the Contractor's ILR Data submissions to date for that particular Funding Year).
- This shall be determined by applying the process and formula described in the document entitled '19+ allocations technical guidance for 2022 to 2023', in particular, the section headed 'ESFA funded AEB contract for services (procured from August 2021)' (or such analogous paragraph/section as may be included in any updated version of this document from time to time) which will recommend one of the three following outcomes:
  - increase Contract Allocation;
  - maintain existing Contract Allocation; or
  - reduce Contract Allocation.
- If the application of this process determines that the Contract Allocation should be increased or reduced, this shall also determine the amount by which the Contract Allocation may be increased (the "**Increased Allocation**") or reduced ("**Reduced Allocation**") (as applicable) (noting that any Increased Allocation shall not exceed 50% of the Contractor's current Contract Allocation).

\*this will usually take place in March of each year, however the Contractor should check the Funding Rules in place at the relevant time for further detail on the date upon which this exercise will likely take place.



## Step 2:

- The Department will consider the Contractor's performance against **KPIs 2.1, 3.1 and 4.1** using Performance Data collected up to the relevant date identified in the Funding Rules (*noting that such date may be subject to change each Funding Year and the dates will differ depending on whether the Department is considering AEB In-Year Growth or AEB Annual Allocations. The Contractor should check the Funding Rules for further information on the dates which will apply*) (the "**AEB Relevant Date**").

If the outcome of applying Step 1 above determines that the Contractor's Contract Allocation should be **increased**:

The Department may either:

- award** the Increased Allocation if the Contractor's performance as at the AEB Relevant Date against KPIs 2.1, 3.1 and 4.1 is '**Approaching Target**' and/or '**On Target**'; or;
- maintain** the existing Contract Allocation (i.e. not award an Increased Allocation); or
- reduce** the existing Contract Allocation (i.e. not award an Increased Allocation and further, reduce the existing Contract Allocation) where the Contractor's performance as at the AEB Relevant Date against KPIs 2.1, 3.1 and 4.1 is '**Requires Improvement**' and/or '**Inadequate**'.

If the outcome of applying Step 1 above determines that the Contractor's Contract Allocation should be **maintained**:

The Department may either:

- maintain** the existing Contract Allocation; or
- reduce** the existing Contract Allocation where the Contractor's performance as at the AEB Relevant Date against KPIs 2.1, 3.1 and 4.1 is '**Requires Improvement**' and/or '**Inadequate**'.

If the outcome of applying Step 1 above determines that the Contractor's Contract Allocation should be **reduced**:

The Department reserves the right to either:

- implement** the Reduced Allocation, including in circumstances where the Contractor's performance as at the AEB Relevant Date against KPIs 2.1, 3.1 and 4.1 is '**Approaching Target**' and/or '**On Target**'; or
- not implement** the Reduced Allocation (i.e. the existing Contract Allocation will be maintained) if an exceptional case applies as described in the Funding Rules.

### Step 3:

- The Department shall inform the Contractor of the outcome of applying the above process in accordance with the relevant timeframes indicated in the Funding Rules.
- Any adjustment to the Contractor's Contract Allocation shall apply from:
  - the relevant date set out in the Funding Rules in respect of AEB In-Year Growth; and
  - the commencement of the next Funding Year in respect of AEB Annual Allocations.

## PART B – ADJUSTMENT OF ALLOCATIONS – FCFJ ONLY

### 3 DIAGRAM 2

- 3.1 Within each Funding Year, the Department will review the Contractor's performance in order to consider: an increase the Contractor's Contract Allocation; maintain the Contractor's current Contract Allocation; or reduce the Contractor's Contract Allocation as further described in this Part B (adjustment of allocations – FCFJ only).
- 3.2 The Department may undertake this task for the purposes of determining whether to:
- (a) maintain, increase or reduce the Contractor's Contract Allocation in respect of the current Funding Year ("**FCFJ In-Year Growth**"); or
  - (b) increase, maintain or reduce the Contractor's Allocation in respect of the forthcoming Funding Year ("**FCFJ Annual Allocation**").
- 3.3 The Contractor should note that the Department may implement FCFJ In-Year Growth during the first Funding Year.
- 3.4 The same process will be applied in respect of both FCFJ In-Year Growth and FCFJ Annual Allocation, save as indicated otherwise in Diagram 2 below:

## Step 1:

### FCFJ In-Year Growth

- The Department shall first review the Contractor's performance on or around the date set out in the Funding Rules by considering the Performance Data uploaded for that Funding Year as at the date identified in the Funding Rules\* (which, for the avoidance of doubt, will include all data extracted from the Contractor's ILR Data submissions to date for that particular Funding Year).
- This shall be determined by applying the process and formula described in 'Adult education budget: funding and performance management rules 2022 to 2023 – GOV.UK (www.gov.uk)' in particular, the section headed 'Increases to your ESFA funded level 3 free course for jobs offer contract for services' (or such analogous paragraph/section as may be included in any updated version of this document from time to time) which will recommend one of the three following outcomes:
  - increase Contract Allocation;
  - maintain existing Contract Allocation; or
  - reduce Contract Allocation.
- If the application of this process determines that the Contract Allocation should be increased or reduced, this shall also determine the amount by which the Contract Allocation may be increased (the "**Increased Allocation**") or reduced ("**Reduced Allocation**") (as applicable) (noting that any Increased Allocation shall not exceed 50% of the Contractor's current Contract Allocation).

### FCFJ Annual Allocation

- The Department shall first review the Contractor's performance on or around the date set out in the Funding Rules by considering the Performance Data uploaded for that Funding Year as at the date identified in the Funding Rules\* (which, for the avoidance of doubt, will include all data extracted from the Contractor's ILR Data submissions to date for that particular Funding Year).
- This shall be determined by applying the process and formula described in the document entitled '19+ allocations technical guidance for 2022 to 2023', in particular the section headed 'National Skills Fund: level 3 free courses for jobs' (or such analogous paragraph/section as may be included in any updated version of this document from time to time) which will recommend one of the three following outcomes:
  - increase Contract Allocation;
  - maintain existing Contract Allocation; or
  - reduce Contract Allocation.
- If the application of this process determines that the Contract Allocation should be increased or reduced, this shall also determine the amount by which the Contract Allocation may be increased (the "**Increased Allocation**") or reduced ("**Reduced Allocation**") (as applicable) (noting that any Increased Allocation shall not exceed 50% of the Contractor's current Contract Allocation).

\*this will usually take place in March of each year, however the Contractor should check the Funding Rules in place at the relevant time for further detail on the date upon which this exercise will likely take place.



## Step 2:

- The Department will consider the Contractor's performance against **KPIs 2.2, 3.2 and 4.2** using Performance Data collected up to the relevant date identified in the Funding Rules (*noting that such date may be subject to change each Funding Year and the dates will differ depending on whether the Department is considering FCFJ In-Year Growth or FCFJ Annual Allocations. The Contractor should check the Funding Rules for further information on the dates which will apply*) (the "**FCFJ Relevant Date**").

If the outcome of applying Step 1 above determines that the Contractor's Contract Allocation should be **increased**:

The Department may either:

- award** the Increased Allocation if the Contractor's performance as at the FCFJ Relevant Date against KPIs 2.2, 3.2 and 4.2 is '**Approaching Target**' and/or '**On Target**'; or;
- maintain** the existing Contract Allocation (i.e. not award an Increased Allocation); or
- reduce** the existing Contract Allocation (i.e., not award an Increased Allocation and further, reduce the existing Contract Allocation) where the Contractor's performance as at the FCFJ Relevant Date against KPIs 2.2, 3.2 and 4.2 is '**Requires Improvement**' and/or '**Inadequate**'.

If the outcome of applying Step 1 above determines that the Contractor's Contract Allocation should be **maintained**:

The Department may either:

- maintain** the existing Contract Allocation; or
- reduce** the existing Contract Allocation where the Contractor's performance as at the FCFJ Relevant Date against KPIs 2.2, 3.2 and 4.2 is '**Requires Improvement**' and/or '**Inadequate**'.

If the outcome of applying Step 1 above determines that the Contractor's Contract Allocation should be **reduced**:

The Department reserves the right to either:

- implement** the Reduced Allocation, including in circumstances where the Contractor's performance as at the FCFJ Relevant Date against KPIs 2.2, 3.2 and 4.2 is '**Approaching Target**' and/or '**On Target**'; or
- not implement** the Reduced Allocation (i.e., the existing Contract Allocation will be maintained) if an exceptional case applies as described in the Funding Rules.

### Step 3:

- The Department shall inform the Contractor of the outcome of applying the above process in accordance with the relevant timeframes indicated in the Funding Rules.
- Any adjustment to the Contractor's Contract Allocation shall apply from:
  - the relevant date set out in the Funding Rules in respect of FCFJ In-Year Growth; and
  - the commencement of the next Funding Year in respect of FCFJ Annual Allocations.

## **PART C – ADJUSTMENT OF ALLOCATIONS – AEB AND FCFJ FUNDING**

### **4 APPLICATION OF ABOVE PROCESSES IN RESPECT OF CONTRACTS WHICH INCLUDE BOTH AEB AND FCFJ FUNDING**

- 4.1 Within each Funding Year, the Department will review the Contractor's performance in order to consider: an increase the Contractor's Contract Allocation; maintain the Contractor's current Contract Allocation; or reduce the Contractor's Contract Allocation as further described in this Part C (adjustment of allocations – AEB and FCFJ Funding).
- 4.2 The process described in Diagram 1 above will apply to any assessment concerning the AEB Funding element of the Contract and the process described within Diagram 2 above will apply to any assessment concerning the FCFJ Funding element of the Contract. Both processes shall be conducted independently of each other, and therefore it may be possible that differing outcomes may apply (e.g., in respect of AEB, an increase may be awarded while in respect of FCFJ, this may result in the Department maintaining or reducing the FCFJ allocation, as AEB and FCFJ performance shall be measured separately).

## **PART D – GRANT OF NEW FCFJ FUNDING TO ‘AEB ONLY’ CONTRACTS**

### **5 Introduction**

- 5.1 The Parties acknowledge that the Department may be in receipt of additional FCFJ Funding during the Contract Period, which may provide the Department with the opportunity to award FCFJ funding to those contractors which originally requested such funding, but did not receive this due to limited funds being available (“**Additional FCFJ Funding**”). This Part D of Schedule 11(Growth and adjustment of allocations) describes the eligibility criteria and process that will apply to the distribution of such Additional FCFJ Funding.
- 5.2 The award of such Additional FCFJ Funding shall be:
- (a) at all times, at the absolute discretion of the Department;
  - (b) dependent on whether a contractor meets the eligibility criteria set out in paragraph 6 below; and
  - (c) dependent on whether as a result of following the process outlined in paragraph 7 below, whether sufficient Additional FCFJ Funding remains available.
- 5.3 The Department may apply the process outlined in paragraph 7 below at any time during the Contract Period and may repeat such process each and every time Additional FCFJ Funding becomes available. For the avoidance of doubt, once a contractor has received an FCFJ allocation, they will no longer be considered eligible to receive FCFJ funding under this Part D of this Schedule 11(Growth and adjustment of allocations). However, such contractors might be eligible to receive further FCFJ funding via the in-year and annual allocation assessments described in Parts A to C of this Schedule 11(Growth and adjustment of allocations).

### **6 Eligibility criteria**

- 6.1 Subject always to paragraph 5.2(a) of this Schedule, the Contractor shall be deemed eligible for the award of FCFJ Funding in the following circumstances:
- (a) the Contractor has been successful in securing AEB Funding following the Department applying the Contract Allocation Process during the final stages of the Procurement;
  - (b) the Contractor was not originally awarded FCFJ Funding following completion of the Contract Allocation Process during the final stages of the Procurement (due to a limitation on FCFJ Funding at that time), however the Contractor requested FCFJ Funding in its application to be considered for the Procurement;
  - (c) the Contractor’s Tender Response meets the definition of an ‘Eligible Tender’ (as described within the Procurement Documents); and
  - (d) the Contractor is demonstrating satisfactory performance against the KPIs as further described below.

## 7 Process

- 7.1 Subject always to paragraph 5.2(a) of this Schedule 11 (Growth and adjustment of allocations) and subject to the Contractor meeting the eligibility criteria described in paragraph 6 of this Schedule, the Department reserves the right to instigate the process described in paragraph 7.2 below if at any point in the Contract Period Additional FCFJ Funding becomes available.
- 7.2 In distributing any Additional FCFJ Funding, the Department shall adopt the following process:
- (a) firstly, the Department will review the technical scores achieved during the final stages of the Procurement by those contractors who submitted an 'Eligible Tender' (as defined within the Procurement Documents), but did not successfully secure FCFJ Funding during the original Contract Allocation Process in the final stages of the Procurement. The Contractor is reminded that the technical scores of each contractor were allocated into 'blocks' as further described within the Contract Allocation Process document issued as part of the Procurement Documents;
  - (b) the Department will then consider those contractors who were placed within the highest scoring 'block' following those contractors who were successful in obtaining FCFJ Funding during the original Contract Allocation Process in the final stages of the Procurement;
  - (c) the Department will then consider the Contractor's performance against KPIs 3 and 4 as follows:
    - (i) the Department will review the current level of performance of the Contractor in respect of KPIs 1 to 4. Any contractors which are currently not achieving a score of 'Approaching Target' or 'On Target' in respect of all four KPIs will not be eligible for any Additional FCFJ Funding;
    - (ii) the Department will then rank any remaining contractors by current performance in the following order:
      - (A) contractors with all KPIs 1 - 4 at 'On Target';
      - (B) contractors with any three of KPIs at 1 - 4 at 'On Target';
      - (C) contractors with any two of KPIs at 1 - 4 at 'On Target';
      - (D) contractors with any one of KPIs at 1 - 4 at 'On Target';
      - (E) contractors with all KPIs 1 - 4 at 'Approaching Target'
  - (d) the highest ranked contractor(s) will then be contacted in writing by the Department first, to ascertain whether the contractor now wishes to receive the allocation of FCFJ Funding requested in its Tender Response. The Contractor must respond to the Department within ten (10) Working Days to confirm it does wish to receive such funding. If no response is provided within such timeframe, the Department reserves the right to reallocate such funding to another contractor(s), or retain the same to distribute to other contractors

by application of the process described in Schedule 11 (Growth and adjustment of allocations);

- (e) if Additional FCFJ Funding remains available following application of the process described in paragraph 7.2(d) above, the Department will contact the next highest ranked contractor(s) (in respect of performance against the KPIs as described in paragraph 7.2(c)(ii) above) in writing as described within that paragraph. Again, the Contractor must respond to the Department within ten (10) Working Days to confirm it does wish to receive such funding. If no response is provided within such timeframe, the Department reserves the right to reallocate such funding to another contractor(s), or retain the same to distribute to other contractors by application of the process described in Schedule 11 (Growth and adjustment of allocations);
- (f) the process outlined at paragraph 7.2(e) shall continue until all Additional FCFJ Funding has been allocated in accordance with the amount of FCFJ funding requested within those contractors' Tender Responses; and
- (g) if, after applying the above process, further Additional FCFJ Funding remains, however this is insufficient to enable the Department to award the amounts of FCFJ originally requested by those contractors, each such contractor shall be offered an equal share of the FCFJ funding which remains available at that point, unless the award of such amount would exceed the amount of FCFJ funding they originally applied for (and in such circumstances, those contractors may be offered the amount they originally applied for).

## Schedule 12

### OPEN BOOK CONTRACT MANAGEMENT

#### **1 DEFINITIONS**

1.1 In this Schedule, the following definitions shall apply:

- “Annual Contract Report”** the annual contract report to be provided by the Contractor to the Department pursuant to Paragraph 4.1;
- “Contractor Profit”** in relation to a period, the difference between (i) the total amount paid by the Department to the Contractor under this Contract, and (ii) the total Costs incurred by the Contractor in providing the Services under this Contract;
- “Contractor Profit Margin”** in relation to a period, the Contractor Profit for that period divided by the total amount paid by the Department pursuant to this Contract over the same period and expressed as a percentage;
- “Costs”** the actual expenditure incurred by the Contractor in providing the Services in respect of any of the following:
- (a) the cost to the Contractor of engaging the Contractor Personnel, including:
    - (i) base salary paid to the Contractor Personnel;
    - (ii) employer’s national insurance contributions;
    - (iii) pension contributions;
    - (iv) car allowances;
    - (v) any other contractual employment benefits;
    - (vi) staff training;
    - (vii) work place accommodation;
    - (viii) work place IT equipment and tools reasonably necessary to perform the Services (but not including items included within limb (b) below); and
    - (ix) recruitment costs;
  - (b) costs incurred in respect of all assets and rights used by the Contractor to provide the Services in accordance with this Contract and which would be treated as capital costs according to generally accepted accounting principles within the UK; and
  - (c) operational costs which are not included within (a) or (b) above, to the extent that such costs are necessary and properly incurred by the Contractor in the delivery of the Services,
- but excluding:
- (i) Overhead;

- (ii) financing or similar costs;
- (iii) maintenance and support costs to the extent that these relate to maintenance and/or support services provided beyond the Contract Period, whether in relation to assets or otherwise;
- (iv) taxation;
- (v) fines and penalties; and
- (vi) non-cash items (including depreciation, amortisation, impairments and movements in provisions);

**“Financial Representative”** a reasonably skilled and experienced member of the Contractor’s staff who has specific responsibility for preparing, maintaining, facilitating access to, discussing and explaining the Open Book Data;

**“Financial Transparency Objectives”** has the meaning given in Paragraph 2;

**“Open Book Data”** complete and accurate financial and non-financial information which is sufficient to enable the Department to understand the costs associated with delivering the Contract, including details and all assumptions relating to:

- (a) the Contractor’s Costs broken down against each sector subject area as specified in Table 5 (Planned SSAs) in the Volumes and Values Spreadsheet, 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; and
  - (ii) manpower resources broken down into the number and grade/role of all Contractor Personnel (free of any contingency) together with a list of rates against each manpower grade;
- (c) Overheads;
- (d) all interest, expenses and any other third party financing costs incurred in relation to the provision of the Services;
- (e) the Contractor Profit achieved over the Contract Period 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 Contractor;
- (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 month throughout the Contract Period; and

**“Overheads”**

indirect costs (including financing, marketing, advertising, research and development and insurance costs and any fines or penalties) incurred by the Contractor in providing the Services.



## 2 FINANCIAL TRANSPARENCY OBJECTIVES

2.1 The Contractor acknowledges that the provisions of this Schedule are designed (inter alia) to facilitate, and the Contractor shall co-operate with the Department in order to achieve, the following objectives:

- (a) **Understanding the Contractor's Costs:** for the Department to understand the costs associated with delivering the Contract including an analysis of the Open Book Data, time spent by Contractor Personnel in providing the Services and the Contractor Profit Margin; and
- (b) **Continuous improvement:** for the Parties to challenge each other with ideas for efficiency and improvements

(together the "**Financial Transparency Objectives**").

## 3 OPEN BOOK DATA

3.1 The Contractor acknowledges the importance to the Department of the Financial Transparency Objectives and the Department's need for complete transparency in relation to the Contractor's Costs of delivering the Contract on behalf of the Department.

3.2 During the Contract Period, and for a period of 7 years following the end of the Contract Period, the Contractor shall:

- (a) maintain and retain the Open Book Data; and
- (b) disclose and allow the Department, any Crown Body and/or the Department's auditors (whether internal or external) access to the Open Book Data.

## 4 FINANCIAL REPORT

4.1 The Contractor shall provide to the Department an Annual Contract Report within 1 month of the end of the Contract Year to which that report relates.

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

4.3 The Annual Contract Report shall:

- (a) be completed by the Contractor using reasonable skill and care;
- (b) incorporate and use the same defined terms as are used in this Contract;
- (c) quote all monetary values in pounds sterling;
- (d) quote all Costs as exclusive of any VAT; and
- (e) quote all Costs based on current prices.

4.4 Each Annual Contract Report shall be certified by the Contractor's Chief Financial Officer or Director of Finance (or equivalent as agreed in writing by the Department in

advance of issue of the relevant Annual Contract Report), acting with express authority, as:

- (a) being accurate and not misleading;
- (b) having been prepared in conformity with generally accepted accounting principles within the United Kingdom; and
- (c) being a true and fair reflection of the information included within the Contractor's management and statutory accounts.

4.5 During the Contract Period, and for a period of 18 months following the end of the Contract Period, the Contractor shall make available the Financial Representative at reasonable times and on reasonable notice to answer any queries that the Department may have on any of the Annual Contract Reports and/or Open Book Data.

## Schedule 13

### TRANSPARENCY REPORTS

#### **1 DEFINITIONS**

1.1 In this Schedule 13 (Transparency Reports), the following definition shall apply:

“**Buyer**” means the Department;

“**In scope contract**” From January 2022, there is a requirement for Departments to publish KPI performance data for all contracts with a total value of between £5m and £10m. This threshold may be reduced to include lower value contracts in future years;

“**Supplier**” means the Contractor; and

“**Transparency Reports**” have the meaning set out in paragraph 1.3 below.

1.2 The Supplier recognises that the Buyer is subject to PPN 01/17 (Updates to transparency principles v1.1 (<https://www.gov.uk/government/publications/procurement-policy-note-0117-update-to-transparency-principles>)). The Supplier shall comply with the provisions of this Schedule in order to assist the Buyer with its compliance with its obligations under that PPN.

1.3 Without prejudice to the Supplier's reporting requirements set out in the Contract, within three (3) Months of the Start Date the Supplier shall submit to the Buyer for Approval (such Approval not to be unreasonably withheld or delayed) draft transparency reports consistent with the content requirements and format set out in the Annex of this Schedule (as may be amended from time to time by the Department) (“**Transparency Reports**”).

1.4 If the Buyer rejects any proposed Transparency Report submitted by the Supplier, the Supplier shall submit a revised version of the relevant report for further Approval within five (5) days of receipt of any notice of rejection, taking account of any recommendations for revision and improvement to the report provided by the Buyer. If the Parties fail to agree on a draft Transparency Report the Buyer shall determine what should be included. Any other disagreement in connection with Transparency Reports shall be treated as a Dispute.

1.5 The Supplier shall provide accurate and up-to-date versions of each Transparency Report to the Buyer at the frequency referred to in the Annex of this Schedule.

### Annex: List of Transparency Reports

Title	Content	Format	Frequency
Performance	KPI	ILR submissions and for Social Value template submission to DfE	Monthly/Quarterly
Key Subcontractors	Subcontractors	Fully completed Sub-Contractor Declaration via Manage your Education and Skills Funding (MYESF)  Publish a policy statement on its public facing website	Bi-annually (in line with the Funding Year)  By 31 <sup>st</sup> October in each Funding Year