

Unveiling the hidden pitfalls in IT contracts

07 July 2025  Madeline Heeley

Multi-academy trusts (MATs) often face unexpected challenges with IT contracts, from auto-renewal traps to restrictive exclusivity clauses. This article explores these hidden pitfalls and offers advice on how to navigate IT contracts effectively, ensuring your MAT is protected and informed.

IT provider contracts are not the most glamorous, but they are a necessary part of managing MATs. Recent trends have shown an influx of MATs having issues with their IT contracts, that have led to significant financial and operational burden. Understanding these contract nuances can save MATs from unwanted commitments and financial strain.

Serving notice: Understanding the fine print

The specifics of how and when to give any type of notice can often be buried in the contract. It's important to follow the exact requirements for giving notice, as failure to do so can result in an automatic renewal binding a MAT to another lengthy term.

For example, if the contract requires that notice be given in writing to the provider's registered office address, ensure it is sent there using only the methods of service that the contract expressly allows.

Imagine you have sent a notice by email within what you believe to be a sufficient timeframe, but the provider rejects it months later stating that notice should have been given in writing to their registered office and sent by recorded delivery – do not let this come back to bite you!

If you have a contract you wish to terminate, check the notice clause of the contract and make sure to follow the procure to a tee.

The trap of lengthy notice periods

It is not uncommon for IT contracts to require notice periods of 90 days or more, with some extending up to six months. We have noticed a trend where MATs frequently miss the cut-off point for giving notice.

A proactive approach would be to thoroughly review your contracts and mark the required notice period for termination in your diaries to avoid missed deadlines. Be wary of specific wording in your contract, as it may stipulate that notice must not be given too early or too late - wording that can easily catch MATs off guard.

Alternatively, reaching out to your provider to confirm the notice period for any upcoming renewals can help clarify any ambiguities and allow MATs to make informed decisions about renewal or termination.

Stay alert: Unexpected changes in contract terms

Recently we have supported MATs who believed they were enrolled on one-year contracts but found, unexpectedly that they were actually in three-year contracts.

It's important to review your contract terms as some providers may have the authority to update terms, including the contract duration, without a MAT's written consent. Sometimes it's sufficient for providers to notify MATs via email about changes to the terms.

If these changes are not disputed by the MAT within a specified timeframe (usually 30 days), then the new terms are deemed accepted. This type of notification can easily be overlooked, leading many MATs to be surprised when they discover their contracts have been altered.

We recommend thoroughly checking any notification from your provider (including the fine print at the bottom) or speaking with them directly to ensure you are aware of any proposed changes and avoid unwelcome surprises.

Exclusivity: Ensuring compliance when switching providers

Many contracts include an exclusivity clause that prevents MATs from obtaining services from other providers. These clauses can be subtly embedded in contracts but will typically state something similar to:

“we will be the sole and exclusive provider.”

This year, we’ve spotted a trend where MATs are considering moving providers and upon notifying their current provider find themselves caught by these exclusivity provisions. If you are contemplating a change, it is important to ensure you are not breaching any of the contractual terms as this can often result in strict penalties.

We strongly recommend consulting with your prospective new provider/old provider to seek advice on how to navigate this transition without penalty.

Hidden costs and severe termination penalties

In some instances, if a MAT wishes to terminate its contract before the renewal date, providers may be able to impose an Early Termination Fee. This fee could amount to the total cost of the remaining contract term, plus any lost payment service fees as a pre-estimate of the provider's loss. Providers often require MATs to pay the entire amount upfront within 30 days.

Imagine giving notice to terminate early, only to discover you suddenly face the prospect of paying tens of thousands of pounds upfront, just to exit the arrangement.

If you want to terminate your MAT’s contract early, make sure to enquire with your provider about any associated costs. MATs can then weigh these costs against the benefits of switching providers, considering both immediate financial impact and any long-term strategic goals.

Available support

We’re here to help and we can guide you through this process, from reviewing terms and conditions to providing useful guidelines, our services encompass a wide range of support.

We offer advice on notice periods and provisions, prepare offer letters for negotiating early termination, and guide the merging of academy trusts and its implications in respect of your IT contracts. Additionally, we can help determine whether changes to your contract are enforceable or open to challenge.

At Browne Jacobson we have a strong team of commercial litigators with a proven track record of resolving IT disputes. Please contact a member of our [dispute resolution](#) team to learn more about the services we can offer.

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